

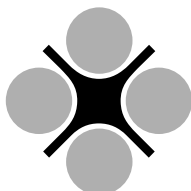
**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in Tan Chong Motor Holdings Berhad ("TCMH" or "Company"), you should at once hand this Circular, together with the attached Form of Proxy, to the agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Notice of the Extraordinary General Meeting of TCMH, together with the Form of Proxy are enclosed.

Kuala Lumpur Stock Exchange takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



## **TAN CHONG MOTOR HOLDINGS BERHAD**

(Company No. 12969-P)  
(Incorporated in Malaysia)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO THE**

- **PROPOSED GRANT OF AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES; AND**
- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**AND**

#### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

*Adviser*

# **CIMB**

Commerce International Merchant Bankers Berhad  
*Company Number 18417-M*

Last date and time for lodging the Form of Proxy	:	27 May 2002 at 12:30 p.m.
Date and time of the Extraordinary General Meeting	:	29 May 2002 at 12:30 p.m. or immediately after the conclusion or adjournment (as the case may be) of the Thirtieth (30 <sup>th</sup> ) Annual General Meeting of TCMH, whichever is later

This Circular is dated 6 May 2002

## DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act, 1965
AGM	:	Annual General Meeting
APM	:	APM Automotive Holdings Berhad
APM Group	:	APM and its subsidiaries
Audit Committee	:	Audit committee of TCMH comprising Geh Cheng Hooi, Dato' Ng Mann Cheong and Dato' Haji Kamaruddin @ Abas bin Nordin who are Independent Non-Executive Directors
Auto Dunia	:	Auto Dunia Sdn Bhd and/or any of its related and associated companies
Board	:	Board of Directors of TCMH
CIMB	:	Commerce International Merchant Bankers Berhad
Code	:	Malaysian Code on Take-Overs and Mergers, 1998
Director	:	Meaning given in Section 4 of the Act and includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer (or any other company which is its subsidiary or holding company or a subsidiary of its holding company)
EGM	:	Extraordinary General Meeting
EPS	:	Earnings per share
KLSE	:	Kuala Lumpur Stock Exchange
Major Shareholder	:	Person who has an interest or interests in one (1) or more voting shares in the company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five per centum (5%) of the aggregate of the nominal amounts of all the voting shares in the company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act. A major shareholder includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company or subsidiary of its holding company
MITI	:	Ministry of International Trade and Industry
NML	:	Nissan Motor Co, Limited
NML Group	:	NML, its subsidiaries and associated companies
NTA	:	Net tangible assets

## **DEFINITIONS** (*Cont'd*)

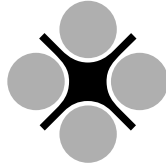
Proposals	:	Proposed Share Buy-Back and Proposed Shareholders' Mandate, collectively
Proposed Share Buy-Back	:	Proposed grant of authority to TCMH to purchase up to ten per centum (10%) of its issued and paid-up share capital
Proposed Shareholders' Mandate	:	Proposed renewal of the Shareholders' Mandate for the RRPT of the TCMH Group as set out in this Circular
Related Party	:	Director, Major Shareholder or person connected with such Director or Major Shareholder
Related Party Transaction	:	Transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a Related Party
RRPT	:	Related Party Transactions of a revenue or trading nature which are recurrent and necessary for the day-to-day operations
SC	:	Securities Commission
Shareholders' Mandate	:	Shareholders' general mandate pursuant to Paragraph 10.09 of the Listing Requirements of KLSE in respect of RRPT
TCC	:	Tan Chong Consolidated Sdn Bhd
TCIL	:	Tan Chong International Limited
TCIL Group	:	TCIL and its subsidiaries
TCM	:	Tan Chong & Sons Motor Company Sdn Bhd
TCMA	:	Tan Chong Motor Assemblies Sdn Bhd
TCMH or Company	:	Tan Chong Motor Holdings Berhad
TCMH Group or Group	:	TCMH and its subsidiaries
TCMH Shares	:	Ordinary shares of RM0.50 each in the Company
WTCH	:	Warisan TC Holdings Berhad
WTCH Group	:	WTCH and its subsidiaries
RM and sen	:	Ringgit Malaysia and sen respectively

## CONTENTS

	<b>Page</b>
1. INTRODUCTION	1
2. PROPOSED SHARE BUY-BACK	2
3. PROPOSED SHAREHOLDERS' MANDATE	3
4. EFFECTS OF THE PROPOSALS	15
5. APPROVALS REQUIRED	18
6. SHARE PRICES	18
7. PURCHASES, RESALE AND CANCELLATION OF TCMH SHARES MADE IN THE PREVIOUS 12 MONTHS	18
8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS	19
9. DIRECTORS' RECOMMENDATION	19
10. EGM	20
11. ADDITIONAL INFORMATION	20

## APPENDIX

I. ADDITIONAL INFORMATION	21
NOTICE OF EGM	22
FORM OF PROXY	ENCLOSED



## **TAN CHONG MOTOR HOLDINGS BERHAD**

(Company No. 12969-P)  
(Incorporated in Malaysia)

### **Registered Office:**

62-68 Jalan Ipoh  
51200 Kuala Lumpur

6 May 2002

### **Board of Directors:**

Dato' Tan Kim Hor (*Chairman*)  
Ahmad bin Abdullah (*Vice Chairman*)  
Dato' Tan Heng Chew (*Executive Deputy Chairman*)  
Tan Eng Soon (*Managing Director*)  
Azman bin Badrillah  
Geh Cheng Hooi  
Dato' Ng Mann Cheong  
Kenji Naito  
Dato' Haji Kamaruddin @ Abas bin Nordin

Dear Shareholders

- **PROPOSED GRANT OF AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**
- **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

### **1. INTRODUCTION**

On 28 February 2002, CIMB announced on behalf of the Board that the Company proposes to seek authority from its shareholders to purchase up to 67,200,000 TCMH Shares representing up to ten per centum (10%) of the issued and paid-up share capital of TCMH, subject to the prevailing laws and relevant regulations, rules and guidelines as may be issued by the relevant authorities and the availability of retained profits and/or share premium account in the Company.

In addition, on 22 April 2002, CIMB announced on behalf of the Board that the Company will seek its shareholders' approval for the renewal of the Shareholders' Mandate which was granted on 14 January 2002.

The purpose of this Circular is to provide you with information on the Proposals and to seek your approval for the resolutions to be tabled at the forthcoming EGM of the Company. The Notice of EGM detailing the relevant resolutions for the Proposals is enclosed in this Circular.

## 2. PROPOSED SHARE BUY-BACK

### 2.1 Details

The Board proposes to seek authority from its shareholders to purchase up to ten per centum (10%) of its issued and paid-up share capital through a stockbroker to be appointed at a later date.

Based on the issued and paid-up share capital of the Company as at 8 April 2002 of RM336,000,000 comprising 672,000,000 TCMH Shares, a total of RM33,600,000 comprising 67,200,000 TCMH Shares may be repurchased by the Company pursuant to the Proposed Share Buy-Back.

The approval from the shareholders for the Proposed Share Buy-Back would be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the upcoming EGM and shall be valid until:

- (i) The conclusion of the next AGM of the Company (being the Thirty-First (31<sup>st</sup>) AGM of the Company) following the forthcoming EGM, at which the Proposed Share Buy-Back was passed, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) The expiration of the period within which the Thirty-First (31<sup>st</sup>) AGM of the Company is required by law to be held; or
- (iii) Revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

The shareholders' approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own shares on KLSE. Rather, the Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on the availability of internally generated funds, actual number of TCMH Shares to be purchased and other cost factors. The actual number of TCMH Shares to be purchased will depend on the market conditions as well as the retained profits and financial resources available to the Company.

The Board proposes to allocate up to RM100 million of the retained profits of the Company for the purchase of the TCMH Shares subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. The audited retained profits of the Company as at 31 December 2001 was approximately RM143.3 million. The Company did not have any share premium as at 31 December 2001.

The purchased shares may be cancelled immediately or retained as treasury shares or a combination of both. The purchased shares held as treasury shares, may either be subsequently cancelled or distributed as share dividends or resold by the Company on KLSE, or both, depending on the availability of, among others, the retained profits of the Company. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits and/or the share premium account (if applicable) of the Company.

An immediate announcement will be made to KLSE upon the purchase or resale of the shares. In addition, the Company will also announce whether the purchased shares will be cancelled or retained as treasury shares or a combination of both.

TCMH shall only purchase its own ordinary shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for the five (5) market days immediately preceding the date of the purchase(s). The Company may only resell the purchased shares held as treasury shares at a price which is not less than the weighted average market price for the five (5) market days immediately preceding the date of resale.

As at 8 April 2002, the public shareholding spread of the Company was approximately 48.49%.

For the purposes of illustration, if the Company purchases up to the maximum number of TCMH Shares as allowed under the Proposed Share Buy-Back and assuming the purchases will not reduce the number of TCMH Shares currently held by the Directors, the substantial shareholders or persons connected with the Directors and/or substantial shareholders, the public shareholding spread of the Company as at 8 April 2002 is expected to be approximately 42.75%.

## **2.2 Potential advantages and disadvantages of the Proposed Share Buy-Back**

### **2.2.1 Advantages**

The Proposed Share Buy-Back provides the opportunity for TCMH to stabilise the supply and demand of TCMH Shares in the open market and thereby allowing the share price of TCMH to better reflect the fundamental value of TCMH Shares.

In addition, the purchased shares may be held as treasury shares and resold on KLSE with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this will serve to reward the shareholders of the Company.

Furthermore, the share repurchase by the Company may enhance the EPS and NTA per share of TCMH, depending on factors such as purchase prices of the TCMH Shares and the effective funding cost and/or loss in interest income to the Company.

### **2.2.2 Disadvantages**

The Proposed Share Buy-Back may result in the Group foregoing other investment opportunities that may emerge in the future and may also reduce the amount of resources available for distribution in the form of dividends to shareholders of TCMH. However, the financial resources of the TCMH Group may recover and increase upon the resale of the repurchased shares which are held as treasury shares.

Nevertheless, the Board will be mindful of the interests of TCMH and its shareholders in undertaking the Proposed Share Buy-Back.

## **3. PROPOSED SHAREHOLDERS' MANDATE**

TCMH is principally an investment holding company which provides management services to its subsidiaries which are involved in the assembly and distribution of motor vehicles, provision of after sales services and motor related financial services such as hire purchase and insurance agency services.

The Board wishes to seek the approval of the shareholders of TCMH for the renewal of the Shareholders' Mandate, obtained on 14 January 2002, which would enable the TCMH Group to continue to enter into RRPT provided that such transactions are in the ordinary course of business and undertaken at arms' length, on normal commercial terms of the TCMH Group which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders. These include transactions such as those described in section 3.2.

### **3.1 Listing Requirements of KLSE**

Under Paragraph 10.09 of the Listing Requirements of KLSE a listed issuer may seek a Shareholders' Mandate subject to the following:

- (a) The transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) The Shareholders' Mandate is subject to annual renewal and disclosure being made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year;
- (c) Issuance of a circular to shareholders by the listed issuer; and
- (d) The interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder and where it involves the interest of a person connected with a Director or Major Shareholder, such Director or Major Shareholder, must not vote on the resolution approving the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions.

The definitions for "Director", "Major Shareholder" and "Related Party" under the Listing Requirements of KLSE are as set out in the Definitions section.

The Proposed Shareholders' Mandate is subject to an annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:

- (a) The conclusion of the next AGM of the Company (being the Thirty-First (31<sup>st</sup>) AGM of the Company) following the forthcoming EGM, at which such Proposed Shareholders' Mandate was passed, at which time the said authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Proposed Shareholders' Mandate is renewed;
- (b) The expiration of the period within which the Thirty-First (31<sup>st</sup>) AGM of TCMH is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) Revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is the earlier.

The estimated transaction values for the financial year ending 31 December 2002 as set out in section 3.2 are based on the projected business volume for the current financial year ending 31 December 2002. The actual value of transactions may, however, vary from the estimated values disclosed in section 3.2, in the light of the changing economic and competitive environment.

Nevertheless, disclosures will be made in accordance with the Listing Requirements of KLSE in the Annual Report of the Company for the financial year ending 31 December 2002 of the actual aggregate value of transactions made pursuant to the Proposed Shareholders' Mandate during the said financial year.

### **3.2 Classes of Related Parties**

#### **3.2.1 NML Group**

The NML Group is primarily engaged in the manufacture and distribution of products under brands which include 'Nissan' and 'Nissan Diesel'. The said products, which are sold worldwide, include passenger cars, buses and trucks, as well as related components.



The TCMH Group holds the sole distribution rights for Nissan and Nissan Diesel products in Malaysia. The TCMH Group purchases the said products mainly in the form of knocked-down kits, engines and components from the NML Group. Certain components are sourced from other Nissan assemblers in the South East Asia region and Taiwan.

As at 8 April 2002, NML is a Major Shareholder of TCMH with a shareholding of 5.56%. In addition, NML is represented on the Board by its employee, Kenji Naito who has no direct or indirect interest in TCMH. Therefore, the NML Group and its person connected are regarded as interested in all transactions, which may be entered into by the NML Group with the TCMH Group.

The terms of the said RRPT, including pricing, are negotiated between the senior management of the TCMH Group and the NML Group, based on a set of mutually agreed short term and long term targets as well as objectives to be achieved for the business in Malaysia. Details of the RRPT are as follows:

<b>Types of transaction</b>	<b>Details</b>	<b>Estimated amount for the financial year ending 31 December 2002 (RM 000)</b>
Purchase of goods	The TCMH Group purchases from the NML Group products comprised mainly of knocked-down kits, engines and components.	433,874
Payment of technical assistance fee and royalty	The TCMH Group pays the NML Group a technical assistance fee and royalty under the terms of a Distribution and Technical Assistance Agreement between TCM and the NML Group.	2,301
Sale of goods	The TCMH Group supplies components to other Nissan motor assemblers in the South East Asia region and Taiwan.	10,829
Purchase of fixed assets	The TCMH Group purchases jigs, tools and moulds and workshop equipment from the NML Group.	621

### **3.2.2 Related Parties arising from the internal re-organisation and demerger scheme of the TCMH Group**

The TCMH Group had completed the internal re-organisation of its Foreign, Autoparts and Non-Motor Divisions in 1999, resulting in the complete demerger and emergence of three (3) additional and separate listed groups of companies, i.e. the WTCH Group, the APM Group and the TCIL Group, each with distinct areas of business activities and are accountable for their own performance and profitability. TCMH does not own any shares in WTCH, APM and TCIL.

Even before the demerger, as a general management practice, all business units operated as profit centres and were evaluated and rewarded based on their respective performance. As a consequence, transactions between the said business units then were already at arms' length, on normal commercial terms and were not more favourable to each other than those available to the public (where applicable).

The RRPT between the TCMH Group and the said groups of companies are as set out in sections 3.2.2.1 to 3.2.2.3.

### 3.2.2.1 WTCH Group

WTCH is an investment holding company which provides management services to its subsidiaries which include the following:

Subsidiary	Principal activities
Tung Pao Sdn Bhd	Distribution of cosmetics under brand names such as Shiseido, Carita, Za and Zotos.
Tan Chong Apparels Sdn Bhd	Distribution of Wacoal under-garments.
TCIM Sdn Bhd	Distribution of heavy equipment and machinery under brand names such as Nissan, John Deere and Sumitomo.
Mayflower Acme Tours Sdn Bhd	Provision of travel and car rental services.

The Directors and Major Shareholders of the TCMH Group who are interested in the RRPT with the WTCH Group and the nature of their interests as at 8 April 2002 are as follows:

Related Party	TCMH					WTCH				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the WTCH Group	Shareholding in WTCH			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	304,266,662	45.28	-	-	-	15,213,333	22.64	13,440,000	20.00 <sup>(1)</sup>
Dato' Tan Kim Hor	Director	3,074,834	0.46	304,266,662	45.28 <sup>(2)</sup>	Director	153,741	0.23	28,653,333	42.64 <sup>(3)</sup>
Dato' Tan Heng Chew	Director	25,662	-( <sup>4</sup> )	304,266,662	45.28 <sup>(2)</sup>	Director	1,283	-( <sup>4</sup> )	28,653,333	42.64 <sup>(3)</sup>
Tan Eng Soon	Director	1,400,000	0.21	304,266,662	45.28 <sup>(2)</sup>	Director	70,000	0.10	28,653,333	42.64 <sup>(3)</sup>
Tan Boon Pun	Director	100,427	0.01	305,604,942	45.48 <sup>(5)</sup>	Director	285,221	0.42	29,595,247	44.04 <sup>(6)</sup>
Dr. Tan Kang Leong	Director	10,000	-( <sup>4</sup> )	304,266,662	45.28 <sup>(2)</sup>	-	500	-( <sup>4</sup> )	28,653,333	42.64 <sup>(3)</sup>
Tan Kheng Leong	-	-	-	304,266,662	45.28 <sup>(2)</sup>	-	13,500	0.02	28,653,333	42.64 <sup>(3)</sup>
Tan Hoe Pin	Director	-	-	305,484,662	45.46 <sup>(7)</sup>	Director <sup>(8)</sup>	8,000	0.01	28,714,233	42.73 <sup>(9)</sup>
Tan Beng Keong	Director	-	-	305,484,662	45.46 <sup>(7)</sup>	-	-	-	28,714,233	42.73 <sup>(9)</sup>
Dr. Tan Ban Leong	-	-	-	305,484,662	45.46 <sup>(7)</sup>	Director <sup>(8)</sup>	-	-	28,714,233	42.73 <sup>(9)</sup>
Dato' Haji Nadzam bin Haji Mohd. Din	Director	-	-	-	-	Director	112,000	0.17	-	-
Ismail Rautin Ibrahim	Director	-	-	-	-	Director	10,000	0.01	-	-

**Notes:**

<sup>(1)</sup> Deemed interest by virtue of interest in Parasand Limited ("Parasand") pursuant to Section 6A of the Act.

<sup>(2)</sup> Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.

<sup>(3)</sup> Deemed interest by virtue of interests in TCC and Parasand pursuant to Section 6A of the Act.

<sup>(4)</sup> Less than 0.01%.

- <sup>(5)</sup> Deemed interest by virtue of interests in TCC, Progroup Nominees Sdn Bhd (“PNSB”), Exepro Sdn Bhd (“ESB”) and Magic Rooms Sdn Bhd (“MRSB”) pursuant to Section 6A of the Act.
- <sup>(6)</sup> Deemed interest by virtue of interests in TCC, Parasand, PNSB, ESB and MRSB pursuant to Section 6A of the Act.
- <sup>(7)</sup> Deemed interest by virtue of interests in TCC and ESB pursuant to Section 6A of the Act.
- <sup>(8)</sup> Director of the subsidiary or subsidiaries of WTCH to which the relevant RRPT relate.
- <sup>(9)</sup> Deemed interest by virtue of interests in TCC, Parasand and ESB pursuant to Section 6A of the Act.

The RRPT between the TCMH Group and the WTCH Group, which are carried out at arms’ length, on normal commercial terms of the TCMH Group which are not more favourable to the WTCH Group than those generally available to the public and are not to the detriment of the minority shareholders, are as detailed below:

<b>Types of transaction</b>	<b>Details</b>	<b>Estimated amount for the financial year ending 31 December 2002 (RM 000)</b>
Sale of goods and services	The TCMH Group sells motor vehicles and provides after sales services to the WTCH Group.	4,489
Insurance agency services	The TCMH Group (through a subsidiary, TCCL Sdn Bhd) sells certain insurance products such as motor, property and marine policies to the WTCH Group.	535
Administrative services	TCMH provides administration and secretarial services to the WTCH Group.	52
Travel agency and car rental services	The TCMH Group uses the air ticketing and car rental services provided by the WTCH Group.	926
Purchase of goods and services	The TCMH Group purchases agriculture machinery, forklifts, and generators and receives after sales services from the WTCH Group.	2,736
Rental income	<p>The TCMH Group acts as the dealer for the machinery division of the WTCH Group in East Malaysia.</p> <p>The TCMH Group rents space in the following premises and properties to the WTCH Group:</p> <ul style="list-style-type: none"> <li>(a) Office premise at Jalan Ipoh, Kuala Lumpur;</li> <li>(b) Office premise at Jalan Berserah, Kuantan, Pahang Darul Makmur;</li> <li>(c) Office premise at Jalan Kuala Kangsar, Ipoh, Perak Darul Ridzuan;</li> <li>(d) Office premise at Victoria Street, Penang;</li> <li>(e) Office premise at Jalan Angkasa Mas 6, Kawasan Perindustrian Tebrau II, Johor Bahru, Johor Darul Takzim;</li> </ul>	397

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2002 (RM 000)
	<p>(f) Office premise at Juru Industrial Park, Juru Seberang Prai Tengah, Penang;</p> <p>(g) Office and factory premise at Jalan Segambut, Kuala Lumpur; and</p> <p>(h) Office and warehouse premise at Jalan Tun Abdul Razak Susur 2, Johor Bahru, Johor Darul Takzim.</p>	
	<p>Rental income for the above is received on a monthly basis. The tenure of the agreements for the properties involved, where applicable, are of varying duration but are for a lease period that is not more than three (3) years.</p>	
Rental expense	<p>The TCMH Group rents space in the showroom, office, workshop and warehouse premise at Jalan Kemajuan, Petaling Jaya, Selangor Darul Ehsan from the WTCH Group.</p> <p>Rental payment for the above is paid on a monthly basis. The tenure of the agreements for the spaces involved, where applicable, are of varying duration but are for a lease period that is not more than three (3) years.</p>	654

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### 3.2.2.2 APM Group

The APM Group is engaged in the manufacturing and distribution of a wide-range of automotive products and components including suspension systems, heat exchange systems, electrical systems, plastic components and car interiors and seating.

The Directors and Major Shareholders of the TCMH Group who are interested in the RRPT with the APM Group and the nature of their interests as at 8 April 2002 are as follows:

Related Party	TCMH					APM				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the APM Group	Shareholding in APM			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	304,266,662	45.28	-	-	-	45,639,999	22.64	40,320,000	20.00 <sup>(1)</sup>
Dato' Tan Kim Hor	Director	3,074,834	0.46	304,266,662	45.28 <sup>(2)</sup>	Director	461,225	0.23	85,959,999	42.64 <sup>(3)</sup>
Dato' Tan Heng Chew	Director	25,662	- <sup>(4)</sup>	304,266,662	45.28 <sup>(2)</sup>	Director	3,849	- <sup>(4)</sup>	85,959,999	42.64 <sup>(3)</sup>
Tan Eng Soon	Director	1,400,000	0.21	304,266,662	45.28 <sup>(2)</sup>	Director	210,000	0.10	85,959,999	42.64 <sup>(3)</sup>
Tan Boon Pun	Director	100,427	0.01	305,604,942	45.48 <sup>(5)</sup>	-	28,064	0.01	86,160,741	42.74 <sup>(6)</sup>
Dr. Tan Kang Leong	Director	10,000	- <sup>(4)</sup>	304,266,662	45.28 <sup>(2)</sup>	Director <sup>(7)</sup>	1,500	- <sup>(4)</sup>	85,959,999	42.64 <sup>(3)</sup>
Tan Kheng Leong	-	-	-	304,266,662	45.28 <sup>(2)</sup>	-	40,500	0.02	85,959,999	42.64 <sup>(3)</sup>
Tan Hoe Pin	Director	-	-	305,484,662	45.46 <sup>(8)</sup>	-	-	-	86,142,699	42.73 <sup>(9)</sup>
Tan Beng Keong	Director	-	-	305,484,662	45.46 <sup>(8)</sup>	-	-	-	86,142,699	42.73 <sup>(9)</sup>
Dr. Tan Ban Leong	-	-	-	305,484,662	45.46 <sup>(8)</sup>	-	-	-	86,142,699	42.73 <sup>(9)</sup>
Ahmad bin Abdullah	Director	-	-	-	-	Director	2,000,000	1.00	-	-
Azman bin Badrillah	Director	10,000	- <sup>(4)</sup>	-	-	Director	3,256,200	1.62	-	-
Dato' Haji Kamaruddin @ Abas bin Nordin	Director	2,992	- <sup>(4)</sup>	-	-	Director	107,448	0.05	-	-

#### Notes:

- <sup>(1)</sup> Deemed interest by virtue of interest in Parasand pursuant to Section 6A of the Act.
- <sup>(2)</sup> Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- <sup>(3)</sup> Deemed interests by virtue of interests in TCC and Parasand pursuant to Section 6A of the Act.
- <sup>(4)</sup> Less than 0.01%.
- <sup>(5)</sup> Deemed interest by virtue of interests in TCC, PNSB, ESB and MRSB pursuant to Section 6A of the Act.
- <sup>(6)</sup> Deemed interest by virtue of interests in TCC, Parasand, PNSB, ESB and MRSB pursuant to Section 6A of the Act.
- <sup>(7)</sup> Director of the subsidiary or subsidiaries of APM to which the relevant RRPT relate.

<sup>(8)</sup> *Deemed interest by virtue of interests in TCC and ESB pursuant to Section 6A of the Act.*

<sup>(9)</sup> *Deemed interest by virtue of interests in TCC, Parasand and ESB pursuant to Section 6A of the Act.*

The RRPT between the TCMH Group and the APM Group, carried out at arms' length, on normal commercial terms of the TCMH Group which are not more favourable to the APM Group than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders, are as detailed below:

<b>Types of transaction</b>	<b>Details</b>	<b>Estimated amount for the financial year ending 31 December 2002 (RM 000)</b>
Sale of goods and services	The TCMH Group sells motor vehicles and provides after sales services to the APM Group	59
Purchase of goods	The TCMH Group buys automotive components from the APM Group for the assembly of new cars and also as replacement parts for distribution to dealers and motor repair workshops.	71,687
Insurance agency services	The TCMH Group (through a subsidiary, TCCL Sdn Bhd) sells certain insurance products such as motor, property and marine policies to the APM Group.	295
Administrative services	TCMH provides administration and secretarial services to the APM Group	40
Rental income	The TCMH Group rents space in the following premises and properties to the APM Group: <ul style="list-style-type: none"> <li>(a) Office premises at Jalan Kemajuan, Pending Industrial Estate, Kuching Sarawak;</li> <li>(b) Workshop, warehouse, office and factory premise at Batu Caves, Selangor Darul Ehsan; and</li> <li>(c) Workshop at Jalan Segambut, Kuala Lumpur.</li> </ul>	924

Rental income for the above is received on a monthly basis. The tenure of the agreements for the properties involved, where applicable, are of varying duration but are for a lease period that is not more than three (3) years.

### **3.2.2.3 TCIL Group**

The TCIL Group's principal businesses consist of the distribution of motor vehicles, property investment and development and industrial equipment distribution in Singapore. The TCIL Group's other major businesses include motor vehicle distribution in Hong Kong and the manufacturing of auto parts in the People's Republic of China.

The Directors and Major Shareholders of the TCMH Group who are interested in the RRPT with the TCIL Group and the nature of their interests as at 8 April 2002 are as follows:

Related Party	Directorship in the TCMH Group	TCMH				Directorship in the TCIL Group	TCIL			
		Shareholding in TCMH					Shareholding in TCIL			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	304,266,662	45.28	-	-	-	912,799,986	45.34	-	-
NML	-	37,333,324	5.56	-	-	-	(1)	(1)	(1)	(1)
Dato' Tan Kim Hor	Director	3,074,834	0.46	304,266,662	45.28 <sup>(2)</sup>	Director	9,224,502	0.46	912,890,958	45.34 <sup>(3)</sup>
Dato' Tan Heng Chew	Director	25,662	-(4)	304,266,662	45.28 <sup>(2)</sup>	-	(5)	(5)	912,799,986 <sup>(5)</sup>	45.34 <sup>(5)</sup>
Tan Eng Soon	Director	1,400,000	0.21	304,266,662	45.28 <sup>(2)</sup>	Director	4,200,000	0.21	946,699,986	47.02 <sup>(6)</sup>
Tan Boon Pun	Director	100,427	0.01	305,604,942	45.48 <sup>(7)</sup>	-	(5)	(5)	912,799,986 <sup>(5)</sup>	45.34 <sup>(5)</sup>
Dr. Tan Kang Leong	Director	10,000	-(4)	304,266,662	45.28 <sup>(2)</sup>	-	(5)	(5)	912,799,986 <sup>(5)</sup>	45.34 <sup>(5)</sup>
Tan Kheng Leong	-	-	-	304,266,662	45.28 <sup>(2)</sup>	Director	2,205,000	0.11	913,009,986	45.35 <sup>(3)</sup>
Tan Hoe Pin	Director	-	-	305,484,662	45.46 <sup>(8)</sup>	-	(5)	(5)	912,799,986 <sup>(5)</sup>	45.34 <sup>(5)</sup>
Tan Beng Keong	Director	-	-	305,484,662	45.46 <sup>(8)</sup>	-	(5)	(5)	912,799,986 <sup>(5)</sup>	45.34 <sup>(5)</sup>
Dr. Tan Ban Leong	-	-	-	305,484,662	45.46 <sup>(8)</sup>	-	(5)	(5)	912,799,986 <sup>(5)</sup>	45.34 <sup>(5)</sup>

**Notes:**

- (1) Direct and indirect interests of the Related Party in TCIL are not available to the Company as the Related Party is not required by statute or law to disclose the details of its interests to TCIL or the Company.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of family member's shareholdings and interest in TCC.
- (4) Less than 0.01%.
- (5) Direct and indirect interests (other than through TCC) of the Related Party in TCIL are not available to the Company as the Related Party is not required by statute or law to disclose the details of his interests to TCIL or the Company.
- (6) Deemed interest by virtue of interest in TCC and a corporation controlled by Tan Eng Soon.
- (7) Deemed interest by virtue of interests in TCC, PNSB, ESB and MRSB pursuant to Section 6A of the Act.
- (8) Deemed interest by virtue of interests in TCC and ESB pursuant to Section 6A of the Act.

The RRPT between the TCMH Group and the TCIL Group, are carried out at arms' length, on normal commercial terms of the TCMH Group which are not more favourable to the TCIL Group than those generally available to the public and are not to the detriment of the minority shareholders.

The said RRPT comprise the sale of automotive components to the TCIL Group for the assembly of new cars and also as replacement parts for distribution to dealers and motor repair workshops, which are estimated at RM2.5 million per annum and the purchase of other automotive components from the TCIL Group, which are estimated at RM0.2 million per annum.

### 3.2.3 Auto Dunia

Auto Dunia is involved in the local distribution of Audi, Volkswagen, Subaru and the import of selected Nissan and Nissan Diesel motor vehicles. Auto Dunia also provides workshop services and distributes spare parts, engine oil and other automotive related products.

TCMA, a 70% owned subsidiary of TCMH, has an arrangement with Auto Dunia to provide contract assembly and related services.

Dato' Tan Kim Hor, Dato' Tan Heng Chew and Tan Eng Soon, Directors of TCMH, have declared Auto Dunia to be a body corporate associated with them under Section 122A of the Act.

Azman bin Badrillah and Ahmad bin Abdullah, both Directors of TCMH, have also disclosed that they are Major Shareholders and Directors of Auto Dunia.

At an AGM held in May 1991, the shareholders of TCMH had given approval pursuant to Section 132E of the Act, which is effective until revoked, for the TCMH Group to enter into arrangements or transactions on commercially acceptable terms and in the ordinary course of business with Auto Dunia as set out below:

- (a) To supply manufactured auto components, parts and accessories to Auto Dunia at prevalent market prices and where applicable, prices approved by the MITI;
- (b) To assemble motor vehicles under the franchise of Auto Dunia at a fee approved by MITI;
- (c) To act as dealer, sub-distributor or importer for the aforesaid motor vehicles for and on behalf of Auto Dunia at commercially acceptable terms and conditions; and
- (d) Such other arrangements as are incidental to those specified above.

In addition, Tan Boon Pun, Dr. Tan Kang Leong and Tan Hoe Pin, Directors of certain subsidiaries of TCMH, have declared Auto Dunia to be a body corporate associated with them under Section 122A of the Act.

The Directors and Major Shareholders of the TCMH Group who are interested in the RRPT with Auto Dunia and the nature of their interests as at 8 April 2002 are as follows:

Related Party	TCMH					Interests in Auto Dunia
	Directorship in the TCMH Group	Shareholding in TCMH				
		Direct	%	Indirect	%	
Dato' Tan Kim Hor	Director	3,074,834	0.46	304,266,662	45.28 <sup>(1)</sup>	Person connected
Dato' Tan Heng Chew	Director	25,662	-( <sup>2</sup> )	304,266,662	45.28 <sup>(1)</sup>	Person connected
Tan Eng Soon	Director	1,400,000	0.21	304,266,662	45.28 <sup>(1)</sup>	Person connected



Related Party	TCMH					Interests in Auto Dunia
	Directorship in the TCMH Group	Shareholding in TCMH				
		Direct	%	Indirect	%	
Tan Boon Pun	Director	100,427	0.01	305,604,942	45.48 <sup>(3)</sup>	Person connected
Dr. Tan Kang Leong	Director	10,000	-(2)	304,266,662	45.28 <sup>(1)</sup>	Person connected
Tan Hoe Pin	Director	-	-	305,484,662	45.46 <sup>(4)</sup>	Person connected
Ahmad bin Abdullah	Director	-	-	-	-	Director and Major Shareholder <sup>(5)</sup>
Azman bin Badrillah	Director	10,000	-(2)	-	-	Director and Major Shareholder <sup>(6)</sup>

**Notes:**

- <sup>(1)</sup> Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- <sup>(2)</sup> Less than 0.01%.
- <sup>(3)</sup> Deemed interest by virtue of interests in TCC, PNSB, ESB and MRSB pursuant to Section 6A of the Act.
- <sup>(4)</sup> Deemed interest by virtue of interests in TCC and ESB pursuant to Section 6A of the Act.
- <sup>(5)</sup> Ahmad bin Abdullah has 35,000 shares or 35% shareholding in Auto Dunia Sdn Bhd.
- <sup>(6)</sup> Azman bin Badrillah has 5,000 shares or 5% shareholding in Auto Dunia Sdn Bhd.

The RRPT between the TCMH Group and Auto Dunia, carried out at arms' length, on normal commercial terms of the TCMH Group which are not more favourable to Auto Dunia than those generally available to the public and are not to the detriment of the minority shareholders, are as detailed below:

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2002 (RM 000)
Sale of goods and services	The TCMH Group sells motor vehicles and provides after sales services to Auto Dunia.	26
Assembly services and component supply	The TCMH Group provides assembly services and supplies related components to Auto Dunia.	662
Purchase of goods	The TCMH Group purchases parts and engine oil from Auto Dunia.	147
Administrative services	The TCMH Group provides security guard services to Auto Dunia.	179

### **3.3 Pricing**

The terms of the pricing of the above RRPT are consistent with the TCMH Group's usual business pricing practices and policies and are not more favorable to the Related Parties than to the public (where applicable) and are not to the detriment of the minority shareholders of TCMH.

However, for certain transactions, the condition that the terms of the transactions (including pricing) are not more favourable to the Related Parties than to the public may not be applicable. For example, the transactions between the NML Group and the TCMH Group under the sole distributorship arrangement are typical transactions between principal and distributor and there are no such equivalent transactions with the public. Similarly, certain products supplied by the APM Group to the TCMH Group are based on technical designs/specifications and are not available from other suppliers or to the public.

### **3.4 Disclosure and Review Procedures for the RRPT**

Disclosure will be made in accordance with the Listing Requirements of KLSE in the Annual Report of the Company of the aggregate value of RRPT conducted pursuant to the Proposed Shareholders' Mandate during the financial year ending 31 December 2002.

#### **3.4.1 Review procedures for the RRPT**

The TCMH Group has implemented the following methods and procedures to ensure that the RRPT are undertaken at arms' length, on normal commercial terms of the TCMH Group which are not more favourable to the Related Party than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders:

- (a) A list of Related Parties has been circulated to all operating companies with the instruction that, as in the past, all RRPT are required to be undertaken at arms' length and on normal commercial terms (where applicable).
- (b) All companies are required to provide quarterly reports on all RRPT to the internal audit department.
- (c) The internal audit department shall review significant RRPT to ensure that transactions are undertaken at arms' length, on normal commercial terms of the TCMH Group which are not more favourable to the Related Party than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders of TCMH.
- (d) The Audit Committee shall review the quarterly and yearly reports on RRPT issued by the internal audit department to ascertain that the guidelines and procedures established to monitor the RRPT have been complied with. The internal audit department shall highlight any exceptions arising from work done.
- (e) If during the periodic reviews, the Audit Committee is of the view that the guidelines and procedures are not sufficient to ensure normal commercial terms and/or the transaction is detrimental to the minority shareholders, the Company will revert to shareholders for a fresh Shareholders' Mandate based on new guidelines and procedures.
- (f) The Board and the Audit Committee shall be responsible for the determination of review procedures, with the authority to sub-delegate such responsibilities to individuals or committees within the TCMH Group, as they deem appropriate.

- (g) If a member of the Board or Audit Committee has an interest in the RRPT, he shall abstain from participating in the deliberation and voting in respect of the said RRPT.

### **3.4.2 Audit Committee's Statement**

The Audit Committee has seen and reviewed the procedures mentioned above and are of the view that the said procedures are sufficient to ensure that the RRPT are in the ordinary course of business and undertaken at arms' length, on normal commercial terms of the TCMH Group which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders.

### **3.5 Rationale for the Proposed Shareholders' Mandate**

The RRPT envisaged under the Proposed Shareholders' Mandate are in the ordinary course of business of the TCMH Group and are undertaken at arms' length, on normal commercial terms of the TCMH Group which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders.

The Proposed Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPT arise, thereby reducing time and the expenses in convening such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to the TCMH Group.

## **4. EFFECTS OF THE PROPOSALS**

### **4.1 Proposed Share Buy-Back**

In the event that the Company purchases 67,200,000 TCMH Shares, representing ten per centum (10%) of its issued and paid-up share capital as at 31 December 2001 and the shares repurchased are cancelled or alternatively retained as treasury shares or both, the effects of the Proposed Share Buy-Back on the share capital, NTA, working capital, earnings and substantial shareholders' and Directors' shareholdings as well as the implications relating to the Code are as set out below:

#### **(a) Share capital**

In the event that the maximum number of shares authorised under the Proposed Share Buy-Back are purchased and cancelled, the issued and paid-up share capital of TCMH as at 8 April 2002 will decrease from RM336,000,000 comprising 672,000,000 TCMH Shares to RM302,400,000 comprising 604,800,000 TCMH Shares. However, if all the TCMH Shares purchased are retained as treasury shares, the share repurchase would not have any effect on the share capital of TCMH, although substantially all rights attached to the shares held as treasury shares would be suspended.

#### **(b) NTA**

The effect of the share repurchase on the NTA per share of the TCMH Group is dependent on the purchase prices of the TCMH Shares.

Nonetheless, the share repurchase would reduce the NTA per share of the TCMH Group if the purchase price exceeds the NTA per share at the relevant point in time. Conversely, the NTA per share of the TCMH Group would increase if the purchase price is less than the NTA per share at the relevant point in time.

(c) **Working capital**

The share repurchase will reduce the working capital of the TCMH Group, the quantum of which is dependent on the purchase prices of the TCMH Shares and the number of TCMH Shares repurchased. Nevertheless, the Board will be mindful of the interests of TCMH and its shareholders in undertaking the Proposed Share Buy-Back and will assess the working capital needs of the TCMH Group prior to any repurchase of TCMH Shares.

(d) **Earnings**

The effect of the share repurchase on the EPS of the TCMH Group is dependent on the purchase prices of TCMH Shares and the effective funding cost and/or loss in income to the Company thereof.

(e) **Dividends**

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the share repurchase will have the effect of increasing the dividend rate of TCMH as a result of a decrease in the number of shares in TCMH which are entitled to participate in the dividends.

For the financial year ended 31 December 2000, TCMH declared a final dividend of 6% less income tax. For the financial year ended 31 December 2001, TCMH declared an interim dividend of 6% less income tax and proposed a final dividend of 8% less income tax.

(f) **Substantial shareholders' and Directors' shareholdings**

The effects of the share repurchase on the shareholdings of substantial shareholders and Directors based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 8 April 2002 are as follows:

Substantial shareholders	-----No. of TCMH Shares held----->							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
TCC	304,266,662	45.28	-	-	304,266,662	50.31	-	-
NML	37,333,324	5.56	-	-	37,333,324	6.17	-	-
Dato' Tan Kim Hor	3,074,834	0.46	304,266,662	45.28 <sup>(1)</sup>	3,074,834	0.51	304,266,662	50.31 <sup>(1)</sup>
Dato' Tan Heng Chew	25,662	-( <sup>2</sup> )	304,266,662	45.28 <sup>(1)</sup>	25,662	-( <sup>2</sup> )	304,266,662	50.31 <sup>(1)</sup>
Tan Eng Soon	1,400,000	0.21	304,266,662	45.28 <sup>(1)</sup>	1,400,000	0.23	304,266,662	50.31 <sup>(1)</sup>
Tan Boon Pun	100,427	0.01	305,604,942	45.48 <sup>(3)</sup>	100,427	0.02	305,604,942	50.53 <sup>(3)</sup>
Dr. Tan Kang Leong	10,000	-( <sup>2</sup> )	304,266,662	45.28 <sup>(1)</sup>	10,000	-( <sup>2</sup> )	304,266,662	50.31 <sup>(1)</sup>
Tan Kheng Leong	-	-	304,266,662	45.28 <sup>(1)</sup>	-	-	304,266,662	50.31 <sup>(1)</sup>
Tan Hoe Pin	-	-	305,484,662	45.46 <sup>(4)</sup>	-	-	305,484,662	50.51 <sup>(4)</sup>
Tan Beng Keong	-	-	305,484,662	45.46 <sup>(4)</sup>	-	-	305,484,662	50.51 <sup>(4)</sup>
Dr. Tan Ban Leong	-	-	305,484,662	45.46 <sup>(4)</sup>	-	-	305,484,662	50.51 <sup>(4)</sup>
<b>Directors</b>								
Dato' Tan Kim Hor	3,074,834	0.46	304,266,662	45.28 <sup>(1)</sup>	3,074,834	0.51	304,266,662	50.31 <sup>(1)</sup>
Ahmad bin Abdullah	-	-	-	-	-	-	-	-
Dato' Tan Heng Chew	25,662	-( <sup>2</sup> )	304,266,662	45.28 <sup>(1)</sup>	25,662	-( <sup>2</sup> )	304,266,662	50.31 <sup>(1)</sup>
Tan Eng Soon	1,400,000	0.21	304,266,662	45.28 <sup>(1)</sup>	1,400,000	0.23	304,266,662	50.31 <sup>(1)</sup>
Azman bin Badrillah	10,000	-( <sup>2</sup> )	-	-	10,000	-( <sup>2</sup> )	-	-
Geh Cheng Hooi	-	-	-	-	-	-	-	-
Dato' Ng Mann Cheong	-	-	-	-	-	-	-	-
Kenji Naito	-	-	-	-	-	-	-	-
Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	-( <sup>2</sup> )	-	-	2,992	-( <sup>2</sup> )	-	-

**Notes:**

- <sup>(1)</sup> *Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.*
- <sup>(2)</sup> *Less than 0.01%*
- <sup>(3)</sup> *Deemed interest by virtue of interests in TCC, PNSB, ESB and MRSB pursuant to Section 6A of the Act.*
- <sup>(4)</sup> *Deemed interest by virtue of interests in TCC and ESB pursuant to Section 6A of the Act.*

**(g) Implication Relating to the Code**

The Proposed Share Buy-Back, if carried out in full will result in the equity interest of TCC in TCMH to increase from 45.28% as at 8 April 2002 to 50.31% after the share repurchase.

If the Proposed Share Buy-Back results in the equity interest of TCC and persons acting in concert with it in TCMH to increase by more than 2% in any six (6) months period, pursuant to Part II of the Code, TCC and persons acting in concert with it may be obliged to undertake a mandatory offer for all the TCMH Shares not held by them collectively.

However, under Practice Note 2.9.10 of the Code, the SC may grant an exemption for holders of voting shares, directors and persons acting in concert with the directors of a company when the company repurchases its shares subject to certain conditions such as the following, depending on the circumstances surrounding the application for the waiver:

- (i) A holder of voting shares who, triggers the mandatory obligation as a result of a reduction of the voting shares of the company through a buy back scheme under the Act will be exempted if the increase in his holding is inadvertent and as a result of any action that is outside his direct participation. The SC, however will not grant an exemption if the holder of voting shares has previously acquired voting shares in the knowledge that the company intends to seek permission from its holders of voting shares to purchase its own voting shares;
- (ii) Directors and persons acting in concert with the directors may also apply for exemption under the Code, which may be granted by the SC if the directors and/or persons acting in concert with the directors have obtained the approval from the independent holders of voting shares of the company, on a poll, at a meeting of the holders of the relevant class of securities for the parties concerned to gain control of the company, or, if their existing holding of voting shares is more than 33% but less than 50%, to increase their voting shares by more than 2% in any six (6) month period, without having to make a mandatory offer under Part II of the Code;
- (iii) The SC will not normally waive an obligation under Part II of the Code if the directors and persons acting in concert with them have previously acquired voting shares in the knowledge that the company intended to seek permission from its holders of voting shares to purchase its own shares;
- (iv) An exemption, if granted by the SC under Practice Note 2.9.10, would be invalidated if the applicant seeking a waiver under Practice Note 2.9.10 and persons acting in concert with him purchases, acquires or becomes entitled to any voting shares of the offeree during the period between the holders of voting shares' meeting referred to in paragraph (ii) and the granting of the exemption by the SC under Practice Note 2.9.10; and

- (v) An applicant seeking an exemption under Practice Note 2.9.10 and persons acting in concert with him, must at all times disclose to the SC all acquisitions, purchases or entitlements to acquire or purchase voting shares of the offeree made by the applicant and persons acting in concert in a 12 month period from the date of granting of an exemption by the SC.

#### **4.2 Proposed Shareholders' Mandate**

The Proposed Shareholders' Mandate is not expected to have any effect on the issued and paid-up share capital of TCMH and substantial shareholders' shareholding in TCMH but is expected to have a positive effect on the earnings and NTA of the TCMH Group.

### **5. APPROVALS REQUIRED**

The Proposals are conditional upon the approval of the shareholders of TCMH at the forthcoming EGM.

### **6. SHARE PRICES**

The monthly highest and lowest prices of TCMH Shares traded on KLSE for the last 12 months from May 2001 to April 2002 are as follows:

	<b>High RM</b>	<b>Low RM</b>
<b>2001</b>		
May	1.30	1.16
June	1.28	1.12
July	1.46	1.21
August	1.51	1.36
September	1.59	1.11
October	1.39	1.16
November	1.39	1.26
December	1.42	1.26
<b>2002</b>		
January	1.43	1.32
February	1.59	1.35
March	1.60	1.28
April	1.82	1.51

The last transacted price of TCMH Shares on 30 April 2002, being the latest practicable date prior to the printing of this Circular RM1.59

*(Source: Bloomberg)*

### **7. PURCHASES, RESALE AND CANCELLATION OF TCMH SHARES MADE IN THE PREVIOUS 12 MONTHS**

TCMH has not made any purchase of TCMH Shares nor undertaken any resale of TCMH treasury shares in the 12 months prior to the date of this Circular. TCMH has also not cancelled any shares in the 12 months prior to the date of this Circular.

## **8. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

### **8.1 Proposed Share Buy-Back**

Save for the proportionate increase in the percentage of shareholdings and/or voting rights in their capacity as the shareholders of TCMH as a consequence of the share movement pursuant to the Proposed Share Buy-Back, none of the Directors and/or substantial shareholders of TCMH have any interest, direct or indirect, in the Proposed Share Buy-Back. In addition, insofar as the Directors are aware, none of the persons connected to the Directors and/or substantial shareholders of TCMH have any interest, direct or indirect, in the Proposed Share Buy-Back.

### **8.2 Proposed Shareholders' Mandate**

To the best of the knowledge and belief of the Directors of TCMH, save as disclosed below, none of the other Directors, Major Shareholders and/or persons connected to the Directors and/or Major Shareholders of TCMH, have any interest, direct or indirect, in the Proposed Shareholders' Mandate.

In addition to being Directors and/or having equity interest in TCMH, Dato' Tan Kim Hor, Dato' Tan Heng Chew, Tan Eng Soon, Ahmad bin Abdullah, Azman bin Badrillah, Kenji Naito and Dato' Haji Kamaruddin @ Abas bin Nordin ("Interested Directors") are Directors and/or have equity interest and/or are representatives in the relevant companies involved in the RRPT with the TCMH Group and hence are deemed interested in the Proposed Shareholders' Mandate.

In addition to being Directors of certain subsidiaries of TCMH and/or having equity interest in TCMH, Tan Boon Pun, Dr. Tan Kang Leong, Tan Kheng Leong, Tan Hoe Pin, Tan Beng Keong, Dr. Tan Ban Leong, Dato' Haji Nadzam bin Haji Mohd. Din and Ismail Rautin Ibrahim are Directors and/or have equity interest in the relevant companies involved in the RRPT with the TCMH Group while NML and TCC have equity interest in both TCMH and the relevant companies involved in the RRPT with the TCMH Group and hence they are all deemed interested in the Proposed Shareholders' Mandate ("Interested Major Shareholders").

The Interested Directors have abstained and will continue to abstain and ensure that the persons connected with them will abstain from deliberating and voting on the resolutions in respect of the relevant RRPT in which they are interested at the relevant meetings of the Board.

The Interested Directors and Interested Major Shareholders will abstain and will also ensure that the persons connected with them will abstain from voting in respect of their direct and indirect shareholdings in TCMH on the resolution pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

## **9. DIRECTORS' RECOMMENDATION**

The Board is of the opinion that the Proposed Share Buy-Back is fair, reasonable and in the best interest of the Company and its shareholders and therefore recommends that you vote in favour of the ordinary resolution in relation to the Proposed Share Buy-Back to be tabled at the forthcoming EGM.

The Board is also of the opinion that the Proposed Shareholders' Mandate is fair, reasonable and in the best interest of the Company. The Board (with the exception of the Interested Directors as disclosed in section 8.2) therefore recommends that you vote in favour of the ordinary resolution in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming EGM.

**10. EGM**

An EGM, the notice of which is set out in this Circular, will be held at the Grand Ballroom, Grand Seasons Hotel, No. 72, Jalan Pahang, 53000 Kuala Lumpur on Wednesday, 29 May 2002 at 12:30 p.m. or immediately after the conclusion or adjournment (as the case may be) of the Thirtieth (30<sup>th</sup>) AGM of the Company, whichever is later, for the purpose of considering and, if thought fit, passing the ordinary resolutions on the Proposals.

If you are unable to attend the EGM in person, please complete the enclosed Form of Proxy and forward it to the Company's Registered Office at 62-68 Jalan Ipoh, 51200 Kuala Lumpur, so as to arrive not less than 48 hours before the time fixed for the holding of the EGM or any adjournment thereof. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you subsequently find that you are able to do so.

**11. ADDITIONAL INFORMATION**

Shareholders are requested to refer to the attached appendix for additional information.

Yours faithfully  
for and on behalf of the Board  
**TAN CHONG MOTOR HOLDINGS BERHAD**

**Dato' Ng Mann Cheong**  
Director



**ADDITIONAL INFORMATION****1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of TCMH and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all enquires as were reasonable in the circumstances, and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

**2. MATERIAL LITIGATION**

As at 8 April 2002 neither TCMH nor its subsidiaries are engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board is not aware of any proceedings, pending or threatened, against TCMH or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of TCMH or its subsidiaries.

**3. MATERIAL CONTRACTS**

Neither TCMH nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years up till 8 April 2002.

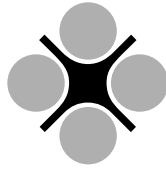
**4. CONSENT**

The written consent of CIMB to the inclusion in this Circular of its name in the form and context in which it appears has been given and has not subsequently been withdrawn before the issue of this Circular.

**5. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company following the publication of this Circular from Mondays to Fridays (except public holidays) during business hours up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of TCMH;
- (b) the audited accounts of the TCMH Group for the two (2) financial years ended 31 December 2001; and
- (c) the letter of consent referred to in paragraph 4 of this Appendix.



## **TAN CHONG MOTOR HOLDINGS BERHAD**

(Company No. 12969-P)  
(Incorporated in Malaysia)

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Tan Chong Motor Holdings Berhad (“TCMH” or “Company”) will be held at the Grand Ballroom, Grand Seasons Hotel, No. 72, Jalan Pahang, 53000 Kuala Lumpur on Wednesday, 29 May 2002 at 12:30 p.m. or immediately after the conclusion or adjournment (as the case may be) of the Thirtieth (30<sup>th</sup>) Annual General Meeting of the Company, whichever is later, for the purpose of considering and, if thought fit, passing with or without modifications, the following Ordinary Resolutions:

#### **ORDINARY RESOLUTION 1**

#### **PROPOSED GRANT OF AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

“**THAT**, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company, the Listing Requirements of Kuala Lumpur Stock Exchange (“KLSE”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised, to purchase such amount of ordinary shares of RM0.50 each in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through KLSE upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company;

**AND THAT** an amount not exceeding RM100 million of the Company’s retained profits account be allocated by the Company for the Proposed Share Buy-Back;

**AND THAT** authority be and is hereby given to the Directors of the Company to decide at their discretion to retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and/or to resell them and/or to deal with the shares so purchased in such other manner as may be permitted and prescribed by the Act and/or the rules, regulations, guidelines, requirements and/or orders of KLSE and any other relevant authorities for the time being in force;

**AND THAT** the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire at:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company (being the Thirty-First (31<sup>st</sup>) AGM of the Company), at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the Thirty-First (31<sup>st</sup>) AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by KLSE and/or any other relevant governmental and/or regulatory authorities (if any);

**AND THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

**ORDINARY RESOLUTION 2**

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

“**THAT**, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange (“KLSE”), approval be and is hereby given to the Company and its subsidiaries (“TCMH Group”) to enter into all arrangements and/or transactions involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group (“Related Parties”) provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable); and
- (iv) are not to the detriment of the minority shareholders;

(the “Shareholders’ Mandate”);

**AND THAT** such approval shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company (being the Thirty-First (31<sup>st</sup>) AGM of the Company), at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed;
- (ii) the expiration of the period within which the Thirty-First (31<sup>st</sup>) AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (iii) revoked or varied by a resolution passed by the shareholders in a general meeting;

whichever is earlier;

**AND THAT** the aggregate value of the transactions conducted pursuant to the Shareholders’ Mandate during a financial year will be disclosed in accordance with the Listing Requirements of KLSE in the annual report for the said financial year;

**AND THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders’ Mandate.”

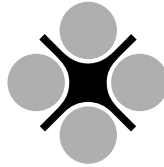
By order of the Board

**Tan Eng Guan**  
Company Secretary

Kuala Lumpur  
6 May 2002

**Notes:**

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two (2)) to attend and vote in his stead. A proxy may but need not be a member of the Company, and where there are two (2) proxies, the number of shares to be represented by each proxy must be stated.*
2. *The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.*
3. *An authorised nominee may appoint one (1) proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.*
4. *The instrument appointing a proxy must be deposited at the Company's Registered Office at 62-68 Jalan Ipoh, 51200 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting.*



# TAN CHONG MOTOR HOLDINGS BERHAD

(Company No. 12969-P)  
(Incorporated in Malaysia)

## FORM OF PROXY

Number of ordinary shares held

--

I/We, .....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS IN BLOCK LETTERS)

being a member of **TAN CHONG MOTOR HOLDINGS BERHAD** (the "Company"), hereby appoint

.....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS IN BLOCK LETTERS)

or failing him/her, .....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(FULL ADDRESS IN BLOCK LETTERS)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us at the EXTRAORDINARY GENERAL MEETING of the Company to be held at the Grand Ballroom, Grand Seasons Hotel, No. 72, Jalan Pahang, 53000 Kuala Lumpur on Wednesday, 29 May 2002 at 12:30 p.m. or immediately after the conclusion or adjournment (as the case may be) of the Thirtieth (30<sup>th</sup>) Annual General Meeting of the Company, (whichever is later) and at any adjournment thereof.

Please indicate the manner in which you wish to vote. Your votes should be cast with a tick ("✓") in the appropriate space below. Unless voting instructions are specified herein, the proxy will vote or abstain from voting as he/she thinks fit.

	FOR	AGAINST
<b>ORDINARY RESOLUTION 1 : PROPOSED GRANT OF AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES</b>		
<b>ORDINARY RESOLUTION 2 : PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE</b>		

.....  
Signature/Common Seal

Signed on this .....day of .....2002

### Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies (but not more than two (2)) to attend and vote in his stead. A proxy may but need not be a member of the Company, and where there are two (2) proxies, the number of shares to be represented by each proxy must be stated.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. An authorised nominee may appoint one (1) proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
4. The instrument appointing a proxy must be deposited at the Company's Registered Office at 62-68 Jalan Ipoh, 51200 Kuala Lumpur not less than 48 hours before the time fixed for holding the meeting.

*Fold this flap for sealing*

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*Then fold here*

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AFFIX  
STAMP

The Company Secretary  
**TAN CHONG MOTOR HOLDINGS BERHAD**  
62-68 Jalan Ipoh  
51200 Kuala Lumpur  
Malaysia

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