

INFORMATION ON TCMH**1. HISTORY AND BUSINESS**

TCMH was incorporated in Malaysia on 14 October 1972 under the Companies Act, 1965. The Company was converted to a public company on 1 September 1973 and was subsequently listed on the Main Board of the KLSE on 4 February 1974.

The TCMH Group commenced business as a small motor vehicle distributor in the 1950s and has grown into a conglomerate involved in a variety of activities ranging from the assembly and marketing of motor vehicles and autoparts manufacturing to property development and trading in various heavy machinery, industrial equipment and consumer products, both locally and abroad. The TCMH Group presently comprises seventy-four (74) subsidiaries and seven (7) associated companies.

The Foreign Division of TCMH was demerged and subsequently listed on The Stock Exchange of Hong Kong Limited on 7 July 1998. The Foreign Division represented the various business interests of the Company outside Malaysia, the principal activities of which included the distribution of motor vehicles, forklifts and other equipment, automotive parts manufacturing, hire purchase financing and insurance, property investment and development, car rental and distribution of tyres.

At present, the TCMH Group can be segregated into three (3) main areas of activities, the Motor and Truck Division, Autoparts Division and Non-Motor Division. The Motor and Truck Division is involved in the assembly and distribution of motor vehicles and the provision of motor related financial services. The Autoparts Division is involved in the manufacturing and distribution of a wide range of automotive components. The Non-Motor Division is involved in, inter alia, the distribution of heavy machinery, cosmetics, undergarments and telecommunication equipment, and tourism related activities.

The principal activities of TCMH are investment holding and the provision of management services to the companies in the Group.

2. SHARE CAPITAL

The share capital of TCMH as at 31 August 1999 is as follows:-

| | No. of ordinary shares held | Par value RM | Total RM |
|----------------------------------|-----------------------------|-----------------|-------------|
| Authorised share capital | 1,000,000,000 | 0.50 | 500,000,000 |
| Issued and paid-up share capital | 672,000,000 | 0.50 | 336,000,000 |

The changes in the issued and paid-up share capital of TCMH since incorporation are as follows:-

| Date of allotment | No. of ordinary shares | Par value RM | Consideration | Cumulative paid-up share capital RM |
|-------------------|------------------------|-----------------|---------------------|--|
| 14.10.1972 | 2 | 1.00 | Cash | 2 |
| 21.12.1972 | 19,998 | 1.00 | Cash | 20,000 |
| 15.05.1973 | 14,488,240 | 1.00 | Cash | 14,508,240 |
| 16.05.1973 | 1,000,000 | 1.00 | Cash | 15,508,240 |
| 18.01.1974 | 2,491,760 | 1.00 | Cash | 18,000,000 |
| 23.06.1976 | 9,000,000 | 1.00 | 1 for 2 bonus issue | 27,000,000 |
| 21.06.1978 | 9,000,000 | 1.00 | 1 for 3 bonus issue | 36,000,000 |
| 04.10.1979 | 12,000,000 | 1.00 | 1 for 3 bonus issue | 48,000,000 |
| 30.10.19x0 | 48,000,000 | 1.00 | 1 for 1 bonus issue | 96,000,000 |

| Date of allotment | No. of ordinary shares | Par value RM | Consideration | Cumulative paid-up share capital RM |
|-------------------|------------------------|--------------|--|-------------------------------------|
| 04.05.1984 | 96,000,000 | 0.50 | Subdivision of every one share of RM1.00 each into 2 shares of 50 sen each | 96,000,000 |
| 04.05.1984 | 480,000,000 | 0.50 | 5 for 2 bonus issue | 336,000,000 |
| 29.05.1998 | 2,108,226,000 | 0.50 | Approximately 3.137 for 1 bonus issue | 1,390,113,000 |
| 03.06.1998 | (2,108,226,000) | 0.50 | Repayment of capital | 336,000,000 |

3. SUBSIDIARIES AND ASSOCIATED COMPANIES

3.1 The subsidiaries of TCMH as at 31 August 1999 are as follows:-

| Name of company | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|--|---------------------------------|-------------------------------------|-----------------------------|---|
| Motor and Truck Division | | | | |
| Auto Blend Sdn. Bhd. | 23.09.1991 Malaysia | 2 | 100.00 | Blending of battery water and brake fluid |
| Auto Components Manufacturers Sdn. Bhd. | 07.01.1977 Malaysia | 20,000,000 | 100.00 | Property holding |
| Auto Infiniti Sdn. Bhd. | 14.0X.1992 Malaysia | 2 | 100.00 | Distribution of auto accessories |
| Ceranamas Sdn. Bhd. | 04.09.1982 Malaysia | 3,500,000 | 100.00 | Property and investment holding |
| Cyberguard Vehicle Security Technologies Sdn. Bhd. | 29.01.1997 Malaysia | 2 | 100.00 | Trading and marketing of car alarms |
| Edaran Tan Chong Motor Sdn. Bhd. | 12.12.1991 Malaysia | 1,000,000 | 100.00 | Distribution of motor vehicles |
| Hikmat Ash Sdn. Bhd. | 02.12.1989 Malaysia | 30,000 | 100.00 | Property holding |
| Pemasaran Alat Ganti Sdn. Bhd. | 27.05.19X5 Malaysia | 292,400 | 100.00 | Distribution of auto spare parts |
| Perwiramas Sdn. Bhd. | 29. IO.1983 Malaysia | 100,000 | 100.00 | Investment holding |
| Rustcare Sdn. Bhd. | 17.01.1984 Malaysia | 2 | 100.00 | Rust proofing |
| Sungei Bintang Sdn. Bhd. | 31.12.1980 Malaysia | 9,300,000 | 100.00 | Property holding |
| Tan Chong & Sons Motor Co. Sdn. Bhd. | 16.02.1959 Malaysia | 150,000,000 | 100.00 | Distribution of motor vehicles |
| Tan Chong Agency Sdn. Bhd. | 31.07.1979 Malaysia | 585,000 | 100.00 | Insurance agency |
| Tan Chong Ekspres Auto Servis Sdn. Bhd. | 27.02.1988 Malaysia | 500,000 | 100.00 | Automotive workshop services |

| Name of company | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|--|---------------------------------|-------------------------------------|-----------------------------|---|
| Tan Chong Industrial Equipment (Sabah) Sdn. Bhd. | 21.04.1981 Malaysia | 290,000 | 100.00 | Distribution of commercial vehicles, heavy equipment and machinery |
| Tan Chong Industrial Equipment Sdn. Bhd. | 05.12.1972 Malaysia | 7,000,000 | 100.00 | Distribution of commercial vehicles |
| Tan Chong Motor Assemblies Sdn. Bhd. | 07.05.1974 Malaysia | 1,000,000 | 70.00 | Assembly of motor vehicles |
| Tan Chong Trading (M) Sdn. Bhd. | 07.08.1987 Malaysia | 1,170,000 | 100.00 | Distribution of automotive parts and accessories |
| Tanahku Holdings Sdn. Bhd. | 14.03.1981 Malaysia | 9,000,000 | 100.00 | Property holding |
| TC Auto Tooling Sdn. Bhd | 30.04.1992 Malaysia | | 100.00 | Fabrication of jigs and engineering services |
| TC Motors (Sarawak) Sdn. Bhd. | 03.08.1983 Malaysia | 580,000 | 100.00 | Distribution of commercial vehicles, heavy equipment and machinery |
| TCCL Sdn. Bhd. | 02.05.1985 Malaysia | 117,000 | 100.00 | Insuranceagency |
| TCM Stamping Products Sdn. Bhd. | 15.07.1981 Malaysia | 1,000,000 | 100.00 | Manufacture of automotive press metal parts |
| Truckquip Sdn. Bhd. | 03.02.1983 Malaysia | 100,000 | 100.00 | Distribution of automotive spare parts and construction of vehicle bodies |
| Vincus Holdings Sdn. Bhd. | 20.08.1991 Malaysia | 1,000,000 | 100.00 | Investment holding |
| West Anchorage Sdn. Bhd | 14.03.1995 Malaysia | 100,000 | 100.00 | Investment holding |
| TCM Accessories Sdn. Bhd. (formerly known as APM Accessories Sdn. Bhd.) | 23.01.1984 Malaysia | 25,000 | 100.00 | Dormant |
| Auto Research and Development Sdn. Bhd. | 10.01.1991 Malaysia | 2 | 100.00 | Dormant |
| Auto Trucks & Components Sdn. Bhd. | 25.01.1985 Malaysia | 200,000 | 100.00 | Dormant |
| Autokita Sdn. Bhd. | 15.06.1984 Malaysia | 250,000 | 100.00 | Dormant |
| Fujiyama Car Cooler Sdn Bhd. | 19.09.1978 Malaysia | 100,000 | 100.00 | Dormant |
| Motor Image Enterprises Sdn. Bhd. | 02.10.1991 Malaysia | 2 | 100.00 | Dormant |
| Perusahaan Komponen Kendaraan Sdn. Bhd. | 10.09.1991 Malaysia | 200,000 | 100.00 | Dormant |
| TC Hartanah Sdn. Bhd. | 04.10.1985 Malaysia | 2 | 100.00 | Dormant |
| TCRG Sdn. Bhd. | 21.06.1988 Malaysia | 2,340,000 | 100.00 | Dormant |

| Name of company | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|--|--------------------------------------|--|-----------------------------|---|
| Nissan TCM Pty. Ltd | 20.10.1995 British Virgin Islands | USD1,255,000 | 75.00 | Investment holding |
| Nissan TCM Vietnam Co. Ltd. | 30.09.1996 Vietnam | USD369,554 | 56.00 | Assembly of Nissan vehicles in Vietnam |
| Autoparts Division | | | | |
| APM Air-Conditioners Sdn. Bhd. | 19.01.1982 Malaysia | 500,000 | 100.00 | Manufacture of automotive air-conditioners |
| APM Auto Electrics Sdn. Bhd. | 30.09.1981 Malaysia | 1,000,000 | 100.00 | Manufacture of automotive electrical components |
| APM Coil Springs Sdn. Bhd. | 10.10.1980 Malaysia | 2,500,000 | 100.00 | Manufacture of automotive coil springs |
| APM Metal Industries Sdn. Bhd. | 07.10.1982 Malaysia | 1,000,000 | 100.00 | Manufacture of metal automotive component parts |
| APM Plastics Sdn. Bhd. | 26.11.1990 Malaysia | 1,000,000 | 100.00 | Manufacture of PVC body side moulding and plastic parts |
| APM Shock Absorbers Sdn. Bhd. | 09.07.1980 Malaysia | 1,000,000 | 100.00 | Manufacture of shock absorbers and related components |
| APM Springs Sdn. Bhd. | 18.01.1984 Malaysia | 1,000,000 | 100.00 | Manufacture of tapered leaf springs |
| APM Trim Parts Sdn. Bhd | 12.02.1982 Malaysia | 500,000 | 100.00 | Manufacture of vehicle interior linings |
| Auto Parts Holdings Sdn. Bhd. | 0X.08.1985 Malaysia | 1,500,000 | 100.00 | Investment holding |
| Auto Parts Manufacturers Co. Sdn. Bhd. | 31.12.1971 Malaysia | 8,500,000 | 100.00 | Manufacture of automotive leaf springs, seats and radiators |
| Auto Parts Marketing Sdn. Bhd. | 11.04.1986 Malaysia | 100,000 | 100.00 | Distribution of automotive parts and accessories |
| KAB Otomotif Sdn. Bhd. | 07.04.1981 Malaysia | 2,200,000 | 100.00 | Property holding |
| Perusahaan Tilam Kereta Sdn. Bhd. | 07.04.1981 Malaysia | 2,200,000 | 100.00 | Property holding |
| Radiators Australia (2000) Pty. Ltd. | 09.07.199s Australia | AUDI,000,000 | 70.0 | Distribution and assembly of automotive radiators |
| APM Auto Mechanisms Sdn. Bhd. | 12.11.1982 Malaysia | 2 | 100.00 | Dormant |
| APM Automotive Holdings Berhad | 26.03.1997 Malaysia | | 100.00 | Dormant |
| APM Chalmers Suspensions Sdn. Bhd. | 03.03.1997 Malaysia | | 100.00 | Dormant |
| APM Communications Sdn. Bhd. | 14.10.1992 Malaysia | | 100.00 | Dormant |
| APM Radiators Sdn. Bhd. | 05.03.1997 Malaysia | | 100.00 | Dormant |

| Name of company | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|---|--|--|------------------------------------|--|
| APM Tooling Centre Sdn. Bhd. | 27.08.1991 Malaysia | 500,000 | 100.00 | Dormant |
| Atsugi Parts Manufacturing Sdn. Bhd. | 01.03.1984 Malaysia | 2 | 100.00 | Dormant |
| Pandamaran Special Steel Sdn. Bhd. | 03.08.1983 Malaysia | 2 | 100.00 | Dormant |
| TC-Kinugawa Rubber Sdn. Bhd. | 13.11.1982 Malaysia | 2 | 100.00 | Dormant |
| Non-Motor Division | | | | |
| Belize Holdings Sdn. Bhd. | 04.04.1997 Malaysia | 2 | 100.00 | Investment holding |
| Comit Communication Technologies (M) Sdn. Bhd | 31.07.1991 Malaysia | 250,000 | 100.00 | Distribution of telecommunication equipment |
| Jentrakel Sdn. Bhd. | 22.07.1991 Malaysia | 2,000,000 | 100.00 | Equipment leasing |
| Mayflower Acme Tours Sdn. Bhd. | 27.12.1969 Malaysia | 2,400,000 | 100.00 | Travel and car rental |
| Tan Chong Apparels Manufacturer Sdn. Bhd | 12.12.1992 Malaysia | 2,500,000 | 100.00 | Manufacture of Wacoal undergarments |
| Tan Chong Apparels Sdn. Bhd. | 16.09.1991 Malaysia | 7,000,000 | 100.00 | Distribution of Wacoal undergarments |
| TC Beauty Services Sdn. Bhd. | 02.12.1993 Malaysia | 150,000 | 51.00 | Personal care and beauty salon |
| TCIM Sdn. Bhd. | 16.06.1983 Malaysia | 2,340,000 | 100.00 | Distribution of heavy equipment and machinery |
| Travel Shoppe Sdn. Bhd. | 18.06.1984 Malaysia | 592,002 | 100.00 | Travel agent and tour operator |
| Tung Pao Sdn. Bhd. | 28.04.1977 Malaysia | 14,300,000 | 100.00 | Distribution of Shiseido cosmetics |
| Angka-Tan Machinery Sdn. Bhd. | 07.06.1982 Malaysia | 1,170,000 | 100.00 | Dormant |
| Comit Phone (Malaysia) Sdn. Bhd. | 05.12.1992 Malaysia | 2 | 100.00 | Dormant |
| Telechoice Communication Sdn. Bhd. | 24.01.1997 Malaysia | 2 | 100.00 | Dormant |
| Warisan TC Holdings Berhad | 26.03.1997 Malaysia | | 100.00 | Dormant |

3.2 The associated companies of TCMH as at 31 August 1999 are as follows:-

| Name of company | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|---------------------------------|---------------------------------|-------------------------------------|-----------------------------|--|
| Motor and Truck Division | | | | |
| Autoscope Sdn. Bhd. | 29.06.1989 Malaysia | 250,000 | 50.00 | Export agency for automotive accessories |
| Structurflex Sdn. Bhd. | 19.08.1993 Malaysia | 1,000,000 | 50.00 | Manufacture of truck side curtain components |
| Autoparts Division | | | | |
| APM-Coachair Sdn. Bhd. | 21.07.1981 Malaysia | 1,000,000 | 50.00 | Manufacture of coach air-conditioners |
| APM Components America Inc. | 22.07.1999 Canada | 2,000* | 50.00 | Distribution of furniture components |
| APM Holdings Inc. | 22.07.1999 Canada | 2,000* | 50.00 | Investment holding |
| APM Irwin Seating Sdn. Bhd. | 27.03.1996 Malaysia | 1,000,000 | 50.00 | Manufacture of auditorium seats |
| Auto Culture Supplies Sdn. Bhd. | 19.09.1981 Malaysia | 600,000 | 45.00 | Manufacture of seat covers |

Note:-

* Common shares with no par value.

4. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 2% and more) of TCMH ordinary shares as at 31 August 1999 are as follows:-

| Substantial shareholder | Nationality/ Place of incorporation | No. of shares held | | | |
|--|---|--------------------|-------|--------------|-------|
| | | Direct | % | Indirect | % |
| TCC | Malaysia | 304,266,662 | 45.28 | | |
| HSBC Nominees (Asing) Sdn. Bhd.# | Malaysia | 47,842,051 | 7.12 | - | - |
| Nissan Motor Co. Limited | Japan | 37,333,324 | 5.56 | | |
| Cartaban Nominees (Asing) Sdn. Bhd.# | Malaysia | 22,722,000 | 3.38 | - | - |
| Chase Malaysia Nominees (Asing) Sdn. Bhd.# | Malaysia | 18,320,000 | 2.73 | | |
| The Capital Group of Companies, Inc | United States of America | 14,207,000 | 2.11 | - | |
| Dato' Tan Kim Hor | Malaysian | 3,074,834 | 0.46 | 304,266,662* | 45.28 |
| Tan Eng Soon | Singaporean | 1,400,000 | 0.21 | 304,266,662* | 45.28 |
| Dato' Tan Heng Chew | Malaysian | 25,662 | + | 304,266,662* | 45.28 |
| Tan Boon Pun | Malaysian | 50,427 | 0.01 | 305,589,942^ | 45.47 |
| Dr. Tan Kang Leong | Malaysian | 10,000 | + | 304,266,662* | 45.28 |
| Tan Kheng Leong | Singaporean | 270,000 | 0.04 | 304,266,662* | 45.28 |
| Tan Hoe Pin | Malaysian | | | 305,484,662@ | 45.46 |
| Tan Beng Keong | Malaysian | | | 305,484,662@ | 45.46 |
| Dr. Tan Ban Leong | Malaysian | | | 305,484,662@ | 45.46 |

Notes:-

ⁱⁱ As bare trustee. None of the **beneficial** owners of the shares registered in the name of the bare trustee hold 2.0% or more of the shares of **TCMH**.

* Deemed interest by virtue of their interests in **TCC pursuant to section 6A of the Companies Act, 1965**.
Deemed interest by virtue of his interests in **TCC, PNSB, ESB and MRSB**.

ⁱⁱⁱ Deemed interest by virtue of their interests in **TCC and ESB**.

[†] Negligible.

5. **DIRECTORS**

The particulars of the Directors of TCMH and their shareholdings as at 31 August 1999 are as follows:-

| Director | Nationality | No. of shares held | | | |
|----------------------|-------------|--------------------|----------------|--------------|-------|
| | | Direct | % | Indirect | % |
| Dato' Tan Kim Hor | Malaysian | 3,074,834 | 0.46 | 304,266,662* | 45.28 |
| Ahmad bin Abdullah | Malaysian | | | | |
| Tan Eng Soon | Singaporean | 1,400,000 | 0.21 | 304,266,662* | 45.28 |
| Dato' Tan Heng Chew | Malaysian | 25,662 | - [†] | 304,266,662* | 45.28 |
| Azman bin Badrillah | Malaysian | 8,000 | - [†] | | |
| Geh Cheng Hooi | Malaysian | | | | |
| Yoshi Iwashita | Japanese | | | | |
| Dato' Ng Mann Cheong | Malaysian | | | | |

Notes:-

* Deemed interests by virtue of their interests in **TCC pursuant to section 6A of the Companies Act, 1965**.
Negligible.

6. PROFIT AND DIVIDEND RECORD

The following summarises the audited profit and dividend record of the TCMH Group for the past five (5) years ended 31 December 1998 and unaudited profit and dividend record of the TCMH Group for the six (6) months ended 30 June 1999:-

| | ←-----Year ended 31 December-----→ | | | | | Unaudited 6 months ended 30.06.99 RM'000 |
|--|------------------------------------|----------------------|----------------------|----------------|----------------------------|--|
| | 1994 RM'000 | 1995 RM'000 | 1996 RM'000 | 1997 RM'000 | 1998 RM'000 | |
| Turnover | 1,826,972 | 2,423,996 | 2,831,402 | 3,352,225 | 939,043 | 690,552 |
| Profit before taxation ¹ | 137,301 | 204,525 ¹ | 384,117 ¹ | 391,983 | (3,462)³ | 44,524⁴ |
| Taxation | (40,939) | (66,727) | (121,757) | (141,535) | (5,926) | (56) |
| Profit after taxation | 96,362 | 137,798 | 262,360 | 250,448 | (9,388) | 44,468 |
| Minority interest | (269) | (1,855) | (1,633) | (1,559) | 1,233 | (22) |
| Profit after taxation and minority interest | 96,093 | 135,943 | 260,727 | 248,889 | (8,155) | 44,446 |
| No. of ordinary shares in issue ('000) | 672,000 | 672,000 | 672,000 | 672,000 | 672,000 | 672,000 |
| Net earnings/(loss) per share ⁵ (sen) | 14.3 | 20.2 | 38.8 | 37.0 | (1.21) | 6.6 |
| Gross dividend rate (%) | 8.0 | 9.0 | 11.8 | 11.9 | | |

Notes:-

¹ Pursuant to International Accounting Standard No. 8 "Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies" ("IAS No. 8"), the following extraordinary items have been reclassified as exceptional items in the respective years under review:-

| Year ended 31 December | Extraordinary item | Amount RM'000 |
|------------------------|---|------------------|
| 1994 | Write back of expenses relating to the disposal of property | 563 |
| 1995 | Gains arising from the disposal of an associated company and subsidiary | 770 |
| 1996 | Gain arising from the sale of investment net of provision for diminution in value in another investment | 934 |

There were no extraordinary items as defined under IAS No. 8 for the two (2) years ended 31 December 1998.

² The increase in the profit before taxation for the two (2) years ended 31 December 1996 was primarily due to the robust growth of the Malaysian motor vehicle and autoparts and components markets.

³ The loss for the year ended 31 December 1998 was due to the adverse domestic and regional economic conditions and the drop in consumer confidence and spending. In addition, the results of the Foreign Division were no longer consolidated with the results of the Company upon completion of the demerger of the Foreign Division from TCMH.

⁴ The increase in profit before taxation for the six (6) months ended 30 June 1999 was due to higher demand for motor vehicles in Malaysia in line with the return of consumer confidence.

⁵ Net earnings/loss per share is taken as profit after taxation and minority interest over the number of ordinary shares in issue.

- ⁶ The results of the TCMH Group for the four (4) years ended 31 December 1997 include the results of the Foreign Division. However, the Foreign Division's results were excluded from the TCMH Group for the year ended 31 December 1998 as the demerger of the Foreign Division from TCMH was completed on 7 July 1998.

7. HISTORICAL SHARE PRICES

The following table sets out the monthly highest and lowest transacted prices of TCMH shares on the KLSE for the past twelve (12) months to August 1999:-

| | High RM | Low RM |
|-----------|------------|-----------|
| 1998 | | |
| September | 1.15 | 0.505 |
| October | 0.97 | 0.745 |
| November | 1.15 | 0.815 |
| December | 1.44 | 1.10 |
| 1999 | | |
| January | 1.44 | 1.13 |
| February | 1.35 | 1.03 |
| March | 1.10 | 0.88 |
| April | 1.69 | 0.91 |
| May | 1.97 | 1.50 |
| June | 2.42 | 1.68 |
| July | 2.82 | 1.90 |
| August | 2.60 | 1.90 |

The last transacted price of TCMH shares on 20 December 1996 being the market day prior to the suspension of TCMH shares pending the announcement of the Proposed Schemes including the Foreign Scheme RM4.54

The last transacted price of TCMH shares on 27 September 1999 being the latest practicable date prior to the printing of this Circular RM1.59*

Notes:-

- The demerger of the Foreign Division of TCMH was completed on 7 July 1998 with the listing of TCIL on the SEHK. Pursuant to the demerger of the Foreign Division of TCMH, a shareholder holding one (1) ordinary share of RM0.50 in TCMH received three (3) ordinary shares of HKD0.50 each in TCIL.

As at 27 September 1999, the last transacted price of TCIL on the SEHK was HKD1.45 per TCIL share or approximately RM0.71 per TCIL share. Assuming that a shareholder had retained his entitlement to the three (3) TCIL ordinary shares, the aggregate value of his investment in TCIL as at 27 September 1999 would be HKD4.35 or RM2.13.

Source : *KLSE Daily Diary and Bloomberg*

INFORMATION ON APM

1. HISTORY AND BUSINESS

APM was incorporated in Malaysia under the Companies Act, 1965 as a public limited company on 26 March 1997.

Upon the completion of the Proposed Autoparts Internal Reorganisation, the principal activities of APM will be investment holding and the provision of management services whilst the activities of its subsidiaries and associated companies will principally be the manufacture and distribution of automotive parts and components.

Production of the various automotive parts and components is carried out at three (3) main locations as follows:-

| Location | Description | Parts and components manufactured | Number of production lines |
|----------------------------|---|--|----------------------------|
| (i) Pandamaran, Port Klang | The Pandamaran production facility comprises three (3) separate industrial land lots as follows:- | | |
| | (a) 434,370 sq. ft. of land comprising an office building, five (5) factory buildings and a warehouse; | (i) Seats, upholstery and trim parts; | 12 |
| | | (ii) Shock absorbers, struts and gas springs; and | 6 |
| | | (iii) PVC mouldings, injection parts and edge protectors. | 7 |
| | (b) 2 17,800 sq. ft. of land comprising two (2) office buildings, two (2) factory buildings and a canteen; and | Laminated leaf springs and parabolic springs. | 2 |
| | (c) 242,97X sq. ft. of land comprising an office building, a metal shed and factory building. | Coil springs, u-bolts, centre bolts, clips, shackles and spring pins. | 1 |
| (ii) Batu Caves, Gombak | The Batu Caves production facility comprises a factory building, warehouse and office building on an industrial land with a land area of 425,630 sq. ft.. | Heat exchange systems and electrical components including automotive radiators, alternators, starter motors, wiper motors, windshield washers, distributors and radiator fan motors. | 9 |
| (iii) Serdang, Selangor | The Serdang production facility comprises two (2) separate industrial land lots as follows:- | | |
| | (a) 452,626 sq. ft. of land comprising a three (3) storey office building and a single storey factory/warehouse; and | (i) Automotive air-conditioners and components; and | 1 |
| | (b) 436,422 sq. ft. of land comprising a three (3) storey office building and a single storey factory/warehouse. | (ii) Automotive radiators and components. | 1 |

The Pandamaran facility is currently operating at an average capacity* of approximately 80% whilst the Batu Caves and Serdang facilities are operating at an average capacity of approximately 70% and 90% respectively.

Note:-

* Based on one standard eight (8) hour shift per day.

The parts and components manufactured are principally supplied as original equipment to local motor vehicle assemblers such as Proton (approximately 20% of 1998 turnover) and Perodua (approximately 21% of 1998 turnover).

2. SHARE CAPITAL

The share capital of APM as at the date hereof is as follows:-

| | No. of ordinary shares | Par value RM | Total RM |
|--------------------------|------------------------|-----------------|-------------|
| Authorised share capital | 200,000 | 0.50 | 100,000 |
| Issued share capital | 2 | 0.50 | 1 |

There has been no change in the issued and paid-up share capital of APM since incorporation.

3. SUBSIDIARIES AND ASSOCIATED COMPANIES

The subsidiaries and associated companies of APM upon completion of the Proposed Autoparts Internal Reorganisation will be as follows:-

| Name of company | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|--------------------------------|---------------------------------|--|--------------------------------|---|
| Subsidiaries | | | | |
| APM Air-Conditioners Sdn. Bhd. | 19.01.1982 Malaysia | 500,000 | 100.00 | Manufacture of automotive air-conditioners |
| APM Auto Electrics Sdn. Bhd. | 30.09.1981 Malaysia | 1,000,000 | 100.00 | Manufacture of automotive electrical components |
| APM Coil Springs Sdn. Bhd. | 10.10.1980 Malaysia | 2,500,000 | 100.00 | Manufacture of automotive coil springs |
| APM Metal Industries Sdn. Bhd. | 07.10.1982 Malaysia | 1,000,000 | 100.00 | Manufacture of metal automotive component parts |
| APM Plastics Sdn. Bhd. | 26.11.1990 Malaysia | 1,000,000 | 100.00 | Manufacture of PVC body side moulding and plastic parts |
| APM Shock Absorbers Sdn. Bhd. | 09.07.1980 Malaysia | 1,000,000 | 100.00 | Manufacture of shock absorbers and related components |
| APM Springs Sdn. Bhd. | 18.01.1984 Malaysia | 1,000,000 | 100.00 | Manufacture of tapered leaf springs |
| APM Trim Parts Sdn. Bhd. | 12.02.1982 Malaysia | 500,000 | 100.00 | Manufacture of vehicle interior linings |
| Auto Parts Holdings Sdn. Bhd. | 08.08.1985 Malaysia | 1,500,000 | 100.00 | Investment holding |

| Name of company | Date and place of incorporation | Issued and paid-up share capital RM | Effective equity interest % | Principal activities |
|--|---------------------------------|--|-----------------------------|---|
| Subsidiaries | | | | |
| Auto Parts Manufacturers Co. Sdn. Bhd. | 31.12.1971 Malaysia | 8,500,000 | 100.00 | Manufacture of automotive leaf springs, seats and radiators |
| Auto Parts Marketing Sdn. Bhd. | 11.04.1986 Malaysia | 100,000 | 100.00 | Distribution of automotive parts and accessories |
| KAH Otomotif Sdn. Bhd. | 07.04.1981 Malaysia | 2,200,000 | 100.00 | Property holding |
| Perusahaan Tilam Kereta Sdn. Bhd. | 07.04.1981 Malaysia | 2,200,000 | 100.00 | Property holding |
| Radiators Australia (2000) Pty. Ltd. | 09.07.199s Australia | AUDI ,000,000 | 70.0 | Distribution and assembly of automotive radiators |
| APM Auto Mechanisms Sdn. Bhd. | 12.11.1982 Malaysia | 2 | 100.00 | Dormant |
| APM Chalmers Suspensions Sdn. Bhd. | 03.03.1997 Malaysia | | 100.00 | Dormant |
| APM Communications Sdn. Bhd. | 14.10.1992 Malaysia | 2 | 100.00 | Dormant |
| APM Radiators Sdn. Bhd. | 05.03.1997 Malaysia | | 100.00 | Dormant |
| APM Tooling Centre Sdn. Bhd. | 27.08.1991 Malaysia | 500,000 | 100.00 | Dormant |
| Atsugi Parts Manufacturing Sdn. Bhd. | 01.03.1984 Malaysia | 2 | 100.00 | Dormant |
| Pandamaran Special Steel Sdn Bhd. | 03.10.1983 Malaysia | 2 | 100.00 | Dormant |
| TC-Kinugawa Rubber Sdn. Bhd. | 13.11.1982 Malaysia | 2 | 100.00 | Dormant |
| Associated companies | | | | |
| APM-C'ochair Sdn. Bhd. | 21.07.1981 Malaysia | 1,000,000 | 50.00 | Manufacture of coach air-conditioners |
| APM Components America Inc. | 22.07.1999 Canada | 2,000* | 50.00 | Distribution of furniture components |
| APM Holdings Inc. | 22.07.1999 Canada | 2,000* | 50.00 | Investment holding |
| APM Irwin Seating Sdn. Bhd. | 27.03.1996 Malaysia | 1,000,000 | 50.00 | Manufacture of auditorium seats |
| Auto Culture Supplies Sdn. Bhd. | 19.09.1981 Malaysia | 600,000 | 45.00 | Manufacture of seat covers |

Note:-

* Common shares with no par value

4. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 2% and more) of APM ordinary shares as at the date hereof are as follows:-

| Substantial shareholder | Nationality/ Place of incorporation | No. of shares held | | | |
|-------------------------|---|--------------------|-------|----------------|-------|
| | | Direct | % | Indirect | % |
| TCMH | Malaysia | 2 | 100.0 | | |
| TCC | Malaysia | - | - | 2' | 100.0 |
| Dato' Tan Kim Hot | Malaysian | - | - | 2 [#] | 100.0 |
| Tan Eng Soon | Singaporean | - | - | 2 [#] | 100.0 |
| Dato' Tan Heng Chew | Malaysian | - | - | 2 [#] | 100.0 |
| Tan Boon Pun | Malaysian | - | - | 2 [#] | 100.0 |
| Dr. Tan Kang Leong | Malaysian | - | - | 2 [#] | 100.0 |
| Tan Kheng Leong | Singaporean | - | - | 2 [#] | 100.0 |
| Tan Hoe Pin | Malaysian | - | - | 2 [#] | 100.0 |
| Tan Beng Keong | Malaysian | - | - | 2 [#] | 100.0 |
| Dr. Tan Ban Leong | Malaysian | - | - | 2 [#] | 100.0 |

Notes:-

' Deemed interest by virtue of its interest in TCMH pursuant to section 6A of the Companies Act, 1965.

Deemed interest by virtue of their interests in TCC pursuant to section 6A of the Companies Act, 1965.

5. DIRECTORS

The particulars of the Directors of APM, all of whom are Malaysians, and their shareholdings as at the date hereof are as follows:-

| Director | Direct | | Indirect | |
|--------------|---------------|---|---------------|---|
| | No. of shares | % | No. of shares | % |
| Koo Sian Chu | | | | |
| Tan Eng Guan | | | | - |

6. PROFIT AND **DIVIDEND** RECORD

The proforma consolidated profit and dividend record of the APM Group for the past five (5) years ended 31 December 1998 have been prepared based on the audited accounts of the proposed subsidiaries and associated companies of APM and on the assumption that the APM Group had been in existence throughout the years under review:-

| | Proforma | | | | |
|--|------------------------------------|----------------------|---------------------|----------------------|----------------------|
| | ←-----Year ended 31 December-----> | | | | |
| | 1994 | 1995 | 1996 | 1997 | 1998 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Turnover | 257,163 | 371,890 ¹ | 436,620 | 531,614 ³ | 231,642 ⁴ |
| Profit before taxation | 35,548 | 51,077 ¹ | 94,652 ² | 76,964 ³ | 6,382 ⁴ |
| Taxation | (9,804) | (15,753) | (26,493) | (22,438) | (3,698) |
| Profit after taxation | 25,744 | 35,324 | 68,159 | 54,526 | 2,684 |
| Minority interest | | | | | 76 |
| Profit attributable to shareholders | 25,744 | 35,324 | 68,159 | 54,526 | 2,760 |
| No. of ordinary shares assumed in issue ('000) | 201,600 | 201,600 | 201,600 | 201,600 | 201,600 |
| Net EPS ⁵ (sen) | 12.77 | 17.52 | 33.80 | 27.05 | 1.37 |
| Gross dividend rate(%) | NA | NA | NA | NA | NA |

Notes:-

- ¹ The increase in turnover and profit before taxation for the year ended 31 December 1995 was primarily due to the growth of the Malaysian economy and local automotive industry. In particular the increasing demand for the national cars aided the growth of the APM Group.
- ² The significant improvement in the profit before taxation of the proforma APM Group for the year ended 31 December 1996 was primarily due to the increased demand for autoparts and components arising from higher motor vehicle production volume.
- ³ The turnover of the proforma APM Group increased by approximately 21.7% for the year ended 31 December 1997. in tandem with the improvement to the overall motor market, particularly during the first half of the year. Sales were lower during the second half of 1997 arising from the onset of the economic and currency crisis. Operating profit was, however, lower than the previous year, due mainly to the higher cost of imported materials and year end provisions for doubtful debts and slow moving stocks.
- ⁴ The decline in turnover and profit before taxation for year ended 31 December 1998 was due to the decrease in demand for automotive parts and components and provisions for obsolete and slow moving stocks arising from the economic slowdown.
- ⁵ The net EPS is calculated on the profit after taxation and minority interest over the number of shares assumed to be in issue of 201,600,000 ordinary shares of RM1.00 each.
- ⁶ There were no extraordinary items as defined in IAS No. 8 during the years under review.

INFORMATION ON WTCH

1. HISTORY AND BUSINESS

WTCH was incorporated in Malaysia under the Companies Act, 1965 as a public limited company on 26 March 1997.

Upon the completion of the Proposed Non-Motor Internal Reorganisation, the principal activities of WTCH will be investment holding and the provision of management services whilst the principal activities of its proposed subsidiaries are as follows:-

- (i) Distribution of heavy equipment and machinery including forklifts, tractors, road pavers, excavators, motor graders, engines and generator sets. The brand names of the heavy equipment and machinery distributed by the WTCH Group include, among others, Nissan forklifts and tractors, John Deere tractors, Blaw Knox road pavers, Sumitomo excavators, MAN engine and generator sets and Champion motor graders;
- (ii) Equipment leasing;
- (iii) Distribution of personal care and beauty products under the brand names of Shiseido, Za, Carita and Zotos;
- (iv) Manufacture and distribution of undergarments under the Wacoal brand name;
- (v) Distribution and retailing of telecommunication equipment including mobile phones, pagers and two-way radios principally under the Motorola brand name; and
- (vi) In-bound and out-bound tour services, air-ticketing, car rental and other related services.

2. SHARE CAPITAL

The share capital of WTCH as at the date hereof is as follows:-

| | No. of ordinary shares | Par value RM | Total RM |
|--------------------------|------------------------|-----------------|-------------|
| Authorised share capital | 200,000 | 0.50 | 100,000 |
| Issued share capital | 2 | 0.50 | |

There has been no change in the issued share capital of WTCH since incorporation.

3. SUBSIDIARIES AND ASSOCIATED COMPANIES

The subsidiaries of WTCH upon completion of the Proposed Non-Motor Internal Reorganisation will be as follows:-

| Name of company | Date and place of incorporation | Issued and paid- up share capital | Effective equity interest % | Principal activities |
|---|------------------------------------|--------------------------------------|--------------------------------------|--|
| Subsidiaries | | | | |
| Belize Holdings Sdn. Bhd. | 04.04.1997 Malaysia | 2 | 100.00 | Investment holding |
| Comit Communication Technologies (M) Sdn. Bhd. | 31.07.1991 Malaysia | 250,000 | 100.00 | Distribution of telecommunication equipment |

| Name of company | Date and place of incorporation | Issued and paid-up share capital | Effective equity interest % | Principal activities |
|---|---------------------------------|----------------------------------|-----------------------------|---|
| Jentrakel Sdn. Bhd. | 22.07.1991 Malaysia | 2,000,000 | 100.00 | Equipment leasing |
| Mayflower Acme Tours Sdn. Bhd. | 27.12.1969 Malaysia | 2,400,000 | 100.00 | Travel and car rental |
| Tan Chong Apparels Manufacturer Sdn. Bhd. | 12.12.1992 Malaysia | 2,500,000 | 100.00 | Manufacture of Wacoal undergarments |
| Tan Chong Apparels Sdn. Bhd. | 16.09.1991 Malaysia | 7,000,000 | 100.00 | Distribution of Wacoal undergarments |
| TC Beauty Services Sdn. Bhd. | 02.12.1993 Malaysia | 150,000 | 51.00 | Personal care and beauty salon |
| TCIM Sdn. Bhd. | 16.06.1983 Malaysia | 2,340,000 | 100.00 | Distribution of heavy equipment and machinery |
| Travel Shoppe Sdn. Bhd. | 18.06.1984 Malaysia | 592,002 | 100.00 | Travel agent and tour operator |
| Tung Pao Sdn. Bhd. | 28.04.1977 Malaysia | 14,300,000 | 100.00 | Distribution of Shiseido cosmetics |
| Angka-Tan Machinery Sdn. Bhd. | 07.06.1982 Malaysia | 1,170,000 | 100.00 | Dormant |
| Comit Phone (Malaysia) Sdn. Bhd. | 05.12.1992 Malaysia | 2 | 100.00 | Dormant |
| Telechoice Communication Sdn. Bhd. | 24.01.1997 Malaysia | 2 | 100.00 | Dormant |

There are no associated companies in the Non-Motor Division as at the date hereof.

4. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 2% and more) of WTCH ordinary shares as at the date hereof are as follows:-

| Substantial shareholder | Nationality/ Place of incorporation | No. of shares held | | | |
|-------------------------|---|--------------------|-------|----------|-------|
| | | Direct | % | Indirect | % |
| TCMH | Malaysia | 2 | 100.0 | | |
| TCC | Malaysia | | | 2' | 100.0 |
| Dato' Tan Kim Hor | Malaysian | | | 2# | 100.0 |
| Tan Eng Soon | Singaporean | | | 2" | 100.0 |
| Dato' Tan Heng Chew | Malaysian | | | 2# | 100.0 |
| Tan Boon Pun | Malaysian | | | 2# | 100.0 |
| Dr. Tan Kang Leong | Malaysian | | | 2# | 100.0 |
| Tan Kheng Leong | Singaporean | | | 2' | 100.0 |
| Tan Hoe Pin | Malaysian | | | 2# | 100.0 |
| Tan Beng Keong | Malaysian | | | 2# | 100.0 |
| Dr. Tan Ban Leong | Malaysian | | | 2# | 100.0 |

Notes:-

* Deemed interest by virtue of its interest in TCMH pursuant to section 6A of the Companies Act, 1965.

Deemed interest by virtue of their interests in TCC pursuant to section 6A of the Companies Act, 1965

5. DIRECTORS

The particulars of the Directors of WTCH, all of whom are Malaysians, and their shareholdings as at the date hereof are as follows:-

| Director | <--- Direct ---> | | <--- Indirect ---> | |
|---------------------|------------------|---|--------------------|-------|
| | No. of shares | % | No. of shares | % |
| Dato' Tan Heng Chew | | | 2' | 100.0 |
| Tan Eng Guan | | | | |

Note:-

- Deemed interest by virtue of his interest in TCC pursuant to section 6A of the Companies Act, 1965.

6. PROFIT AND DIVIDEND RECORD

The proforma consolidated profit and dividend record of the WTCH Group for the past five (5) years ended 31 December 1998 have been prepared based on the audited accounts of the proposed subsidiaries of WTCH on the assumption that the WTCH Group had been in existence throughout the years under review:-

| | Proforma | | | | |
|--|------------------------|---------------------|---------------------|---------------------|---------------------|
| | Year ended 31 December | | | | |
| | 1994 | 1995 | 1996 | 1997 | 1998 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Turnover | 224,736 | 242,558 | 3 14,989 | 302,584 | 242,722 |
| Profit before taxation | 12,012 | 15,685 ¹ | 22,744 ¹ | 15,983 ¹ | 11,386 ⁴ |
| Taxation | (4,295) | (4,843) | (8,294) | (5,718) | (2,425) |
| Profit after taxation | 7,717 | 10,842 | 14,450 | 10,265 | 8,961 |
| Minority interest | (4) | (54) | (53) | (44) | (14) |
| Profit attributable to shareholders | 7,713 | 10,788 | 14,397 | 10,221 | 8,947 |
| No. of ordinary shares assumed in issue ('000) | 67,200 | 67,200 | 67,200 | 67,200 | 67,200 |
| Net EPS ⁵ (sen) | 11.48 | 16.05 | 21.42 | 15.21 | 13.31 |
| Gross dividend rate (%) | NA | NA | NA | NA | NA |

Notes:-

¹ The increase in profit before taxation for the year ended 31 December 1995 was primarily due to the higher demand for forklift and machinery spare parts which grew in tandem with the economic growth in Malaysia and an improvement in profit margins due to the abolition of import duties on machinery.

² The increase in profit before taxation for the year ended 31 December 1996 was primarily due to the improvement in the sales of machinery due to the introduction of several new models of construction machinery as well as the continued growth in the Malaysian economy. Profit margins were also higher due to the strengthening of the Ringgit Malaysia against the Japanese Yen.

The decline in profit before taxation for the year ended 31 December 1997 was due to lower demand for heavy machinery and consumer products due to the economic slowdown and weak consumer sentiments as well as provisions for slow moving stocks and doubtful debts.

The decrease in profit before taxation for the year ended 31 December 1998 was mainly the result of the slowdown in consumer spending which had an impact on the consumer products division of WTCH. The decline was, however, partially offset by the improved performance of the travel and tours division due to major events such as the Commonwealth Games and the APEC conference.

The net EPS is calculated on the profit after taxation and minority interest over the number of shares assumed to be in issue of 67,200,000 ordinary shares of RM1.00 each.

⁶

There were no extraordinary items as defined in IAS No. 8 during the years under review

APPENDIX IV

PROFORMA CONSOLIDATED BALANCE SHEETS OF TCMH AS AT 31 DECEMBER 1998 AND THE REPORTING ACCOUNTANTS' LETTER THEREON

The proforma consolidated balance sheets set out below is provided for illustrative purposes only to show the effects on the audited consolidated balance sheet of TCMH as at 31 December 1998 had the transactions referred to in the Notes to the Proforma Consolidated Balance Sheets been effected on that date.

| | A | B | C | D |
|------------------------------------|---------------------------------|--|--|--|
| | Audited 31.12.1998 RM'000 | After A and the Proposed Internal Reorganisations and Proposed Special Dividends RM'000 | After B and the Proposed Disposals RM'000 | After C and the Proposed Distributions RM'000 |
| Fixed assets | 373,919 | 294,693 | 215,466 | 215,466 |
| Associated companies | 7,594 | 5,283 | 2,972 | 2,972 |
| Investments | 1,818 | 1,813 | 1,808 | 1,808 |
| Deferred expenditure | 482 | 482 | 482 | 482 |
| Hire Purchase Debtors | 28,678 | 28,678 | 28,678 | 28,678 |
| Current assets | 870,303 | 700,770 | 767,780 | 531,236 |
| Current liabilities | (222,048) | (129,082) | (36,115) | (36,115) |
| Net current assets | 648,255 | 571,688 | 731,665 | 495,121 |
| | 1,060,746 | 902,637 | 981,071 | 744,527 |
| FINANCED BY:- | | | | |
| Share capital | 336,000 | 336,000 | 336,000 | 336,000 |
| Reserves | 552,658 | 399,740 | 483,366 | 246,822 |
| Shareholders' funds | 888,658 | 735,740 | 819,366 | 582,822 |
| Minority interests | 7,101 | 6,731 | 6,360 | 6,360 |
| Long term and deferred liabilities | 164,987 | 160,166 | 155,345 | 155,345 |
| | 1,060,746 | 902,637 | 981,071 | 744,527 |
| NTA per share (RM) | 1.32 | 1.09 | 1.22 | 0.87 |

Notes to the Proforma Consolidated Balance Sheets of TCMH as at 31 December 1998

1. The proforma consolidated balance sheets have been prepared for illustrative purposes only and is based on the audited accounts of TCMH and its subsidiaries as at 31 December 1998 and after accounting for the effects of the Proposed Schemes as follows:-
 - (i) Proposed reorganisation of the companies within the Autoparts and Non-Motor Divisions of TCMH under APM and WTCH respectively to be satisfied via the issue of the RTA of 201,599,999 ordinary shares of RM1.00 each in APM and the RTA of 67,199,999 ordinary shares of RM1.00 each in WTCH to TCMH.
 - (ii) Proposed distribution of the RTA of 50% of the enlarged capital of APM and WTCH to TCMH's shareholders via a special net dividend in specie of RM114,516,000 to be satisfied by the renunciation of the RTA of APM shares and RM38,402,500 to be satisfied by the renunciation of the RTA of WTCH shares. The aggregate special net dividend is therefore RM152,918,500, representing 50% of TCMH's cost of investment in APM and WTCH.
 - (iii) Proposed disposal of the remaining 50% equity interest in APM and WTCH to the Bumiputera Investors (30%) and Controlling Shareholders (20%) for a cash consideration of RM175,392,000 in respect of APM and RM61,152,000 in respect of WTCH which will aggregate to a total of RM236,544,000.
 - (iv) Proposed distribution of the cash proceeds of RM236,544,000 received by TCMH from the sale of its 50% equity interest in APM and WTCH pursuant to (iii) above to its shareholders via special dividends.
2. The proforma consolidated balance sheets have been prepared on accounting policies consistent with those previously adopted in the preparation of the audited financial statements.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS OF TCMH AS AT 31 DECEMBER 1998

(Prepared for inclusion in this Circular)

KPMG
12th Floor, Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

29 September 1999

The Board of Directors
Tan Chong Motor Holdings Berhad
62-68 Jalan Ipoh
5 1200 Kuala Lumpur

Dear Sirs

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEETS OF TAN CHONG MOTOR HOLDINGS BERHAD

We have reviewed the presentation of the Proforma Consolidated Balance Sheets of Tan Chong Motor Holdings Berhad ("TCMH") and its subsidiary companies (hereinafter referred to as "TCMH Group") as at 31 December 1998, for which the Directors are solely responsible, together with the notes thereon, prepared for the purpose of inclusion in the Circular to Shareholders in connection with the proposed reorganisation of the Autoparts and Non-Motor Divisions of TCMH under APM Automotive Holdings Berhad ("APM") and Warisan TC Holdings Berhad ("WTCH") and the demerger and subsequent listing of APM and WTCH on the Main Board of the Kuala Lumpur Stock Exchange ("Proposed Schemes").

In our opinion, the proforma consolidated balance sheets which have been prepared for illustrative purposes only, have been properly prepared on a basis consistent with the accounting policies normally adopted by the Group and the accompanying notes thereto.

Yours faithfully

KPMG
Public Accountants

APPENDIX V

PROFORMA CONSOLIDATED BALANCE SHEET OF APM AS AT 31 DECEMBER 1998 AND THE REPORTING ACCOUNTANTS' LETTER THEREON

The proforma consolidated balance sheet of APM as at 31 December 1998 as set out below is provided for illustrative purposes only to show the effects of the Proposed Autoparts Scheme on the assumption that the transactions referred to in the Notes to the Proforma Consolidated Balance Sheet had been effected on that date.

| | APM before the Proposed Autoparts Scheme RM'000 | Proforma APM Group after the Proposed Autoparts Scheme RM'000 |
|--------------------------------------|--|--|
| Fixed assets | | 129,549 |
| Associated companies | | 4,622 |
| Deferred expenditure | 2 | 1,540 |
| Current assets | - | 239,892 |
| Current liabilities | (2) | (140,450) |
| Net current assets/(liabilities) | (2) | 99,442 |
| | | 235,153 |
| FINANCED BY :- | | |
| Share capital | * | 201,600 |
| Reserves | | 25,339 |
| Shareholders' funds | | 226,939 |
| Minority interests | | 610 |
| Long term and deferred liabilities | | 6,048 |
| Deferred income | | 1,556 |
| | | 235,153 |
| No. of shares of RM 1 .00 ('000) | * | 20 1,600 |
| NTA per share (RM) | | 1.13 |

Note:-

- *Share capital comprises two (2) ordinary shares of RM0.50 each.*

Notes to the Proforma Consolidated Balance Sheet of APM as at 31 December 1998

1. **The consolidated balance sheet of the proforma APM Group has been prepared to illustrate the rationalisation and demerger scheme proposal undertaken by TCMH on the assumption that the proposal was effected on 31 December 1998.**
2. The preparation of the proforma consolidated balance sheet is based on the audited accounts of APM and its proposed subsidiaries as at 31 December 1998 and **after** accounting for the effects of the Proposed Autoparts Scheme as follows:-
 - (i) Cash distributions from retained earnings of an amount of **RM135,000,000** and the subsequent capitalisation of the said amount into shares in certain of the proposed subsidiaries of APM.
 - (ii) The purchase of a piece of property held under H.S.(M) 6587, Lot 600, **Mukim** and District of Kelang, Port Kelang and known as Lot 600 Batu 4% Jalan Raja Lumu, Kawasan Perusahaan Pandamaran, 42000 Klang by APM Auto Mechanisms Sdn. Bhd. ("APMAM") from Tung Pao Sdn Bhd. for a purchase consideration of **RM27,800,000**. The capital of APMAM will be increased by an amount of **RM18,000,000**, via APM, in conjunction with the purchase of the property.
 - (iii) Consolidation of the share capital of APM into shares of **RM1.00** each instead of shares of **RM0.50** each.
 - (iv) Reorganisation of **TCMH's** interest in the companies comprising the Autoparts Division under APM based on the proforma NTA of these companies resulting in the issue of the RTA of APM ordinary shares to TCMH. Upon completion, the value of **TCMH's** investment in APM will be the proforma NTA value of the Autoparts Division of **RM229,032,000** represented by the share/RTA of **201,600,000** ordinary shares of **RM1.00** each in APM. The internal reorganisation will result in APM having 100% equity interest in the Autoparts Division.
 - (v) Capitalisation of deferred expenditure comprising listing expenses estimated at **RM 1,092,000**. The listing expenses will be amortised over a period of three (3) years from the year of listing of APM on the Main Board of the KLSE.
 - (vi) Capitalisation of stamp duty expenses of approximately **RM985,000** for the demerger exercise.
3. The proforma consolidated balance sheet as at 31 December 1998 is prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The proforma APM Group adopts the merger basis of accounting for consolidation of its proposed subsidiaries.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEET OF APM AS AT 31 DECEMBER 1998

(Prepared for inclusion in this Circular)

KPMG
12th Floor, Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

29 September 1999

The Board of Directors
Tan Chong Motor Holdings Berhad
62-68 Jalan Ipoh
5 1200 Kuala Lumpur

Dear Sirs

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEET OF APM AUTOMOTIVE HOLDINGS BERHAD

We have reviewed the presentation of the Proforma Consolidated Balance Sheet of APM Automotive Holdings Berhad ("APM") and its proposed subsidiaries (hereinafter referred to as "proforma APM Group") as at 31 December 1998, for which the Directors are solely responsible, together with the notes thereon, prepared for the purpose of inclusion in the Circular to Shareholders in connection with the proposed reorganisation of the Autoparts Division of Tan Chong Motor Holdings Berhad ("TCMH") under APM and the demerger and subsequent listing of APM on the Main Board of Kuala Lumpur Stock Exchange ("the Proposed Autoparts Scheme").

In our opinion, the proforma consolidated balance sheet, which has been prepared for illustrative purposes only, has been properly prepared on a basis consistent with the accounting policies normally adopted by the proforma APM Group and the accompanying notes thereto.

Yours faithfully

KPMG
Public Accountants

APPENDIX VI

PROFORMA CONSOLIDATED BALANCE SHEET OF WTCH AS AT 31 DECEMBER 1998 AND THE REPORTING ACCOUNTANTS' LETTER THEREON

The proforma consolidated balance sheet of WTCH as at 31 December 1998 as set out below is provided for illustrative purposes only to show the effects of the Proposed Non-Motor Scheme on the assumption that the transactions referred to in the Notes to the Proforma Consolidated Balance Sheet had been effected on that date.

| | WTCH before the Proposed Non-Motor Scheme RM'000 | Proforma WTCH Group after the Proposed Non-Motor Scheme RM'000 |
|--|---|---|
| Fixed assets | | 39,429 |
| Investment in unquoted companies | | 10 |
| Deferred expenditure | 2 | 958 |
| Current assets | - | 85,338 |
| Current liabilities | (2) | (45,483) |
| Net current assets/(liabilities) | (2) | 39,855 |
| | - | 80,252 |
| FINANCED BY:- | | |
| Share capital | * | 67,200 |
| Reserves | | 9,327 |
| Shareholders' funds | | 76,527 |
| Minority interest | | 131 |
| Long term and deferred liabilities | | 3,594 |
| | | 80,252 |
| No. of shares of RM 1.00 each ('000) | * | 67,200 |
| NTA per share (RM) | | 1.12 |

Note:-

* Share capital comprises two (2) ordinary shares of RM0.50 each

Notes to the Proforma Consolidated Balance Sheet of WTCH as at 31 December 1998

1. **The consolidated** balance sheet of the proforma WTCH Group has been prepared to illustrate the rationalisation and demerger scheme proposal undertaken by TCMH on the assumption that the proposal was effected on 31 December 1998.
2. The preparation of the **proforma** consolidated balance sheet is based on the audited accounts of WTCH and its proposed subsidiaries as at 31 December 1998 and after accounting for the effects of the Proposed Non-Motor Scheme as follows:-
 - (i) A net dividend payment of **RM33,000,000** by the Non-Motor Division to TCMH.
 - (ii) The sale of a piece of property held under **H.S.(M) 6587**, Lot 600, **Mukim** and District of Kelang, Port Kelang and known as Lot 600 Batu 4% Jalan Raja Lumu, Kawasan Perusahaan Pandamaran, 42000 Klang by Tung Pao Sdn. Bhd. to APM Auto Mechanisms Sdn. Bhd. for a disposal consideration of **RM27,800,000**. Based on the net book value of the property as at 31 July 1999, the profit arising from the disposal will be **RM10,525,000** and is tax exempted under Schedule 2, paragraph 17 sub-paragraph (1)(b) of the Real Property Gains Tax Act, 1976 (Act 169).
 - (iii) Consolidation of the share capital of WTCH into shares of **RM1.00** each instead of shares of **RM0.50** each.
 - (iv) Reorganisation of **TCMH's** interest in the companies comprising the Non-Motor Division under WTCH based on the proforma NTA of these companies resulting in the issue of the RTA of WTCH ordinary shares to TCMH. Upon completion, the value of **TCMH's** investment in WTCH will be the proforma NTA value of the Non-Motor Division of **RM76,805,000** represented by the **share/RTA** of **67,200,000** ordinary shares of **RM1.00** each. The internal reorganisation will result in WTCH having 100% equity interest in the **Non-Motor Division**.
 - (v) Capitalisation of deferred expenditure comprising listing expenses estimated at **RM956,000**. The listing expenses will be amortised over a period of three (3) years **from** the year of listing of WTCH on the Main Board of the KLSE.
 - (vi) Capitalisation of stamp duty of approximately **RM280,000** for the demerger exercise.
3. The proforma consolidated balance sheet as at 31 December 1998 is prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The proforma WTCH Group adopts the merger basis of accounting for consolidation of its proposed subsidiaries.

THE REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEET OF WTCH AS AT 31 DECEMBER 1998

(Prepared for inclusion in this Circular)

KPMG
1 2th Floor, Wisma KPMG
Jalan **Dungun**
Damansara Heights
50490 Kuala Lumpur

29 September 1999

The Board of Directors
Tan Chong Motor Holdings Berhad
62-68 Jalan Ipoh
5 1200 Kuala Lumpur

Dear Sirs

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED BALANCE SHEET OF WARISAN TC HOLDINGS BERHAD

We have reviewed the presentation of the Proforma Consolidated Balance Sheet of Warisan TC Holdings Berhad ("WTCH") and its proposed subsidiary companies (hereinafter referred to as "proforma WTCH Group") as at 31 December 1998, for which the Directors are solely responsible, together with the notes thereon, prepared for the purpose of inclusion in the Circular to Shareholders in connection with the proposed reorganisation of the Non-Motor Division of Tan Chong Motor Holdings Berhad ("TCMH") under WTCH and the demerger and subsequent listing of WTCH on the Main Board of the Kuala Lumpur Stock Exchange ("the Proposed Non-Motor Scheme").

In our opinion, the proforma consolidated balance sheet, which has been prepared for illustrative purposes only, has been properly prepared on a basis consistent with the accounting policies normally adopted by the proforma WTCH Group and the accompanying notes thereto.

Yours faithfully

KPMG
Public Accountants

PROFIT FORECAST OF THE APM GROUP FOR THE YEAR ENDING 31 DECEMBER 1999 TOGETHER WITH THE ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON

Barring unforeseen circumstances, the Directors forecast that the proforma consolidated profit after taxation and minority interest of the proforma APM Group for the year ending 31 December 1999 will be as follows:-

| | Forecast 1999 RM'000 |
|--|-----------------------------------|
| Consolidated profit after taxation | 28,900 |
| Less : Minority interest | (166) |
| Consolidated profit after taxation and minority interest | <u>28,734</u> |
| Net EPS (RM) | <u>0.14*</u> |

Note:-

* *Based on the proposed enlarged share capital of APM of 201,600,000 ordinary shares of RM1.00 each.*

The principal bases and assumptions upon which the above proforma consolidated profit forecast after taxation and minority interest has been made are set out below:-

1. There will be no material changes in the present legislation or government regulations, rates and duties, levies and taxes which will adversely affect the operations of the proforma APM Group or the markets in which it operates.
2. There will be no major industrial disputes or any abnormal circumstances which will adversely affect the proforma APM Group's existing and proposed operations or sales at the forecast level or disrupt its planned operations, suppliers or customers.
3. There will be no significant changes in the economic, political and market conditions which will materially affect the activities of the proforma APM Group and the demand, saleability and pricing of its products.
4. Existing financing facilities will remain available to the proforma APM Group and interest rates will not change significantly from those presently prevailing.
5. There will be no material changes in the proforma APM Group's current management and existing accounting, management and operation policies.
6. There will be no material changes in the current principal activities, composition and structure of the proforma APM Group.
7. There will be no material acquisition or disposal of fixed assets other than an acquisition of a piece of property held under H.S. (M) 6587, Lot 600, Mukim and District of Kelang, Port Kelang and known as Lot 600 Batu 4% Jalan Raja Lumu, Kawasan Perusahaan Pandamaran, 42000 Klang by APM Auto Mechanisms Sdn. Bhd. from Tung Pao Sdn. Bhd. for a purchase consideration of RM27,800,000.
8. There will be no major variations of capital and revenue cost items that are beyond the control of the proforma APM Group.
9. Inflation rate will not change materially from the current level.
10. Listing expenses are estimated at RM1,092,000 and are amortised over a period of three (3) years. Included in the proforma consolidated profit forecast after taxation for the financial year ending 31 December 1999 is amortisation of listing expenses of RM364,000.

11. There will be no tax charge on the results of the companies in the proforma APM Group in view of the tax waiver for 1999 announced in the 1999 Budget Proposals tabled in Parliament on 23 October 1998 and gazetted in the Income Tax (Amendment) Act 1999.
12. The effect of possible **Y2K** disruptions to the proforma APM Group or the business environment in which the group operates will not be significant.
13. There will be no change to the existing accounting policies of the proforma APM Group.
14. The proforma APM Group adopts the merger basis of accounting for the consolidation of the results of its proposed subsidiary companies.

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED PROFIT FORECAST OF APM FOR THE YEAR ENDING 31 DECEMBER 1999

(Prepared for inclusion in this Circular)

KPMG
12th Floor Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur

29 September 1999

The Board of Directors
Tan Chong Motor Holdings Berhad
62-68 Jalan Ipoh
51200 Kuala Lumpur

Dear Sirs

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED PROFIT FORECAST OF APM AUTOMOTIVE HOLDINGS BERHAD FOR THE YEAR ENDING 31 DECEMBER 1999

We have reviewed the accounting policies and calculations for the proforma consolidated profit forecast of APM Automotive Holdings Berhad ("APM") and its proposed subsidiary companies (hereinafter referred to as "proforma APM Group") for which the Directors are solely responsible, for the year ending 31 December 1999. prepared for the purpose of inclusion in the Circular to Shareholders in connection with the proposed reorganisation of the Autoparts Division of Tan Chong Motor Holdings Berhad ("TCMH") under APM and the demerger and subsequent listing of APM on the Main Board of the Kuala Lumpur Stock Exchange ("the Proposed Autoparts Scheme").

In our opinion, the proforma consolidated profit forecast so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies normally adopted by the proforma APM Group.

Yours faithfully

KPMG
Public Accountants

APPENDIX VIII

PROFIT FORECAST OF THE WTCH GROUP FOR THE YEAR ENDING 31 DECEMBER 1999 TOGETHER WITH THE ASSUMPTIONS AND THE REPORTING ACCOUNTANTS' LETTER THEREON

Barring unforeseen circumstances, the Directors forecast that the proforma consolidated profit after taxation and minority interest of the proforma WTCH Group for the year ending 31 December 1999 will be as follows:-

| | Forecast 1999 RM'000 |
|--|-------------------------------------|
| Consolidated profit for the year before exceptional gain | 15,056 |
| Exceptional gain | 10,525 |
| Consolidated profit after taxation and exceptional gain | 25,581 |
| Less: Minority interest | (28) |
| Consolidated profit after taxation, exceptional gain and minority interest | 25,553 |
| Net EPS (RM) | 0.38* |

Note:-

* **Based on the proposed enlarged share capital of WTCH of 67,200,000 ordinary shares of RMI. 00 each.**

The principal bases and assumptions upon which the above proforma consolidated profit forecast after taxation and minority interest has been made are set out below:-

1. There will be no material changes in the present legislation or government regulations, rates and duties, levies and taxes which will adversely affect the operations of the proforma WTCH Group or the markets in which it operates.
2. There will be no major industrial disputes or any abnormal circumstances which will adversely affect the proforma WTCH Group's existing and proposed operations or sales at the forecast level or disrupt its planned operations, suppliers or customers.
3. There will be no significant changes in the economic, political and market conditions which will materially affect the activities of the proforma WTCH Group and the demand, saleability and pricing of its products.
4. Existing financing facilities will remain available to the proforma WTCH Group and interest rates will not change significantly from those presently prevailing.
5. There will be no material changes in the proforma WTCH Group's current management and existing accounting, management and operation policies.
6. There will be no material changes in the current principal activities, composition and structure of the proforma WTCH Group.
7. There will be no material acquisition or disposal of fixed assets other than the sale of a piece of property held under H.S. (M) 6587, Lot 600, Mukim and District of Kelang, Port Kelang and known as Lot 600 Batu 4% Jalan Raja Lumu, Kawasan Perusahaan Pandamaran, 42000 Klang by Tung Pao Sdn. Bhd. to APM Auto Mechanisms Sdn. Bhd. for a disposal consideration of RM27,800,000. The exceptional gain arising from the disposal based on the net book value of the property as at 31 July 1999 will amount to RM 10,525,000 and is tax exempted under Schedule 2, paragraph 17 sub-paragraph (1)(b) of the Real Property Gains Tax Act, 1976 (Act 169).
8. There will be no major variations of capital and revenue cost items that are beyond the control of the proforma WTCH Group.
9. Inflation rate will not change materially from the current level.

10. Listing expenses are estimated at RM956,000 and are amortised over a period of three (3) years. **Included** in the proforma consolidated profit forecast after taxation for the financial year ending 31 December 1999 is amortisation of listing expenses of RM3 19,000.
11. There will be no tax charge on the results of the companies in the proforma WTCH Group in view of the tax waiver for 1999 announced in the 1999 Budget Proposals tabled in Parliament on 23 October 1998 and gazetted in the Income Tax (Amendment) Act 1999.
12. The effect of possible Y2K disruptions to the proforma WTCH Group or the business environment in which the group operates will not be significant.
13. There will be no change to the existing accounting policies of the proforma WTCH Group.
14. The proforma WTCH Group adopts the merger basis of accounting for the consolidation of the results of its proposed subsidiary companies.

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED PROFIT FORECAST OF WTCH FOR THE YEAR ENDING 31 DECEMBER 1999

(Prepared for inclusion in this Circular)

KPMG
12th Floor Wisma KPMG
Jalan **Dungun**
Damansara Heights
50490 Kuala Lumpur

29 September 1999

The Board of Directors
Tan Chong Motor Holdings Berhad
62-68 Jalan Ipoh
5 1200 Kuala Lumpur

Dear Sirs

REPORTING ACCOUNTANTS' LETTER ON THE PROFORMA CONSOLIDATED PROFIT FORECAST OF WARISAN TC HOLDINGS BERHAD FOR THE YEAR ENDING 31 DECEMBER 1999

We have reviewed the accounting policies and calculations for the proforma consolidated profit forecast of Warisan TC Holdings Berhad ("WTCH") and its proposed subsidiary companies (hereinafter referred to as "proforma WTCH Group") for which the Directors are solely responsible, for the year ending 31 December 1999 for the purpose of inclusion in the Circular to Shareholders in connection with the proposed reorganisation of the Non-Motor Division of Tan Chong Motor Holdings Berhad ("TCMH") under WTCH and the demerger and subsequent listing of WTCH on the Main Board of the Kuala Lumpur Stock Exchange ("the Proposed Non-Motor Scheme").

In our opinion, the proforma consolidated profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies normally adopted by the proforma WTCH Group.

Yours faithfully

KPMG
Public Accountants