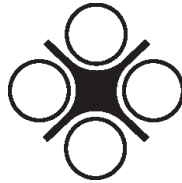


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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

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



TAN CHONG MOTOR HOLDINGS BERHAD

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

PART I

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

PART II

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

The ordinary resolutions in respect of the above proposals will be tabled at the Thirty-Ninth Annual General Meeting of the Company. The Notice of the said Meeting together with the Form of Proxy are set out in the 2010 Annual Report despatched with this Circular.

The Form of Proxy should be completed and returned in accordance with the instructions therein.

Last date and time for lodging the Form of Proxy : Monday, 23 May 2011 at 3:00 p.m.
Date and time of the 39th Annual General Meeting : Wednesday, 25 May 2011 at 3:00 p.m.
Venue of the 39th Annual General Meeting : Pacific Ballroom, Level 2
Seri Pacific Hotel Kuala Lumpur
Jalan Putra, 50350 Kuala Lumpur

This Circular is dated 29 April 2011

DEFINITIONS

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

Act	:	Companies Act, 1965
AGM	:	Annual General Meeting
APM	:	APM Automotive Holdings Berhad
APM Group	:	APM and its subsidiaries and jointly-controlled entities
Audit Committee	:	Audit Committee of TCMH comprising Seow Thiam Fatt, Dato' Ng Mann Cheong, Dato' Haji Kamaruddin @ Abas bin Nordin and Siew Kah Toong, all of whom are Independent Non-Executive Directors
Auto Dunia	:	Auto Dunia Sdn Bhd
Board	:	Board of Directors of TCMH
Bursa Malaysia	:	Bursa Malaysia Securities Berhad
Code	:	Malaysian Code on Take-Overs and Mergers, 1998
Director	:	The meaning given in Section 2(1) of the Capital Markets and Services Act 2007 ("CMSA") and for the purpose of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
LR	:	Main Market Listing Requirements of Bursa Malaysia
Major Shareholder	:	A person who has an interest or interests in one or more voting shares in a corporation and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:- (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, "interest in shares" has the meaning given in Section 6A of the Act.

For the purpose of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company

DEFINITIONS (Cont'd)

NA	:	Net assets
Proposals	:	Proposed Share Buy-Back and Proposed Shareholders' Mandate collectively
Proposed Share Buy-Back	:	Proposed renewal of authority for TCMH to purchase and/or hold its own ordinary shares up to ten per centum (10%) of the issued and paid-up share capital of the Company
Proposed Shareholders' Mandate	:	Proposed renewal of the Shareholders' Mandate of the TCMH Group as set out in this Circular
Related Party	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder; and "Related Parties" shall be construed accordingly
Related Party Transaction	:	Transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a Related Party
RM and sen	:	Ringgit Malaysia and sen respectively
RRPT	:	Related Party Transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of a listed issuer or its subsidiaries
SC	:	Securities Commission
Shareholders' Mandate	:	Shareholders' general mandate pursuant to Paragraph 10.09 of the LR in respect of RRPT
TCC	:	Tan Chong Consolidated Sdn Bhd
TCIL	:	Tan Chong International Limited
TCIL Group	:	TCIL and its subsidiaries
TCMH or Company	:	Tan Chong Motor Holdings Berhad
TCMH Group or Group	:	TCMH and its subsidiaries
TCMH Shares	:	Ordinary shares of RM0.50 each in the Company
WTCH	:	Warisan TC Holdings Berhad
WTCH Group	:	WTCH and its subsidiaries and jointly-controlled entities

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TAN CHONG MOTOR HOLDINGS BERHAD

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

Registered Office:

62-68 Jalan Ipoh
51200 Kuala Lumpur

29 April 2011

Board of Directors:

Dato' Tan Heng Chew (*Executive Deputy Chairman*)
Tan Eng Soon (*Group Managing Director*)
Dato' Ng Mann Cheong
Dato' Haji Kamaruddin @ Abas bin Nordin
Seow Thiam Fatt
Siew Kah Toong

To: The Shareholders of Tan Chong Motor Holdings Berhad

Dear Shareholders:

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

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

1. INTRODUCTION

At the Company's AGM held on 19 May 2010, the Directors had obtained shareholders' approval for:

- (a) the Directors to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company; and
- (b) the Company and its subsidiaries to enter into RRPT.

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

On 23 February 2011, the Company announced to Bursa Malaysia that it would seek the renewal of authority from its shareholders to purchase its own ordinary shares and the renewal of the shareholders' mandate for RRPT.

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

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

2. PART I PROPOSED SHARE BUY-BACK

2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK

The Board proposes to seek authority from its shareholders to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of the Company through its appointed stockbrokers. As at 31 March 2011, the issued and paid-up share capital of the Company was RM336,000,000 comprising 672,000,000 TCMH Shares including 19,181,200 TCMH Shares already purchased and held as treasury shares.

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

The Board proposes to allocate a sum of not exceeding the retained profits of the Company for the purchase of the TCMH Shares subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. The audited retained profits of the Company as at 31 December 2010 amounted to RM967.9 million. The Company did not have any share premium as at 31 December 2010.

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

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

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

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

As at 31 March 2011, the public shareholding spread of the Company was approximately 39.99%.

For the purpose of illustration, if the Company purchases up to the maximum number of TCMH Shares as allowed under the Proposed Share Buy-Back and assuming the purchases will not reduce the number of TCMH Shares currently held by the Directors, the substantial shareholders or persons connected with the Directors and/or substantial shareholders, the public shareholding spread of the Company based on the position as at 31 March 2011 is expected to be reduced to approximately 35.23%.

2.2 POTENTIAL ADVANTAGES AND DISADVANTAGES

2.2.1 Advantages

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

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

2.2.2 Disadvantages

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

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

TCMH had bought back 200 of its own shares in the 12 months preceding the date of this Circular. The total number of shares bought back as at 31 March 2011 was 19,181,200. TCMH did not cancel or re-sell any of its treasury shares during the same period. Details of the shares bought back and currently held as treasury shares are as follows :-

Date	No. of shares bought back and held as treasury shares	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total Consideration (RM)
31/05/2010	100	4.01	4.01	4.01	442.13
23/11/2010	100	5.46	5.46	5.46	587.17

2.4 EFFECTS OF THE PROPOSED SHARE BUY-BACK

Based on the assumption that the Proposed Share Buy-Back is carried out in full and the shares so purchased are cancelled or alternatively retained as treasury shares or both, the effects of the Proposed Share Buy-Back on the share capital, NA, working capital, earnings and substantial shareholders' and Directors' shareholdings as well as the implications relating to the Code are as set out below:

(a) Share capital

In the event that the maximum number of shares authorised under the Proposed Share Buy-Back are purchased and cancelled, the issued and paid-up share capital of TCMH as at 31 March 2011 will be as follows:

	<u>No. of shares</u>	<u>Amount (RM)</u>
Issued and paid-up share capital	672,000,000	336,000,000
Purchased and held as treasury shares as at 31 March 2011	(19,181,200)	(9,590,600)
Proposed Share Buy-Back if the maximum no. of shares are purchased	(48,018,800)	(24,009,400)
Resultant issued and paid-up share capital, if the treasury shares are cancelled	604,800,000	302,400,000

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

(b) NA

The effect of the share repurchase on the NA per share of the TCMH Group is dependent on the purchase prices of the TCMH Shares. Nonetheless, the share repurchase would reduce the NA per share of the TCMH Group if the purchase price exceeds the NA per share at the relevant point in time. Conversely, the NA per share of the TCMH Group would increase if the purchase price is less than the NA per share at the relevant point in time. Based on the audited accounts as at 31 December 2010, the NA per share of the TCMH Group is RM2.58.

(c) Working capital

The share repurchase will result in an outflow of cashflow and thereby reduce the working capital of the TCMH Group, the quantum of which is dependent on the purchase prices of the TCMH Shares and the number of TCMH Shares repurchased. Nevertheless, the Board will be mindful of the interests of TCMH and its shareholders in undertaking the Proposed Share Buy-Back and will assess the working capital needs of the TCMH Group prior to any repurchase of TCMH Shares. In the event the Company purchases its own shares using external borrowings, the Company will ensure that it has sufficient funds to repay the external borrowings.

(d) Earnings

The effect of the share repurchase on the EPS of the TCMH Group is dependent on the purchase prices of TCMH Shares and the effective funding cost and/or loss in interest income to the Company thereof. For instance, the share buy back will increase the EPS of the TCMH Group if the effective funding cost and/or interest income forgone to the Company attributable to every purchased share is lower than the EPS of the TCMH Group and vice versa.

(e) Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the share repurchase will have the effect of increasing the dividend rate of TCMH as a result of a decrease in the number of shares in TCMH which are entitled to participate in the dividends. For the financial year ended 31 December 2010, TCMH declared an interim dividend of 12% less income tax and proposed a final dividend of 12% less income tax.

(f) Substantial shareholders' and directors' shareholdings

The effects of the share repurchase on the shareholdings of substantial shareholders and Directors based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 31 March 2011 are as follows:

	<-----No. of TCMH Shares held----->							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Substantial shareholders								
TCC	245,554,240	37.61	65,929,935	10.10 ⁽¹⁾	245,554,240	40.60	65,929,935	10.90 ⁽¹⁾
EPF	43,842,000	6.72	-	-	43,842,000	7.25	-	-
Nissan Motor Co, Ltd	37,333,324	5.72	-	-	37,333,324	6.17	-	-
Dato' Tan Heng Chew	20,926,262	3.21	322,156,675	49.35 ⁽²⁾	20,926,262	3.46	322,156,675	53.27 ⁽²⁾
Tan Eng Soon	-	-	325,112,675	49.80 ⁽³⁾	-	-	325,112,675	53.76 ⁽³⁾
Tan Kheng Leong	200,000	0.03	311,484,175	47.71 ⁽⁴⁾	200,000	0.03	311,484,175	51.50 ⁽⁴⁾
Directors								
Dato' Tan Heng Chew	20,926,262	3.21	328,216,065	50.28 ⁽⁵⁾	20,926,262	3.46	328,216,065	54.27 ⁽⁵⁾
Tan Eng Soon	-	-	325,112,675	49.80 ⁽³⁾	-	-	325,112,675	53.76 ⁽³⁾
Dato' Ng Mann Cheong	-	-	110,000	0.02 ⁽⁷⁾	-	-	110,000	0.02 ⁽⁷⁾
Dato' Haji Kamaruddin @ Abas bin Nordin	4,992	_(6)	-	-	4,992	_(6)	-	-
Seow Thiam Fatt	41,000	0.01	-	-	41,000	0.01	-	-
Siew Kah Toong	-	-	-	-	-	-	-	-

Notes:

- (1) *Indirect interest held through HSBC Nominees (Tempatan) Sdn Bhd Exempt AN for HSBC (Malaysia) Trustee Berhad (“HSBC Trustee”) (as to voting rights only).*
- (2) *Deemed interest by virtue of interests in TCC and Wealthmark Holdings Sdn Bhd (“WH”) pursuant to Section 6A of the Act.*
- (3) *Deemed interest by virtue of interests in TCC, WH and Lung Ma Investments Pte Ltd (“LMI”) pursuant to Section 6A of the Act.*
- (4) *Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.*
- (5) *Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.*
- (6) *Less than 0.01%.*
- (7) *Interest of spouse by virtue of Section 134(12)(c) of the Act.*

(g) Implication relating to the Code

The Proposed Share Buy-Back, if carried out in full will result in the equity interest of TCC in TCMH to increase from 47.71% as at 31 March 2011 to 51.50% after the share repurchase.

If the Proposed Share Buy-Back results in the equity interest of TCC and persons acting in concert with it in TCMH to increase by more than 2% in any six (6) months period, pursuant to Part II of the Code, TCC and persons acting in concert with it may be obliged to undertake a mandatory offer for all the TCMH Shares not held by them collectively. However, a waiver to undertake a mandatory offer may be granted by the Securities Commission under the Code, subject to the affected substantial shareholders and parties acting in concert complying with certain conditions.

2.5 SHARE PRICES

The monthly highest and lowest prices of TCMH Shares traded on Bursa Malaysia for the last 12 months from April 2010 to March 2011 were as follows:

	High RM	Low RM
2010		
April	5.20	3.67
May	4.62	3.76
June	4.60	4.00
July	4.93	4.17
August	5.25	4.65
September	6.02	4.71
October	5.98	5.38
November	5.75	5.35
December	5.56	5.02
2011		
January	5.28	4.93
February	5.25	4.80
March	4.94	4.54

The last transacted price of TCMH Shares on 20 April 2011, being the latest practicable date prior to the printing of this Circular

RM4.40
(Source: The Star)

2.6 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

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

2.7 DIRECTORS' RECOMMENDATION

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

3. PART II PROPOSED SHAREHOLDERS' MANDATE

TCMH is principally an investment holding company whilst its subsidiaries are involved in the assembly and distribution of motor vehicles, provision of after-sales services, provision of financial services such as hire purchase, leasing, insurance agency services and money lending.

The Board wishes to seek the approval of the shareholders of TCMH for the renewal of the Shareholders' Mandate given at the AGM held on 19 May 2010 which would enable the TCMH Group to enter into existing and new RRPT provided that such transactions are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of the TCMH Group which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders. These include transactions such as those described in section 3.2.

3.1 MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA

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

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) The Shareholders' Mandate is subject to annual renewal and disclosure being made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the LR.
- (c) issuance of a circular to shareholders by the listed issuer;
- (d) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of a person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Malaysia when the actual value of a RRPT entered into by the listed issuer and its subsidiaries exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia in its announcement.

The estimated transaction values as set out in section 3.2 are based on the actual transaction values for the period from 19 May 2010 to 31 March 2011 and the projected business volume for the current period. The actual value of transactions may vary from the estimated values in light of the changing economic and competitive environment. Nevertheless, disclosures will be made in accordance with the LR in the Annual Report of the Company for the financial year ending 31 December 2011 of the actual aggregate value of transactions made pursuant to the Proposed Shareholders' Mandate during the said financial year.

3.2 CLASSES OF RELATED PARTIES

3.2.1 Related Parties arising from the internal re-organisation and de-merger scheme of TCMH Group

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

The RRPT between TCMH Group and WTCH Group as well as APM Group are as set out in sections 3.2.1.1 and 3.2.1.2.

3.2.1.1 WTCH Group

WTCH Group is involved in the distribution of heavy equipment and machinery, manufacturing and distribution of light commercial vehicles, provision of travel and car rental services and air ticketing services.

The Directors and Major Shareholders of TCMH Group who are interested in the RRPT with WTCH Group and the nature of their interests as at 31 March 2011 are as follows:

Related Party	TCMH					WTCH				
	Directorship in TCMH Group	Shareholding in TCMH				Directorship in WTCH Group	Shareholding in WTCH			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	245,554,240	37.61	65,929,935	10.10 ⁽¹⁾	-	21,748,570	33.35	5,352,577	8.21 ⁽¹⁾
Dato' Tan Heng Chew	Director	20,926,262	3.21	328,216,065	50.28 ⁽²⁾	Director	2,475,633	3.80	30,586,216	46.91 ⁽⁵⁾
Tan Eng Soon	Director	-	-	325,112,675	49.80 ⁽³⁾	-	-	-	29,393,247	45.08 ⁽³⁾
Tan Kheng Leong	-	200,000	0.03	311,484,175	47.71 ⁽⁴⁾	-	10,000	0.02	27,101,147	41.56 ⁽⁴⁾

Notes:

- (1) Indirect interest held through HSBC Trustee (as to voting rights only).
- (2) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (3) Deemed interest by virtue of interests in TCC, WH and LMI pursuant to Section 6A of the Act.
- (4) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.

The RRPT between TCMH Group and WTCH Group, which are carried out at arm's length, on normal commercial terms of TCMH Group which are not more favourable to WTCH Group than those generally available to the public and are not to the detriment of the minority shareholders, are set out in Appendix I.

3.2.1.2 APM Group

APM Group is engaged in the manufacturing and distribution of a wide-range of automotive products and components ranging from suspension systems, heat exchange systems, electrical systems, plastics components to car interiors and seating.

The Directors and Major Shareholders of TCMH Group who are interested in the RRPT with APM Group and the nature of their interests as at 31 March 2011 are as follows:

Related Party	TCMH					APM				
	Directorship in TCMH Group	Shareholding in TCMH				Directorship in APM Group	Shareholding in APM			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	245,554,240	37.61	65,929,935	10.10 ⁽¹⁾	-	67,529,754	34.51	16,063,688	8.21 ⁽¹⁾
Dato' Tan Heng Chew	Director	20,926,262	3.21	328,216,065	50.28 ⁽²⁾	Director	4,658,399	2.38	98,116,550	50.14 ⁽⁶⁾
Tan Eng Soon	Director	-	-	325,112,675	49.80 ⁽³⁾	Director	-	-	96,104,042	49.11 ⁽³⁾
Tan Kheng Leong	-	200,000	0.03	311,484,175	47.71 ⁽⁴⁾	-	30,000	0.02	83,593,442	42.72 ⁽⁴⁾
Dato' Tan Eng Hwa	Director ⁽⁷⁾	1,380,058	0.21	10,720,024	1.64 ⁽⁵⁾	Director	207,008	0.11	12,307,728	6.29 ⁽⁵⁾

Notes:

- (1) Indirect interest held through HSBC Trustee (as to voting rights only).
- (2) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (3) Deemed interest by virtue of interests in TCC, WH and LMI pursuant to Section 6A of the Act.
- (4) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of interests in Solomon House Sdn Bhd ("SH") and WH pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.
- (6) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.
- (7) Director of the subsidiaries of TCMH to which the relevant RRPT relate.

The RRPT between TCMH Group and APM Group, which are carried out at arm's length, on normal commercial terms of TCMH Group which are not more favourable to APM Group than those generally available to the public and are not to the detriment of the minority shareholders, are set out in Appendix II.

3.2.2 Auto Dunia

Auto Dunia is involved in the importation and sale of motor vehicles and also provides workshop services and distributes spare parts, engine oil and other automotive related products.

Auto Dunia is an appointed authorised dealer of a subsidiary of TCMH for new Nissan motor vehicles in several locations in Malaysia. TCMH Group purchases completely-built-up (CBU) vehicles from Auto Dunia. TCMH Group may enter into other arrangements with Auto Dunia in relation to the importation of CBU vehicles and/or to purchase from Auto Dunia locally assembled vehicles for sale by the TCMH Group from time to time.

Dato' Tan Heng Chew and Tan Eng Soon, Directors and Major Shareholders of TCMH, have declared Auto Dunia to be a body corporate associated with them under Section 122A of the Act. Dato' Tan Eng Hwa, a Director of certain subsidiaries of TCMH, is a Director of Auto Dunia and brother of Dato' Tan Heng Chew and Tan Eng Soon. Azman bin Badrillah and Dato' Syed Alwi bin Tun Syed Nasir, Directors of certain subsidiaries of TCMH, are substantial shareholders and Directors of Auto Dunia.

Tan Kheng Leong, a Major Shareholder of TCMH, is a brother of Dato' Tan Chee Keong, a Director of Auto Dunia.

The Directors and Major Shareholders of the TCMH Group who are interested in the RRPT with Auto Dunia and the nature of their interests as at 31 March 2011 are as follows:

Related Party	TCMH				
	Directorship in the TCMH Group	Shareholding in TCMH			
		Direct	%	Indirect	%
Dato' Tan Heng Chew	Director	20,926,262	3.21	328,216,065	50.28 ⁽¹⁾
Tan Eng Soon	Director	-	-	325,112,675	49.80 ⁽²⁾
Dato' Tan Eng Hwa	Director	1,380,058	0.21	10,720,024	1.64 ⁽³⁾
Azman bin Badrillah ⁽⁵⁾	Director	200,000	0.03	-	-
Dato' Syed Alwi bin Tun Syed Nasir ⁽⁶⁾	Director	-	-	-	-
Tan Kheng Leong	-	200,000	0.03	311,484,175	47.71 ⁽⁴⁾

Notes:

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (2) Deemed interest by virtue of interests in TCC, WH and LMI pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of interests in SH and WH pursuant to Section 6A of the Act and interests of spouse by virtue of Section 134(12)(c) of the Act.
- (4) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (5) Azman bin Badrillah holds 39% equity interest in Auto Dunia.
- (6) Dato' Syed Alwi bin Tun Syed Nasir holds 30% equity interest in Auto Dunia.

The RRPT between TCMH Group and Auto Dunia, which are carried out at arm's length, on normal commercial terms of the TCMH Group which are not more favourable to Auto Dunia than those generally available to the public and are not to the detriment of the minority shareholders, are set out in Appendix III.

3.3 METHODS FOR DETERMINATION OF TRANSACTION PRICE AND THRESHOLD OF AUTHORITY

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

In respect of price determination, the following methods were adopted:

- (i) At least 3 quotations from unrelated third parties for similar products/services are required for comparison whenever possible.
- (ii) For the purchase of CKD parts with certain engineering specifications required which are not commonly available among vendors in general, pricing is set through a series of negotiations with the related party vendors on terms which are fair and reasonable and not detrimental to the Company.
- (iii) Rental charges and payables are determined according to the market valuation from external professional valuers.
- (iv) Trading terms are given based on the Group's standard credit policy and for sale of motor vehicles, standard discounts are given depending on the volume of purchase which is consistent to that given to other dealers.
- (v) Repair and services provided by the workshops to the related parties are invoiced using the standard rates captured in the system which also apply to external customers.
- (vi) Purchase of air tickets is according to the airlines market selling price.
- (vii) Hire purchase financing and leasing interest rates charged to the related parties are similar to those applicable to other customers.
- (viii) Commission paid in respect of Sakai roller dealership and royalties charged for the usage of BISON trademark were arrived at through mutual agreement after a series of negotiations between the parties, taking into consideration the heavy equipment distribution network of WTCH Group; and TCMH Group, the owner of the BISON brand will gain a stronger brand presence in the longer term arising from the cooperation with WTCH Group.

There are no separate thresholds for approval of RRPTs within the Group. All RRPTs are subject to the same authority limit thresholds established by the respective business units for its other business transactions where transactions of different nature and value are subject to approval by the appropriate level of authority, namely the Board of TCMH, the Executive Deputy Chairman of TCMH or the Board, executive director, head of division or department of the relevant business units. Where any Director has an interest (direct or indirect) in a RRPT, such Director shall abstain from approving such transaction.

A group RRPT reporting procedures has been established and circulated to all the business units as standard guidelines to ensure that all RRPT are undertaken in fair and reasonable term which are not detrimental to the interest of the company.

3.4 DISCLOSURE AND REVIEW PROCEDURES

Disclosure will be made in accordance with the LR in the Annual Report of the Company of the aggregate value of RRPT conducted pursuant to the Proposed Shareholders' Mandates during the financial year ending 31 December 2011.

3.4.1 Review procedures for the RRPT

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

- (a) A list of Related Parties has been circulated to all operating companies with the instruction that, as in the past, all RRPT are required to be undertaken at arm's length and on normal commercial terms (where applicable).
- (b) All companies are required to provide quarterly reports on all RRPT to the internal audit department.

- (c) The internal audit department shall review significant RRPT to ensure that transactions are undertaken at arm's length, on normal commercial terms of TCMH Group which are not more favourable to the Related Party than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders of TCMH.
- (d) The Audit Committee shall review the quarterly and yearly reports on RRPT issued by the internal audit department to ascertain that the guidelines and procedures established to monitor the RRPT have been complied with. The internal audit department shall highlight any exceptions arising from work done.
- (e) The Board and the Audit Committee shall be responsible for the determination of review procedures, with the authority to sub-delegate such responsibilities to individuals or committees within TCMH Group, as they deem appropriate.
- (f) If a member of the Board or Audit Committee has an interest in the RRPT, he shall abstain from participating in the deliberation and voting in respect of the said RRPT.

3.4.2 Audit Committee's Statement

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

The Audit Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis.

3.5 RATIONALE

All transactions with Related Parties are entered into for the long-term benefit of TCMH Group. The Related Parties represent an existing market with reliable payment terms for TCMH Group's products and provide a good source for certain components purchased by TCMH Group. Sales to Related Parties also contribute to overall higher sales for TCMH Group thus increasing trading volume, higher production efficiency and better bargaining power when negotiating with vendors. This is consistent with TCMH Group's objectives of brand building and maintaining our competitive edge.

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

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

3.6 EFFECTS

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

3.7 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed in section 3.2, none of the other Directors, Major Shareholders and persons connected with the Directors and Major Shareholders of TCMH have any interest as defined in the LR, direct or indirect, in the Proposed Shareholders' Mandate.

The Directors of TCMH who are interested in the RRPT (namely Dato' Tan Heng Chew and Tan Eng Soon) have abstained and will continue to abstain from deliberating and voting on the resolutions in respect of the Proposed Shareholders' Mandate which involves their respective interests at the relevant meetings of the Board.

The interested Directors of TCMH Group (namely Dato' Tan Heng Chew, Tan Eng Soon, Dato' Tan Eng Hwa, Azman bin Badrillah and Dato' Syed Alwi bin Tun Syed Nasir) will abstain from voting, and have undertaken that they will ensure that persons connected with them abstain from voting, in respect of their direct and/or indirect shareholdings in the Company (if any) on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

The interested Major Shareholders of TCMH (namely TCC and Tan Kheng Leong) will abstain from voting, and have undertaken that they will ensure that persons connected with them abstain from voting, in respect of their direct and/or indirect shareholdings in the Company on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

3.8 DIRECTORS' RECOMMENDATION

The Board, with the exception of the interested Directors as disclosed in section 3.7, is of the opinion that the Proposed Shareholders' Mandate are fair, reasonable and in the best interest of the Company and therefore recommends that you vote in favour of the proposed resolutions in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

4. APPROVALS REQUIRED

The Proposals are conditional upon the approval of the shareholders of TCMH at the forthcoming AGM. However, the Proposals are not inter-conditional.

5. AGM

The AGM, the notice of which is set out in the 2010 Annual Report, will be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur on Wednesday, 25 May 2011 at 3:00 p.m., for the purpose of considering and, if thought fit, passing the proposed resolutions on the ordinary businesses and the special businesses of the AGM which include the proposed resolutions on the Proposals.

If you are unable to attend the AGM in person, please return the completed Form of Proxy attached to the 2010 Annual Report to the Company's Registered Office at 62-68 Jalan Ipoh, 51200 Kuala Lumpur, so as to arrive not less than 48 hours before the time fixed for the holding of the AGM. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently find that you are able to do so.

6. ADDITIONAL INFORMATION

Shareholders are requested to refer to the Appendix IV for additional information.

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

Dato' Ng Mann Cheong
Independent Non-Executive Director

Details of RRPT between TCMH Group and WTCH Group

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM' 000)	Actual value transacted from 19 May 2010 to 31 March 2011 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (RM'000)
Income				
Sale of goods and services	TCMH Group sells premium gifts, stationeries, customised goods, motor vehicles, parts, and provides vehicle anti-rust and after sales services to WTCH Group.	53,120	23,426	53,000
Insurance agency services	TCMH Group sells certain insurance products such as motor, property and marine policies to WTCH Group.	540	328	620
Administrative & consultancy services	TCMH Group provides administrative and consultancy services to WTCH Group.	500	534	4,000
Contract assembly service (commercial vehicles)	TCMH Group provides assembly services (commercial vehicles) to WTCH Group.	3,500	0	9,000
Rental income	TCMH Group rents office and car park premises at the following locations to WTCH Group: (i) Jalan Ipoh Kecil, Kuala Lumpur (ii) Perdana Square Commercial Centre, Tawau, Sabah (iii) Taman Sri Batu Caves, Batu Caves, Selangor (iv) Jalan Temenggong, Kota Bahru, Kelantan (v) Jalan Sultan Azlan Shah, Sungai Tiram, Bayan Lepas, Penang Rental income for the above is received on a monthly basis. The tenure for the rental of the said premises are of varying durations of not more than three (3) years.	61	58	90
Royalty income	Royalties charged by TCMH Group to WTCH Group for usage of "BISON" trademark on goods manufactured by WTCH Group	0	0	80 <i>Note 1</i>
Hire purchase financing and leasing (interest income)	TCMH Group provides hire purchase financing and leasing to WTCH Group	0	0	100 <i>Note 1</i>

Note 1 : New RRPT to be included in the Proposed Shareholders' Mandate.

Details of RRPT between TCMH Group and WTCH Group (continued)

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM' 000)	Actual value transacted from 19 May 2010 to 31 March 2011 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (RM'000)
Expenses				
Travel agency and car rental services	TCMH Group uses the air ticketing and car rental services provided by WTCH Group.	4,800	1,541	4,000
Purchase of goods and services	TCMH Group purchases forklifts, machinery, generators, spare parts and receives after sales services from the WTCH Group.	9,110	2,575	20,000
	TCMH Group purchases locally assembled trucks from WTCH Group for sale.	45,000	0	90,000
	TCMH Group purchases consumer products from WTCH Group for sale	0	0	200 <i>Note 1</i>
Rental expense	TCMH Group rents building premises at the following locations from WTCH Group: (i) Lot 1A, Jalan Kemajuan, Section 13, Petaling Jaya. (ii) Lot 1304, Section 66, KTLA, Pending Industrial Estate, Kuching, Sarawak. Rental payment for the above is paid on a monthly basis. The tenure for the rental of the said premises are for varying duration of not more than three (3) years.	350	13	256
Commission payable	TCMH Group pays commission to WTCH Group for sale of Sakai Brand roller.	0	0	1,000 <i>Note 1</i>
Total		116,981	28,475	182,346

Note 1 : New RRPT to be included in the Proposed Shareholders' Mandate.

Details of RRPT between TCMH Group and APM Group

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM' 000)	Actual value transacted from 19 May 2010 to 31 March 2011 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (RM'000)
Income				
Sale of goods and services	TCMH Group sells premium gifts, stationeries, customised goods, motor vehicles, parts, and provides after sales services to APM Group.	9,830	5,075	58,000
Insurance agency services	TCMH Group sells certain insurance products such as motor, property and marine policies to APM Group.	520	374	570
Administrative & consultancy services	TCMH Group provides administrative and consultancy services to APM Group.	1,500	5	200
Rental income	TCMH Group rents the following premises to APM Group: (a) Office premises at Jalan Kemajuan, Pending Industrial Estate, Kuching, Sarawak (b) Workshop/office premises at Lot 25669, Jalan Segambut, Kuala Lumpur Rental income for the above is received on a monthly basis. The tenure for the rental of the said premises are of varying duration of not more than three (3) years.	35	10	40
Expenses				
Purchase of goods	TCMH Group buys automotive components from APM Group for the assembly of new cars and also as replacement parts for distribution to dealers and motor repair workshops.	160,000	135,732	272,000
Rental expense	TCMH Group rents from APM Group vacant land, office and factory premises at Lot 1 and Lot 3, Jalan 6/3, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor. Rental payment for the above is paid on a monthly basis. The tenure for the rental of the said premises is not more than three (3) years.	320	247	1,350
Total		172,205	141,443	332,160

Details of RRPT between TCMH Group and Auto Dunia

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM' 000)	Actual value transacted from 19 May 2010 to 31 March 2011 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (RM'000)
Income				
Sale of goods and services	TCMH Group sells motor vehicles, spare parts and provides after sales services to Auto Dunia.	15,000	8,454	30,000
Rental income	TCMH Group rents the following premises to Auto Dunia: (i) Storage space at 142, Jalan SBC3, Taman Sri Batu Caves, Selangor (ii) Showroom cum office building premises at Lot 3, Jalan Perusahaan 1, Batu Caves Industrial Park, 68100 Selangor Rental income for the above is received on a monthly basis. The tenure for the rental of the said premises are not more than three (3) years.	10	103 Due to rental income from additional premises rented effective October 2010	250
Insurance agency services	TCMH Group sells certain insurance products such as motor, property and marine policies to Auto Dunia.	0	0	60 <i>Note 1</i>
Expenses				
Purchase of vehicles	TCMH Group purchases CBU vehicles from Auto Dunia. TCMH Group may enter into other arrangements with Auto Dunia in relation to the importation of CBU vehicles and/or for the purchase of locally assembled vehicles for sale by TCMH Group from time to time.	470,000	223,051	600,000
Rental expense	TCMH Group rents office space at Lots 1 & 1A, Block A, Chulan Square, Jalan Raja Chulan, Kuala Lumpur from Auto Dunia. Rental payment for the above is paid on a monthly basis. The tenure for the rental of the said premises is not more than three (3) years.	0	0	600 <i>Note 1</i>
Total		485,010	231,608	630,910

Note 1 : New RRPT to be included in the Proposed Shareholders' Mandate.

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

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

2. MATERIAL CONTRACT

Save as disclosed below, neither TCMH nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years up till 31 March 2011 (being the latest practicable date prior to the printing of this Circular):

- (i) Capital Assignment Agreement dated 22 September 2010 between ETCM (V) Pte Ltd and Kjaer Group A/S in respect of the acquisition by ETCM (V) Pte Ltd from Kjaer Group A/S of 74% charter capital contribution in Nissan Vietnam Co, Ltd for a cash consideration of USD7,400,000.00.

3. MATERIAL LITIGATION

Save as disclosed below, neither TCMH nor its subsidiaries as at 31 March 2011 are engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board is not aware of any proceedings, pending or threatened, against TCMH or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of TCMH or its subsidiaries:

- (i) Tan Chong & Sons Motor Company Sdn Bhd ("TCM"), a wholly-owned subsidiary of the Company, Nissan Motor Co Ltd and Auto Dunia Sdn Bhd were sued in the High Court at Kota Kinabalu by Teck Guan Trading (Sabah) Sdn Bhd ("Teck Guan") for general damages, special damages of 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 Teck Guan for RM65,065.00 together with interest and costs in connection with alleged monies owed to Teck Guan) ("2nd Suit") was ordered by the High Court to be consolidated with the 1st Suit. All parties have closed their cases for the 1st Suit during the continued hearing on 9 and 10 February 2011 and the Court has fixed 5 May 2011 for decision. During the same hearing, the Court has also decided that the 2nd Suit be heard separately and the Court will fix another hearing date for the suit.

4. DOCUMENTS AVAILABLE FOR INSPECTION

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

- (i) Memorandum and Articles of Association of TCMH;
- (ii) Financial statements of the TCMH Group for the two (2) financial years ended 31 December 2009 to 2010;
- (iii) Material contract referred to in Section 2; and
- (iv) Relevant Cause papers in respect of material litigation referred to in section 3.