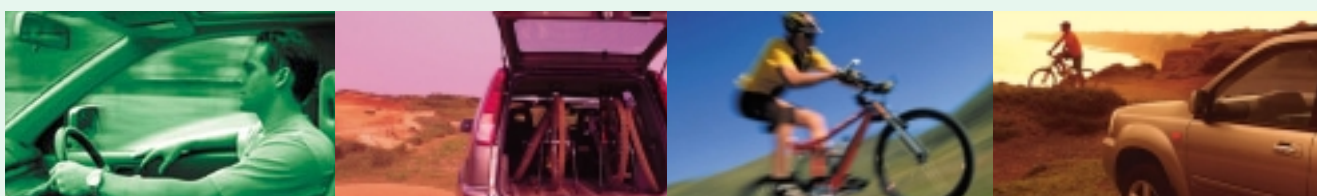


# Report of the Board of Directors

## LAPORAN LEMBAGA PENGARAH



On behalf of the Board of Directors, I am pleased to report on the activities of the Tan Chong Motor Group for 2002.

### Highlights

In 2002 the Group continued its momentum it had built up since 2001 when several new car models were introduced, to record the planned revenue of RM1,527 million in a very challenging environment.

Competition in the Malaysian automotive market intensified as various auto distributors stepped up promotional activities and offered low financing packages to boost sales and market share. The introduction of new models by several rival auto distributors at very competitive prices and a general slowdown in the demand for used cars posed further challenges to our sales and marketing team.

In the face of these adverse market conditions, our team responded by working even harder and I am pleased to report that at the close of the year, the Group achieved its goal to record a total registration of 15,904 units (based on Malaysian Automotive Association ("MAA") statistics) of Nissan and Nissan Diesel vehicles as compared with 16,043 units in 2001. It is noteworthy that while the number of units of vehicles registered in 2002 and 2001 were about the same, the sales in 2002 were the result of the concerted effort of the sales and marketing team, as opposed to 2001 where part of the sales were attributable to the exceptional demand for the newly introduced Sentra then.

*Saya bagi pihak Lembaga Pengarah dengan sukacitanya melaporkan aktiviti-aktiviti Kumpulan Tan Chong Motor bagi tahun 2002.*

### Maklumat Utama

*Pada tahun 2002, Kumpulan meneruskan momentum yang telah dihasilkan sejak tahun 2001 apabila beberapa model kereta baru diperkenalkan, dan mencatat perolehan sebanyak RM1,527 juta sebagaimana yang dirancang meskipun dalam persekitaran yang sangat mencabar.*

*Persaingan di pasaran automotif Malaysia semakin sengit berikutan para pengedar auto memperhebatkan aktiviti promosi dan menawarkan pakej pembiayaan rendah untuk meningkatkan jualan dan bahagian pasaran. Pengenalan model-model baru oleh beberapa pengedar auto pesaing pada harga sangat kompetitif dan kelembapan keseluruhan permintaan bagi kereta terpakai meningkatkan cabaran kepada pasukan jualan dan pemasaran.*

*Pasukan kami yang berdepan dengan keadaan pasaran yang mencabar, mempertingkatkan usaha dan saya dengan sukacitanya melaporkan bahawa pada akhir tahun ini, Kumpulan mencapai matlamat untuk mencatatkan jumlah pendaftaran sebanyak 15,904 unit (berdasarkan statistik Persatuan Automotif Malaysia ("MAA")) kenderaan Nissan dan Nissan Diesel berbanding 16,043 unit pada tahun 2001. Apa yang patut diberi perhatian adalah meskipun bilangan kenderaan yang didaftarkan pada tahun 2002 dan 2001 hampir sama, jualan pada tahun 2002 adalah hasil daripada usaha bersepadu pasukan jualan dan pemasaran. Ini berlainan dengan tahun 2001 di mana sebahagian daripada jualan berpunca daripada sambutan luar biasa terhadap Sentra yang baru diperkenalkan ketika itu.*

## REPORT OF THE BOARD OF DIRECTORS

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The total sales of Nissan Diesel trucks of 1,780 units in 2002, about 44% higher than the volume achieved in 2001, far exceeded its initial target. Our Nissan Diesel truck operations had for the last two successive years chalked up impressive growth in sales volume, thanks to the strong effort of our sales and marketing team and our aggressive dealers. With a market share of 23% in the above 8 ton truck segment and 14% in the 5 to 8 ton truck segment, Nissan Diesel emerged as a clear leader in the Malaysian truck market.

The Group's operating profit before tax for 2002 which took into account an adjustment for impairment loss of RM5.2 million was lower at RM149.4 million compared with RM152.3 million achieved last year. Despite a more favourable yen exchange rate during the year and lower assembly cost, operating profit from the Nissan passenger and light commercial vehicle business declined mainly due to high marketing and promotional expenses spent to neutralize competitors' aggressive marketing activities. Higher profits from the heavy commercial vehicle and hire-purchase businesses and workshop services helped to make up for the decline.

The balance sheet of the Group remained robust and healthy. As at end December 2002, the Group's net cash position stood at RM120.4 million. Hire-purchase financing business expanded further as hire-purchase receivables increased to RM266 million in 2002 from RM188 million in 2001.

*Jumlah jualan trak Nissan Diesel sebanyak 1,780 unit pada tahun 2002, adalah sekitar 44% lebih tinggi daripada jumlah yang dicatatkan pada tahun 2001, jauh melepasi sasaran awalnya. Operasi trak Nissan Diesel kami telah mencatatkan pertumbuhan jumlah jualan yang mengagumkan bagi dua tahun berturut-turut, berpunca daripada usaha gigih pasukan jualan dan pemasaran kami serta pengedar agresif kami. Trak Nissan Diesel menerajui pasaran trak Malaysia dengan bahagian pasaran sebanyak 23% bagi segmen trak lebih daripada 8 tan dan 14% bagi segmen trak 5 hingga 8 tan.*

*Keuntungan operasi sebelum cukai Kumpulan pada tahun 2002, setelah mengambil kira pelarasan bagi kerugian susutan harga tanah sebanyak RM5.2 juta, adalah RM149.4 juta dan lebih rendah berbanding RM152.3 juta yang dicatat tahun lalu. Meskipun kadar pertukaran yen yang lebih baik pada tahun ini dan kos pemasangan yang lebih rendah, keuntungan operasi daripada perniagaan kenderaan penumpang dan perdagangan ringan Nissan merosot terutamanya disebabkan perbelanjaan tinggi bagi pemasaran dan promosi yang ditanggung bagi menghadapi aktiviti pemasaran agresif pesaing. Keuntungan lebih tinggi yang disumbangkan oleh perniagaan kenderaan perdagangan berat dan sewa beli serta perkhidmatan bengkel telah membantu mengatasi kesan daripada kemerosotan ini.*

*Kunci kira-kira Kumpulan kekal kukuh dan baik. Pada akhir Disember 2002, Kumpulan mempunyai kedudukan tunai bersih sebanyak RM120.4 juta. Perniagaan pembiayaan sewa beli berkembang lagi dengan jumlah pinjaman sewa beli meningkat kepada RM266 juta pada tahun 2002 berbanding RM188 juta pada tahun 2001.*

## REPORT OF THE BOARD OF DIRECTORS

### LAPORAN LEMBAGA PENGARAH

Moving ahead to gear the Group for sustained growth, two completely built-up (CBU) models - the Nissan Liberty, a multi-purpose vehicle (MPV) and the X-Trail, a sports utility vehicle (SUV) - were introduced during the last quarter of 2002. We are greatly encouraged by the response received so far. In 2002, our assembly plant had started making the necessary preparations for the local assembly of the X-Trail, targeted to be launched in the second half of 2003.

#### Review of Results

##### Nissan passenger and light commercial vehicles

The number of motor vehicles registered in the country reached a new record in 2002. Based on the registration statistics of MAA, a total of 435,000 units of new vehicles were registered, representing a 10% increase from 2001. The higher industry volume recorded could be attributed, in part, to the aggressive push from the automotive distributors, low interest rates on new car financing and the launch of new models.

The Group achieved its planned sales volume of Nissan passenger and light commercial vehicles in 2002, marginally higher than that recorded for 2001. Having launched all the key models in the late 2000 and 2001, ahead of our competitors and having had enjoyed a brisk 16% increase in sales volume in 2001, it was indeed an enormous challenge in 2002 to maintain the same level of sales. Despite intense competition and the new models launched by our rivals in 2002, I am pleased to report that our team had risen to the occasion to deliver the planned sales target.

*Sebagai persediaan untuk mengekalkan pertumbuhan di masa hadapan, dua model yang sepenuhnya dibina di luar negeri (CBU) - Nissan Liberty, kenderaan pelbagai guna (MPV) dan X-Trail, kenderaan utiliti sport (SUV) - diperkenalkan pada suku akhir tahun 2002. Kami amat didorong oleh sambutan yang diterima setakat ini. Pada tahun 2002, kilang pemasangan kami mula membuat persediaan bagi pemasangan X-Trail dalam negeri, disasarkan untuk dilancarkan pada setengah tahun kedua 2003.*

#### Tinjauan Keputusan

##### Kenderaan penumpang dan perdagangan ringan Nissan

*Bilangan kenderaan bermotor didaftarkan di negara ini mencatat rekod baru pada tahun 2002. Berdasarkan statistik pendaftaran MAA, sejumlah 435,000 unit kenderaan baru didaftarkan dan ini merupakan peningkatan sebanyak 10% berbanding tahun 2001. Pencapaian jumlah jualan bagi industri yang lebih tinggi sebahagiannya berpunca daripada daya usaha agresif pengedar automotif, kadar faedah rendah bagi pembiayaan kereta baru dan pelancaran model-model baru.*

*Kumpulan mencapai jumlah jualan yang disasarkan bagi kenderaan penumpang dan perdagangan ringan Nissan, dan lebih tinggi sedikit berbanding jumlah yang dicatat pada tahun 2001. Mengekalkan paras jualan pada tahun ini adalah satu cabaran yang besar memandangkan semua model utama kami telah dilancarkan pada lewat tahun 2000 dan 2001, terdahulu daripada pesaing kami, dan setelah mencapai pertumbuhan jumlah jualan cergas sebanyak 16% bagi tahun 2001. Meskipun wujud persaingan sengit dan model-model baru yang dilancarkan oleh pesaing-pesaing kami pada tahun 2002, saya dengan sukacitanya melaporkan bahawa pasukan kami telah bertindak cemerlang untuk mencapai sasaran jualan yang dirancangkan.*



## REPORT OF THE BOARD OF DIRECTORS

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Marketing and promotional activities were stepped-up with mini motor shows organized to display and expose our range of vehicles in high traffic areas in major cities. Regular promotions involving gifts were carried out. In line with the slow down in used car sales, the Group had also been more aggressive in the trade-in of used vehicles, and as a result, the stock level of trade-in vehicles was also higher.

The Sentra range continued to enjoy strong demand with a total registration of 4,600 units, down from 5,800 units in 2001, commanding a market share of about 26% among the 1.5 to 1.8 litre capacity non-national passenger car segment. The current Serena model with a mid-engine configuration that competes in the higher-priced luxurious MPV segment saw its sales declining 46% to 690 units when compared to the earlier year. Unit sales of the Nissan C22 Vanette increased 12% to 6,200 units compared with last year due to greater marketing and promotional efforts.

The Nissan Cefiro 2.0L V6 Excimo and Cefiro 3.0L V6 Brougham, launched in December 2001, recorded a 25% increase in registration volume to 1,580 units compared to last year, sustaining a 12% market share in the 2 to 3 litre capacity non-national passenger car segment. Our market share in this segment however, declined during the second half of 2002 after a rival introduced its equivalent models at lower prices.

The Group commenced the importation and sales of CBU models during the last quarter of 2002 with the introduction of the X-Trail and Liberty to broaden our model range. The CBU models were very well received and all units imported were sold by year-end.

To further improve our after-sales service to Nissan customers and to enhance the Nissan brand loyalty, our spare part operations moved to a bigger warehouse located in Batu Caves during the last quarter of 2002.

*Aktiviti pemasaran dan promosi ditingkatkan dengan pameran motor mini dianjurkan untuk mempamerkan dan memperkenalkan pelbagai jenis kenderaan kami di tempat-tempat tumpuan awam di bandar-bandar besar. Promosi yang menawarkan hadiah juga kerap diadakan. Selaras dengan kelembapan jualan kereta terpakai, Kumpulan juga lebih agresif dalam menukar beli kenderaan terpakai menyebabkan tahap stok bagi kenderaan tukar beli juga lebih tinggi.*

*Model-model Sentra terus menikmati permintaan yang tinggi dengan jumlah pendaftaran sebanyak 4,600 unit yang lebih rendah berbanding 5,800 unit yang didaftarkan pada tahun 2001 dan merupakan penguasaan sebanyak 26% bahagian pasaran dalam segmen kereta penumpang bukan nasional berkapasiti 1.5 hingga 1.8 liter. Model Serena sekarang dengan konfigurasi enjin pertengahan yang bersaing dengan segmen MPV mewah berharga lebih tinggi mencatatkan jualan 46% lebih rendah kepada 690 unit berbanding tahun lalu. Jualan Van Nissan C22 meningkat 12% kepada 6,200 unit berbanding tahun lalu berikutan usaha pemasaran dan promosi yang lebih gigih.*

*Nissan Cefiro 2.0L V6 Excimo dan Cefiro 3.0L V6 Brougham yang dilancarkan pada Disember 2001, mencatat peningkatan 25% dalam jumlah pendaftaran kepada 1,580 unit berbanding tahun lalu dan mengekalkan bahagian pasaran sebanyak 12% bagi segmen kereta penumpang bukan nasional berkapasiti 2 hingga 3 liter. Namun, bahagian pasaran kami dalam segmen ini merosot pada setengah tahun kedua 2002 selepas pesaing memperkenalkan model bersamaan pada harga lebih rendah.*

*Kumpulan memulakan pengimportan dan penjualan model CBU pada suku akhir tahun 2002 dengan pengenalan X-Trail dan Liberty untuk meluaskan kepelbagaian model kami. Model-model CBU ini mendapat sambutan baik dan semua unit yang diimport telah dijual menjelang akhir tahun.*







Existing showroom and service facilities in several major towns had been upgraded. A new branch with the 3-in-1 concept housing the sales, service and spare part activities under one roof had been set up in Klang.

#### **Medium and heavy commercial vehicles**

Overall market demand for commercial vehicles in the 5 to 8 ton capacity range improved by about 19% over last year as the replacement market picked up with the return of business confidence in the Malaysian economy. Our past effort in strengthening the sales organisation and distribution structure to improve market focus and coverage had proven to be very effective. The volume of the medium capacity trucks registered increased almost 38% compared with the year before and our market share in this segment climbed to 14% in 2002 from 12% previously.

In the heavy-duty truck segment, overall industry volume increased by about 22% to 2,766 units in 2002 with our market share remaining unchanged, at about 23%. Nissan Diesel models continued to dominate the rigid cargo truck segment but remained weak in the prime movers and bus segment. Profitability of the truck distribution business saw healthy improvement over previous year due to lower exchange rate and higher business volume. After-sales service and parts sales activities increased in tandem with higher usage of vehicles during the year.

#### **Vehicle assembly**

During the year, the assembly plant upgraded the chassis mounting system from body-down to engine-up type to improve process quality, flexibility and safety. Plant wide Quality Control Circle activities and competitions as well as employee empowerment through Small Group Activities (SGA) continued to be held throughout the year in its quest for continuous improvement in Quality, Cost, Delivery, Safety and Morale.

*Untuk memperbaiki lagi perkhidmatan selepas jualan kepada pelanggan Nissan dan untuk meningkatkan kesetiaan kepada jenama Nissan, operasi alat gantian kami berpindah ke gudang lebih besar yang terletak di Batu Caves pada suku akhir tahun 2002. Bilik pameran dan kemudahan perkhidmatan sedia ada di beberapa bandar utama telah dinaikkan taraf. Sebuah cawangan berkonsep 3 dalam 1 yang menempatkan aktiviti jualan, perkhidmatan dan alat gantian di bawah satu bumbung akan dibuka di Klang.*

#### **Kenderaan perdagangan sederhana dan berat**

*Permintaan pasaran keseluruhan bagi kenderaan perdagangan berkapasiti 5 hingga 8 tan meningkat sebanyak sekitar 19% pada tahun lalu disebabkan oleh peningkatan pasaran penggantian berikutan pemulihan keyakinan perniagaan terhadap ekonomi Malaysia. Usaha kami yang lalu untuk mengukuhkan struktur organisasi jualan dan pengedaran bagi memperbaiki fokus dan liputan pasaran telah terbukti berkesan. Jumlah trak berkapasiti sederhana yang didaftarkan meningkat sebanyak 38% berbanding tahun terdahulu dan bahagian pasaran kami dalam segmen ini meningkat kepada 14% pada tahun 2002 berbanding 12% sebelumnya.*

*Dalam segmen trak tugas berat, jumlah keseluruhan industri meningkat sebanyak 22% kepada 2,766 unit pada tahun 2002 dengan bahagian pasaran kami kekal pada paras sekitar 23%. Model Nissan Diesel terus menguasai segmen trak kargo tegar tetapi kekal lemah dalam segmen pemindah besar dan bas. Keuntungan perniagaan pengedaran trak mencatat kemajuan yang sihat berbanding tahun lalu disebabkan kadar pertukaran lebih rendah dan jumlah perniagaan lebih tinggi. Aktiviti perkhidmatan selepas jualan dan alat gantian meningkat selaras dengan penggunaan kenderaan lebih tinggi sepanjang tahun ini.*

## REPORT OF THE BOARD OF DIRECTORS

### LAPORAN LEMBAGA PENGARAH

#### Financial services

The Group continued to expand its in-house hire-purchase lending business activity aggressively during the year to enhance further returns from its financial resources. The value of hire-purchase loans outstanding increased 42% to RM266 million as at end of 2002 from RM188 million as at end 2001 in tandem with the increase in the sales of new motor vehicles. Hire-purchase loan interest rates declined further during the year due to competitive pressure resulting in further narrowing in lending margins.

While registering higher loans growth for the year, the Group continued to place emphasis on credit risks management and took several steps to ensure no deterioration in asset quality. For the year 2002, non-performing loans (NPL) continued to be below 1%.

#### Dividends

The following dividends were paid during the year:

- (i) A final dividend of 8% less income tax of 28% in respect of 2001, amounting to RM19.35 million on 28 June 2002.
- (ii) An interim dividend of 4% tax exempt amounting to RM13.44 million on 18 September 2002 (2001 - 6% less tax).

The Board has recommended the payment of a final dividend of 9% less income tax of 28% amounting to RM21.7 million for approval by the shareholders at the forthcoming Annual General Meeting.

#### Current Year Prospects

The Malaysian economic fundamentals had remained strong in 2002 with a GDP growth rate of 4% despite the uncertain world economy and external shocks. According to the Malaysian Budget announced last year, the GDP is estimated to grow between 6% and 6.5% in 2003 with the impetus for growth emanating from domestic economic activities.

#### Pemasangan kenderaan

*Pada tahun ini, loji pemasangan telah menaikkan taraf sistem penampung casis daripada jenis badan kereta diturunkan kepada jenis enjin dinaikkan bagi meningkatkan kualiti proses, fleksibiliti dan keselamatan. Aktiviti Bulatan Kawalan Kualiti seluruh loji dan pertandingan serta penugasan kuasa kepada kakitangan melalui Aktiviti Kumpulan Kecil (SGA) terus diadakan sepanjang tahun dalam usahanya bagi pembaikan berterusan dalam Kualiti, Kos, Penghantaran, Keselamatan dan Semangat.*

#### Perkhidmatan Kewangan

*Kumpulan terus mengembangkan aktiviti pemiagaan pemberian pinjaman sewa beli dalaman secara agresif pada tahun ini untuk meningkatkan pulangan daripada sumber kewangan. Nilai pinjaman sewa beli yang belum dijelaskan meningkat sebanyak 42% kepada RM266 juta pada akhir tahun 2002 berbanding RM188 juta pada akhir tahun 2001 selaras dengan kenaikan penjualan kenderaan bermotor baru. Kadar faedah pinjaman sewa beli menurun lagi pada tahun ini disebabkan tekanan persaingan meruncingkan kadar keuntungan pemberian pinjaman.*

*Dalam mencatat pertumbuhan pinjaman lebih tinggi bagi tahun ini, Kumpulan terus memberi tumpuan kepada pengurusan risiko kredit dan mengambil beberapa langkah untuk memastikan tiada kemerosotan kualiti aset. Bagi tahun 2002, pinjaman tak berbayar kekal di bawah paras 1%.*

#### Dividen

Dividen berikut dibayar pada tahun ini:

- (i) Dividen akhir sebanyak 8% ditolak 28% cukai pendapatan, sejumlah RM19.35 juta pada 28 Jun 2002.
- (ii) Dividen interim sebanyak 4% bebas cukai sejumlah RM13.44 juta pada 18 September 2002 (2001 - 6% ditolak cukai).



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The recent actions taken to boost stock market confidence and the economic stimulus packages planned for the immediate term may help to ensure that the Malaysian economy achieve the targeted growth rate.

In announcing the Budget for 2003, the government has indicated that it will continue to maintain its accommodative monetary policy to further strengthen domestic economic activities. Interest rates can therefore be expected to stay low in 2003.

The Ministry of International Trade and Industry announced in mid-December 2002 the outlines of the strategies intended to enhance the competitiveness of local automotive industry in the face of AFTA. The intensity of the competition from foreign motor vehicles assembled in ASEAN countries will depend on the duty structure imposed on vehicles imported from ASEAN, the details of which are still not available. Pending further details, the consuming public may also hold back their purchasing decision in the short term. The market is therefore expected to face more uncertainties until such time the issues are clarified. In general, distributors of non-national cars are expected to benefit from the possible narrowing of price gap between the national and non-national car.

Over the last 2 years, the automotive industry saw changes in the ownership structure of several automotive distributors with the greater participation of their principals. Such changes are expected to bring forth greater focus on market shares and resulting in more intense competition. We anticipate that the key players will continue to offer the stimulus to the purchasing public to influence their purchasing decisions in 2003.

*Lembaga Pengarah telah mengesyorkan pembayaran dividen akhir sebanyak 9% ditolak 28% cukai pendapatan sejumlah RM21.7 juta untuk kelulusan para pemegang saham di Mesyuarat Agung Tahunan akan datang.*

### **Prospek Tahun Semasa**

*Asas ekonomi Malaysia kekal kukuh pada tahun 2002 dengan kadar pertumbuhan Keluaran Dalam Negara Kasar (KDNK) sebanyak 4% meskipun dalam keadaan ekonomi dunia yang tidak menentu dan kejutan-kejutan luaran. Menurut Belanjawan Malaysia yang diumumkan tahun lalu, KDNK dianggarkan tumbuh pada kadar antara 6% hingga 6.5% pada tahun 2003 dengan dorongan yang datangnya daripada aktiviti ekonomi domestik. Langkah-langkah yang diambil baru-baru ini bagi menggalakkan keyakinan pasaran saham, dan pakej rangsangan ekonomi yang dirangkaikan bagi tempoh terdekat ini boleh membantu memastikan ekonomi Malaysia mencapai kadar pertumbuhan yang disasarkan.*

*Semasa mengumumkan Belanjawan tahun 2003, kerajaan menyatakan bahawa ia akan terus mengekalkan dasar monetari akomodatif bagi mengukuhkan lagi aktiviti ekonomi domestik. Oleh itu, kadar faedah dijangka akan kekal rendah pada tahun 2003.*

*Pada pertengahan Disember 2002, Kementerian Perdagangan Antarabangsa dan Industri mengumumkan rangka strategi bertujuan meningkatkan daya persaingan industri automotif tempatan bagi menghadapi AFTA. Tahap persaingan daripada kenderaan bermotor luar negeri yang dipasang di negara-negara ASEAN bergantung kepada struktur duti bagi kenderaan yang diimport dari negara-negara ASEAN yang mana butir-butirnya belum lagi diumumkan. Sementara menunggu maklumat lanjut, para pengguna*



**REPORT OF THE BOARD OF DIRECTORS***LAPORAN LEMBAGA PENGARAH*

Overall, the prospects for the automotive business for 2003 are expected to remain bright. The introduction of X-Trail will further broaden our product range and is expected to have a positive impact on our sales volume.

Demand for the medium duty and heavy commercial vehicles on the other hand are likely to see moderate growth during 2003. Our sales of Nissan Diesel trucks are expected to grow in tandem with the market.

Barring any significant unforeseen circumstances, the Group's results for 2003 are 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 Kenji Naito for his contributions and counsel during his tenure as a director of the Company.

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 continuing support.

**Ahmad Abdullah**  
Vice-Chairman

Kuala Lumpur  
18 March 2003

*mungkin melengahkan keputusan untuk membeli dalam tempoh terdekat ini. Pasaran ini dijangka akan menghadapi lebih banyak ketidakpastian sehingga isu tersebut diperjelaskan. Secara amnya, pengedar kereta bukan nasional dijangka mendapat faedah daripada kemungkinan rapatnya jurang antara harga kereta nasional dan bukan nasional.*

*Sepanjang dua tahun lepas, industri automotif menyaksikan perubahan pada struktur pemilik beberapa pengedar automotif dengan penyertaan lebih besar daripada prinsipal jenama masing-masing. Perubahan sebegini dijangka akan menimbulkan penumpuan kepada bahagian pasaran, mengakibatkan persaingan yang lebih sengit. Kami percaya, pemain-pemain utama akan terus menawarkan rangsangan kepada pembeli bagi mempengaruhi keputusan belian mereka pada tahun 2003.*

*Secara amnya, prospek perniagaan automotif bagi tahun 2003 dijangka akan kekal cerah. Pengenalan X-Trail akan meluaskan lagi kepelbagaian barangan kami dan ini akan memberi kesan positif kepada jumlah jualan kami.*

*Sebaliknya, permintaan bagi kenderaan bermuatan sederhana dan perdagangan berat mungkin tumbuh secara sederhana pada tahun 2003. Penjualan trak Nissan Diesel dijangka akan tumbuh seiring dengan pasaran.*

*Sekiranya tiada sebarang perkara ketara di luar jangkaan berlaku, keputusan Kumpulan bagi tahun 2003 dijangka akan kekal memuaskan.*

**Penghargaan**

*Saya bagi pihak Lembaga Pengarah ingin merakamkan ucapan penghargaan kami kepada pengurusan dan kakitangan atas dedikasi dan sumbangan mereka yang berkekalan. Saya juga ingin mengambil kesempatan ini untuk mengucapkan terima kasih kepada Encik Kenji Naito atas sumbangan dan nasihat beliau semasa menjadi pengarah Syarikat.*

*Sebagai penutup, saya juga ingin mengucapkan terima kasih kepada semua pelanggan yang dihargai, pembekal, bank dan sekutu perniagaan yang lain serta para pemegang saham kami atas sokongan berterusan mereka.*

**Ahmad Abdullah**  
Naib Pengerusi

Kuala Lumpur  
18 Mac 2003



## Profile of the Board of Directors

### Ahmad bin Abdullah

Encik Ahmad, 68, 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. He 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 eleven of the thirteen board meetings held in 2002. He has had no convictions for any offences within the past 10 years.

### Tan Eng Soon

Mr Tan, 54, a Singaporean and a Malaysian Permanent Resident, was appointed to the Board as the Group Managing Director since 1 February 1989. Mr Tan has a degree in Civil Engineering from the University of New South Wales, Australia and has been involved in the Tan Chong Group's operations since 1971. Mr Tan is a director of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad. He is the brother of Dato' Tan Heng Chew and a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Mr Tan 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 ten of the thirteen board meetings held in 2002. He has had no convictions for any offences within the past 10 years.

### Dato' Tan Heng Chew DJMK, JP

Dato' Tan, 56, a Malaysian, was appointed to the Board on 19 October 1985 and is the Executive Deputy Chairman since 1 January 1999. Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong group of companies in 1970 and was instrumental in the establishment of the Autoparts Division in the 1970s and early 1980s. Dato' Tan is the Chairman of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad. He is the brother of Mr Tan Eng Soon and a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan 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 eleven of the thirteen board meetings held in 2002. He has had no convictions for any offences within the past 10 years.

### Azman bin Badrillah

Encik Azman, 55, 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 restructuring, 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 ten of the thirteen board meetings held in 2002. He has had no convictions for any offences within the past 10 years.

## PROFILE OF THE BOARD OF DIRECTORS

### Geh Cheng Hooi

Mr Geh, 68, 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, LPI Capital Bhd, PLUS Expressway Berhad and Malayan Flour Mills Bhd. He also sits on the boards of The Bank of Nova Scotia Bhd, Lonpac Insurance 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 seven of the thirteen board meetings held in 2002. He has had no convictions for any offences within the past 10 years.

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

Dato' Ng, 58, 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. He 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 eleven of the thirteen board meetings held in 2002. He has had no convictions for any offences within the past 10 years.

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

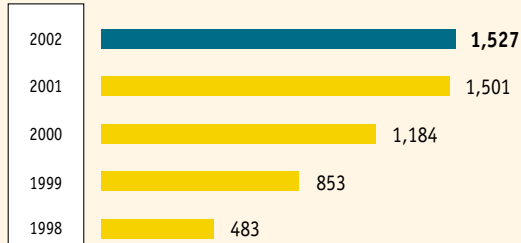
Dato' Haji Kamaruddin, 64, a Malaysian, was appointed to the Board on 23 November 2001. He is an Independent Non-Executive Director and a member of the Audit Committee. Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 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 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 twelve of the thirteen board meetings held in 2002. He has had no convictions for any offences within the past 10 years.

### Seow Thiam Fatt

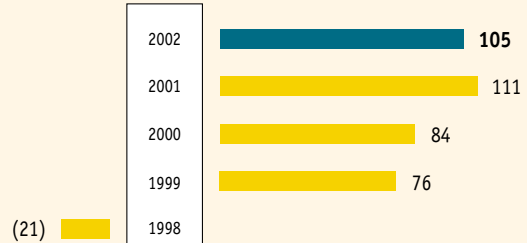
Mr Seow, 62, a Malaysian, is an Independent Non-Executive Director. He was appointed to the Board on 3 July 2002 and is a member of the Audit Committee. Mr Seow, a Chartered Accountant, is a member of Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, a CPA (Australia), a Fellow of Institute of Chartered Accountants, Australia and an Associate of Institute of Chartered Secretaries and Administrators. He was General Manager of the Financial Reporting Surveillance and Compliance Department in the Securities Commission from June 2000 to May 2002. He also served 4 years as a government appointed independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE). Mr Seow's professional career included a period as the Managing Partner of Larry Seow & Co/Moores & Roland and a Partner of Arthur Young (now Ernst & Young). He was also previously the Finance Director of Survey Research Malaysia Sdn Bhd (now AC Nielsen (Malaysia) Sdn Bhd) and a past President of the Malaysian Institute of Certified Public Accountants. Mr Seow is also an Independent Non-Executive Director of Warisan TC Holdings Berhad. He 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 Seow attended all of the six board meetings held after his appointment. He has had no convictions for any offences within the past 10 years.

# Financial Charts

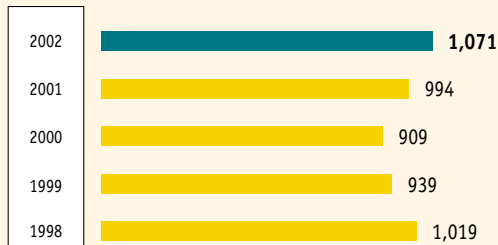
**Revenue** (RM Million)



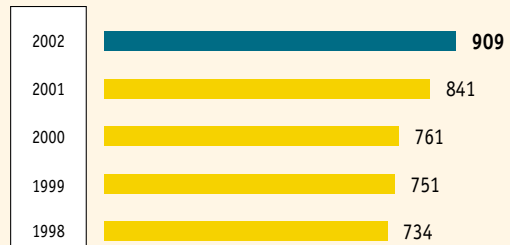
**Profit After Tax** (excluding exceptional items) (RM Million)



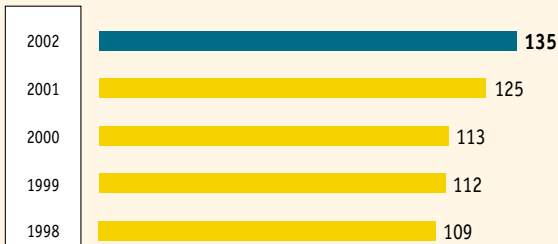
**Total Assets** (RM Million)



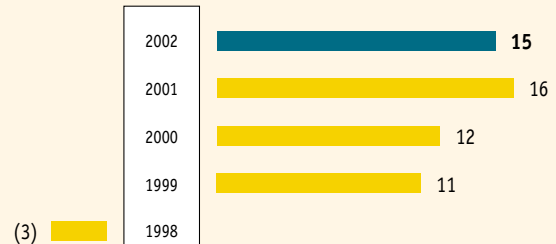
**Capital & Reserves** (RM Million)



**Net Tangible Assets Per Share** (Par Value RM0.50 per share) (Sen)



**Earnings Per Share** (excluding exceptional items Par Value RM0.50 per share) (Sen)



**Distributions Per Share** (Sen)

