TAN CHONG MOTOR HOLDINGS BERHAD

(12969-P)

ANNUAL REPORT 2006


350Z

MARCH


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NISSAN

Thirty-Fifth Annual General Meeting of
TAN CHONG MOTOR HOLDINGS BERHAD
will be held at 3rd Floor, 21 Jalan Ipoh Kecil,
50350 Kuala Lumpur, Malaysia on Thursday,
17 May 2007 at 3:00 p.m.

www.nissan.com.my

TAN CHONG MOTOR HOLDINGS BERHAD
(12969-P)

ANNUAL REPORT 2006

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CORPORATE INFORMATION

DIRECTORS

Dato' Tan Heng Chew
Executive Deputy Chairman

Tan Eng Soon
Group Managing Director

Azman bin Badrillah
Non-Independent Non-Executive Director

Dato' Ng Mann Cheong
Independent Non-Executive Director

Dato' Haji Kamaruddin @ Abas bin Nordin
Independent Non-Executive Director

Seow Thiam Fatt
Independent Non-Executive Director

AUDIT COMMITTEE

Seow Thiam Fatt
Chairman

Dato' Ng Mann Cheong

Dato' Haji Kamaruddin @ Abas bin Nordin

COMPANY SECRETARY

Yap Bee Lee

REGISTERED OFFICE

62-68 Jalan Ipoh
51200 Kuala Lumpur
Telephone : (03) 4047 8888
Facsimile : (03) 4047 8636
E-mail : tcmh@tanchong.com.my

REGISTRARS

Tenaga Koperat Sdn Bhd
20th Floor Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Telephone : (03) 4041 6522
Facsimile : (03) 4042 6352

AUDITORS

KPMG

LISTING

Bursa Malaysia Securities Berhad
(Listed on the Main Board on 4 February 1974)

BUSINESS DIVISIONS

ASSEMBLY

Motor Vehicles

SALES AND DISTRIBUTION

Passenger Cars
Light Commercial Vehicles
Trucks
Buses

AFTER-SALES SERVICES

Spare Parts
Workshop

FINANCIAL PRODUCTS AND SERVICES

Hire Purchase
Insurance
Money Lending
Money Exchange

PROPERTY

Management and Investment

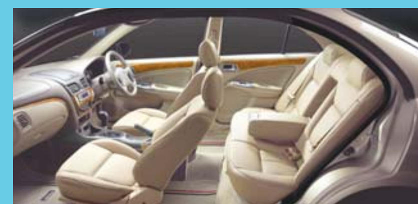
On behalf of the Board of Directors, I hereby present the Annual Report of Tan Chong Motor Holdings Berhad for the financial year ended 31 December 2006.

HIGHLIGHTS

The Malaysian economy performed well in 2006 with an improved Gross Domestic Product (GDP) growth of 5.9%. Economic growth, however, was not broad based and one of the hardest hit sectors was the local automotive sector. Our industry underwent a significant "adjustment" process as a result of policy changes introduced at a time of tepid consumer sentiment. The government announced the National Automotive Policy (NAP) on 22 March 2006. Under the NAP, new motor vehicles will become more affordable with overall reduction in excise and import duties for most motor vehicles. The knee-jerk reaction, however, did not immediately bring about higher new vehicle sales.

Instead, much of 2006 has been difficult as new motor vehicles registrations suffered a bigger than expected decline of 11% (source: Malaysian Automotive Association or MAA) compared to previous year. Weak market sentiment was further compounded by a drop in used car prices and tighter lending requirements by financial institutions. Consumer purchasing power was severely curtailed and many were reluctant to commit and deferred new vehicle purchases.

MURANO



Against this backdrop, our vehicle sales in 2006 decreased by 17% to 23,414 units from 28,085 units recorded in the previous year. As a result of lower sales units coupled with lower average selling prices for passenger cars after NAP, the Group's revenue for the current year ended 31 December 2006 decreased by 28.5% to RM2.11 billion from RM2.95 billion for the corresponding period last year. Lower revenue has directly affected profitability. Operating profit before interest and tax for the year dropped to RM99.63 million from RM207.78 million last year. Operating margins contracted from 7.0% to 4.7% for the year. Competition in the automotive industry was intense and various sales campaigns and promotions were undertaken to attract new customers. These efforts resulted in higher sales incentives, marketing and promotional costs that affected the vehicle margin.

On the qualitative front, our continuous efforts to achieve customer satisfaction in after-sales service, sales and delivery have met with some success. We were ranked No.2 position in both the all-important Customer Satisfaction Index (CSI) and Sales Satisfaction Index (SSI) in the 2006 surveys conducted by J.D. Power Asia Pacific. These accolades are a testimony to the outstanding teamwork and dedication of our sales, service and production staff as well as those in the supporting functions. Following these successes, we were awarded the prestigious 2006 Global Nissan Sales & Service Way Award by Nissan Motor Co Ltd., Japan for the third consecutive year in recognition of our outstanding performance. Overall market share of Nissan, Renault and Nissan Diesel for the year was 4.8% compared to 5.1% achieved in 2005.

For the future, our company is preparing for growth in terms of production capacity with the completion of a new RM230 million assembly plant located in the district of Serendah, Selangor. The Serendah plant will commence trial runs and commercial production in the third quarter of the year. It will add 1,200 units in monthly production capacity and also adopt the Nissan Integrated Manufacturing System (NIMS), which relies on advanced technical know-how and assembly processes from our principal Nissan Motor Co Ltd., Japan. The NIMS is aimed at lowering initial investment costs for new models, improving the quality of new vehicles and shortening the delivery time of new vehicles to customers. All new models from 2007 onwards will roll out from the new assembly plant.

We were ranked No.2 position in both the all-important Customer Satisfaction Index (CSI) and Sales Satisfaction Index (SSI) in the 2006 surveys conducted by J.D. Power Asia Pacific.

REVIEW OF RESULTS

Nissan Passenger and Light Commercial Vehicles

Nissan sales fell by 18% to 20,228 units compared to 24,553 units registered in the previous year due to lackluster demand for new vehicles and the absence of new models on our part. We expect our sales to intensify and pick up in the second half of 2007 with the launch of several new models.

To lay the ground work for future sales, Edaran Tan Chong Motor Sdn Bhd organized many activities and events during 2006. These include:

- Nissan Sentra Lightfoot Treasure Hunt from Petaling Jaya to Penang. A fun drive event organized specially for vehicle owners and their families of Sentra vehicles.
- Nissan Safety Driving Programmes conducted at Sepang International Circuit (SIC) for Sentra and X-Trail vehicles owners.
- 3rd Edition of the Annual Nissan Jurassix Park for X-Trail and Frontier vehicles owners.
- Nissan Premium Test Drive events held at various showrooms giving prospective customers and visitors the opportunity to test drive the March, Teana, Murano, Z Roadster and Nismo Z plus the full range of Nissan vehicles available in Malaysia.

At the margin, our flagship models continued to hold on to their respective market shares. Sentra continued to dominate the non-national 1.6 liter petrol segment with a 64% market share (source: MAA). The X-Trail led the non-national 4x4 station wagon 2.0-2.5 liter segment with a 37% market share. In addition, X-Trail Nismo Limited Edition was awarded the Autocar Asean Car of the Year 2005/2006 for the Mid-Size SUV category.

Sentra continued to dominate the non-national 1.6 liter petrol segment with a 64% market share.


nismo
X-TRAIL

Renault Vehicles

Renault, the newest member to our stable of brands, participated in the triennial Kuala Lumpur International Motor Show 2006 held from 25 May 2006 to 4 June 2006. TC Euro Cars Sdn Bhd displayed many innovative variants of Kangoo such as the "Groovy Goo", the new Famille and also a "wheelchair version" that caters to physically impaired passengers. Our models were well received. However, Renault vehicle sales in 2006 were anemic and we have launched a new 1.5 liter turbo-diesel variant of Renault Kangoo in January 2007 to boost sales. The new engine is renowned for its high torque and exceptional fuel efficiency.

Medium and Heavy Commercial Vehicles

The star performer in our stable is the medium and heavy commercial vehicles division. This segment has outperformed the industry by registering a higher sale of 2,350 units in 2006 compared to 2,171 units in 2005. Meanwhile, total industry volume (TIV) for the commercial vehicles segment contracted by 9% for the year.

The heavy commercial Nissan Diesel (UD) trucks continued to maintain its No.2 position in the heavy commercial vehicle segment with a 27% market share (source: MAA) with good demand from the dump and cargo segment. Our market share for the light commercial vehicle segment also increased to 16% boosted by the introduction of Euro 2 YU41T5 model 5 ton lorry. Tan Chong Industrial Equipment Sdn Bhd sold a total of 517 units of buses and emerged as the market leader in the bus segment (source: MAA) with good demand from our stage bus, express bus and tour bus operators. The Government's effort to improve the public transportation by issuing additional permits for city routes and outstation route has helped to increase the demand for buses. Tour operators have begun to build up their fleet of tour buses and replace existing old buses in preparation for the Visit Malaysia Year 2007. The Visit Malaysia Year 2007 is expected to draw 20 million tourist arrivals.

The medium and heavy commercial vehicles division has outperformed the industry by registering a higher sale of 2,350 units in 2006 compared to 2,171 units in 2005.

Auto Service

Albeit a slow year for the automotive industry, Tan Chong Ekspres Auto Servis Sdn Bhd also outperformed during the year by recording a higher vehicle intake and an increased turnover of 23% compared to the previous year. The much improved performance was made possible because of our focus on customer satisfaction and the loyalty of our Nissan and Renault customers. Our focus of providing the best services to our customers has driven us to intensify our CSI activities to improve our product, service offerings and operational processes for greater efficiency and productivity.

On the overseas front, we had opened the first e-garage workshop in Phnom Penh, Cambodia in May 2006. Currently, we are waiting for the approval for our application to set up and operate Vehicle Safety Inspection Center in four provinces of Cambodia.

Financial Services

The Group minimized in-house hire purchase loan exposure during the year. Under difficult market conditions, the hire purchase business is considered a low return high risk business in view of the low hire purchase interest rate and growing non-performing loans (NPL) on the back of lower used car values. Nevertheless, we tried to grow our financial services by diversifying and offering additional financial products such as personal loans and money exchange during the year to widen the loan portfolio and achieve better margin. The personal loans are open to the public as well as the staff of the Group. The personal loan is very popular among the staff for study, house renovation, etc.

The money exchange business, which started only in the middle of the year, performed reasonably well and the Group has plans to expand the number of retail outlets for the money exchange business.

During the year, we introduced two new insurance products, Medipac and Motor Hardship insurance. Medipac is a medical insurance and Motor Hardship is a motor allowance insurance.

DIVIDENDS

The final dividend of 10% less income tax of 28% in respect of 2005 totaling RM24.11 million was paid on 23 June 2006.

An interim dividend of 5% tax exempt in respect of 2006 totaling RM16.72 million was declared and paid on 28 September 2006.

The Board recommends a final dividend of 5% less income tax of 27% in respect of 2006. The payment is subject to shareholders' approval at the forthcoming Annual General Meeting.

CURRENT YEAR PROSPECTS

There is a growing consensus that a small increase in vehicle sales is in store this year. Though the forecast rise in sales, albeit a small one, would be welcomed by the industry, the timing and the speed of the recovery will depend very much on consumers adjusting to lower collateral values on their existing cars and cheaper new models in the pipeline. This adjustment process in the auto sector is still continuing as inventories take time to clear and car prices stabilize.

2007 will be both exciting and challenging for the Group, as we have lined up several new models in the second half of the year after a long lull. We are cautiously optimistic moving forward.

BOARD CHANGES

In 2006, the Group lost a stalwart and an experienced member of the Board in the passing of our former Vice Chairman, the late En. Ahmad bin Abdullah. He has contributed greatly to the long-term growth of the Group. I am sure all of you share my deep sense of loss. We extend our deepest condolences to Puan Yasminah T. Ahmad and family members of the late En. Ahmad bin Abdullah.

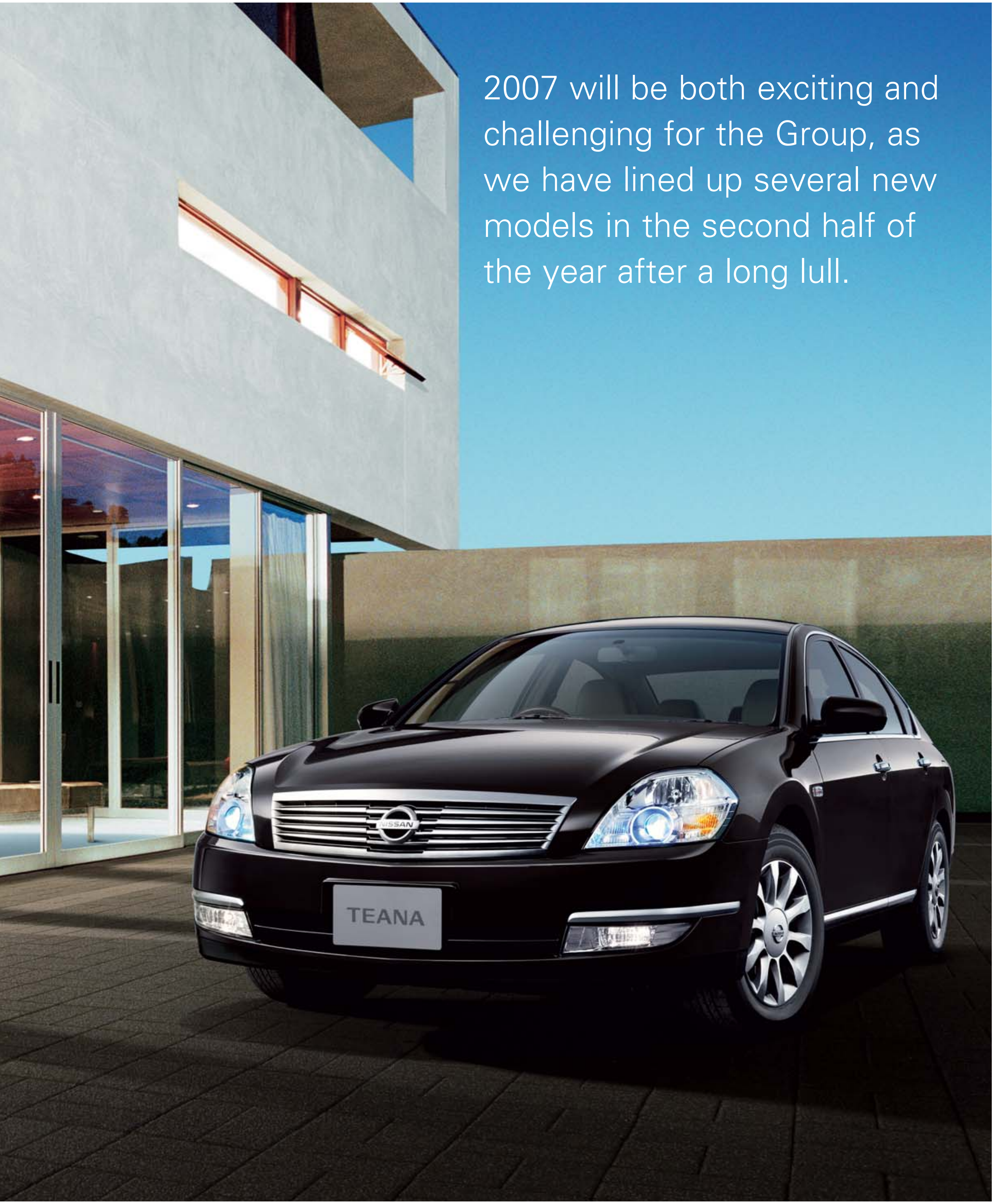
ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend our appreciation to the management and staff for their dedication and contribution as always.

In closing, I would also like to thank all our valued customers, suppliers, bankers and other business associates as well as our shareholders for their continuing support.

Dato' Tan Heng Chew
Executive Deputy Chairman

Kuala Lumpur
16 April 2007



2007 will be both exciting and challenging for the Group, as we have lined up several new models in the second half of the year after a long lull.

Dato' Tan Heng Chew

JP, DJMK

Age 60, a Malaysian, was appointed to the Board on 19 October 1985 and is the Executive Deputy Chairman since 1 January 1999. Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong group of companies in 1970 and was instrumental in the establishment of the Autoparts Division in the 1970s and early 1980s. Dato' Tan is the Chairman of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad. He is the brother of Mr. Tan Eng Soon and a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Tan Eng Soon

Age 58, a Singaporean and a Malaysian Permanent Resident, was appointed to the Board as the Group Managing Director since 1 February 1989. Mr. Tan has a degree in Civil Engineering from the University of New South Wales, Australia and has been involved in the Tan Chong Group's operations since 1971. Mr. Tan is a director of APM Automotive Holdings Berhad. He is the brother of Dato' Tan Heng Chew and a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Mr. Tan has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Azman bin Badrillah

Age 59, a Malaysian, was appointed to the Board on 4 April 1994. He is a Non-Independent Non-Executive Director. Encik Azman graduated with a degree in Economics from the University of Malaya in 1971. He joined Bank of America and had risen to the position of Assistant Vice-President when he left 11 years later. His service with Bank of America included a period spent with the international operations of the Bank. Encik Azman joined Tan Chong Group in 1983 as an executive director of its manufacturing division and was responsible for the overall performance of one of its key product groups until 1999. When the Tan Chong Group undertook a corporate re-structuring, Encik Azman was appointed to the board of APM Automotive Holdings Berhad. He also sits on the board of Eco Resources Berhad. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Dato' Ng Mann Cheong

DSSA, SMP, JP

Age 62, a Malaysian, was appointed to the Board on 31 July 1998 as an Independent Non-Executive Director and is a member of the Audit Committee. Dato' Ng is a Barrister at law (Middle Temple), Advocate and Solicitor, High Court of Malaya and has been admitted to practice in the jurisdictions of Singapore, Victoria and Western Australia. He has been in legal practice for the past 39 years and is a Senior Partner of Syed Alwi, Ng & Co. Dato' Ng also sits on the board of AmTrustee Berhad.

Dato' Haji Kamaruddin @ Abas bin Nordin,

DSSA, KMN

Age 68, a Malaysian, was appointed to the Board on 23 November 2001. He is an Independent Non-Executive Director and a member of the Audit Committee. Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 1966. He joined the civil service upon his graduation and served the Government until he retired in 1993. During his tenure with the civil service he held various senior positions, among them as Director, Industries Divisions in the MITI, Deputy Secretary General, Ministry of Works and Director-General of the Registration Department, Ministry of Home Affairs. Dato' Haji Kamaruddin is a director of APM Automotive Holdings Berhad and Lion Industries Corporation Berhad. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Seow Thiam Fatt

Age 66, a Malaysian, was appointed to the Board on 3 July 2002. He is an Independent Non-Executive Director and the Chairman of the Audit Committee. Mr. Seow, a Chartered Accountant, was admitted as a member of CPA Australia in 1963, the Institute of Chartered Secretaries and Administrators in 1964 and the Institute of Chartered Accountants in Australia in 1968. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA) since 1969. He is the past president of MICPA and also served four years as a government appointed independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE).

He has more than 20 years' professional experience as a practicing accountant in the capacity of a Senior Partner of Larry Seow & Co and a Partner of Arthur Young. He diverted from professional practice in 1994 and thereafter held various senior positions in private and public companies. His work experience includes a two year contract with the Securities Commission of Malaysia as General Manager of the Financial Reporting Surveillance and Compliance Department.

Mr. Seow is also an Independent Non-Executive Director of Warisan TC Holdings Berhad, Affin Investment Bank Berhad, ING Funds Berhad and a Non-Independent Non-Executive Director of Malaysia Pacific Corporation Berhad.

Except for Dato' Tan Heng Chew and Mr Tan Eng Soon who are brothers, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company.

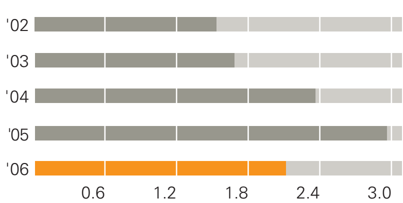
None of the directors have any conflict of interest in any business arrangement involving the Company, nor have convictions for any offences within the past 10 years.

All the Directors attended the five (5) Board meetings held in 2006.

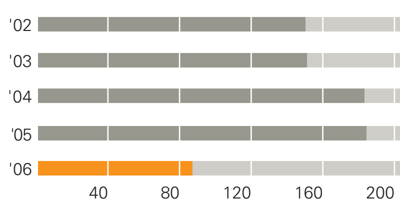
FINANCIAL CHARTS

	2006 RM'million	2005 RM'million	2004 RM'million	2003 RM'million	2002 RM'million
Revenue	2,109	2,949	2,385	1,678	1,527
Profit Before Tax	86	183	182	150	149
Profit Attributable to Shareholders of the Company	60	131	127	106	102
Total Assets	1,931	2,165	1,865	1,328	1,081
Total Equity	1,182	1,165	1,073	985	913
Earnings Per Share (sen)	9.0	19.5	18.9	15.8	15.2
Gross Dividend Per Share (sen)	5.0	7.5	7.5	7.0	6.5
Net Assets Per Share Attributable to Shareholders of the Company (sen)	174	171	158	145	134

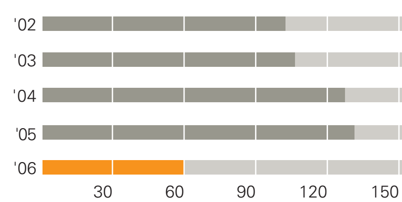
Revenue
(RM' billion)



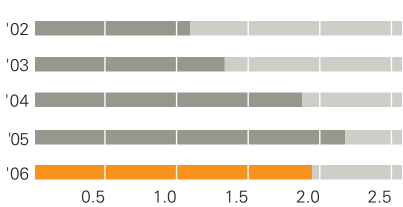
Profit Before Tax
(RM' million)



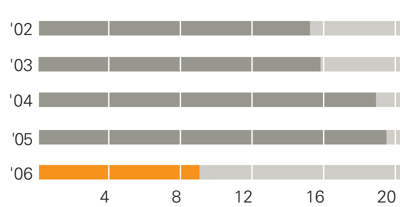
Profit Attributable to Shareholders of the Company
(RM' million)



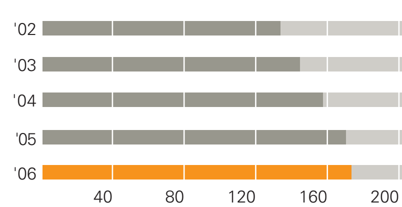
Total Assets
(RM' billion)



Earnings Per Share
(Par Value RM0.50 per share)
(sen)



Net Assets Per Share Attributable to Shareholders of the Company
(Par Value RM0.50 per share)
(sen)



STATEMENT ON CORPORATE GOVERNANCE

It is the policy of the Company to manage the affairs of the Group in accordance with the appropriate standards for good corporate governance.

The Board of Directors wishes to report on the manner the Group has applied the principles and the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance ("Code").

A. DIRECTORS

(i) The Board

The businesses of the Company and the Group are managed by the Board of Directors, which meets regularly to ensure that the Group is properly managed to achieve improvement in the expected long-term shareholders value.

There were five (5) Board meetings held in 2006 which were attended by all the Board members. The Board has a formal schedule of matters reserved for making broad policy decisions, including the approval of annual and interim results, annual business plans and budgets, significant acquisitions and disposals, material agreements, major capital expenditures and senior executive appointments. Other matters are delegated to committees of the Board and management as well as officers of the Group.

(ii) Board Composition

The Board currently has six (6) members, comprising the Executive Deputy Chairman, Group Managing Director and four (4) other Non-Executive Directors, three (3) of whom are independent directors. During the year, the composition of the Board had complied with the requirement that one-third of the Directors must be independent.

Together, the Directors have wide ranging experience essential for the successful direction of the Group. The profiles of the Board members are set out on pages 14 and 15.

(iii) Supply of Information

Board members are provided with an agenda and summary board papers in advance of each scheduled Board and Committee meeting.

For Board meetings these documents may include a report on current trading and business issues, a period financial report and proposal papers from the management.

There is an agreed procedure for Directors to seek independent professional advice at the Company's expense. Directors also have direct access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

(iv) Appointment to the Board

The Board is of the view that proposals for new appointments and the assessment of the contributions of Directors would be more effective, if performed by the Board as a whole by drawing on the wealth of experience of all Directors. Hence, a nomination committee is currently not required.

(v) Re-election

The Company's Articles of Association provide that at every annual general meeting of the Company, one-third of the Directors shall retire from office and that all Directors shall retire from office once at least in each three years, but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their last election.

Non-Executive Directors are not appointed for a specific term and are subject to re-election by shareholders at the next annual general meeting following their appointment, or to re-election in accordance with the Company's Articles of Association.

Directors who are due for re-election at the forthcoming Thirty-Fifth Annual General Meeting are Mr Tan Eng Soon and Dato' Haji Kamaruddin @ Abas bin Nordin. The profiles of these Directors are set out on pages 14 and 15. All Directors held office throughout the year.

A. DIRECTORS (Cont'd)

(vi) Directors' Training

All the Directors have fulfilled the Mandatory Accreditation Programme requirement as prescribed by the Listing Requirements of Bursa Malaysia Securities Berhad and also attended and completed their Continuing Education Programme as required.

In keeping themselves abreast with the constant changes in regulations requirements and development in the business environment, the Directors had attended, in accordance to the needs of the respective Directors, some of the seminars and conferences organized by the relevant regulatory authorities and professional bodies in 2006 on the following subjects:-

- Making Corporate Boards More Effective
- Moving Up the Value Chain-Innovation, Capacity Building & Competitiveness
- Managing Organisational Change and Transitions
- Executing Corporate Change Management Plan
- Managing Corporate Mergers and Acquisitions

B. DIRECTORS' REMUNERATION

The Board is of the view that remuneration guidelines for Directors, formulated by drawing upon the wealth of experience of all the Directors on the Board, would be more effective, and therefore, a remuneration committee is currently not required. Consequently, this role is performed by the Board as a whole when necessary and as appropriate.

In essence, the key principles and procedures in remunerating executive employees below board level are also applicable to Executive Directors. The remuneration policy of the Group seeks to attract and retain as well as to motivate employees of all levels to contribute positively to the Group's performance.

The guidelines on bonuses in respect of 2006 and annual increment for 2007 in respect of executive employees of the Group were recommended for Board's approval by committees whose members included senior heads of operations below the Board level. The quantum of the annual performance bonus was dependent on the operating results of the Group after taking into account the prevailing business conditions. The same guidelines were also applied to the Executive Directors.

The remuneration of each of the Non-Executive Directors is determined by the Board as a whole within the limits fixed by the shareholders of the Company at an amount not exceeding, in aggregate, RM300,000. The Non-Executive Directors do not participate in discussions on their remuneration.

Directors' remuneration during the year in aggregate, with categorization into appropriate components, distinguishing between Executive and Non-Executive Directors, are as follows:

	Fees (RM)	Salaries and Allowance (RM)	Retirement Benefits (RM)	Bonus (RM)	Benefits-in-kind (RM)
Executive Directors	-	5,010,740	1,086,737	2,403,754	65,456
Non-Executive Directors	198,000	30,400	-	-	28,600

The number of Directors whose remuneration falls within the following successive bands of RM50,000 is as follows:

Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	1
RM50,001 to RM100,000	-	3
RM1,250,001 to RM1,300,000	1	-
RM2,750,001 to RM2,800,000	1	-
RM4,500,001 to RM4,550,000	1	-

C. RELATIONS WITH SHAREHOLDERS

(i) Dialogue between the Company and Investors

The Company holds group and individual meetings with institutional shareholders and investment communities, at their request, with the view to foster greater understanding of the business of the Group. During the year, the Company held several meetings of such nature.

The Group's quarterly result announcements, available on the website of Bursa Malaysia Securities Berhad serve to keep interested shareholders informed of the Company/Group's progress from time to time.

(ii) Annual General Meeting

The Thirty-Fourth Annual General Meeting ("AGM") of the Company was held on Thursday, 18 May 2006 at the Grand Ballroom of Grand Seasons Hotel, Kuala Lumpur. The Notice of Meeting was attached to the Annual Report distributed to shareholders. The AGM in 2006 was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholdings represented 62% of the issued share capital.

There was a forum for the shareholders to raise questions or issues at the AGM regarding the Group's performance in 2005, which the Directors appropriately addressed.

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board has presented a balanced and understandable assessment of the Company's position and prospects in the various financial reports to the shareholders.

The quarterly announcements of results of the Group and year end financial statements are reviewed by the Audit Committee before Board's approval and release to Bursa Malaysia and shareholders.

(ii) Internal Control

The Statement on Internal Control furnished on page 20 provides an overview of the state of internal controls within the Group.

(iii) Audit Committee and Auditors

The Board of Directors has established an Audit Committee. The membership of this Committee, a summary of the terms of reference and the activity report of the Audit Committee are set out on pages 22 to 24.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE

The Directors consider that during 2006, the Company had complied substantially with the Best Practices in Corporate Governance set out under Part 2 of the Code, except for the formation of the nomination and remuneration committees as explained in the report on the application of the principles and best practices in corporate governance.

STATEMENT ON INTERNAL CONTROL

The Board of Directors confirms the requirements of the Malaysian Code on Corporate Governance by maintaining a sound system of internal controls to safeguard the Group's assets and shareholders' investments. The Board is pleased to outline the nature and scope of internal control of the Group during the year.

BOARD RESPONSIBILITY

The Directors are responsible for the Group's system of internal control that covers all aspects of its business. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system cannot totally eliminate risks and thus there can never be an absolute assurance against the Group failing to achieve its objectives or making material losses.

RISK MANAGEMENT AND CONTROL STRUCTURE

Risk management and internal controls are regarded as an integral part of the overall management processes. The following represents some of the key elements of the risk management and control structure:

(i) Review and approval of annual business plan and budget of all major business units by the Board. These plans set out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;

(ii) Quarterly review of the performance of the Group's business by the Board which also assesses the impact of the changes in business and competitive environment;

(iii) Active participation by certain members of the Board in the day-to-day running of the major businesses and regular dialogues with the senior management of smaller business units; and

(iv) Monthly financial reporting by the subsidiaries to the holding Company.

The above processes serve to ensure that there is a platform for the timely identification, evaluation and management of significant risks affecting the businesses.

The internal controls of the Group are further supported by an established organization structure and limits of authority for various management committees. Support functions like Legal and Credit Control, centralized Treasury, Group Secretarial, Finance and Administration as well as Insurance also play a part in the overall control and risk management processes of the Group.

Various management committees have been established to manage and control its businesses. Matters beyond the limits of authority are referred to the main Board for approval.

INTERNAL AND MANAGEMENT AUDIT FUNCTION

The Group has in place an internal audit department, which provides the Board, through the Audit Committee, with further assurance in regard to the adequacy and integrity of the system of internal control from an independent perspective.

The internal audit function adopts a risk-based approach and prepares its audit strategies and plans based on the risk profiles of the major business units of the Group. Detailed internal audit plans are tabled annually and approved by the Audit Committee before implementation. Apart from field audits conducted by the internal auditors, key business units are also required to complete the Internal Control Checklists which help to ascertain the state of compliance with internal control procedures from time to time.

WEAKNESSES IN INTERNAL CONTROLS THAT RESULT IN MATERIAL LOSSES

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

OTHER STATEMENTS AND DISCLOSURES

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 (the "Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2006, the Directors have:

(i) adopted the appropriate accounting policies, which are consistently applied;

(ii) made judgments and estimates that are reasonable and prudent; and

(iii) ensured that applicable approved accounting standards in Malaysia and provisions of the Act are complied with.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud as well as other irregularities.

MATERIAL CONTRACTS

Saved as disclosed below, neither Tan Chong Motor Holdings Berhad ("TCMH") nor its subsidiaries have entered into any material contracts involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year:-

(i) Sale and Purchase Agreement dated 16 January 2006 entered into between Tan Chong & Sons Motor Company Sdn Bhd ("TCSM") and Tung Pao Sdn Bhd ("TP"), a wholly-owned subsidiary of Warisan TC Holdings Berhad which is deemed to be connected with Dato' Tan Heng Chew and Mr Tan Eng Soon, directors of TCMH, by virtue of the provisions of Section 122A of the Companies Act, 1965 in relation to the acquisition by TCSM from TP of a leasehold land (expiring on 6 September 2065) held under Title: PN 4914, Lot No. 73, Section 13, Bandar Petaling Jaya, Daerah Petaling, Selangor Darul Ehsan, measuring in area approximately 78,801 square feet together with a showroom, workshop, warehouse and offices erected thereon measuring in built-up area approximately 85,735 square feet for a total cash consideration of RM14,200,000.

REVALUATION POLICY

The revaluation policy on landed properties is set out under Notes 2(d) and 2(g) of the Notes to the financial statements on pages 44 and 46 of the Annual Report.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2006 by KPMG, auditors for Tan Chong Motor Holdings Berhad, was RM27,873.

SHARE-BUY BACK

Details of the shares bought back during the financial year ended 31 December 2006 and currently held as treasury shares are as follows:

Year 2006	No. of shares bought back and held as treasury shares	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total consideration paid* (RM)
January	168,000	1.450	1.390	1.417	239,852.95
February	10,000	1.510	1.510	1.510	15,212.64
March	163,000	1.530	1.490	1.509	247,805.29
May	60,000	1.500	1.460	1.485	89,760.24
June	326,000	1.500	1.300	1.406	461,621.72
August	195,000	1.350	1.350	1.350	265,200.80
September	280,000	1.310	1.260	1.282	361,608.38
October	50,000	1.220	1.220	1.220	61,451.40
November	165,000	1.290	1.290	1.290	214,427.25
Total	**1,417,000**				**1,956,940.67**

*Including transaction cost.

There were no re-sale of treasury shares nor cancellation of shares during the financial year.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors of Tan Chong Motor Holdings Berhad is pleased to present the report of the Audit Committee of the Board for the year ended 31 December 2006.

The Audit Committee was established by a resolution of the Board on 1 August 1994. The present terms of reference of the Committee were adopted by the Board of Directors on 4 July 2001.

COMPOSITION AND MEETINGS

The composition of the Audit Committee and the attendance of its members at the seven (7) meetings held during the financial year were as follows:

Name	Designation	Attendance
Seow Thiam Fatt (Chairman)	Independent Non-Executive Director	7/7
Dato' Ng Mann Cheong	Independent Non-Executive Director	7/7
Dato' Haji Kamaruddin @Abas bin Nordin	Independent Non-Executive Director	7/7

TERMS OF REFERENCE

MEMBERSHIP

The Audit Committee shall be appointed by the Board from amongst the Directors and shall be composed of no fewer than three members, a majority of them must be independent directors.

The Audit Committee shall include at least one Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least 3 years working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule.

No alternate director shall be appointed a member of the Audit Committee.

The members of the Audit Committee shall elect a chairman from amongst their number who shall be an independent director.

In the event of any vacancy in the Audit Committee which results in a breach in the Listing Requirements of Bursa Malaysia Securities Berhad, the vacancy must be filled within three months.

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three years.

AUTHORITY

The Audit Committee is authorized by the Board, and at the cost of the Company, to:

1. investigate any matter within its terms of reference,
2. have the resources which are required to perform its duties,
3. have full and unrestricted access to any information pertaining to the Company or the Group,
4. have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity (if any),
5. be able to obtain independent professional or other advice,
6. convene meetings with external auditors, excluding the attendance of the executive members.

REPORT OF THE AUDIT COMMITTEE

FUNCTIONS

The functions of the Audit Committee shall be, amongst others:

1. review the following and report the same to the Board,
   (a) the audit plan, the evaluation of the system of internal control and the audit report with the external auditors; the assistance given by the employees of the Company/Group to the external auditors,
   (b) the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work,
   (c) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function,
   (d) the quarterly results and year end financial statements, prior to approval by the Board of Directors, focusing on:
      (i) changes in or implementation of major accounting policy changes,
      (ii) significant and unusual events, and
      (iii) compliance with accounting standards and other legal requirements,
   (e) any related party transactions and conflict of interest situation that may arise within the Company and Group including any transaction, procedure or course of conduct that raises questions of management integrity,
   (f) any letter of resignation from external auditors,
   (g) whether there is any reason to believe that external auditors are not suitable for re-appointment,
2. recommend the nomination of person or persons as external auditors,
3. approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members, and
4. any other function as may be required by the Board from time to time.

CONDUCT OF MEETINGS

The chairman shall call for meetings to be held not less than four times a year. Any member of the committee may at any time, and the secretary on requisition of the member, summon a meeting.

Except in the case of an emergency, seven days notice of meeting shall be given in writing to all members.

A quorum of meeting shall be a majority of independent directors. Meetings shall be chaired by the chairman, and in his absence, by an independent director. Decision shall be made by a majority of votes.

The Head of Finance, Head of Internal Audit and the company secretary shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the committee. A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the committee.

The chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

REPORTING PROCEDURES

The company secretary shall record the proceedings of meetings. Minutes shall be circulated to all members of the Board.

The committee shall prepare, for the Board and for inclusion in the Company's annual report, a summary of its activities in the discharge of its functions and duties for the financial year.

The committee may report to the stock exchange of a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

Activities of the Audit Committee during the year encompassed the following:

- review audit strategy and plan with external auditors
- review annual audited financial statements and principal matters arising from audit with external auditors
- review quarterly financial results prior to submission to the Board for consideration
- review internal audit reports

SUMMARY OF INTERNAL AUDIT ACTIVITIES

The Chief Internal Auditor reports directly to the Audit Committee.

Activities of internal auditors during the year encompassed the following:

- formulated and agreed with the Committee on the audit plan, strategy and scope of work
- reviewed compliance with policies, procedures and relevant rules and regulations
- review and ascertain adequacy of controls associated with new and used vehicle sales, after sales operations and other key head office functions
- report of audit findings and made recommendations to improve the effectiveness and efficiency of internal control system at the various business units.

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2006

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2006.

Principal activities

The Company is principally engaged in investment holding and the provision of management services to companies in the Group, whilst the principal activities of the subsidiaries are as stated in Note 28 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year	61,085	79,177

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

Since the end of the previous financial year, the Company paid:

(i) a final dividend of 10% less tax at 28% totalling RM24,106,000 in respect of the year ended 31 December 2005 on 23 June 2006; and

(ii) an interim dividend of 5% tax exempt totalling RM16,727,000 in respect of the year ended 31 December 2006 on 28 September 2006.

The final dividend recommended by the Directors in respect of the year ended 31 December 2006 is 5% less tax at 27% totalling RM12,201,000.

Directors of the Company

Directors who served since the date of the last report are:

Dato' Tan Heng Chew
Tan Eng Soon
Azman bin Badrillah
Dato' Ng Mann Cheong
Dato' Haji Kamaruddin @ Abas bin Nordin
Seow Thiam Fatt
Ahmad bin Abdullah (Resigned on 08.06.2006)

Directors' interests

The holdings and deemed holdings in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2006	Bought	Sold	At 31.12.2006
Shareholdings in which Directors have direct interest				
Dato' Tan Heng Chew	13,164,462	507,900	-	13,672,362
Tan Eng Soon	2,956,000	-	-	2,956,000
Azman bin Badrillah	20,000	-	-	20,000
Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	-	-	2,992
Seow Thiam Fatt	-	10,000	-	10,000
Shareholdings in which Directors have deemed interest				
Dato' Tan Heng Chew	304,868,862	4,763,400	-	309,632,262
Tan Eng Soon	304,868,862	4,763,400	-	309,632,262

By virtue of their interests in the shares of the Company, Dato' Tan Heng Chew and Tan Eng Soon are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Tan Chong Motor Holdings Berhad has an interest. Details of their deemed shareholdings in non-wholly owned subsidiaries are shown as below:

	At 1.1.2006	Bought	Sold	At 31.12.2006
Ordinary shares of RM1.00 each:				
Tan Chong Motor Assemblies Sdn. Bhd.	700,000	-	-	700,000
TC Capital Premium Sdn. Bhd. (formerly known as Sim Peng & Bro Sdn. Bhd.)	-	175,002	-	175,002

The remaining Director holding office at 31 December 2006 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Group, the Company and of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the related party transactions as disclosed in Note 26 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares

There were no changes in the issued and paid-up capital of the Company during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the year.

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate allowance made for doubtful debts, and

(ii) all current assets have been stated at the lower of cost and net realisable value.

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

(i) that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or

(ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or

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

(iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2006 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

Details of the subsequent event are disclosed in Note 30 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Seow Thiam Fatt
Director

Azman bin Badrillah
Director

Kuala Lumpur,
6 April 2007

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

In the opinion of the Directors, the financial statements set out on pages 31 to 83, except for pages 33 and 35 which are expressed in USD, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2006 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

Seow Thiam Fatt
Director

Azman bin Badrillah
Director

Kuala Lumpur,
6 April 2007

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Loh Chun Ying**, the officer primarily responsible for the financial management of Tan Chong Motor Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 31 to 83, except for pages 33 and 35 which are expressed in USD, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 6 April 2007

Before me:

Mohd Radzi bin Yasin
No.W327
Commissioner for Oaths
(Pesuruhjaya Sumpah)
Kuala Lumpur

REPORT OF THE AUDITORS

TO MEMBERS OF TAN CHONG MOTOR HOLDINGS BERHAD

We have audited the financial statements set out on pages 31 to 83, except for pages 33 and 35 which are expressed in USD. The preparation of the financial statements is the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:

  (i) the state of affairs of the Group and of the Company at 31 December 2006 and the results of their operations and cash flows for the year ended on that date; and

  (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and

(b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 28 to the financial statements and we have considered their financial statements and the auditors' reports thereon.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

KPMG
Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai
Partner
Approval Number: 1745/12/07(J)

Kuala Lumpur,
6 April 2007

BALANCE SHEETS
AS AT 31 DECEMBER 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000 Restated
Assets					
Property, plant and equipment	3	**449,532**	315,212	**2,725**	2,227
Investment properties	4	**10,913**	11,024	**-**	-
Investment in subsidiaries	5	**-**	-	**223,945**	222,927
Investment in associates	6	**17,100**	15,853	**12,246**	12,246
Other investments	7	**5,806**	5,806	**-**	-
Development costs	8	**3,545**	4,727	**-**	-
Deferred tax assets	9	**9,042**	9,110	**2,084**	3,130
Hire purchase receivables	10	**157,281**	195,183	**-**	-
Other receivables	11	**-**	-	**19,460**	28,613
Total non-current assets		**653,219**	556,915	**260,460**	269,143
Other investments	7	**185,746**	56,842	**-**	-
Hire purchase receivables	10	**70,178**	75,630	**-**	-
Trade and other receivables	11	**245,110**	479,714	**99,233**	57,591
Tax recoverable		**21,638**	6,169	**3,606**	-
Inventories	12	**621,538**	747,607	**-**	-
Cash and cash equivalents	13	**133,187**	241,926	**1,491**	1,418
Total current assets		**1,277,397**	1,607,888	**104,330**	59,009
TOTAL ASSETS		**1,930,616**	2,164,803	**364,790**	328,152

BALANCE SHEETS
AS AT 31 DECEMBER 2006

	Note	Group 2006 RM'000	Group 2005 RM'000 Restated	Company 2006 RM'000	Company 2005 RM'000 Restated
Equity					
Share capital	14	**336,000**	336,000	**336,000**	336,000
Reserves	14	**831,460**	812,325	**11,120**	(27,224)
Treasury shares	14	**(4,090)**	(2,133)	**(4,090)**	(2,133)
Total equity attributable to shareholders of the Company		**1,163,370**	1,146,192	**343,030**	306,643
Minority interest		**18,995**	18,567	**-**	-
TOTAL EQUITY		**1,182,365**	1,164,759	**343,030**	306,643
Liabilities					
Deferred tax liabilities	9	**18,730**	14,793	**-**	-
Trade and other payables	15	**-**	-	**4,873**	4,920
Borrowings	16	**340,667**	302,477	**-**	-
Employee benefits	17	**17,604**	17,920	**7,347**	8,328
Total non-current liabilities		**377,001**	335,190	**12,220**	13,248
Trade and other payables	15	**149,613**	189,677	**9,540**	8,261
Borrowings	16	**220,541**	472,733	**-**	-
Taxation		**1,096**	2,444	**-**	-
Total current liabilities		**371,250**	664,854	**9,540**	8,261
TOTAL LIABILITIES		**748,251**	1,000,044	**21,760**	21,509
TOTAL EQUITY AND LIABILITIES		**1,930,616**	2,164,803	**364,790**	328,152

The notes on pages 40 to 83 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2006

(In USD equivalent)	2006 USD'000	2005 USD'000 Reatated
Assets		
Property, plant and equipment	**127,256**	83,834
Investments properties	**3,089**	2,932
Investments in associates	**4,841**	4,216
Other investments	**1,644**	1,544
Development costs	**1,004**	1,257
Deferred tax assets	**2,560**	2,423
Hire purchase receivables	**44,523**	51,910
Total non-current assets	**184,917**	148,116
Other investments	**52,582**	15,118
Hire purchase receivables	**19,867**	20,114
Trade and other receivables	**69,388**	129,224
Tax recoverable	**6,125**	-
Inventories	**175,948**	198,832
Cash and cash equivalents	**37,703**	64,342
Total current assets	**361,613**	427,630
TOTAL ASSETS	**546,530**	575,746
Equity		
Share capital	**95,117**	89,362
Reserves	**235,374**	216,044
Treasury shares	**(1,158)**	(567)
Total equity attributable to shareholders of the Company	**329,333**	304,839
Minority interest	**5,378**	4,938
TOTAL EQUITY	**334,711**	309,777
Liabilities		
Deferred tax liabilities	**5,302**	3,934
Borrowings	**96,439**	80,446
Employee benefits	**4,983**	4,766
Total non-current liabilities	**106,724**	89,146
Trade and other payables	**42,353**	50,446
Borrowings	**62,432**	125,727
Taxation	**310**	650
Total curent liabilities	**105,095**	176,823
TOTAL LIABILITIES	**211,819**	265,969
TOTAL EQUITY AND LIABILITIES	**546,530**	575,746

The information presented on this page does not form part of the audited financial statements of the Group.

Figures are converted into USD equivalent using the exchange rate of RM3.5325 = USD1.00 (2005 - RM3.76 = USD1.00), being the exchange rate ruling at the balance sheet date.

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Group		Company	
		2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000 Restated
Revenue	18	**2,109,039**	2,949,253	**121,352**	49,413
Cost of sales		**(1,751,031)**	(2,481,433)	**-**	-
Gross profit		**358,008**	467,820	**121,352**	49,413
Other income		**21,112**	29,497	**19**	107
Distribution expenses		**(163,542)**	(181,548)	**-**	-
Administrative expenses		**(96,488)**	(86,579)	**(14,703)**	(12,592)
Other expenses		**(19,456)**	(21,411)	**(75)**	(9)
Results from operating activities		**99,634**	207,779	**106,593**	36,919
Interest income		**5,843**	4,264	**1,973**	1,790
Finance costs		**(20,768)**	(29,630)	**(289)**	(377)
Operating profit	19	**84,709**	182,413	**108,277**	38,332
Share of profit after tax and minority interest of equity accounted associates		**1,247**	691	**-**	-
Profit before tax		**85,956**	183,104	**108,277**	38,332
Tax expense	20	**(24,871)**	(49,536)	**(29,100)**	(2,160)
Profit for the year		**61,085**	133,568	**79,177**	36,172
Attributable to:					
Shareholders of the Company		**59,968**	130,926	**79,177**	36,172
Minority interest		**1,117**	2,642	**-**	-
Profit for the year		**61,085**	133,568	**79,177**	36,172
Basic earnings per ordinary share (sen)	21	**9.0**	19.5		
Dividends per ordinary share (sen) (net)	22	**4.3**	6.1	**4.3**	6.1

The notes on pages 40 to 83 are an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

(In USD equivalent)	**2006 USD'000**	**2005 USD'000 Restated**
Revenue	**597,039**	784,376
Cost of sales	**(495,692)**	(659,956)
Gross profit	**101,347**	124,420
Other income	**5,977**	7,845
Distribution expenses	**(46,296)**	(48,284)
Administrative expenses	**(27,315)**	(23,026)
Other expenses	**(5,508)**	(5,695)
Results from operating activities	**28,205**	55,260
Interest income	**1,654**	1,134
Financing costs	**(5,879)**	(7,880)
Operating profit	**23,980**	48,514
Share of profit after tax and minority interest of equity accounted associates	**353**	184
Profit before tax	**24,333**	48,698
Tax expense	**(7,041)**	(13,174)
Profit for the year	**17,292**	35,524
Attributable to :		
Shareholders of the Company	**16,976**	34,821
Minority interest	**316**	703
	17,292	35,524
Basic earnings per ordinary share (US cents)	**2.5**	5.2
Dividends per ordinary share (US cents)	**1.2**	1.6

The information presented on this page does not form part of the audited financial statements of the Group.

Figures are converted into USD equivalent using the exchange rate of RM3.5325 = USD1.00 (2005 - RM3.76 = USD1.00), being the exchange rate ruling at the balance sheet date.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

		Attributable to equity holders of the Company							
		Non-distributable			Distributable				
Group	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Surplus on revaluation of properties RM'000**	**Capitalisation of retained profits RM'000**	**Retained profits RM'000**	**Sub-total RM'000**	**Minority interest RM'000**	**Total equity RM'000**
At 1 January 2005		336,000	(2,133)	23	100	722,144	1,056,134	16,681	1,072,815
Profit for the year		-	-	-	-	130,926	130,926	2,642	133,568
Dividends									
- 2004 final	22	-	-	-	-	(24,119)	(24,119)	-	(24,119)
- 2005 interim	22	-	-	-	-	(16,749)	(16,749)	(756)	(17,505)
At 31 December 2005		336,000	(2,133)	23	100	812,202	1,146,192	18,567	1,164,759
At 1 January 2006		336,000	(2,133)	23	100	812,202	1,146,192	18,567	1,164,759
Purchase of treasury shares		-	(1,957)	-	-	-	(1,957)	-	(1,957)
Acquisition of subsidiary		-	-	-	-	-	-	75	75
Additional shares subscribed by minority shareholders		-	-	-	-	-	-	100	100
Profit for the year		-	-	-	-	59,968	59,968	1,117	61,085
Dividends									
- 2005 final	22	-	-	-	-	(24,106)	(24,106)	-	(24,106)
- 2006 interim	22	-	-	-	-	(16,727)	(16,727)	(864)	(17,591)
At 31 December 2006		336,000	(4,090)	23	100	831,337	1,163,370	18,995	1,182,365
		Note 14	Note 14						

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2006

Company	Note	Share capital RM'000	Treasury shares RM'000	Distributable (Accumulated loss)/ Retained profits RM'000	Total equity RM'000
At 1 January 2005					
As previously reported		336,000	(2,133)	82,272	416,139
Adjusted retrospectively					
- Effect of adopting FRS 127	31	-	-	(104,800)	(104,800)
At 1 January 2005, as restated		336,000	(2,133)	(22,528)	311,339
Profit for the year		-	-	36,172	36,172
Dividends					
- 2004 final	22	-	-	(24,119)	(24,119)
- 2005 interim	22	-	-	(16,749)	(16,749)
At 31 December 2005		336,000	(2,133)	(27,224)	306,643
At 1 January 2006					
As previously reported		336,000	(2,133)	77,576	411,443
Adjusted retrospectively					
- Effect of adopting FRS 127	31	-	-	(104,800)	(104,800)
At 1 January 2006, as restated		336,000	(2,133)	(27,224)	306,643
Purchase of treasury shares		-	(1,957)	-	(1,957)
Profit for the year		-	-	79,177	79,177
Dividends					
- 2005 final	22	-	-	(24,106)	(24,106)
- 2006 interim	22	-	-	(16,727)	(16,727)
At 31 December 2006		336,000	(4,090)	11,120	343,030
		Note 14	Note 14		

The notes on pages 40 to 83 are an integral part of these financial statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	Group		Company	
	2006	**2005**	**2006**	**2005**
	RM'000	**RM'000**	**RM'000**	**RM'000**
		Restated		**Restated**
Cash flows from operating activities				
Profit before tax	**85,956**	183,104	**108,277**	38,332
Adjustments for:				
Amortisation of development cost	**1,182**	1,182	**-**	-
Depreciation of property, plant and equipment	**27,629**	24,319	**632**	562
Amortisation of investment property	**111**	98	**-**	-
Dividend income	**(2,496)**	(5,652)	**(118,655)**	(46,776)
(Gain)/loss on disposal of property, plant and equipment	**(1,129)**	(1,238)	**21**	(40)
Goodwill written off	**-**	2,911	**-**	-
Interest expense	**20,768**	29,630	**289**	377
Interest income	**(5,843)**	(4,264)	**(1,973)**	(1,790)
Loss/(gain) on disposal of other investments	**1,715**	(5,734)	**-**	-
Loss on dilution of investment in associate	**-**	138	**-**	-
Loss on disposal of hire purchase receivables	**-**	3,768	**-**	-
Property, plant and equipment written off	**35**	17	**-**	-
Retirement benefits charged	**1,357**	1,314	**106**	96
Reversal of impairment loss on investment in subsidiaries	**-**	-	**(19)**	(67)
Share of profit of associates	**(1,247)**	(691)	**-**	-
Operating profit/(loss) before working capital changes	**128,038**	228,902	**(11,322)**	(9,306)
Decrease/(Increase) in working capital:				
Inventories	**126,069**	(75,383)	**-**	-
Hire purchase receivables	**43,354**	(35,654)	**-**	-
Trade and other receivables	**234,604**	(273,188)	**8,358**	6,867
Trade and other payables	**(40,163)**	(45,278)	**1,279**	206
Cash generated from/(used in) operations	**491,902**	(200,601)	**(1,685)**	(2,233)
Tax paid	**(37,569)**	(63,375)	**-**	-
Tax refund	**20**	2,244	**-**	2,168
Interest paid	**(20,768)**	(29,630)	**(289)**	(377)
Interest received	**5,843**	4,264	**1,973**	1,790
Employee benefits paid	**(1,673)**	(355)	**(1,087)**	(57)
Employee benefits transferred	**-**	-	**-**	7
Net cash generated from/(used in) operating activities	**437,755**	(287,453)	**(1,088)**	1,298

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2006

	Group		Company	
	2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000 Restated
Cash flows from investing activities				
(Advances to)/Repayment from subsidiaries	**-**	-	**(40,894)**	11,298
Acquisition of shares in associate company	**-**	(7,491)	**-**	(7,491)
Acquisition of subsidiary, net of cash acquired (Note 29)	**174**	(7,600)	**-**	-
Subscription to subsidiaries share capital	**-**	-	**(999)**	(1,000)
Subscription of additional shares by minority shareholders	**100**	-	**-**	-
Dividends received from other investments	**2,362**	5,652	**-**	-
Dividends received from subsidiaries	**-**	-	**86,995**	38,998
Proceeds from disposal of property, plant and equipment	**4,389**	6,378	**135**	142
Proceeds from disposal of other investments	**472,796**	190,267	**-**	-
Proceeds from disposal of hire purchase receivables	**-**	160,459	**-**	-
Purchase of property, plant and equipment	**(155,908)**	(72,116)	**(1,286)**	(1,399)
Purchase of other investments	**(603,415)**	(61,424)	**-**	-
Interest paid capitalised in property, plant and equipment	**(11,307)**	(259)	**-**	-
Interest received capitalised in property, plant and equipments	**1,971**	-	**-**	-
Net cash (used in)/from investing activities	**(288,838)**	213,866	**43,951**	40,548
Cash flows from financing activities				
Dividends paid to shareholders of the Company	**(40,833)**	(40,868)	**(40,833)**	(40,868)
Dividend paid to minority shareholders	**(864)**	(756)	**-**	-
Purchase of own shares	**(1,957)**	-	**(1,957)**	-
Proceeds from bills payable	**271,191**	773,830	**-**	-
Repayment of bills payable	**(559,998)**	(575,672)	**-**	-
Proceeds from term loans	**140,000**	110,000	**-**	-
Repayment of term loans	**(32,850)**	(25,500)	**-**	-
Repayment of Cagamas Berhad	**(32,345)**	(23,596)	**-**	-
Net cash (used in)/from financing activities	**(257,656)**	217,438	**(42,790)**	(40,868)
Net (decrease)/increase in cash and cash equivalents	**(108,739)**	143,851	**73**	978
Cash and cash equivalents at beginning of year	**241,926**	98,075	**1,418**	440
Cash and cash equivalents at end of year	**133,187**	241,926	**1,491**	1,418

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cash and bank balances	**46,644**	60,900	**1,491**	1,418
Deposits	**86,543**	181,026	**-**	-
	133,187	241,926	**1,491**	1,418

The notes on pages 40 to 83 are an integral part of these financial statements.

Tan Chong Motor Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follow:

Registered office/Principal place of business
62-68 Jalan Ipoh
51200 Kuala Lumpur

The consolidated financial statements as at and for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates.

The Company is principally engaged in investment holding and the provision of management services to companies in the Group, whilst the principal activities of the subsidiaries are as stated in Note 28 to the financial statements.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The MASB has issued a number of new and revised Financial Reporting Standards (FRSs) or Interpretations that are effective for accounting periods beginning on or after 1 January 2006. The MASB has also issued FRS 117, *Leases* and FRS 124, *Related Party Disclosures* which are effective for annual periods commencing on or after 1 October 2006 and Amendment to FRS 119_{2004}, *Employee Benefits: Actuarial Gains and Losses, Group Plans and Disclosures* which is effective for annual periods beginning on or after 1 January 2007. The MASB has also issued FRS 139, *Financial Instruments: Recognition and Measurement* but for which the MASB has yet to announce the effective date of this standard.

The Group has not early adopted FRS 117, FRS 124, and the Amendment to FRS 119_{2004} and by virtue of the exemptions provided specifically in these respective standards, the impact of applying these standards on these financial statements upon first adoption of these standards as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed.

The Company has also not adopted FRS 139 and by virtue of the exemption in paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 is not disclosed.

The effect of adopting the new/revised FRSs in 2006 is set out in Note 31.

The financial statements were approved by the Board of Directors on 6 April 2007.

1. Basis of preparation (cont'd)

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Group and Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 9 – recognition of unutilised tax losses and capital allowances
- Note 17 – estimation of employee benefits

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see Note 32).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost/valuation less impairment losses, unless the investment is classified as held for sale. The valuation was determined by the Directors based on the values of the underlying net tangible assets, after the revaluation of the properties of the subsidiaries, and was carried out primarily for the purpose as explained in Note 2(d).

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Special purpose entity

The Group has established a special purpose entity (SPE) for undertaking asset-backed securitisation. The Group does not have any direct or indirect shareholding in this entity. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPE controlled by the Group was established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Group receiving majority of the benefits related to the SPE's operations and net assets.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iii) Associates

Associates are entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Changes in Group composition

When a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interest in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When the Group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(v) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

On disposal, accumulated translation differences are recognised in the consolidated income statement as part of the gain or loss on sale.

2. Significant accounting policies (cont'd)

(b) Foreign currency (cont'd)

(iii) Net investment in foreign operations

Exchange differences arising from related company payable or receivable that in substance form part of the Company's net investment in the foreign operation and for which settlement of the related company payable or receivable is neither planned nor likely in the foreseeable future are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are released to the income statement upon disposal of the investmentt.

(c) Derivative financial instruments

The Group holds derivative financial instruments, namely forward foreign exchange contracts and options, to hedge its exposure to foreign exchange risks arising from operational activities.

Derivative financial instruments used for hedging purposes are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation and impairment losses.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1984 was carried out primarily for the purpose of issuing bonus shares then in the Company and was not intended to effect a change in the accounting policy to one of revaluation of properties. No later valuation has been recorded for these property, plant and equipment.

The Group has availed itself of the transitional provision issued by the MASB on the first adoption of International Accounting Standard (IAS) No.16 on "Property, Plant and Equipment" in 1998. The valuations of these properties have therefore not been updated and they continue to be stated at their existing carrying amounts less accumulated depreciation.

The Directors are of the opinion that the current market values of the revalued properties are no less than their book values as at 31 December 2006.

Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. Significant accounting policies (cont'd)

(d) Property, plant and equipment (cont'd)

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is reclassified as investment property.

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property.

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iv) Depreciation

Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Leasehold land is amortised in equal instalments over the period of the respective leases which range from 34 to 999 years while buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period. The straight-line method is used to write off the depreciable amount of the other assets over the estimated useful lives of each part of an item of property, plant and equipment except for one of the subsidiaries where its plant, machinery and equipment are depreciated over the shorter of the model useful life or sales volume generated.

The estimated useful lives for the current and comparative periods are as follows:

Plant, machinery and equipment	4-10 years
Furniture, fixtures, fittings and office equipment	5-10 years
Motor vehicles	5 years
Renovation	5-8 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(e) Intangible assets

(i) Goodwill

Goodwill/(negative goodwill) arises on the acquisition of subsidiaries, and associates.

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the income statement.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

2. Significant accounting policies (cont'd)

(e) Intangible assets (cont'd)

(ii) Development cost and amortisation

Amount incurred to develop a Completely-Knock-Down (CKD) model for local production and assembly is capitalised as development costs and is amortised upon commencement of commercial production, over the expected economical life span of the model of five years. Capitalised development cost is stated at cost less accumulated amortisation and impairment losses.

(f) Other Investments

Long term investments in unquoted shares and assets-backed notes are stated at cost less allowance for diminution in value. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Current investment in quoted unit trusts is stated at the lower of cost and market value, determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the entity, and

(b) the derecognition on an asset and recognition of any gain or loss on disposal on the date it is delivered.

(g) Investment property

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 2(d). Certain investment properties are stated at their 1984 valuation less depreciation as the Group has availed itself of the transitional provision issued by the MASB on the first adoption of IAS No.16 on "Property, Plant and Equipment" in 1998. Accordingly, these valuations have not been updated.

In the previous years, all investment properties were included in property, plant and equipment. Following the adoption of FRS 140, *Investment Property,* these investment properties are now classified separately. Transfers between investment property and property, plant and equipment do not change the carrying amount and the cost of the property transferred.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of 50 years or the lease period of the land for buildings, whichever is shorter. Freehold land is not depreciated.

2. Significant accounting policies (cont'd)

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost of work-in-progress, manufactured inventories and locally assembled motor vehicles consist of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

Cost of locally assembled motor vehicles, work-in-progress in respect of motor vehicles under assembly and unassembled vehicle packs are determined at standard cost adjusted for variances which approximates actual cost on a specific identification basis.

Cost of other raw materials, work-in-progress, manufactured inventories and trading inventories are determined mainly on the first in first out basis whilst spare parts are determined mainly on the weighted average basis.

(i) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value.

(k) Impairment of assets

The carrying amounts of assets, except for inventories, deferred tax assets and investments (other than investment in subsidiaries and associates) are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. Significant accounting policies (cont'd)

(k) Impairment of assets (cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(l) Share capital

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

(m) Borrowings

Borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

(n) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's contribution to the Employees Provident Fund (EPF) is charged to the income statements in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

(iii) Defined benefit plans

The Group and Company's net obligation in respect of their defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds. The calculation is performed by an actuary using the projected unit credit method.

Other than the legal obligation under the formal terms of their defined benefit plan, the Group and the Company also account for the constructive obligation that arises from their past practices. The constructive obligation is recognised as a liability and expense and is also calculated by an actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

2. Significant accounting policies (cont'd)

(n) Employee benefits (cont'd)

(iii) Defined benefit plans (cont'd)

In calculating the Group's and Company's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Group and Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Warranties

A provision for warranty is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Contingent liabilities

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

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(q) Revenue

(i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

2. Significant accounting policies (cont'd)

(q) Revenue (cont'd)

(ii) Services

Revenue from services rendered is recognised in the income statement as and when the services are performed.

(iii) Hire purchase revenue

Hire purchase revenue is recognised in the income statement based on a pattern reflecting a constant periodic rate of return on the net investment outstanding at the end of each accounting period.

(iv) Dividend income

Dividend income is recognised when the right to receive payment is established.

(v) Money-changing income

Net income derived from the trading of various foreign currencies is recognised when transacted.

(r) Interest income and borrowing costs

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

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

(s) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

2. Significant accounting policies (cont'd)

(t) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(u) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Under construction RM'000	Total RM'000
Cost/valuation										
At 1 January 2005	89,481	80,386	5,612	105,376	82,558	46,776	36,160	5,344	13,997	465,690
Effect of adopting FRS 140	(7,243)	-	-	(5,877)	-	-	-	-	-	(13,120)
Restated balance	82,238	80,386	5,612	99,499	82,558	46,776	36,160	5,344	13,997	452,570
Acquisition through business combination	-	5,569	-	-	-	-	-	-	-	5,569
Other additions	1,258	1,781	-	4,848	5,599	8,019	20,041	7,021	23,808	72,375
Disposals	-	-	-	-	-	(295)	(9,438)	-	-	(9,733)
Reclassification	-	-	-	792	8,522	1,655	1,000	-	(11,969)	-
Write off	-	-	-	-	(17)	(526)	-	-	-	(543)
At 31 December 2005/ 1 January 2006 - restated	83,496	87,736	5,612	105,139	96,662	55,629	47,763	12,365	25,836	520,238
Additions	9,728	1,191	-	15,483	9,312	5,584	13,924	2,437	107,585	165,244
Disposals	-	-	-	-	(8)	(346)	(7,644)	(44)	-	(8,042)
Reclassification	-	-	-	4,400	2,649	671	140	808	(8,668)	-
Write off	-	-	-	-	(979)	(92)	(29)	-	-	(1,100)
At 31 December 2006	93,224	88,927	5,612	125,022	107,636	61,446	54,154	15,566	124,753	676,340

3. Property, plant and equipment (cont'd)

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Under construction RM'000	Total RM'000
Accumulated depreciation										
At 1 January 2005	-	16,727	2,096	51,324	68,014	34,436	14,375	852	-	187,824
Effect of adopting FRS 140	-	-	-	(1,998)	-	-	-	-	-	(1,998)
Restated balance	-	16,727	2,096	49,326	68,014	34,436	14,375	852	-	185,826
Depreciation for the year	-	889	143	3,306	5,119	5,272	7,665	1,925	-	24,319
Disposal	-	-	-	-	-	(120)	(4,473)	-	-	(4,593)
Write off	-	-	-	-	(16)	(510)	-	-	-	(526)
At 31 December 2005/ 1 January 2006 - restated	-	17,616	2,239	52,632	73,117	39,078	17,567	2,777	-	205,026
Depreciation for the year	-	971	143	3,425	4,886	5,286	10,583	2,335	-	27,629
Disposals	-	-	-	-	(8)	(297)	(4,463)	(14)	-	(4,782)
Reclassification	-	-	-	(265)	-	(14)	14	265	-	-
Write off	-	-	-	-	(953)	(83)	(29)	-	-	(1,065)
At 31 December 2006	-	18,587	2,382	55,792	77,042	43,970	23,672	5,363	-	226,808
Carrying amount										
At 1 January 2005	89,481	63,659	3,516	54,052	14,544	12,340	21,785	4,492	13,997	277,866
Effect of adopting FRS 140	(7,243)	-	-	(3,879)	-	-	-	-	-	(11,122)
Restated balance	82,238	63,659	3,516	50,173	14,544	12,340	21,785	4,492	13,997	266,744
At 31 December 2005/ 1 January 2006 - restated	83,496	70,120	3,373	52,507	23,545	16,551	30,196	9,588	25,836	315,212
At 31 December 2006	93,224	70,340	3,230	69,230	30,594	17,476	30,482	10,203	124,753	449,532

3. Property, plant and equipment (cont'd)

Company	**Buildings RM'000**	**Furniture, fixtures, fittings and office equipment RM'000**	**Motor vehicles RM'000**	**Total RM'000**
Cost				
At 1 January 2005	690	375	1,446	2,511
Additions	-	94	1,305	1,399
Disposals	-	-	(285)	(285)
At 31 December 2005/ 1 January 2006	690	469	2,466	3,625
Additions	-	104	1,182	1,286
Disposals	-	-	(532)	(532)
At 31 December 2006	690	573	3,116	4,379
Accumulated depreciation				
At 1 January 2005	152	309	558	1,019
Depreciation for the year	14	41	507	562
Disposals	-	-	(183)	(183)
At 31 December 2005/ 1 January 2006	166	350	882	1,398
Depreciation for the year	14	50	568	632
Disposals	-	-	(376)	(376)
At 31 December 2006	180	400	1,074	1,654
Carrying amount				
At 1 January 2005	538	66	888	1,492
At 31 December 2005/ 1 January 2006	524	119	1,584	2,227
At 31 December 2006	510	173	2,042	2,725

Revaluation

The carrying amounts of the revalued freehold land and buildings had they been stated under the cost model were not disclosed due to the absence of complete historical records as allowed under the transitional provision when the MASB first issued FRS 116_{2004}, *Property, Plant and Equipment* in 2000.

Titles

The titles to certain properties with a cost of RM4,371,000 (2005 – RM4,846,000) have yet to be issued by the relevant authorities.

Borrowing costs

Included in property, plant and equipment under construction of the Group is net interest capitalised at average rate of 6.25% (2005 - 6.50%) per annum for the year of RM9,336,000 (2005 - RM259,000).

4. Investment properties

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost/valuation			
At 1 January 2005	-	-	-
Effect of adopting FRS 140	7,243	5,877	13,120
At 1 January 2005/Restated balance/ 31 December 2005/31 December 2006	7,243	5,877	13,120
Accumulated depreciation			
At 1 January 2005	-	-	-
Effect of adopting FRS 140	-	1,998	1,998
Restated balance	-	1,998	1,998
Depreciation for the year	-	98	98
At 31 December 2005/1 January 2006 - restated	-	2,096	2,096
Depreciation for the year	-	111	111
At 31 December 2006	-	2,207	2,207
Carrying amount			
At 1 January 2005	-	-	-
Effect of adopting FRS 140	7,243	3,879	11,122
Restated balance	7,243	3,879	11,122
At 31 December 2005/1 January 2006 - restated	7,243	3,781	11,024
At 31 December 2006	7,243	3,670	10,913

The Directors' valuation on the fair value of investment properties based on available valuation reports prepared by an independent valuer is RM16,568,000 (2005 - RM16,568,000).

5. Investment in subsidiaries

	Company	
	2006 RM'000	**2005 RM'000 Restated**
Unquoted shares in Malaysia, at cost	**226,764**	225,765
Less: Impairment loss	**(2,819)**	(2,838)
	223,945	222,927

Details of the subsidiaries are in Note 28.

6. Investment in associates

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Unquoted shares, at cost:				
In Malaysia	**1,750**	1,750	**-**	-
Outside Malaysia	**12,246**	12,246	**12,246**	12,246
Share of post-acquisition reserve	**3,104**	1,857	**-**	-
	17,100	15,853	**12,246**	12,246

Summary financial information on associates:

Group

	Country of incorporation	Effective ownership interest 2006 %	Effective ownership interest 2005 %	2006 Revenues (100%) RM'000	2006 Profit (100%) RM'000	2006 Total assets (100%) RM'000	2006 Total liabilities (100%) RM'000	2005 Revenues (100%) RM'000	2005 Profit (100%) RM'000	2005 Total assets (100%) RM'000	2005 Total liabilities (100%) RM'000
Kanzen Energy Ventures Sdn. Bhd.	Malaysia	**25**	25	**1,461**	**1,471**	**11,290**	**632**	213	182	9,194	6
Structurflex Sdn. Bhd.	Malaysia	**50**	50	**2,590**	**97**	**2,749**	**653**	3,324	350	2,424	424
TC Capital (Thailand) Co. Ltd	Thailand	**45.45**	45.45	**2,502**	**1,830**	**35,321**	**5,018**	1,570	924	29,586	4,006

Company

	Country of incorporation	Effective ownership interest 2006 %	Effective ownership interest 2005 %	2006 Revenues (100%) RM'000	2006 Profit (100%) RM'000	2006 Total assets (100%) RM'000	2006 Total liabilities (100%) RM'000	2005 Revenues (100%) RM'000	2005 Profit (100%) RM'000	2005 Total assets (100%) RM'000	2005 Total liabilities (100%) RM'000
TC Capital (Thailand) Co. Ltd	Thailand	**45.45**	45.45	**2,502**	**1,830**	**35,321**	**5,018**	1,570	924	29,586	4,006

7. Other investments

	Group 2006 RM'000	Group 2005 RM'000
Non-current		
At cost:		
Unquoted shares	**1,806**	1,806
Asset-backed notes	**4,000**	4,000
	5,806	5,806
Current		
At cost:		
Quoted unit trusts	**185,746**	56,842
At market value:		
Quoted unit trusts	**185,746**	57,747

	Group 2006 RM'000	Group 2005 RM'000
Details of disposed investments stated at cost are as follows:		
Proceeds from disposal	**472,796**	190,267
Carrying amount of investments disposed	**474,511**	184,533
(Loss)/Gain on disposal of investments	**(1,715)**	5,734

The asset-backed notes comprise Class B Notes and Class C Notes of RM2,000,000 each which were issued by an SPE established for the Group's securitisation exercise in 2005.

8. Development costs

	Group 2006 RM'000	Group 2005 RM'000
Cost		
At 1 January/31 December	**5,909**	5,909
Amortisation		
At 1 January	**1,182**	-
Amortisation for the year	**1,182**	1,182
At 31 December	**2,364**	1,182
Carrying amount at 31 December	**3,545**	4,727

9. Deferred tax assets and liabilities

The amounts, determined after appropriate offsetting, are as follows:

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Deferred tax assets, net	**9,042**	9,110	**2,084**	3,130
Deferred tax liabilities, net	**(18,730)**	(14,793)	**-**	-

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes related to the same taxation authority.

The recognised deferred tax assets and liabilities (before offsetting) and movement in temporary differences during the year as follows.

	At 1.1.2005 RM'000	**Acquired through business combination RM'000**	**Recognised in income statement RM'000**	**At 31.12.2005 RM'000**	**Recognised in income statement RM'000**	**At 31.12.2006 RM'000**
Group						
Property, plant and equipment/ Investment properties						
- capital allowances	(1,905)	-	(2,020)	(3,925)	(4,637)	**(8,562)**
- revaluation	(9,989)	(873)	292	(10,570)	407	**(10,163)**
Provisions	10,743	-	(2,665)	8,078	222	**8,300**
Other items	(106)	-	394	288	294	**582**
Unabsorbed capital allowances	333	-	113	446	(382)	**64**
Unutilised tax losses	63	-	(63)	-	91	**91**
	(861)	(873)	(3,949)	(5,683)	(4,005)	**(9,688)**
Company						
Property, plant and equipment						
- capital allowances	(32)	-	(10)	(42)	1	**(41)**
Provisions	3,120	-	(385)	2,735	(657)	**2,078**
Unabsorbed capital allowances	324	-	113	437	(390)	**47**
	3,412	-	(282)	3,130	(1,046)	**2,084**

9. Deferred tax assets and liabilities (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2006 RM'000	**2005 RM'000**
Property, plant and equipment		
- capital allowances	**(28)**	(115)
Unabsorbed capital allowances	**2,223**	2,523
Unutilised tax losses	**17,763**	16,611
Deductible temporary differences	**2,253**	19
	22,211	19,038

The availability of the unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to no substantial changes in shareholding of those subsidiaries under Section 44(5A) and (5B) of Income Tax Act, 1967. Deferred tax assets have not been recognised in respect of these items because it is not probable that the respective subsidiaries will generate sufficient future taxable profits available against which it can be utilised.

10. Hire purchase receivables

	Group	
	2006 RM'000	**2005 RM'000**
Hire purchase receivables	**259,024**	308,800
Less: Unearned interest	**(27,446)**	(35,488)
	231,578	273,312
Less: Allowance for doubtful debts	**(4,119)**	(2,499)
	227,459	270,813
Less than one year	**70,178**	75,630
Between one and five years	**148,822**	171,459
More than five years	**8,459**	23,724
	227,459	270,813

11. Trade and other receivables

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Non-current					
Subsidiaries (non-trade)	a	**-**	-	**21,733**	30,842
Less: Allowance for doubtful debts		**-**	-	**(2,273)**	(2,229)
		-	-	**19,460**	28,613
Current					
Trade receivables		**184,776**	193,278	**-**	-
Less: Allowance for doubtful debts		**(6,863)**	(6,294)	**-**	-
		177,913	186,984	**-**	-
Other receivables, deposits and prepayments	b	**67,197**	292,730	**483**	510
Subsidiaries (non-trade)	c	**-**	-	**98,750**	57,081
		245,110	479,714	**99,233**	57,591

Note a

The non-current amounts due from subsidiaries are in respect of advances that are unsecured, not receivable within the next twelve months and interest free except for amounts due from certain subsidiaries of RM14,261,000 (2005 - RM24,354,000) which are subject to interest at negotiated rates.

Note b

Included in other receivables, deposits and prepayments of the Group in 2005 were trade prepayments amounting to RM244,502,000 for goods received in the first quarter of 2006.

Note c

The current amounts due from subsidiaries are in respect of advances that are unsecured, with no fixed term of repayments and interest free except for amounts due from certain subsidiaries of RM45,772,000 (2005 – RM36,543,000) which are subject to interest at negotiated rates.

12. Inventories

	Group	
	2006 RM'000	**2005 RM'000**
At cost:		
Raw materials	**23,706**	28,213
Unassembled vehicle packs	**260,606**	342,059
Work-in-progress	**17,752**	19,698
Manufactured inventories and trading inventories	**72,493**	92,256
Used vehicles	**531**	2,601
New vehicles	**174,834**	180,056
Spare parts and others	**53,162**	48,708
	603,084	713,591
At net realisable value:		
Raw materials	**1,113**	1,208
Unassembled vehicle packs	**2,135**	2,512
Manufactured inventories and trading inventories	**1,931**	142
Used vehicles	**11,120**	26,362
New vehicles	**1,817**	3,059
Spare parts and others	**338**	733
	18,454	34,016
	621,538	747,607

In 2006, inventories recognised as cost of sales amounted to RM959,898,000 (2005 - RM1,626,889,000). In 2006, the write-down of inventories to net realisable value amounted to RM1,235,000 (2005 - RM153,000). In 2005, there was a reversal of a write-down of inventories of RM4,505,000 arising from an increase in net realisable value as a result of improving prices for motor vehicles during that year. The write-down and reversal are included in cost of sales.

13. Cash and cash equivalents

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Cash and bank balances	**46,644**	60,900	**1,491**	1,418
Deposits	**86,543**	181,026	**-**	-
	133,187	241,926	**1,491**	1,418
Deposits are placed with:				
Licensed banks	**81,397**	154,931	**-**	-
Discount houses	**-**	21,100	**-**	-
Other corporations	**5,146**	4,995	**-**	-
	86,543	181,026	**-**	-

14. Share capital and reserves

Share capital

	Group and Company			
	Number of shares 2006 '000	Amount 2006 RM'000	Number of shares 2005 '000	Amount 2005 RM'000
Ordinary shares of RM0.50 each				
Authorised	**1,000,000**	**500,000**	1,000,000	500,000
Issued and fully paid	**672,000**	**336,000**	672,000	336,000

Treasury shares

The shareholders of the Company via a resolution passed in the Annual General Meeting held on 18 May 2006 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 1,417,000 (2005 – nil) of its issued shares from the open market at prices ranging from RM1.22 to RM1.53 per ordinary share. The cumulative total number of shares bought back at the end of the year is 3,445,000 (2005 – 2,028,000). The repurchased transactions were financed by internally generated funds.

As at 31 December 2006, the number of outstanding shares in issue after deducting treasury shares held is 668,555,000 (2005 – 669,972,000) ordinary shares of RM0.50 each.

The shares bought back are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares have no rights to vote, dividends and participation in other distribution.

Surplus on revaluation of properties

The surplus relates to the revaluation of property, plant and equipment and investment properties prior to its reclassification from property, plant and equipment.

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits at 31 December 2006 if paid out as dividends.

15. Trade and other payables

	Note	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Non-current					
Subsidiaries (non-trade)	a	**-**	-	**4,873**	4,920
Current					
Trade payables		**74,897**	108,056	**-**	-
Other payables and accrued expenses		**74,716**	81,621	**3,771**	4,842
Subsidiaries (non-trade)	b	**-**	-	**5,769**	3,419
		149,613	189,677	**9,540**	8,261

Note a

The non-current amounts due to subsidiaries are in respect of advances that are unsecured, not repayable within the next twelve months and interest free except for the amounts due to certain subsidiaries of RM4,250,000 (2005 - RM4,632,000) which are subject to interest at negotiated rates.

Note b

The current amounts due to subsidiaries are in respect of advances that are unsecured, repayable on demand and interest free except for the amounts due to certain subsidiaries of RM5,714,000 (2005 – RM2,780,000) which are subject to interest at negotiated rates.

The currency exposure profile of trade payables are as follows:

	Group 2006 RM'000	Group 2005 RM'000
Ringgit Malaysia	**67,589**	95,437
Japanese Yen	**5,241**	6,939
Euro Dollars	**1,492**	5,445
US Dollars	**539**	27
Pounds Sterling	**29**	3
Singapore Dollars	**7**	15
Thai Baht	**-**	190
	74,897	108,056

16. Borrowings

	Note	Group 2006 RM'000	Group 2005 RM'000
Non-current			
Amount due to Cagamas Berhad	a	**7,246**	20,977
Term loans – unsecured		**333,421**	281,500
		340,667	302,477
Current			
Amount due to Cagamas Berhad	a	**14,665**	33,279
Term loans - unsecured		**103,229**	48,000
Bills payable - unsecured		**102,647**	391,454
		220,541	472,733

Note a

The Group, via an intermediary financial institution, sold a portion of its hire purchase receivables to Cagamas Berhad with recourse to the Group. Under this arrangement, the Group undertakes to administer the hire purchase loans on behalf of Cagamas Berhad over a 60 months period and to buy back any loans which are regarded as defective. Amount due to Cagamas Berhad represents the outstanding balance, before financial charges, repayable to Cagamas Berhad and is subject to interest.

17. Employee benefits

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Recognised liability for defined benefit obligations	**17,604**	17,920	**7,347**	8,328

Under the Group's and Company's defined benefit scheme, eligible employees are entitled to retirement benefits of 16.0% to 17.0% of total basic salary earned less the Employees Provident Fund (EPF) contribution for each completed year of service upon the retirement age of 55 as well as retirement benefits of a factor of the last drawn monthly salary for each completed year of service upon the retirement age of 55.

17. Employee benefits (cont'd)

Movements in the net liability recognised in the balance sheets

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Net liability at 1 January	**17,920**	16,961	**8,328**	8,282
Benefits paid	**(1,673)**	(355)	**(1,087)**	(57)
Expense recognised in the income statements	**1,357**	1,314	**106**	96
Benefits transferred	**-**	-	**-**	7
Net liability at 31 December	**17,604**	17,920	**7,347**	8,328

Expense recognised in the income statements

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Current service cost	**692**	694	**53**	49
Interest on obligation	**665**	620	**53**	47
	1,357	1,314	**106**	96

The expense is recognised in the following line items in the income statements

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Cost of sales	**348**	334	**-**	-
Distribution expenses	**-**	12	**-**	-
Administrative expenses	**1,009**	968	**106**	96
	1,357	1,314	**106**	96

Actuarial assumptions

Principal actuarial assumptions used at the balance sheet date (expressed as weighted averages):

	2006 %	**2005 %**
Discount rate	7.0	7.0
Future salary increases	6.5	6.5

18. Revenue

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Sale of goods	**1,975,470**	2,823,855	**-**	-
Services rendered	**117,092**	104,751	**2,697**	2,637
Financial services income	**16,477**	20,647	**-**	-
Dividend income	**-**	-	**118,655**	46,776
	2,109,039	2,949,253	**121,352**	49,413

19. Operating profit

	Group		Company	
	2006 RM'000	**2005 RM'000 Restated**	**2006 RM'000**	**2005 RM'000 Restated**
Operating profit is arrived at after crediting:				
Bad debts recovered	**-**	123	**-**	-
Dividend income from:				
Unquoted subsidiaries	**-**	-	**118,655**	46,776
Other investments	**2,496**	5,652	**-**	-
Finance lease interest income	**62**	114	**-**	-
Gain on disposal of property, plant and equipment	**1,129**	1,238	**-**	40
Net gain on foreign exchange - realised	**944**	722	**-**	-
Gain on disposal of other investments	**-**	5,734	**-**	-
Inventories written back	**149**	-	**-**	-
Reversal of inventories written down	**-**	4,505	**-**	-
Rental income on leased assets	**828**	-	**-**	-
Rental income on land and buildings	**2,473**	2,386	**52**	129
Reversal of allowance for doubtful debts	**-**	8,642	**-**	-
Reversal of impairment loss on investment in subsidiaries	**-**	-	**19**	67

19. Operating profit (cont'd)

	Group		Company	
	2006 RM'000	2005 RM'000 Restated	2006 RM'000	2005 RM'000 Restated
and after charging:				
Auditors' remuneration				
- current year	**293**	285	**35**	35
- over provision in prior year	**(18)**	(1)	**-**	-
Allowance for doubtful debts	**2,402**	-	**44**	-
Amortisation of development cost	**1,182**	1,182	**-**	-
Bad debts written off	**30**	72	**-**	-
Company's Directors				
Remuneration	**8,532**	7,286	**7,641**	5,357
Fees	**198**	258	**198**	258
Depreciation of property, plant and equipment	**27,629**	24,319	**632**	562
Depreciation of investment property	**111**	98	**-**	-
Direct operating expenses of investment properties generated rental income	**252**	306	**-**	-
Goodwill written off	**-**	2,911	**-**	-
Interest expense	**20,768**	29,630	**289**	377
Inventories written down	**1,235**	153	**-**	-
Inventories written off	**129**	2,165	**-**	-
Loss on foreign exchange - unrealised	**979**	-	**-**	-
Loss on disposal of hire purchase receivable	**-**	3,768	**-**	-
Loss on dilution of investment in associate	**-**	138	**-**	-
Loss on disposal of other investment	**1,715**	-	**-**	-
Loss on disposal of property, plant and equipment	**-**	-	**21**	-
Personnel expenses (including key management personnel):				
- Contributions to EPF	**13,526**	12,631	**496**	289
- Expenses related to defined benefit plans	**1,357**	1,314	**106**	96
- Wages, salaries and others	**118,444**	110,353	**6,443**	5,046
Property, plant and equipment written off	**35**	17	**-**	-
Rental expense on land and buildings	**12,255**	10,541	**377**	413
Warranty claim	**61**	101	**-**	-

The estimated monetary value of Directors' benefits-in-kind of the Group and of the Company is RM94,000 (2005 - RM69,000).

20. Tax expense

Recognised in the income statements

	Group		Company	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**
Current tax expense	**23,961**	52,643	**28,054**	7,778
Over provision in prior years	**(3,095)**	(7,056)	**-**	(5,900)
	20,866	45,587	**28,054**	1,878
Deferred tax expense				
Origination and reversal of temporary differences	**1,859**	3,782	**1,046**	282
Reversal of deferred tax assets previously written-down	**2,146**	167	**-**	-
	4,005	3,949	**1,046**	282
	24,871	49,536	**29,100**	2,160

Reconciliation of effective tax expense

	Group 2006 RM'000	Group 2005 RM'000	Company 2006 RM'000	Company 2005 RM'000
Profit before tax	**85,956**	183,104	**108,277**	38,332
Income tax using statutory tax rate	**24,068**	51,269	**30,318**	10,733
Effect of tax at 20% on chargeable income of individual company below RM500,000 (2005: RM500,000)	**(435)**	(519)	**-**	-
Double deduction	**(200)**	(199)	**-**	-
Non-deductible expenses	**2,358**	4,889	**338**	416
Non-taxable income	**(5)**	(160)	**(5)**	(19)
Tax exempt income	**(564)**	(1,667)	**(1,564)**	(5,319)
Tax incentives	**(1,608)**	(732)	**-**	-
Unrecognised deferred tax assets	**935**	929	**-**	-
Recognition of previously unrecognised tax losses	**(47)**	-	**-**	-
Other items	**1,318**	2,615	**13**	2,249
	25,820	56,425	**29,100**	8,060
Over provision in prior years	**(949)**	(6,889)	**-**	(5,900)
	24,871	49,536	**29,100**	2,160

21. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM59,968,000 (2005 - RM130,926,000) and the weighted average number of ordinary shares outstanding during the year of 669,232,000 (2005 – 669,972,000).

Weighted average number of ordinary shares

	2006 '000	2005 '000
Ordinary shares in issue at 1 January	**672,000**	672,000
Effect of treasury shares held	**(2,768)**	(2,028)
Weighted average number of ordinary shares at 31 December	**669,232**	669,972

22. Dividends

Dividends recognised in the current year are:

	Group and Company	
	2006 RM'000	**2005 RM'000**
Ordinary		
Final paid:		
2005 - 10% per share less tax at 28%		
(2004 - 10% per share less tax at 28%)	**24,106**	24,119
Interim paid:		
2006 - 5% per share tax exempt		
(2005 - 5% per share tax exempt)	**16,727**	16,749
	40,833	40,868

Proposed final dividend

After the balance sheet date, the Directors proposed a final dividend for the year ended 31 December 2006 of 5% less tax at 27% totalling RM12,201,000. This dividend will be recognised in subsequent financial reports upon approval by the shareholders.

Dividend per ordinary share

The calculation of dividend per ordinary share is based on the net dividend for the financial year ended 31 December 2006 of RM28,928,000 (2005 - RM40,855,000) and the number of ordinary shares in issue during the year of 672,000,000 (2005 - 672,000,000) less treasury shares held of 3,445,000 (2005 - 2,028,000).

23. Segmental information

Segment information is presented in respect of the Group's business segments. The business segments are based on the Group's management and internal reporting structure. Segment information by geographical segments is not provided as the activities of the Group are located principally in Malaysia. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise investments (other than investment property) and related revenue, borrowings and related expenses, corporate assets, head office expenses and tax assets and liabilities.

Business segments

The Group comprises the following main business segments:

Vehicles assembly, distribution and after sale services	-	Assembly and distribution of passenger and commercial vehicles, automotive services, distribution of automotive spare parts and insurance agency.
Financial services	-	Provision of hire purchase financing, personal loans and money changing
Other operations	-	Property and investment holding activities

Business segments	**Vehicles assembly, distribution and after sale services**		**Financial services**		**Other operations**		**Eliminations**		**Consolidated**	
	2006 RM'000	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**	**2006 RM'000**	**2005 RM'000**	**2006 RM'000**	**2005 RM'000 Restated**
Revenue from external customers	**2,092,463**	2,928,507	**16,477**	20,647	**99**	99	**-**	-	**2,109,039**	2,949,253
Inter-segment revenue	**1,537**	1,618	**-**	99	**3,605**	3,375	**(5,142)**	(5,092)	**-**	-
Total revenue	**2,094,000**	2,930,125	**16,477**	20,746	**3,704**	3,474	**(5,142)**	(5,092)	**2,109,039**	2,949,253
Segment result	**98,436**	196,954	**10,619**	14,579	**2,647**	1,934	-	-	**111,702**	213,467
Unallocated expenses									**(12,068)**	(5,688)
Operating profit									**99,634**	207,779
Interest income									**5,843**	4,264
Finance costs									**(20,768)**	(29,630)
Share of profit of associates	**48**	187	**831**	459	**368**	45	**-**	-	**1,247**	691
Profit before tax									**85,956**	183,104
Tax expense									**(24,871)**	(49,536)
Minority interest									**(1,117)**	(2,642)
Profit for the year									**59,968**	130,926

23. Segmental information (cont'd)

	Vehicles assembly, distribution and after sale services		Financial Services		Other operations		Consolidated	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Segment assets	**1,300,044**	1,556,547	**236,870**	272,184	**63,148**	58,918	**1,600,062**	1,887,649
Investment in associates	**17,100**	15,853	**-**	-	**-**	-	**17,100**	15,853
Unallocated assets							**313,454**	261,301
Total assets							**1,930,616**	2,164,803
Segment liabilities	**124,747**	163,162	**31,247**	31,087	**105**	180	**156,099**	194,429
Unallocated liabilities							**592,152**	805,615
Total liabilities							**748,251**	1,000,044
Capital expenditure	**156,359**	67,620	**657**	144	**8,228**	4,611	**165,244**	72,375
Depreciation and amortisation	**26,872**	23,510	**169**	70	**1,881**	2,019	**28,922**	25,599
Non-cash expenses other than depreciation and amortisation	**1,364**	1,705	**-**	602	**106**	97	**1,470**	2,404

24. Contingent liabilities

(i) On 24 June 2003, two third-parties filed a claim against the Company and its wholly-owned subsidiary, TC Euro Cars Sdn. Bhd. for general damages in the sum of RM150,000,000. The plaintiffs also claimed costs and any other relief to be awarded by the High Court for conspiracy to injure in relation to a specific project investment as alleged in the Statement of Claim. On 16 January 2004, the Senior Assistant Registrar of the High Court struck out the above mentioned suit. On 20 May 2004, on appeal by the plaintiffs, the High Court Judge reinstated the plaintiffs' suit. The Company and TC Euro Cars Sdn. Bhd., being dissatisfied with the decision of the High Court Judge, then filed a Notice of Appeal to the Court of Appeal, appealing against the said decision of the High Court Judge. No hearing date has been fixed yet.

No provision has been made for any potential liability as the Group believes that the outcome of the case will be favourable to the Group.

(ii) Tan Chong & Sons Motor Company Sdn Bhd (TCM), a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad, and two others were sued in the High Court at Kota Kinabalu by a third-party for general damages estimated at RM10,672,000 and liquidated damages of RM2,970,000 together with interest and costs in connection with car distributorship in Sabah.

The solicitors representing the Group are of the view that TCM has a valid defence to the claim.

25. Capital commitments

	Group 2006 RM'000	Group 2005 RM'000
Capital commitments		
Property, plant and equipment		
Authorised but not contracted for	**21,504**	22,630
Authorised and contracted for	**113,825**	147,373
Joint venture investment		
Authorised and contracted for	**1,081**	1,151
	136,410	171,154

26. Related parties

Controlling related party relationships are as follows:

(i) The subsidiaries as disclosed in Note 28

(ii) The substantial shareholders of the Company

Transactions with related parties

(i) Significant transactions with Warisan TC Holdings Berhad (WTCH) and APM Automotive Holdings Berhad (APM) Groups, companies in which certain Directors of the Company, namely Dato' Tan Heng Chew and Tan Eng Soon, are deemed to have substantial financial interests, are as follows:

	Group 2006 RM'000	Group 2005 RM'000
With WTCH Group		
Purchases	**4,358**	9,652
Sales	**(7,738)**	(7,628)
Insurance agency and administrative services	**(284)**	(392)
Travel agency and car rental services	**1,162**	2,307
Rental expense payable	**258**	788
Rental income receivable	**(147)**	(166)
With APM Group		
Purchases	**81,624**	129,339
Sales	**(789)**	(686)
Warranty claim	**605**	380
Insurance agency and administrative services	**(265)**	(606)
Rental income receivable	**(906)**	(951)
Rental expense payable	**93**	372

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

26. Related parties (cont'd)

Transactions with related parties (cont'd)

(ii) Significant transactions with Tan Chong International Limited and its subsidiaries, companies in which certain Directors of the Company, namely Dato' Tan Heng Chew and Tan Eng Soon, are deemed to have substantial financial interests, are as follows:

	Group	
	2006	**2005**
	RM'000	**RM'000**
Purchases	**195**	194
Sales	**(257)**	(2,599)

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

(iii) Significant transactions with Nissan Motor Co. Limited Group, who is a substantial shareholder of the Company, are as follows:

	Group	
	2006	**2005**
	RM'000	**RM'000**
Purchases of goods	**440,931**	1,050,934
Sales	**(2,176)**	(14,780)
Technical assistance fee and royalty	**3,010**	4,178
Purchases of plant and machinery	**4,104**	-

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

(iv) Significant transactions with Renault s.a.s. Group, who is a substantial shareholder of Nissan Motor Co. Limited, are as follows:

	Group	
	2006	**2005**
	RM'000	**RM'000**
Purchases	**27,233**	54,900

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

26. Related parties (cont'd)

(v) Significant transactions with Auto Dunia Sdn. Bhd.:

(a) a company in which certain Directors of the Company, namely Azman bin Badrillah and Ahmad bin Abdullah (resigned on 08.06.2006) have substantial financial interests; and

(b) a company connected to certain Directors of the Company, namely Dato' Tan Heng Chew and Tan Eng Soon by virtue of Section 122A of the Companies Act, 1965.

	Group	
	2006	**2005**
	RM'000	**RM'000**
Sales	**(22,507)**	(10,388)
Rental expense payable	**59**	135

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

(vi) Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2006	**2005**
	RM'000	**RM'000**
Subsidiaries		
Dividend income receivable	**(118,655)**	(46,776)
Interest income receivable	**(1,973)**	(1,790)
Management fees receivable	**(2,598)**	(2,538)
Rental income receivable	**(52)**	(54)
Rental expense payable	**347**	393
Interest expense payable	**289**	179
Purchases of property, plant and equipment	**1,184**	1,305

27. Financial instruments

Financial risk management objectives and policies

Exposure to credit, interest rate and currencies risks arise in the normal course of the Group's and the Company's business. Credit risk in relation to the Group's core business activities are managed by the respective operating units. The Group has a centralised Treasury Department that manages the interest and currencies risks of the Group. The Treasury Department monitors the interest rate trend and currencies exchange rate movements on an ongoing basis.

Derivative financial instruments like forward exchange contracts or options are used to reduce exposure to fluctuations in foreign exchange rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are offset by opposite effects on the items being hedged. The Group does not use leverage derivatives for hedging purposes and also does not use any derivatives for speculative purposes.

The Group's and the Company's accounting policies in relation to derivative financial instruments are set out in Note 2(c).

27. Financial instruments (cont'd)

Credit risk

In respect of the operating units, credit policies that are specific to their respective industries are in place.

New vehicles sales are still largely financed by outside finance companies and as such, the Group's collection risk rests mainly with finance companies. The Group also extends credit to used car dealers, spare part dealers and selective corporate purchasers. Bank guarantees are required on a selective basis to secure the line of credit from the Group. For used car dealers, spare part dealers and selective corporate purchasers, the Group has an informal credit policy in place and the exposure is monitored on an ongoing basis. In respect of hire purchase business, credit evaluations are performed on all customers requiring financing from the Group and the Group has ownership claims over the vehicles under financing.

Transactions involving derivative financial instruments are entered into with licensed banks only. The Group also places a significant portion of its excess funds in money market funds and short term deposits with licensed financial institutions and discount houses. The management is of the view that credit and interest rate risks exposure to licensed banks and financial institutions and discount houses is minimal.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing borrowings and the placement of excess funds in interest earning deposits. The borrowings which have been obtained to finance the working capital of the Group are subject to floating interest rates except for term loans and borrowings from Cagamas Berhad and certain commercial banks which are fixed with tenure ranging from 60 to 96 months.

Excess funds are placed with licensed financial institutions for certain periods during which the interest rates are fixed. The management reviews the rates at regular intervals.

On the other hand, the Group provides hire purchase loans at fixed rates for tenures of up to 7 years. These loans are funded by internal and external resources. To minimise the impact of interest rate volatility, the Group has taken up fixed rate borrowings from Cagamas Berhad as disclosed in Note 16 to partially hedge against adverse movement in its cost of funds from external sources.

Foreign currency risk

The Group and the Company incur foreign currency risk mainly on purchases that are denominated in Japanese Yen. The Group monitors its exchange exposure regularly and undertakes selective hedging whenever deemed necessary.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

27. Financial instruments (cont'd)

Effective interest rates and repricing analysis

Group	2006 Effective interest rate %	2006 Total RM'000	2006 Within 1 year RM'000	2006 > 5 years RM'000	2005 Effective interest rate %	2005 Total RM'000	2005 Within 1 year RM'000	2005 > 5 years RM'000
Financial assets								
Short term deposits	**3.34**	**86,543**	**86,543**	**-**	2.89	181,026	181,026	-
Asset-backed notes	**9.97**	**4,000**	**-**	**4,000**	8.69	4,000	-	4,000

	2006 Effective interest rate %	2006 Total RM'000	2006 Within 1 year RM'000	2006 1 - 5 years RM'000	2005 Effective interest rate %	2005 Total RM'000	2005 Within 1 year RM'000	2005 1 - 5 years RM'000
Financial liabilities								
Amount due to Cagamas Berhad	**5.41**	**21,911**	**7,246**	**14,665**	5.74	54,256	24,730	29,526
Unsecured fixed rate term loan	**5.71**	**436,650**	**103,229**	**333,421**	5.91	329,500	48,000	281,500
Unsecured bills payable	**4.12**	**102,647**	**102,647**	**-**	3.42	391,454	391,454	-
Company								
Financial assets								
Amount due from certain subsidiaries	**3.83**	**60,033**	**45,772**	**14,261**	3.15	60,897	36,543	24,354
Financial liabilities								
Amount due to certain subsidiaries	**3.83**	**9,964**	**5,714**	**4,250**	3.15	7,412	2,780	4,632

27. Financial instruments (cont'd)

Fair values

Recognised financial instruments

The aggregate fair values of quoted unit trusts, amount due to Cagamas Berhad and fixed rate term loans carried on the balance sheet as at 31 December are represented in the following table.

Group	2006 Carrying amount RM'000	2006 Fair value RM'000	2005 Carrying amount RM'000	2005 Fair value RM'000
Financial assets				
Quoted unit trusts	**185,746**	**185,746**	56,842	57,747
Financial liabilities				
Amount due to Cagamas Berhad	**21,911**	**21,458**	54,256	53,409
Fixed rate term loans	**436,650**	**411,434**	329,500	313,834
	458,561	**432,892**	383,756	367,243

The fair values of amount due to Cagamas Berhad and fixed rate term loans listed above have been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date. In respect of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings, the carrying amounts approximate their fair value due to the relatively short term nature of these financial instruments.

The fair value of quoted unit trusts is their quoted bid price at the balance sheet date.

For the investment in asset-backed notes where there is no available quoted market price, a reasonable estimate of fair value could not be made as it is not practicable within the constraints of timeliness or cost. This investment is carried at its original cost of RM4,000,000 (2005 – RM4,000,000) in the balance sheet.

For the investment in unquoted shares where there is also no available quoted market price, a reasonable estimate of fair value could not be made as it is not practicable within the constraints of timeliness or cost. This investment is carried at its original cost of RM1,806,000 (2005 - RM1,806,000) in the balance sheet. At year end, the Group's proportionate share of the net tangible assets based on the audited financial statements of the unquoted company at 31 December 2006 was RM5,449,000 (2005 – RM5,186,000).

27. Financial instruments (cont'd)

Fair values (cont'd)

Company

The carrying amounts of cash and cash equivalents, trade and current other receivables and trade and current other payables approximate their fair value due to the relatively short term nature of these financial instruments.

In respect of the non-current amounts due to and due from subsidiaries, a reasonable estimate of fair value could not be made as the non-current repayment terms are not specified.

Unrecognised financial instruments

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are:

Group	2006 Carrying amount RM'000	2006 Fair value RM'000	2005 Carrying amount RM'000	2005 Fair value RM'000
Forward foreign exchange contracts to purchase foreign currency	117,123	106,838	630,029	599,295

28. Subsidiaries

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are shown below:

Name	Principal activities	Effective ownership interest 2006 %	2005 %
Incorporated in Malaysia:			
Auto Components Manufacturers Sdn. Bhd.	Property holding	**100**	100
Auto Infiniti Sdn. Bhd.	Trading of car air-conditioners	**100**	100
Auto Research and Development Sdn. Bhd.	Research and development	**100**	100
Autokita Sdn. Bhd.	Insurance agency	**100**	100
Bijak Security Services Sdn. Bhd.	Provision of security services	**100**	100
Ceranamas Sdn. Bhd.	Property and investment holding	**100**	100
* Constant Knight (M) Sdn. Bhd.	Property holding	**100**	100
Cyberguard Vehicle Security Technologies Sdn. Bhd.	Trading and marketing of car alarms	**100**	100
Edaran Tan Chong Motor Sdn. Bhd.	Trading and marketing of motor vehicles	**100**	100
E-Garage Auto Services Sdn. Bhd.	Automobile workshop services and trading of car grooming products	**100**	100
Hikmat Asli Sdn. Bhd.	Property holding	**100**	100

28. Subsidiaries (cont'd)

	Name	Principal activities	Effective ownership interest 2006 %	Effective ownership interest 2005 %
	Pemasaran Alat Ganti Sdn. Bhd.	Marketing of auto parts	**100**	100
	Perwiramas Sdn. Bhd.	Investment holding	**100**	100
***	Premium Commerce Berhad	Special purpose entity for asset-backed securitisation	**-**	-
	Rustcare Sdn. Bhd.	Rust proofing	**100**	100
	Sungei Bintang Sdn. Bhd.	Property holding	**100**	100
	Tan Chong & Sons Motor Company Sdn. Bhd.	Sale of motor vehicles and hire purchase financing	**100**	100
	Tan Chong Agency Sdn. Bhd.	Insurance agency and property holding	**100**	100
	Tan Chong Ekspres Auto Servis Sdn. Bhd.	Automobile workshop services	**100**	100
	Tan Chong Industrial Equipment (Sabah) Sdn. Bhd.	Distribution of commercial vehicles, heavy equipment and machineries	**100**	100
	Tan Chong Industrial Equipment Sdn. Bhd.	Distribution of commercial vehicles and spare parts	**100**	100
	Tan Chong Motor Assemblies Sdn. Bhd.	Assembly of motor vehicles and engines and trading of parts	**70**	70
	Tan Chong Trading (Malaysia) Sdn. Bhd.	Distribution of automotive accessories and property/investment holding	**100**	100
	Tanahku Holdings Sdn. Bhd.	Property holding	**100**	100
	TC Auto Tooling Sdn. Bhd.	Production of car alarm system and fabrication of jigs	**100**	100
*	TC Capital Premium Sdn. Bhd. (formerly known as Sim Peng & Bro Sdn. Bhd.)	Licensed money changer	**50.001**	-
*	TC Capital Resources Sdn. Bhd.	Business on financing by way of hire-purchase and money lending	**100**	100
	TC Euro Cars Sdn. Bhd.	Distribution of motor vehicles and provision of after sales services	**100**	100
	TC Hartanah Sdn. Bhd.	Property holding	**100**	100
*	TC Insurservices Sdn. Bhd.	Insurance agency	**100**	-
	TC Motors (Sarawak) Sdn. Bhd.	Marketing of commercial vehicles, heavy equipment and machineries	**100**	100

28. Subsidiaries (cont'd)

	Name	Principal activities	Effective ownership interest 2006 %	2005 %
	TCCL Sdn. Bhd.	Insurance agency	**100**	100
	TCM Stamping Products Sdn. Bhd.	Manufacture and sale of fuel tanks and press metal parts	**100**	100
	Truckquip Sdn. Bhd.	Distribution of automotive spare parts and construction of vehicle bodies	**100**	100
	Vincus Holdings Sdn. Bhd.	Investment holding	**100**	100
	West Anchorage Sdn. Bhd.	Investment holding	**100**	100
	Auto Trucks & Components Sdn. Bhd.	Dormant	**100**	100
	Edaran Tan Chong Motor (Sabah) Sdn. Bhd.	Dormant	**100**	100
	Edaran Tan Chong Motor (Sarawak) Sdn. Bhd.	Dormant	**100**	100
	Edaran Tan Chong Motor (Selatan) Sdn. Bhd.	Dormant	**100**	100
	Edaran Tan Chong Motor (Tengah) Sdn. Bhd.	Dormant	**100**	100
	Edaran Tan Chong Motor (Utara) Sdn. Bhd.	Dormant	**100**	100
	Fujiyama Car Cooler Sdn. Bhd.	Dormant	**100**	100
	Ragib-TC Security Services Sdn. Bhd.	Dormant	**100**	100
*	TC Aluminium Castings Sdn. Bhd.	Dormant	**100**	-
	TC Brake System Sdn. Bhd. (formerly known as Auto Blend Sdn. Bhd.)	Dormant	**100**	100
	TC Capital Sdn. Bhd.	Dormant	**100**	100
*	TC Engines Manufacturing Sdn. Bhd.	Dormant	**100**	-
*	TC Heritage Sdn. Bhd. (formerly known as TC Heritage (Sabah) Sdn. Bhd.)	Dormant	**100**	-
*	TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	**100**	100
*	TC Manufacturing Holdings Sdn. Bhd.	Dormant	**100**	-
	TC Transmission Sdn. Bhd. (formerly known as Motor Image Enterprises Sdn. Bhd.)	Dormant	**100**	100

28. Subsidiaries (cont'd)

	Name	Principal activities	Effective ownership interest 2006 %	2005 %
	Incorporated in Labuan:			
*	ETCM (Labuan) Pty. Ltd.	Dormant	**100**	100
*	TC Express Auto Services and Spare Parts (Labuan) Pty. Ltd.	Investment holding	**100**	100
*	TCIE (Labuan) Pty. Ltd.	Investment holding	**100**	100
*	TC Capital Resources (Labuan) Pty. Ltd.	Dormant	**100**	-
	Incorporated in Cambodia:			
**	TC Express Auto Services and Spare Parts (Cambodia) Pty. Ltd.	Automobile after sales services and spare parts business	**100**	100

* Company audited by another firm of accountants

** Company not audited by KPMG and consolidated using unaudited management financial statements. The financial statements of this subsidiary are not required to be audited in the country where it is incorporated and is not material to the Group.

*** Deemed subsidiary by virtue of control in the company

29. Acquisition of subsidiary

In June 2006, the Group acquired 75,001 ordinary shares in TC Capital Premium Sdn. Bhd.(TCCP) (formerly known as Sim Peng & Bro Sdn. Bhd.), representing 50.001% of the then total issued and paid-up share capital of TCCP at a consideration of RM75,001, satisfied in cash. TCCP is a licensed money changer. In the seven (7) months to 31 December 2006, the subsidiary incurred a loss of RM48,000.

If the acquisition had occurred on 1 January 2006, management estimates that consolidated revenue would have been RM155,000 and consolidated loss for the year would have been RM24,000.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts RM'000	Fair value adjustments RM'000	Recognised values on acquisition RM'000
Cash and cash equivalents	249	-	249
Payables and accruals	(99)	-	(99)
Net identifiable assets and liabilities	150	-	150
Less: Minority interest			(75)
			75
Goodwill on acquisition			-
			75
Consideration paid, satisfied in cash			(75)
Cash and cash equivalents acquired			249
Net cash inflow			174

Pre-acquisition carrying amounts were determined based on applicable FRSs immediately before the acquisition. The values of assets and liabilities, recognised on acquisition are their estimated fair values.

30. Subsequent event

Subsequent to 31 December 2006, the Company bought back 502,000 of its issued shares from the open market at prices ranging from RM1.16 to RM1.35 per ordinary share. The cumulative total number of shares bought back todate amounted to 3,947,000. The repurchased transactions were financed by internally generated funds.

31. Changes in accounting policies

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31 December 2006.

The changes in accounting policies arising from the adoption of FRS 3, *Business Combination,* FRS 101, *Presentation of Financial Statements,* FRS 127, *Consolidated and Separate Financial Statements,* FRS 136, *Impairment of Assets,* FRS 138, *Intangible Assets* and FRS 140, *Investment Property* are summarised below:

FRS 3, *Business Combinations,* FRS 136, *Impairment of Assets* and FRS 138, *Intangible Assets*

The adoption of FRS 3, FRS 136 and FRS 138 has resulted in a change in the accounting policy for goodwill and development cost. The change in accounting policy is made in accordance with their transitional provisions.

Goodwill was previously written off to the income statement in the year it arises. The change in accounting policy has resulted in goodwill to be tested for impairment annually, or when circumstances change, indicating that goodwill might be impaired. There is no impact on earnings per share as there is no goodwill as at 1 January 2006. Furthermore, there is no goodwill arising from the acquisition of subsidiary during the year.

FRS 101, *Presentation of Financial Statements*

The adoption of FRS 101 has affected the presentation of minority interests and share of results after tax of associates in the income statement, balance sheet and statement of changes in equity.

In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. Share of results after tax of associates is now reported as single line item above consolidated profit before tax.

In the consolidated balance sheet, minority interests are now presented within total equity. Consequently, the movement of minority interests is now shown in the consolidated statement of changes in equity.

The current year's presentation of the financial statements of the Group and the Company is prepared in accordance with the requirements of FRS 101 and the comparatives have been restated to conform with the current year's presentation.

FRS 127, *Consolidated and Separate Financial Statements*

Prior to 1 January 2006, the investment in certain subsidiaries of the Company was stated at valuation. In accordance with the provisions of FRS 127, investment in subsidiaries is now stated at cost less impairment losses. The adoption of FRS 127 has resulted in a decrease in total equity attributable to shareholders of the Company at 1 January 2005 by RM104,800,000.

Company	**2006 RM'000**	**2005 RM'000**
Balance sheet		
Decrease in investment in subsidiaries	**(104,800)**	(104,800)
Decrease in total assets	**(104,800)**	(104,800)
Retained profits	**(104,800)**	(104,800)
Decrease in total equity attributable to shareholders of the Company/total equity	**(104,800)**	(104,800)

31. Changes in accounting policies (cont'd)

FRS 140, *Investment Property*

The Group adopted the cost model to measure all its investment properties. Under the cost model, investment property is measured at depreciated cost less any accumulated impairment loss.

Investment property previously classified under property, plant and equipment is now disclosed as a separate line item on the face of the consolidated balance sheet within non-current assets. In line with the revised requirements of FRS 101, the comparative is restated to conform with the current year's presentation. The effect to the Group arising from this change in accounting policy is as follows:

	As at 1 January 2006 RM'000
Increase in investment properties	11,024
Decrease in property, plant and equipment	(11,024)

32. Comparative figures

Certain comparative figures have been reclassified as a result of changes in accounting policies as stated in Note 31 and to conform with the presentation requirements of FRS 101.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance sheets				
Property, plant and equipment	315,212	326,236	-	-
Investment properties	11,024	-	-	-
Investment in subsidiaries	-	-	222,927	327,727
Reserves	-	-	(27,224)	77,576
Total equity	-	-	306,643	411,443
Statements of changes in equity				
(Accumulated loss)/Retained earnings at 1 January 2005	-	-	(22,528)	82,272
(Accumulated loss)/Retained earnings at 31 December 2005	-	-	(27,224)	77,576

TEN LARGEST PROPERTIES OF THE GROUP

AT 31 DECEMBER 2006

Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM' million)	Age of Building (years)	Date of Acquisition	Date of last Revaluation
249 Jalan Segambut 51200 Kuala Lumpur	Assembly plant, offices, workshop & vehicle storage yard	806,749	596,335	Leasehold 14.01.2073	26.82	31	15.01.74	14.08.03
Lot 9, Jalan Kemajuan Section 13, Petaling Jaya 46200 Selangor	Office, showroom, service, spare parts & training centre	78,801	85,735	Leasehold 06.09.2065	14.07	25	16.01.06	23.02.05
Lot 3 Jalan Perusahaan Satu 68100 Batu Caves, Selangor	Factory, warehouse & offices	416,949	141,820	Leasehold 05.09.2074	13.71	27	11.09.81	25.06.03
196 Block G Jalan Sultan Azlan Shah 11900 Sg Tiram Pulau Pinang	Showroom, service & spare parts centre	104,639	53,640	Freehold	13.15	13	26.01.04	19.05.03
Lot 43097 Jalan Segambut 51200 Kuala Lumpur	Vehicle storage yard, warehouse & hostel	339,448	39,305	Leasehold 27.01.2074	11.84	9	27.03.81	14.08.03
PTD 166367 Mukim Plentong Johor Bahru, Johor	Vacant land	93,833		Freehold	9.41	-	18.10.04	07.07.04
PT 15014 Mukim Serendah Daerah Hulu Selangor	Assembly plant & office	2,178,002	923,142	Leasehold 24.04.2095	8.20	-*	09.05.96	04.07.03
Lot 4185 Jalan Segambut 51200 Kuala Lumpur	Office & factory	147,066	85,900	Freehold	7.77	14	05.11.77	14.08.03
Lot 1388 Jalan Seri Amar 50350 Kuala Lumpur	Levelled commercial land for rental	22,185		Freehold	7.46	-	03.12.94	16.05.03
39 Jalan Pelukis U1/46 Sek U1, Temasya Industrial Park 40150 Shah Alam, Selangor	Vacant land	60,064		Freehold	7.42	-	13.05.04	-

*under construction

SHAREHOLDERS' STATISTICS
AT 30 MARCH 2007

SHARE CAPITAL

Authorised	:	RM500,000,000
Issued and Fully Paid-up	:	RM336,000,000
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	1 vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	128	0.84	3,269	0.00
100 - 1,000	4,239	27.88	4,138,161	0.62
1,001 - 10,000	8,851	58.21	38,354,558	5.71
10,001 - 100,000	1,726	11.35	50,949,026	7.58
100,001 - 33,599,999	258	1.70	262,108,000	39.00
33,600,000 and above	3	0.02	312,599,986	46.52
Sub Total	**15,205**	**100.00**	**668,153,000**	**99.43**
Treasury shares			3,847,000	0.57
Total			**672,000,000**	**100.00**

DIRECTORS' SHAREHOLDING
(as per Register of Directors' Shareholding)

	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1.	Dato' Tan Heng Chew	14,830,462	2.22	310,708,962	46.50 (1)
2.	Tan Eng Soon	2,956,000	0.44	310,708,962	46.50 (1)
3.	Azman bin Badrillah	20,000	- (2)	-	-
4.	Dato' Haji Kamaruddin @Abas bin Nordin	2,992	- (2)	-	-
5.	Seow Thiam Fatt	10,000	- (2)	-	-

Notes:

(1) Deemed interest by virtue of interest in Tan Chong Consolidated Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(2) Less than 0.01%

SHAREHOLDERS' STATISTICS

AT 30 MARCH 2007

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

		Direct		Indirect	
	Name	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
1	Tan Chong Consolidated Sdn Bhd	304,266,662	45.54	-	-
2	Nissan Motor Co Ltd	37,333,324	5.59	-	-
3	AllianceBernstein L.P.	34,104,200	5.10	-	-
4	Employees Provident Fund Board	33,607,300	5.03	-	-
5	Dato' Tan Heng Chew	14,830,462	2.22	310,708,962	46.50(1)
6	Tan Eng Soon	2,956,000	0.44	310,708,962	46.50(1)
7	Dato' Tan Kim Hor	180,234	0.03	304,266,662	45.54(2)
8	Dato' Tan Boon Pun	20,427	-(5)	304,266,942	45.54(3)
9	Dato' Tan Hoe Pin	10,000	-(5)	304,266,662	45.54(2)
10	Dr. Tan Ban Leong	180,400	0.03	304,266,662	45.54(2)
11	Dr. Tan Kang Leong	10,000	-(5)	304,266,662	45.54(2)
12	Tan Beng Keong	-	-	304,266,662	45.54(2)
13	Tan Chee Keong	29,000	-(5)	304,266,662	45.54(2)
14	Tan Kheng Leong	-	-	304,266,662	45.54(2)
15	AXA Financial, Inc	-	-	34,104,200	5.10(4)

Notes:

(1) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(2) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(3) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Progroup Nominees Sdn Bhd pursuant to Section 6A of the Companies Act, 1965.

(4) Deemed interest by virtue of interest in AllianceBernstein L.P. pursuant to Section 6A of the Companies Act, 1965.

(5) Less than 0.01%

SHAREHOLDERS' STATISTICS
AT 30 MARCH 2007

THIRTY LARGEST SHAREHOLDERS

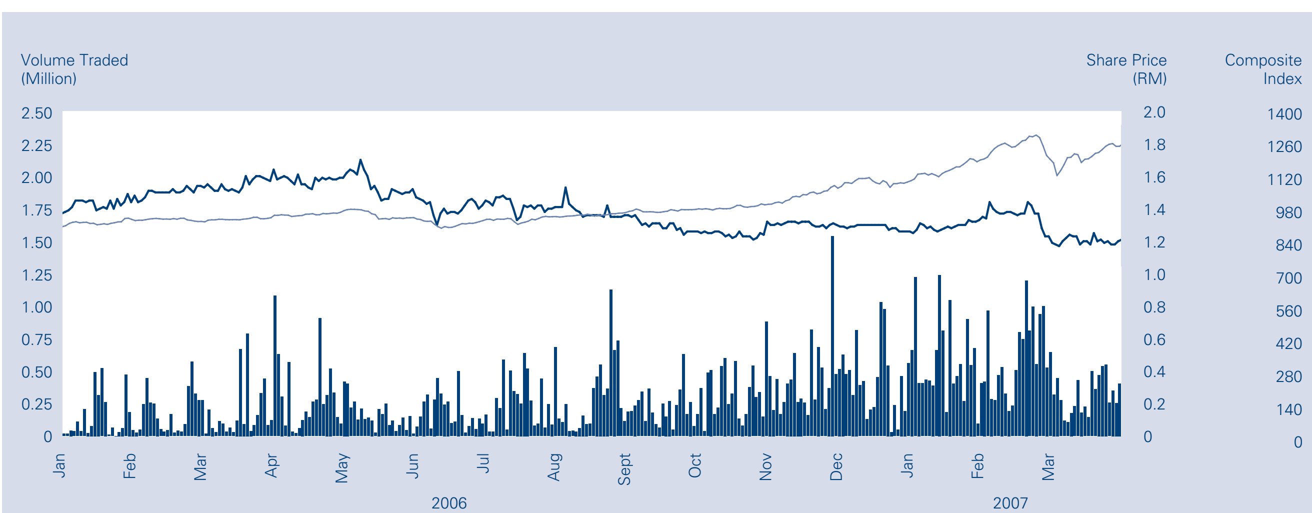
	Name	No. of Shares Held	%
1	Tan Chong Consolidated Sdn Bhd	230,266,662	34.46
2	Mayban Nominees (Tempatan) Sdn Bhd *Tan Chong Consolidated Sdn Bhd (N14011984860)*	45,000,000	6.73
3	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for Daiwa Securities SMBC Co. Ltd. (Clients)*	37,333,324	5.59
4	Employees Provident Fund Board	25,295,800	3.79
5	Cimsec Nominees (Tempatan) Sdn Bhd *Allied Investments Limited for Tan Chong Consolidated Sdn Bhd*	20,000,000	2.99
6	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927)*	9,000,000	1.35
7	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB for Tan Heng Chew (Margin-MM1063)*	8,538,200	1.28
8	HSBC Nominees (Asing) Sdn Bhd *TNTC for Sanford C. Bernstein & Co. Delaware Business Trust*	7,770,000	1.16
9	Cartaban Nominees (Asing) Sdn Bhd *SSBT Fund SW8N for California Public Employees Retirement System*	6,766,800	1.01
10	HSBC Nominees (Tempatan) Sdn Bhd *Nomura Asset Mgmt Sg for Employees Provident Fund*	5,647,000	0.85
11	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for The State Teachers Retirement System Of Ohio (Sanford Emerg)*	5,348,900	0.80
12	Citigroup Nominees (Asing) Sdn Bhd *CBNY for DFA Emerging Markets Fund*	5,338,300	0.80
13	HLG Nominee (Asing) Sdn Bhd *Hong Leong Fund Management Sdn Bhd for Asia Fountain Investment Company Limited*	5,074,500	0.76
14	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Heng Chew (E-KLC)*	5,027,000	0.75
15	Key Development Sdn. Berhad	4,994,400	0.75
16	HLG Nominee (Tempatan) Sdn Bhd *Hong Leong Fund Management Sdn Bhd for Hong Leong Bank Berhad* *Cartaban Nominees (Asing) Sdn Bhd*	4,770,000	0.71
17	HSBC Nominees (Asing) Sdn Bhd *HSBC TUB AG for SPB Investment Company Ltd*	4,370,700	0.65
18	Cartaban Nominees (Asing) Sdn Bhd *Investors Bank and Trust Company for Ishares, Inc.*	4,021,900	0.60
19	HSBC Nominees (Asing) Sdn Bhd *BBH and Co. Boston for Vanguard Emerging Markets Stock Indexfund*	3,960,700	0.59
20	Gan Teng Siew Realty Sdn. Berhad	3,829,000	0.57

SHAREHOLDERS' STATISTICS

AT 30 MARCH 2007

	Name	No. of Shares Held	%
21	Cartaban Nominees (Asing) Sdn Bhd *State Street Luxembourg Fund M59E for ACM Bernstein Value Investments-Emerging Markets Value Portfolio*	3,813,800	0.57
22	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Boronia Corporation*	3,690,000	0.55
23	Chinchoo Investment Sdn. Berhad	3,605,000	0.54
24	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Guardis Investments Group Limited*	3,600,000	0.54
25	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)*	3,564,600	0.53
26	Wealthmark Holdings Sdn Bhd	3,013,800	0.45
27	HLB Nominees (Asing) Sdn Bhd *Pledged Securities Account for Lung Ma Investments Pte Ltd (Sin 9047-5)*	2,956,000	0.44
28	AllianceGroup Nominees (Tempatan) Sdn Bhd *Pheim Asset Management Sdn Bhd for Employees Provident Fund*	2,950,000	0.44
29	Permodalan Nasional Berhad	2,939,800	0.44
30.	Cimsec Nominees (Asing) Sdn Bhd *Exempt An for CIMB-GK Securities Pte Ltd (Retail clients)*	2,846,480	0.43
	TOTAL	**475,332,666**	**71.14**

DAILY SHARE PRICES & VOLUME TRADED ON BURSA MALAYSIA SECURITIES BERHAD



Volume Traded (number of shares traded for the day)

Share Price (closing price for the day)

BMSB Composite Index (closing index for the day)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirty-Fifth Annual General Meeting of TAN CHONG MOTOR HOLDINGS BERHAD will be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia on Thursday, 17 May 2007 at 3:00 p.m. to transact the following businesses:

ORDINARY BUSINESS

1. To receive the Financial Statements for the year ended 31 December 2006 together with the Reports of the Directors and Auditors thereto. **Resolution 1**

2. To declare a final dividend of 5% less income tax for the financial year ended 31 December 2006. **Resolution 2**

3. To re-elect the following Directors who are eligible and have offered themselves for re-election, in accordance with Article 101 of the Company's Articles of Association:

   i. Tan Eng Soon **Resolution 3**
   ii. Dato' Haji Kamaruddin @ Abas bin Nordin **Resolution 4**

4. To re-appoint KPMG as Auditors and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

5. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

   PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

   "THAT, subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and approvals and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Act to allot and issue new ordinary shares of RM0.50 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued and paid-up share capital for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." **Resolution 6**

6. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

   PROPOSED RENEWAL OF AUTHORITY FOR 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 Bursa Malaysia Securities Berhad ("BMSB") 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 BMSB 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 and/or held pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company.

   THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back.

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, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of BMSB and any other relevant authorities for the time being in force.

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

(i) at the conclusion of the next Annual General Meeting ("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) at the expiration of the period within which the next 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 BMSB and/or any other relevant governmental and/or regulatory authorities (if any).

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." **Resolution 7**

7. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD GROUP

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad Group involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.1 of the Circular to Shareholders dated 25 April 2007 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are 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 and are not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("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 or the expiration of the period within which the next 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 revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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." **Resolution 8**

8. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD GROUP

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad Group involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.2 of the Circular to Shareholders dated 25 April 2007 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are 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 are not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("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 or the expiration of the period within which the next 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 revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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." **Resolution 9**

9. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED GROUP

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Tan Chong International Limited Group involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.3 of the Circular to Shareholders dated 25 April 2007 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are 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 and are not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("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 or the expiration of the period within which the next 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 revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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." **Resolution 10**

10. To consider and if thought fit, to pass the following resolution as an ordinary resolution:

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH AUTO DUNIA SDN BHD

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Auto Dunia Sdn Bhd involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.2 of the Circular to Shareholders dated 25 April 2007 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are 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 and are not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("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 or the expiration of the period within which the next 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 revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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." **Resolution 11**

11. To transact any other business of the Company of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Thirty-Fifth Annual General Meeting of Tan Chong Motor Holdings Berhad to be held on 17 May 2007, a final dividend of 5% less income tax will be paid on 22 June 2007 to shareholders whose names appear in the Register of Members on 25 May 2007.

A depositor shall qualify for the entitlement to the dividend only in respect of:

(1) shares transferred into the depositor's securities account before 4.00 p.m. on 25 May 2007 in respect of ordinary transfers;

(2) shares deposited into the depositor's securities account before 12:30 p.m. on 23 May 2007 in respect of shares exempted from mandatory deposit; and

(3) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board

YAP BEE LEE
Company Secretary

Kuala Lumpur
25 April 2007

NOTES:

1. A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.

2. In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

3. An authorised nominee may appoint one 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 form of proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Proposed Grant of Authority Pursuant to Section 132D of the Companies Act, 1965

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 the Company, 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 and paid-up 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 the Company be empowered, as proposed in Resolution 6, to issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up 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 next Annual General Meeting of the Company.

2. Proposed Share Buy-Back

The proposed Resolution 7, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilizing the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 25 April 2007, despatched together with the Company's 2006 Annual Report.

3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

The proposed resolutions 8, 9, 10 and 11, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on proposed resolutions 8, 9, 10 and 11 are set out in the Circular to Shareholders dated 25 April 2007, despatched together with the Company's 2006 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DIRECTORS STANDING FOR RE-ELECTION AT THE THIRTY-FIFTH ANNUAL GENERAL MEETING

The Directors standing for re-election pursuant to Article 101 of the Company's Articles of Association are Mr Tan Eng Soon and Dato' Haji Kamaruddin @ Abas bin Nordin. Details of these Directors are set out in the section entitled "Profiles of the Board of Directors" on pages 14 and 15 of the Annual Report. Their shareholdings in the Company as at 30 March 2007 are as follow:

	Direct interest	Deemed interest
Tan Eng Soon	2,956,000	310,708,962
Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	-

By virtue of his interest in the shares of the Company, Mr Tan Eng Soon is also deemed interested in the shares of the subsidiaries of the Company to the extent that the Company has an interest.

Dato' Haji Kamaruddin @ Abas bin Nordin does not have any interest in the shares of the subsidiaries of the Company.

TAN CHONG MOTOR HOLDINGS BERHAD (12969-P)
(Incorporated in Malaysia)

FORM OF PROXY

CDS ACCOUNT NO. OF AUTHORISED NOMINEE

I/We ______________________________ *(name of shareholder as per NRIC, in capital letters)*

IC No./ID No./Company No. ______________________ (new) ______________________ (old)

of ______________________________ *(full address)*

being a member(s) of TAN CHONG MOTOR HOLDINGS BERHAD, hereby appoint ______________________

(name of proxy as per NRIC, in capital letters) IC No. ______________________ (new) ______________________ (old)

and/or ______________________________ *(name of proxy as per NRIC, in capital letters)*

IC No. ______________________ (new) ______________________ (old) or failing him/her

the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Thirty-Fifth Annual General Meeting of the Company to be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia, on Thursday, 17 May 2007 at 3:00 p.m., and at any adjournment thereof, as indicated below:

		For	**Against**
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final Dividend		
Resolution 3	Re-election of Tan Eng Soon as Director		
Resolution 4	Re-election of Dato' Haji Kamaruddin @ Abas bin Nordin as Director		
Resolution 5	Re-appointment of KPMG as Auditors		
Resolution 6	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 7	Proposed Renewal of Authority for the Company to purchase its own ordinary shares		
Resolution 8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad Group		
Resolution 9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with APM Automotive Holdings Berhad Group		
Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong International Limited Group		
Resolution 11	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Auto Dunia Sdn Bhd		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

____
Signature/Common Seal

Number of shares held: ______________________

Date: ______________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	**Percentage**
Proxy 1		%
Proxy 2		%
Total		100%

Notes:

(1) A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.

(2) In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

(3) An authorised nominee may appoint one 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.

The Form of Proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

fold here

Affix
Stamp
here

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

fold here