TAN CHONG MOTOR HOLDINGS BERHAD

(12969-P)

A N N U A L R E P O R T 2 0 0 9


CLIO RENAULT SPORT

TAN CHONG MOTOR HOLDINGS BERHAD
(12969-P)

www.tanchong.com.my

Thirty-Eighth Annual General Meeting of
TAN CHONG MOTOR HOLDINGS BERHAD
will be held at Pacific Ballroom, Level 2,
Seri Pacific Hotel Kuala Lumpur, Jalan Putra,
50350 Kuala Lumpur, Malaysia on Wednesday,
19 May 2010 at 3:00 p.m.

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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 Address

62-68 Jalan Ipoh
51200 Kuala Lumpur

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Facsimile : (03) 4047 8636
Website : www.tanchong.com.my
E-mail : tcmh@tanchong.com.my

Registrars

Tricor Investor Services Sdn Bhd
(formerly known as Tenaga Koperat Sdn Bhd)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : (03) 2264 3883
Facsimile : (03) 2282 1886
E-mail : is.enquiry@my.tricorglobal.com

Auditors

KPMG

Listing

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

1. **ASSEMBLY**
   - Motor Vehicles

2. **SALES AND DISTRIBUTION**
   - Passenger Cars
   - Light Commercial Vehicles
   - Trucks
   - Buses

3. **AFTER-SALES SERVICES**
   - Spare Parts
   - Workshop

4. **FINANCIAL PRODUCTS AND SERVICES**
   - Hire Purchase
   - Leasing
   - Insurance Agency
   - Money Lending

5. **PROPERTY**
   - Management and Investment

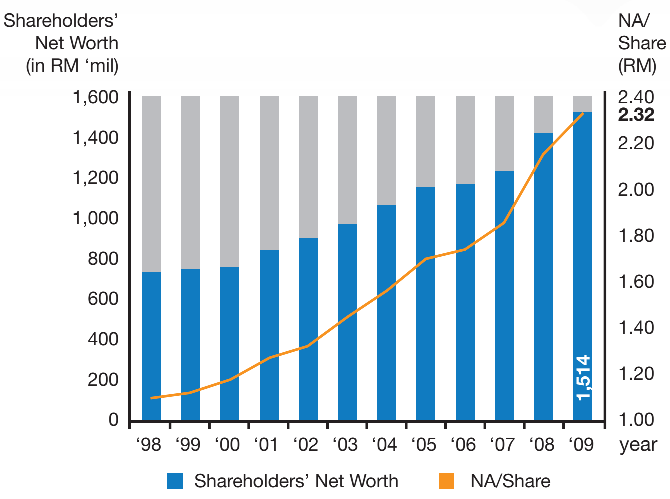
To the Shareholders of Tan Chong Motor Holdings Berhad:

For the year ended 31 December 2009, the Group recorded total revenue and net profit of RM2.9 billion and RM153.3 million respectively.

Results

For the year ended 31 December 2009, the Group recorded total revenue and net profit of RM2.9 billion and RM153.3 million respectively after a recession of global proportions. In the last quarter of fiscal year 2009, net profit of RM42.7 million is the first 51.6% year-on-year increase after four consecutive quarters of decline. Revenues rose by 10.8% to RM720.2 million in comparison to the same period in 2008. Margins have begun to rise in earnest after four consecutive quarters of decline. In particular, Q4 2009's bottom line was flattered by a stronger Ringgit.

Our gain in net worth during 2009 of RM153.3 million increased the net assets per share of the Group by almost 8%. Over the last 11 years (that is, since the de-merger) book value has grown from RM1.09/share to RM2.32/share, a rate of 7.1% compounded annually (refer to Shareholders' Net Worth and NA/share charts on the right).

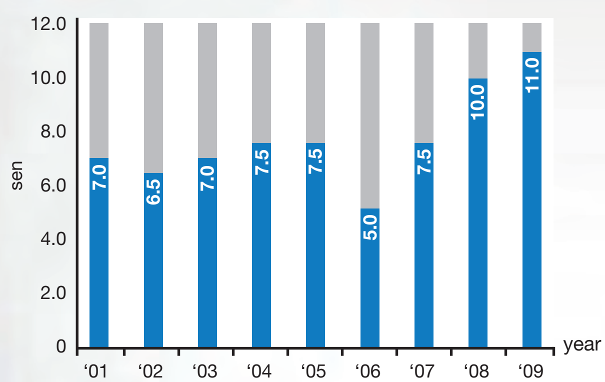


Year	ROE	Profitability (PAT/Sales)	Efficiency (Sales/Assets)	Leverage (Assets/Equity)
2000	15.2%	9.7%	1.3	1.2
2001	13.6%	7.2%	1.6	1.2
2002	11.7%	6.7%	1.5	1.2
2003	11.3%	6.3%	1.4	1.3
2004	12.5%	5.3%	1.5	1.6
2005	11.9%	4.4%	1.5	1.8
2006	5.2%	2.8%	1.0	1.8
2007	8.3%	5.3%	1.0	1.6
2008	18.5%	7.7%	1.5	1.6
2009	10.4%	5.4%	1.2	1.6

Table 1: DuPont analysis of ROE

This modest record was achieved on the back of low net gearing (only 7.3% of shareholders' equity as at 31 December 2009), low margins but relatively high productivity (refer to Table 1 above). Going forward, we will continue to run the organization with the same prudence, except that the emphasis on profitability will be greater given our plans to expand in scope and depth.

Dividend



Gross Dividend per Share

An interim dividend of 10% less 25% tax (2008: 10% less 26% tax) in respect of 2009 totaling RM24.5 million (2008: RM24.7 million) was paid on 28 September 2009.

The Board has recommended a final dividend of 12% less 25% tax (2008: 10% less 25% tax) for the year ended 31 December 2009 amounting to RM29.4 million (2008: RM24.5 million). Subject to the shareholders' approval at the forthcoming 38th Annual General Meeting, the entitlement and payment dates for the final dividend are set out in the Notice of the 38th Annual General Meeting.

Review of Brand Businesses

NISSAN vehicles registered a 5% rise in sales last year despite total industry volume (TIV) falling 2%. 2009 saw the Grand Livina model emerging as the best seller in the non-national three-row, petrol-fuelled MPV segment with a market share of 38%, according to recent TIV data from Malaysian Automotive Association (MAA). Another model, the Nissan Urvan also emerged as the best seller in the diesel-powered, window-van segment with a 30% market share.

2009 was a very challenging year due to the effects of economic downturn and aggravated by the fact that we did not launch any new CKD (completely-knocked-down) model. NISSAN vehicles sold in 2009 rose to 29,683 units from 28,313 units in 2008, capturing 5.5% share of the auto market compared with 5.2% in 2008. This was despite the economic downturn in Malaysia from the last quarter of 2008 through the first half of last year.

UD trucks and buses' sales fell 22% to 1,826 units last year from 2,344 units in 2008. The truck market was badly affected by the global economic downturn, which led to a significant drop in Malaysia's manufacturing output by 14% in the first three quarters of 2009. This in turn resulted in lesser cargo transportation for logistics and transportation companies. The situation improved only in the last quarter of the year as overseas orders and domestic consumption picked up with the faster recovery in China and its ASEAN neighbours.

Following the launch of 5 new Renault CBU models in late 2008, the current year saw the full impact of the Megane Coupe Cabriolet, Megane R26, Grand Espace, Clio RS and its smaller sibling the Clio 1.6. These cars created an aura of excitement around the brand and helped to generate positive word of mouth. In 2009, we also saw the end of CKD production of the Kangoo. The Group will endeavour to introduce newer CKD models in the near future as part of its larger plan to build the Renault brand.

Industry Overview

Malaysia's vehicle sales this year could hit a new high supported by better consumer sentiment, improvement in business confidence, and the global economic recovery. According to MAA, last year's TIV of 536,905 units was 2% lower than that in 2008 of 548,115 units due to lower demand for new motor vehicles amid the economic downturn. Despite falling 2% year-on-year, 2009 TIV actually surpassed MAA's original projection of 480,000 and even the revised forecast of 500,000 units, announced in July 2009, on the back of the government's pro-active stance and pre-emptive measures such as the stimulus packages.

MAA forecasts TIV to rise 2.4% to 550,000 units this year from 536,905 units in 2009. Passenger vehicle sales are expected to reach 498,300 units, a 2.4% rise from 2009's 486,342 units, while commercial vehicle sales are expected to rise 2.2% to 51,700 units from 50,563 units last year.

Year	Passenger Vehicles	Commercial Vehicles	Total Vehicles
2007	442,885	44,291	487,176
2008	497,459	50,656	548,115
2009	486,342	50,563	536,905
2010F	498,300	51,700	550,000
2011F	514,500	52,000	566,500
2012F	530,500	53,000	583,500
2013F	546,000	54,000	600,000
2014F	562,400	55,600	618,000

Table 2: TIV forecasts by MAA

Report of the Board of Directors

Prospects

We have begun to carefully invest again (refer to Note 29 to the Financial Statements in page 80). In December 2009 alone we completed the purchase of the former Ford plant in Shah Alam and also paid 40% deposit for an industrial land in Danang City, Vietnam (with full investment license).

This year we are working doubly hard to rationalize and optimize our production capacity at Segambut, Serendah and Shah Alam plants. Finding the right balance with minimal disruptions to throughput is one of our main challenges in 2010. There is an obvious pick up in unit sales volume. With the worst over and our renewable cash flow returning to trend, we are rebuilding inventories to catch up with end demand.

Going forward, the Group is committed to growing market share and improving customer service delivery while at the same time ensuring good corporate governance, sound risk management policies and prudent capital expenditure and operating practices in order to support sustainable long term growth and profitability of the Group.

Acknowledgement

In conclusion, we once again express our gratitude to our existing and potential customers, principals, bankers, suppliers, business associates and also the Board, the management committees and the employees who have contributed invaluably towards building a solid foundation for the Group.

Dato' Tan Heng Chew
Executive Deputy Chairman

Date: 12 April 2010


NISSAN
MURANO


SYLPHY

8 Years Financial Highlights

	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000
RESULTS								
Revenue	2,856,886	3,195,826	1,863,177	2,109,039	2,949,253	2,385,217	1,677,517	1,526,933
Profit before taxation	177,226	307,210	123,074	85,956	183,356	181,874	149,998	149,074
Taxation	(22,922)	(61,489)	(22,934)	(24,871)	(49,788)	(52,080)	(41,928)	(45,118)
Profit for the financial year	**154,304**	**245,721**	**100,140**	**61,085**	**133,568**	**129,794**	**108,070**	**103,956**
Attributable to:								
Equity holders of the Company	153,326	245,802	99,568	59,968	130,926	126,820	106,025	101,841
Minority interest	978	(81)	572	1,117	2,642	2,974	2,045	2,115
BALANCE SHEET								
Assets								
Property, plant & equipment	493,765	520,994	508,951	375,962	326,236	277,866	214,464	203,786
Prepaid lease payments	91,176	71,843	72,855	73,570	-	-	-	-
Investment properties	10,582	10,692	10,803	10,913	-	-	-	-
Associates	18,281	18,212	17,824	17,100	15,853	7,809	2,609	2,274
Other investments	1,806	5,806	5,806	5,806	5,806	1,806	1,806	1,806
Hire purchase receivables	259,504	165,331	116,686	157,281	195,183	289,797	229,747	192,509
Deferred tax assets	4,881	4,501	5,385	9,042	9,110	10,950	12,029	10,828
Other assets	7,116	3,633	5,405	5,684	4,727	5,909	4,584	-
Total non-current assets	887,111	801,012	743,715	655,358	556,915	594,137	465,239	411,203
Current assets	1,578,271	1,450,408	1,201,205	1,275,258	1,607,888	1,271,220	862,309	670,215
Total assets	**2,465,382**	**2,251,420**	**1,944,920**	**1,930,616**	**2,164,803**	**1,865,357**	**1,327,548**	**1,081,418**
Equity								
Share capital	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000
Reserves	1,202,549	1,098,485	902,160	831,460	812,325	722,267	636,315	565,397
Treasury shares	(24,777)	(13,024)	(5,561)	(4,090)	(2,133)	(2,133)	(2,133)	(1,842)
Total equity attributable to equity holders of the Company	1,513,772	1,421,461	1,232,599	1,163,370	1,146,192	1,056,134	970,182	899,555
Minority interest	4,406	3,557	3,743	18,995	18,567	16,681	14,558	13,113
Total equity	1,518,178	1,425,018	1,236,342	1,182,365	1,164,759	1,072,815	984,740	912,668
Non-current liabilities	291,545	226,290	328,730	377,001	335,190	336,624	102,075	28,271
Current liabilities	655,659	600,112	379,848	371,250	664,854	455,918	240,733	140,479
Total equity and liabilities	**2,465,382**	**2,251,420**	**1,944,920**	**1,930,616**	**2,164,803**	**1,865,357**	**1,327,548**	**1,081,418**
FINANCIAL STATISTICS								
Basic earnings per share (sen)	23.42	36.90	14.91	8.96	19.54	18.93	15.80	15.20
Gross dividend per share (sen)	11.00	10.00	7.50	5.00	7.50	7.50	7.00	6.50
Net assets per share (RM)	2.32	2.15	1.85	1.74	1.70	1.57	1.44	1.34
Return on invested capital	10.48%	17.44%	7.71%	5.23%	11.92%	12.24%	12.80%	13.55%
Return on shareholders equity	10.45%	18.52%	8.31%	5.19%	11.89%	12.52%	11.34%	11.70%
Net debt/Equity	7.30%	17.83%	12.29%	20.83%	41.57%	22.17%	-0.15%	-17.58%

Profile of the Board of Directors

Dato' Tan Heng Chew

JP, DJMK

Dato' Tan Heng Chew, 63, 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 deliberating and voting in respect of transactions between the Group and related parties involving himself.

Tan Eng Soon

Tan Eng Soon, 61, 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 and Chairman of Tan Chong International Limited. 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 deliberating and voting in respect of transactions between the Group and related parties involving himself.

Azman bin Badrillah

Azman bin Badrillah, 62, 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.

Encik Azman also sits on the board of Eco Resources Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' Ng Mann Cheong

DSSA, SMP, JP

Dato' Ng Mann Cheong, 65, 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 40 years and is a Senior Partner of Syed Alwi, Ng & Co.

Dato' Ng also sits on the board of AmTrustee Berhad, AmMortgage One Berhad and Port Klang Authority.

Dato' Haji Kamaruddin @ Abas bin Nordin

DSSA, KMN

Dato' Haji Kamaruddin @ Abas bin Nordin, 71, 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 also a director of APM Automotive Holdings Berhad and Lion Industries Corporation Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Seow Thiam Fatt

Seow Thiam Fatt, 69, 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 is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators and past Fellow of the Institute of Chartered Accountants in Australia. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA). He is a 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 former Partner in the accounting firms of Larry Seow & Co, Moores & Rowland and Arthur Young. He diverted from professional practice in 1994 and thereafter held senior positions in several public companies and the Securities Commission of Malaysia.

Mr. Seow is also an Independent Non-Executive Director of Warisan TC Holdings Berhad, Affin Investment Bank Berhad, ING Funds Berhad and Malaysia Pacific Corporation Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

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 convictions for any offences within the past 10 years. Except as disclosed above, none of the directors have any conflict of interest in any business arrangement involving the Company.

A summary of the attendance of the Directors at board meetings held in 2009 is set out on page 17.

Corporate Social Responsibility Report

Corporate social responsibility has always been essential to Tan Chong Motor Group's culture and core values. It reflects the commitments we made to our clients, shareholders, employees and to the communities. It motivates us to perform with the highest standards of good governance and ethics; provide products and services that meet the rising expectations of our clients and business partners; attract and retain quality employees; provide meaningful support to our communities; and improve the social and environmental impacts of our business practices.

Community

The Group continued to work closely with various charitable organisations, educational institutions and even individuals throughout Malaysia, on programmes that were beneficial for the communities. We contributed vans to several non-profit organisations for their use to serve their members and the public, including a children spastic association and also an orphanage. A van which was customised to be a Muslim hearse was also donated to a Felda community in Pahang.

Acknowledging the importance of education, the Group sponsored a care centre for schoolchildren of single parents in Kajang that provided the children with food and academic coaching after their school hours. The one-year long sponsorship yielded great results when the 21 primary schoolchildren of the Centre showed substantial improvement in their academic grades and also self-discipline. This satisfied the Group to continue for another year of sponsorship.

In the same spirit, the Group also donated 30 re-conditioned computers with basic licensed softwares to a non-profit learning centre in Kuala Lumpur that catered mainly for retirees and senior citizens who wanted to learn about information technology. Meanwhile, 40 schoolchildren from poor families in Selangor were given school uniforms, shoes and bags.

We were also moved by the plight and predicament of the victims of major natural disasters in Indonesia and Taiwan, and swiftly extended our humanitarian contributions through their respective embassies in Malaysia. In appreciation of the soldiers who sacrificed and gave away their lives defending the country, the Group contributed to the National Warriors' Fund which was meant to assist the retired soldiers and also the families of those who fell in the line of duty.

Donation of van to a children spastic association

Blood donation by employees

The employees also showed their caring side when 58 employees at the Group's headquarters voluntarily stepped forward to donate their blood to the National Blood Bank. Employees from all levels formed a long queue at the training room to give away the gift that could save lives.

Environment

The Group's assembly plant in Serendah achieved a major milestone when it was awarded with ISO14001 Environmental Management System by Moody International. This award acknowledged our commitment to promote more effective and efficient environmental management at the plant.

The certification required our compliance to the global standards of upholding cost effective, system-based, flexible and best organisational practices available for gathering, interpreting and communicating environmentally relevant information. This would result in improvement of environmental performance at the plant.

Recycling was also promoted amongst the staff and a campaign was organised to instil awareness and encourage staff to adopt the habit of reduce, reuse and recycle as much as possible both at home or work. The recycled items collected during the campaign were donated to a charity organisation which would use the proceeds raised therefrom to help the handicapped and the poor.

Work Place

The Group encouraged employees to strive for excellence not only at work, but also at home. This was acknowledged when the Group rewarded 41 children of the Group's employees who obtained outstanding results in public examinations UPSR, PMR and SPM, with cash incentives and certificates.

Tan Chong's Recycling Day

Award of ISO 14001 Environmental Management System to the Group's assembly plant in Serendah


ESPACE

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.

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 and major capital expenditures. Other matters are delegated to committees of the Board and management as well as officers of the Group.

There were seven (7) Board meetings held during the financial year 2009 and the attendance of the Directors at these meetings was as follows:

Name	Attendance
Dato' Tan Heng Chew	6/7
Tan Eng Soon	5/7
Azman bin Badrillah	7/7
Dato' Ng Mann Cheong	6/7
Dato' Haji Kamaruddin @ Abas bin Nordin	7/7
Seow Thiam Fatt	7/7

(ii) Board Composition

The Board currently has six (6) members, comprising the Executive Deputy Chairman, the Group Managing Director and four (4) other Non-Executive Directors, three (3) of whom are independent directors. During the financial 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 12 and 13.

(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 and Re-appointment

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.

Pursuant to Section 129(2) of the Companies Act, 1965, a Director who is over the age of 70 years shall retire at every annual general meeting and may offer himself for re-appointment to hold office until the next annual general meeting.

Directors who are due for re-election at the forthcoming Thirty-Eighth Annual General Meeting are Mr Tan Eng Soon and Dato' Ng Mann Cheong. Dato' Haji Kamaruddin @ Abas bin Nordin, retiring pursuant to Section 129(2) of the Companies Act, 1965, has offered himself for re-appointment.

All Directors held office throughout the year.

(vi) Directors' Training

In keeping themselves abreast with the constant changes in regulations requirements and development in the business environment, the Directors had, in accordance with the needs of the respective Directors, attended briefings, seminars and conferences conducted by relevant regulatory authorities and professional bodies as well as internal officers covering the following subjects in 2009:

* An overview of FRS 139 - *Financial Instrument: Recognition and Measurement*, FRS 7 - *Financial Instruments: Disclosure and Corporate Governance*
* Forum on FRS 139 *Financial Instruments: Recognition and Measurement*
* Corporate Governance: Lessons from Hong Kong
* Regional Tax Briefing - Free Trade Agreements
* Bursa Malaysia Evening Talks on Corporate Governance
* Doing business in Vietnam
* APEC CEO Summit
* Strategy Session on Global Financial Crisis

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 2009 and annual increment for 2010 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 in instances where there are no provisions of the same in their service contracts with the Company.

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 of total Directors' fees paid 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)	Bonus (RM)	Benefits-in-kind (RM)
Executive Directors	-	5,379,720	2,577,022	39,696
Non-Executive Directors	288,000	40,100	-	25,100

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

Range of Remuneration	Executive	Non-Executive
RM100,001 to RM150,000	-	3
RM2,850,001 to RM3,000,000	1	-
RM4,800,001 to RM4,850,000	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-Seventh Annual General Meeting ("AGM") of the Company was held on Wednesday, 20 May 2009 at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur. The Notice of Meeting was attached to the Annual Report distributed to shareholders. The AGM in 2009 was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholdings represented 65% 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 2008, which the Directors and officers of the Company 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 audited 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 21 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 23 to 25.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE

The Directors consider that during 2009, 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 financial 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 Finance and Operation Control, centralized Treasury, Internal Audit, 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 checklist which helps to ascertain the state of compliance with internal control procedures from time to time. The costs incurred for the internal audit function in respect of the financial year 2009 totaled RM703,023.

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 2009, 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

There were no material contracts entered into by the Company and/or its subsidiaries 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.

REVALUATION POLICY

The revaluation policy on landed properties is set out under Note 2(d), 2(e) and 2(h) of the Notes to the financial statements on pages 47 to 50 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 2009 by KPMG, auditors for Tan Chong Motor Holdings Berhad, was RM144,200.

SHARE BUY-BACKS

Details of the shares bought back during the financial year ended 31 December 2009 and currently held as treasury shares are as follows:

Year 2009	**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	1,502,800	1.240	1.200	1.225	1,841,610.30
February	2,171,800	1.240	1.140	1.211	2,629,869.48
March	1,060,400	1.200	1.180	1.200	1,271,800.87
April	1,267,500	1.400	1.280	1.358	1,721,798.29
May	1,202,600	1.600	1.540	1.592	1,915,081.11
June	24,000	1.670	1.670	1.674	40,173.11
July	1,150,000	1.780	1.580	1.652	1,899,571.04
August	148,100	1.950	1.860	1.910	282,895.06
September	75,000	1.980	1.940	1.971	147,846.36
November	1,000	2.500	2.500	2.544	2,543.75
Total	3,868,200				6,009,908.72

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

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 financial year ended 31 December 2009.

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 26 February 2008.

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 comprise no fewer than three members all of whom must be non-executive directors with a majority of them being 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 or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad. 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 the external auditors and person(s) carrying out the internal audit function or activity;
5. be able to obtain independent professional or other advice; and
6. convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer.

Audit Committee Report

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 controls 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, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;

    (c) the internal audit program, processes, the results of the internal audit program, 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; and

    (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.

Audit Committee Report

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 Bursa Malaysia Securities Berhad 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 the external auditors;
* review annual audited financial statements and principal matters arising from audit with the external auditors;
* review quarterly financial results prior to submission to the Board for consideration;
* review internal audit reports; and
* review the related party transactions of the Group

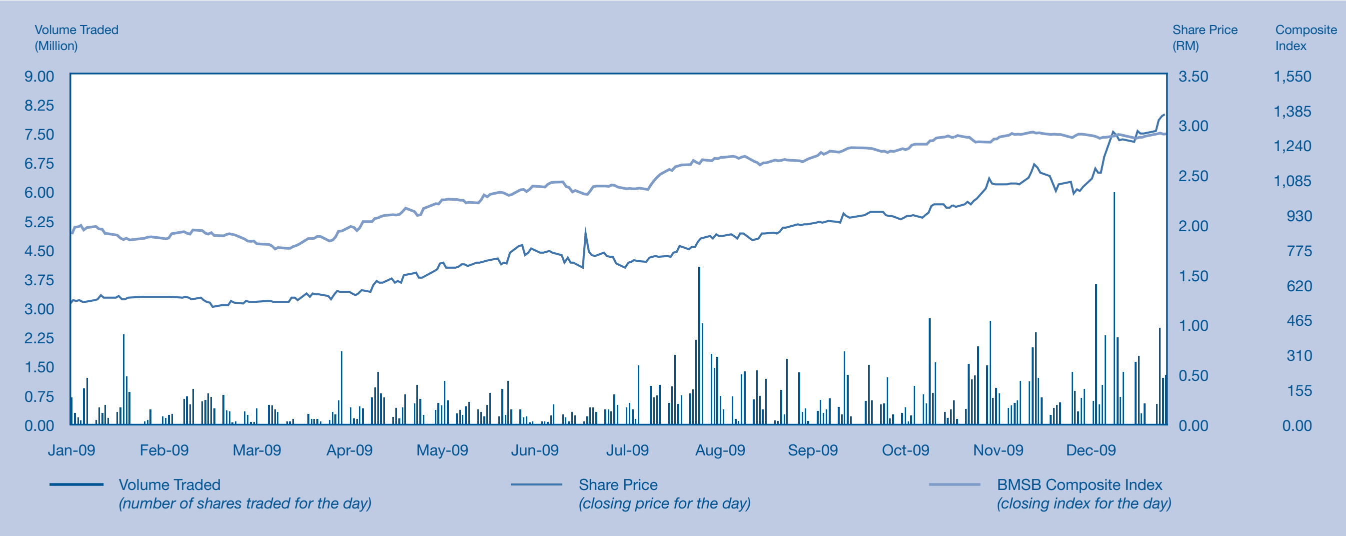
SUMMARY OF INTERNAL AUDIT ACTIVITIES

The head of Internal Audit reports directly to the Audit Committee.

Activities of internal auditors during the year encompassed the following:

* formulate and agree with the Audit Committee on the audit plan, strategy and scope of work;
* review 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 make recommendations to improve the effectiveness and efficiency of internal control system at the various business units.

Daily Share Price & Volume Traded on Bursa Malaysia Securities Berhad



Financial Statements

Directors' Report

for the year ended 31 December 2009

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 2009.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 32 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 attributable to:		
Shareholders of the Company	153,326	225,581
Minority interest	978	-

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

Dividends

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

(i) a final dividend of 10% less tax at 25% totalling RM24,542,515 in respect of the year ended 31 December 2008 on 18 June 2009; and

(ii) an interim dividend of 10% less tax at 25% totalling RM24,481,949 in respect of the year ended 31 December 2009 on 28 September 2009.

A final dividend of 12% less tax at 25% in respect of the year ended 31 December 2009 was proposed by the Directors. This dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

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

Directors' interests

The interests 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 1.1.2009	Bought	Disposed/ Transferred	At 31.12.2009
Interest in the Company				
Direct interests:				
Dato' Tan Heng Chew	**17,880,262**	4,496,000	(50,000)	**22,326,262**
Azman bin Badrillah	**20,000**	-	-	**20,000**
Dato' Haji Kamaruddin @ Abas bin Nordin	**2,992**	-	-	**2,992**
Seow Thiam Fatt	**16,600**	-	-	**16,600**
Indirect/Deemed interests:				
Dato' Tan Heng Chew	**315,509,252**	3,490,300	(8,818,131)	**310,181,421**(1)
Tan Eng Soon	**315,031,862**	2,490,300	(8,818,131)	**308,704,031**(2)
Dato' Ng Mann Cheong	**71,000**	-	-	**71,000**(3)

Notes:

(1) *Including interests of spouse and children by virtue of Section 134(12)(c) of the Companies Act, 1965. 73,594,291 shares are as to voting rights only.*

(2) *73,594,291 shares are as to voting rights only.*

(3) *Interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.*

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 the subsidiaries are shown in Note 32 to the financial statements.

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 relevant related party transactions as disclosed in Note 30 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.

Directors' Report

for the year ended 31 December 2009

Issue of shares

There were no changes in the authorised, 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's 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 2009 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.

Significant events

Significant events are disclosed in Note 34.

Subsequent events

Subsequent events are disclosed in Note 35.

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,

Date: 6 April 2010

Balance Sheets

as at 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Assets					
Property, plant and equipment	3	**493,765**	520,994	**1,313**	1,389
Prepaid lease payments	4	**91,176**	71,843	**-**	-
Investment properties	5	**10,582**	10,692	**-**	-
Investment in subsidiaries	6	**-**	-	**1,096,136**	994,471
Investment in associates	7	**18,281**	18,212	**12,246**	12,246
Other investments	8	**1,806**	5,806	**49,001**	-
Deferred tax assets	10	**4,881**	4,501	**2,109**	1,993
Hire purchase receivables	11	**259,504**	165,331	**-**	-
Long term receivables	12	**7,116**	3,633	**-**	-
Receivables, deposits and prepayments	13	**-**	-	**418,544**	202,994
Total non-current assets		**887,111**	801,012	**1,579,349**	1,213,093
Other investments	8	**423,333**	239,822	**-**	-
Hire purchase receivables	11	**117,220**	61,609	**-**	-
Receivables, deposits and prepayments	13	**235,107**	214,237	**3,518**	4,445
Current tax assets		**15,047**	3,567	**5,246**	1,123
Inventories	14	**673,185**	854,440	**-**	-
Asset classified as held for sale	15	**2**	-	**-**	-
Cash and cash equivalents	16	**114,377**	76,733	**2,865**	1,736
Total current assets		**1,578,271**	1,450,408	**11,629**	7,304
Total assets		**2,465,382**	2,251,420	**1,590,978**	1,220,397

Balance Sheets

as at 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Equity					
Share capital		**336,000**	336,000	**336,000**	336,000
Reserves		**1,202,549**	1,098,485	**937,982**	761,426
Treasury shares		**(24,777)**	(13,024)	**(24,777)**	(13,024)
Total equity attributable to equity holders of the Company	17	**1,513,772**	1,421,461	**1,249,205**	1,084,402
Minority interest		**4,406**	3,557	**-**	-
Total equity		**1,518,178**	1,425,018	**1,249,205**	1,084,402
Liabilities					
Deferred tax liabilities	10	**8,669**	15,562	**-**	-
Payables and accruals	18	**-**	-	**20,226**	7,607
Borrowings	19	**260,590**	190,785	**100,000**	-
Employee benefits	20	**22,286**	19,943	**8,658**	8,172
Total non-current liabilities		**291,545**	226,290	**128,884**	15,779
Payables and accruals	18	**267,289**	214,210	**212,889**	120,216
Borrowings	19	**387,643**	379,184	**-**	-
Taxation		**725**	6,718	**-**	-
Liability classified as held for sale	15	**2**	-	**-**	-
Total current liabilities		**655,659**	600,112	**212,889**	120,216
Total liabilities		**947,204**	826,402	**341,773**	135,995
Total equity and liabilities		**2,465,382**	2,251,420	**1,590,978**	1,220,397

The notes on pages 41 to 93 are an integral part of these financial statements.

Consolidated Balance Sheet

as at 31 December 2009

(In USD equivalent)

	2009 USD'000	2008 USD'000
Assets		
Property, plant and equipment	**143,976**	149,905
Prepaid lease payments	**26,586**	20,671
Investment properties	**3,085**	3,076
Investment in associates	**5,331**	5,240
Other investments	**527**	1,671
Deferred tax assets	**1,423**	1,295
Hire purchase receivables	**75,668**	47,570
Long term receivables	**2,075**	1,045
Total non-current assets	**258,671**	230,473
Other investments	**123,439**	69,004
Hire purchase receivables	**34,180**	17,727
Receivables, deposits and prepayments	**68,554**	61,642
Current tax assets	**4,387**	1,026
Inventories	**196,292**	245,847
Asset classified as held for sale	**1**	-
Cash and cash equivalents	**33,351**	22,078
Total current assets	**460,204**	417,324
Total assets	**718,875**	647,797
Equity		
Share capital	**97,974**	96,677
Reserves	**350,648**	316,065
Treasury shares	**(7,225)**	(3,747)
Total equity attributable to equity holders of the Company	**441,397**	408,995
Minority interest	**1,285**	1,023
Total equity	**442,682**	410,018
Liabilities		
Deferred tax liabilities	**2,528**	4,478
Borrowings	**75,985**	54,894
Employee benefits	**6,498**	5,738
Total non-current liabilities	**85,011**	65,110
Payables and accruals	**77,938**	61,634
Borrowings	**113,032**	109,102
Taxation	**211**	1,933
Liability classified as held for sale	**1**	-
Total current liabilities	**191,182**	172,669
Total liabilities	**276,193**	237,779
Total equity and liabilities	**718,875**	647,797

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 RM3.4295 = USD1.00 (2008-RM3.4755 = USD1.00), being the exchange rate ruling at the balance sheet date.

Income Statements

for the year ended 31 December 2009

		Group		Company	
	Note	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue	21	**2,856,886**	3,195,826	**290,000**	69,417
Cost of sales		**(2,353,517)**	(2,511,160)	**-**	-
Gross profit		**503,369**	684,666	**290,000**	69,417
Other income		**31,007**	25,347	**-**	-
Distribution expenses		**(205,457)**	(246,180)	**-**	-
Administrative expenses		**(129,725)**	(117,450)	**(14,032)**	(16,242)
Other expenses		**(16,509)**	(29,335)	**(1,359)**	(14,533)
Results from operating activities		**182,685**	317,048	**274,609**	38,642
Interest income		**14,728**	11,057	**7,624**	3,983
Finance costs		**(20,356)**	(21,433)	**(7,805)**	(325)
Operating profit	22	**177,057**	306,672	**274,428**	42,300
Share of profit after tax and minority interest of equity accounted associates		**169**	538	**-**	-
Profit before tax		**177,226**	307,210	**274,428**	42,300
Tax expense	24	**(22,922)**	(61,489)	**(48,847)**	(18,680)
Profit for the year		**154,304**	245,721	**225,581**	23,620
Attributable to:					
Equity holders of the Company		**153,326**	245,802	**225,581**	23,620
Minority interest		**978**	(81)	**-**	-
Profit for the year		**154,304**	245,721	**225,581**	23,620
Basic earnings per ordinary share (sen)	25	**23.42**	36.90		

The notes on pages 41 to 93 are an integral part of these financial statements.

Consolidated Income Statement

for the year ended 31 December 2009

(In USD equivalent)

	2009 USD'000	2008 USD'000
Revenue	**833,033**	919,530
Cost of sales	**(686,257)**	(722,532)
Gross profit	**146,776**	196,998
Other income	**9,041**	7,293
Distribution expenses	**(59,908)**	(70,833)
Administrative expenses	**(37,826)**	(33,794)
Other expenses	**(4,814)**	(8,441)
Results from operating activities	**53,269**	91,223
Interest income	**4,295**	3,181
Finance costs	**(5,936)**	(6,167)
Operating profit	**51,628**	88,237
Share of profit after tax and minority interest of equity accounted associates	**49**	155
Profit before tax	**51,677**	88,392
Tax expense	**(6,684)**	(17,692)
Profit for the year	**44,993**	70,700
Attributable to:		
Equity holders of the Company	**44,708**	70,723
Minority interest	**285**	(23)
Profit for the year	**44,993**	70,700
Basic earnings per ordinary share (US cents)	**6.83**	10.62

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 RM3.4295 = USD1.00 (2008-RM3.4755 = USD1.00), being the exchange rate ruling at the balance sheet date.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2009

		Attributable to equity holders of the Company								
		Non-distributable				Distributable				
Group	Note	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Surplus on revaluation of properties RM'000	Capitalisation of retained profits RM'000	Retained profits RM'000	Total RM'000	Minority interest RM'000	Total equity RM'000
At 1 January 2008		336,000	(5,561)	10	23	100	902,027	1,232,599	3,743	1,236,342
Purchase of treasury shares		-	(7,463)	-	-	-	-	(7,463)	-	(7,463)
Foreign exchange translation difference		-	-	(2)	-	-	-	(2)	-	(2)
Acquisition of minority interest		-	-	-	-	-	(95)	(95)	(105)	(200)
Profit for the year		-	-	-	-	-	245,802	245,802	(81)	245,721
Dividends										
- 2007 final	26	-	-	-	-	-	(24,693)	(24,693)	-	(24,693)
- 2008 interim	26	-	-	-	-	-	(24,687)	(24,687)	-	(24,687)
At 31 December 2008		336,000	(13,024)	8	23	100	1,098,354	1,421,461	3,557	1,425,018
At 1 January 2009		336,000	(13,024)	8	23	100	1,098,354	1,421,461	3,557	1,425,018
Purchase of treasury shares		-	(11,753)	-	-	-	-	(11,753)	-	(11,753)
Revaluation reserves		-	-	-	159	-	-	159	-	159
Foreign exchange translation difference		-	-	(367)	-	-	-	(367)	-	(367)
Additional shares subscribed by minority shareholders		-	-	-	-	-	-	-	5	5
Acquisition of minority interest		-	-	-	-	-	(29)	(29)	(134)	(163)
Profit for the year		-	-	-	-	-	153,326	153,326	978	154,304
Dividends										
- 2008 final	26	-	-	-	-	-	(24,543)	(24,543)	-	(24,543)
- 2009 interim	26	-	-	-	-	-	(24,482)	(24,482)	-	(24,482)
At 31 December 2009		336,000	(24,777)	(359)	182	100	1,202,626	1,513,772	4,406	1,518,178
		Note 17	Note 17							

Statement of Changes in Equity

for the year ended 31 December 2009

Company	Note	Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained profits RM'000	Total equity RM'000
At 1 January 2008		336,000	(5,561)	787,186	1,117,625
Purchase of treasury shares		-	(7,463)	-	(7,463)
Profit for the year		-	-	23,620	23,620
Dividends					
- 2007 final	26	-	-	(24,693)	(24,693)
- 2008 interim	26	-	-	(24,687)	(24,687)
At 31 December 2008		336,000	(13,024)	761,426	1,084,402
At 1 January 2009		336,000	(13,024)	761,426	1,084,402
Purchase of treasury shares		-	(11,753)	-	(11,753)
Profit for the year		-	-	225,581	225,581
Dividends					
- 2008 final	26	-	-	(24,543)	(24,543)
- 2009 interim	26	-	-	(24,482)	(24,482)
At 31 December 2009		336,000	(24,777)	937,982	1,249,205
		Note 17	Note 17	Note 17	

The notes on pages 41 to 93 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 31 December 2009

	Note	Group		Company	
		2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash flows from operating activities					
Profit before tax		**177,226**	307,210	**274,428**	42,300
Adjustments for:					
Amortisation of prepaid lease payments		**1,145**	1,108	**-**	-
Allowance for diminution in value of investment in subsidiaries		**-**	-	**82**	14,959
Change in revaluation reserve		**159**	-	**-**	-
Depreciation of property, plant and equipment		**50,218**	56,718	**236**	416
Depreciation of investment properties		**110**	111	**-**	-
Dividend income		**(430)**	(1,289)	**(290,000)**	(67,579)
Gain on disposal of property, plant and equipment		**(8,583)**	(2,148)	**(44)**	(49)
Gain on disposal of other investments		**(46)**	(8)	**-**	-
Interest expense		**20,356**	21,433	**7,805**	325
Interest income		**(14,728)**	(11,057)	**(7,624)**	(3,983)
Impairment loss on property, plant and equipment		**725**	4,479	**-**	-
Property, plant and equipment written off		**5,370**	1,778	**-**	-
Retirement benefits charged		**2,975**	3,319	**486**	964
Share of profit of equity accounted associates		**(169)**	(538)	**-**	-
Operating profit/(loss) before working capital changes		**234,328**	381,116	**(14,631)**	(12,647)
Changes in working capital:					
Inventories		**181,255**	(271,170)	**-**	-
Hire purchase receivables		**(149,784)**	(53,731)	**-**	-
Receivables, deposits and prepayments		**(24,353)**	37,496	**927**	98,690
Payables and accruals		**53,079**	(5,734)	**92,673**	113,808
Cash generated from operations		**294,525**	87,977	**78,969**	199,851
Tax paid		**(52,000)**	(60,728)	**(55,000)**	(17,479)
Tax refund		**4,332**	11,512	**1,914**	3,696
Interest paid		**(20,356)**	(21,433)	**(7,805)**	(325)
Interest received		**14,728**	11,057	**7,624**	3,983
Employee benefits paid		**(632)**	(1,793)	**-**	(12)
Employee benefits transferred		**-**	-	**-**	(335)
Net cash generated from operating activities		**240,597**	26,592	**25,702**	189,379

Cash Flow Statements

for the year ended 31 December 2009

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(55,589)**	(78,898)	**(200)**	(1,203)
Acquisition of prepaid lease payments		**(20,478)**	(96)	**-**	-
Acquisition of other investments		**(204,465)**	(8,387)	**(49,001)**	-
Advances to subsidiaries		**-**	-	**(202,931)**	(182,874)
Acquisition of minority interest		**(163)**	(200)	**-**	-
Subscription of additional shares by minority interest		**5**	-	**-**	-
Subscription to subsidiaries' share capital		**-**	-	**(101,747)**	(20,101)
Dividends received from other investments		**430**	1,289	**-**	-
Dividends received from associate		**100**	150	**-**	-
Dividends received from subsidiaries		**-**	-	**290,000**	67,579
Proceeds from disposal of property, plant and equipment		**35,088**	6,028	**84**	1,489
Proceeds from disposal of other investments		**25,000**	1,322	**-**	-
Effects of exchange rate change on cash and cash equivalents		**(367)**	(2)	**-**	-
Net cash used in investing activities		**(220,439)**	(78,794)	**(63,795)**	(135,110)
Cash flows from financing activities					
Dividends paid to shareholders of the Company		**(49,025)**	(49,380)	**(49,025)**	(49,380)
Purchase of own shares		**(11,753)**	(7,463)	**(11,753)**	(7,463)
Proceeds from bills payable		**259,546**	317,602	**-**	-
Repayment of bills payable		**(281,304)**	(212,122)	**-**	-
Proceeds from term loans		**410,000**	85,000	**100,000**	-
Repayment of term loans		**(309,777)**	(67,874)	**-**	-
Repayment of Cagamas Berhad		**-**	(7,334)	**-**	-
Net cash generated from/(used in) financing activities		**17,687**	58,429	**39,222**	(56,843)
Net increase/(decrease) in cash and cash equivalents		**37,845**	6,227	**1,129**	(2,574)
Cash and cash equivalents at 1 January		**76,174**	69,947	**1,736**	4,310
Cash and cash equivalents at 31 December		**114,019**	76,174	**2,865**	1,736

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

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Cash and bank balances	16	**78,844**	54,842	**2,265**	1,736
Deposits with licensed banks	16	**35,533**	21,891	**600**	-
Bank overdraft	19	**(358)**	(559)	**-**	-
		114,019	76,174	**2,865**	1,736

The notes on pages 41 to 93 are an integral part of these financial statements.

Notes to the 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 follows:

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2009 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, whilst the principal activities of the subsidiaries are as stated in Note 32 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The financial statements were approved by the Board of Directors on 6 April 2010.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRSs), accounting principles generally accepted and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB), where are relevant to their operations but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2009

- FRS 8, *Operating Segments*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  – Puttable Financial Instruments and Obligations Arising on Liquidation
  – Separation of Compound Instruments
- Amendments to FRS 139, *Financial Instruments: Recognition and Measurement*
  – Reclassification of Financial Assets
- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 – *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation – Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 15, *Agreements for the Construction of Real Estate*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17, *Distribution of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations, where applicable:

- from the annual period beginning 1 January 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 July 2009 or 1 January 2010, and

- from the annual period beginning 1 January 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 March 2010, 1 July 2010 and 1 January 2011.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impact to the current and prior periods' financial statements upon their first adoption.

The impact and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors*, in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

1. **Basis of preparation (continued)**

(a) **Statement of compliance (continued)**

Material impacts of initial application of other standards, amendments or interpretations, which will be applied retrospectively, are disclosed below:

(i) **FRS 8, *Operating Segments***

FRS 8 replaces FRS 114_{2004}, *Segment Reporting* and requires the identification and reporting of operating segments based on internal reports that are regularly reviewed by the chief operating decision maker of the Group in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business segments (see Note 27).

(ii) **Improvements to FRSs (2009)**

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that have material impact are:

- **FRS 116, *Property, Plant and Equipment***

  Following the amendments to FRS 116, an entity that, in the course of its ordinary activities, routinely sells items of property, plant and equipment that it has held for rental to others shall transfer such assets to inventories at their carrying amounts when they cease to be rented and become held for sale. The proceeds from the sale of such assets are recognised as revenue in accordance with FRS 118, *Revenue*. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will result in presentation changes for revenue, cost of sales, property, plant and equipment, inventories and the corresponding items in the statement of cash flows.

- **FRS 117, *Leases***

  The amendments clarify that the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment. The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

  The management has yet to make any assessment on the impact of the adoption of these amendments to the financial statements.

- **FRS 119, *Employee Benefits***

  FRS 119 (revised) incorporates the following amendments that are likely to be relevant to the Group and the Company:

  - The amendments clarify that in calculating the return on plan assets, any costs of administering the plan is deducted (other than those included in the actuarial assumptions used to measure the defined benefit obligation).

  - The amendments also clarify that past service cost may be either positive or negative and that negative past service cost arises when an entity changes the benefits attributable to past service so that the present value of the defined benefit obligation decreases.

  - The amendments further clarify that a curtailment may arise from an isolated event, such as the closing of a plant, discontinuance of an operation or termination or suspension of a plan, or a reduction in the extent to which future salary increases are linked to the benefits payable for past service. When curtailments are linked with a restructuring, an entity accounts for the curtailment at the same time as for the related restructuring.

  The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions.

1. Basis of preparation (continued)

(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 the Company's functional currency. All financial information is presented in RM and 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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 10 - recognition of unutilised tax losses, capital allowances and reinvestment allowances (RA)
- Note 20 - estimation of employee benefits

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its 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. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, 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 less impairment losses, unless the investment is classified as held for sale.

(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. A 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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) Minority interest

Minority interests at the balance sheet date, being the portion of the net identifiable 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 with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) 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, if any, 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 any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(v) 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.

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, 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 transactions.

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 are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which 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 in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

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

(iii) Net investment in foreign operations

Exchange differences arising from monetary items that in substance form part of the Company's net investment in the foreign operations are recognised in the Company's income statement. Such exchange differences are reclassified to equity in the consolidated financial statements. Deferred exchange differences are recognised in the consolidated income statement upon disposal of the investment.

(c) Derivative financial instruments

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

Forward foreign exchange contracts 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.

2. Significant accounting policies (continued)

(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 any accumulated 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 2009.

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 and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net in the income statements.

(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 remeasured to fair value and reclassified as investment property. Any gain or loss arising in remeasurement is recognised in the income statements.

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

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(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 the replacement part 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

Depreciation is recognised in the income statements on a straight-line basis 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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
Rough road	5 years

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

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assume substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's balance sheet.

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments.

Certain leasehold land were revalued in 1984 primarily for the purpose of issuing bonus shares. No later valuation has been recorded for these leasehold land. The Group has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provision in FRS 117.67A when it first adopted FRS 117, *Leases* in 2007.

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 2009.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

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.

For business acquisitions beginning from 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.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in 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 (continued)

(f) Intangible assets (continued)

(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.

(g) Other investments

Long term investments in unquoted shares, assets-backed notes and option 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 of an asset and recognition of any gain or loss on disposal on the date it is delivered.

(h) Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold 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 any accumulated depreciation and any accumulated 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.

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 (continued)

(i) 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 the estimated costs necessary to make the sale.

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.

(j) 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.

(k) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to financial assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statements. Gains are not recognised in excess of any cumulative impairment loss.

(l) 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. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

2. Significant accounting policies (continued)

(m) Impairment of assets

The carrying amounts of assets, except for financial assets, inventories, deferred tax assets, investments (other than investment in subsidiaries and associates) and non-current assets classified as held for sale 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.

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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised 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. Impairment losses are recognised in the income statements. 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.

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.

(n) 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 and is not re-valued for subsequent changes in the fair value or market price of share. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

(o) 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.

2. Significant accounting policies (continued)

(p) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of wages, salaries, annual 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 and the Company's contribution to the statutory pension funds are 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's and the 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.

In calculating the Group's and the 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 the 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.

2. Significant accounting policies (continued)

(q) 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.

(r) 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.

(s) Revenue recognition

(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.

(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.

(vi) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

2. Significant accounting policies (continued)

(t) Interest income and borrowing costs

Interest income is recognised in the income statement as it accrues, using the effective interest rates.

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.

(u) 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 substantively 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.

Unutilised reinvestment allowance and investment tax allowance are treated as tax based of assets and are recognised as a reduction of tax expenses as and when they are utilised.

(v) 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.

(w) 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	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	Rough road RM'000	Total RM'000
Cost/valuation									
At 1 January 2008	93,224	249,121	224,564	66,716	72,470	16,031	22,215	-	744,341
Additions	1,807	551	7,223	6,645	54,471	751	7,450	-	78,898
Disposals	-	-	-	(249)	(11,571)	-	-	-	(11,820)
Reclassification	-	-	18,208	800	158	-	(19,293)	127	-
Write off	-	-	(13)	(695)	(68)	(25)	(1,617)	-	(2,418)
At 31 December 2008/1 January 2009	95,031	249,672	249,982	73,217	115,460	16,757	8,755	127	809,001
Additions	-	27,826	7,959	5,064	12,365	2,375	-	-	55,589
Disposals	-	-	(8,685)	(618)	(42,714)	-	-	-	(52,017)
Write off	-	-	(16)	(428)	(3)	(11)	(5,342)	-	(5,800)
At 31 December 2009	95,031	277,498	249,240	77,235	85,108	19,121	3,413	127	806,773
Accumulated depreciation and impairment loss									
At 1 January 2008	-	60,724	86,941	49,111	31,236	7,378	-	-	235,390
Depreciation for the year	-	6,110	20,308	5,901	22,124	2,249	-	26	56,718
Disposals	-	-	-	(214)	(7,726)	-	-	-	(7,940)
Reclassification	-	-	-	(2)	2	-	-	-	-
Write off	-	-	(6)	(552)	(69)	(13)	-	-	(640)
Impairment loss	-	-	4,479	-	-	-	-	-	4,479
At 31 December 2008/1 January 2009	-	66,834	111,722	54,244	45,567	9,614	-	26	288,007
Depreciation for the year	-	6,262	20,646	6,147	14,887	2,241	-	35	50,218
Disposals	-	-	(360)	(557)	(24,595)	-	-	-	(25,512)
Write off	-	-	-	(422)	(3)	(5)	-	-	(430)
Impairment loss	-	-	648	33	-	44	-	-	725
At 31 December 2009	-	73,096	132,656	59,445	35,856	11,894	-	61	313,008
Carrying amount									
At 1 January 2008	93,224	188,397	137,623	17,605	41,234	8,653	22,215	-	508,951
At 31 December 2008/1 January 2009	95,031	182,838	138,260	18,973	69,893	7,143	8,755	101	520,994
At 31 December 2009	95,031	204,402	116,584	17,790	49,252	7,227	3,413	66	493,765

3. Property, plant and equipment (continued)

Company	Buildings RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2008	690	614	2,506	3,810
Additions	-	36	1,167	1,203
Disposals	-	(150)	(2,494)	(2,644)
Write off	-	(102)	-	(102)
At 31 December 2008/1 January 2009	690	398	1,179	2,267
Additions	-	3	197	200
Disposals	-	(30)	(208)	(238)
Write off	-	(215)	-	(215)
At 31 December 2009	690	156	1,168	2,014
Accumulated depreciation				
At 1 January 2008	200	441	1,127	1,768
Depreciation for the year	7	45	364	416
Disposals	-	(90)	(1,114)	(1,204)
Write off	-	(102)	-	(102)
At 31 December 2008/1 January 2009	207	294	377	878
Depreciation for the year	14	25	197	236
Disposals	-	(30)	(168)	(198)
Write off	-	(215)	-	(215)
At 31 December 2009	221	74	406	701
Carrying amount				
At 1 January 2008	490	173	1,379	2,042
At 31 December 2008/1 January 2009	483	104	802	1,389
At 31 December 2009	469	82	762	1,313

3. Property, plant and equipment (continued)

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 total cost of RM4,371,000 (2008 - RM4,371,000) have yet to be issued by the relevant authorities.

4. Prepaid lease payments

Group	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
Cost/valuation			
At 1 January 2008	89,337	5,612	94,949
Additions	96	-	96
At 31 December 2008/1 January 2009	89,433	5,612	95,045
Additions	19,272	1,206	20,478
At 31 December 2009	108,705	6,818	115,523
Amortisation			
At 1 January 2008	19,666	2,428	22,094
Amortisation for the year	892	216	1,108
At 31 December 2008/1 January 2009	20,558	2,644	23,202
Amortisation for the year	1,090	55	1,145
At 31 December 2009	21,648	2,699	24,347
Carrying amount			
At 1 January 2008	69,671	3,184	72,855
At 31 December 2008/1 January 2009	68,875	2,968	71,843
At 31 December 2009	87,057	4,119	91,176

5. Investment properties

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost/valuation			
At 1 January 2008/31 December 2008/ 1 January 2009/31 December 2009	7,243	5,877	13,120
Accumulated depreciation			
At 1 January 2008	-	2,317	2,317
Depreciation for the year	-	111	111
At 31 December 2008/1 January 2009	-	2,428	2,428
Depreciation for the year	-	110	110
At 31 December 2009	-	2,538	2,538
Carrying amount			
At 1 January 2008	7,243	3,560	10,803
At 31 December 2008/1 January 2009	7,243	3,449	10,692
At 31 December 2009	7,243	3,339	10,582

The Directors' valuation on the fair value of investment properties based on available valuation reports prepared by an independent valuer is RM33,275,000 (2008 - RM33,275,000).

6. Investment in subsidiaries

	Company	
	2009 RM'000	**2008 RM'000**
Unquoted shares in Malaysia, at cost	**1,116,732**	1,014,985
Less: Impairment loss	**(20,596)**	(20,514)
	1,096,136	994,471

Details of the subsidiaries are in Note 32.

7. Investment in associates

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Unquoted shares, at cost:				
In Malaysia	**1,750**	1,750	**-**	-
Outside Malaysia	**12,247**	12,247	**12,246**	12,246
Share of post-acquisition reserve	**4,284**	4,215	**-**	-
	18,281	18,212	**12,246**	12,246

Summary financial information on associates:

Group

	Country of incorporation	Effective ownership interest 2009 %	Effective ownership interest 2008 %	2009 Revenues (100%) RM'000	2009 Profit (100%) RM'000	2009 Total assets (100%) RM'000	2009 Total liabilities (100%) RM'000	2008 Revenues (100%) RM'000	2008 Profit (100%) RM'000	2008 Total assets (100%) RM'000	2008 Total liabilities (100%) RM'000
Kanzen Energy Ventures Sdn. Bhd.	Malaysia	**25.00**	25.00	**1,082**	**(35)**	**13,178**	**28**	1,081	1,209	13,213	28
Structurflex Sdn. Bhd.	Malaysia	**50.00**	50.00	**3,253**	**176**	**3,138**	**2,937**	3,780	384	3,013	585
TC Capital (Thailand) Co. Ltd.	Thailand	**45.45**	45.45	**2,194**	**1,555**	**38,110**	**2,391**	2,499	1,656	38,065	4,880
TC Express Auto Services & Spare Parts (Thailand) Co.Ltd.	Thailand	**49.00**	49.00	**1,924**	**(1,331)**	**830**	**483**	1,169	(1,449)	2,941	4,929

Company

	Country of incorporation	Effective ownership interest 2009 %	Effective ownership interest 2008 %	2009 Revenues (100%) RM'000	2009 Profit (100%) RM'000	2009 Total assets (100%) RM'000	2009 Total liabilities (100%) RM'000	2008 Revenues (100%) RM'000	2008 Profit (100%) RM'000	2008 Total assets (100%) RM'000	2008 Total liabilities (100%) RM'000
TC Capital (Thailand) Co. Ltd.	Thailand	**45.45**	45.45	**2,194**	**1,555**	**38,110**	**2,391**	2,499	1,656	38,065	4,880

8. Other investments

	Note	Group 2009 RM'000	Group 2008 RM'000
Non-current			
At cost:			
Unquoted shares		**1,806**	1,806
Asset-backed notes	a	**-**	4,000
		1,806	5,806
Current			
At cost:			
Quoted unit trusts		**423,333**	239,822
At market value:			
Quoted unit trusts		**423,577**	240,105
Details of disposed investments stated at cost are as follows:			
Proceeds from disposal		**25,000**	1,322
Carrying amount of investments disposed		**(24,954)**	(1,314)
Gain on disposal of investments		**46**	8

	Note	Company 2009 RM'000	Company 2008 RM'000
Non-current			
At cost:			
Option	b	**1**	-
Asset-backed notes	c	**49,000**	-
		49,001	-

Note a

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

The SPE is consolidated by virtue of control.

The amount is reflected under hire purchase receivables (Note 11) upon consolidation of the SPE (Note 2(a)(ii)).

8. Other investments (continued)

Note b

The Company has entered into a Subscription Option Agreement on 1 October 2009 with Kereta Komersil Seladang (M) Sdn. Bhd. (KKS), a subsidiary of the Company, pursuant to which the Company is granted an option to subscribe for up to such number of new ordinary shares of RM1.00 each in the capital of KKS as shall be equivalent to 19% of the total and paid-up capital of KKS after such subscription.

Note c

The asset-backed notes acquired by the Company comprise of Class A Notes, Class B Notes and Class C Notes of RM40 million, RM1 million and RM8 million respectively, were issued by the SPE during the year. The securitisation exercise was fully completed in June 2009 with the issuance of the second series – 2009A of RM159 million nominal value medium term asset-backed notes (Notes) by the SPE. The proceeds from the issuance of the Notes were used by the SPE for the acquisition of hire purchase receivables from Tan Chong & Sons Motor Company Sdn. Bhd. (TCM) and TC Capital Resources Sdn. Bhd. (TCCR). RM110 million of Class A Notes were issued to investors in the debt capital markets while the remaining Class A Notes, Class B Notes and Class C Notes were subscribed by the Company.

The amount is reflected under hire purchase receivables (Note 11) upon consolidation of the SPE (Note 2 (a)(ii)).

9. Development costs

	Group	
	2009	**2008**
	RM'000	**RM'000**
Cost		
At 1 January/31 December	**5,909**	5,909
Amortisation and impairment loss		
At 1 January/31 December	**5,909**	5,909
Carrying amount		
At 1 January/31 December	**-**	-

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2009	2008	2009	2008	2009	2008
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax assets						
Property, plant and equipment/ Investment properties						
- capital allowances	**-**	-	**(2,834)**	(454)	**(2,834)**	(454)
Provisions	**7,375**	3,420	**-**	-	**7,375**	3,420
Employee benefit plans	**-**	181	**-**	-	**-**	181
Other items	**334**	334	**-**	-	**334**	334
Unabsorbed capital allowances	**6**	9	**-**	-	**6**	9
Tax loss carry-forwards	**-**	1,011	**-**	-	**-**	1,011
Tax assets/(liabilities)	**7,715**	4,955	**(2,834)**	(454)	**4,881**	4,501
Deferred tax liabilities						
Property, plant and equipment/ Investment properties						
- capital allowances	**-**	-	**(19,740)**	(21,492)	**(19,740)**	(21,492)
- revaluation	**-**	-	**(4,643)**	(8,775)	**(4,643)**	(8,775)
- reinvestment allowances	**13,495**	11,188	**-**	-	**13,495**	11,188
Provisions	**2,226**	2,794	**-**	-	**2,226**	2,794
Inventories	**-**	111	**-**	-	**-**	111
Employee benefit plans	**-**	828	**-**	-	**-**	828
Other items	**-**	-	**(7)**	(216)	**(7)**	(216)
Tax assets/(liabilities)	**15,721**	14,921	**(24,390)**	(30,483)	**(8,669)**	(15,562)
Company						
Deferred tax assets						
Property, plant and equipment						
- capital allowances	**-**	-	**(59)**	(100)	**(59)**	(100)
Provisions	**2,168**	2,093	**-**	-	**2,168**	2,093
Tax assets/(liabilities)	**2,168**	2,093	**(59)**	(100)	**2,109**	1,993

10. Deferred tax assets and liabilities (continued)

Group movements in deferred tax assets during the year:

Group	At 1.1.2008 RM'000	Recognised in income statement RM'000	At 31.12.2008 RM'000	Recognised in income statement RM'000	At 31.12.2009 RM'000
Property, plant and equipment/ Investment properties					
- capital allowances	(782)	328	(454)	(2,380)	(2,834)
Provisions	5,824	(2,404)	3,420	3,955	7,375
Employee benefit plans	-	181	181	(181)	-
Other items	334	-	334	-	334
Unabsorbed capital allowances	9	-	9	(3)	6
Tax loss carry-forwards	-	1,011	1,011	(1,011)	-
	5,385	(884)	4,501	380	4,881

Group movements in deferred tax liabilities during the year:

Group	At 1.1.2008 RM'000	Recognised in income statement RM'000	At 31.12.2008 RM'000	Recognised in income statement RM'000	At 31.12.2009 RM'000
Property, plant and equipment/ Investment properties					
- capital allowances	(20,985)	(507)	(21,492)	1,752	(19,740)
- revaluation	(8,845)	70	(8,775)	4,132	(4,643)
- reinvestment allowances	11,188	-	11,188	2,307	13,495
Provisions	3,843	(1,049)	2,794	(568)	2,226
Inventories	-	111	111	(111)	-
Employee benefit plans	-	828	828	(828)	-
Other items	82	(298)	(216)	209	(7)
	(14,717)	(845)	(15,562)	6,893	(8,669)
Company					
Property, plant and equipment					
- capital allowances	(165)	65	(100)	41	(59)
Provisions	4,558	(2,465)	2,093	75	2,168
	4,393	(2,400)	1,993	116	2,109

10. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

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

	Group 2009 RM'000	Group 2008 RM'000
Unabsorbed capital allowances	**3,668**	3,904
Tax loss carry-forwards	**24,084**	22,038
Deductible temporary differences	**900**	647
Provisions	**-**	31
	28,652	26,620

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.

11. Hire purchase receivables

	Note	Group 2009 RM'000	Group 2008 RM'000
Hire purchase receivables		**452,442**	265,437
Less: Unearned interest		**(71,027)**	(33,797)
		381,415	231,640
Less: Allowance for doubtful debts	a	**(4,691)**	(4,700)
		376,724	226,940
Less than one year		**117,220**	61,609
Between one and five years		**217,636**	140,081
More than five years		**41,868**	25,250
		376,724	226,940

Note a

Doubtful debts written off against allowance for doubtful debts during the year amounted to RM803,000 (2008 - RM2,514,000).

12. Long term receivables

	Group	
	2009	2008
	RM'000	RM'000
Finance lease receivables	**15,295**	9,766
Less: Unearned interest	**(2,107)**	(1,235)
	13,188	8,531
Less than one year (Note 13)	**6,072**	4,898
Between one and five years	**7,116**	3,633
	13,188	8,531

Finance lease receivables in less than one year are classified under current assets as receivables, deposits and prepayments.

13. Receivables, deposits and prepayments

		Group		Company	
	Note	2009	2008	2009	2008
		RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	a	**-**	-	**426,759**	209,888
Less: Allowance for doubtful debts		**-**	-	**(8,215)**	(6,894)
		-	-	**418,544**	202,994
Current					
Trade					
Trade receivables		**179,306**	183,230	**-**	-
Less: Allowance for doubtful debts	b	**(10,967)**	(9,840)	**-**	-
		168,339	173,390	**-**	-
Non-trade					
Receivables, deposits and prepayments		**60,696**	35,949	**1,385**	2,421
Amount due from subsidiaries	c	**-**	-	**2,133**	2,024
Finance lease receivables	12	**6,072**	4,898	**-**	-
		66,768	40,847	**3,518**	4,445
		235,107	214,237	**3,518**	4,445

13. Receivables, deposits and prepayments (continued)

Note a

The non-current amount 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 RM410,291,000 (2008 - RM16,424,000) which are subject to interest at negotiated rates.

Note b

Doubtful debts written off against allowance for doubtful debts during the year amounted to RM537,000 (2008 - RM901,000).

Note c

The current amount due from subsidiaries are in respect of advances that are unsecured, repayable on demand and interest free except for amounts due from certain subsidiaries of RM94,000 (2008 - RM395,000) which are subject to interest at negotiated rates.

Analysis of foreign currency exposure for significant receivables

Significant receivables outstanding at year end that are not in the functional currency of the Group are as follows:

	2009 RM'000	2008 RM'000
Foreign currency		
Japanese Yen	**2,243**	3,420
Euro Dollar	**1,646**	2,270
US Dollar	**255**	218
Singapore Dollar	**86**	31

14. Inventories

	Group	
	2009 RM'000	2008 RM'000
Raw materials	**16,996**	20,186
Unassembled vehicle packs	**383,198**	552,377
Work-in-progress	**25,675**	16,983
Manufactured inventories and trading inventories	**662**	423
Used vehicles	**9,241**	6,272
New vehicles	**175,807**	194,931
Spare parts and others	**61,606**	63,268
	673,185	854,440

The write-down of inventories to net realisable value amounted to RM3,715,000 (2008 - RM4,303,000). The reversal of write-down amounted to RM2,559,000 (2008 - RM587,000). The write-down and reversal are included in cost of sales.

15. Asset and liability held for sale

The Company has entered into a Sales and Purchase Agreement with Warisan TC Holdings Berhad (WTCH) on 1 October 2009 for the disposal of its 70% equity interest in Kereta Komersil Seladang (M) Sdn. Bhd. comprising 10,500 ordinary shares of RM1.00 each for a cash consideration of RM700,000 ("Disposal") to WTCH.

The Disposal was completed on 5 January 2010.

At 31 December 2009, the asset and liability held for sale are as follows:

	Group 2009 RM'000
Asset classified as held for sale	
Cash in hand	**2**
Liability classified as held for sale	
Payables and accruals	**2**

16. Cash and cash equivalents

	Group		Company	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Cash and bank balances	**78,844**	54,842	**2,265**	1,736
Deposits with licensed banks	**35,533**	21,891	**600**	-
	114,377	76,733	**2,865**	1,736

17. Share capital and reserves

Share capital

	Group and Company			
	Amount 2009 RM'000	Number of shares 2009 '000	Amount 2008 RM'000	Number of shares 2008 '000
Ordinary shares of RM0.50 each				
Authorised	**500,000**	**1,000,000**	500,000	1,000,000
Issued and fully paid	**336,000**	**672,000**	336,000	672,000

Treasury shares

The shareholders of the Company via a resolution passed in the Annual General Meeting held on 20 May 2009 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 8,603,200 (2008 - 5,960,800) of its issued shares from the open market at prices ranging from RM1.14 to RM2.50 (2008 - RM1.05 to RM1.97) per ordinary share. The cumulative total number of shares bought back at the end of the year is 19,181,000 (2008 - 10,577,800). These transactions were financed by internally generated funds.

As at 31 December 2009, the number of outstanding shares in issue after deducting treasury shares held is 652,819,000 (2008 - 661,422,200) 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 as at 31 December 2009 if paid out as dividends.

The Finance Act, 2008 introduced a single tier company income tax system with effect from year of assessment 2009. As such, the Section 108 tax credit will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

18. Payables and accruals

	Note	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Non-current					
Non-trade					
Amount due to subsidiaries	a	**-**	-	**20,226**	7,607
Current					
Trade					
Trade payables		**145,881**	91,419	**-**	-
Non-trade					
Payables and accruals		**121,408**	122,791	**3,289**	933
Amount due to subsidiaries	b	**-**	-	**209,600**	119,283
		121,408	122,791	**212,889**	120,216
		267,289	214,210	**212,889**	120,216

Note a

The non-current amount 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 RM4,698,000 (2008 - RM4,410,000) which are subject to interest at negotiated rates.

Note b

The current amount due to subsidiaries are in respect of advances that are unsecured, repayable on demand and subject to interest at negotiated rates. In 2009, the amounts subject to interest at negotiated rates is RM130,481,000 (2008 - RM118,580,000).

Analysis of foreign currency exposure for significant payables

Significant payables outstanding at year end that are not in the functional currency of the Group are as follows:

	2009 RM'000	2008 RM'000
Foreign currency		
Japanese Yen	**2,433**	3,501
Euro Dollar	**1,192**	1,989
US Dollar	**275**	784
Singapore Dollar	**8**	162
Thai Baht	**141**	565
Australian Dollar	**-**	70

19. Borrowings

	Group 2009 RM'000	Group 2008 RM'000
Non-current		
Term loans - unsecured	**260,590**	190,785
Current		
Term loans - unsecured	**190,199**	159,781
Bills payable - unsecured	**197,086**	218,844
Overdraft	**358**	559
	387,643	379,184

	Company 2009 RM'000	Company 2008 RM'000
Non-current		
Term loan - unsecured	**100,000**	-

Terms and debt repayment schedule

	2009 RM'000	2008 RM'000
Group		
Under one year	**387,643**	379,184
One to two years	**10,590**	36,052
Two to five years	**250,000**	154,733
	648,233	569,969
Company		
Two to five years	**100,000**	-

20. Employee benefits

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised liability for defined benefit obligations	**22,286**	19,943	**8,658**	8,172

Under the Group's and the 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 statutory pension funds 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.

Movements in the net liability recognised in the balance sheets

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net liability at 1 January	**19,943**	18,417	**8,172**	7,555
Benefits paid	**(632)**	(1,793)	**-**	(12)
Expense recognised in the income statements	**2,975**	3,319	**486**	964
Benefits transferred	**-**	-	**-**	(335)
Net liability at 31 December	**22,286**	19,943	**8,658**	8,172

Expense recognised in the income statements

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current service cost	**1,673**	1,546	**117**	169
Interest on obligation	**767**	1,189	**87**	487
Actuarial losses	**535**	584	**282**	308
	2,975	3,319	**486**	964

20. Employee benefits (continued)

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

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Cost of sales	**478**	442	**-**	-
Distribution expenses	**593**	470	**-**	-
Administrative expenses	**1,904**	2,407	**486**	964
	2,975	3,319	**486**	964

Actuarial assumptions

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

	2009	2008
	%	%
Discount rate	**5.4**	5.4
Future salary increases	**6.5**	6.5

21. Revenue

	Group		Company	
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
Sale of goods	**2,662,012**	3,033,845	**-**	-
Services rendered	**177,936**	148,559	**-**	1,838
Financial services income	**16,508**	12,133	**-**	-
Dividend income	**430**	1,289	**290,000**	67,579
	2,856,886	3,195,826	**290,000**	69,417

22. Operating profit

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Operating profit is arrived at after crediting:				
Allowance for doubtful debts written back	**-**	2	**-**	-
Bad debts recovered	**445**	192	**-**	-
Dividend income from:				
Unquoted subsidiaries	**-**	-	**290,000**	67,579
Other investments	**430**	1,289	**-**	-
Finance lease interest income	**26**	43	**-**	-
Gain on disposal of property, plant and equipment	**8,583**	2,148	**44**	49
Gain on disposal of other investments	**46**	8	**-**	-
Net gain on foreign exchange - realised	**169**	46	**-**	-
Net gain on foreign exchange - unrealised	**42**	842	**-**	-
Interest income	**14,728**	11,057	**7,624**	3,983
Reversal of inventories written down	**2,559**	587	**-**	-
Rental income on leased assets	**2,183**	2,271	**-**	-
Rental income on land and buildings	**1,592**	2,376	**-**	-
Reversal of allowance for doubtful debts	**1,660**	794	**-**	2,280

and after charging:				
Auditors' remuneration				
- Current year	**318**	314	**37**	37
- Under/(Over) provision in prior year	**1**	(3)	**-**	-
Allowance for diminution in value of investment in subsidiaries	**-**	-	**82**	14,959
Allowance for doubtful debts	**4,118**	4,263	**1,321**	1,894
Amortisation of prepaid lease payments	**1,145**	1,108	**-**	-
Bad debts written off	**569**	21	**-**	-
Depreciation of property, plant and equipment	**50,218**	56,718	**236**	416
Depreciation of investment properties	**110**	111	**-**	-
Direct operating expenses of investment properties generating rental income	**238**	413	**-**	-
Interest expense	**20,356**	21,433	**7,805**	325
Inventories written down	**3,715**	4,303	**-**	-
Inventories written off	**64**	135	**-**	-
Impairment loss on property, plant and equipment	**725**	4,479	**-**	-
Net loss on foreign exchange - unrealised	**114**	-	**-**	-
Non-executive Directors' fees	**334**	304	**288**	258

22. Operating profit (continued)

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
and after charging (continued):				
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	**19,744**	19,643	**785**	1,001
- Expenses related to defined benefit plans	**2,975**	3,319	**486**	964
- Wages, salaries and others	**157,374**	155,379	**6,273**	8,709
Property, plant and equipment written off	**5,370**	1,778	**-**	-
Rental expense on land and buildings	**9,563**	10,601	**226**	253
Warranty claim	**130**	83	**-**	-

23. Key management personnel compensation

The key management personnel compensations are as follows:

	Group 2009 RM'000	Group 2008 RM'000	Company 2009 RM'000	Company 2008 RM'000
Directors				
- Remuneration	**13,599**	14,945	**5,460**	5,455
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	**178**	911	**40**	39
	13,777	15,856	**5,500**	5,494

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. All the key management personnel comprise the Directors of the Company and Directors of subsidiaries within the Group.

24. Tax expense

Recognised in the income statements

	Group		Company	
	2009	**2008**	**2009**	**2008**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current tax expense	**32,473**	59,605	**51,725**	15,632
(Over)/Under provided in prior years	**(2,278)**	155	**(2,762)**	648
	30,195	59,760	**48,963**	16,280
Deferred tax expense				
Origination and reversal of temporary differences	**(4,787)**	7,066	**(116)**	(45)
(Write-down)/reversal of deferred tax assets previously written-down	**(2,486)**	(5,337)	**-**	2,445
	(7,273)	1,729	**(116)**	2,400
	22,922	61,489	**48,847**	18,680

Reconciliation of effective tax expense

Profit before tax	**177,226**	307,210	**274,428**	42,300
Income tax using statutory tax rates	**44,307**	79,875	**68,607**	10,998
Effect of tax at 20% on chargeable income of individual company below RM500,000*	**-**	(162)	**-**	-
Double deduction	**(135)**	(172)	**-**	-
Non-deductible expenses	**2,673**	5,047	**553**	4,745
Effect of changes in tax rate**	**-**	(360)	**-**	81
Tax exempt income	**(2,408)**	(613)	**(17,500)**	-
Deferred tax asset arising from reinvestment allowances	**(2,307)**	-	**-**	-
Unrecognised deferred tax assets	**508**	1,934	**-**	-
Recognition of previously unrecognised tax losses	**-**	(1,642)	**-**	-
Tax incentives	**(15,210)**	(17,054)	**-**	-
Other items	**258**	(182)	**(51)**	(236)
	27,686	66,671	**51,609**	15,588
(Over)/Under provided in prior years	**(4,764)**	(5,182)	**(2,762)**	3,092
	22,922	61,489	**48,847**	18,680

* With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax at 20% on chargeable income up to RM500,000.

With effect from year of assessment 2009, the preferential rate entitlement is no longer applicable to companies with more than 50% of its paid up ordinary shares being directly or indirectly owned by a holding company which has a paid up capital exceeding RM2.5 million in respect of ordinary shares.

** The corporate tax rate is 25% for year of assessment 2009 and subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using this tax rate.

25. Earnings per ordinary share

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the net profit attributable to ordinary shareholders of RM153,326,000 (2008 - RM245,802,000) and the weighted average number of ordinary shares outstanding during the year of 654,615,000 (2008 - 666,078,000).

Weighted average number of ordinary shares

	2009 '000	2008 '000
Issued ordinary shares at 1 January	**672,000**	672,000
Effect of treasury shares held	**(17,385)**	(5,922)
Weighted average number of ordinary shares at 31 December	**654,615**	666,078

26. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2009			
Interim 2009 ordinary	3.75	24,482	28 September 2009
Final 2008 ordinary	3.75	24,543	18 June 2009
Total amount		49,025	
2008			
Interim 2008 ordinary	3.70	24,687	26 September 2008
Final 2007 ordinary	3.70	24,693	18 June 2008
Total amount		49,380	

Proposed final dividend

After the balance sheet date, a final dividend of 12% less tax at 25% in respect of the year ended 31 December 2009 was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

27. 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 properties) 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 workshop services, distribution of automotive spare parts and insurance agency
Financial services	Provision of hire purchase financing and personal loans
Other operations	Property and investment holding activities

Business segments	**Vehicles assembly, distribution and after sale services**		**Financial services**		**Other operations**		**Eliminations**		**Consolidated**	
	2009 RM'000	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**	**2009 RM'000**	**2008 RM'000**
Revenue from external customers	**2,839,870**	3,182,272	**16,508**	12,133	**508**	1,421	**-**	-	**2,856,886**	3,195,826
Inter-segment revenue	**197**	1,167	**-**	-	**10,527**	4,792	**(10,724)**	(5,959)	**-**	-
Total revenue	**2,840,067**	3,183,439	**16,508**	12,133	**11,035**	6,213	**(10,724)**	(5,959)	**2,856,886**	3,195,826
Segment result	**186,393**	317,796	**10,615**	6,665	**3,084**	3,293	**(1,892)**	-	**198,200**	327,754
Unallocated expenses									**(15,515)**	(10,706)
Operating profit									**182,685**	317,048
Interest income									**14,728**	11,057
Finance costs									**(20,356)**	(21,433)
Share of profit of associates	**163**	192	**15**	43	**(9)**	303	**-**	-	**169**	538
Profit before tax									**177,226**	307,210
Tax expense									**(22,922)**	(61,489)
Minority interest									**(978)**	81
Profit for the year									**153,326**	245,802

27. Segmental information (continued)

	Vehicles assembly, distribution and after sale services		Financial services		Other operations		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Segment assets	**1,206,072**	1,299,840	**233,693**	235,215	**521,774**	417,021	**1,961,539**	1,952,076
Investment in associates	**18,281**	18,212	**-**	-	**-**	-	**18,281**	18,212
Unallocated assets							**485,562**	281,132
Total assets							**2,465,382**	2,251,420
Segment liabilities	**271,053**	219,037	**1,693**	1,007	**5,242**	5,564	**277,988**	225,608
Unallocated liabilities							**669,216**	600,794
Total liabilities							**947,204**	826,402
Capital expenditure	**72,048**	72,271	**2,180**	2,526	**1,839**	68,920	**76,067**	143,717
Depreciation and amortisation	**48,407**	59,808	**595**	417	**2,471**	2,191	**51,473**	62,416
Non-cash expenses other than depreciation and amortisation	**7,270**	6,038	**1**	(1,174)	**630**	940	**7,901**	5,804

28. Contingent liabilities

(i) On 11 July 2003, two third-parties (Plaintiffs) served a claim against the Company and its wholly-owned subsidiary, TC Euro Cars Sdn. Bhd. (TCEC) for general damages in the sum of RM150.0 million. 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 TCEC, 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. On 21 October 2008, both appeals by the Company and TCEC to the Court of Appeal were allowed with costs in the Court of Appeal and the High Court below to be paid by the third parties. The Plaintiffs have filed an application for leave to appeal to the Federal Court. Hearing of the Plaintiff's said application for leave to appeal has been fixed on 15 June 2009. The said hearings on 15 June 2009 have been postponed by the Federal Court. The Federal Court will fix new hearing dates once the Court of Appeal gives its written grounds of judgment for the decision dated 21 October 2008.

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 the Company, and two others were sued in the High Court at Kota Kinabalu by a third-party for general damages, special damages estimated at RM10.67 million and liquidated damages of RM2.97 million together with interest and costs in connection with car distributorship in Sabah (1st suit). On 6 August 2008, another related suit (where TCM was sued by the abovesaid same-party for RM65,065 together with interest and costs in connection with alleged monies owed to the third-party) was ordered by the High Court to be consolidated with the 1st suit. On 22 March 2010, the High Court fixed the matter for trial on 5 – 9 July 2010.

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

29. Capital commitments

	Group	
	2009	**2008**
	RM'000	**RM'000**
Capital commitments:		
Property, plant and equipment		
Authorised but not contracted for	**204,760**	178,474
Authorised and contracted for		
In Malaysia	**16,051**	14,396
Outside Malaysia	**6,262**	-
Overseas operation commitments		
Authorised and contracted for	**38,322**	-
Joint venture investment		
Authorised and contracted for	**415**	-
	265,810	192,870

30. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. All the key management personnel comprises the Directors of the Company and Directors of subsidiaries within the Group.

Controlling related party relationships are as follows:

(i) The subsidiaries as disclosed in Note 32

(ii) The substantial shareholders of the Company

30. Related parties (continued)

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	
	2009	**2008**
	RM'000	**RM'000**
With WTCH Group		
Purchases	**5,387**	6,699
Sales	**(11,045)**	(40,934)
Insurance agency, workshop services and administrative services	**(1,334)**	(1,411)
Travel agency and car rental services	**1,837**	506
Rental income receivable	**(5)**	(2)
With APM Group		
Purchases	**80,201**	62,821
Sales	**(2,130)**	(2,628)
Warranty claim	**(12)**	-
Insurance agency, workshop services and administrative services	**(493)**	(567)
Incentive receivable	**-**	(39)
Rental income receivable	**(156)**	(863)
Rental expense payable	**-**	574

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

(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	
	2009	**2008**
	RM'000	**RM'000**
Purchases	**-**	123
Sales	**-**	(27)

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

30. Related parties (continued)

Transactions with related parties (continued)

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

	Group	
	2009	**2008**
	RM'000	**RM'000**
Purchases	**724,477**	654,183
Sales	**(685)**	(4,038)
Technical assistance fee and royalty	**2,912**	2,942

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	
	2009	**2008**
	RM'000	**RM'000**
Purchases	**4,793**	11,285

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

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

(a) a company in which a Director of the Company, namely Azman bin Badrillah has 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	
	2009	**2008**
	RM'000	**RM'000**
Purchases	**120,812**	8,370
Sales	**-**	(15,923)
Workshop services	**3,589**	-
Broker fees	**12**	-
Rental income	**(6)**	(6)

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

30. Related parties (continued)

Transactions with related parties (continued)

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

	Company	
	2009	**2008**
	RM'000	**RM'000**
Subsidiaries		
Dividend income receivable	**(290,000)**	(67,579)
Interest income receivable	**(6,259)**	(3,983)
Management fees receivable	**-**	(1,732)
Management fees payable	**5,000**	-
Rental expense payable	**226**	240
Interest expense payable	**5,756**	325
Purchases of property, plant and equipment	**197**	1,167
Purchases of asset-backed notes	**49,000**	-

These transactions have been entered into in the normal course of business and have been established under negotiated terms. The gross balances outstanding for subsidiaries are disclosed in Note 13 and Note 18.

31. Financial instruments

Financial risk management objectives and policies

Exposure to credit risk, interest rate risk, liquidity risk and currency risk 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 currency risks of the Group. The Treasury Department monitors the interest rate trends and currency exchange rate movements on an ongoing basis.

Derivative financial instruments like forward exchange contracts 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).

31. Financial instruments (continued)

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.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in currencies other than the functional currency of the Group entities. The currencies giving rise to this risk are primarily US Dollar, Japanese Yen and Euro Dollar.

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.

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 from 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.

31. Financial instruments (continued)

Interest rate risk (continued)

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their average effective interest rates at the balance sheet date and the periods in which they mature, or if earlier, reprice.

	2009				2008			
Group	**Effective interest rate %**	**Total RM'000**	**Within 1 year RM'000**	**> 1 years RM'000**	**Effective interest rate %**	**Total RM'000**	**Within 1 year RM'000**	**> 1 years RM'000**
Financial assets								
Short term deposits	**1.99**	**35,533**	**35,533**	**-**	3.23	21,891	21,891	-
Asset-backed notes	**-**	**-**	**-**	**-**	10.03	4,000	-	4,000
Financial liabilities								
Unsecured fixed rate term loan	**5.96**	**450,789**	**190,199**	**260,590**	6.05	350,566	159,781	190,785
Unsecured bills payable	**2.43**	**197,086**	**197,086**	**-**	3.87	218,844	218,844	-
Company								
Financial assets								
Amount due from certain subsidiaries	**2.29**	**410,385**	**94**	**410,291**	3.71	16,819	395	16,424
Asset-backed notes	**5.42**	**49,000**	**-**	**49,000**	-	-	-	-
Financial liabilities								
Amount due to certain subsidiaries	**2.29**	**135,179**	**130,481**	**4,698**	3.71	122,990	118,580	4,410
Unsecured fixed rate term loan	**4.90**	**100,000**	**-**	**100,000**	-	-	-	-

31. Financial instruments (continued)

Fair Values

Recognised financial instruments

The aggregate fair values of quoted unit trusts, hire purchase receivables and fixed rate term loans carried on the balance sheet as at 31 December are represented in the following table:

Group	2009 Carrying amount RM'000	2009 Fair value RM'000	2008 Carrying amount RM'000	2008 Fair value RM'000
Financial assets				
Quoted unit trusts	**423,333**	**423,577**	239,822	240,105
Hire purchase receivables	**376,724**	**321,969**	226,940	238,688
Financial liabilities				
Fixed rate term loans	**450,789**	**463,879**	350,566	346,502

The fair values of fixed rate term loans and hire purchase receivables 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, receivables, deposits and prepayments, payables and accruals 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.

In 2008, the Group had 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 was carried at its original cost of RM4,000,000 in the balance sheet.

In 2009, the Company's investment in the second series of asset-backed notes issued by the Special Purpose Entity is carried at its original cost of RM49,000,000 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 to estimate the fair value. This investment is carried at its original cost of RM1,806,000 (2008 - 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 2009 was RM4,830,000 (2008 - RM4,382,000).

31. Financial instruments (continued)

Fair Values (continued)

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 contract or notional principal amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are:

Group	2009 Contract or notional principal amount RM'000	2009 Fair value favourable/ (unfavourable) RM'000	2008 Contract or notional principal amount RM'000	2008 Fair value favourable/ (unfavourable) RM'000
Forward foreign exchange contracts to purchase foreign currency	**64,807**	**75**	3,507	49

Fair value of the forward foreign exchange contracts are arrived at based on the difference between the contract values and marked to market using listed market prices of the forward foreign exchange contracts.

Notes to the Financial Statements

32. 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 2009 %	Effective ownership interest 2008 %
	Incorporated in Malaysia:			
	Agensi Pekerjaan Bijak Sdn. Bhd. (formerly known as Agensi Pekerjaan dan Sekuriti Bijak Sdn. Bhd.)	Provision of employment agency services and security services	**100**	100
	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
	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 alarm security systems and the provision of alarm warranty services	**100**	100
	Edaran Tan Chong Motor Sdn. Bhd.	Trading and marketing of motor vehicles	**100**	100
	E-Garage Auto Services Sdn. Bhd.	Trading of car grooming products	**100**	100
	Hikmat Asli Sdn. Bhd.	Property holding	**100**	100
	Pemasaran Alat Ganti Sdn. Bhd.	Marketing of automotive 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 and fitting of accessories for new motor vehicles	**100**	100
	Sungei Bintang Sdn. Bhd.	Property holding	**100**	100
	Tan Chong & Sons Motor Company Sdn. Bhd.	Assembly and sale of motor vehicles	**100**	100
	Tan Chong Agency Sdn. Bhd.	Insurance agency and property holding	**100**	100
	Tan Chong Ekspres Auto Servis Sdn. Bhd.	Automotive workshop services	**100**	100

32. Subsidiaries (continued)

	Name	Principal activities	Effective ownership interest 2009 %	Effective ownership interest 2008 %
	Incorporated in Malaysia:			
	Tan Chong Industrial Equipment (Sabah) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	**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.	Property and investment holding and merchandise trading	**100**	100
	Tanahku Holdings Sdn. Bhd.	Property holding	**100**	100
*	TC Aluminium Castings Sdn. Bhd.	Casting, machining & assembly of aluminium parts & components	**100**	100
	TC Auto Tooling Sdn. Bhd.	Production of car alarm system and other security systems, autoparts and accessories	**100**	100
#*	TC Capital Premium Sdn. Bhd.	Licensed money changer	**100**	100
*	TC Capital Resources Sdn. Bhd.	Hire-purchase financing, leasing and money lending	**100**	100
	TC Euro Cars Sdn. Bhd.	Distribution of motor vehicles and sales of parts and accessories	**100**	100
	TC Hartanah Sdn. Bhd.	Property holding	**100**	100
*	TC Heritage Sdn. Bhd.	Investment holding	**100**	100
*	TC Insurservices Sdn. Bhd.	Insurance agency	**100**	100
	TC Management Services Corporation Sdn. Bhd.	Provision of management services	**100**	100
*	TC Metropolitan Sdn. Bhd.	Property investment holding	**100**	100
	TC Motors (Sarawak) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	**100**	100

Notes to the Financial Statements

32. Subsidiaries (continued)

	Name	**Principal activities**	**Effective ownership interest 2009 %**	**2008 %**
	Incorporated in Malaysia:			
	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
*	VDC Sdn. Bhd.	Installation of accessories and fittings for motor vehicles	**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
*+	Kereta Komersil Seladang (M) Sdn. Bhd.	Dormant	**70**	70
*	Tan Chong Development Sdn. Bhd.	Dormant	**100**	100
	TC Security Services Sdn. Bhd. (formerly known as Ragib-TC Security Services Sdn. Bhd.)	Dormant	**100**	100
	TC Brake System Sdn. Bhd.	Dormant	**100**	100
*	TC Engines Manufacturing Sdn. Bhd.	Dormant	**100**	100

32. Subsidiaries (continued)

	Name	Principal activities	Effective ownership interest 2009 %	2008 %
	Incorporated in Malaysia:			
*	TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	**100**	100
*	TC Manufacturing Holdings Sdn. Bhd.	Dormant	**100**	100
	TC Transmission Sdn. Bhd.	Dormant	**100**	100
@	Tan Chong Education Sdn. Bhd.	Investment holding	**100**	-
^@	TC Utama Sdn. Bhd.	Property holding	**100**	-
@	Tan Chong Education Services Sdn. Bhd.	Dormant	**100**	-
@	Tan Chong Higher Education Sdn. Bhd.	Dormant	**100**	-
@	Tan Chong Private Education Sdn. Bhd.	Dormant	**100**	-
	Incorporated in Labuan:			
*	ETCM (Labuan) Pty. Ltd.	Investment holding	**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**	100
^@	Tan Chong Trading (Labuan) Pty. Ltd.	Dormant	**100**	-
^@	ETCM (C) Pty. Ltd.	Dormant	**100**	-
^@	ETCM (L) Pty. Ltd.	Dormant	**100**	-
	Incorporated in Cambodia:			
*	TC Express Auto Services and Spare Parts (Cambodia) Pty. Ltd.	Automobile workshop services and trading of spare parts	**100**	100
^@	Tan Chong Motor (Cambodia) Pty. Ltd.	Dormant	**100**	-

32. Subsidiaries (continued)

	Name	Principal activities	Effective ownership interest 2009 %	2008 %
	Incorporated in Vietnam:			
*	Tanda Motor Co. Ltd.	Assembly and sale of bus chassis and sale of complete bus	**70**	51
^@	TCIE Vietnam Pte. Ltd.	Property holding	**100**	-

* Company audited by another firm of accountants.

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

Subsequent to 31 December 2009, TC Capital Premium Sdn. Bhd. ceased business w.e.f. 1 January 2010.

^ Company not audited by KPMG and consolidated using unaudited management financial statements. The 2009 financial statements of these newly incorporated subsidiaries are not required to be audited pursuant to the Companies Act, 1965, Labuan Companies Act 1990 or the relevant regulations of the country of incorporation, where applicable and are not material to the Group.

@ Newly incorporated subsidiaries during the year.

\+ Asset and liability held for sale referred to in Note 15.

33. Acquisition of minority interest

On 23 September 2009, TCIE (Labuan) Pty. Ltd. (TCIE (Labuan)), a wholly-owned subsidiary of the Company, completed the acquisition of a further 19% equity interest in Tanda Motor Co. Ltd. (Tanda) from Tan Chong Industrial Machinery (Pte) Ltd. (TCIM) at a purchase consideration of USD53,545 (approximately RM188,000), increasing TCIE (Labuan)'s shareholding in Tanda from 51% to 70%. Tanda is a joint venture company incorporated in Vietnam in 2005 by TCIE (Labuan) (51%), TCIM (19%) and Danang Automobile Mechanical and Electrical Equipment Company (30%) to carry on the assembly and sale of bus chassis and sale of complete buses in Vietnam. The purchase consideration of USD53,545 was arrived at based on the audited net tangible assets of Tanda as at 31 December 2008.

34. Significant events

(i) Premium Commerce Berhad (PCB), a special purpose entity (SPE) established for the securitisation of the Group's hire purchase receivables, completed a second issuance of RM159.0 million nominal value Asset-Backed Medium Term Notes on 19 June 2009.

The proceeds from the issuance of the Notes were used by the SPE for the acquisition of hire purchase receivables from Tan Chong & Sons Motor Company Sdn. Bhd. (TCM) and TC Capital Resources Sdn. Bhd. (TCCR). RM110 million of Class A Notes were issued to investors in the debt capital markets while the remaining Class A Notes of RM40 million, Class B Notes of RM1 million and Class C Notes of RM8 million were subscribed by the Company.

(ii) The Group completed the purchase of the former Ford plant in Shah Alam of RM39,999,999 on 14 December 2009 and had also made a deposit of USD1,217,300 (approximately RM4,164,000) for an industrial land in Danang City, Vietnam on 17 December 2009.

35. Subsequent events

(i) The Company has entered into a Sales and Purchase Agreement with Warisan TC Holdings Berhad (WTCH) on 1 October 2009 for the disposal of its 70% equity interest in Kereta Komersil Seladang (M) Sdn. Bhd. comprising 10,500 ordinary shares of RM1.00 each for a cash consideration of RM700,000 ("Disposal") to WTCH.

The Disposal was completed on 5 January 2010.

(ii) On 11 March 2010, ETCM (C) Pty. Ltd., a wholly-owned subsidiary of the Company, has entered into a Distribution Agreement with Nissan Motor Co. Ltd. in respect of the sole and exclusive right to distribute Nissan brand completely built-up vehicles in Cambodia.

(iii) On 31 March 2010, ETCM (L) Pty. Ltd., a wholly-owned subsidiary of the Company, has entered into a Distribution Agreement with Nissan Motor Co. Ltd. in respect of the sole and exclusive right to distribute Nissan brand completely built-up vehicles in Laos.

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 32 to 93 except for pages 34 and 36 which are expressed in USD, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2009 and of their financial performance and cash flows for the year then ended.

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,

Date: 6 April 2010

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Ho Li Li @ Lily Ho**, 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 32 to 93 except for pages 34 and 36 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 above named in Kuala Lumpur on 6 April 2010.

Ho Li Li @ Lily Ho
CA/10169

Before me:

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

Independent Auditors' Report

to the members of Tan Chong Motor Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Tan Chong Motor Holdings Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 32 to 93, except for pages 34 and 36 which are expressed in USD.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2009 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report

to the members of Tan Chong Motor Holdings Berhad

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries (of which we have acted as auditors) have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 32 to the financial statements.

c) We are satisfied that the accounts 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG
Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai
Approval Number: 1745/12/11(J)
Chartered Accountant

Petaling Jaya,

Date: 6 April 2010

Ten Largest Properties of the Group

as at 31 December 2009

Location	Description	Land Area (sq metres)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM' million)	Age of Building (years)	Date of Acquisition	Date of last Revaluation
Lot 29120 Seksyen 20 (PT 15014) Mukim Serendah Daerah Hulu Selangor	Assembly plant & office	191,500	923,142	Leasehold 28.04.2105	132.14	3	09.05.96	-
No. 1 Jalan Sesiku 15/2 Section 15, Shah Alam 40000 Selangor Darul Ehsan	Industrial plant	66,331	401,308	Leasehold 19.02.2066	41.28	41	30.12.09	-
249 Jalan Segambut 51200 Kuala Lumpur	Assembly plant, offices, warehouse/store, vehicle storage yard & canteen	74,947	596,335	Leasehold 14.01.2073	23.69	34	15.01.74	1984
196 Blk G Jalan Sultan Azlan Shah 11900 Sg Tiram Pulau Pinang	Building intended for showroom, service & spare parts centre	9,721	54,666	Freehold	13.46	16	26.01.04	-
Lot 9 Jalan Kemajuan Section 13, Petaling Jaya 46200 Selangor	Office, showroom, service, spare parts & training centre	7,321	86,451	Leasehold 06.09.2065	13.37	27	02.05.06	-
Lot 3 Jalan Perusahaan Satu 68100 Batu Caves, Selangor	Spare parts & service centre, factory, warehouse/store & offices	39,541	143,018	Leasehold 05.09.2074	12.18	30	11.09.81	1984
Lot 43097 Jalan Segambut 51200 Kuala Lumpur	Vehicle storage yard & warehouse & hostel	30,196	100,496	Leasehold 27.01.2074	11.05	12	27.03.81	-
PTD 166367 Mukim Plentong Johor Bahru, Johor	PDI & car storage yard	8,717	-	Freehold	9.41	-	18.10.04	-
39 Jalan Pelukis U1/46 Sek U1, Temasya Industrial Park 40150 Shah Alam, Selangor	Vacant industrial land	5,580	-	Freehold	7.42	-	13.05.04	-
Lot 1388 Jalan Seri Amar 50350 Kuala Lumpur	Levelled commercial land for development	2,061	-	Freehold	7.40	-	28.10.74	-

Shareholders' Statistics

as at 31 March 2010

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	166	1.63	4,100	-(1)
100 - 1,000	3,059	30.15	2,919,268	0.43
1,001 - 10,000	5,549	54.69	23,827,066	3.55
10,001 - 100,000	1,112	10.96	36,092,011	5.37
100,001 - 32,640,949(2)	258	2.54	286,194,700	42.59
32,640,950 and above(3)	3	0.03	303,781,855	45.21
Sub Total	**10,147**	**100.00**	**652,819,000**	**97.15**
Treasury shares			19,181,000	2.85
Total			**672,000,000**	**100.00**

Notes:

(1) *Less than 0.01%*

(2) *100,001 to 5% of issued shares*

(3) *5% and above of issued shares*

DIRECTORS' SHAREHOLDING

(as per Register of Directors' Shareholding)

	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1.	Dato' Tan Heng Chew	22,126,262	3.39	321,481,421	49.25(1)
2.	Tan Eng Soon	-	-	319,704,031	48.97(2)
3.	Azman bin Badrillah	20,000	-(3)	-	-
4.	Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	-(3)	-	-
5.	Seow Thiam Fatt	16,600	-(3)	-	-
6.	Dato' Ng Mann Cheong	-	-	71,000	0.01(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 ("the Act") and interests of spouse and children by virtue of Section 134(12)(c) of the Act. 73,594,291 shares are as to voting rights only.*

(2) *Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd, Wealthmark Holdings Sdn Bhd and Lung Ma Investments Pte Ltd pursuant to Section 6A of the Act. 73,594,291 shares are as to voting rights only.*

(3) *Less than 0.01%.*

(4) *Interest of spouse by virtue of Section 134(12)(c) of the Act.*

Shareholders' Statistics

as at 31 March 2010

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

	Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1	Tan Chong Consolidated Sdn Bhd	232,854,240	35.67	73,594,291	11.27[(1)]
2	Nissan Motor Co Ltd	37,333,324	5.72	-	-
3	Employees Provident Fund Board	38,286,100	5.86	-	-
4	Dato' Tan Heng Chew	22,126,262	3.39	316,748,031	48.52[(2)]
5	Tan Eng Soon	-	-	319,704,031	48.97[(3)]
6	Tan Kheng Leong	200,000	0.03	306,448,531	46.94[(4)]

Notes:

(1) Indirect interest held through HSBC Nominees (Tempatan) Sdn Bhd Exempt AN for HSBC (Malaysia) Trustee Bhd (as to voting rights only).

(2) 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 ("the Act").

(3) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd, Wealthmark Holdings Sdn Bhd and Lung Ma Investments Pte Ltd pursuant to Section 6A of the Act.

(4) Deemed interest by virtue of interest in Tan Chong Consolidated Sdn Bhd pursuant to Section 6A of the Act.

THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1	Tan Chong Consolidated Sdn Bhd	192,854,240	29.54
2	HSBC Nominees (Tempatan) Sdn Bhd *Exempt An for HSBC (Malaysia) Trustee Berhad (D09-6061)*	73,594,291	11.27
3	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for Daiwa Securities Capital Markets Co. Ltd. (Clients)*	37,333,324	5.72
4	Employees Provident Fund Board	30,637,400	4.69
5	Cimsec Nominees (Tempatan) Sdn Bhd *Allied Investments Limited for Tan Chong Consolidated Sdn Bhd*	20,000,000	3.06
6	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Tan Heng Chew (MM1063)*	12,908,600	1.98
7	Cimsec Nominees (Tempatan) Sdn Bhd *Tan Chong Consolidated Sdn Bhd*	11,000,000	1.68
8	Mayban Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927)*	9,000,000	1.38
9	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 PZDM)*	7,587,400	1.16
10	Amsec Nominees (Tempatan) Sdn Bhd *AmBank (M) Berhad (Hedging)*	7,584,500	1.16
11	Tan Kim Hor	6,263,344	0.96
12	Key Development Sdn. Berhad	6,194,400	0.95
13	Amsec Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	5,382,200	0.82
14	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	5,244,500	0.80

Shareholders' Statistics

as at 31 March 2010

	Name	No. of Shares Held	%
15	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt An for Prudential Fund Management Berhad*	4,994,300	0.77
16	Amanahraya Trustees Berhad *Public Islamic Sector Select Fund*	4,986,300	0.76
17	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Heng Chew (E-KLC)*	4,937,000	0.76
18	Gan Teng Siew Realty Sdn. Berhad	4,679,000	0.72
19	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for SPB Investment Company Limited*	4,370,700	0.67
20	Cimsec Nominees (Tempatan) Sdn Bhd *CIMB Bank for Khor Swee Wah @ Koh Bee Leng (MM1208)*	4,283,390	0.66
21	Chinchoo Investment Sdn. Berhad	4,205,000	0.64
22	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Boronia Corporation*	3,690,000	0.57
23	HSBC Nominees (Asing) Sdn Bhd *BNY Brussels for Guardis Investments Group Limited*	3,600,000	0.55
24	HLG Nominee (Tempatan) Sdn Bhd *Hong Leong Fund Management Sdn Bhd for Hong Leong Bank Berhad*	3,414,100	0.52
25	HSBC Nominees (Asing) Sdn Bhd *Exempt An for Credit Suisse (SG BR-TST-Asing)*	3,273,000	0.50
26	HLG Nominee (Asing) Sdn Bhd *Hong Leong Fund Management Sdn Bhd for Asia Fountain Investment Company Limited*	3,234,100	0.50
27	HLB Nominees (Asing) Sdn Bhd *Pledged Securities Account for Lung Ma Investments Pte Ltd (SIN 9047-5)*	2,956,000	0.45
28	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)*	2,915,000	0.45
29	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (Norges Bk Lend)*	2,683,500	0.41
30	Amanahraya Trustees Berhad *Amanah Saham Wawasan 2020*	2,595,200	0.40
		486,400,789	74.51

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Eighth Annual General Meeting of TAN CHONG MOTOR HOLDINGS BERHAD will be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Wednesday, 19 May 2010 at 3:00 p.m. to transact the following businesses:

As Ordinary Business

1. To receive the Financial Statements for the year ended 31 December 2009 together with the Reports of the Directors and Auditors thereto. **Resolution 1**

2. To declare a final dividend of 12% less income tax for the financial year ended 31 December 2009. **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. Mr Tan Eng Soon **Resolution 3**
   ii. Dato' Ng Mann Cheong **Resolution 4**

4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

   "THAT Dato' Haji Kamaruddin @ Abas bin Nordin, retiring pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting." **Resolution 5**

5. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2010 and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business

To consider and if thought fit, to pass the following resolutions as ordinary resolutions:

6. **DIRECTORS' FEES**

   "THAT the aggregate fees payable to the Directors of the Company be hereby increased to an amount not exceeding RM400,000/- per annum for the financial year ending 31 December 2010 and each financial year thereafter."

   Resolution 7

7. **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 (excluding treasury shares) 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 8**

8. **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 Main Market 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 9**

9. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market 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 and its subsidiaries 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 Company's Circular to Shareholders dated 27 April 2010 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. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market 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 and its subsidiaries 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 Company's Circular to Shareholders dated 27 April 2010 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 11

11. **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 Main Market 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 Company's Circular to Shareholders dated 27 April 2010 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 12

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

Notice of Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Thirty-Eighth Annual General Meeting of Tan Chong Motor Holdings Berhad to be held on 19 May 2010, a final dividend of 12% less income tax will be paid on 18 June 2010 to shareholders whose names appear in the Register of Members on 27 May 2010.

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 27 May 2010 in respect of ordinary transfers;
(2) shares deposited into the depositor's securities account before 12:30 p.m. on 25 May 2010 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
MAICSA 864482
Company Secretary

Kuala Lumpur
27 April 2010

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. *Where the Form of Proxy is executed by a corporation, it 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. **Directors' Fees**

   At the Annual General Meeting of the Company held on 25 May 2001, the shareholders passed an ordinary resolution giving approval for the Company to pay aggregate fees of not exceeding RM300,000/- per annum to the Directors of the Company for the financial year ended 31 December 2000 and each financial year thereafter.

   It is important that the Directors of the Company be adequately remunerated so that the Company will be able to retain and attract persons of caliber and credibility with the necessary skills and experience to manage the Company. In accordance with Article 83(ii) of the Company's Articles of Association, the Board recommends that shareholders approve, in advance, an annual payment of directors' fees of an aggregate amount of not exceeding RM400,000/-. The Board will seek fresh approval from the shareholders when there is a need to change the amount.

2. **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 normal 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.

   To avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, the Directors of the Company had obtained the general mandate at the Company's 37th Annual General Meeting held on 20 May 2009 to allot and 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. The Company has not issued any new shares under the general mandate granted to the Directors at the 37th Annual General Meeting which will lapse at the conclusion of the 38th Annual General Meeting to be held on 19 May 2010.

   A renewal of the mandate is being sought at the 38th Annual General Meeting under proposed Resolution 8. The renewed mandate, 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.

3. **Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares**

   The proposed Resolution 9, 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 27 April 2010, despatched together with the Company's 2009 Annual Report.

4. **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions**

   The proposed Resolutions 10, 11 and 12, 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 10, 11 and 12 are set out in the Company's Circular to Shareholders dated 27 April 2010, despatched together with the Company's 2009 Annual Report.

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

CDS account no. of authorised nominee

FORM OF PROXY

I/We ____ (*name of shareholder, in capital letters*)

NRIC No./Company No. ____________________ (new) ____________________ (old)

of ____ *(full address)*

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

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

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

NRIC 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-Eighth Annual General Meeting of the Company to be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia, on Wednesday, 19 May 2010 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 Mr Tan Eng Soon as Director		
Resolution 4	Re-election of Dato' Ng Mann Cheong as Director		
Resolution 5	Re-appointment of Dato' Haji Kamaruddin @ Abas bin Nordin as Director pursuant to Section 129(6) of the Companies Act, 1965		
Resolution 6	Re-appointment of KPMG as Auditors		
Resolution 7	Directors' Fees		
Resolution 8	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 9	Proposed Renewal of Authority for the Company to purchase its own ordinary shares		
Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad Group		
Resolution 11	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with APM Automotive Holdings Berhad Group		
Resolution 12	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) Where the Form of Proxy is executed by a corporation, it 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

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Stamp
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The Company Secretary

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

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