

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

If you have sold or transferred all your ordinary shares in Tan Chong Motor Holdings Berhad (“TCMH” or “Company”), you should at once hand this Circular together with the Form of Proxy attached to the 2005 Annual Report to the agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Pursuant to Practice Note No. 18/2005 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), Part I of this Circular is not required to be reviewed by Bursa Malaysia and has not been perused by Bursa Malaysia. Further, Bursa Malaysia takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



TAN CHONG MOTOR HOLDINGS BERHAD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PART I

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

PART II

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

The Notice of the Thirty-Fourth Annual General Meeting of the Company to be held at the Grand Ballroom, Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur, Malaysia on Thursday, 18 May 2006 at 3:00 p.m. sets out the ordinary resolutions in relation to the above proposals. The Notice and the Form of Proxy are in the 2005 Annual Report despatched together with this Circular. The Form of Proxy should be completed and returned in accordance with the instructions therein not later than 3:00 p.m. on Tuesday, 16 May 2006.

This Circular is dated 26 April 2006

DEFINITIONS

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

Act	:	Companies Act, 1965
AGM	:	Annual General Meeting
APM	:	APM Automotive Holdings Berhad
APM Group	:	APM and its subsidiaries
Audit Committee	:	Audit committee of TCMH comprising Seow Thiam Fatt, Dato' Ng Mann Cheong and Dato' Haji Kamaruddin @ Abas bin Nordin, all of whom are Independent Non-Executive Directors
Auto Dunia	:	Auto Dunia Sdn Bhd
Board	:	Board of Directors of TCMH
Bursa Malaysia	:	Bursa Malaysia Securities Berhad
Code	:	Malaysian Code on Take-Overs and Mergers, 1998
Director	:	The meaning given in Section 4 of the Act and includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
EPS	:	Earnings per share
LR	:	Listing Requirements of Bursa Malaysia
Major Shareholder	:	Person who has an interest or interests in one (1) or more voting shares in a company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is not less than five per centum (5%) of the aggregate of the nominal amounts of all the voting shares in the company. For the purpose of this definition, "interest in shares" shall have the meaning given in Section 6A of the Act. A major shareholder includes any person who is or was within the preceding 12 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company
NML	:	Nissan Motor Co, Limited
NML Group	:	NML, its subsidiaries and associated companies
NA	:	Net assets
Parasand	:	Parasand Limited
Proposals	:	Proposed Share Buy-Back and Proposed Shareholders' Mandate collectively

DEFINITIONS (Cont'd)

Proposed Share Buy-Back	:	Proposed renewal of authority for TCMH to purchase up to 64,831,000 of the Company's shares or up to ten per centum (10%) of its issued and paid-up share capital of the Company less treasury shares as at 31 March 2006
Proposed Shareholders' Mandate	:	Proposed renewal of the Shareholders' Mandate for the TCMH Group to enter into RRPT with Related Party
Related Party	:	Director, Major Shareholder or person connected with such Director or Major Shareholder; and "Related Parties" shall be construed accordingly
Related Party Transaction	:	Transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a Related Party
Renault	:	Renault s.a.s.
Renault Group	:	Renault and its subsidiaries
RM and sen	:	Ringgit Malaysia and sen respectively
RRPT	:	Related Party Transactions of a revenue or trading nature which are recurrent and necessary for the day-to-day operations and in the ordinary course of business
SC	:	Securities Commission
Shareholders' Mandate	:	Shareholders' general mandate pursuant to Paragraph 10.09 of the LR in respect of RRPT
TCC	:	Tan Chong Consolidated Sdn Bhd
TCIL	:	Tan Chong International Limited
TCIL Group	:	TCIL and its subsidiaries
TCMH or Company	:	Tan Chong Motor Holdings Berhad
TCMH Group or Group	:	TCMH and its subsidiaries
TCMH Shares	:	Ordinary shares of RM0.50 each in the Company
WTCH	:	Warisan TC Holdings Berhad
WTCH Group	:	WTCH and its subsidiaries

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TAN CHONG MOTOR HOLDINGS BERHAD

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

Registered Office:

62-68 Jalan Ipoh
51200 Kuala Lumpur

26 April 2006

Board of Directors:

Ahmad bin Abdullah (*Vice Chairman*)
Dato' Tan Heng Chew (*Executive Deputy Chairman*)
Tan Eng Soon (*Group Managing Director*)
Azman bin Badrillah
Dato' Ng Mann Cheong
Dato' Haji Kamaruddin @ Abas bin Nordin
Seow Thiam Fatt

To: The Shareholders of Tan Chong Motor Holdings Berhad

Dear Shareholders:

PART I PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

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

1. INTRODUCTION

At the Company's AGM held on 20 May 2005, the Directors had obtained shareholders' approval for:

- (a) the Directors to purchase through Bursa Malaysia up to 65,172,000 of the Company's shares or up to 10% of the issued and paid-up share capital of the Company less treasury shares as at 31 March 2005; and
- (b) the Company and its subsidiaries to enter into recurrent Related Party Transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations and are in the ordinary course of business of the Group.

The above approvals shall, in accordance with the LR, lapse at the conclusion of the forthcoming AGM unless fresh approvals are obtained.

The Company had on 23 February 2006 announced that it would seek new shareholders' mandate on the following proposals at the forthcoming AGM to be held on 18 May 2006:

- Proposed renewal of authority for the Company to purchase its own ordinary shares; and
- Proposed renewal of shareholders' mandate for recurrent Related Party Transactions of a revenue or trading nature.

The Proposed Share Buy-Back and Proposed Shareholders' Mandate would become effective immediately upon the passing of the proposed resolutions and will expire at the conclusion of the next AGM of the Company unless the authority and mandate are further renewed by resolutions passed at a general meeting (either unconditionally or subject to conditions) or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by ordinary resolutions of the shareholders of the Company in a general meeting, whichever occurs first.

The purpose of this Circular is to provide you with information on the Proposals and to seek your approval for the proposed resolutions to be tabled at the forthcoming AGM of the Company.

2. PART I PROPOSED SHARE BUY-BACK

2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek authority from its shareholders to purchase up to 64,831,000 TCMH Shares representing an amount not exceeding 10% of the issued and paid-up share capital of the Company comprising 672,000,000 TCMH Shares less 2,369,000 TCMH Shares already purchased and held as treasury shares as at 31 March 2006 through its appointed stockbroker, CIMB Securities Sdn Bhd.

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

The Board proposes to allocate a sum of not exceeding the retained profits of the Company for the purchase of the TCMH Shares subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. The audited retained profits of the Company as at 31 December 2005 was RM77.57 million. The Company did not have any share premium as at 31 December 2005.

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

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

TCMH shall only purchase its own ordinary shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for the five (5) market days immediately preceding the date of the purchase(s).

The Company may only resell the purchased shares held as treasury shares at a price which is not less than the weighted average market price for the five (5) market days immediately preceding the date of resale or not less than 5% below the weighted average market price for the five (5) market days immediately prior to the resale provided that (i) the resale takes place no earlier than thirty (30) days from the date of purchase and (ii) the resale price is not less than the cost of purchase of the shares being resold.

As at 31 March 2006, the public shareholding spread of the Company was approximately 39.90%.

For the purpose of illustration, if the Company purchases up to the maximum number of TCMH Shares as allowed under the Proposed Share Buy-Back and assuming the purchases will not reduce the number of TCMH Shares currently held by the Directors, the substantial shareholders or persons connected with the Directors and/or substantial shareholders, the public shareholding spread of the Company based on the position at 31 March 2006 is expected to be approximately 33.46%.

2.2 POTENTIAL ADVANTAGES AND DISADVANTAGES

2.2.1 Advantages

The Proposed Share Buy-Back provides the opportunity for TCMH to stabilise the supply and demand of TCMH Shares in the open market and thereby allowing the share price of TCMH to better reflect the fundamental value of TCMH Shares. In addition, the purchased shares may be held as treasury shares and resold on Bursa Malaysia with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this will serve to reward the shareholders of the Company.

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

2.2.2 Disadvantages

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

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

2.3 PURCHASE, CANCELLATION AND RE-SALE IN THE PREVIOUS 12 MONTHS

TCMH had purchased 341,000 of its own shares in the 12 months preceding the date of this Circular. Together with the 2,028,000 shares bought back earlier, the total number of shares bought back as at 31 March 2006 was 2,369,000. TCMH has not made any cancellation of its own shares or re-sold any of its treasury shares during the same period. Details of the shares bought back and currently held as treasury shares are as follows :-

Month	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 (RM)
January 2006	168,000	1.450	1.390	1.417	239,852.95
February 2006	10,000	1.510	1.510	1.510	15,212.64
March 2006	163,000	1.530	1.490	1.509	247,805.29

2.4 EFFECTS OF THE PROPOSED SHARE BUY-BACK

In the event that the Company purchases 64,831,000 TCMH Shares and the shares so repurchased are cancelled or alternatively retained as treasury shares or both, the effects of the Proposed Share Buy-Back on the share capital, NA, working capital, earnings and substantial shareholders' and Directors' shareholdings as well as the implications relating to the Code are as set out below:

(a) Share capital

In the event that the maximum number of shares authorised under the Proposed Share Buy-Back are purchased and cancelled, the issued and paid-up share capital of TCMH as at 31 March 2006 will be as follows:

	<u>No. of shares</u>	<u>Amount (RM)</u>
Issued and paid-up share capital	672,000,000	336,000,000
Purchased and held as treasury shares as at 31 March 2006	(2,369,000)	(1,184,500)
Proposed Share Buy Back if the maximum no. of shares are purchased	(64,831,000)	(32,415,500)
Resultant issued and paid-up share capital, if the treasury shares are cancelled	604,800,000	302,400,000

However, if all the TCMH Shares purchased are retained as treasury shares, the share repurchase would not have any effect on the share capital of TCMH, although substantially all rights attached to the shares held as treasury shares would be suspended.

(b) NA

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

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

Based on the audited accounts as at 31 December 2005 the NA of the TCMH Group is RM1.74 per share.

(c) Working capital

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

(d) Earnings

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

(e) Dividends

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

For the financial year ended 31 December 2005, TCMH declared an interim dividend of 5% tax exempt and proposed a final dividend of 10% less income tax.

(f) Substantial shareholders' and directors' shareholdings

The effects of the share repurchase on the shareholdings of substantial shareholders and Directors based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 31 March 2006 are as follows:

Substantial shareholders	-----No. of TCMH Shares held----->							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
TCC	304,266,662	45.44	-	-	304,266,662	50.31	-	-
NML	37,333,324	5.58	-	-	37,333,324	6.17	-	-
Dato' Tan Heng Chew	13,164,462	1.97	305,578,462	45.63 ⁽¹⁾	13,164,462	2.18	305,578,462	50.53 ⁽¹⁾
Tan Eng Soon	2,956,000	0.44	305,578,462	45.63 ⁽¹⁾	2,956,000	0.49	305,578,462	50.53 ⁽¹⁾
Dato' Tan Kim Hor	1,074,834	0.16	304,266,662	45.44 ⁽²⁾	1,074,834	0.18	304,266,662	50.31 ⁽²⁾
Dato' Tan Boon Pun	20,427	-. ⁽³⁾	304,266,942	45.44 ⁽⁴⁾	20,427	-. ⁽³⁾	304,266,942	50.31 ⁽²⁾
Dr. Tan Ban Leong	260,400	0.04	304,266,662	45.44 ⁽²⁾	260,400	0.04	304,266,662	50.31 ⁽²⁾
Dr. Tan Kang Leong	10,000	-. ⁽³⁾	304,266,662	45.44 ⁽²⁾	10,000	-. ⁽³⁾	304,266,662	50.31 ⁽²⁾
Tan Beng Keong	-	-	304,266,662	45.44 ⁽²⁾	-	-	304,266,662	50.31 ⁽²⁾
Tan Chee Keong	29,000	-. ⁽³⁾	304,266,662	45.44 ⁽²⁾	29,000	-. ⁽³⁾	304,266,662	50.31 ⁽²⁾
Tan Hoe Pin	10,000	-. ⁽³⁾	304,266,662	45.44 ⁽²⁾	10,000	-. ⁽³⁾	304,266,662	50.31 ⁽²⁾
Tan Kheng Leong	-	-	304,266,662	45.44 ⁽²⁾	-	-	304,266,662	50.31 ⁽²⁾
Directors								
Ahmad bin Abdullah	-	-	-	-	-	-	-	-
Dato' Tan Heng Chew	13,164,462	1.97	305,578,462	45.63 ⁽¹⁾	13,164,462	2.18	305,578,462	50.53 ⁽¹⁾
Tan Eng Soon	2,956,000	0.44	305,578,462	45.63 ⁽¹⁾	2,956,000	0.49	305,578,462	50.53 ⁽¹⁾
Azman bin Badrillah	20,000	-. ⁽³⁾	-	-	20,000	-. ⁽³⁾	-	-
Dato' Ng Mann Cheong	-	-	-	-	-	-	-	-
Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	-. ⁽³⁾	-	-	2,992	-. ⁽³⁾	-	-
Seow Thiam Fatt	-	-	-	-	-	-	-	-

Notes:

- (1) Deemed interest by virtue of interest in TCC and Wealthmark Holdings Sdn Bhd ("Wealthmark") pursuant to Section 6A of the Act.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (3) Less than 0.01%.
- (4) Deemed interest by virtue of interest in TCC and Progroup Nominees Sdn Bhd ("PNSB") pursuant to Section 6A of the Act.

(g) Implication relating to the Code

The Proposed Share Buy-Back, if carried out in full will result in the equity interest of TCC in TCMH to increase from 45.44% as at 31 March 2006 to 50.31% after the share repurchase.

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

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

- (i) A holder of voting shares who triggers the mandatory obligation as a result of a reduction of the voting shares of the company through a buy back scheme under the Act will be exempted if the increase in his holding is inadvertent and as a result of any action that is outside his direct participation. The SC, however will not grant an exemption if the holder of voting shares has previously acquired voting shares in the knowledge that the company intends to seek permission from its holders of voting shares to purchase its own voting shares;

- (ii) Directors and persons acting in concert with the directors may also apply for exemption under the Code, which may be granted by the SC if the directors and/or persons acting in concert with the directors have obtained the approval from the independent holders of voting shares of the company, on a poll, at a meeting of the holders of the relevant class of securities for the parties concerned to gain control of the company, or, if their existing holding of voting shares is more than 33% but less than 50%, to increase their voting shares by more than 2% in any six (6) month period, without having to make a mandatory offer under Part II of the Code;
- (iii) The SC will not normally waive an obligation under Part II of the Code if the directors and persons acting in concert with them have previously acquired voting shares in the knowledge that the company intended to seek permission from its holders of voting shares to purchase its own shares;
- (iv) An exemption, if granted by the SC under Practice Note 2.9.10, would be invalidated if the applicant seeking a waiver under Practice Note 2.9.10 and persons acting in concert with him purchases, acquires or becomes entitled to any voting shares of the offeree during the period between the holders of voting shares' meeting referred to in paragraph (ii) and the granting of the exemption by the SC under Practice Note 2.9.10; and
- (v) An applicant seeking an exemption under Practice Note 2.9.10 and persons acting in concert with him, must at all times disclose to the SC all acquisitions, purchases or entitlements to acquire or purchase voting shares of the offeree made by the applicant and persons acting in concert in a 12 month period from the date of granting of an exemption by the SC.

2.5 SHARE PRICES

The monthly highest and lowest prices of TCMH Shares traded on Bursa Malaysia for the last 12 months from April 2005 to March 2006 were as follows:

	High RM	Low RM
2005		
April	1.90	1.59
May	1.80	1.60
June	1.73	1.60
July	1.75	1.60
August	1.75	1.68
September	1.73	1.63
October	1.69	1.55
November	1.57	1.35
December	1.40	1.27
2006		
January	1.48	1.35
February	1.55	1.41
March	1.63	1.48

The last transacted price of TCMH Shares on 18 April 2006, being the latest practicable date prior to the printing of this Circular RM1.55

(Source: The Star)

2.6 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors and/or substantial shareholders of the Company or persons connected with the Directors and/or substantial shareholders of the Company have any interest, direct or indirect, in the Proposed Share Buy-Back.

2.7 DIRECTORS' RECOMMENDATION

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

3. PART II PROPOSED SHAREHOLDERS' MANDATE

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

The Board wishes to seek the approval of the shareholders of TCMH for the renewal of the Shareholders' Mandate given at the AGM held on 20 May 2005 which would enable the TCMH Group to continue to enter into RRPT provided that such transactions are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of the TCMH Group which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders. These include transactions such as those described in section 3.2.

3.1 LISTING REQUIREMENTS OF BURSA MALAYSIA

Under Paragraph 10.09 of the LR, a listed issuer may seek a Shareholders' Mandate subject to the following:

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

The estimated transaction values for the financial year ending 31 December 2006 as set out in section 3.2 are based on the projected business volume for the current financial year ending 31 December 2006. The actual value of transactions may, however, vary from the estimated values disclosed in section 3.2, in light of the changing economic and competitive environment.

Nevertheless, disclosures will be made in accordance with the LR in the Annual Report of the Company for the financial year ending 31 December 2006 of the actual aggregate value of transactions made pursuant to the Proposed Shareholders' Mandate during the said financial year.

3.2 CLASSES OF RELATED PARTIES

3.2.1 NML Group

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

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

As at 31 March 2006, NML is a Major Shareholder of TCMH with a shareholding of 5.58%. Therefore, the NML Group is regarded as interested in all transactions which may be entered into by the NML Group with the TCMH Group.

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

Types of transaction	Details	Estimated amount for the financial year ending 31 December 2006 (RM' 000)
Purchase of goods	The TCMH Group purchases from the NML Group products comprised mainly of knocked-down kits, engines and components.	913,783
Payment of technical assistance fee and royalty	The TCMH Group pays the NML Group a technical assistance fee and royalty under the terms of a Distribution and Technical Assistance Agreement between TCM and the NML Group.	3,577
Sale of goods	The TCMH Group supplies components to other Nissan vehicle assemblers in the South East Asia region and Taiwan.	4,066

3.2.2 Renault Group

Renault is a worldwide leading automobile manufacturer of utility and passenger vehicles under the brand name "Renault". Its products include related auto components.

Via an agreement with Renault in May 2003, the TCMH Group acquired the exclusive right to import, distribute and/or assemble and manufacture vehicles of Renault brand in Malaysia. The TCMH Group purchases the vehicles in the form of completely built-up (CBU) and knocked-down kits (CKD) units as well as components.

Transactions between the TCMH Group and Renault Group may be deemed as recurrent related party transactions under Chapter 10 of the LR by virtue of the 44.3% shareholding of Renault in NML which in turn owns 5.58% of the equity interest in TCMH. As such, NML is regarded as interested in all transactions which may be entered into between the TCMH Group and the Renault Group.

The terms of the said RRPT, including pricing, are negotiated between the senior management of the TCMH Group and Renault, based on a set of mutually agreed short term and long term targets as well as objectives to be achieved for the business in Malaysia. The TCMH Group purchases from the Renault Group products comprising mainly CBU and CKD vehicles, spare parts and components estimated at RM101,396,000 for the financial year ending 31 December 2006.