



TAN CHONG MOTOR HOLDINGS BERHAD  
(12969-P)

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A N N U A L R E P O R T 2 0 0 1

**Thirtieth Annual General Meeting of TAN CHONG MOTOR HOLDINGS BERHAD**

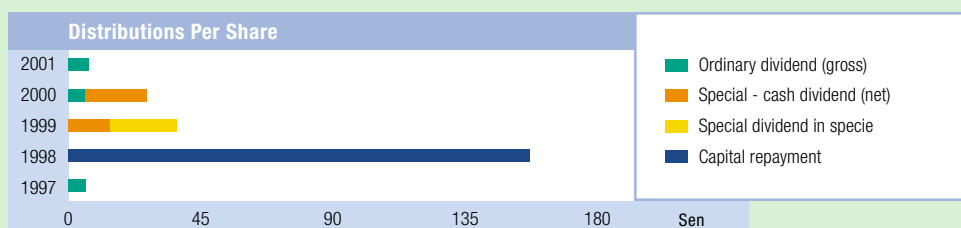
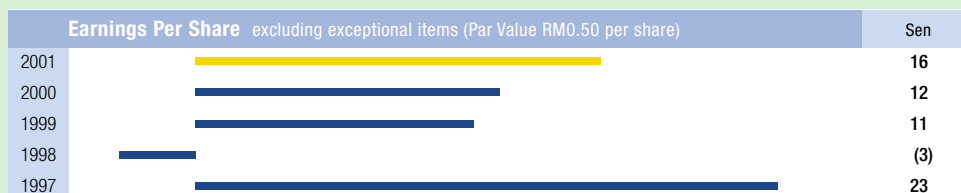
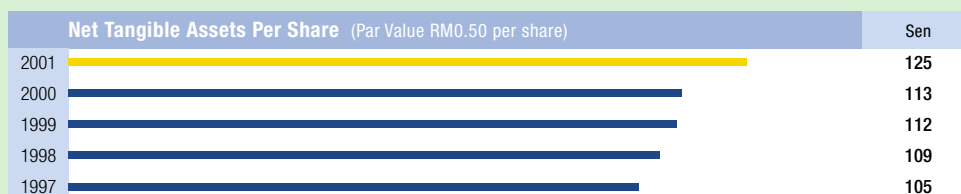
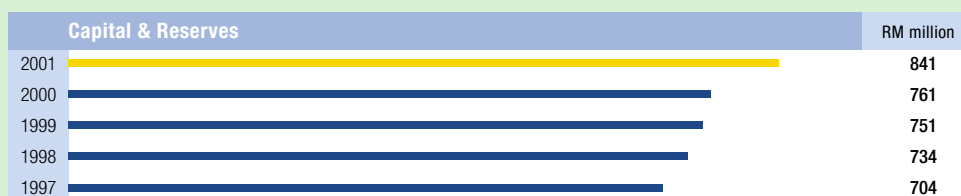
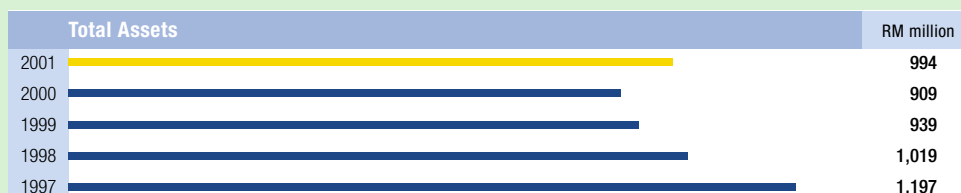
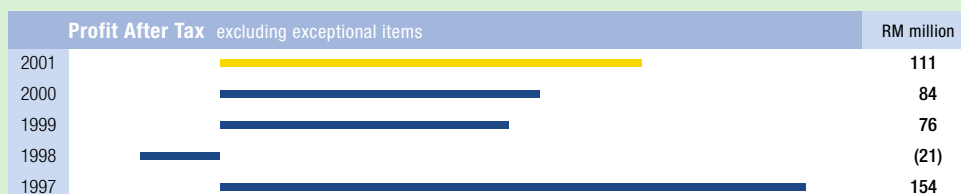
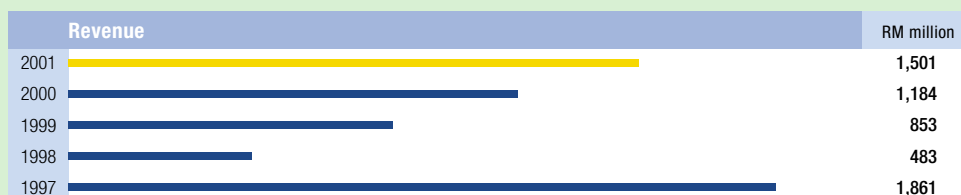
**will be held at the Grand Ballroom, Grand Seasons Hotel, 72 Jalan Pahang,**

**53000 Kuala Lumpur, Malaysia on Wednesday, 29 May 2002 at 11:30 a.m.**

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# Chairman's

## L a p o r a n P e n g e r u s i

On behalf of the Board of Directors, I am pleased to report on the activities of the Tan Chong Motor Group for 2001.

### Highlights

The Group recorded a revenue of RM1,500 million for the year, a significant growth of 28% over 2000 as a result of strong marketing efforts, introduction of new models and the ability to quickly step up production in response to market demand. The new Nissan Sentra, introduced in November 2000, remained very popular throughout the year and elevated Nissan to the leadership position in the non-national passenger car segment in 2001. Two new models were launched during the year, Nissan Serena MPV in July 2001 and the new Cefiro in December 2001.

Operating profit before tax and exceptional items rose to RM151 million (2000 : RM108 million) due to higher revenue and improved cost efficiency on higher volume of production. Consequently, earnings per share (excluding exceptional items) also increased to RM0.16 from last year's RM0.12.

The balance sheet of the Group continues to be robust and healthy. As at end December 2001, the Group's net cash position stood at RM190 million. Hire purchase financing business has expanded further as hire purchase receivables increased from RM104 million as at end 2000 to RM188 million as at end December 2001.

*Saya bagi pihak Lembaga Pengarah dengan sukacitanya melaporkan aktiviti perniagaan Kumpulan Tan Chong Motor bagi tahun 2001.*

### Maklumat Utama

*Pada tahun ini, Kumpulan mencatatkan hasil sebanyak RM1,500 juta, satu pertumbuhan ketara sebanyak 28% berbanding tahun 2000 hasil usaha pemasaran yang mantap, pengenalan berbagai model baru dan kemampuan untuk meningkatkan pengeluaran dengan segera sebagai memenuhi permintaan pasaran. Nissan Sentra baru yang diperkenalkan pada bulan November 2000 berjaya mengekalkan populariti yang tinggi sepanjang tahun ini dan melonjakkan Nissan ke kedudukan teratas dalam segmen kereta penumpang bukan nasional pada tahun 2001. Dua model baru telah dilancarkan pada tahun ini, Nissan Serena MPV pada bulan Julai 2001 dan Cefiro baru pada bulan Disember 2001.*

*Keuntungan operasi sebelum cukai dan perkara terkecuali melonjak kepada RM151 juta (2000 : RM108 juta), disebabkan oleh hasil yang lebih tinggi dan kecekapan dari segi kos yang bertambah baik daripada volum pengeluaran yang lebih tinggi. Sehubungan itu, pendapatan sesaham (tidak termasuk perkara terkecuali) turut meningkat kepada RM0.16 berbanding RM0.12 pada tahun lepas.*

*Kunci kira-kira Kumpulan terus berada dalam keadaan kukuh dan baik. Pada akhir tahun 2001, kedudukan tunai bersih berjumlah RM190 juta. Perniagaan pembiayaan sewa beli terus berkembang selaras dengan peningkatan pinjaman sewa beli daripada RM104 juta pada akhir tahun 2000 kepada RM188 juta pada akhir Disember 2001.*

# R E P O R T





## REVIEW OF RESULTS

### Passenger and Light Commercial Vehicles

Demand for new motor vehicles continued to improve in 2001 despite a general weaker economic condition as the nation registered a GDP growth rate of 0.5%, down from 8.5% recorded in 2000. Based on the registration statistics of Malaysian Automotive Association, the total industry volume of about 396,000 units in 2001 represented a 16% increase from 2000. For the year as a whole, total unit sales of Nissan passenger and light commercial vehicles of 15,018 units was 16% higher than that achieved in 2000. Consequently, overall market share for Nissan passenger and light commercial vehicles was maintained at 3.8%.

The Nissan Sentra enjoyed exceptional strong demand during the first half of 2001 following its launch in November 2000. The strong demand only began to taper off after June 2001 when competition in this segment intensified following the introduction of several new models by other auto distributors during the third quarter of 2001. Total unit sales of Nissan Sentra of 5,800 units for the year was about 160% higher than that achieved in 2000.

Sales of Nissan Serena during the first half of 2001 slowed down as compared with previous year due to higher pricing and market competition. However, sales received a boost in July and August 2001 with the introduction of the new model in July 2001. This new model, unlike the previous one with a mid-engine configuration has a front mounted engine design that further enhances its drivability and make it feel just like driving a prestigious passenger car. With the model change and consequential price revision, the model now competes in a higher-priced luxurious MPV segment. Overall unit sales of Nissan Serena declined 23% when compared to last year.

Unit sales of Nissan C22 Vanette declined marginally by 5% compared with last year due to increased competition.

The Nissan Cefiro 2.0L V6 Excimo and Cefiro 3.0L V6 Brougham maintained its last year's market share in the 2 to 3 litre capacity non-national passenger car segment at a respectable 12%. In December 2001, the all-new Nissan Cefiro was unveiled. The new Nissan Cefiro, which boasts unrivalled vehicle safety is fitted with the renowned VQ engine, which is the only engine to be voted in the Ward's Auto World "10 Best Engines" list for the eighth consecutive year. Bookings for the new model have been most encouraging and should lead to further improvement in our market position.

## TINJAUAN KEPUTUSAN

### Kenderaan Penumpang dan Perdagangan Ringan

Permintaan terhadap kenderaan bermotor baru terus berkembang pada tahun 2001 walaupun prestasi ekonomi secara keseluruhannya lembap dengan Keluaran Dalam Negara Kasar hanya mencatatkan pertumbuhan 0.5%, berbanding 8.5% yang dicapai pada tahun 2000. Berdasarkan kepada statistik pendaftaran Persatuan Automotif Malaysia, jumlah volum industri pada tahun 2001 adalah kira-kira 396,000 unit, meningkat 16% dari tahun 2000. Bagi tahun ini secara keseluruhannya, jumlah unit jualan kenderaan penumpang dan perdagangan ringan Nissan adalah 15,018 atau 16% lebih tinggi daripada yang dicapai pada tahun 2000. Bahagian pasaran kenderaan penumpang dan komersial ringan Nissan kekal pada kadar 3.8%.

Nissan Sentra memperoleh permintaan yang luarbiasa pada setengah tahun pertama 2001 selepas dilancarkan pada bulan November 2000. Permintaan teguh tersebut mula menurun selepas bulan Jun 2001, apabila saingan dalam segmen ini menjadi semakin hebat berikutan pengenalan beberapa model baru daripada pengedar kenderaan lain pada suku tahun ketiga 2001. Pada tahun ini, Nissan Sentra mencatatkan jualan berjumlah 5,800 unit meningkat kira-kira 160% berbanding pencapaian pada tahun 2000.

Volum jualan model Nissan Serena telah menurun pada setengah tahun pertama 2001 berbanding pada tahun sebelumnya berikutan peletakan harga yang lebih tinggi dan persaingan di pasaran. Jualan model Nissan Serena melonjak pada bulan Julai dan Ogos 2001 setelah pelancaran model baru pada bulan Julai 2001. Tidak seperti model sebelumnya yang mempunyai konfigurasi enjin di tengah, model baru ini mempunyai rekabentuk enjin menegak di hadapan yang boleh meningkatkan lagi kepuasan pemanduan dan menjadikannya seperti memandu sebuah kenderaan penumpang mewah. Dengan perubahan model dan kajian semula harganya, model terbaru Nissan Serena kini bersaing dalam segmen kenderaan MPV mewah yang berharga lebih tinggi. Jualan unit Nissan Serena secara keseluruhan merosot sebanyak 23% berbanding tahun sebelumnya.

Jualan unit Nissan C22 Vanette mengalami penurunan kecil sebanyak 5% berbanding tahun lalu akibat peningkatan persaingan.

Nissan Cefiro 2.0L V6 Excimo dan Cefiro 3.0L V6 Brougham mengekalkan bahagian pasarannya dalam segmen kapasiti kereta penumpang bukan nasional 2 hingga 3 liter pada kadar menggalakkan 12% seperti pada tahun sebelumnya. Pada bulan Disember 2001, model Nissan Cefiro yang terkini telah diperkenalkan ke pasaran. Nissan Cefiro baru tersebut yang menampilkan ciri-ciri keselamatan yang tiada tandingan dilengkapi dengan enjin jenis VQ,

Existing showroom and service facilities in several major towns have also been upgraded. This year the Group also opened another new centre in Johor under the 3-in-1 concept, housing the sales, service and spare part activities under one roof. These actions will improve further our service to our customers and hence enhance Nissan brand loyalty.

### **Medium and Heavy Commercial Vehicles**

The strong sales trend of our medium capacity (5 to 8 ton) trucks recorded since the second half of 2000 following a successful revamp of the sales organisation and distribution structure to improve market focus and coverage continued into 2001. Sales volume of the medium capacity trucks reached about 600 units for the year, more than doubled that achieved in 2000. Nissan Diesel's market share in this segment improved from 6% in 2000 to 12% in 2001, a satisfactory achievement considering the fact that we entered into this segment in 1997. The superior performance and reliability of Nissan Diesel trucks remained the hallmark of our products.

In the heavy-duty truck segment, overall industry volume increased by about 11% to about 2,300 units compared to last year. Our market share improved marginally to 23% from about 22% achieved in 2000. Nissan Diesel models continued to dominate the rigid cargo truck segment but remained weak in the prime movers segment, a sector traditionally dominated by the European makes. Profitability of the truck distribution business was sustained at previous year's level. After-sales service and parts sales activities were maintained at last year's level with little growth, reflective of the generally low usage level due to the slow down in export activities.

*merupakan satu-satunya enjin yang terpilih memenangi anugerah "10 Enjin Terbaik" Ward's Auto World untuk lapan tahun berturut-turut. Tempahan yang menggalakkan telah diterima untuk model terbaru ini dan akan membantu meningkatkan kedudukan pasaran kami.*

*Ruang pameran yang sedia ada dan kemudahan-kemudahan perkhidmatan di beberapa bandar utama telahpun dipertingkatkan. Pada tahun ini Kumpulan juga telah membuka sebuah lagi pusat baru di Johor di bawah konsep 3 dalam 1 yang menempatkan bahagian jualan, servis dan alat ganti di bawah satu bumbung. Langkah ini akan memperbaiki lagi tahap perkhidmatan kami kepada pelanggan dan seterusnya mengukuhkan kesetiaan pelanggan terhadap jenama Nissan.*

### **Kenderaan Perdagangan Kelas Sederhana dan Berat**

*Arah aliran jualan memberangsangkan yang dicatatkan oleh trak berkapasiti sederhana (5 hingga 8 tan) sejak pertengahan tahun 2000 berikutan kejayaan menyusun semula organisasi jualan dan struktur pengedaran untuk meningkatkan fokus dan liputan pasaran telah berterusan ke tahun 2001. Jumlah jualan trak berkapasiti sederhana mencapai kira-kira 600 unit untuk tahun ini, lebih sekali ganda daripada pencapaian tahun 2000. Kejayaan Nissan Diesel mempertingkatkan bahagian pasarannya dalam segmen ini daripada 6% pada tahun 2000 kepada 12% pada tahun 2001 merupakan suatu kejayaan yang membanggakan kerana kami hanya memasuki pasaran ini pada tahun 1997. Prestasi dan kewibawaan tinggi trak Nissan Diesel kekal menjadi ciri-ciri yang menjadi tarikan utama terhadap produk-produk kami.*

*Dalam segmen trak bermuatan berat, volum bagi industri secara keseluruhan meningkat kira-kira 11% berbanding pada tahun lalu kepada lebih kurang 2,300 unit. Bahagian pasaran kami meningkat sedikit kepada 23% daripada kira-kira 22% yang dicapai pada tahun 2000. Model-model Nissan Diesel terus menguasai segmen trak kargo tetapi terus lemah dalam pasaran segmen prime mover, sektor yang biasanya dikuasai kenderaan buatan Eropah. Keuntungan daripada perniagaan pengedaran trak kekal pada tahap seperti tahun sebelumnya. Perkhidmatan selepas jualan dan jualan alat ganti turut mengekalkan pencapaian seperti tahun lepas dengan menampilkan sedikit peningkatan, menggambarkan tahap penggunaan yang rendah akibat daripada kelembapan dalam aktiviti-aktiviti eksport.*





### Vehicle Assembly

During the year, the assembly plant devoted much of its management time in preparing for the introduction of the new Nissan Serena and Cefiro and increasing production volume to meet sales demand. Improvement and upgrading works in the paint shop that were started late last year were also completed in mid-2001 and would improve further the quality of the paint work of Nissan vehicles.

Our assembly plant was again awarded the first position in Product Satisfaction Index (PSI) target, a measure of initial quality level of the new vehicle, among the major Malaysian assemblers in an annual survey conducted by an independent survey consultant appointed by Japan Automobile Manufacturers Association (JAMA).

### Financial Services

The Group continued to expand its in-house hire purchase lending business aggressively during the year to enhance further returns from its financial resources. The value of hire purchase loans outstanding increased 80% from RM104 million as at end 2000 to RM188 million as at end 2001 in tandem with the increase in the sales of new motor vehicles. Hire purchase loan interest rate declined further during the year in line with the decline in bank intervention and base lending rates resulting in further narrowing in lending margins.

While registering higher loans growth for the year, the Company continued to place emphasis on credit risks management and took several steps to ensure no deterioration in asset quality. For the year 2001, non-performing loans continued to be below 1%.



### Pemasangan Kenderaan

*Sepanjang tahun ini, loji pemasangan telah memperuntukkan banyak masa pengurusan dalam persediaan untuk memperkenalkan model baru Nissan Serena dan Cefiro serta meningkatkan jumlah pengeluaran bagi memenuhi permintaan jualan. Kerja-kerja peningkatan taraf di bahagian semburan cat yang bermula sejak akhir tahun lalu juga berjaya diselesaikan pada pertengahan tahun 2001 dan mampu meningkatkan lagi kualiti kerja semburan cat kenderaan Nissan.*

*Kilang pemasangan kami sekali lagi menerima anugerah tempat pertama dalam sasaran Indeks Kepuasan Produk (IKP), suatu ukuran terhadap tahap mutu bagi keluaran kenderaan baru di kalangan pemasang kenderaan utama di Malaysia dalam kaji selidik tahunan yang dijalankan oleh sebuah perunding penyelidikan bebas yang dilantik oleh Japan Automobile Manufacturers Association (JAMA).*

### Perkhidmatan Kewangan

*Kumpulan terus berusaha mengembangkan aktiviti perniagaan pinjaman sewa beli dalaman secara agresif pada tahun ini untuk mempertingkatkan lagi pulangan daripada sumber kewangannya. Nilai pinjaman sewa beli mencatatkan lonjakan mengagumkan sebanyak 80% daripada RM104 juta pada akhir tahun 2000 kepada RM188 juta pada akhir tahun 2001, berikutan peningkatan jualan kenderaan bermotor baru. Kadar faedah pinjaman sewa beli mengalami penurunan selanjutnya pada tahun ini, selaras dengan penurunan dalam kadar campurtangan bank dan pinjaman asas yang mengakibatkan penyusutan pada margin pinjaman.*



The Group's panel of external finance companies in total provided financing for over three quarters of the total motor vehicle sales involving financing arrangement. The Bank Negara directive imposed last year to restrict the amount of hire purchase handling fees paid by financial institutions to motor vehicle distributors remained in force in 2001, thereby restricting the Group's revenue from this source.

### Changes in Corporate Structure

During the year, the Group disposed of its 20% investment in Coco Industry Sdn Bhd whose core activity was no longer auto related and realised a gain of RM988,000 reported as an exceptional item for year.

Autoscope Sdn Bhd, in which the Group and Altia Co Ltd each holding 50% equity interest, ceased operation during the second quarter following the withdrawal of commissions on export sales by its principals. The impact of this cessation on the results of the Group was insignificant. Several unquoted investments and a commercial building owned by the company were disposed of subsequently and the net gain from the disposal was disclosed under share of results of associated companies.

Following the decision of the government of Vietnam on 30 August 2001 to terminate the investment license granted to Nissan TCM Vietnam Co Ltd, a company in which the Group held 75% equity interest via Nissan TCM Pty Ltd, also a 75% owned subsidiary, both these subsidiaries would be liquidated in due course. The Group's investment in these companies had been written off in 1998.

*Di samping mencatatkan pertumbuhan pinjaman yang lebih tinggi pada tahun ini, Syarikat terus memberi penekanan kepada pengurusan risiko-risiko kredit dan mengambil beberapa langkah untuk memastikan bahawa tidak berlaku penurunan dalam kualiti aset. Sementara itu, hutang tidak berbayar terus berada di bawah paras 1% pada tahun 2001.*

*Panel syarikat-syarikat pembiayaan luar Kumpulan secara keseluruhannya menyediakan tiga per empat pembiayaan daripada jumlah jualan kenderaan bermotor yang melibatkan urusan pembiayaan. Arahan Bank Negara yang dikeluarkan pada tahun lalu untuk menghadkan jumlah yuran pengendalian sewa beli yang dibayar oleh institusi kewangan kepada pengedar kenderaan bermotor masih lagi berkuatkuasa pada tahun 2001. Arahan tersebut telah menghadkan hasil Kumpulan daripada sumber ini.*

### Perubahan dalam Struktur Korporat

*Pada tahun ini, Kumpulan telah menjual 20% pelaburannya dalam Coco Industry Sdn Bhd yang mana aktiviti terasnya tidak lagi berkaitan dengan kereta dan memperolehi keuntungan berjumlah RM988,000 yang dilaporkan sebagai perkara terkecuali bagi tahun ini.*

*Autoscope Sdn Bhd di mana Kumpulan dan Altia Co Ltd masing-masing memegang 50% kepentingan ekuiti di dalamnya, telah menamatkan operasi pada suku kedua berikutan penarikan balik komisen ke atas jualan eksport oleh prinsipal-prinsipalnya. Kesan daripada penamatan operasi ini ke atas kedudukan Kumpulan tidaklah begitu ketara. Selepas itu, beberapa pelaburan yang tidak disebut harga serta beberapa bangunan komersial yang dimiliki oleh syarikat*



## DIVIDENDS

The following dividends were paid during the year:

- (i) A final dividend of 6% less income tax of 28% in respect of 2000, amounting to RM14.5 million on 29 June 2001
- (ii) An interim dividend of 6% less income tax of 28% amounting to RM14.5 million on 19 October 2001 (2000 - 6%).

The Board has recommended the payment of a final dividend of 8% less income tax of 28% amounting to RM19.35 million which, if approved by the shareholders at the forthcoming Annual General Meeting, will be paid on 28 June 2002.

## CURRENT YEAR PROSPECTS

The Malaysian economy has been forecasted to grow in the range of 3% to 5% in 2002, an increase from the 0.4% recorded in 2001. The prospects for the automotive business during the first half of 2002 are expected to remain bright under the present economic policy environment which encourages domestic consumption in the face of contraction in the export market. The prospects for the second half of 2002 will largely depend on the strength of recovery in the export market and the manufacturing sector.

Unlike in 2001, where the exceptional demand for our new models helped to spur the volume of vehicles sold, sales volume for 2002 is expected to follow that of ordinary demand pattern for the recently introduced models.

*berkenaan turut dijual dan keuntungan bersih daripada penjualan ini dinyatakan di bawah bahagian keputusan syarikat-syarikat bersekatu.*

*Berikutan keputusan kerajaan Vietnam pada 30 Ogos 2001 membatalkan lesen pelaburan yang diberikan kepada Nissan TCM Vietnam Co Ltd iaitu sebuah syarikat di mana Kumpulan memegang 75% ekuiti melalui Nissan TCM Pty Ltd yang juga merupakan sebuah syarikat subsidiari 75% milik Kumpulan, kedua-dua syarikat subsidiari ini akan dicairkan pada masa depan. Pelaburan Kumpulan dalam syarikat-syarikat berkenaan telahpun diluluskan pada tahun 1998.*

## DIVIDEN

*Dividen-dividen berikut telah dibayar pada tahun ini:*

- (i) Dividen akhir sebanyak 6% tolak 28% cukai pendapatan bagi tahun 2000, berjumlah RM14.5 juta pada 29 Jun 2001*
- (ii) Dividen pertengahan sebanyak 6% ditolak 28% cukai pendapatan berjumlah RM14.5 juta pada 19 Oktober 2001 (2000 - 6%).*

*Lembaga Pengarah telah mengesyorkan pembayaran dividen akhir sebanyak 8% ditolak cukai pendapatan 28% berjumlah RM19.35 juta, yang jika diluluskan oleh para pemegang saham pada Mesyuarat Agung Tahunan akan datang, akan dibayar pada 28 Jun 2002.*

## PROSPEK TAHUN SEMASA

*Ekonomi Malaysia diramal akan mencatat pertumbuhan pada sekitar 3% hingga 5% pada tahun 2002, meningkat dari 0.4% yang dicapai pada tahun 2001. Prospek bagi perniagaan automotif pada setengah tahun pertama dijangka cerah di bawah persekitaran dasar ekonomi semasa yang menggalakkan perbelanjaan domestik untuk mengatasi kesan pasaran eksport yang lembab. Prospek bagi separuh tahun kedua 2002 akan sebahagian besarnya bergantung kepada kemampuan pemulihan pasaran eksport dan sektor perkilangan.*





Competition in the non-national car segment is expected to intensify as other distributors seek to carve a bigger market share for the recently launched models and this may have a negative impact on profitability. The weaker Japanese yen, if maintained throughout the year, is likely to help offset some of the negative impact on profitability.

Demand for the medium duty and heavy commercial vehicles on the other hand, is likely to remain flat with demand coming from the replacement market. While our market share for the medium duty range has further growth potential, the market share for the heavy commercial vehicle segment is expected to remain stable.

Barring any significant unforeseen circumstances, the Group's results for 2002 is expected to remain satisfactory.

#### **ACKNOWLEDGEMENT**

On behalf of the Board I wish to extend our appreciation to the management and staff for their dedication and contribution as always. I would also like to take this opportunity to thank Mr Toshiyuki Shiga who retired from the Board in May 2001 for his contributions and counsel and welcome Mr Kenji Naito and Dato' Haji Kamaruddin @ Abas bin Nordin who joined the Board during the year.

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

**Dato' Tan Kim Hor** DPMS, KMN, JP  
Chairman

Kuala Lumpur  
12 April 2002

*Tidak seperti tahun 2001, di mana permintaan luar biasa terhadap model-model baru kami telah membantu meningkatkan volum kenderaan yang dijual, volum jualan untuk tahun 2002 dijangka mengikuti corak permintaan biasa ke atas model-model yang diperkenalkan baru-baru ini. Persaingan dalam segmen kereta bukan nasional dijangka bertambah hebat apabila pengedar-pengedar lain turut aktif berusaha menguasai bahagian pasaran lebih besar bagi model yang dilancarkan baru-baru ini dan keadaan ini mungkin akan memberi kesan negatif terhadap tahap keuntungan Kumpulan. Kesan negatif ke atas keuntungan yang dinyatakan sebelum ini mungkin dapat diimbangi jika matawang Jepun terus lemah sepanjang tahun ini.*

*Walaupun bagaimanapun, permintaan terhadap kenderaan jenis bermuatan sederhana dan kenderaan perdagangan jenis berat dijangka kekal mendatar dengan permintaan datangnya dari pasaran penggantian. Walaupun bahagian pasaran bagi rangkaian kenderaan jenis bermuatan sederhana lasak kami mempunyai potensi pertumbuhan selanjutnya, bahagian pasaran untuk segmen kenderaan perdagangan berat dijangka kekal stabil.*

*Jika tiada sebarang keadaan di luar dugaan, keputusan Kumpulan bagi tahun 2002 dijangka kekal memuaskan.*

#### **PENGHARGAAN**

*Saya bagi pihak Lembaga Pengarah, ingin menyampaikan penghargaan kami kepada pihak pengurusan dan kakitangan di atas sikap dedikasi dan sumbangan mereka seperti sebelum ini. Saya juga ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada Encik Toshiyuki Shiga yang telah bersara daripada Lembaga Pengarah pada bulan Mei 2001 di atas sumbangan dan bimbingan beliau dan mengucapkan selamat datang kepada Encik Kenji Naito dan Dato' Haji Kamaruddin @ Abas bin Nordin yang menyertai Lembaga Pengarah pada tahun ini.*

*Akhir sekali, saya juga ingin mengucapkan terima kasih kepada semua pelanggan yang dihargai, para pembekal, bank dan rakan perniagaan yang lain serta pemegang saham kami di atas sokongan mereka selama ini.*

**Dato' Tan Kim Hor** DPMS, KMN, JP  
Pengerusi

Kuala Lumpur  
12 April 2002

## Profile of the Board of Directors

### **Dato' Tan Kim Hor** DPMS, KMN, JP

Dato' Tan, 78, a Malaysian, was appointed Director of the Company when it was incorporated on 14 October 1972 and is the Chairman of the Board since 19 October 1985. Dato' Tan is a co-founder of the Tan Chong Group when he and his brother, the late Tan Sri Tan Yuet Foh became the first importers of Japanese motor vehicles in Malaysia in 1957. Apart from his business interests, Dato' Tan is actively involved in community services and the Malaysian Chinese Association ("MCA"). He sits on the board of trustees of several schools and societies and is presently the Chairman of the MCA Bahagian Kepong. Dato' Tan is a director of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad.

Dato' Tan is the uncle of Dato' Tan Heng Chew and Mr Tan Eng Soon. He is a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan does not have any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself. Dato' Tan attended seven of the nine board meetings held in 2001 and has had no convictions for any offences within the past 10 years.

### **Ahmad bin Abdullah**

Encik Ahmad, 67, a Malaysian, was appointed to the Board on 1 December 1980 and is the Vice-Chairman since 30 March 1994. Encik Ahmad received his law degree from the University of Hull in the United Kingdom in 1959. He was appointed by the Yang Di-Pertuan Agong to the constitutional post of Secretary of the Malaysian Parliament where he served from 1959 until 1972 during which period he also represented Malaysia on various international bodies. He joined the Tan Chong Group in 1975 as an executive director of a subsidiary involved in marketing. Encik Ahmad is a director of APM Automotive Holdings Berhad.

Encik Ahmad does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself. Encik Ahmad attended eight of the nine board meetings held in 2001 and has had no convictions for any offences within the past 10 years.

### **Dato' Tan Heng Chew** DJMK, JP

Dato' Tan, 55, 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.

Dato' Tan is the nephew of Dato' Tan Kim Hor and the brother of Mr Tan Eng Soon. He is a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan does not have any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself. Dato' Tan attended all of the nine board meetings held in 2001 and has had no convictions for any offences within the past 10 years.

### **Tan Eng Soon**

Mr Tan, 53, 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. He has been involved in the Tan Chong Group's operations since 1971. Mr Tan is a director of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad.

Mr Tan is the nephew of Dato' Tan Kim Hor and the brother of Dato' Tan Heng Chew. He is a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Mr Tan does not have any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself. Mr Tan attended seven of the nine board meetings held in 2001 and has had no convictions for any offences within the past 10 years.

### **Azman bin Badrillah**

Encik Azman, 54, a Malaysian, was appointed to the Board on 4 April 1994. He is a Non-Executive Non-Independent Director. Encik Azman graduated with a degree in Economics from the University of Malaya in 1971. He joined Bank of America and had risen to the position of Assistant Vice-President when he left 11 years later. His service with Bank of America included a period spent with the international operations of the Bank. Encik Azman joined Tan Chong Group in 1983 as an executive director of its manufacturing division and was responsible for the overall performance of one of its key product groups until 1999. When the Tan Chong Group undertook a corporate re-structuring, Encik Azman was appointed to the board of APM Automotive Holdings Berhad. He also sits on the board of Eco Resources Berhad.

Encik Azman does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself. Encik Azman attended all of the nine board meetings held in 2001. He has had no convictions for any offences within the past 10 years.

## Profile of the Board of Directors

### Geh Cheng Hooi

Mr Geh, 67, a Malaysian, was appointed to the Board on 1 July 1994 as an Independent Non-Executive Director and is the Chairman of the Audit Committee. Mr Geh is a Certified Public Accountant and a Fellow of the Institute of Chartered Accountants, England and Wales. He was a Partner in KPMG Peat Marwick from 1964 to 1989. Mr Geh is a director of the Star Publications (Malaysia) Bhd, Lingui Developments Berhad, Hap Seng Consolidated Bhd, Tien Wah Press Holdings Bhd, Paramount Corporation Bhd, NCB Holdings Bhd and LPI Capital Bhd. He also sits on the boards of Bank of Nova Scotia Bhd, Lonpac Insurance Bhd, Northport (Malaysia) Bhd (previously known as Kelang Container Terminal Bhd), BHLB Pacific Trust Management Bhd and Kewangan Usahasama Makmur Bhd.

Mr Geh does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. Mr Geh attended five of the nine board meetings held in 2001 and has had no convictions for any offences within the past 10 years.

### Dato' Ng Mann Cheong DSSA, SMP, JP

Dato' Ng, 57, 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 practise in the jurisdictions of Singapore, Victoria and Western Australia. Dato' Ng has been in legal practice for the past 34 years and is a Senior Partner of David Chong & Co.

Dato' Ng does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. Dato' Ng attended five of the nine board meetings held in 2001 and has had no convictions for any offences within the past 10 years.

### Kenji Naito

Mr Naito, 40, a Japanese, is a Non-Executive Non-Independent Director. He was appointed to the Board on 22 August 2001. Mr Naito is a Social Science graduate from Waseda University. He has been with Nissan Motor Co Ltd, Japan for the past 17 years, serving in different capacities in the Business Planning & Administration, Sales, Marketing & Finance departments of Nissan, Japan and of its overseas operations in New Zealand.

Mr Naito does not have any family relationship with any director and/or major shareholder of the Company. However, his duties as an employee and a nominee director of Nissan Motor Co Ltd, Japan which is a major shareholder of the Company, may be in conflict with his duties as a director of the Company. Should such circumstances arise, he shall abstain from deliberation and voting at the relevant Board meetings. Mr Naito attended three of the five board meetings held after his appointment to the Board and has had no convictions for any offences within the past 10 years.

### Dato' Haji Kamaruddin @ Abas bin Nordin DSSA, KMN

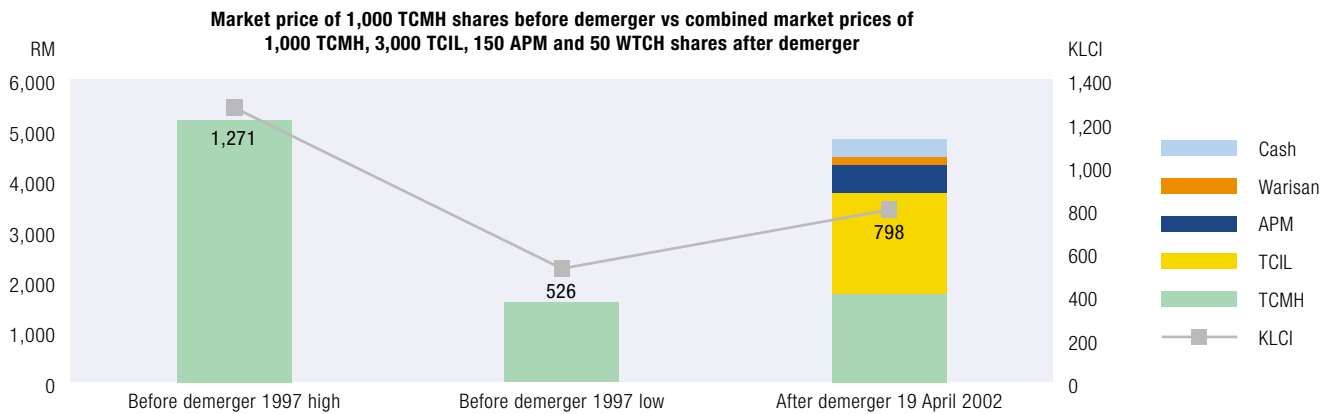
Dato' Haji Kamaruddin, 63, a Malaysian, was appointed to the Board on 23 November 2001. He is an Independent Non-Executive Director and a member of the Audit Committee. Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 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 Land Berhad.

Dato' Haji Kamaruddin does not have any family relationship with any director and/or major shareholder of the Company, nor any conflict of interest in any business arrangement involving the Company. He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself. Dato' Haji Kamaruddin attended the last of nine board meetings held in 2001 as the meeting was the only one held subsequent to his appointment. He has had no convictions for any offences within the past 10 years.

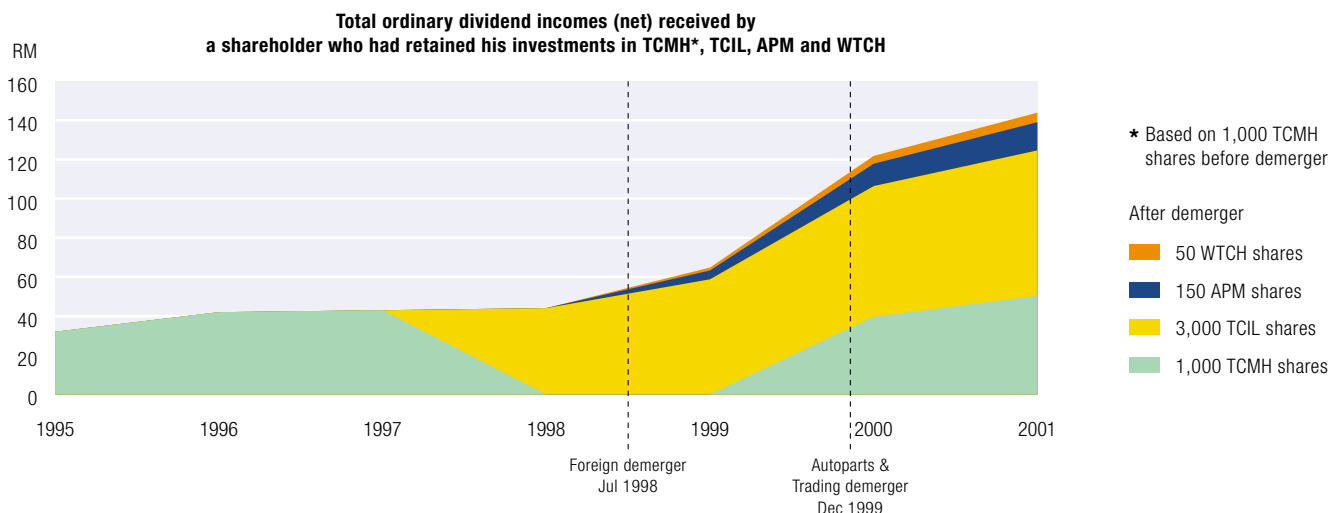
## Effects of Demerger Exercise on Market Price and Dividend Income

The Tan Chong Group underwent a demerger exercise which was completed in December 1999. The restructuring exercise led to the listing of Tan Chong International Limited ("TCIL") on The Hong Kong Stock Exchange Limited in July 1998 and the dual listing of APM Automotive Holdings Berhad ("APM") and Warisan TC Holdings Berhad ("WTCH") on Kuala Lumpur Stock Exchange in December 1999.

Under the demerger exercise, a shareholder holding 1,000 Tan Chong shares was given 3,000 TCIL shares, 150 APM shares and 50 WTCH shares together with a cash dividend of RM352.00. The chart below shows the total value of these shares prior to, and after the demerger.



For a shareholder who had retained the original 1,000 Tan Chong shares as well as those shares distributed to them under the demerger exercise above, the total ordinary net dividend income from the shareholdings in the 4 listed companies for the respective years is shown in the chart below. (The same shareholder would have also derived additional income from the cash dividend of RM352.00. The chart below does not incorporate the cash dividend nor the additional income arising therefrom.)



# financial

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## Directors' Report

for the year ended 31 December 2001

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 2001.

### Principal Activities

The Company is principally engaged in investment holding and the provision of management services to companies in the Group, whilst the principal activities of the subsidiaries are as stated in Note 25 to the financial statements. There has been no significant change in the nature of these principal activities during the financial year.

### Results

	Group RM'000	Company RM'000
Net profit for the year	108,759	23,394

### Reserves and Provisions

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

### Dividends

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

- (i) a final dividend of 6% less tax totalling RM14,515,200 in respect of the year ended 31 December 2000 on 29 June 2001;
- (ii) an interim dividend of 6% less tax totalling RM14,515,200 in respect of the year ended 31 December 2001 on 19 October 2001.

The final dividend recommended by the Directors in respect of the year ended 31 December 2001 is 8% less tax totalling RM19,353,600.

### Directors of the Company

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

Dato' Tan Kim Hor  
 Ahmad bin Abdullah  
 Dato' Tan Heng Chew  
 Tan Eng Soon  
 Azman bin Badrillah  
 Geh Cheng Hooi  
 Dato' Ng Mann Cheong  
 Kenji Naito (appointed on 22.8.2001)  
 Dato' Haji Kamaruddin @ Abas bin Nordin (appointed on 23.11.2001)  
 Toshiyuki Shiga (retired on 25.5.2001)

## Directors' Report

for the year ended 31 December 2001

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

	Number of ordinary shares			
	At 1.1.2001/ Date of Appointment	Bought	Sold	At 31.12.2001
Shareholdings in which Directors have direct interest				
Interest in the Company:				
Dato' Tan Kim Hor	3,074,834	—	—	3,074,834
Dato' Tan Heng Chew	25,662	—	—	25,662
Tan Eng Soon	1,400,000	—	—	1,400,000
Azman bin Badrillah	10,000	—	—	10,000
Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	—	—	2,992
Shareholdings in which Directors have deemed interest				
Interest in the Company:				
Dato' Tan Kim Hor	304,266,662	—	—	304,266,662
Dato' Tan Heng Chew	304,266,662	—	—	304,266,662
Tan Eng Soon	304,266,662	—	—	304,266,662

Dato' Tan Kim Hor, Dato' Tan Heng Chew and Tan Eng Soon are deemed interested in the shares of the subsidiaries of the Company by virtue of their shareholdings in the Company. Details of their deemed shareholdings in non-wholly owned subsidiaries are shown in Note 25 to the financial statements.

None of the other Directors holding office at 31 December 2001 had any interest in the ordinary shares of the Company and of its related corporations during the year.

### Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and of related companies) 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 certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business and rental income receivable and rental expense payable from/to companies in which the Directors have significant financial interests.

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

### Issue of Shares

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

**Directors' Report**

for the year ended 31 December 2001

**Options Granted Over Unissued Shares and Debentures**

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

**Other Statutory Information**

Before the financial 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 provision 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 provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2001 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.

**Auditors**

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

Signed in accordance with a resolution of the Directors:

**Dato' Tan Kim Hor**

Chairman

**Azman bin Badrillah**

Director

Kuala Lumpur  
12 April 2002

**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 19 to 44, except for page 21 and 22 which are expressed in USD, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2001 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

**Dato' Tan Kim Hor**

Chairman

**Azman bin Badrillah**

Director

Kuala Lumpur

12 April 2002

**Declaration**

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

I, Tan Eng Guan, 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 19 to 44, except for page 21 and 22 which are expressed in USD, are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed  
Tan Eng Guan (MIA 8834) at Kuala Lumpur in the  
Federal Territory this 12th day of April 2002.

Before me:

**Mohd Radzi bin Yasin**

No. W327

Commissioner for Oaths

*(Pesuruhjaya Sumpah)*

Kuala Lumpur

## Report of the Auditors

to the members of Tan Chong Motor Holdings Berhad

We have audited the financial statements set out on pages 19 to 44, except for page 21 and 22 which are expressed in USD. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with evidence to give reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - (i) the state of affairs of the Group and of the Company at 31 December 2001 and the results of their operations and cash flows for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company;

and

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

The subsidiaries in respect of which we have not acted as auditors are identified in Note 25 to the financial statements and we have considered their financial statements and the auditors' report thereon except as mentioned in Note 25 to the financial statements.

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

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

### KPMG

Firm Number: AF 0758  
Chartered Accountants

Kuala Lumpur  
12 April 2002

### Ng Kim Tuck

Partner  
Approval Number: 1150/03/04(J/PH)

## Balance Sheets

at 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Property, plant and equipment</b>	2	<b>211,056</b>	213,993	<b>1,268</b>	1,272
<b>Investments in subsidiaries</b>	3	<b>–</b>	–	<b>308,317</b>	307,865
<b>Investments in associates</b>	4	<b>2,021</b>	3,314	–	–
<b>Other investments</b>	5	<b>1,807</b>	1,808	–	–
<b>Hire purchase receivables</b>	6	<b>135,241</b>	71,050	–	–
		<b>350,125</b>	290,165	<b>309,585</b>	309,137
<b>Current assets</b>					
Inventories	7	<b>291,881</b>	279,654	–	–
Trade and other receivables	8	<b>109,268</b>	115,480	<b>182,625</b>	189,864
Hire purchase receivables	6	<b>52,477</b>	32,958	–	–
Other investments	5	<b>25,437</b>	28,063	–	–
Cash and cash equivalents	9	<b>164,330</b>	171,554	<b>975</b>	423
		<b>643,393</b>	627,709	<b>183,600</b>	190,287
<b>Current liabilities</b>					
Trade and other payables	10	<b>103,160</b>	115,435	<b>7,089</b>	6,554
Borrowings	11	<b>2,427</b>	1,423	–	–
Taxation		<b>27,811</b>	23,229	<b>4,815</b>	6,332
		<b>133,398</b>	140,087	<b>11,904</b>	12,886
<b>Net current assets</b>		<b>509,995</b>	487,622	<b>171,696</b>	177,401
		<b>860,120</b>	777,787	<b>481,281</b>	486,538
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Share capital	12	<b>336,000</b>	336,000	<b>336,000</b>	336,000
Reserves	13	<b>505,034</b>	425,305	<b>143,257</b>	148,893
		<b>841,034</b>	761,305	<b>479,257</b>	484,893
<b>Minority shareholders' interests</b>	14	<b>11,126</b>	8,915	–	–
<b>Long term and deferred liabilities</b>					
Deferred taxation		<b>218</b>	588	–	–
Retirement benefits		<b>7,742</b>	6,979	<b>2,024</b>	1,645
		<b>7,960</b>	7,567	<b>2,024</b>	1,645
		<b>860,120</b>	777,787	<b>481,281</b>	486,538

The notes set out on pages 26 to 44 form an integral part of, and, should be read in conjunction with, these financial statements.

**Income Statements**

for the year ended 31 December 2001

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Revenue</b>	15	<b>1,500,585</b>	1,183,641	<b>35,310</b>	7,833
<b>Operating profit before exceptional item</b>	15	<b>145,674</b>	100,352	<b>27,364</b>	3,025
Exceptional item	17	–	32,433	–	32,433
<b>Operating profit</b>		<b>145,674</b>	132,785	<b>27,364</b>	35,458
Interest expense		<b>(129)</b>	(187)	<b>(84)</b>	(81)
Interest income		<b>6,069</b>	7,565	<b>4,417</b>	5,772
Share of profit of associates		<b>739</b>	168	–	–
<b>Profit before taxation</b>		<b>152,353</b>	140,331	<b>31,697</b>	41,149
Tax expense	18	<b>(41,383)</b>	(23,399)	<b>(8,303)</b>	(1,811)
<b>Profit after taxation</b>		<b>110,970</b>	116,932	<b>23,394</b>	39,338
Less: Minority interests		<b>(2,211)</b>	(2,442)	–	–
<b>Net profit for the year</b>		<b>108,759</b>	114,490	<b>23,394</b>	39,338
Basic earnings per ordinary share (sen)					
– including exceptional item	19	<b>16.2</b>	17.0		
– excluding exceptional item	19	<b>16.2</b>	12.2		
Dividends per ordinary share					
– gross (sen)					
– Ordinary dividend	20	<b>7.0</b>	5.5	<b>7.0</b>	5.5
– Special dividend	20	–	19.0	–	19.0

The notes set out on pages 26 to 44 form an integral part of, and, should be read in conjunction with, these financial statements.



**Consolidated Balance Sheet**

at 31 December 2001

(In USD equivalent)

	<b>2001</b>	<b>2000</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Property, plant and equipment</b>	<b>55,541</b>	56,314
<b>Investments in associates</b>	<b>532</b>	872
<b>Other investments</b>	<b>475</b>	476
<b>Hire purchase receivables</b>	<b>35,590</b>	18,697
	<b>92,138</b>	76,359
<b>Current assets</b>		
Inventories	<b>76,811</b>	73,593
Trade and other receivables	<b>28,755</b>	30,389
Hire purchase receivables	<b>13,810</b>	8,673
Other investments	<b>6,694</b>	7,385
Cash and cash equivalents	<b>43,244</b>	45,146
	<b>169,314</b>	165,186
<b>Current liabilities</b>		
Trade and other payables	<b>27,147</b>	30,378
Borrowings	<b>639</b>	374
Taxation	<b>7,319</b>	6,113
	<b>35,105</b>	36,865
<b>Net current assets</b>	<b>134,209</b>	128,321
	<b>226,347</b>	204,680
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	<b>88,421</b>	88,421
Reserves	<b>132,904</b>	111,922
	<b>221,325</b>	200,343
<b>Minority shareholders' interests</b>	<b>2,928</b>	2,346
<b>Long term and deferred liabilities</b>		
Deferred taxation	<b>57</b>	155
Retirement benefits	<b>2,037</b>	1,836
	<b>2,094</b>	1,991
	<b>226,347</b>	204,680

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

Figures for both 2001 and 2000 are converted into USD equivalent using the same exchange rate of RM3.80 = USD1.00, which approximates that prevailing on 31.12.2001.

**Consolidated Income Statement**

for the year ended 31 December 2001

(In USD equivalent)	<b>2001</b>	<b>2000</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Revenue</b>	<b>394,891</b>	311,484
<b>Operating profit before exceptional item</b>	<b>38,335</b>	26,408
Exceptional item	–	8,535
<b>Operating profit</b>	<b>38,335</b>	34,943
Interest expense	<b>(34)</b>	(49)
Interest income	<b>1,597</b>	1,991
Share of profit of associates	<b>194</b>	44
<b>Profit before taxation</b>	<b>40,092</b>	36,929
Tax expense	<b>(10,890)</b>	(6,158)
<b>Profit after taxation</b>	<b>29,202</b>	30,771
Less: Minority interests	<b>(582)</b>	(643)
<b>Net profit for the year</b>	<b>28,620</b>	30,128
Basic earnings per ordinary share (US cents)		
– including exceptional item	<b>4.3</b>	4.5
– excluding exceptional item	<b>4.3</b>	3.2
Dividends per ordinary share		
– gross (US cents)		
– Ordinary dividend	<b>1.8</b>	1.4
– Special dividend	–	5.0

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

Figures for both 2001 and 2000 are converted into USD equivalent using the same exchange rate of RM3.80 = USD1.00, which approximates that prevailing on 31.12.2001.

## Statements of Changes in Equity

for the year ended 31 December 2001

Group	Note	Reserves						Sub-total	Total
		Share capital	Surplus on revaluation of properties	Translation reserve	Goodwill on consolidation	Capitalisation of retained profits	Retained profits		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2000</b>		336,000	23	1,366	(118)	100	413,496	414,867	750,867
Net profit for the year		—	—	—	—	—	114,490	114,490	114,490
Dividends									
— 2000 special	20	—	—	—	—	—	(91,956)	(91,956)	(91,956)
— 2000 interim	20	—	—	—	—	—	(12,096)	(12,096)	(12,096)
<b>At 31 December 2000/ 1 January 2001</b>		336,000	23	1,366	(118)	100	423,934	425,305	761,305
Net profit for the year		—	—	—	—	—	108,759	108,759	108,759
Dividends									
— 2000 final	20	—	—	—	—	—	(14,515)	(14,515)	(14,515)
— 2001 interim	20	—	—	—	—	—	(14,515)	(14,515)	(14,515)
<b>At 31 December 2001</b>		<b>336,000</b>	<b>23</b>	<b>1,366</b>	<b>(118)</b>	<b>100</b>	<b>503,663</b>	<b>505,034</b>	<b>841,034</b>

Note 12

Company	Note	Distributable		
		Share capital	Retained profits	Total
		RM'000	RM'000	RM'000
<b>At 1 January 2000</b>		336,000	213,607	549,607
Net profit for the year		—	39,338	39,338
Dividends				
— 2000 special	20	—	(91,956)	(91,956)
— 2000 interim	20	—	(12,096)	(12,096)
<b>At 31 December 2000/1 January 2001</b>		336,000	148,893	484,893
Net profit for the year		—	23,394	23,394
Dividends				
— 2000 final	20	—	(14,515)	(14,515)
— 2001 interim	20	—	(14,515)	(14,515)
<b>At 31 December 2001</b>		<b>336,000</b>	<b>143,257</b>	<b>479,257</b>

Note 12

The notes set out on pages 26 to 44 form an integral part of, and, should be read in conjunction with, these financial statements.

**Cash Flow Statements**

for the year ended 31 December 2001

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	<b>152,353</b>	140,331	<b>31,697</b>	41,149
Adjustments for:				
Depreciation	<b>12,575</b>	11,831	<b>277</b>	238
Dividend income	<b>(172)</b>	(638)	<b>(35,012)</b>	(7,541)
Exceptional item	–	(32,433)	–	(32,433)
Gain on disposal of property, plant and equipment	<b>(128)</b>	(98)	<b>(1)</b>	–
Gain on disposal of investment in unquoted shares	<b>(869)</b>	–	–	–
Interest expense	<b>129</b>	187	<b>84</b>	81
Interest income	<b>(6,069)</b>	(7,565)	<b>(4,417)</b>	(5,772)
Property, plant and equipment written off	<b>1,005</b>	1,052	–	–
Retirement benefits charged	<b>888</b>	587	<b>137</b>	79
Reversal of allowance for diminution in value of investments	<b>(119)</b>	–	<b>(452)</b>	(775)
Share of profit of associates	<b>(739)</b>	(168)	–	–
Operating profit/(loss) before working capital changes	<b>158,854</b>	113,086	<b>(7,687)</b>	(4,974)
(Increase)/Decrease in working capital:				
Inventories	<b>(12,227)</b>	3,757	–	–
Hire purchase receivables	<b>(83,710)</b>	(43,271)	–	–
Trade and other receivables	<b>6,212</b>	(1,932)	<b>7,239</b>	50,559
Trade and other payables	<b>(12,275)</b>	3,550	<b>535</b>	(133)
Current other investments	<b>2,626</b>	(27,963)	–	–
Cash generated from operations	<b>59,480</b>	47,227	<b>87</b>	45,452
Income taxes paid	<b>(37,917)</b>	(12,381)	<b>(9,820)</b>	(2,734)
Income taxes refund	–	1,523	–	1,523
Interest paid	<b>(129)</b>	(187)	<b>(84)</b>	(81)
Interest received	<b>6,069</b>	7,565	<b>4,417</b>	5,772
Retirement benefits paid	<b>(125)</b>	(186)	<b>(1)</b>	(52)
Retirement benefits transferred	–	–	<b>243</b>	41
<b>Net cash generated from/(used in) operating activities</b>	<b>27,378</b>	43,561	<b>(5,158)</b>	49,921

## Cash Flow Statements

for the year ended 31 December 2001

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Cash flows from investing activities</b>				
Dividends received from other investments	172	638	–	–
Dividends received from subsidiaries	–	–	35,012	7,541
Dividends received from associate	2,778	–	–	–
Proceeds from disposal of property, plant and equipment	411	362	3	–
Proceeds from disposal of investment in unquoted shares	989	–	–	–
Proceeds from disposal of long term investments	–	91,954	–	91,954
Purchase of property, plant and equipment	(10,926)	(15,272)	(275)	(319)
<b>Net cash (used in)/generated from investing activities</b>	<b>(6,576)</b>	<b>77,682</b>	<b>34,740</b>	<b>99,176</b>
<b>Cash flows from financing activities</b>				
Dividend paid to shareholders of the Company	(29,030)	(154,025)	(29,030)	(154,025)
(Repayment of)/Proceeds from bills payable	(828)	680	–	–
<b>Net cash used in financing activities</b>	<b>(29,858)</b>	<b>(153,345)</b>	<b>(29,030)</b>	<b>(154,025)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(9,056)</b>	<b>(32,102)</b>	<b>552</b>	<b>(4,928)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>171,263</b>	<b>203,365</b>	<b>423</b>	<b>5,351</b>
<b>Cash and cash equivalents at end of year</b>	<b>162,207</b>	<b>171,263</b>	<b>975</b>	<b>423</b>

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

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash and bank balances	27,116	29,193	975	423
Deposits	137,214	142,361	–	–
Bank overdrafts	(2,123)	(291)	–	–
<b>162,207</b>	<b>171,263</b>	<b>975</b>	<b>423</b>	

The notes set out on pages 26 to 44 form an integral part of, and, should be read in conjunction with, these financial statements.

## Notes to the Financial Statements

31 December 2001

### 1. Summary of Significant Accounting Policies

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years.

#### (a) Basis of accounting

The financial statements of the Group and of the Company are prepared in compliance with applicable approved accounting standards in Malaysia other than the early adoption of the accounting policy on proposed dividend which is now recognised as a liability in the year it is approved by the shareholders in the general meeting, in accordance with MASB 19, Events after the Balance Sheet Date.

#### (b) Basis of consolidation

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases. Subsidiaries are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Group financial statements. The difference between the acquisition cost and the fair values of the subsidiaries' net assets is reflected as goodwill or reserve on consolidation as appropriate.

Intragroup transactions and balances and the resulting unrealised profits are eliminated on consolidation. Unrealised losses resulting from intragroup transactions are also eliminated unless cost cannot be recovered.

#### (c) Associates

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

The consolidated financial statements include the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence effectively commences until the date that significant influence effectively ceases.

Unrealised profits arising on transactions between the Group and its associates which are included in the carrying amount of the related assets and liabilities are eliminated partially to the extent of the Group's interests in the associates. Unrealised losses on such transactions are also eliminated partially unless cost cannot be recovered.

#### (d) Property, plant and equipment

Property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation.

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.

In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") on the adoption of International Accounting Standard ("IAS") No.16 (Revised) on "Property, Plant and Equipment", the valuations of these properties have not been updated and they continue to be stated at their existing carrying amounts less accumulated depreciation.

**1. Summary of Significant Accounting Policies (Cont'd)****(d) Property, plant and equipment**

The Directors are of the opinion that the current market values of the revalued properties are no less than their net book values as at 31 December 2001.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an item of property, plant and equipment exceeds its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows are discounted to their present values. The impairment loss is charged to the income statement, unless it reverses a previous revaluation, in which case it is charged to equity. Any subsequent increase in recoverable amount is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. Such subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

**(e) Depreciation**

Freehold land and work-in-progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from 34 to 999 years while buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period. The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Plant, machinery and equipment	10% – 25%
Furniture, fixtures, fittings and office equipment	10% – 20%
Motor vehicles	10% – 20%

**(f) Investments**

Long term investments are stated at cost. Investments in certain subsidiaries are stated at valuation determined by the Directors based on the values of the underlying net tangible assets, after the revaluation of the properties of the subsidiaries, and was carried out primarily for the purpose as explained in Note 1(d). An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Investment in money market instruments is stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

**(g) Inventories**

Inventories are stated at the lower of cost and net realisable value.

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.



## Notes to the Financial Statements

31 December 2001

**1. Summary of Significant Accounting Policies (Cont'd)****(h) 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.

**(i) Taxation**

The tax expense in the income statement represents taxation at current tax rates based on profit earned during the year.

Deferred taxation is provided on the liability method for all timing differences except where no liability is expected to arise in the foreseeable future and there are no indications the timing differences will reverse thereafter. Deferred tax benefits are only recognised where there is a reasonable expectation of realisation in the near future.

**(j) Retirement benefits**

The Group and the Company operate an unfunded defined benefits scheme for employees who have completed a qualifying period of service. The benefits payable on retirement are based on a fixed percentage of the basic salaries of the employees less the statutory contribution to the Employees Provident Fund ("EPF"). A provision is made monthly for each employee regardless of whether the employee has completed the qualifying period of service. Should an employee leave before completing the qualifying period of service, the provision made for the employee is written back. No actuarial valuation has been conducted on the retirement benefits provision as the amount is insignificant to the Group and the Company. The Group and the Company have no obligation for the payment of retirement benefit beyond the amount provided.

**(k) Foreign currency***(i) Foreign currency transactions*

Transactions in foreign currencies are translated to Ringgit Malaysia at rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transactions.

*(ii) Financial statements of foreign operations*

The Group's foreign operations are not considered an integral part of the Group's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity.

The closing rates used in the translation of foreign currency monetary assets and liabilities and the financial statements of foreign operations are as follows:

1USD	RM3.80	(2000 : 1USD	RM3.80)
1HKD	RM0.49	(2000 : 1HKD	RM0.50)
1SGD	RM2.04	(2000 : 1SGD	RM2.18)
100Yen	RM2.88	(2000 : 100Yen	RM3.32)

## Notes to the Financial Statements

31 December 2001

**1. Summary of Significant Accounting Policies (Cont'd)****(l) Revenue***(i) Goods sold and services rendered*

Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

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

*(ii) 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.

*(iii) Dividend income*

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

**(m) Interest expense**

All interest and other costs incurred in connection with borrowings are expensed as incurred.

**(n) Interest income**

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

**2. Property, Plant and Equipment**

Group	Freehold	Long term	Short term	Buildings	Plant,	Furniture,	Motor	Work-in-	Total
	land	leasehold	leasehold		machinery	fixtures,			
	RM'000	RM'000	RM'000	RM'000	and	and office	vehicles	progress	RM'000
					equipment	equipment			
<b>Cost/Valuation</b>									
Opening balance	65,000	76,741	5,130	92,012	71,027	32,851	12,056	1,851	356,668
Additions	–	–	160	568	1,625	1,726	2,421	4,426	10,926
Disposals	–	–	–	–	(83)	(215)	(1,238)	–	(1,536)
Transfers	–	–	–	–	3,562	563	12	(4,137)	–
Written off	–	–	–	–	(2,497)	(185)	(236)	(337)	(3,255)
Closing balance	65,000	76,741	5,290	92,580	73,634	34,740	13,015	1,803	362,803
<b>Representing items at:</b>									
Cost	23,683	15,923	4,652	41,560	73,634	34,740	13,015	1,803	209,010
Directors' valuation	41,317	60,818	638	51,020	–	–	–	–	153,793
	65,000	76,741	5,290	92,580	73,634	34,740	13,015	1,803	362,803

## Notes to the Financial Statements

31 December 2001

**2. Property, Plant and Equipment (Cont'd)**

Group	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Work-in- progress RM'000	Total RM'000
<b>Accumulated depreciation</b>									
Opening balance	–	13,198	1,494	39,237	52,778	27,149	8,819	–	142,675
Charge for the year	–	874	145	2,864	5,169	2,030	1,493	–	12,575
Disposals	–	–	–	–	(80)	(169)	(1,004)	–	(1,253)
Written off	–	–	–	–	(1,838)	(176)	(236)	–	(2,250)
Closing balance	–	14,072	1,639	42,101	56,029	28,834	9,072	–	151,747

**Net book value**

At 31 December 2001	<b>65,000</b>	<b>62,669</b>	<b>3,651</b>	<b>50,479</b>	<b>17,605</b>	<b>5,906</b>	<b>3,943</b>	<b>1,803</b>	<b>211,056</b>
At 31 December 2000	65,000	63,543	3,636	52,775	18,249	5,702	3,237	1,851	213,993
Depreciation charge for the year ended 31 December 2000	–	874	141	2,842	4,331	1,980	1,663	–	11,831

Company	Buildings RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>				
Opening balance	690	448	897	2,035
Additions	–	65	210	275
Disposals	–	(29)	–	(29)
Closing balance	690	484	1,107	2,281
<b>Accumulated depreciation</b>				
Opening balance	96	364	303	763
Charge for the year	14	42	221	277
Disposals	–	(27)	–	(27)
Closing balance	110	379	524	1,013

## Notes to the Financial Statements

31 December 2001

**2. Property, Plant and Equipment (Cont'd)**

Company	Buildings RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Net book value</b>				
At 31 December 2001	<b>580</b>	<b>105</b>	<b>583</b>	<b>1,268</b>
At 31 December 2000	594	84	594	1,272
Depreciation charge for the year ended 31 December 2000	13	45	180	238

**Revaluation**

Certain land and buildings are stated at Directors' valuation based on professional valuations on the existing use basis conducted in 1984.

The net book value of the revalued properties had they been stated at cost less accumulated depreciation calculated on original cost as required by Malaysian Accounting Standards Board ("MASB") Standard No. 15 on "Property, Plant and Equipment" is not shown as the records are not available since the revaluation was done in 1984.

The potential deferred tax liability relating to the increase in the carrying value of certain land and buildings upon their revaluation in 1984 is not shown as the amount is not material to the Group.

**Titles**

The titles to certain properties with a cost of RM1.94 million (2000 – RM1.94 million) have yet to be issued by the relevant authorities.

**3. Investments in Subsidiaries**

	Company	
	2001 RM'000	2000 RM'000
Unquoted shares		
At cost	<b>135,289</b>	135,289
At Directors' valuation in 1984	<b>179,300</b>	179,300
	<b>314,589</b>	314,589
Less: Allowance for diminution in value	<b>(6,272)</b>	(6,724)
	<b>308,317</b>	307,865

Investments in certain subsidiaries are stated at Directors' valuation conducted in 1984 based on the net tangible assets value of the subsidiaries after the revaluation of their properties and was carried out primarily for the purpose as explained in Note 1(d).

## Notes to the Financial Statements

31 December 2001

**4. Investments in Associates**

	Group	
	2001 RM'000	2000 RM'000
Unquoted shares, at cost	625	625
Share of post-acquisition reserve	1,396	2,689
	<b>2,021</b>	3,314
Represented by:		
Group's share of net assets	<b>2,021</b>	3,314

The associates of the Group, all of which are incorporated in Malaysia, are as follows:

Name of company	Principal activities	Effective ownership interest	
		2001 %	2000 %
Autoscope Sdn Bhd	Ceased operation of export agency for automotive accessories during the year and since remained dormant	50	50
Structurflex Sdn Bhd	Manufacture of truck side curtains components	50	50
Ragib-TC Security Services Sdn Bhd	Dormant	50	50

**5. Other Investments**

	Group	
	2001 RM'000	2000 RM'000
<b>Long term</b>		
Unquoted shares	3,056	3,176
Less: Allowance for diminution in value	(1,249)	(1,368)
	<b>1,807</b>	1,808
<b>Current</b>		
Investment in money market instruments	<b>25,437</b>	28,063

## Notes to the Financial Statements

31 December 2001

**6. Hire Purchase Receivables**

	Group	
	2001 RM'000	2000 RM'000
Hire purchase receivables	<b>223,609</b>	125,070
Less: Unearned interest	<b>(34,365)</b>	(19,881)
	<b>189,244</b>	105,189
Less: Allowance for doubtful debts	<b>(1,526)</b>	(1,181)
	<b>187,718</b>	104,008
	<b>52,477</b>	32,958
Less than one year	<b>135,241</b>	71,050
Between one and five years	<b>187,718</b>	104,008

**7. Inventories**

	Group	
	2001 RM'000	2000 RM'000
Raw materials	<b>9,435</b>	12,708
Manufactured inventories, trading inventories and assembled motor vehicles	<b>125,052</b>	118,347
Work-in-progress	<b>9,180</b>	13,872
Unassembled vehicle packs	<b>112,684</b>	101,644
Spare parts and others	<b>35,530</b>	33,083
	<b>291,881</b>	279,654

During the year, there was a reversal of a write down of inventories of RM5,233,072 (2000 – Nil). The reversal arose from an increase in net realisable value as a result of improving prices for commercial vehicles and spare parts during the year.

The following inventories are carried at net realisable value:

	Group	
	2001 RM'000	2000 RM'000
Raw materials	<b>1,459</b>	4,111
Manufactured inventories, trading inventories and assembled motor vehicles	<b>8,015</b>	18,222
Unassembled vehicle packs	<b>14,174</b>	2,893
Spare parts and others	<b>6,641</b>	12,015
	<b>30,289</b>	37,241

## Notes to the Financial Statements

31 December 2001

**8. Trade and Other Receivables**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade receivables	<b>100,979</b>	112,438	–	–
Less: Allowance for doubtful debts	<b>(9,582)</b>	(10,459)	–	–
	<b>91,397</b>	101,979	–	–
Subsidiaries	–	–	<b>184,456</b>	191,666
Less: Allowance for doubtful debts	–	–	<b>(2,207)</b>	(2,142)
	–	–	<b>182,249</b>	189,524
Other receivables, deposits and prepayments	<b>18,176</b>	13,806	<b>376</b>	340
Less: Allowance for doubtful debts	<b>(305)</b>	(305)	–	–
	<b>17,871</b>	13,501	<b>376</b>	340
	<b>109,268</b>	115,480	<b>182,625</b>	189,864

The amounts due from subsidiaries are in respect of advances that are unsecured, interest free and have no fixed term of repayment except for the amounts due from certain subsidiaries which are subject to interest at negotiated rates.

**9. Cash and Cash Equivalents**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Cash and bank balances	<b>27,116</b>	29,193	<b>975</b>	423
Deposits	<b>137,214</b>	142,361	–	–
	<b>164,330</b>	171,554	<b>975</b>	423
Deposits are placed with:				
Licensed banks	<b>78,942</b>	74,384	–	–
Licensed finance companies	<b>29,387</b>	32,996	–	–
Other corporations	<b>28,885</b>	34,981	–	–
	<b>137,214</b>	142,361	–	–

## Notes to the Financial Statements

31 December 2001

**10. Trade and Other Payables**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Trade payables	<b>56,894</b>	81,311	–	–
Other payables and accrued expenses	<b>46,266</b>	34,124	<b>3,202</b>	1,664
Subsidiaries	–	–	<b>3,887</b>	4,890
	<b>103,160</b>	115,435	<b>7,089</b>	6,554

The amounts due to subsidiaries are in respect of advances that are unsecured, interest free and have no fixed term of repayment except for the amounts due to certain subsidiaries which are subject to interest at negotiated rates.

**11. Borrowings**

	Group	
	2001 RM'000	2000 RM'000
Current		
Bank overdrafts	<b>2,123</b>	291
Bills payable (unsecured)	<b>304</b>	1,132
	<b>2,427</b>	1,423

The bank overdrafts and bills payable of the Group are subject to interest at 3.20% to 7.30% (2000 – 3.45% to 7.55%) per annum. The bank overdrafts are secured by a negative pledge over the current and future assets of a subsidiary.

**12. Share Capital**

	Group and Company	
	2001 RM'000	2000 RM'000
Ordinary shares of RM0.50 each		
Authorised	<b>500,000</b>	500,000
Issued and fully paid	<b>336,000</b>	336,000



## Notes to the Financial Statements

31 December 2001

**13. Reserves**

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 reserves at 31 December 2001 if paid out as dividends.

**14. Minority Shareholders' Interests**

This consists of the minority shareholders' proportion of share capital and reserves of subsidiaries.

**15. Operating Profit Before Exceptional Item**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>Revenue</b>				
Sale of goods	1,442,111	1,124,749	–	–
Services rendered	43,642	49,117	298	292
Hire purchase income	14,832	9,775	–	–
Dividend income	–	–	35,012	7,541
	<b>1,500,585</b>	<b>1,183,641</b>	<b>35,310</b>	<b>7,833</b>
<b>Cost of sales</b>				
Sale of goods	(1,210,374)	(957,534)	–	–
Services rendered	(19,250)	(28,316)	–	–
	<b>(1,229,624)</b>	<b>(985,850)</b>	<b>–</b>	<b>–</b>
<b>Gross profit</b>	<b>270,961</b>	<b>197,791</b>	<b>35,310</b>	<b>7,833</b>
Distribution costs	(73,702)	(59,804)	–	–
Administration expenses	(44,437)	(36,778)	(8,330)	(5,572)
Other operating expenses	(13,890)	(7,793)	(70)	(14)
Other operating income	6,742	39,369	454	33,211
<b>Operating profit</b>	<b>145,674</b>	<b>132,785</b>	<b>27,364</b>	<b>35,458</b>
Less: Exceptional item (Note 17)	–	(32,433)	–	(32,433)
<b>Operating profit before exceptional item</b>	<b>145,674</b>	<b>100,352</b>	<b>27,364</b>	<b>3,025</b>
Operating profit before exceptional item is arrived at after crediting:				
Gross dividends from:				
Unquoted subsidiaries	–	–	35,012	7,541
Unquoted investments	172	638	–	–
Gain on disposal of investment in unquoted shares	869	–	–	–
Gain on disposal of property, plant and equipment	128	98	1	–
Gain on foreign exchange – realised	1,258	–	–	–
Inventory written back	5,233	–	–	–
Rental income on land and buildings	2,556	2,444	178	55
Reversal of allowance for:				
Diminution in value of investments	119	–	452	775
Doubtful debts	1,142	3,737	–	–
Slow moving inventories	–	7,793	–	–

## Notes to the Financial Statements

31 December 2001

**15. Operating Profit Before Exceptional Item (Cont'd)**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
and after charging:				
Auditors' remuneration				
– current year provision	<b>259</b>	246	<b>33</b>	32
– underprovision in prior year	<b>12</b>	19	<b>3</b>	1
Allowance for doubtful debts	<b>739</b>	1,029	<b>65</b>	–
Bad debts written off	<b>10</b>	26	–	–
Company's Directors				
Remuneration	<b>6,216</b>	5,328	<b>4,979</b>	4,168
Fees	<b>114</b>	84	<b>114</b>	84
Depreciation	<b>12,575</b>	11,831	<b>277</b>	238
Inventories written down	<b>1,174</b>	4,257	–	–
Inventories written off	<b>222</b>	1,885	–	–
Loss of foreign exchange				
– realised	–	387	–	–
– unrealised	<b>573</b>	83	–	–
Property, plant and equipment written off	<b>1,005</b>	1,052	–	–
Provision for retirement benefits	<b>888</b>	587	<b>137</b>	79
Rental expense on land and buildings	<b>3,482</b>	3,134	<b>430</b>	317

The estimated monetary value of Directors' benefits-in-kind of the Group and of the Company are RM77,090 (2000 – RM86,000) and RM77,090 (2000 – RM86,000) respectively.

**16. Employee Information**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Staff costs	<b>71,574</b>	61,688	<b>6,472</b>	5,585

The number of employees of the Group and of the Company (including Directors) at the end of the year was 2,341 (2000 – 2,385) and 18 (2000 – 20) respectively.

**17. Exceptional Item**

	Note	Group		Company	
		2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Surplus arising from the disposals of shares in Warisan TC Holdings Berhad ("WTCH") and APM Automotive Holdings Berhad ("APM")	15	–	32,433	–	32,433

## Notes to the Financial Statements

31 December 2001

**18. Tax Expense**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Current tax expense	<b>43,348</b>	24,573	<b>9,803</b>	2,893
Overprovision in prior years	<b>(1,627)</b>	(1,085)	<b>(1,500)</b>	(1,082)
	<b>41,721</b>	23,488	<b>8,303</b>	1,811
Deferred tax expense	<b>(370)</b>	(98)	–	–
Tax expense on share of profit of associates	<b>32</b>	9	–	–
	<b>41,383</b>	23,399	<b>8,303</b>	1,811

Subject to agreement by the Inland Revenue Board, the Group and the Company have potential deferred tax benefits not taken up in the financial statements under the liability method in respect of the following items:

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Unutilised tax losses	<b>8,555</b>	18,038	–	–
Other timing differences	<b>23,919</b>	28,154	<b>1,957</b>	1,622

**19. Earnings per Ordinary Share - Group****Basic earnings per share**

The calculation of basic earnings per share including exceptional item is based on the net profit attributable to shareholders of RM108.759 million (2000 – RM114.490 million) and the number of ordinary shares in issue during the year of 672 million (2000 – 672 million).

Using the same number of ordinary shares in issue during the year, the supplementary information presented for basic earnings per share excluding exceptional item is calculated as follows:

	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Net profit for the year	<b>108,759</b>	114,490	<b>16.2</b>	17.0
Exceptional item less taxation (Note 17)	–	(32,433)	–	(4.8)
Net profit excluding exceptional item	<b>108,759</b>	82,057	<b>16.2</b>	12.2

## Notes to the Financial Statements

31 December 2001

**20. Dividends**

	Group and Company	
	2001 RM'000	2000 RM'000
Ordinary		
Special:		
Special Dividend in Cash (Dividend No. V)	–	91,956
Interim:		
6% per share less tax (2000 – 5% per share less tax)	<b>14,515</b>	12,096
Final proposed:		
8% per share less tax (2000 – 6% per share less tax)	<b>19,354</b>	14,515
	<b>33,869</b>	118,567

***Proposed final dividend***

The proposed final dividend has not been accounted for in the financial statements.

***Dividend per share*****Ordinary dividend**

The calculation of dividend per share is based on the gross dividend for the financial year ended 31 December 2001 of RM47.040 million (2000 – RM36.960 million) and the number of ordinary shares in issue during the year of 672 million (2000 – 672 million).

**Special dividend**

The calculation of dividend per share is based on the gross dividend for the financial year ended 31 December 2001 of Nil (2000 – RM127.717 million) and the number of ordinary shares in issue during the year of 672 million (2000 – 672 million).

**21. Segmental Information**

Segmental reporting is not disclosed as required by International Accounting Standard (“IAS”) No. 14 on “Reporting Financial Information By Segment” as the Group predominantly assembles and sells motor vehicles in Malaysia.

## Notes to the Financial Statements

31 December 2001

**22. Contingent Liabilities - Unsecured**

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
Guarantees relating to borrowings of:				
– subsidiaries	–	–	–	180
– third parties	–	9	–	–
Compensation claim on breach of contract	<b>46</b>	46	–	–
	<b>46</b>	55	–	180
<hr/>				
The gross amount of the guarantees relating to borrowings is as follows:				
– subsidiaries	–	–	–	5,000
– third parties	–	2,400	–	–
	–	2,400	–	5,000

**23. Commitments**

	Group	
	2001 RM'000	2000 RM'000
Capital commitments:		
Property, plant and equipment		
Authorised but not contracted for	<b>1,300</b>	50,092
Contracted but not provided for in the financial statements	<b>1,617</b>	647
	<b>2,917</b>	50,739

**24. Related Parties**

Controlling related party relationships are as follows:

- (i) The subsidiaries are disclosed in Note 25.
- (ii) The substantial shareholder of the Company, Tan Chong Consolidated Sdn Bhd.

## Notes to the Financial Statements

31 December 2001

**24. Related Parties (Cont'd)****Transactions with related parties**

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

	Group		Company	
	2001 RM'000	2000 RM'000	2001 RM'000	2000 RM'000
<b>With WTCH Group</b>				
Purchases	<b>1,634</b>	1,679	—	—
Sales	<b>(3,732)</b>	(4,197)	—	—
Rental expense payable	<b>665</b>	689	—	—
Rental income receivable	<b>(463)</b>	(433)	—	—
<b>With APM Group</b>				
Purchases	<b>77,070</b>	65,113	—	—
Sales	<b>(455)</b>	(334)	—	—
Rental income receivable	<b>(962)</b>	(936)	—	—
Interest income receivable	—	(514)	—	(151)

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 Kim Hor, Dato' Tan Heng Chew and Tan Eng Soon are deemed to have substantial financial interests, are as follows:

	Group	
	2001 RM'000	2000 RM'000
Purchases	<b>155</b>	145
Sales	<b>(3,350)</b>	(5,957)

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

- (iii) Significant transactions with Nissan Motor Co Limited, who is a substantial shareholder of the Company, and its subsidiaries and associates, are as follows:

	Group	
	2001 RM'000	2000 RM'000
Purchases	<b>423,448</b>	326,412
Sales	<b>(14,439)</b>	(26,645)
Purchase of property, plant and equipment	<b>4,274</b>	3,118
Technical fees expense payable	<b>2,486</b>	2,706

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

## Notes to the Financial Statements

31 December 2001

**24. Related Parties (Cont'd)**

(iv) Significant transactions with Auto Dunia Sdn Bhd:

- (a) a company in which certain Directors of the Company, namely Ahmad bin Abdullah and Azman bin Badrillah have substantial financial interests; and
- (b) a company connected to certain Directors of the Company, namely Dato' Tan Kim Hor, Dato' Tan Heng Chew and Tan Eng Soon by virtue of Section 122A of the Companies Act, 1965.

	Group	
	2001 RM'000	2000 RM'000
Sales	<b>1,532</b>	7,439

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

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

	Company	
	2001 RM'000	2000 RM'000
Subsidiaries		
Gross dividends receivable	<b>(35,012)</b>	(7,541)
Interest income receivable	<b>(4,417)</b>	(4,468)
Management fees receivable	<b>(180)</b>	(174)
Rental expense payable	<b>422</b>	306
Interest expense payable	<b>84</b>	81

**25. Companies in the Group**

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

Name	Principal activities	Effective ownership interest	
		2001 %	2000 %
<b>Incorporated in Malaysia:</b>			
Autokita Sdn Bhd	Insurance agency	<b>100</b>	100
Auto Blend Sdn Bhd	Blending of battery water and brake fluid	<b>100</b>	100
Auto Components Manufacturers Sdn Bhd	Property holding	<b>100</b>	100
Auto Infiniti Sdn Bhd	Distribution of auto accessories	<b>100</b>	100
Ceranamas Sdn Bhd	Property and investment holding	<b>100</b>	100
Cyberguard Vehicle Security Technologies Sdn Bhd	Trading and marketing of car alarms	<b>100</b>	100

## Notes to the Financial Statements

31 December 2001

**25. Companies in the Group (Cont'd)**

Name	Principal activities	Effective ownership interest	
		2001 %	2000 %
<b>Incorporated in Malaysia:</b>			
Edaran Tan Chong Motor Sdn Bhd	Distribution of motor vehicles	<b>100</b>	100
Hikmat Asli Sdn Bhd	Property holding	<b>100</b>	100
Pemasaran Alat Ganti Sdn Bhd	Distribution of automotive spare parts	<b>100</b>	100
Perwiramas Sdn Bhd	Investment holding	<b>100</b>	100
Rustcare Sdn Bhd	Rust proofing	<b>100</b>	100
Sungei Bintang Sdn Bhd	Property holding	<b>100</b>	100
Tan Chong & Sons Motor Company Sdn Bhd	Distribution of motor vehicles and hire purchase financing	<b>100</b>	100
Tan Chong Agency Sdn Bhd	Insurance agency and property holding	<b>100</b>	100
Tan Chong Ekspres Auto Servis Sdn Bhd	Automotive workshop services	<b>100</b>	100
Tan Chong Industrial Equipment (Sabah) Sdn Bhd	Distribution of commercial vehicles, heavy equipment and machineries	<b>100</b>	100
Tan Chong Industrial Equipment Sdn Bhd	Distribution of commercial vehicles	<b>100</b>	100
Tan Chong Motor Assemblies Sdn Bhd	Assembly of motor vehicles and trading of parts	<b>70</b>	70
Tan Chong Trading (Malaysia) Sdn Bhd	Distribution of automotive parts and accessories	<b>100</b>	100
Tanahku Holdings Sdn Bhd	Property holding	<b>100</b>	100
TC Auto Tooling Sdn Bhd	Fabrication of jigs and engineering services	<b>100</b>	100
TC Motors (Sarawak) Sdn Bhd	Distribution of commercial vehicles, heavy equipment and machineries	<b>100</b>	100
TCCL Sdn Bhd	Insurance agency	<b>100</b>	100
TCM Stamping Products Sdn Bhd	Manufacture of automotive press metal parts	<b>100</b>	100
Truckquip Sdn Bhd	Distribution of automotive spare parts and construction of vehicle bodies	<b>100</b>	100
TC Hartanah Sdn Bhd	Property holding	<b>100</b>	100
Vincus Holdings Sdn Bhd	Investment holding	<b>100</b>	100
West Anchorage Sdn Bhd	Investment holding	<b>100</b>	100
Auto Research and Development Sdn Bhd	Dormant	<b>100</b>	100



## Notes to the Financial Statements

31 December 2001

**25. Companies in the Group (Cont'd)**

Name	Principal activities	Effective ownership interest	
		2001 %	2000 %
<b>Incorporated in Malaysia:</b>			
Auto Trucks & Components Sdn Bhd	Dormant	<b>100</b>	100
Fujiyama Car Cooler Sdn Bhd	Dormant	<b>100</b>	100
Motor Image Enterprises Sdn Bhd	Dormant	<b>100</b>	100
Perusahaan Komponen Kendaraan Sdn Bhd	Dormant	<b>100</b>	100
TC Capital Sdn Bhd (Formerly known as TCRG Sdn Bhd)	Dormant	<b>100</b>	100
TC Vehicle Projects Sdn Bhd (Formerly known as TCM Accessories Sdn Bhd)	Dormant	<b>100</b>	100
<b>Incorporated in the British Virgin Islands:</b>			
* Nissan TCM Pty Ltd	Investment holding	<b>75</b>	75
<b>Incorporated in Vietnam:</b>			
** Nissan TCM Vietnam Co Ltd	Dormant	<b>56</b>	56

\* Company not required to be audited and consolidated using management financial statements.

\*\* Company not audited by KPMG and consolidated using management financial statements.

The Company's shareholdings in non-wholly owned subsidiaries are as follows:

	At 1.1.2001	Acquired	Sold	At 31.12.2001
Ordinary shares of RM1.00 each:				
Tan Chong Motor Assemblies Sdn Bhd	700,000	—	—	<b>700,000</b>
Ordinary shares of USD1.00 each:				
Nissan TCM Pty Ltd	941,250	—	—	<b>941,250</b>
Paid-up capital in USD				
Nissan TCM Vietnam Co Ltd	369,554	—	—	<b>369,554</b>

## Statement on Corporate Governance

### **Corporate Governance**

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

In line with the revamped Kuala Lumpur Stock Exchange Listing Requirements ("KLSE LR"), 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").

### **Application of principles**

#### **A Directors**

##### **I The Board**

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

There were nine (9) Board meetings held in 2001. The Board has a formal schedule of matters reserved for making broad policy decisions, including, the approval of annual and interim results, annual business plans and budgets, significant acquisitions and disposals, material agreements, major capital expenditures and senior executive appointments. Other matters are delegated to committees of the Board and management as well as officers.

##### **II Board Balance**

The Board currently has nine (9) members comprising the Chairman, Vice-Chairman, Executive Deputy Chairman, Managing Director and five (5) other Non-Executive Directors, 3 of whom are Independent Directors. As of 28 March 2002, the composition of the Board has met the requirement of Paragraph 15.02 of the KLSE LR which states 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 10 and 11.

##### **III Supply of information**

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

The Board has approved an agreed procedure for Directors to seek independent professional advice at the Company's expense.

The Directors also have direct access to the advice and the services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

## Statement on Corporate Governance

### **IV Appointment to the Board**

The Board is of the view that proposals for new appointments and the assessment of the contributions of on-going Directors would be more effective by drawing on the wealth of experience of all Directors, and as such, a nomination committee is currently not required. Consequently, the role of appointing new directors and the assessment of existing directors are performed by the Board as a whole when necessary and appropriate.

### **V Re-election**

The Directors who are due for election and re-election are set out on page 61. All Directors held office throughout the year except for Mr Kenji Naito who was appointed on 22 August 2001 and Dato' Haji Kamaruddin @ Abas bin Nordin who was appointed on 23 November 2001. Mr Toshiyuki Shiga held office in the year until his retirement at the annual general meeting held on 25 May 2001.

The Company's articles of association, amended at the Extraordinary General Meeting held on 14 January 2002 to comply with the KLSE LR and the Code, 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 Managing Director, who has a pre-existing 5-year service contract expiring in 2003, is not subject to retirement by rotation under the previous articles of association.

Non-Executive Directors are not appointed for a specific term and are subject to 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.

### **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 appropriate.

In essence, the key principles and procedures in remunerating executive employees below board level are also applicable to the 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 2001 and annual increment for 2002 in respect of executive employees of the Group were recommended for Board's approval by committees whose members included senior heads of operations below the board level. The quantum of the annual performance bonus was dependent on the operating results of the Group after taking into account the prevailing business conditions. The same guidelines were also applied to the Executive Directors.

The remuneration of each of the Non-Executive Directors is determined by the Board as a whole within the limits set by the Articles of Association. The Non-Executive Directors do not participate in discussions on their remuneration.

## Statement on Corporate Governance

As required under the revamped Listing Requirements of Kuala Lumpur Stock Exchange, directors' remuneration in aggregate with categorization into appropriate components distinguishing between Executive and Non-Executive Directors during the year, are as follows:

	<b>Fees (RM'000)</b>	<b>Salaries and Allowances (RM'000)</b>	<b>Bonus (RM'000)</b>	<b>Benefits-in-kind (RM'000)</b>
Executive Directors		3,800	2,416	77
Non-Executive Directors	114			

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

<b>Range of Remuneration</b>	<b>Executive</b>	<b>Non-Executive</b>
Below RM50,000		5
RM300,001 - RM350,000	1	
RM1,000,001 - RM1,050,000	1	
RM2,400,001 - RM2,450,000	1	
RM2,500,001 - RM2,550,000	1	

## **C Relations with Shareholders**

### **I Dialogue between Companies 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 3 group meetings of such nature.

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

### **II The AGM**

The Annual General Meeting ("AGM") of the Company was held on Friday, 25 May 2001 at 3<sup>rd</sup> Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur. The Notice of Meeting was attached to the annual report distributed to shareholders.

The AGM in 2001 was attended by 166 shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholdings represented 45.5% of the issued share capital.

There was a forum for the shareholders to raise questions or issues at the AGM regarding the Company's performance in 2000. The Company advised shareholders attending the AGM of the number of proxies received, how votes were cast in respect of each resolution, number of abstentions and the number of proxies appointing the Chairman to vote on their behalf.

## Statement on Corporate Governance

### **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 announcements of the quarterly results as well as the chairman's statement in the annual report are reviewed by the Audit Committee before Board's approval and release to the shareholders/public.

#### **II Internal Control**

The Directors are responsible for the Group's system of internal controls that cover all aspects of the business. While acknowledging their responsibility for the system of internal controls, 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.

The internal controls are embedded in the overall management processes and some of the key elements of the system may be described as the control environment and this is represented by the following:

1. 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;
2. Regular review of the performance of business units by the Board which also assesses the impact of the changes in business and competitive environment;
3. 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;
4. Monthly financial reporting by the subsidiaries to the holding Company.

The above processes serve to ensure that there is an on-going process for identifying, evaluating and managing significant risks affecting the businesses.

The internal controls of the Group are further supported by an established organisation structure with reporting lines and appropriate limits of authority clearly set out for different processes, decisions or commitments. Various Executive Management Committees (EMC), with clearly laid down authority limits have been established to manage and control its businesses. Matters beyond the limits of authority are referred to the main Board for approval. The EMC are further supported by various sub-committees.

The above processes are complemented by the internal audit department. The Audit Committee approves plans for control reviews and deals with significant issues raised by internal audit department or the external auditors.

#### **III Audit Committee and Auditors**

The Board of Directors has established an Audit Committee. The membership of this Committee, the terms of reference and its activity report are set out on pages 50 and 51.

## Other Statements

### **Statement on Compliance with the Best Practices in Corporate Governance**

The Directors consider that after July 2001, 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 Directors' responsibility for preparing the Annual Audited Accounts**

The Directors are required by the Companies Act, 1965 ("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 2001, the Directors have:

1. adopted the appropriate accounting policies, which are consistently applied
2. made judgements and estimates that are reasonable and prudent
3. ensure that the 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 and other irregularities.

### **Statement on Material Contracts**

Apart from contracts concerning distributorship rights between the Group and Nissan Motor Co Ltd, a major shareholder of the Company, there are no other material contracts involving the Directors and major shareholders.

### **Statement on Revaluation Policy**

The revaluation policy on landed properties is set out under 1(d) in the Notes to the financial statements on pages 26 and 27 of the annual report.

### **Non-audit Fees**

The amount of non-audit fees paid to external auditors for the financial year ended 31 December 2001 was RM162,000.

## Report of the Audit Committee

The Board of Directors of Tan Chong Motor Holdings Berhad is pleased to present the report of the Audit Committee for the financial year ended 31 December 2001.

The Audit Committee was established by a resolution of the Board on 1 August 1994.

### Composition and meetings

The composition of the Audit Committee and the attendance of its members at the 4 meetings held in the year are set out below.

Name	Attendance
Geh Cheng Hooi, Chairman of Audit Committee Independent Non-Executive Director	All 4 meetings
Dato' Ng Mann Cheong Independent Non-Executive Director	All 4 meetings
Dato' Tan Heng Chew Executive Director (resigned on 10 December 2001)	3 of 4 meetings
Dato' Haji Kamaruddin @ Abas bin Nordin Independent Non-Executive Director (appointed on 10 December 2001)	Nil*

\* There were no meetings held subsequent to his appointment

### Terms of reference

#### Membership

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

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

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

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

In the event of any vacancy in the Audit Committee resulting in a breach in the Listing Requirements of Kuala Lumpur Stock Exchange, the vacancy must be filled within three months.

The term 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 authorised 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

## Report of the Audit Committee

4. have direct communication channels with external auditors and person(s) carrying out the internal audit function or activity (if any)
5. be able to obtain independent professional or other advice
6. convene meetings with external auditors, excluding the attendance of the executive members.

### Functions

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

1. review the following and report the same to the Board:
  - a) the audit plan, the evaluation of the system of internal control and the audit report with the external auditor; the assistance given by the employees of the Company/Group to the external auditor
  - b) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work
  - c) the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function
  - d) the quarterly results and year end financial statements, prior to approval by the Board, focusing on
    - i. changes in or implementation of major accounting policy changes
    - ii. significant and unusual events
    - 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 auditor
  - g) whether there is any reason to believe that external auditor is not suitable for re-appointment
2. recommend the nomination of person or persons as external auditor
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
4. any other function as may be required by the Board from time to time.

### Summary of the activities of the Audit Committee

During the year, the Audit Committee reviewed the following:

- annual audited accounts with external auditors
- quarterly results, exceptional items and tax expense of the Company and Group
- the reasonableness of provision for doubtful debts and inventories
- findings on IT controls
- quarterly financial results.

### Summary of the activities of the Internal Audit

The Chief Internal Auditor reports directly to the Audit Committee.

Various reviews and audits were conducted during the year which included the following:

- replacement parts and accessories business
- automotive parts purchase, disposal and costing
- compliance with new listing requirements and accounting standards
- foreign currency hedging
- credit exposures
- related party transactions
- following-up on past recommendations of internal and external auditors.



## Shareholders' Statistics

as at 8 April 2002

### Share Capital

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

### Analysis by Size of Holdings

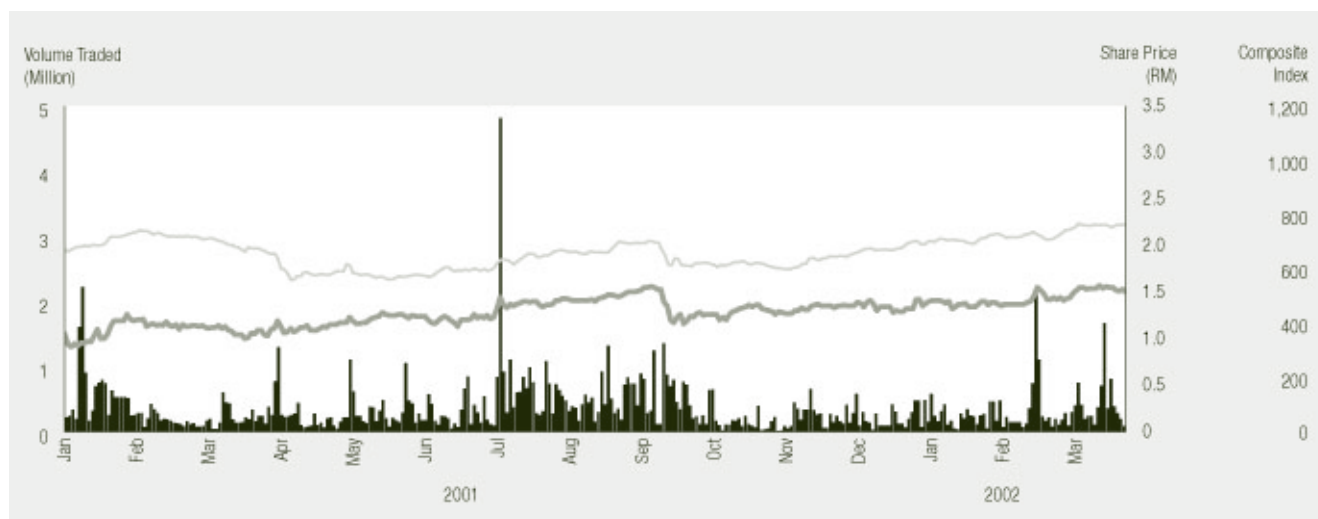
Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 999	258	1.1154	90,674	0.0135
1,000 - 10,000	20,042	86.6456	65,855,149	9.7999
10,001 - 100,000	2,542	10.9896	72,670,385	10.8140
100,001 - 33,599,999	286	1.2364	220,783,806	32.8547
33,600,000 and above	3	0.0130	312,599,986	46.5178
<b>Total</b>	<b>23,131</b>	<b>100.0000</b>	<b>672,000,000</b>	<b>100.0000</b>

### Substantial Shareholders (as per Register of Substantial Shareholders)

Name	No. of Shares Held	%
1. Tan Chong Consolidated Sdn Bhd	304,266,662 *	45.28
2. Nissan Motor Co Ltd	37,333,324	5.56

\* Dato' Tan Kim Hor, Dato' Tan Heng Chew, Dr Tan Ban Leong, Messrs Tan Beng Keong, Tan Boon Pun, Tan Eng Soon, Tan Hoe Pin, Dr Tan Kang Leong and Mr Tan Kheng Leong are deemed interested in the shares held by Tan Chong Consolidated Sdn Bhd by virtue of Section 6A of the Companies Act, 1965, and consequently, are substantial shareholders of Tan Chong Motor Holdings Berhad.

### Daily Share Prices & Volume Traded on KLSE



Volume Traded  
(number of shares traded for the day)

Share Price  
(closing price for the day)

KLSE Composite Index  
(closing index for the day)

## Shareholders' Statistics

as at 8 April 2002

**Thirty Largest Shareholders**

<b>Name</b>	<b>No. of Shares Held</b>	<b>%</b>
1. Tan Chong Consolidated Sdn Bhd	230,266,662	34.2659
2. Mayban Nominees (Tempatan) Sdn Bhd <i>Tan Chong Consolidated Sdn Bhd</i>	45,000,000	6.6964
3. Cartaban Nominees (Asing) Sdn Bhd <i>Daiwa Securities SMBC Co Ltd for Nissan Motor Co Ltd</i>	37,333,324	5.5556
4. Employees Provident Fund Board	23,125,000	3.4412
5. Cimsec Nominees (Tempatan) Sdn Bhd <i>Allied Investments Limited for Tan Chong Consolidated Sdn Bhd</i>	20,000,000	2.9762
6. Cartaban Nominees (Asing) Sdn Bhd <i>SSBT Fund 2R26 for Bernstein Emerging Markets Value Portfolio</i>	10,757,000	1.6007
7. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Chong Consolidated Sdn Bhd</i>	9,000,000	1.3393
8. Cartaban Nominees (Asing) Sdn Bhd <i>Bank Of Tokyo Mitsubishi New York for United Nations Joint Staff Pension Fund</i>	7,931,000	1.1802
9. DB (Malaysia) Nominees (Asing) Sdn Bhd <i>UBS AG Singapore for Pacific Investment Fund</i>	7,556,000	1.1244
10. HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for The State Teachers Retirement System Of Ohio</i>	6,099,000	0.9076
11. Citicorp Nominees (Asing) Sdn Bhd <i>TNTC for Sanford C Bernstein &amp; Co Delaware Business Trust</i>	4,077,000	0.6067
12. HSBC Nominees (Asing) Sdn Bhd <i>RTCC London for Boronia Corporation</i>	3,690,000	0.5491
13. HSBC Nominees (Asing) Sdn Bhd <i>Meespierson SG for Sommerset Assets Limited</i>	3,288,993	0.4894
14. HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for GMO Emerging Markets Fund</i>	3,277,000	0.4876
15. Tan Kim Hor	3,074,834	0.4576
16. Citicorp Nominees (Asing) Sdn Bhd <i>TNTC for Sanford C Bernstein Group Trust</i>	2,970,000	0.4420
17. AM Nominees (Tempatan) Sdn Bhd <i>Pertubuhan Keselamatan Sosial</i>	2,923,000	0.4350
18. Bank Simpanan Nasional	2,873,000	0.4275
19. Citicorp Nominees (Asing) Sdn Bhd <i>MLPFS for Hang Chooi Seng</i>	2,551,000	0.3796
20. HSBC Nominees (Asing) Sdn Bhd <i>DZ Bank Intl for Uni Em Fernost Treuhandkonto, Luxembourg</i>	2,169,000	0.3228
21. Citicorp Nominees (Tempatan) Sdn Bhd <i>Prudential Assurance Malaysia Berhad</i>	2,070,000	0.3080
22. Chinchoo Investment Sdn Bhd	2,060,000	0.3065
23. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB for The Malaysia Fund Incorporated</i>	1,896,000	0.2821
24. AM Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	1,852,000	0.2756
25. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pheim Asset Management Sdn Bhd for Employees Provident Fund</i>	1,818,000	0.2705
26. Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Eng Hwa</i>	1,700,000	0.2530
27. Citicorp Nominees (Asing) Sdn Bhd <i>CBHK PBGHK for Guardian Limited</i>	1,550,000	0.2306
28. HSBC Nominees (Asing) Sdn Bhd <i>Pictet and Cie for Pictet Targeted Fund FCP Australasia</i>	1,500,000	0.2232
29. Shoptra Jaya (M) Sdn Bhd	1,490,000	0.2217
30. Scotia Nominees (Tempatan) Sdn Bhd <i>Tan Eng Hwa</i>	1,479,058	0.2201
<b>Total</b>	<b>445,376,871</b>	<b>66.2761</b>

## Group Properties

Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)
249 Jalan Segambut 51200 Kuala Lumpur	Assembly plant, offices, workshop & vehicle	806,557	596,335	Leasehold 14.01.2073	33.34	26
	storage yard	74,776	53,254	Leasehold 20.04.2068	3.08	23
Lot 10230 Mukim of Batu Jalan Segambut 51200 Kuala Lumpur	Vacant land	14,514		Freehold	0.55	
Lot 49970 Mukim of Batu Jalan Segambut 51200 Kuala Lumpur	Vacant land	4,514		Freehold	0.17	
Lot 49972 Mukim of Batu Jalan Segambut 51200 Kuala Lumpur	Vacant land	17,177		Freehold	0.65	
Lot 49393 Jalan Segambut 51200 Kuala Lumpur	Vacant land	2,886		Leasehold 20.04.2068	0.03	
PT7702 Jalan Segambut 51200 Kuala Lumpur	Vehicle storage yard	133,064		Freehold	5.94	
Lot 4185 Jalan Segambut 51200 Kuala Lumpur	Office & factory	147,066	85,900	Freehold	7.71	9
Lot 43097 Mukim of Batu Off Jalan Segambut 51200 Kuala Lumpur	Vehicle storage yard & warehouse	339,456	39,305	Leasehold 27.01.2074	10.05	4
327, 3 <sup>3</sup> / <sub>4</sub> Miles Jalan Segambut 51200 Kuala Lumpur	Pre-delivery inspection centre	114,187	25,480	Leasehold 04.07.2065	3.51	35
Lot 1249 Jalan Segambut 52000 Kuala Lumpur	Vehicle storage yard	111,646		Freehold	4.48	
Lot 1474 Jalan Segambut 52000 Kuala Lumpur	Vehicle storage yard	89,659		Freehold	3.10	
Lot 1475 Jalan Segambut 52000 Kuala Lumpur	Vehicle storage yard	116,959		Freehold	3.83	
582, 3 <sup>1</sup> / <sub>2</sub> Miles Jalan Ipoh 51200 Kuala Lumpur	Office, vehicle storage bay & showroom	19,752	12,389	Freehold	2.13	22

## Group Properties

Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)
62 – 68 Jalan Ipoh 51200 Kuala Lumpur	Showroom & office	7,533	28,707	Freehold	6.42	46
21 Jalan Ipoh Kecil 50350 Kuala Lumpur	Head office building	7,571	27,302	Freehold	2.56	16
Lot 1388 Jalan Seri Amar 50350 Kuala Lumpur	Levelled commercial land for rental	22,185		Freehold	12.71	
Lot UG01, Kompleks Wilayah 2 Jalan Munshi Abdullah 50100 Kuala Lumpur	Showroom & office	4,827	4,827	Freehold	1.80	18
Lot UG04 – 06 Kompleks Wilayah 2 Jalan Munshi Abdullah 50100 Kuala Lumpur	Showroom & office	602	602	Freehold	0.41	18
LG045 Sungei Wang Plaza Jalan Bukit Bintang 55100 Kuala Lumpur	Retail lot for rental	621	621	Freehold	0.47	22
8C-3-2 Sri Murni Condominium 8 Lorong Kota 4 Bukit Ledang 50480 Kuala Lumpur	Apartment for rental	1,938	1,938	Freehold	0.58	8
Plot 28, Sec 52, Jalan Pudu 55100 Kuala Lumpur	Showroom & office	1,600	4,880	Leasehold 23.03.2075	0.46	17
Plot 29, Sec 52, Jalan Pudu 55100 Kuala Lumpur	Office & upper floors for rental	1,600	4,880	Leasehold 23.03.2075	0.47	17
34 Jalan SibU 17 Taman Wahyu 68100 Kuala Lumpur	Office, warehouse & industrial building for rental	3,600	2,850	Leasehold 25.12.2078	0.19	20
35 Jalan SibU 17 Taman Wahyu 68100 Kuala Lumpur	Office, warehouse & industrial building for rental	3,600	2,850	Leasehold 25.12.2078	0.23	20
36 Jalan SibU 17 Taman Wahyu 68100 Kuala Lumpur	Office, warehouse & industrial building for rental	5,632	2,850	Leasehold 25.12.2078	0.29	20

## Group Properties

Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)
Lot 3 Jalan Perusahaan Satu Batu Caves, 68100 Selangor	Factory, warehouse & offices	425,630	141,510	Leasehold 05.09.2074	16.77	19
142 Jalan SBC 3 Taman Sri Batu Caves 68100 Batu Caves, Selangor	Shoplot for rental	2,512	6,094	Freehold	1.56	3
117 – 119 Jalan SS15/5 47500 Subang Jaya	Showroom & offices for rental	3,520	9,988	Freehold	0.81	21
Lot 7834 Sungai Rasa Jalan Batu Tiga Lama 41300 Klang, Selangor	Factory for rental	63,368	25,300	Freehold	5.07	11
53 & 55 Jalan Satu Kawasan 16 Off Jalan Batu Tiga (Berkeley Town Centre) 41150 Klang, Selangor	Showroom & offices for rental	4,508	13,486	Freehold	0.77	19
PT 10451 Mukim Serendah Daerah Hulu Selangor	Industrial land for rental	2,178,020		Leasehold 24.04.2095	8.66	
63, 63A & 63B Jalan Tun Perak 75300 Melaka	Showroom, office, store and workshop	18,252	12,531	Leasehold 02.07.2052	1.55	35
36 Jalan IMJ 5 Taman Industry Malim Jaya 75050 Melaka	Shoplot for rental	9,587	3,240	Leasehold 18.11.2095	0.42	7
260 Jalan Tun Dr Ismail 70200 Seremban Negeri Sembilan	Showroom & office	19,376	11,000	Freehold	1.92	17
Lot 151 Jalan Lombong Emas 6 Seremban Light Industrial Park 70200 Seremban Negeri Sembilan	Workshop & spare parts store	33,121	14,120	Leasehold 06.04.2090	1.25	5
Lot 1599 Bandar Penggaram Jalan Zabedah 83000 Batu Pahat, Johor	Commercial land for rental	53,933		Freehold	1.40	

## Group Properties

Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)
Lot 690 & 691 14 & 15 Jalan Tuanku Mokhtar Ismail 86000 Kluang, Johor	Shoplots for rental	1,680	3,210	Leasehold 11.02.2052	0.40	45
		1,680	3,210	Leasehold 02.02.2052		45
Lot 7348 27 Jalan Tun Abd Razak Susur 2, 80100 Johor Baru Johor	Showroom, office & offices for rental	18,295	12,527	Freehold	2.59	8
Plot 157 Jalan Angkasa Mas 6 Kawasan Perindustrian Tebrau II 81100 Johor Bahru, Johor	Office & workshop	87,120	18,203	Leasehold 25.10.2053	1.52	6
A7348 Jalan Berserah 25300 Kuantan, Pahang	Showroom, office, warehouse & workshop	44,420	34,438	Freehold	5.92	18
10B Kayangan Apartment 69000 Genting Highlands Pahang	Apartment for rental	3,250	3,250	Freehold	0.31	21
Lot 31036 & 31037 Jalan Kuala Kangsar 30010 Ipoh, Perak	Showroom, office, workshop & spare parts store	40,292	27,800	Leasehold 24.09.2894	1.25	16
Plot 70 Kinta Jaya Light Industrial Park 30250 Ipoh, Perak	Office & workshop	4,887	2,100	Leasehold 01.03.2095	0.25	5
Lot 30502 Jalan Sultan Iskandar Shah 30000 Ipoh, Perak	Workshop for rental	6,806	6,806	Freehold	0.35	29
204 Jalan Sultan Iskandar Shah 30000 Ipoh, Perak	Shoplot for rental	1,740	2,792	Freehold	0.36	26
Lot 5688 Parit Buntar Industrial Park 34200 Perak	Levelled industrial land for rental	174,240		Leasehold 28.11.2044	0.29	
478 – 481 Taman Kota Jaya Jalan Kampong Dew 34700 Simpang, Taiping, Perak	Shoplots for rental	9,092	14,457	Leasehold 16.11.2065	0.74	21

## Group Properties

Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)
119 Jalan Changkat Jong 36000 Teluk Intan, Perak	Shoplot for rental	2,979	2,740	Freehold	0.19	22
Lot 2224 Jalan Changkat Jong 36000 Teluk Intan, Perak	Levelled industrial land for rental	26,299		Freehold	0.49	
39 Jalan Durian Taman Kampar Jaya 31900 Kampar, Perak	Shoplot for rental	3,088	4,639	Leasehold 23.11.2060	0.17	18
41 Jalan Durian Taman Kampar Jaya 31900 Kampar, Perak	Shoplot for rental	1,600	4,639	Leasehold 23.11.2060	0.14	18
Plot 12 & 13 Slim Indah 35800 Slim River, Perak	Shoplots for rental	5,821	5,821	Leasehold 20.03.2082	0.21	18
Plot 25 & 26 Juru Industrial Park Juru Seberang Prai Tengah 14000 Pulau Pinang	Showroom & office	5,125	3,300	Freehold	0.34	4
23 Weld Quay/ 274 Victoria Street 10300 Pulau Pinang	Showroom & office for rental	17,967	53,770	Freehold	6.50	29
127 Jalan Petani 10150 Pulau Pinang	Spare parts store & workshop	10,883	8,778	Freehold	0.90	15
1461 Jalan Besar, Sg Jawi 13700 Seberang Prai Selatan Pulau Pinang	Shoplot for rental	3,850	6,000	Freehold	0.22	15
996 Jalan Baru 13700 Seberang Prai Pulau Pinang	Showroom, workshop & spare parts centre	85,900	26,700	Freehold	4.02	17
267 Jalan Baru 01000 Kangar, Perlis	Shoplot for rental	2,987	4,855	Leasehold 07.02.2083	0.26	17
1 Jalan Tunggul 01000 Kangar, Perlis	Shoplot for rental	2,126	4,780	Leasehold 07.02.2083	0.32	17
27, 29 & 30D Seberang Jalan Putra Mergong 05150 Alor Setar, Kedah	Showroom, office & workshop for rental	5,600	8,603	Freehold	0.93	31

## Group Properties

Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)
96J Jalan Seberang Putra 05150 Alor Setar, Kedah	Office, warehouse, showroom & workshop	24,383	14,680	Leasehold 09.04.2031	0.81	11
2838 Jalan Temenggong 15000 Kota Baru, Kelantan	Building for rental	14,749	11,800	Freehold	1.25	35
Plot 3 TL207528934 Jalan Tun Mustapha 87015 Labuan, Sabah	Showroom, office, workshop & warehouse	129,240	9,392	Leasehold 31.12.2042	2.14	4
5 <sup>3</sup> / <sub>4</sub> Miles (CL015333936) Jalan Tuaran, Inanam 88300 Kota Kinabalu, Sabah	Office & workshop	20,790	6,977	Leasehold 31.08.2026	1.15	8
5 <sup>1</sup> / <sub>2</sub> Miles (CL015328695) Jalan Tuaran, Inanam 88300 Kota Kinabalu, Sabah	Showroom, office, workshop & spare parts centre	99,490	22,000	Leasehold 31.12.2025	2.54	19
Lot 242 Jalan Abell 93100 Kuching, Sarawak	Showroom, office & workshop	14,500	16,697	Leasehold 31.12.2024	0.69	24
Lot 869 Section 66 Jalan Kemajuan Pending Industrial Estate 93450 Kuching, Sarawak	Showroom, office, workshop, store & vehicle storage yard	32,668	2,491	Leasehold 31.12.2034	0.55	6
Lot 1933, Blok 3, MCLD Jalan Piasau Utara 1 Piasau Industrial Estate 98000 Miri, Sarawak	Showroom, office & store	4,899	1,650	Leasehold 08.12.2052	0.37	4



## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of TAN CHONG MOTOR HOLDINGS BERHAD will be held at the Grand Ballroom, Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur, Malaysia on Wednesday, 29 May 2002 at 11:30 a.m. to transact the following businesses:

### Ordinary Business

1. To receive and consider the Statement of Accounts for the financial year ended 31 December 2001 together with the Reports of the Directors and Auditors thereto. **Resolution 1**
2. To declare a final dividend of 8% less income tax for the financial year ended 31 December 2001. **Resolution 2**
3. To re-elect the following Directors in accordance with Article 101 of the Company's Articles of Association
  - i. Dato' Tan Heng Chew **Resolution 3**
  - ii. Encik Ahmad bin Abdullah **Resolution 4**
4. To elect the following Directors in accordance with Article 80 of the Company's Articles of Association
  - i. Mr Kenji Naito **Resolution 5**
  - ii. Dato' Haji Kamaruddin @ Abas bin Nordin **Resolution 6**
5. To re-appoint the Auditors and authorise the Directors to fix their remuneration. **Resolution 7**

### Special Business:

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

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

"RESOLVED THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals and requirements of the relevant governmental/regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 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 the resolution does not exceed 10% of the issued and paid-up share capital for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

#### **Resolution 8**

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

By Order of the Board

#### **TAN ENG GUAN**

Company Secretary

Kuala Lumpur

6 May 2002

## Notice of Annual General Meeting

### Notes:

1. A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
3. An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
4. The form of proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

### 5. Explanatory Statement on Special Business

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

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

## Statement Accompanying Notice of Annual General Meeting

The Directors who are standing for re-election and election at the Thirtieth Annual General Meeting and their attendance at the nine board meetings held in 2001 are as follows:

- i) Dato' Tan Heng Chew and Encik Ahmad bin Abdullah are standing for re-election. Dato' Tan attended all of the nine board meetings whilst Encik Ahmad attended eight of the nine board meetings.
- ii) Mr Kenji Naito and Dato' Haji Kamaruddin @ Abas bin Nordin are standing for election. The profiles of these Directors are set out on page 11.

Mr Kenji Naito attended three of the five meetings held after his appointment to the board. He does not hold any shares in the Company. Dato' Haji Kamaruddin attended the last meeting held after his appointment to the board. He holds 2,992 shares in the Company.

All the nine board meetings in 2001 were held at 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur. The date and time of the meetings are as follows:

26 February 2001	10:30 am	4 July 2001	10:00 am	15 November 2001	2:30 pm
27 February 2001	11:30 am	22 August 2001	3:00 pm	20 November 2001	2:30 pm
24 May 2001	3:30 pm	11 October 2001	11:00 am	10 December 2001	2:30 pm



## Form of Proxy

I/We \_\_\_\_\_

of (address) \_\_\_\_\_

being a member of TAN CHONG MOTOR HOLDINGS BERHAD, hereby appoint (Name of Proxy/Proxies/Corporate Representative) \_\_\_\_\_

or failing him (name) \_\_\_\_\_

of (address) \_\_\_\_\_

or failing the abovenamed proxy/proxies/corporate representatives, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Thirtieth Annual General Meeting of the Company to be held at the Grand Ballroom, Grand Seasons Hotel, 72 Jalan Pahang, 53000 Kuala Lumpur, Malaysia on Wednesday, 29 May 2002 at 11:30 a.m. and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Reports and Accounts		
Resolution 2	Final Dividend		
Resolution 3	Dato' Tan Heng Chew		
Resolution 4	Encik Ahmad bin Abdullah		
Resolution 5	Mr Kenji Naito		
Resolution 6	Dato' Haji Kamaruddin @ Abas bin Nordin		
Resolution 7	Auditors		
Resolution 8	Section 132D of the Companies Act, 1965		

(If you wish to instruct your proxy how to vote, insert a tick in the appropriate box. Subject to any voting instructions so given, the proxy will vote, or may abstain from voting on any resolution as he may think fit.)

*If the member is an individual :*

\_\_\_\_\_  
Signature

No. of shares held : \_\_\_\_\_

Date : \_\_\_\_\_

*If the member is a corporation:*

The Common Seal of \_\_\_\_\_  
was hereunto affixed in accordance with its  
Articles of Association in the presence of



\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Secretary

No. of shares held : \_\_\_\_\_

Date : \_\_\_\_\_

**Notes to Form of Proxy :**

1. A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
2. In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.
3. An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
4. The form of proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

First fold

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Affix stamp here
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The Company Secretary

**TAN CHONG MOTOR HOLDINGS BERHAD**

62 – 68 Jalan Ipoh

51200 Kuala Lumpur

Malaysia

Second fold

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# Corporate Information

## DIRECTORS

Dato' Tan Kim Hor DPMS, KMN, JP  
Chairman

Ahmad bin Abdullah  
Vice-Chairman

Dato' Tan Heng Chew DJMK, JP  
Executive Deputy Chairman

Tan Eng Soon  
Group Managing Director

Azman bin Badrillah

Geh Cheng Hooi

Dato' Ng Mann Cheong DSSA, SMP, JP

Kenji Naito

Dato' Haji Kamaruddin @ Abas bin Nordin  
DSSA, KMN

## AUDIT COMMITTEE

Geh Cheng Hooi  
Chairman  
(Independent Non-Executive Director)

Dato' Ng Mann Cheong DSSA, SMP, JP  
(Independent Non-Executive Director)

Dato' Haji Kamaruddin @ Abas bin Nordin  
DSSA, KMN  
(Independent Non-Executive Director)

## COMPANY SECRETARY

Tan Eng Guan

## REGISTERED OFFICE

62 - 68 Jalan Ipoh  
51200 Kuala Lumpur  
Telephone : (03) 4042 7644 / 4041 1044  
Facsimile : (03) 4042 7198  
E-mail : tcmh@tanchong.com.my

## REGISTRARS

M & C Services Sdn Bhd  
20<sup>th</sup> Floor Plaza Permata  
(formerly known as IGB Plaza)  
Jalan Kampar, Off Jalan Tun Razak  
50400 Kuala Lumpur  
Telephone : (03) 4041 2188  
Facsimile : (03) 4043 9233

## AUDITORS

KPMG

## LISTING

Main Board of Kuala Lumpur Stock Exchange  
since 1974

## Business Divisions

### ASSEMBLY

- Motor Vehicles

### SALES AND DISTRIBUTION

- Passenger Cars
- Light Commercial Vehicles
- Trucks
- Buses

### AFTER-SALES SERVICES

- Spare Parts
- Workshop

### FINANCIAL PRODUCTS AND SERVICES

- Hire Purchase
- Insurance

### PROPERTY

- Management and Investment

