



TAN CHONG MOTOR HOLDINGS BERHAD

(12969-P)

A N N U A L R E P O R T 2 0 0 0

Contents

Notice of Annual General Meeting **1** Corporate Information **2** Business Divisions **3**

Chairman's Report/*Laporan Pengerusi* **4** Financial Charts **13**

Shareholders' Statistics **14** Daily Share Prices & Volume Traded on KLSE **15**

Audit Committee **16** Financial Statements **17** Group Properties **53** Form of Proxy

notice

OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Ninth Annual General Meeting of TAN CHONG MOTOR HOLDINGS BERHAD will be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia on Friday, 25 May 2001 at 11:00 a.m. to transact the following businesses:

Ordinary Business: Reports and Accounts

- To receive and consider the Statement of Accounts for the financial year ended 31 December 2000 together with the Reports of the Directors and Auditors thereto. **Resolution 1**

Ordinary Business: Final Dividend

- To declare a final dividend of 6% less income tax for the financial year ended 31 December 2000. **Resolution 2**

Ordinary Business: Directors

- To re-appoint Dato' Tan Kim Hor as Director pursuant to Section 129 (6) of the Companies Act, 1965. **Resolution 3**
- To re-elect:
 - Mr Geh Cheng Hooi as Director in accordance with Article 101 of the Company's Articles of Association. **Resolution 4**
 - Dato' Ng Mann Cheong as Director in accordance with Article 101 of the Company's Articles of Association. **Resolution 5**

Mr Toshiyuki Shiga, who retires in accordance with Article 80 of the Company's Articles of Association and is eligible for re-election, has indicated that he does not wish to seek re-election.

Ordinary Business: Auditors

- To re-appoint the Auditors and authorise the Directors to fix their remuneration. **Resolution 6**

Special Business: Directors' fees

- To consider and if thought fit, pass the following resolution as an ordinary resolution:

"RESOLVED BY WAY OF AN ORDINARY RESOLUTION THAT the aggregate fees payable to the Directors of the Company be hereby increased to an amount not exceeding RM300,000/- per annum for the financial year ended 31 December 2000 and each financial year thereafter." **Resolution 7**
- To transact any other business of the Company of which due notice shall have been received.

By order of the Board

TAN ENG GUAN

Company Secretary

Kuala Lumpur
4 May 2001

Notes:

- A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
- In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
- To be valid, the form of proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.
- Explanatory Statement on Special Business relating to Directors' Fees

It is important that the Directors of the Company be adequately remunerated so that the Company will be able to retain and attract persons of calibre and credibility with the necessary skill and experience to manage the Company. The skill and experience of the Directors are required more particularly in the application of the principles set out in Part 1 of the Malaysian Code on Corporate Governance and compliance with the Best Practices in Corporate Governance set out in Part 2 of

the Malaysian Code on Corporate Governance, which will be for the benefit of the shareholders of the Company. In addition, under the revamped Kuala Lumpur Stock Exchange Listing Requirements, with effect from 1 August 2001, the number of independent Directors would have to be increased. Therefore, it has become necessary for the aggregate amount of directors' fees to be increased and approved in advance so that the Directors may be paid in the course of each financial year.

In accordance with Article 82 (ii) of the Company's Articles of Association, the Board recommends that shareholders approve in advance, an annual payment of directors' fees of an aggregate amount not exceeding RM300,000/-. The Board will seek fresh approval from the shareholders when there is a need to change the amount.

Article 82 (ii) of the Articles of Association of the Company reads as follows:

"Fees payable to all Directors shall be determined by the Company in general meeting and shall not be increased except pursuant to a resolution passed at a general meeting where notice of the proposed increase has been given in the notice convening the meeting. Such fees may be divided among the Directors in such proportions and manner as the Directors shall determine."

corporate

INFORMATION

DIRECTORS

Dato' Tan Kim Hor DPMS, KMN, JP
Chairman

Ahmad bin Abdullah
Vice Chairman

Dato' Tan Heng Chew DJMK, JP
Executive Deputy Chairman

Tan Eng Soon
Managing Director

Azman bin Badrillah

Geh Cheng Hooi

Dato' Ng Mann Cheong DSSA, SMP, JP

Toshiyuki Shiga

AUDIT COMMITTEE MEMBERS

Geh Cheng Hooi
Chairman (Independent Non-executive Director)

Dato' Ng Mann Cheong DSSA, SMP, JP
(Independent Non-executive Director)

Dato' Tan Heng Chew DJMK, JP
(Executive Director)

COMPANY SECRETARY

Tan Eng Guan

ASSISTANT COMPANY SECRETARY

Chan Yoke-Lin

REGISTERED OFFICE

62 - 68 Jalan Ipoh
51200 Kuala Lumpur
Telephone : (03) 4042 7644 / 4041 1044
Facsimile : (03) 4042 7198
E-mail : tcmh@tanchong.com.my

REGISTRARS

M & C Services Sdn Bhd
11th Floor Wisma Damansara
Jalan Semantan
Damansara Heights
50490 Kuala Lumpur
Telephone : (03) 255 7188

AUDITORS

KPMG
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

STOCK EXCHANGE LISTING

Kuala Lumpur Stock Exchange
(Listed on the Main Board in 1974)

business

DIVISIONS



TAN CHONG MOTOR HOLDINGS BERHAD



ASSEMBLY

- Motor Vehicles



FINANCIAL PRODUCTS AND SERVICES

- Hire Purchase
- Insurance



SALES AND DISTRIBUTION

- Passenger Cars
- Light Commercial Vehicles
- Trucks
- Buses



PROPERTY

- Management and Investment



AFTER-SALES SERVICES

- Spare Parts
- Workshop

chairman's report

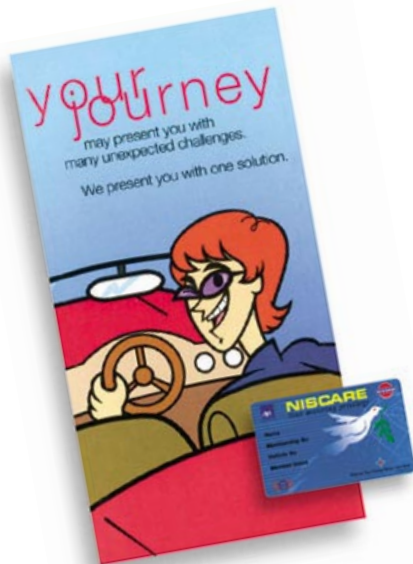
LAPORAN PENGERUSI

On behalf of the Board of Directors, I am pleased to report on the activities of the Tan Chong Motor Group for 2000.

HIGHLIGHTS

The Group recorded a revenue of RM1,184 million, a significant growth of 39% over that achieved in 1999 as the Malaysian motor industry staged further recovery during the year, aided by improved consumer and business sentiments and affordable financing. The introduction of the all-new Nissan Sentra in November helped to boost sales amid weaker demand during the last quarter of 2000.

Operating profit before tax and exceptional items rose to RM108 million from RM76 million in 1999 in tandem with the higher revenue. Earnings per share (excluding exceptional items) of RM0.12 was however marginally better than last year's RM0.11 as income for 2000 was subject to tax while that of the previous year was tax exempt.



NISCARE – 24 hours roadside assistance programme

NISCARE – program bantuan tepi jalan sepanjang 24 jam

Saya bagi pihak Lembaga Pengarah dengan sukacitanya melaporkan aktiviti perniagaan Kumpulan Tan Chong Motor bagi tahun 2000.

MAKLUMAT UTAMA

Kumpulan mencatatkan hasil sebanyak RM1,184 juta, pertumbuhan ketara sebanyak 39% berbanding prestasi pada tahun 1999. Ini adalah kerana industri motor Malaysia mencapai peringkat pemulihan seterusnya pada tahun ini dibantu oleh sentimen pengguna dan perniagaan yang bertambah baik serta pembiayaan yang mampu diperolehi. Pengenalan Nissan Sentra berwajah baru keseluruhannya pada bulan November telah membantu mempertingkatkan jualan walaupun berada dalam suasana permintaan yang lemah pada tempoh suku terakhir tahun 2000.

Keuntungan operasi sebelum cukai dan perkara terkecuali melonjak daripada RM76 juta pada tahun 1999 kepada RM108 juta pada tahun ini selaras dengan pertambahan hasil. Walau bagaimanapun, pendapatan sesaham (tidak termasuk perkara terkecuali) sebanyak RM0.12 bertambah baik sedikit berbanding RM0.11 pada tahun lepas kerana pendapatan bagi tahun 2000 adalah tertakluk kepada pembayaran cukai sementara pendapatan pada tahun sebelumnya adalah dikecualikan cukai.



The balance sheet of the Group continued to be robust and healthy. As at end of December 2000, the Group's net cash balance remained positive at RM172 million. The hire purchase financing business was expanded further as hire purchase debtors increased to RM104 million from RM61 million recorded as at the end of 1999.

With the launch of our website <http://www.nissan.com.my>, our customers can now view Nissan models or check the latest prices and arrange for a test drive from the comfort of their own home and at their leisure. The site will be enhanced further in the coming years to improve our services to our valued customers.

Kunci kira-kira Kumpulan terus memberikan gambaran yang kukuh dan sihat. Pada akhir Disember 2000, Kumpulan mempunyai baki tunai yang kekal positif iaitu sebanyak RM172 juta. Perniagaan sewa beli terus berkembang dengan penghutang sewa beli meningkat daripada RM61 juta pada akhir tahun 1999 kepada RM104 juta pada tahun ini.

Dengan pelancaran laman web kami, <http://www.nissan.com.my>, kini para pelanggan boleh melihat model Nissan atau menyemak harga terkini serta mengatur untuk uji pandu dengan selesa dari rumah dan pada masa lapang mereka. Laman ini akan dipertingkatkan lagi pada tahun-tahun akan datang untuk memperbaiki taraf perkhidmatan kepada para pelanggan yang kami hargai.

The new Nissan Sentra

- Bold & Stylish

Nissan Sentra baru

- Segak & Bergaya

Nissan Cefiro 3.0L V6 Brougham

- combining power with style

Nissan Cefiro 3.0L V6 Brougham

- menggabungkan kuasa dengan gaya



REVIEW OF RESULTS

Passenger and light commercial vehicles

Demand for new motor vehicles improved with the return of consumer confidence and affordable financing package. Based on the motor vehicle registration statistics of Malaysian Automotive Association (MAA), the total industry volume of 343,221 units for 2000 represented a 19% increase from 1999. For the year as a whole, total unit sales of Nissan passenger and light commercial vehicles was about 40% higher than that achieved in 1999. Consequently, overall market share for Nissan vehicles improved to 4% from 3.4%. Nissan's sales volume during the second half stabilised at a lower level compared with the first half of 2000 after the impact of price increase took its full effect.



Nissan VQ V6 DOHC Engine

- voted one of the world's best engines for seven years consecutively (1995-2001)

Enjin Nissan VQ V6 DOHC

- terpilih sebagai salah sebuah enjin terbaik di dunia untuk tujuh tahun berterusan (1995-2001)

TINJAUAN KEPUTUSAN

Kenderaan penumpang dan perdagangan ringan

Permintaan bagi kenderaan bermotor baru bertambah baik berikutan keyakinan pengguna yang kembali pulih dan penyediaan pakej pembiayaan yang termampu kepada pelanggan. Menurut statistik pendaftaran kenderaan bermotor Persatuan Automotif Malaysia (MAA), volum industri berjumlah 343,221 unit yang dicatatkan pada tahun 2000 menunjukkan peningkatan sebanyak 19% daripada volum yang dicatatkan pada tahun 1999. Bagi tempoh keseluruhan tahun, kenderaan penumpang dan perdagangan ringan Nissan mencatatkan pertambahan unit jualan sebanyak lebih kurang 40% berbanding pencapaiannya pada tahun 1999. Hasilnya, keseluruhan bahagian pasaran bagi kenderaan Nissan meningkat daripada 3.4% kepada 4%. Volum jualan Nissan pada tempoh setengah tahun kedua stabil pada paras yang lebih rendah berbanding pada tempoh setengah tahun pertama 2000 selepas kenaikan harga memberi kesan sepenuhnya.

With a sales volume of about 6,000 units, which was 50% higher than last year, the Nissan C22 Vanette remained the highest volume selling model. In the 2 to 3 litre capacity non-national passenger car segment, the Nissan Cefiro 2.0L V6 Excimo and Cefiro 3.0L V6 Brougham maintained its last year's market share of 12% while Serena sales increased by 42% from last year.

In November 2000, the new Nissan Sentra was unveiled during the Kuala Lumpur Motor Show. The model, which boasts unrivalled vehicle safety, comes in three different engine capacities - 1.5, 1.6 and 1.8 litre. Bookings had been most encouraging and should lead to further improvement in our overall market position.

Medium and heavy commercial vehicles

The sale of 270 units medium capacity (5 to 7 tonne) trucks was 10% lower than previous year. During the first half of the year, sales were slow as our competitors were still clearing old stocks imported at a lower exchange rate while our models were priced at the prevailing yen rate of the incoming stocks. The price differential began



Get connected to www.nissan.com.my

- your gateway to the world of Nissan

Lawatilah www.nissan.com.my

- laluan masuk anda ke dunia Nissan

Dengan volum jualan sebanyak lebih kurang 6,000 unit, iaitu 50% lebih tinggi berbanding pencapaian pada tahun sebelumnya, Nissan C22 Vanette kekal sebagai model yang mencatatkan volum jualan paling tinggi. Dalam segmen kereta penumpang bukan kereta nasional bagi kapasiti 2 hingga 3 liter, Nissan Cefiro 2.0L V6 Excimo dan Cefiro 3.0L V6 Brougham dapat mengekalkan pasarannya sebanyak 12% pada tahun lepas sementara jualan Serena pula meningkat sebanyak 42% berbanding jualan yang dicapai pada tahun sebelumnya.

Pada bulan November 2000, Nissan Sentra berwajah baru telah ditampilkan buat pertama kali di Pertunjukan Motor Kuala Lumpur. Model kenderaan yang tiada tandingannya dari segi keselamatan ini mempunyai tiga kapasiti enjin yang berbeza – 1.5, 1.6 dan 1.8 liter. Tempahan yang diterima amat menggalakkan dan mungkin akan membawa kepada peningkatan kedudukan pasaran secara keseluruhannya.

Kenderaan perdagangan sederhana dan berat

Penjualan 270 unit trak berkapasiti sederhana (5 hingga 7 tan) susut 10% berbanding pencapaiannya pada tahun sebelumnya. Pada setengah tahun pertama, jualan kami lembab kerana para pesaing kami masih menghabiskan stok lama mereka yang diimport pada kadar pertukaran matawang lebih rendah sementara model kami adalah pada harga mengikut kadar matawang yen yang sedia ada semasa stok dibawa masuk. Jurang perbezaan harga ini mula rapat selepas itu, dan kami dapat

to narrow thereafter, and we managed to secure strong sales during the second half to make up for the shortfall. The superior performance and reliability of Nissan Diesel trucks had enabled us to maintain a strong presence in this market segment even though priced at a higher level. Being a latecomer in this segment as our involvement only began in 1997, our market share has remained small, at about 8%. There is obviously further potential to be tapped in the future.

In the heavy-duty truck segment, the overall industry volume increased by more than 40% from last year to about 2,100 units, driven mainly by demand for prime movers from the container haulier business, a sector traditionally dominated by the European makes. Our market share declined marginally to 22% from about 24% achieved in 1999. Unit sales volume of this segment increased by 28% to 455 units. Profitability of this business improved as the operating unit concerned managed to adjust upward selling prices to counter the impact of rising costs due to the exchange rate. After-sales service and parts sales activities also showed significant improvements with heavier truck usage and stock replenishment.



**In-process inspection
at the assembly plant**

**Pemeriksaan dalam proses
di loji pemasangan**

mempertingkatkan jualan yang teguh sepanjang tempoh setengah tahun kedua bagi menampung kelembapan sebelumnya. Prestasi yang cemerlang dan kewibawaan trak Nissan Diesel telah membolehkan kami mengekalkan kehadiran yang teguh dalam segmen pasaran ini walaupun harganya adalah di paras yang lebih tinggi. Sebagai peserta yang lewat masuk ke dalam segmen pasaran ini iaitu pada tahun 1997, bahagian pasaran kami masih lagi kecil, iaitu lebih kurang 8% sahaja. Potensi untuk berkembang lebih luas lagi masih terbuka untuk diterokai.

Dalam segmen trak bermuatan berat, volum keseluruhan dalam industri telah meningkat sebanyak lebih 40% pada tahun lalu kepada kira-kira 2,100 unit. Ini telah didorong terutamanya oleh permintaan bagi prime movers dari perniagaan pengangkutan kontena, sebuah sektor yang secara tradisinya dikuasai oleh prime movers buatan Eropah. Bahagian pasaran kami susut sedikit kepada 22% berbanding kira-kira 24% yang dicapai pada tahun 1999. Volum unit jualan segmen ini meningkat sebanyak 28% kepada 455 unit. Tahap keuntungan perniagaan ini telah bertambah baik berikutan unit operasi mampu menyesuaikan ke arah kenaikan harga jualan untuk membendung kesan kenaikan kos yang disebabkan oleh pertukaran matawang. Aktiviti perkhidmatan selepas jualan dan jualan alat ganti juga menunjukkan peningkatan ketara dengan tahap penggunaan trak dan penggantian stok yang lebih tinggi.



Vehicle assembly

During the year, the assembly plant devoted much of management focus in preparing for the introduction of the new Nissan Sentra and increasing production volume to meet sales demand. With a higher volume of purchases, price negotiations and joint cost studies with key component vendors had helped to lessen the effect of cost increase of imported contents.

Financial services

The Group had taken progressive steps to increase its in-house hire purchase business to boost its earnings since 1999. In June 2000,

Pemasangan kenderaan

Pada tahun ini, loji pemasangan telah menumpukan fokus utama pengurusan dalam persiapan yang dibuat untuk memperkenalkan Nissan Sentra baru dan meningkatkan volum pengeluaran bagi memenuhi permintaan jualan. Kesan kenaikan kos kandungan yang diimport telah dapat dikurangkan melalui volum belian yang lebih tinggi serta rundingan harga kajian kos bersama para vendor komponen utama.

Perkhidmatan kewangan

Kumpulan telah mengambil beberapa langkah progresif untuk menambah perniagaan sewa

The new Nissan Sentra comes in 3 different engine capacities

- 1.5, 1.6 and 1.8 litre

Nissan Sentra baru dengan 3 kapasiti enjin berbeza

- 1.5, 1.6 dan 1.8 liter

Nissan C22 Vanette
– the best selling model

Nissan C22 Vanette
– model paling laris jualannya



Bank Negara had issued a new directive to financial institutions to restrict the payment of hire purchase commissions to dealers. Even though the impact of hire purchase commission on the Group's revenue and profitability was relatively small, the Group stepped up its efforts to develop its in-house hire purchase business. Total hire purchase debts outstanding at the end of 2000 had almost doubled that at the beginning of the year.

DIVIDENDS

The following dividends were paid during the year:

- (i) A special net cash dividend of 27.368% amounting to RM91.956 million on 19 May 2000, being the last of the special dividends paid pursuant to the demerger exercise.

beli dalamannya bagi mempertingkatkan pendapatannya sejak tahun 1999. Pada bulan Jun 2000, Bank Negara telah mengeluarkan satu arahan baru kepada institusi kewangan supaya menghadkan pembayaran komisen kepada para wakil penjual. Walaupun kesan komisen sewa beli ke atas hasil dan tahap keuntungan Kumpulan adalah agak kecil, namun Kumpulan telah mempertingkatkan usahanya untuk membangunkan perniagaan sewa beli dalamannya. Jumlah hutang sewa beli yang tertunggak pada akhir tahun 2000 telah meningkat hampir sekali ganda berbanding pada awal tahun ini.

DIVIDEN

Dividen berikut telah dibayar pada tahun ini:

- (i) *Dividen tunai bersih khas sebanyak 27.368% yang berjumlah RM91.956 juta pada 19 Mei 2000, sebagai dividen khas akhir yang dibayar berhubung dengan langkah pengasingan semula.*



**Nissan Diesel U-41 truck 5.0 & 7.5 tonne GVW,
powered by reliable FD46 Euro I engine
with maximum output 120ps**

**Trak Nissan Diesel U-41 5.0 & 7.5 tan GVW
dengan kemantapan enjin FD46 Euro I
serta output maksimum 120ps**

- (ii) An interim dividend of 5% less income tax of 28% amounting to RM12.096 million on 18 October 2000. (1999 – nil, apart from special dividends paid pursuant to the demerger exercise.)

The Board has recommended the payment of a final dividend of 6% less income tax of 28% amounting to RM14.51 million which, if approved by the shareholders at the forthcoming Annual General Meeting, will be paid on 29 June 2001.

CURRENT YEAR PROSPECTS

Given the lower projected GDP growth rate for the country in 2001, the automotive industry is also expected to grow at a slower rate. However, based on the strong interest shown in our new Nissan Sentra, we are optimistic that overall sales volume will improve further in 2001. The imminent introduction of at least one other new model during the year is likely to add additional volume. Demand for the heavy

Nissan Terrano 4WD

Nissan Terrano Pacuan 4 Roda



- (ii) *Dividen pertengahan sebanyak 5% ditolak 28% cukai pendapatan berjumlah RM12.096 juta pada 18 Oktober 2000 (1999 – tiada, selain daripada dividen khas yang dibayar berhubung dengan langkah pengasingan semula)*

Lembaga Pengarah telah mengesyorkan pembayaran dividen akhir sebanyak 6% ditolak 28% cukai pendapatan berjumlah RM14.51 juta yang, jika diluluskan oleh para pemegang saham di Mesyuarat Agung Tahunan akan datang, akan dibayar pada 29 Jun 2001.

PROSPEK TAHUN SEMASA

Berdasarkan kadar pertumbuhan KDNK yang lebih rendah diramal akan dicapai oleh negara pada tahun 2001, industri automotif juga dijangka akan berkembang pada kadar yang lebih perlahan. Walau bagaimanapun, berdasarkan keteguhan minat yang ditunjukkan terhadap Nissan Sentra berwajah baru, kami yakin bahawa volum jualan

commercial vehicles on the other hand, may be affected by the anticipated slow down in the manufacturing sector due to lower exports.

Barring unforeseen circumstances, dramatic actions by competitors and changes in the strength of the Japanese yen, the operating performance of the Group is expected to remain satisfactory.

ACKNOWLEDGEMENT

On behalf of the Board I wish to extend our appreciation to the management and staff for their dedication and contribution as always. I would also like to thank all our valued customers, suppliers, bankers and other business associates as well as our shareholders for their continuing support.

keseluruhan akan bertambah baik lagi pada tahun 2001. Pengenalan sekurang-kurangnya satu lagi model baru yang bakal dilancarkan pada tahun ini berkemungkinan akan meningkatkan volum jualan itu. Permintaan bagi kenderaan perdagangan berat sebaliknya mungkin akan terjejas akibat jangkaan kelembapan dalam sektor perkilangan akibat kelembapan eksport.

Jika tidak berlaku sebarang keadaan di luar dugaan, tindakan ketara oleh para pesaing dan perubahan dalam keteguhan matawang yen Jepun, prestasi operasi Kumpulan dijangka akan kekal memuaskan.

PENGHARGAAN

Saya bagi pihak Lembaga Pengarah dengan sukacitanya ingin menyampaikan ucapan penghargaan kepada pihak pengurusan dan kakitangan yang telah sentiasa menampilkan semangat berdedikasi dan membuat sumbangan yang bernilai. Saya juga ingin mengucapkan terima kasih kepada semua pelanggan yang dihargai, para pembekal, bank dan rakan-rakan lain dalam perniagaan serta para pemegang saham kami yang telah memberikan sokongan berterusan.

Dato' Tan Kim Hor DPMS, KMN, JP
Chairman/Pengerusi

Kuala Lumpur
9 April 2001



**Nissan Diesel CKB45 ABTN2
heavy duty prime mover with Euro II
emission standard with maximum
output 375 hp**

**Prime Mover Nissan Diesel CKB45 ABTN2
bermuatan berat menggunakan enjin Euro II
emisi piawai dengan output maksimum
375 hp**