

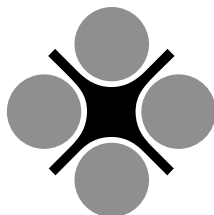
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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

- (1) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE;**
- (2) PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965; AND**
- (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser for Part (1)

CIMB

Commerce International Merchant Bankers Berhad

Company Number 18417-M

Last date and time for lodging the Form of Proxy	:	12 January 2002 at 11.00 a.m.
Date and time of the Extraordinary General Meeting	:	14 January 2002 at 11.00 a.m.

This Circular is dated 20 December 2001

DEFINITIONS

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

"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 and Dato' Ng Mann Cheong, who are Independent Non-Executive Directors and Dato' Haji Kamaruddin @ Abas bin Nordin who is a Non-Independent, Non-Executive Director
"Auto Dunia"	: Auto Dunia Sdn. Bhd. and/or any of its related and associated companies
"Board"	: Board of Directors
"Director"	: The meaning given in Section 4 of the Companies Act, 1965 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
"KLSE"	: Kuala Lumpur Stock Exchange
"Major Shareholder"	: A 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 Companies Act, 1965. 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
"NML"	: Nissan Motor Co., Limited
"NML Group"	: NML, its subsidiaries and associated companies
"Proposals"	: Proposed Shareholders' Mandate, Proposed Grant of Authority and Proposed Amendments
"Proposed Amendments"	: Proposed amendments to the existing Articles of Association of the Company, details of which are contained in Appendix 1 of this Circular
"Proposed Grant of Authority"	: Proposed grant of authority to the Directors of the Company to allot and issue ordinary shares of up to an aggregate amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors of the Company would consider to be in the interest of the Company pursuant to Section 132D of the Companies Act, 1965

DEFINITIONS *(Cont'd)*

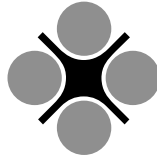
"Proposed Shareholders' Mandate"	:	Proposed shareholders' mandate for the RRPT of the TCMH Group as set out in this Circular
"Related Party"	:	Director, Major Shareholder or person connected with such Director or Major Shareholder
"Related Party Transaction"	:	Transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a Related Party
"Recurrent Related Party Transaction" or "RRPT"	:	Related Party Transaction of a revenue or trading nature which is recurrent and necessary for the day-to-day operations
"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"	:	TCMH and its subsidiaries
"WTCH"	:	Warisan TC Holdings Berhad
"WTCH Group"	:	WTCH and its subsidiaries

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TAN CHONG MOTOR HOLDINGS BERHAD

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

Registered Office:-

62-68 Jalan Ipoh
51200 Kuala Lumpur

20 December 2001

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

TAN CHONG MOTOR HOLDINGS BERHAD

- **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**
- **PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**
- **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

1. INTRODUCTION

On 15 November 2001, Commerce International Merchant Bankers Berhad announced on behalf of the Board of TCMH that the Company intends to seek its shareholders' approval for the following:-

- (i) A shareholders' mandate in respect of recurrent related party transactions of a revenue or trading nature which are in the ordinary course of business and necessary for the day-to-day operations of the Company and its subsidiaries pursuant to Paragraph 10.09 of the Listing Requirements of KLSE;
- (ii) The authority to be given to the Directors of the Company to allot and issue ordinary shares of up to an aggregate amount not exceeding 10% of the issued share capital of the Company for such purposes as the Directors of the Company would consider to be in the interest of the Company pursuant to Section 132D of the Companies Act, 1965; and
- (iii) The Amendments to the Articles of Association of the Company to render the said Articles consistent with the Listing Requirements of KLSE.

The purpose of this Circular is to provide you with the relevant information on the above and to seek your approval for the related resolutions, which will be tabled at the forthcoming EGM.

2. 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 of TCMH wishes to seek a Shareholders' Mandate which would enable the TCMH Group 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 2.2.

2.1 Listing Requirements of KLSE

Under Paragraph 10.09 of the Listing Requirements of KLSE which came into effect on 1 June 2001, 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 TCMH following the forthcoming EGM at which such Proposed Shareholders' Mandate was passed, at which time the said authority will lapse, unless a resolution is passed at an AGM so that the authority of the Proposed Shareholders' Mandate is renewed;
- (b) The expiration of the period within which the next AGM of TCMH is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) Revoked or varied by a resolution passed by the shareholders in an AGM or EGM;

whichever is the earlier.

Approval from shareholders will be sought for the renewal of the Shareholders' Mandate at the coming AGM and at each subsequent AGM of the Company.

The estimated transaction values for the financial year ending 31 December 2001 as set out in section 2.2 below are based on the actual transaction values for the first nine (9) months of 2001 and the estimated transaction values for the remaining period. However, the actual value of transactions may vary from the estimated values disclosed below, 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 year 2001 of the actual aggregate value of transactions made pursuant to the Proposed Shareholders' Mandate during the current financial year.

2.2 Classes of Related Parties

2.2.1 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 20 November 2001, NML is a Major Shareholder of TCMH with a shareholding of 5.56%. In addition, NML is represented on the Board of TCMH by Toshiyuki Shiga up till 25 May 2001 and at present, by Kenji Naito, both of whom have no direct and indirect interests in TCMH. Therefore, the NML Group and its persons 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 and objectives to be achieved for the business in Malaysia. Details of the RRPT are as follows:-

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2001 (RM'000)
Purchase of goods and services	The TCMH Group purchases from the NML Group products comprised mainly of knocked-down kits, engines and components. In addition to the purchase of the above products, the TCMH Group also pays the NML Group a technical assistance fee amounting to approximately RM1.1 million per annum under the terms of a Distribution and Technical Assistance Agreement between TCM and the NML Group.	399,922
Sale of goods	The TCMH Group supplies components to other Nissan motor assemblers in the South East Asia region and Taiwan.	14,508

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2001 (RM'000)
Purchase of fixed assets	The TCMH Group purchases jigs, tools and moulds and workshop equipment from the NML Group.	8,406

2.2.2 Related Parties arising from the internal re-organisation and demerger scheme of the TCMH Group

By the end of 1999, the TCMH Group had completed the internal re-organisation of its Foreign, Autoparts and Non-Motor Divisions resulting in the complete demerger and emergence of three (3) additional and separate listed groups of companies, i.e. the TCIL Group, the APM Group and the WTCH Group, each with distinct areas of business activities and are accountable for their own performance and profitability. However, as at 20 November 2001, TCMH still holds 252 ordinary shares of RM1.00 each in APM and 198 ordinary shares of RM1.00 each in WTCH, which are the fractional lots arising from the capital distribution scheme under the demerger exercise. TCMH does not own any shares in TCIL.

Even before the demerger, as a general management practice, all business units operated as profit centres and were 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 2.2.2.1 to 2.2.2.3.

2.2.2.1 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, 5S, 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 20 November 2001 are as follows:-

Related Party	Directorship in the TCMH Group	TCMH				WTCH			
		Shareholding in TCMH				Shareholding in WTCH			
		Direct	%	Indirect	%	Direct	%	Indirect	%
NMI.	-	37,333,324	5.56	-	-	1,866,666	2.78	-	-
TCC	-	304,266,662	45.28	-	-	15,213,333	22.64	13,440,000	20.00 ⁽¹⁾
Dato' Tan Kim Hor	Director	3,074,834	0.46	304,266,662	45.28 ⁽²⁾	153,741	0.23	28,653,333	42.64 ⁽³⁾

Related Party	TCMH					WTCH				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the WTCH Group	Shareholding in WTCH			
		Direct	%	Indirect	%		Direct	%	Indirect	%
Dato' Tan Heng Chew	Director	25,662	-(4)	304,266,662	45.28 ⁽²⁾	Director	1,283	-(4)	28,653,333	42.64 ⁽³⁾
Tan Eng Soon	Director	1,400,000	0.21	304,266,662	45.28 ⁽²⁾	Director	70,000	0.10	28,653,333	42.64 ⁽³⁾
Tan Boon Pun	Director	100,427	0.01	305,604,942	45.48 ⁽⁵⁾	Director	285,221	0.42	29,519,247	43.93 ⁽⁶⁾
Dr. Tan Kang Leong	Director	10,000	-(4)	304,266,662	45.28 ⁽²⁾	-	500	-(4)	28,653,333	42.64 ⁽³⁾
Tan Kheng Leong	-	-	-	304,266,662	45.28 ⁽²⁾	-	13,500	0.02	28,653,333	42.64 ⁽³⁾
Tan Hoe Pin	Director	-	-	305,484,662	45.46 ⁽⁷⁾	Director ⁽⁸⁾	8,000	0.01	28,714,233	42.73 ⁽⁹⁾
Tan Beng Keong	Director	-	-	305,484,662	45.46 ⁽⁷⁾	-	-	-	28,714,233	42.73 ⁽⁹⁾
Dr. Tan Ban Leong	-	-	-	305,484,662	45.46 ⁽⁷⁾	Director ⁽⁸⁾	-	-	28,714,233	42.73 ⁽⁹⁾
Dato' Haji Nadzam bin Haji Mohd. Din	Director	-	-	-	-	Director	140,000	0.21	-	-
Ismail Rautin Ibrahim	Director	-	-	-	-	Director	10,000	0.01	-	-

Notes:-

- ⁽¹⁾ Deemed interest by virtue of interest in Parasand Limited ("Parasand") pursuant to Section 6A of the Companies Act, 1965.
- ⁽²⁾ Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Companies Act, 1965.
- ⁽³⁾ Deemed interest by virtue of interests in TCC and Parasand pursuant to Section 6A of the Companies Act, 1965.
- ⁽⁴⁾ Less than 0.01%.
- ⁽⁵⁾ 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 Companies Act, 1965.
- ⁽⁶⁾ Deemed interest by virtue of interests in TCC, Parasand, PNSB, ESB and MRSB pursuant to Section 6A of the Companies Act, 1965.
- ⁽⁷⁾ Deemed interest by virtue of interests in TCC and ESB pursuant to Section 6A of the Companies Act, 1965.
- ⁽⁸⁾ Director of the subsidiary or subsidiaries of WTCH to which the relevant RRPT relate.
- ⁽⁹⁾ Deemed interest by virtue of interests in TCC, Parasand and ESB pursuant to Section 6A of the Companies Act, 1965.

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:-

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2001 (RM'000)
Sale of goods and services	The TCMH Group sells motor vehicles and provides after sales services to the WTCH Group.	5,471
Insurance agency services	The TCMH Group (through its subsidiary, TCCL Sdn. Bhd.) sells certain insurance products such as motor, property and marine policies to the WTCH Group.	243
Management support and administrative services	TCMH provides certain services (i.e. management consultancy, administration, secretarial and taxation) to the WTCH Group.	325
Travel agency and car rental services	The TCMH Group uses the air ticketing and car rental services provided by the WTCH Group.	900
Purchase of goods and services	The TCMH Group purchases agriculture machinery, forklifts, and generators and receives after sales services from the WTCH Group.	1,388
	The TCMH Group acts as the dealer for the machinery division of the WTCH Group in East Malaysia.	
Rental income	The TCMH Group rents space in the following premises and properties to the WTCH Group:-	418
	(a) Office premise at Jalan Ipoh, Kuala Lumpur;	
	(b) Office premise at Jalan Berserah, Kuantan, Pahang Darul Makmur;	
	(c) Office premise at Jalan Kuala Kangsar, Ipoh, Perak Darul Ridzuan;	
	(d) Office premise at Jalan Tun Perak, Melaka;	
	(e) Office premise at Victoria Street, Penang;	
	(f) Office premise at Jalan Angkasa Mas 6, Kawasan Perindustrian Tebrau II, Johor Bahru, Johor Darul Takzim;	

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2001 (RM'000)
	(g) Office premise at Juru Industrial Park, Juru Seberang Prai Tengah, Penang;	
	(h) Office and factory premise at Jalan Segambut, Kuala Lumpur; and	
	(i) Office and warehouse premise at Jalan Tun Abdul Razak Susur 2, Johor Bahru, Johor Darul Takzim.	
	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 lengths but are for a lease period that is not more than three (3) years.	
Rental expense	The TCMH Group rents space in the following premises and properties from the WTCH Group:-	643
	(a) Carpark space at Lorong Raja Laut Kecil, Kuala Lumpur; and	
	(b) Showroom, office, workshop and warehouse premise at Jalan Kemajuan, Petaling Jaya, Selangor Darul Ehsan.	
	Rental payment for the above is paid on a monthly basis. The tenure of the agreements for the properties involved, where applicable, are of varying lengths but are for a lease period that is not more than three (3) years.	

2.2.2.2 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 20 November 2001 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	%
NML	-	37,333,324	5.56	-	-	-	5,599,998	2.78	-	-
TCC	-	304,266,662	45.28	-	-	-	45,639,999	22.64	40,320,000	20.00 ⁽¹⁾

Related Party	TCMH					APM				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the APM Group	Shareholding in APM			
		Direct	%	Indirect	%		Direct	%	Indirect	%
Dato' Tan Kim Hor	Director	3,074,834	0.46	304,266,662	45.28 ⁽²⁾	Director	461,225	0.23	85,959,999	42.64 ⁽³⁾
Dato' Tan Heng Chew	Director	25,662	-(4)	304,266,662	45.28 ⁽²⁾	Director	3,849	-(4)	85,959,999	42.64 ⁽³⁾
Tan Eng Soon	Director	1,400,000	0.21	304,266,662	45.28 ⁽²⁾	Director	210,000	0.10	85,959,999	42.64 ⁽³⁾
Tan Boon Pun	Director	100,427	0.01	305,604,942	45.48 ⁽⁵⁾	-	28,064	0.01	86,160,741	42.74 ⁽⁶⁾
Dr. Tan Kang Leong	Director	10,000	-(4)	304,266,662	45.28 ⁽²⁾	Director ⁽⁷⁾	1,500	-(4)	85,959,999	42.64 ⁽³⁾
Tan Kheng Leong	-	-	-	304,266,662	45.28 ⁽²⁾	-	40,500	0.02	85,959,999	42.64 ⁽³⁾
Tan Hoe Pin	Director	-	-	305,484,662	45.46 ⁽⁸⁾	-	-	-	86,142,699	42.73 ⁽⁹⁾
Tan Beng Keong	Director	-	-	305,484,662	45.46 ⁽⁸⁾	-	-	-	86,142,699	42.73 ⁽⁹⁾
Dr. Tan Ban Leong	-	-	-	305,484,662	45.46 ⁽⁸⁾	-	-	-	86,142,699	42.73 ⁽⁹⁾
Ahmad bin Abdullah	Director	-	-	-	-	Director	2,194,000	1.09	-	-
Azman bin Badrillah	Director	10,000	-(4)	-	-	Director	3,301,200	1.64	-	-
Dato' Haji Kamaruddin @ Abas bin Nordin	Director	2,992	-(4)	-	-	Director	230,448	0.11	-	-

Notes:-

- (1) Deemed interest by virtue of interest in Parasand pursuant to Section 6A of the Companies Act, 1965.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Companies Act, 1965.
- (3) Deemed interests by virtue of interests in TCC and Parasand pursuant to Section 6A of the Companies Act, 1965.
- (4) Less than 0.01%.
- (5) Deemed interest by virtue of interests in TCC, PNSB, ESB and MRSB pursuant to Section 6A of the Companies Act, 1965.
- (6) Deemed interest by virtue of interests in TCC, Parasand, PNSB, ESB and MRSB pursuant to Section 6A of the Companies Act, 1965.
- (7) Director of the subsidiary or subsidiaries of APM to which the relevant RRPT relate.
- (8) Deemed interest by virtue of interests in TCC and ESB pursuant to Section 6A of the Companies Act, 1965.
- (9) Deemed interest by virtue of interests in TCC, Parasand and ESB pursuant to Section 6A of the Companies Act, 1965.

The RRPT between the TCMH Group and the APM Group, which are 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:-

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2001 (RM'000)
Sale of goods and services	The TCMH Group sells motor vehicles and provides after sales services to the APM Group	550
Purchase of goods	The TCMH Group buys automotive components for the assembly of new cars and also as replacement parts for distribution to dealers and motor repair workshops.	87,514
Insurance agency services	The TCMH Group (through its subsidiary, TCCL Sdn. Bhd.) sells certain insurance products such as motor, property and marine policies to the APM Group.	167
Management support and administrative services	TCMH provides certain services (i.e. management consultancy, administration, secretarial and taxation) to the APM Group	83
Rental income	<p>The TCMH Group rents space in the following premises and properties to the APM Group:-</p> <p>(a) Office premises at Jalan Kemajuan, Pending Industrial Estate, Kuching Sarawak and Jalan Ipoh, Kuala Lumpur;</p> <p>(b) Workshop, warehouse, office and factory premise at Batu Caves, Selangor Darul Ehsan; and</p> <p>(c) Workshop at Jalan Segambut, Kuala Lumpur.</p>	976
	<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 lengths but are for a lease period that is not more than three (3) years.</p>	

2.2.2.3 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 20 November 2001 are as follows:-

Related Party	TCMH					TCIL				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the TCIL Group	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 ⁽²⁾	Director	9,224,502	0.46	912,890,958	45.34 ⁽³⁾
Dato' Tan Heng Chew	Director	25,662	0.01 ⁽⁴⁾	304,266,662	45.28 ⁽²⁾	-	(5)	(5)	912,799,986 ⁽⁵⁾	45.34 ⁽⁵⁾
Tan Eng Soon	Director	1,400,000	0.21	304,266,662	45.28 ⁽²⁾	Director	4,200,000	0.21	946,699,986	47.02 ⁽⁶⁾
Tan Boon Pun	Director	100,427	0.01	305,604,942	45.48 ⁽⁷⁾	-	(5)	(5)	912,799,986 ⁽⁵⁾	45.34 ⁽⁵⁾
Dr. Tan Kang Leong	Director	10,000	0.01 ⁽⁴⁾	304,266,662	45.28 ⁽²⁾	-	(5)	(5)	912,799,986 ⁽⁵⁾	45.34 ⁽⁵⁾
Tan Kheng Leong	-	-	-	304,266,662	45.28 ⁽²⁾	Director	2,145,000	0.11	913,009,986	45.35 ⁽³⁾
Tan Hoe Pin	Director	-	-	305,484,662	45.46 ⁽⁸⁾	-	(5)	(5)	912,799,986 ⁽⁵⁾	45.34 ⁽⁵⁾
Tan Beng Keong	Director	-	-	305,484,662	45.46 ⁽⁸⁾	-	(5)	(5)	912,799,986 ⁽⁵⁾	45.34 ⁽⁵⁾
Dr. Tan Ban Leong	-	-	-	305,484,662	45.46 ⁽⁸⁾	-	(5)	(5)	912,799,986 ⁽⁵⁾	45.34 ⁽⁵⁾

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 Companies Act, 1965.

⁽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 Companies Act, 1965.

⁽⁸⁾ Deemed interest by virtue of interests in TCC and ESB pursuant to Section 6A of the Companies Act, 1965.

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 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 are estimated at RM3.3 million per annum, while the purchase of the same products from the TCIL Group are estimated at RM0.2 million annum.

2.2.3 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 Companies Act, 1965.

Azman bin Badrillah and Ahmad bin Abdullah 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 Companies Act, 1965, 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:-

- (1) to supply manufactured auto components, parts and accessories to Auto Dunia at prevalent market prices and where applicable, prices approved by the Ministry of International Trade and Industry ("MITI");
- (2) to assemble motor vehicles under the franchise of Auto Dunia at a fee approved by MITI;
- (3) 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
- (4) 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 Companies Act, 1965.

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 20 November 2001 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 ⁽¹⁾	Person connected
Dato' Tan Heng Chew	Director	25,662	-(2)	304,266,662	45.28 ⁽¹⁾	Person connected

Related Party	TCMH					Interests in Auto Dunia
	Directorship in the TCMH Group	Shareholding in TCMH				
		Direct	%	Indirect	%	
Tan Eng Soon	Director	1,400,000	0.21	304,266,662	45.28 ⁽¹⁾	Person connected
Tan Boon Pun	Director	100,427	0.01	305,604,942	45.48 ⁽²⁾	Person connected
Dr. Tan Kang Leong	Director	10,000	-(²)	304,266,662	45.28 ⁽¹⁾	Person connected
Tan Hoe Pin	Director	-	-	305,484,662	45.46 ⁽⁴⁾	Person connected
Ahmad bin Abdullah	Director	-	-	-	-	Director and Major Shareholder ⁽⁵⁾
Azman bin Badrillah	Director	10,000	-(²)	-	-	Director and Major Shareholder ⁽⁶⁾

Notes:-

- ⁽¹⁾ Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Companies Act, 1965.
- ⁽²⁾ Less than 0.01%.
- ⁽³⁾ Deemed interest by virtue of interests in TCC, PNSB, ESB and MRSB pursuant to Section 6A of the Companies Act, 1965.
- ⁽⁴⁾ Deemed interest by virtue of interests in ICC and ESB pursuant to Section 6A of the Companies Act, 1965.
- ⁽⁵⁾ Ahmad bin Abdullah has 35,000 shares or 35% shareholding in Auto Dunia.
- ⁽⁶⁾ Azman bin Badrillah has 5,000 shares or 5% shareholding in Auto Dunia.

The RRPT between the TCMH Group and Auto Dunia, which are 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 2001 (RM'000)
Sale of goods and services	The TCMH Group sells motor vehicles and provides after sales services to Auto Dunia.	85
Assembly services and component supply	The TCMH Group provides assembly services and supplies related components to Auto Dunia.	1,787
Purchase of goods	The TCMH Group purchases parts and engine oil from Auto Dunia.	185
Administrative services	The TCMH Group also provides security guard services to Auto Dunia.	164

2.3 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.

2.4 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 current financial year, and in the Annual Reports of the Company for the subsequent financial years during which a Shareholders' Mandate is in force.

2.4.1 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 of TCMH 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 of TCMH or Audit Committee has an interest in a RRPT, he shall abstain from participating in the deliberation and voting in respect of the said transaction.

2.4.2 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. PROPOSED GRANT OF AUTHORITY

The Company proposes to grant its Directors the authority to allot and issue ordinary shares of up to an aggregate amount not exceeding 10% of its issued and paid-up capital for such purposes as the Directors of the Company would consider to be in the interest of the Company. The said authority shall continue to be in force until the conclusion of the upcoming AGM of the Company.

4. PROPOSED AMENDMENTS

In an effort to develop more comprehensive rules, KLSE introduced its new Listing Requirements in January 2001 with the objective of, amongst others, enhancing corporate governance and transparency as well as enhancing the efficiency of capital market activities.

Compliance with Chapter 7 of the Listing Requirements of KLSE in relation to the Articles of Association became effective on 1 June 2001. However, listed issuers are given until 31 January 2002 to amend their Articles of Association to comply with the provisions in Chapter 7.

Hence, the Company proposes to amend its Articles of Association in the manner as set out in Appendix 1 to comply with the Listing Requirements of KLSE and to further enhance the administration of the internal affairs of TCMH.

5. RATIONALE FOR THE PROPOSALS

5.1 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.

5.2 Proposed Grant of Authority

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of TCMH, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued share capital of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors of TCMH be empowered to issue shares in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for the time being, for such purpose. This authority, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the upcoming AGM of the Company.

5.3 Proposed Amendments

The Proposed Amendments are primarily to bring the Articles of Association of TCMH in line with the Listing Requirements of KLSE.

6. FINANCIAL EFFECTS OF THE PROPOSALS

The Proposed Shareholders' Mandate is not expected to have any effect on the issued and paid-up share capital of the TCMH Group but is expected to have a positive effect on the earnings and net tangible assets of the TCMH Group.

The Proposed Grant of Authority will not have an immediate effect on the existing issued and paid-up share capital, earnings and net tangible assets of the TCMH Group. However, the issued and paid-up share capital, earnings and net tangible assets of the TCMH Group may change depending on the number of ordinary shares of RM0.50 each in TCMH to be issued pursuant to the Proposed Grant of Authority and the issue price per share.

The Proposed Amendments are not expected to have any effect on the issued and paid-up share capital, earnings and net tangible assets of the TCMH Group.

7. APPROVALS REQUIRED

The Proposals are subject to the approvals being obtained from the shareholders of TCMH at the EGM to be convened.

8. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

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 and Dato' Haji Kamaruddin @ Abas bin Nordin ("Interested Directors") are Directors and/or have equity interest in the relevant companies involved in the RRPT 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 while NML and TCC have equity interest in both TCMH and the relevant companies involved in the RRPT 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 their persons connected abstain from deliberating and voting on the resolutions in respect of the relevant RRPTs in which they are interested at the relevant meetings of the Board of TCMH.

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

To the best of the knowledge and belief of the Directors of TCMH, save as disclosed above, 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.

None of the Directors or Major Shareholders and/or persons connected to the Directors and/or Major Shareholders of TCMH have any interest, direct or indirect, in the Proposed Grant of Authority and Proposed Amendments.

9. DIRECTORS' RECOMMENDATION

The Board of TCMH is of the opinion that the Proposed Shareholders' Mandate is fair, reasonable and in the best interest of the Company. The Board of TCMH (with the exception of the Interested Directors as disclosed in section 8 and their persons connected, who had and will continue to abstain from deliberation and voting in respect of the ordinary resolution in which they are interested) therefore recommends that you vote in favour of the relevant ordinary resolution to be tabled at the forthcoming EGM.

The Board of TCMH is also of the opinion that the Proposed Grant of Authority and Proposed Amendments are in the best interest of the Company and its shareholders and therefore recommend that you vote in favour of the ordinary resolution in relation to the Proposed Grant of Authority and the special resolution in relation to the Proposed Amendments to be tabled at the forthcoming EGM.

10. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is enclosed in this Circular, will be held at the Grand Ballroom, Grand Seasons Hotel, No. 72, Jalan Pahang, 53000 Kuala Lumpur on 14 January 2002 at 11.00 a.m. for the purpose of considering and if thought fit, passing the ordinary resolutions and special resolution to give effect to the Proposals.

If you are unable to attend and to vote at the EGM, you are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions contained therein so as to arrive at the Registered Office of the Company as soon as possible and in any event not later than 48 hours before the time fixed for the EGM. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the EGM should you wish to do so.

11. FURTHER INFORMATION

Shareholders are requested to refer to Appendix 2 for further information.

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

Dato' Ng Mann Cheong
Independent Director