



TAN CHONG MOTOR HOLDINGS BERHAD

(12969-P)

A N N U A L R E P O R T 2 0 0 8



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TAN CHONG MOTOR HOLDINGS BERHAD
(12969-P)

Thirty-Seventh Annual General Meeting of
TAN CHONG MOTOR HOLDINGS BERHAD
will be held at 3rd Floor, 21 Jalan Ipoh Kecil,
50350 Kuala Lumpur, Malaysia on Wednesday,
20 May 2009 at 3:00 p.m.



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Corporate Information

DIRECTORS

Dato' Tan Heng Chew
Executive Deputy Chairman

Tan Eng Soon
Group Managing Director

Azman bin Badrillah
Non-Independent Non-Executive Director

Dato' Ng Mann Cheong
Independent Non-Executive Director

Dato' Haji Kamaruddin @
Abas bin Nordin
Independent Non-Executive Director

Seow Thiam Fatt
Independent Non-Executive Director

AUDIT COMMITTEE

Seow Thiam Fatt (Chairman)
Dato' Ng Mann Cheong
Dato' Haji Kamaruddin @
Abas bin Nordin

COMPANY SECRETARY

Yap Bee Lee

REGISTERED ADDRESS

62-68 Jalan Ipoh
51200 Kuala Lumpur
Telephone : (03) 4047 8888
Facsimile : (03) 4047 8636
E-mail : tcmh@tanchong.com.my

REGISTRARS

Tenaga Koperat Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur

Telephone : (03) 2264 3883
Facsimile : (03) 2282 1886

AUDITORS

KPMG

LISTING

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

Business Divisions



1

ASSEMBLY

Motor Vehicles

3

AFTER-SALES SERVICES

Spare Parts
Workshop

5

PROPERTY

Management and Investment

SALES AND DISTRIBUTION

Passenger Cars
Light Commercial Vehicles
Trucks
Buses

FINANCIAL PRODUCTS AND SERVICES

Hire Purchase
Leasing
Insurance Agency
Money Lending

2

4





Report of the Board of Directors



To the Shareholders of Tan Chong Motor Holdings Berhad:

The 12 months ended 31 December 2008 was a record year and the Board of Directors has recommended maintaining a final dividend of 10% less 25% tax.

Brand businesses

There are three major operating businesses of Tan Chong Motor - passenger cars, heavy & light commercial vehicles and after-sales service & parts. Each of these businesses has different balance sheet and income account characteristics. But they are all tied to foreign exchange rates, total industry volume and product-mix.

NISSAN-Renault

In Malaysia 90.8% of total industry volumes (TIV) are passenger cars. The combined market share of NISSAN-Renault has improved from a low of 3.5% in 2007 to 5.3% in 2008. This year we face three challenges at the same time: the global credit crisis, the economic recession and the weaker Ringgit against the USD and JPY.

In view of a deteriorating environment, we have cutback on CKD (completely-knocked-down) orders since September 2008. Production at Serendah plant has been kept at a minimum so that the utilization rates can remain low but steady over a long period, in anticipation of weak

demand. A small bounce in sales combined with a sharp fall in inventories (reflecting the cutbacks) should see an improvement in working capital, which will further lower our cost of capital. The management has also exercised restraint in capital expenditure to preserve free cash flow. Specific capital investments will be reviewed until there is better visibility regarding the duration of the economic crisis.

Inventory reduction and capital expenditure suspension are mitigating factors in a crisis of global proportions. We may end up with a smaller market in a smaller economy. Demand may take awhile to return to over 0.5 million vehicles per annum. The product-mix could change. We are currently under-represented in over 60% of the market and by 2011/2012 we need to be ready to match the coming structural changes.

We are bringing in a wider range of vehicles - starting with the importation of CBUs (completely built up stocks) on a sustainable basis. The NISSAN Navara is fully imported from Nissan Motor (Thailand) Co Ltd which was launched in Malaysia on 5 November 2008.

Report of the Board of Directors



Our volumes are correlated to new model launches. New models bring traffic to our showrooms so that we can cross-sell across product lines: new and old models, light and heavy trucks, slow and fast moving stocks. For 2009, we will bring in 2 to 3 new NISSAN models to have a wider footprint in Malaysia.

In October 2008, TC Euro Cars Sdn Bhd (the franchise holder for Renault vehicles) introduced five new cars simultaneously - The Grand Espace, Megane Coupe Cabriolet, Clio, Clio RS and Megane Renaultsport 230 F1 Team. TC Euro Cars Sdn Bhd continues to be active in the CKD scene but is dedicated to grow the CBU business. The offering of such unique models will continue to satisfy the initiated and discerning motorists.



For 2009 we are maintaining our market share commitment to NISSAN. It will be a challenging time but we are constantly adding value to our products. Tan Chong Motor has collaborated with Japan-based Hoshino Impul Co Ltd to offer automotive upgraded performance parts to the CKD model line-up. The Nissan Latio Tuned by Impul was launched in April 2008 followed by the Nissan Grand Livina Tuned by Impul in January 2009. More CKD models will soon be enhanced.



Report of the Board of Directors

There is a risk that our volumes may decelerate further in Q2 and Q3 2009. Our best seller, the Grand Livina may face serious price competition from April onwards. We sold 12,006 units of this model for the year ended 31 December 2008. We may sell less in 2009. But we will have the first mover advantage of a proven product in a time of uncertainty.

UD

Faced with rising credit costs and declining demand, businesses across sectors have deferred capital equipment purchases and are conserving cash for working capital throughout 2009. This force is visible in our order books (chassis assembly and truck/bus body building) for deliveries up to six months.

Our UD brand remains strong in Heavy Commercial Vehicles (HCV) segment with 27.0% market share (source: MAA). The introduction of UD 6x4 CWM272 for dump and mixer trucks was well received by the construction sector.

In the case of Light Commercial Vehicles (LCV) of 5 to 8.5 tons categories, our market share fell to 12.3% from 13.5% previously due to aggressive advertising and pricing campaign by our competitors. We also saw weakness in the market for buses as volumes fell 12.9%

to 1,112 units in 2008 from 1,277 units previously. This was largely attributed to the high operating cost faced by bus operators and the difficulty in obtaining funding. Our 24-hour after-sales service and service network throughout the country has made UD bus a partner of choice for tour and express bus operators.

After-sales service & parts

Brand equity value is in after-sales because you only know if you made the right investment in our cars and trucks after you have purchased it. In 2008 J.D Power ranked us No.3 in CSI (Customer Satisfaction Index); Moody International certified our workshops ISO9001:2000.

Much of our 2009 capital commitments is renovating and refurbishing existing workshops and adding new workshops, mechanics and technicians to cater for higher throughput traffic as customers change cars less frequently. We will offer cost effective solutions, affordable parts and value for money. At our spare parts center, we have been continuously upgrading the ERP (Enterprise Resource Planning) system to integrate the nation-wide value add chain from ordering to warehousing, inventory control, sales and accounting. We are improving our parts fulfillment rate for customers and also our product line (eg. new tyres, spares, lubrication). We added Delphi products over a year ago and we have had a good response from stockists. This market is growing.



Report of the Board of Directors



We pay special attention to customer relationship management in Tan Chong Motor. In Petaling Jaya and Klang we cut normal waiting time by 50%. Express Service will be extended to major workshops in phases.

As a service to the community and for in-house recruitment, we provide automotive engineering education services under the Government approved MLVK (Majlis Latihan Vokasional Kebangsaan) vocational level up to external City & Guild Diploma level.

Human capital

We find it meaningful when employees can unlock their full potential. So we provide new opportunities, retraining, and counseling to foster the conditions for this to happen.

Corporate governance

Our Group remains firmly committed to high standards of corporate governance and will continue to promote a strong compliance culture, by upholding the principles of transparency, accountability and independence.

Conclusion

Our earnings are likely to decline this year from that of 2008. When we started, some of our businesses were loss making for several years. What matters most are profitability and the overall long-term growth. Time is the real test of sustainable earnings potential and dividend payment ability.

Tan Chong Group turned 50 in 2009. We ended the half-century mark on record results. We owe our gratitude to our existing and future customers, principals, bankers, suppliers, business associates and also the Board, the management committees and the employees who have added to the legacy of Tan Chong and everything we stand for.

Dato' Tan Heng Chew

Executive Deputy Chairman

10 April 2009



SYLPHY



8 Years Financial Highlights

	2008 RM'000	2007 RM'000	2006 RM'000	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
RESULTS								
Revenue	3,195,826	1,863,177	2,109,039	2,949,253	2,385,217	1,677,517	1,526,933	1,500,585
Profit before taxation	307,210	123,074	85,956	183,356	181,874	149,998	149,074	152,353
Taxation	(61,489)	(22,934)	(24,871)	(49,788)	(52,080)	(41,928)	(45,118)	(41,383)
Profit for the financial year	245,721	100,140	61,085	133,568	129,794	108,070	103,956	110,970
Attributable to:								
Equity holders of the Company	245,802	99,568	59,968	130,926	126,820	106,025	101,841	108,759
Minority interest	(81)	572	1,117	2,642	2,974	2,045	2,115	2,211
BALANCE SHEET								
Assets								
Property, plant and equipment	520,994	508,951	375,962	326,236	277,866	214,464	203,786	211,056
Prepaid lease payments	71,843	72,855	73,570	-	-	-	-	-
Investment properties	10,692	10,803	10,913	-	-	-	-	-
Associates	18,212	17,824	17,100	15,853	7,809	2,609	2,274	2,021
Other investments	5,806	5,806	5,806	5,806	1,806	1,806	1,806	1,807
Hire purchase receivables	165,331	116,686	157,281	195,183	289,797	229,747	192,509	135,241
Deferred tax assets	4,501	5,385	9,042	9,110	10,950	12,029	10,828	-
Other assets	3,633	5,405	5,684	4,727	5,909	4,584	-	-
Total non-current assets	801,012	743,715	655,358	556,915	594,137	465,239	411,203	350,125
Current assets	1,450,408	1,201,205	1,275,258	1,607,888	1,271,220	862,309	670,215	643,393
Total Assets	2,251,420	1,944,920	1,930,616	2,164,803	1,865,357	1,327,548	1,081,418	993,518
Equity								
Share capital	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000
Reserves	1,098,485	902,160	831,460	812,325	722,267	636,315	565,397	505,034
Treasury shares	(13,024)	(5,561)	(4,090)	(2,133)	(2,133)	(2,133)	(1,842)	-
Shareholders' equity	1,421,461	1,232,599	1,163,370	1,146,192	1,056,134	970,182	899,555	841,034
Minority interest	3,557	3,743	18,995	18,567	16,681	14,558	13,113	11,126
Total equity	1,425,018	1,236,342	1,182,365	1,164,759	1,072,815	984,740	912,668	852,160
Non-current liabilities	226,290	328,730	377,001	335,190	336,624	102,075	28,271	7,960
Current liabilities	600,112	379,848	371,250	664,854	455,918	240,733	140,479	133,398
Total Equity and Liabilities	2,251,420	1,944,920	1,930,616	2,164,803	1,865,357	1,327,548	1,081,418	993,518
FINANCIAL STATISTICS								
Basic earnings per share (sen)	36.90	14.91	8.96	19.54	18.93	15.80	15.20	16.20
Gross dividend per share (sen)	10.00	7.50	5.00	7.50	7.50	7.00	6.50	7.00
Net assets per share (sen)	2.15	1.85	1.74	1.70	1.57	1.44	1.34	1.25
Return on invested capital	17.44%	7.71%	5.23%	11.92%	12.24%	12.80%	13.55%	14.72%
Return on shareholders equity	18.52%	8.31%	5.19%	11.89%	12.52%	11.34%	11.70%	13.58%
Net debt/Equity	17.83%	12.29%	20.83%	41.57%	22.17%	-0.15%	-17.58%	-22.27%

Profile of the Board of Directors

Dato' Tan Heng Chew JP, DJMK

Dato' Tan Heng Chew, 62, a Malaysian, was appointed to the Board on 19 October 1985 and is the Executive Deputy Chairman since 1 January 1999.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Group of companies in 1970 and was instrumental in the establishment of the Autoparts Division in the 1970s and early 1980s.

Dato' Tan is the Chairman of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad. He is the brother of Mr. Tan Eng Soon and a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Tan Eng Soon

Tan Eng Soon, 60, a Singaporean and a Malaysian Permanent Resident, was appointed to the Board as the Group Managing Director since 1 February 1989.

Mr. Tan has a degree in Civil Engineering from the University of New South Wales, Australia and has been involved in the Tan Chong Group's operations since 1971.

Mr. Tan is a director of APM Automotive Holdings Berhad and Chairman of Tan Chong International Limited. He is the brother of Dato' Tan Heng Chew and a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Mr. Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Azman bin Badrillah

Azman bin Badrillah, 61, a Malaysian, was appointed to the Board on 4 April 1994. He is a Non-Independent Non-Executive Director.

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

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

Profile of the Board of Directors

Dato' Ng Mann Cheong

DSSA, SMP, JP

Dato' Ng Mann Cheong, 64, a Malaysian, was appointed to the Board on 31 July 1998 as an Independent Non-Executive Director and is a member of the Audit Committee.

Dato' Ng is a Barrister at law (Middle Temple), Advocate and Solicitor, High Court of Malaya and has been admitted to practice in the jurisdictions of Singapore, Victoria and Western Australia. He has been in legal practice for the past 40 years and is a Senior Partner of Syed Alwi, Ng & Co.

Dato' Ng also sits on the boards of AmTrustee Berhad and AmMortgage One Berhad.

Dato' Haji Kamaruddin

@ Abas bin Nordin

DSSA, KMN

Dato' Haji Kamaruddin @ Abas bin Nordin, 70, a Malaysian, was appointed to the Board on 23 November 2001. He is an Independent Non-Executive Director and a member of the Audit Committee.

Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 1966. He joined the civil service upon his graduation and served the Government until he retired in 1993. During his tenure with the civil service he held various senior positions, among them as Director, Industries Divisions in the MITI, Deputy Secretary General, Ministry of Works and Director-General of the Registration Department, Ministry of Home Affairs.

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

Seow Thiam Fatt

Seow Thiam Fatt, 68, a Malaysian, was appointed to the Board on 3 July 2002. He is an Independent Non-Executive Director and the Chairman of the Audit Committee.

Mr. Seow is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and past Fellow of the Institute of Chartered Accountants in Australia. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA). He is a past President of MICPA and also served four years as a government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE). He has more than 20 years' professional experience as a former Partner in the accounting firms of Larry Seow & Co, Moores & Rowland and Arthur Young. He diverted from professional practice in 1994 and thereafter held senior positions in several public companies and the Securities Commission of Malaysia.

Mr. Seow is also an Independent Non-Executive Director of Warisan TC Holdings Berhad, Affin Investment Bank Berhad, ING Funds Berhad and Malaysia Pacific Corporation Berhad.

Except for Dato' Tan Heng Chew and Mr. Tan Eng Soon who are brothers, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company.

None of the directors have any conflict of interest in any business arrangement involving the Company, nor have convictions for any offences within the past 10 years.

A summary of the attendance of the Directors at board meetings held in 2008 is set out on page 15.

Corporate Social Responsibility Report

Tan Chong Group appreciates the support given to the Group for more than 50 years and as such, is committed to assist the communities, non-governmental organisations (NGO) and individual or groups for their noble causes. The Group is also committed in managing its business operations with strict policies and taking continuous improvement steps in order to safeguard the environment and also the welfare of employees.

Community

The Group has embarked on several programmes throughout Malaysia by supporting activities undertaken by various educational institutions and welfare organisations that will in turn benefit the public at large.

Realising the importance of nurturing the younger generation, the Group has extended assistance to schools to fund their various activities to expand the children's creativity and entrepreneurship. We also donated two used diesel engines for a technical-based community college to facilitate the study of the students who are mainly from poor families.

The Group believes that learning is a lifelong process, therefore has answered a plea by a community-based learning centre in Malacca by donating 25 re-conditioned personal computers with basic licensed softwares which will help the participants who are mainly retirees and senior citizens, to tap the wealth of knowledge through the information technology. The Group also donated a van to a society of disabled in Selangor and another to the Civil Defence Department for them to carry out their daily activities and operations.

Natural disasters in Myanmar and China and the plight of the victims caught the Group's attention. Humanitarian contributions to the victims of the tragedies were made through Malaysian NGOs that participated in the rescue and rehabilitation works at those countries.

Environment

Working in conjunction with Nissan Motor Company Limited Japan, both of the Group's assembly plants in Segambut and Serendah have placed programmes and targets to reduce the CO₂ emissions, energy consumption and the amount of waste/chemicals generated. The plants have installed devices to improve the efficiency of our equipment by optimizing energy consumption and reduce CO₂ emissions.

With the installation of the Electro Static Spray System at its paintshop, the plant managed to reduce an average of 30% less paint waste. We recycle about 90% of our waste generated. As a contribution to reduce global warming and at the same time to add a pleasant working environment, we have also planted trees in both our plants.



Van donation to a society of disabled



Signing of MOU with JKR to support JKR's road safety campaigns



Van donation to the Civil Defence Department

Statement on Corporate Governance

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

The Board of Directors wishes to report on the manner the Group has applied the principles and the extent of compliance with the best practices set out in the Malaysian Code on Corporate Governance (“Code”).

A. DIRECTORS

(i) The Board

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

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

There were six (6) Board meetings held during the financial year 2008 and the attendance of the Directors at these meetings was as follows:

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

(ii) Board Composition

The Board currently has six (6) members, comprising the Executive Deputy Chairman, the Group Managing Director and four (4) other Non-Executive Directors, three (3) of whom are independent directors. During the financial year, the composition of the Board had complied with the requirement that one-third of the Directors must be independent.

Together, the Directors have wide ranging experience essential for the successful direction of the Group. The profiles of the Board members are set out on pages 12 and 13.

(iii) Supply of Information

Board members are provided with an agenda and summary board papers in advance of each scheduled Board and Committee meeting. For Board meetings these documents may include a report on current trading and business issues, a period financial report and proposal papers from the management.

There is an agreed procedure for Directors to seek independent professional advice at the Company’s expense. Directors also have direct access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed.

Statement on Corporate Governance

(iv) Appointment to the Board

The Board is of the view that proposals for new appointments and the assessment of the contributions of Directors would be more effective, if performed by the Board as a whole by drawing on the wealth of experience of all Directors. Hence, a nomination committee is currently not required.

(v) Re-election

The Company's Articles of Association provide that at every annual general meeting of the Company, one-third of the Directors shall retire from office and that all Directors shall retire from office once at least in each three years, but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their last election.

Non-Executive Directors are not appointed for a specific term and are subject to re-election by shareholders at the next annual general meeting following their appointment, or to re-election in accordance with the Company's Articles of Association.

Directors who are due for re-election at the forthcoming Thirty-Seventh Annual General Meeting are Encik Azman bin Badrillah and Mr Seow Thiam Fatt. The profiles of these Directors are set out on pages 12 and 13 . All Directors held office throughout the year.

(vi) Directors' Training

In keeping themselves abreast with the constant changes in regulations requirements and development in the business environment, the Directors had attended, in accordance to the needs of the respective Directors, some of the seminars and conferences organized by the relevant regulatory authorities and professional bodies in 2008.

B. DIRECTORS' REMUNERATION

The Board is of the view that remuneration guidelines for Directors, formulated by drawing upon the wealth of experience of all the Directors on the Board, would be more effective, and therefore, a remuneration committee is currently not required. Consequently, this role is performed by the Board as a whole when necessary and as appropriate.

In essence, the key principles and procedures in remunerating executive employees below board level are also applicable to Executive Directors. The remuneration policy of the Group seeks to attract and retain as well as to motivate employees of all levels to contribute positively to the Group's performance.

The guidelines on bonuses in respect of 2008 and annual increment for 2009 in respect of executive employees of the Group were recommended for Board's approval by committees whose members included senior heads of operations below the Board level. The quantum of the annual performance bonus was dependent on the operating results of the Group after taking into account the prevailing business conditions. The same guidelines were also applied to the Executive Directors.

The remuneration of each of the Non-Executive Directors is determined by the Board as a whole within the limits fixed by the shareholders of the Company at an amount not exceeding, in aggregate, RM300,000. The Non-Executive Directors do not participate in discussions on their remuneration.

Statement on Corporate Governance

Directors' remuneration during the year in aggregate, with categorization into appropriate components, distinguishing between Executive and Non-Executive Directors, are as follows:

	Fees (RM)	Salaries and Allowance (RM)	Bonus (RM)	Benefits-in- kind (RM)
Executive Directors	-	5,067,986	2,842,717	39,179
Non-Executive Directors	258,000	31,400	-	28,600

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

Range of Remuneration	Executive	Non-Executive
Below RM50,000	-	1
RM100,001 to RM150,000	-	3
RM3,000,001 to RM3,050,000	1	-
RM4,900,001 to RM4,950,000	1	-

C. RELATIONS WITH SHAREHOLDERS

(i) Dialogue between the Company and Investors

The Company holds group and individual meetings with institutional shareholders and investment communities, at their request, with the view to foster greater understanding of the business of the Group. During the year, the Company held several meetings of such nature.

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

(ii) Annual General Meeting

The Thirty-Sixth Annual General Meeting ("AGM") of the Company was held on Thursday, 22 May 2008 at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur. The Notice of Meeting was attached to the Annual Report distributed to shareholders. The AGM in 2008 was attended by shareholders comprising registered individuals, proxies and corporate representatives, whose total shareholdings represented 55% of the issued share capital.

There was a forum for the shareholders to raise questions or issues at the AGM regarding the Group's performance in 2007, which the Directors appropriately addressed.

Statement on Corporate Governance

D. ACCOUNTABILITY AND AUDIT

(i) Financial Reporting

The Board has presented a balanced and understandable assessment of the Company's position and prospects in the various financial reports to the shareholders.

The quarterly announcements of results of the Group and year end audited financial statements are reviewed by the Audit Committee before Board's approval and release to Bursa Malaysia and shareholders.

(ii) Internal Control

The Statement on Internal Control furnished on page 19 provides an overview of the state of internal controls within the Group.

(iii) Audit Committee and Auditors

The Board of Directors has established an Audit Committee. The membership of this Committee, a summary of the terms of reference and the activity report of the Audit Committee are set out on pages 21 to 23.

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES IN CORPORATE GOVERNANCE

The Directors consider that during 2008, the Company had complied substantially with the Best Practices in Corporate Governance set out under Part 2 of the Code, except for the formation of the nomination and remuneration committees as explained in the report, on the application of the principles and best practices in corporate governance.

Statement on Internal Control

The Board of Directors confirms the requirements of the Malaysian Code on Corporate Governance by maintaining a sound system of internal controls to safeguard the Group's assets and shareholders' investments. The Board is pleased to outline the nature and scope of internal control of the Group during the financial year.

Board Responsibility

The Directors are responsible for the Group's system of internal control that covers all aspects of its business. While acknowledging their responsibility for the system of internal control, the Directors are aware that such a system cannot totally eliminate risks and thus there can never be an absolute assurance against the Group failing to achieve its objectives or making material losses.

Risk Management and Control Structure

Risk management and internal controls are regarded as an integral part of the overall management processes. The following represents some of the key elements of the risk management and control structure:

- (i) Review and approval of annual business plan and budget of all major business units by the Board. These plans set out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- (ii) Quarterly review of the performance of the Group's business by the Board which also assesses the impact of the changes in business and competitive environment;
- (iii) Active participation by certain members of the Board in the day-to-day running of the major businesses and regular dialogues with the senior management of smaller business units; and
- (iv) Monthly financial reporting by the subsidiaries to the holding company.

The above processes serve to ensure that there is a platform for the timely identification, evaluation and management of significant risks affecting the businesses.

The internal controls of the Group are further supported by an established organization structure and limits of authority for various management committees. Support functions like Branch Operation Control, centralized Treasury, Group Secretarial, Finance and Administration as well as Insurance also play a part in the overall control and risk management processes of the Group.

Various management committees have been established to manage and control its businesses. Matters beyond the limits of authority are referred to the main Board for approval.

Internal and Management Audit Function

The Group has in place an internal audit department, which provides the Board, through the Audit Committee, with further assurance in regard to the adequacy and integrity of the system of internal control from an independent perspective.

The internal audit function adopts a risk-based approach and prepares its audit strategies and plans based on the risk profiles of the major business units of the Group. Detailed internal audit plans are tabled annually and approved by the Audit Committee before implementation. Apart from field audits conducted by the internal auditors, key business units are also required to complete the internal control checklist which help to ascertain the state of compliance with internal control procedures from time to time. The costs incurred for the internal audit function in respect of the financial year 2008 totaled RM733,167.

Weaknesses in Internal Controls that Result in Material Losses

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

Other Statements and Disclosures

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 (the "Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2008, the Directors have:

- (i) adopted the appropriate accounting policies, which are consistently applied;
- (ii) made judgments and estimates that are reasonable and prudent; and
- (iii) ensured that applicable approved accounting standards in Malaysia and provisions of the Act are complied with.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud as well as other irregularities.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

REVALUATION POLICY

The revaluation policy on landed properties is set out under Notes 2(d), 2(e) and 2(h) of the Notes to the financial statements on pages 44 to 47 of the Annual Report.

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2008 by KPMG, auditors for Tan Chong Motor Holdings Berhad, was RM10,000.

SHARE BUY-BACKS

Details of the shares bought back during the financial year ended 31 December 2008 and currently held as treasury shares are as follows:

Year 2008	No. of shares bought back and held as treasury shares	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total Consideration Paid* (RM)
June	1,000	1.970	1.970	2.013	2,012.60
July	158,900	1.700	1.660	1.693	269,024.49
September	445,000	1.630	1.510	1.572	699,622.81
October	2,298,000	1.570	1.170	1.300	2,987,477.18
November	2,965,700	1.240	1.050	1.146	3,399,102.94
December	92,200	1.140	1.140	1.143	105,350.65
Total	5,960,800				7,462,590.67

* Including transaction cost.

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

Audit Committee Report

The Board of Directors of Tan Chong Motor Holdings Berhad is pleased to present the report of the Audit Committee of the Board for the financial year ended 31 December 2008.

The Audit Committee was established by a resolution of the Board on 1 August 1994. The present terms of reference of the Committee were adopted by the Board of Directors on 26 February 2008.

COMPOSITION AND MEETINGS

The composition of the Audit Committee and the attendance of its members at the seven (7) meetings held during the financial year were as follows:

Name	Designation	Attendance
Seow Thiam Fatt (Chairman)	Independent Non-Executive Director	7/7
Dato' Ng Mann Cheong	Independent Non-Executive Director	7/7
Dato' Haji Kamaruddin @ Abas bin Nordin	Independent Non-Executive Director	7/7

TERMS OF REFERENCE

Membership

The Audit Committee shall be appointed by the Board from amongst the Directors and shall comprise no fewer than three members all of whom must be non-executive directors with a majority of them being independent directors.

The Audit Committee shall include at least one Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least 3 years working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule. No alternate director shall be appointed a member of the Audit Committee. The members of the Audit Committee shall elect a chairman from amongst their number who shall be an independent director.

In the event of any vacancy in the Audit Committee which results in a breach in the Listing Requirements of Bursa Malaysia Securities Berhad, the vacancy must be filled within three months. The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three years.

Authority

The Audit Committee is authorized by the Board, and at the cost of the Company, to:

1. investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company or the Group;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
5. be able to obtain independent professional or other advice; and
6. convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer.

Audit Committee Report

Functions

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

1. review the following and report the same to the Board:
 - (a) the audit plan, the evaluation of the system of internal control and the audit report with the external auditors; the assistance given by the employees of the Company/Group to the external auditors;
 - (b) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (c) the internal audit program, processes, the results of the internal audit program, processes or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
 - (d) the quarterly results and year end financial statements, prior to approval by the Board of Directors, focusing on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
 - (e) any related party transactions and conflict of interest situation that may arise within the Company and Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (f) any letter of resignation from external auditors; and
 - (g) whether there is any reason to believe that external auditors are not suitable for re-appointment;
2. recommend the nomination of person or persons as external auditors;
3. approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members; and
4. any other function as may be required by the Board from time to time.

CONDUCT OF MEETINGS

The chairman shall call for meetings to be held not less than four times a year. Any member of the committee may at any time, and the secretary on requisition of the member, summon a meeting. Except in the case of an emergency, seven days notice of meeting shall be given in writing to all members.

A quorum of meeting shall be a majority of independent directors. Meetings shall be chaired by the chairman, and in his absence, by an independent director. Decision shall be made by a majority of votes.

The Head of Finance, Head of Internal Audit and the company secretary shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the committee. A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the committee.

The chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

Audit Committee Report

REPORTING PROCEDURES

The company secretary shall record the proceedings of meetings. Minutes shall be circulated to all members of the Board.

The committee shall prepare, for the Board and for inclusion in the Company's annual report, a summary of its activities in the discharge of its functions and duties for the financial year.

The committee may report to Bursa Malaysia of a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

Activities of the Audit Committee during the year encompassed the following:

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

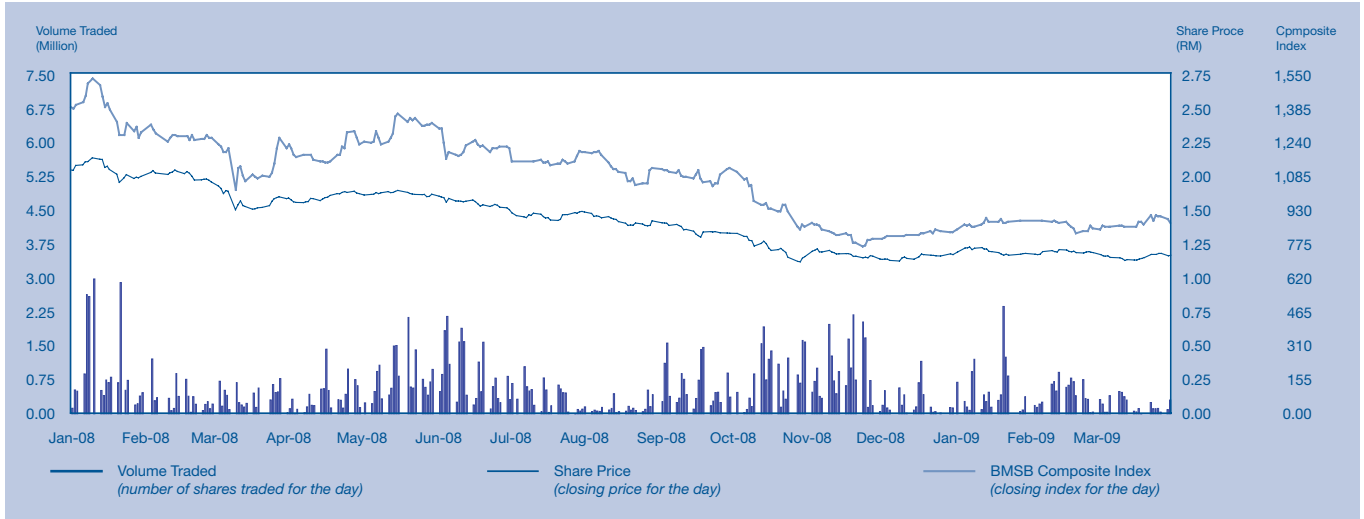
SUMMARY OF INTERNAL AUDIT ACTIVITIES

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

Activities of internal auditors during the year encompassed the following:

- * formulate and agree with the Audit Committee on the audit plan, strategy and scope of work;
- * review compliance with policies, procedures and relevant rules and regulations;
- * review and ascertain adequacy of controls associated with new and used vehicle sales, after sales operations and other key head office functions;
- * report of audit findings and make recommendations to improve the effectiveness and efficiency of internal control system at the various business units.

Daily Share Price & Volume Traded on Bursa Malaysia Securities Berhad





Financial Statements

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Directors' Report

for the year ended 31 December 2008

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2008.

Principal activities

The Company is principally engaged in investment holding and the provision of management services to companies in the Group, whilst the principal activities of the subsidiaries are as stated in Note 31 to the financial statements. During the financial year, the provision of management services to companies in the Group was transferred from the Company to a subsidiary of the Company. There has been no other significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit attributable to:		
Shareholders of the Company	245,802	23,620
Minority interest	(81)	-

Reserves and provisions

There were no material transfers to or from reserves and provisions during the year under review.

Dividends

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

- (i) a final dividend of 10% less tax at 26% totalling RM24,693,169 in respect of the year ended 31 December 2007 on 18 June 2008; and
- (ii) an interim dividend of 10% less tax at 26% totalling RM24,687,253 in respect of the year ended 31 December 2008 on 26 September 2008.

A final dividend of 10% less tax at 25% in respect of the year ended 31 December 2008 was proposed by the Directors. This dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

Directors of the Company

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

Dato' Tan Heng Chew
Tan Eng Soon
Azman bin Badrillah
Dato' Ng Mann Cheong
Dato' Haji Kamaruddin @ Abas bin Nordin
Seow Thiam Fatt

Directors' Report

for the year ended 31 December 2008

Directors' interests

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

	Number of ordinary shares of RM0.50 each			At 31.12.2008
	At 1.1.2008	Bought	Reclassified	
Interest in the Company				
Direct interests:				
Dato' Tan Heng Chew	14,630,462	3,249,800	-	17,880,262
Tan Eng Soon	2,956,000	-	(2,956,000) *	-
Azman bin Badrillah	20,000	-	-	20,000
Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	-	-	2,992
Seow Thiam Fatt	10,000	6,600	-	16,600
Indirect/Deemed interests:				
Dato' Tan Heng Chew	314,372,952	1,136,300	-	315,509,252
Tan Eng Soon	311,039,562	3,992,300	-	315,031,862
Dato' Ng Mann Cheong	41,000	30,000	-	71,000

* *The previously disclosed direct interest in 2,956,000 shares has been re-classified as deemed interest by virtue of Section 6A of the Companies Act, 1965.*

By virtue of their interests in the shares of the Company, Dato' Tan Heng Chew and Tan Eng Soon are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Tan Chong Motor Holdings Berhad has an interest. Details of their deemed shareholdings in non-wholly owned subsidiaries are shown as below:

	At 1.1.2008	Subscribed	Sold	At 31.12.2008
	Ordinary shares of RM1.00 each:			
Tan Chong Motor Assemblies Sdn. Bhd.	1,400,000	-	-	1,400,000
Kereta Komersil Seladang (M) Sdn. Bhd.	70	-	-	70
Legal capital in USD:				
Tanda Motor Co. Ltd.	700,000	65,000	-	765,000

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Group, the Company and of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than the relevant related party transactions as disclosed in Note 29 to the financial statements.

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

Directors' Report

for the year ended 31 December 2008

Issue of shares

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

Options granted over unissued shares

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

Other statutory information

Before the balance sheets and income statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate allowance made for doubtful debts, and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

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

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

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

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

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 31 December 2008 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report

for the year ended 31 December 2008

Subsequent event

Subsequent to 31 December 2008, the Company bought back 4,735,000 of its issued shares from the open market at prices ranging from RM1.14 to RM1.24 per ordinary share. The cumulative total number of shares bought back to date amounted to 15,312,800. These transactions were financed by internally generated funds.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Seow Thiam Fatt

Director

.....
Azman bin Badrillah

Director

Kuala Lumpur,
3 April 2009

Balance Sheets

as at 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Assets					
Property, plant and equipment	3	520,994	508,951	1,389	2,042
Prepaid lease payments	4	71,843	72,855	-	-
Investment properties	5	10,692	10,803	-	-
Investment in subsidiaries	6	-	-	994,471	989,329
Investment in associates	7	18,212	17,824	12,246	12,246
Other investments	8	5,806	5,806	-	-
Deferred tax assets	10	4,501	5,385	1,993	4,393
Hire purchase receivables	11	165,331	116,686	-	-
Long term receivables	12	3,633	5,405	-	-
Receivables, deposits and prepayments	13	-	-	202,994	17,054
Total non-current assets		801,012	743,715	1,213,093	1,025,064
Other investments	8	239,822	232,749	-	-
Hire purchase receivables	11	61,609	56,523	-	-
Receivables, deposits and prepayments	13	214,237	249,961	4,445	103,135
Current tax assets		3,567	8,755	1,123	3,620
Inventories	14	854,440	583,270	-	-
Cash and cash equivalents	15	76,733	69,947	1,736	4,310
Total current assets		1,450,408	1,201,205	7,304	111,065
Total assets		2,251,420	1,944,920	1,220,397	1,136,129

Balance Sheets

as at 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Equity					
Share capital		336,000	336,000	336,000	336,000
Reserves		1,098,485	902,160	761,426	787,186
Treasury shares		(13,024)	(5,561)	(13,024)	(5,561)
Total equity attributable to equity holders of the Company					
	16	1,421,461	1,232,599	1,084,402	1,117,625
Minority interest		3,557	3,743	-	-
Total equity					
		1,425,018	1,236,342	1,084,402	1,117,625
Liabilities					
Deferred tax liabilities	10	15,562	14,717	-	-
Payables and accruals	17	-	-	7,607	4,541
Borrowings	18	190,785	295,596	-	-
Employee benefits	19	19,943	18,417	8,172	7,555
Total non-current liabilities					
		226,290	328,730	15,779	12,096
Payables and accruals	17	214,210	219,944	120,216	6,408
Borrowings	18	379,184	158,542	-	-
Taxation		6,718	1,362	-	-
Total current liabilities					
		600,112	379,848	120,216	6,408
Total liabilities					
		826,402	708,578	135,995	18,504
Total equity and liabilities					
		2,251,420	1,944,920	1,220,397	1,136,129

The notes on pages 40 to 86 are an integral part of these financial statements.

Consolidated Balance Sheet

as at 31 December 2008

(In USD equivalent)

	2008 USD'000	2007 USD'000
Assets		
Property, plant and equipment	149,905	153,645
Prepaid lease payments	20,671	21,994
Investment properties	3,076	3,261
Investment in associates	5,240	5,381
Other investments	1,671	1,753
Deferred tax assets	1,295	1,626
Hire purchase receivables	47,570	35,226
Long term receivables	1,045	1,632
Total non-current assets	230,473	224,518
Other investments	69,004	70,264
Hire purchase receivables	17,727	17,063
Receivables, deposits and prepayments	61,642	75,460
Current tax assets	1,026	2,643
Inventories	245,847	176,082
Cash and cash equivalents	22,078	21,116
Total current assets	417,324	362,628
Total assets	647,797	587,146
Equity		
Share capital	96,677	101,434
Reserves	316,065	272,350
Treasury shares	(3,747)	(1,679)
Total equity attributable to equity holders of the Company	408,995	372,105
Minority interest	1,023	1,130
Total equity	410,018	373,235
Liabilities		
Deferred tax liabilities	4,478	4,443
Borrowings	54,894	89,237
Employee benefits	5,738	5,560
Total non-current liabilities	65,110	99,240
Payables and accruals	61,634	66,398
Borrowings	109,102	47,862
Taxation	1,933	411
Total current liabilities	172,669	114,671
Total liabilities	237,779	213,911
Total equity and liabilities	647,797	587,146

The information presented on this page does not form part of the audited financial statements of the Group. Figures are converted into USD equivalent using the exchange rate of RM3.4755 = USD1.00 (2007-RM3.3125 = USD1.00), being the exchange rate ruling at the balance sheet date.

Income Statements

for the year ended 31 December 2008

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Revenue	20	3,195,826	1,863,177	69,417	1,116,818
Cost of sales		(2,511,160)	(1,494,485)	-	-
Gross profit		684,666	368,692	69,417	1,116,818
Other income		25,347	17,877	-	2
Distribution expenses		(246,180)	(143,445)	-	-
Administrative expenses		(117,450)	(91,522)	(16,242)	(13,392)
Other expenses		(29,335)	(18,570)	(14,533)	(7,846)
Results from operating activities		317,048	133,032	38,642	1,095,582
Interest income		11,057	8,023	3,983	2,863
Finance costs		(21,433)	(18,704)	(325)	(378)
Operating profit	21	306,672	122,351	42,300	1,098,067
Share of profit after tax and minority interest of equity accounted associates		538	723	-	-
Profit before tax		307,210	123,074	42,300	1,098,067
Tax expense	23	(61,489)	(22,934)	(18,680)	(293,123)
Profit for the year		245,721	100,140	23,620	804,944
Attributable to:					
Equity holders of the Company		245,802	99,568	23,620	804,944
Minority interest		(81)	572	-	-
Profit for the year		245,721	100,140	23,620	804,944
Basic earnings per ordinary share (sen)	24	36.9	14.9		

The notes on pages 40 to 86 are an integral part of these financial statements.

Consolidated Income Statements

for the year ended 31 December 2008

(In USD equivalent)

	2008 USD'000	2007 USD'000
Revenue	919,530	562,468
Cost of sales	(722,532)	(451,165)
Gross profit	196,998	111,303
Other income	7,293	5,397
Distribution expenses	(70,833)	(43,304)
Administrative expenses	(33,794)	(27,629)
Other expenses	(8,441)	(5,606)
Results from operating activities	91,223	40,161
Interest income	3,181	2,422
Finance costs	(6,167)	(5,647)
Operating profit	88,237	39,936
Share of profit after tax and minority interest of equity accounted associates	155	218
Profit before tax	88,392	37,154
Tax expense	(17,692)	(6,923)
Profit for the year	70,700	30,231
Attributable to:		
Equity holders of the Company	70,723	30,058
Minority interest	(23)	173
Profit for the year	70,700	30,231
Basic earnings per ordinary share (US cents)	10.6	4.5

The information presented on this page does not form part of the audited financial statements of the Group. Figures are converted into USD equivalent using the exchange rate of RM3.4755 = USD1.00 (2007-RM3.3125 = USD1.00), being the exchange rate ruling at the balance sheet date.

The notes on pages 40 to 86 are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2008

Group	Note	Attributable to equity holders of the Company								
		Non-distributable			Distributable			Total	Minority interest	Total equity
Share capital	Treasury shares	Translation reserve	Surplus on revaluation of properties	Capitalisation of retained profits	Retained profits	RM'000	RM'000			
At 1 January 2007		336,000	(4,090)	-	23	100	831,337	1,163,370	18,995	1,182,365
Purchase of treasury shares		-	(1,471)	-	-	-	-	(1,471)	-	(1,471)
Foreign exchange translation difference		-	-	10	-	-	-	10	-	10
Additional shares subscribed by minority shareholders		-	-	-	-	-	-	-	1,276	1,276
Profit for the year		-	-	-	-	-	99,568	99,568	572	100,140
Dividends										
- 2006 final	25	-	-	-	-	-	(12,192)	(12,192)	-	(12,192)
- 2007 interim	25	-	-	-	-	-	(16,686)	(16,686)	(17,100)	(33,786)
At 31 December 2007		336,000	(5,561)	10	23	100	902,027	1,232,599	3,743	1,236,342
At 1 January 2008		336,000	(5,561)	10	23	100	902,027	1,232,599	3,743	1,236,342
Purchase of treasury shares		-	(7,463)	-	-	-	-	(7,463)	-	(7,463)
Foreign exchange translation difference		-	-	(2)	-	-	-	(2)	-	(2)
Acquisition of minority interest		-	-	-	-	-	(95)	(95)	(105)	(200)
Profit for the year		-	-	-	-	-	245,802	245,802	(81)	245,721
Dividends										
- 2007 final	25	-	-	-	-	-	(24,693)	(24,693)	-	(24,693)
- 2008 interim	25	-	-	-	-	-	(24,687)	(24,687)	-	(24,687)
At 31 December 2008		336,000	(13,024)	8	23	100	1,098,354	1,421,461	3,557	1,425,018

Note 16 Note 16

The notes on pages 40 to 86 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2008

Company	Note	← Non-distributable →		Distributable	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Retained profits RM'000	
At 1 January 2007		336,000	(4,090)	11,120	343,030
Purchase of treasury shares		-	(1,471)	-	(1,471)
Profit for the year		-	-	804,944	804,944
Dividends					
- 2006 final	25	-	-	(12,192)	(12,192)
- 2007 interim	25	-	-	(16,686)	(16,686)
At 31 December 2007		336,000	(5,561)	787,186	1,117,625
At 1 January 2008		336,000	(5,561)	787,186	1,117,625
Purchase of treasury shares		-	(7,463)	-	(7,463)
Profit for the year		-	-	23,620	23,620
Dividends					
- 2007 final	25	-	-	(24,693)	(24,693)
- 2008 interim	25	-	-	(24,687)	(24,687)
At 31 December 2008		336,000	(13,024)	761,426	1,084,402
		Note 16	Note 16		

The notes on pages 40 to 86 are an integral part of these financial statements.

Cash Flow Statements

for the year ended 31 December 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from operating activities				
Profit before tax	307,210	123,074	42,300	1,098,067
Adjustments for:				
Amortisation and impairment loss on development cost	-	3,545	-	-
Amortisation of prepaid lease payments	1,108	1,125	-	-
Allowance for diminution in value of investment in subsidiaries	-	-	14,959	-
Depreciation of property, plant and equipment	56,718	37,598	416	600
Depreciation of investment properties	111	110	-	-
Dividend income	(1,289)	(1,462)	(67,579)	(1,114,061)
(Gain)/loss on disposal of property, plant and equipment	(2,148)	(1,617)	(49)	304
Gain on disposal of other investments	(8)	(1,271)	-	-
Interest expense	21,433	18,704	325	378
Interest income	(11,057)	(8,023)	(3,983)	(2,863)
Impairment loss on property, plant and equipment	4,479	-	-	-
Property, plant and equipment written off	1,778	358	-	-
Retirement benefits charged	3,319	1,708	964	213
Share of profit of associates	(538)	(723)	-	-
Operating profit/(loss) before working capital changes	381,116	173,126	(12,647)	(17,362)
Changes in working capital:				
Inventories	(271,170)	38,268	-	-
Hire purchase receivables	(53,731)	54,250	-	-
Receivables, deposits and prepayments	37,496	(10,256)	98,690	(3,902)
Payables and accruals	(5,734)	70,331	113,808	(3,132)
Cash generated from/(used in) operations	87,977	325,719	199,851	(24,396)
Tax paid	(60,728)	(28,104)	(17,479)	(298,097)
Tax refund	11,512	17,963	3,696	2,651
Interest paid	(21,433)	(18,704)	(325)	(378)
Interest received	11,057	8,023	3,983	2,863
Employee benefits paid	(1,793)	(895)	(12)	(2)
Employee benefits transferred	-	-	(335)	(3)
Net cash generated from/(used in) operating activities	26,592	304,002	189,379	(317,362)

Cash Flow Statements

for the year ended 31 December 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash flows from investing activities				
(Repayment from)/Advances to subsidiaries	-	-	(182,874)	2,074
Acquisition of minority interest	(200)	-	-	-
Subscription to subsidiaries' share capital	-	-	(20,101)	(765,384)
Subscription of additional shares				
by minority shareholders	-	1,276	-	-
Investment in associates	-	(1)	-	-
Dividends received from other investments	1,289	1,462	-	-
Dividends received from associate	150	-	-	-
Dividends received from subsidiaries	-	-	67,579	1,114,061
Proceeds from disposal of property, plant and equipment	6,028	5,544	1,489	357
Proceeds from disposal of other investments	1,322	1,271	-	-
Purchase of property, plant and equipment	(78,898)	(174,872)	(1,203)	(578)
Purchase of prepaid lease payments	(96)	(410)	-	-
Purchase of other investments	(8,387)	(47,003)	-	-
Effects of exchange rate change on cash and cash equivalents	(2)	10	-	-
Net cash (used in)/generated from investing activities	(78,794)	(212,723)	(135,110)	350,530
Cash flows from financing activities				
Dividends paid to shareholders of the Company	(49,380)	(28,878)	(49,380)	(28,878)
Dividend paid to minority shareholders	-	(17,100)	-	-
Purchase of own shares	(7,463)	(1,471)	(7,463)	(1,471)
Proceeds from bills payable	317,602	202,574	-	-
Repayment of bills payable	(212,122)	(191,857)	-	-
Proceeds from term loans	85,000	-	-	-
Repayment of term loans	(67,874)	(103,210)	-	-
Repayment of Cagamas Berhad	(7,334)	(14,577)	-	-
Net cash generated from/(used in) financing activities	58,429	(154,519)	(56,843)	(30,349)

Cash Flow Statements

for the year ended 31 December 2008

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Net increase/(decrease) in cash and cash equivalents	6,227	(63,240)	(2,574)	2,819
Cash and cash equivalents at 1 January	69,947	133,187	4,310	1,491
Cash and cash equivalents at 31 December	76,174	69,947	1,736	4,310

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	54,842	52,499	1,736	4,310
Deposits with licensed banks	21,891	17,448	-	-
Bank overdraft	(559)	-	-	-
	76,174	69,947	1,736	4,310

The notes on pages 40 to 86 are an integral part of these financial statements.

Notes to the Financial Statements

Tan Chong Motor Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of the Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office/Principal place of business

62-68 Jalan Ipoh 51200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates.

The Company is principally engaged in investment holding and the provision of management services to companies in the Group, whilst the principal activities of the subsidiaries are as stated in Note 31 to the financial statements. During the financial year, the provision of management services to companies in the Group was transferred from the Company to a subsidiary of the Company. There has been no other significant changes in the nature of these activities during the financial year.

The financial statements were approved by the Board of Directors on 3 April 2009.

1. Basis of preparation

(a) Statement of compliance

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

The Group and the Company have not applied the following accounting standards (including its consequential amendments) and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

FRSs / Interpretations	Effective date
FRS 4, Insurance Contracts	1 January 2010
FRS 7, Financial Instruments: Disclosures	1 January 2010
FRS 8, Operating Segments	1 July 2009
FRS 139, Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company plan to apply the abovementioned FRSs / Interpretations, where applicable, from the annual period beginning 1 January 2010.

The impact of applying FRS 4, FRS 7 and FRS 139 on the financial statements upon first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSs. Other than the implications as discussed below, the initial application of the above standards (and its consequential amendments) and interpretations is not expected to have any material impact on the financial statements of the Group and the Company.

Notes to the Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

FRS 8 will become effective for financial statements for the year ending 31 December 2010. FRS 8, which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and to assess its performance. Currently, the Group presents segment information in respect of its business segments (see note 26). Under FRS 8, the Group will present segment information in respect of its operating segments.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Group and Company's functional currency. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

* Note 10 - recognition of unutilised tax losses, capital allowances and reinvestment allowances (RA)

* Note 19 - estimation of employee benefits

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, the financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are stated in the Company's balance sheet at cost less impairment losses, unless the investment is classified as held for sale.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Special purpose entity

The Group has established a special purpose entity (SPE) for undertaking asset-backed securitisation. The Group does not have any direct or indirect shareholding in this entity. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPE controlled by the Group was established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Group receiving majority of the benefits related to the SPE's operations and net assets.

(iii) Minority interest

Minority interests at the balance sheet date, being the portion of the net identifiable assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated with all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(iv) Associates

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

Associates are accounted for in the consolidated financial statements using the equity method unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated financial statements include the Group's share of the income and expenses of the equity accounted associates, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Investments in associates are stated in the Company's balance sheet at cost less any impairment losses, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Changes in Group composition

When a subsidiary issues new equity shares to minority interests for cash consideration and the issue price has been established at fair value, the reduction in the Group's interest in the subsidiary is accounted for as a disposal of equity interest with the corresponding gain or loss recognised in the income statement.

When the Group purchases a subsidiary's equity shares from minority interests for cash consideration and the purchase price has been established at fair value, the accretion of the Group's interests in the subsidiary is accounted for as a purchase of equity interest for which the acquisition accounting method of accounting is applied.

The Group treats all other changes in group composition as equity transactions between the Group and its minority shareholders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the balance sheet date. The income and expenses of foreign operations in functional currencies other than RM, are translated to RM at exchange rates at the dates of the transactions.

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

(iii) Net investment in foreign operations

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

Notes to the Financial Statements

2 Significant accounting policies (continued)

(c) Derivative financial instruments

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

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment except for freehold land are stated at cost/valuation less accumulated depreciation and any accumulated impairment losses.

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1984 was carried out primarily for the purpose of issuing bonus shares then in the Company and was not intended to effect a change in the accounting policy to one of revaluation of properties. No later valuation has been recorded for these property, plant and equipment.

The Group has availed itself of the transitional provision issued by the MASB on the first adoption of International Accounting Standard (IAS) No.16 on "Property, Plant and Equipment" in 1998. The valuations of these properties have therefore not been updated and they continue to be stated at their existing carrying amounts less accumulated depreciation.

The Directors are of the opinion that the current market values of the revalued properties are no less than their book values as at 31 December 2008.

Cost includes expenditures that are directly attributable to the acquisition of the asset, and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour and, for qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

Notes to the Financial Statements

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Reclassification to investment property

Property that is being constructed for future use as investment property is accounted for as property, plant and equipment until construction or development is complete, at which time it is remeasured to fair value and reclassified as investment property. Any gain or loss arising in remeasurement is recognised in the income statement.

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

(iii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of those parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iv) Depreciation

Depreciation is recognised in the income statements on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment except for one of the subsidiaries where its plant, machinery and equipment are depreciated over the shorter of the model useful life or sales volume generated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Plant, machinery and equipment	4-10 years
Furniture, fixtures, fittings and office equipment	5-10 years
Motor vehicles	5 years
Renovation	5-8 years
Rough road	5 years

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

(e) Leased assets

(i) Finance lease

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

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

Notes to the Financial Statements

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

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

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

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

The Directors are of the opinion that the current market values of the revalued properties are no less than their book values as at 31 December 2008.

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

(f) Intangible assets

(i) Goodwill

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

For acquisitions prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

For business acquisitions beginning from 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

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

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment. The entire carrying amount of the investment is tested for impairment when there is objective evidence of impairment.

(ii) Development cost and amortisation

Amount incurred to develop a Completely-Knock-Down (CKD) model for local production and assembly is capitalised as development costs and is amortised upon commencement of commercial production, over the expected economical life span of the model of five years. Capitalised development cost is stated at cost less accumulated amortisation and impairment losses.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(g) Other investments

Long term investments in unquoted shares and assets-backed notes are stated at cost less allowance for diminution in value. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

Current investment in quoted unit trusts is stated at the lower of cost and market value, determined on an individual investment basis by category of investments.

Where in the opinion of the Directors, there is a decline other than temporary in the value of non-current equity securities and non-current debt securities other than investment in subsidiaries and associates, the allowance for diminution in value is recognised as an expense in the financial year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

All investments in debt and equity securities are accounted for using settlement date accounting. Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the entity, and
- (b) the derecognition of an asset and recognition of any gain or loss on disposal on the date it is delivered.

(h) Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both. These include land (other than leasehold land) held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy note 2(d).

Certain investment properties are stated at their 1984 valuation less depreciation as the Group has availed itself of the transitional provision issued by the MASB on the first adoption of IAS No.16 on "Property, Plant and Equipment" in 1998. Accordingly, these valuations have not been updated.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of 50 years or the lease period of the land for buildings, whichever is shorter. Freehold land is not depreciated.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs of inventories include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of work-in-progress, manufactured inventories and locally assembled motor vehicles consist of materials, direct labour and an appropriate proportion of fixed and variable production overheads.

Cost of locally assembled motor vehicles, work-in-progress in respect of motor vehicles under assembly and unassembled vehicle packs are determined at standard cost adjusted for variances which approximates actual cost on a specific identification basis.

Cost of other raw materials, work-in-progress, manufactured inventories and trading inventories are determined mainly on the first in first out basis whilst spare parts are determined mainly on the weighted average basis.

(j) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of bank overdrafts.

(l) Impairment of assets

The carrying amounts of assets, except for financial assets, inventories, deferred tax assets and investments (other than investment in subsidiaries and associates) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(l) Impairment of assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses are recognised in the income statements. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(m) Share capital

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity and is not re-valued for subsequent changes in the fair value or market price of share. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

(n) Borrowings

Borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings using the effective interest method.

(o) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations in respect of wages, salaries, annual bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Group's and the Company's contribution to the statutory pension funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Company has no further payment obligations.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(o) Employee benefits (continued)

(iii) Defined benefit plans

The Group's and the Company's net obligation in respect of their defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value. The discount rate is the market yield at the balance sheet date on high quality corporate bonds or government bonds. The calculation is performed by an actuary using the projected unit credit method.

Other than the legal obligation under the formal terms of their defined benefit plan, the Group and the Company also account for the constructive obligation that arises from their past practices. The constructive obligation is recognised as a liability and expense and is also calculated by an actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's and the Company's obligation in respect of a plan, to the extent that any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation results in a benefit to the Group and the Company, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Warranties

A provision for warranty is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(ii) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(r) Revenue recognition

(i) Goods sold

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(ii) Services

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

(iii) Hire purchase revenue

Hire purchase revenue is recognised in the income statement based on a pattern reflecting a constant periodic rate of return on the net investment outstanding at the end of each accounting period.

(iv) Dividend income

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

(v) Money-changing income

Net income derived from the trading of various foreign currencies is recognised when transacted.

(vi) Commissions

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

(s) Interest income and borrowing costs

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

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(t) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax loss). Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(u) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the Financial Statements

3. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Under construction RM'000	Rough road RM'000	Total RM'000
Cost/valuation									
At 1 January 2007	93,224	125,022	107,636	61,446	54,154	15,566	124,753	-	581,801
Additions	-	70,018	57,275	5,047	28,555	1,183	12,794	-	174,872
Disposals	-	-	(267)	(218)	(10,630)	(5)	-	-	(11,120)
Reclassification	-	54,081	59,994	596	565	-	(115,236)	-	-
Write off	-	-	(74)	(155)	(174)	(713)	(96)	-	(1,212)
At 31 December 2007/									
1 January 2008	93,224	249,121	224,564	66,716	72,470	16,031	22,215	-	744,341
Additions	1,807	551	7,223	6,645	54,471	751	7,450	-	78,898
Disposals	-	-	-	(249)	(11,571)	-	-	-	(11,820)
Reclassification	-	-	18,208	800	158	-	(19,293)	127	-
Write off	-	-	(13)	(695)	(68)	(25)	(1,617)	-	(2,418)
At 31 December 2008	95,031	249,672	249,982	73,217	115,460	16,757	8,755	127	809,001
Accumulated depreciation									
At 1 January 2007	-	55,792	77,042	43,970	23,672	5,363	-	-	205,839
Depreciation for the year	-	4,932	10,213	5,483	14,342	2,628	-	-	37,598
Disposals	-	-	(241)	(195)	(6,757)	-	-	-	(7,193)
Write off	-	-	(73)	(147)	(21)	(613)	-	-	(854)
At 31 December 2007/									
1 January 2008	-	60,724	86,941	49,111	31,236	7,378	-	-	235,390
Depreciation for the year	-	6,110	20,308	5,901	22,124	2,249	-	26	56,718
Disposals	-	-	-	(214)	(7,726)	-	-	-	(7,940)
Reclassification	-	-	-	(2)	2	-	-	-	-
Write off	-	-	(6)	(552)	(69)	(13)	-	-	(640)
Impairment loss	-	-	4,479	-	-	-	-	-	4,479
At 31 December 2008	-	66,834	111,722	54,244	45,567	9,614	-	26	288,007
Carrying amount									
At 1 January 2007	93,224	69,230	30,594	17,476	30,482	10,203	124,753	-	375,962
At 31 December 2007/									
1 January 2008	93,224	188,397	137,623	17,605	41,234	8,653	22,215	-	508,951
At 31 December 2008	95,031	182,838	138,260	18,973	69,893	7,143	8,755	101	520,994

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Company	Buildings RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2007	690	573	3,116	4,379
Additions	-	61	517	578
Disposals	-	(20)	(1,127)	(1,147)
At 31 December 2007/1 January 2008	690	614	2,506	3,810
Additions	-	36	1,167	1,203
Disposals	-	(150)	(2,494)	(2,644)
Write off	-	(102)	-	(102)
At 31 December 2008	690	398	1,179	2,267
Accumulated depreciation				
At 1 January 2007	180	400	1,074	1,654
Depreciation for the year	20	48	532	600
Disposals	-	(7)	(479)	(486)
At 31 December 2007/1 January 2008	200	441	1,127	1,768
Depreciation for the year	7	45	364	416
Disposals	-	(90)	(1,114)	(1,204)
Write off	-	(102)	-	(102)
At 31 December 2008	207	294	377	878
Carrying amount				
At 1 January 2007	510	173	2,042	2,725
At 31 December 2007/1 January 2008	490	173	1,379	2,042
At 31 December 2008	483	104	802	1,389

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Revaluation

The carrying amounts of the revalued freehold land and buildings had they been stated under the cost model were not disclosed due to the absence of complete historical records as allowed under the transitional provision when the MASB first issued FRS 1162004, Property, Plant and Equipment in 2000.

Titles

The titles to certain properties with a total cost of RM4,371,000 (2007 - RM5,061,000) have yet to be issued by the relevant authorities.

Borrowing costs

No interest capitalised as property, plant and equipment under construction of the Group during the year. In the year 2007, net interest capitalised at average rate of 6.25 per annum for the year of RM4,178,000.

4. Prepaid lease payments

Group	Long term leasehold land RM'000	Short term leasehold land RM'000	Total RM'000
Cost/valuation			
At 1 January 2007	88,927	5,612	94,539
Additions	410	-	410
At 31 December 2007/1 January 2008	89,337	5,612	94,949
Additions	96	-	96
At 31 December 2008	89,433	5,612	95,045
Amortisation			
At 1 January 2007	18,587	2,382	20,969
Amortisation for the year	1,079	46	1,125
At 31 December 2007/1 January 2008	19,666	2,428	22,094
Amortisation for the year	892	216	1,108
At 31 December 2008	20,558	2,644	23,202
Carrying amount			
At 1 January 2007	70,340	3,230	73,570
At 31 December 2007/1 January 2008	69,671	3,184	72,855
At 31 December 2008	68,875	2,968	71,843

Notes to the Financial Statements

5. Investment properties

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost/valuation			
At 1 January 2007/31 December 2007/ 1 January 2008/31 December 2008	7,243	5,877	13,120
Accumulated depreciation			
At 1 January 2007	-	2,207	2,207
Depreciation for the year	-	110	110
At 31 December 2007/1 January 2008	-	2,317	2,317
Depreciation for the year	-	111	111
At 31 December 2008	-	2,428	2,428
Carrying amount			
At 1 January 2007	7,243	3,670	10,913
At 31 December 2007/1 January 2008	7,243	3,560	10,803
At 31 December 2008	7,243	3,449	10,692

The Directors' valuation on the fair value of investment properties based on available valuation reports prepared by an independent valuer is RM33,275,000 (2007 - RM55,060,000).

6. Investment in subsidiaries

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares in Malaysia, at cost	1,014,985	994,884
Less: Impairment loss	(20,514)	(5,555)
	994,471	989,329

Details of the subsidiaries are in Note 31.

Notes to the Financial Statements

7. Investment in associates

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Unquoted shares, at cost:				
In Malaysia	1,750	1,750	-	-
Outside Malaysia	12,247	12,247	12,246	12,246
Share of post-acquisition reserve	4,215	3,827	-	-
	18,212	17,824	12,246	12,246

Summary financial information on associates:

Group	Country of incorporation	Effective ownership interest		2008				2007				
		2008 %	2007 %	Revenues	Profit	Total assets	Total liabilities	Revenues	Profit	Total assets	Total liabilities	
				(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000
Kanzen Energy												
	Ventures Sdn. Bhd.	Malaysia	25.00	25.00	1,081	1,209	13,213	28	1,363	1,319	12,003	23
	Structurflex Sdn. Bhd.	Malaysia	50.00	50.00	3,780	384	3,013	585	3,331	249	2,914	719
TC Capital (Thailand)												
	Co. Ltd.	Thailand	45.45	45.45	2,499	1,656	38,065	4,880	2,295	1,101	33,899	5,220
TC Express Auto Services & Spare Parts (Thailand) Co. Ltd.												
		Thailand	49.00	49.00	1,169	(1,449)	2,941	4,929	-	(474)	874	1,380
Company												
Company	Country of incorporation	Effective ownership interest		2008				2007				
		2008 %	2007 %	Revenues	Profit	Total assets	Total liabilities	Revenues	Profit	Total assets	Total liabilities	
				(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000	(100%) RM'000
	TC Capital (Thailand) Co. Ltd.	Thailand	45.45	45.45	2,499	1,656	38,065	4,880	2,295	1,101	33,899	5,220

8. Other investments

	Group	
	2008 RM'000	2007 RM'000
Non-current		
At cost:		
Unquoted shares	1,806	1,806
Asset-backed notes	4,000	4,000
	5,806	5,806

Notes to the Financial Statements

8. Other investments (continued)

	Group	
	2008	2007
	RM'000	RM'000
Current		
At cost:		
Quoted unit trusts	239,822	232,749
<hr/>		
At market value:		
Quoted unit trusts	240,105	232,769
<hr/>		
Details of disposed investments stated at cost are as follows:		
Proceeds from disposal	1,322	1,271
Carrying amount of investments disposed	(1,314)	-
<hr/>		
Gain on disposal of investments	8	1,271
<hr/>		

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

9. Development costs

	Group	
	2008	2007
	RM'000	RM'000
Cost		
At 1 January/31 December	5,909	5,909
<hr/>		
Amortisation and impairment loss		
At 1 January	5,909	2,364
Amortisation for the year	-	1,182
Impairment loss	-	2,363
<hr/>		
At 31 December	5,909	5,909
<hr/>		
Carrying amount at 31 December	-	-
<hr/>		

Impairment loss represents the carrying amount of the development costs written off and charged to the income statement during the year 2007 as the Group is expected not able to recover the development costs from the vehicle sales.

Notes to the Financial Statements

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets						
Property, plant and equipment/Investment properties						
- capital allowances	-	-	(454)	(782)	(454)	(782)
Provisions	3,420	5,824	-	-	3,420	5,824
Employee benefit plans	181	-	-	-	181	-
Other items	334	334	-	-	334	334
Unabsorbed capital allowances	9	9	-	-	9	9
Tax loss carry-forwards	1,011	-	-	-	1,011	-
Tax assets/(liabilities)	4,955	6,167	(454)	(782)	4,501	5,385
Deferred tax liabilities						
Property, plant and equipment/Investment properties						
- capital allowances	-	-	(21,492)	(20,985)	(21,492)	(20,985)
- revaluation	-	-	(8,775)	(8,845)	(8,775)	(8,845)
- reinvestment allowances	11,188	11,188	-	-	11,188	11,188
Provisions	2,794	3,843	-	-	2,794	3,843
Inventories	111	-	-	-	111	-
Employee benefit plans	828	-	-	-	828	-
Other items	-	82	(216)	-	(216)	82
Tax assets/(liabilities)	14,921	15,113	(30,483)	(29,830)	(15,562)	(14,717)
Company						
Deferred tax assets						
Property, plant and equipment	-	-	(100)	(165)	(100)	(165)
Provisions	2,093	4,558	-	-	2,093	4,558
Tax assets/(liabilities)	2,093	4,558	(100)	(165)	1,993	4,393

Notes to the Financial Statements

10. Deferred tax assets and liabilities (continued)

Group movements in deferred tax assets during the year:

Group	At 1.1.2007 RM'000	Recognised in income statement RM'000	At 31.12.2007 RM'000	Recognised in income statement RM'000	At 31.12.2008 RM'000
Property, plant and equipment					
- capital allowances	(1,201)	419	(782)	328	(454)
Provisions	5,640	184	5,824	(2,404)	3,420
Employee benefit plans	-	-	-	181	181
Other items	336	(2)	334	-	334
Unabsorbed capital allowances	64	(55)	9	-	9
Tax loss carry-forwards	91	(91)	-	1,011	1,011
	4,930	455	5,385	(884)	4,501

Group movements in deferred tax liabilities during the year:

Group	At 1.1.2007 RM'000	Recognised in income statement RM'000	At 31.12.2007 RM'000	Recognised in income statement RM'000	At 31.12.2008 RM'000
Property, plant and equipment					
- capital allowances	(7,361)	(13,624)	(20,985)	(507)	(21,492)
- revaluation	(10,163)	1,318	(8,845)	70	(8,775)
- reinvestment allowances	-	11,188	11,188	-	11,188
Provisions	2,660	1,183	3,843	(1,049)	2,794
Inventories	-	-	-	111	111
Employee benefit plans	-	-	-	828	828
Other items	246	(164)	82	(298)	(216)
	(14,618)	(99)	(14,717)	(845)	(15,562)

Company

Property, plant and equipment					
- capital allowances	(41)	(124)	(165)	65	(100)
Provisions	2,078	2,480	4,558	(2,465)	2,093
Unabsorbed capital allowances	47	(47)	-	-	-
	2,084	2,309	4,393	(2,400)	1,993

Notes to the Financial Statements

10. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

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

	Group	
	2008 RM'000	2007 RM'000
Unabsorbed capital allowances	3,904	3,067
Property, plant and equipment		
- capital allowances	-	(208)
Tax loss carry-forwards	22,038	22,576
Deductible temporary differences	647	19
Provisions	31	-
	26,620	25,454

Deferred tax assets have not been recognised in respect of these items because it is not probable that the respective subsidiaries will generate sufficient future taxable profits available against which it can be utilised.

11. Hire purchase receivables

	Note	Group	
		2008 RM'000	2007 RM'000
Hire purchase receivables		265,437	199,434
Less: Unearned interest		(33,797)	(20,329)
		231,640	179,105
Less: Allowance for doubtful debts	a	(4,700)	(5,896)
		226,940	173,209
Less than one year		61,609	56,523
Between one and five years		140,081	109,301
More than five years		25,250	7,385
		226,940	173,209

Note a

Doubtful debts written off against allowance for doubtful debts during the year amounted to RM2,514,000 (2007 - RM35,000).

Notes to the Financial Statements

12. Long term receivables

	Group	
	2008 RM'000	2007 RM'000
Finance lease receivables	9,766	10,346
Less: Unearned interest	(1,235)	(619)
	8,531	9,727
Less than one year (Note 13)	4,898	4,322
Between one and five years	3,633	5,405
	8,531	9,727

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

13. Receivables, deposits and prepayments

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-current					
Non-trade					
Amount due from subsidiaries	a	-	-	209,888	24,334
Less: Allowance for doubtful debts		-	-	(6,894)	(7,280)
		-	-	202,994	17,054
Current					
Trade					
Trade receivables		183,230	192,910	-	-
Less: Allowance for doubtful debts	b	(9,840)	(8,592)	-	-
		173,390	184,318	-	-
Non-trade					
Receivables, deposits and prepayments		35,949	61,321	2,421	394
Amount due from subsidiaries	c	-	-	2,024	102,741
Finance lease receivables	12	4,898	4,322	-	-
		40,847	65,643	4,445	103,135
		214,237	249,961	4,445	103,135

Notes to the Financial Statements

13. Receivables, deposits and prepayments (continued)

Note a

The non-current amount due from subsidiaries are in respect of advances that are unsecured, not receivable within the next twelve months and interest free except for amounts due from certain subsidiaries of RM16,424,000 (2007 - RM14,592,000) which are subject to interest at negotiated rates.

Note b

Doubtful debts written off against allowance for doubtful debts during the year amounted to RM901,000 (2007 - RM721,000).

Note c

The current amount due from subsidiaries are in respect of advances that are unsecured, repayable on demand and interest free except for amounts due from certain subsidiaries of RM395,000 (2007 - RM99,527,000) which are subject to interest at negotiated rates.

Analysis of foreign currency exposure for significant receivables

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

	2008 RM'000	2007 RM'000
Foreign currency		
Japanese Yen	5,690	2,451
US Dollar	23,545	184
Singapore Dollar	31	28

14. Inventories

	Group	
	2008 RM'000	2007 RM'000
Raw materials	20,186	28,250
Unassembled vehicle packs	552,377	274,198
Work-in-progress	16,983	8,950
Manufactured inventories and trading inventories	423	60,223
Used vehicles	6,272	6,625
New vehicles	194,931	151,752
Spare parts and others	63,268	53,272
	854,440	583,270

The write-down of inventories to net realisable value amounted to RM4,303,000 (2007 - RM1,826,000). The reversal of write-down amounted to RM587,000 (2007 - RM1,631,000). The write-down and reversal are included in cost of sales.

Notes to the Financial Statements

15. Cash and cash equivalents

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash and bank balances	54,842	52,499	1,736	4,310
Deposits with licensed banks	21,891	17,448	-	-
	76,733	69,947	1,736	4,310

16. Share capital and reserves

Share capital

	Number of shares 2008 '000	Group and Company		Amount 2007 RM'000
		Amount 2008 RM'000	Number of shares 2007 '000	
Ordinary shares of RM0.50 each				
Authorised	1,000,000	500,000	1,000,000	500,000
Issued and fully paid	672,000	336,000	672,000	336,000

Treasury shares

The shareholders of the Company via a resolution passed in the Annual General Meeting held on 22 May 2008 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 5,960,800 (2007 - 1,172,000) of its issued shares from the open market at prices ranging from RM1.05 to RM1.97 (2007 - RM1.16 to RM2.22) per ordinary share. The cumulative total number of shares bought back at the end of the year is 10,577,800 (2007 - 4,617,000). These transactions were financed by internally generated funds.

As at 31 December 2008, the number of outstanding shares in issue after deducting treasury shares held is 661,422,200 (2007 - 667,383,000) ordinary shares of RM0.50 each.

The shares bought back are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares have no rights to vote, dividends and participation in other distribution.

Notes to the Financial Statements

16. Share capital and reserves (continued)

Surplus on revaluation of properties

The surplus relates to the revaluation of property, plant and equipment and investment properties prior to its reclassification from property, plant and equipment.

Section 108 tax credit

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained profits as at 31 December 2008 if paid out as dividends.

The Finance Act, 2007 introduced a single tier company income tax system with effect from year of assessment 2008. As such, the Section 108 tax credit will be available to the Company until such time the credit is fully utilised or upon expiry of the six-year transitional period on 31 December 2013, whichever is earlier.

17. Payables and accruals

	Note	Group		Company	
		2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Non-current					
Non-trade					
Amount due to subsidiaries	a	-	-	7,607	4,541
Current					
Trade					
Trade payables		91,419	96,476	-	-
Non-trade					
Payables and accruals		122,791	123,468	933	3,710
Amount due to subsidiaries	b	-	-	119,283	2,698
		122,791	123,468	120,216	6,408
		214,210	219,944	120,216	6,408

Note a

The non-current amount due to subsidiaries are in respect of advances that are unsecured, not repayable within the next twelve months and interest free except for the amounts due to certain subsidiaries of RM4,410,000 (2007 - RM4,159,000) which are subject to interest at negotiated rates.

Note b

The current amount due to subsidiaries are in respect of advances that are unsecured, repayable on demand and subject to interest at negotiated rates. In 2008, the amounts subject to interest at negotiated rates is RM118,580,000 (2007 - RM2,698,000).

Notes to the Financial Statements

17. Payables and accruals (continued)

Analysis of foreign currency exposure for significant payables

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

	2008 RM'000	2007 RM'000
Foreign currency		
Japanese Yen	3,501	8,084
Euro Dollar	1,989	20
US Dollar	784	421
Pounds Sterling	-	12
Singapore Dollar	162	6
Thai Baht	565	388
Australian Dollar	70	-

18. Borrowings

		Group	
	Note	2008 RM'000	2007 RM'000
Non-current			
Term loans - unsecured		190,785	295,596
Current			
Amount due to Cagamas Berhad	a	-	7,334
Term loans - unsecured		159,781	37,844
Bills payable - unsecured		218,844	113,364
Overdraft		559	-
		379,184	158,542

Note a

The Group, via an intermediary financial institution, sold a portion of its hire purchase receivables to Cagamas Berhad with recourse to the Group. Under this arrangement, the Group undertakes to administer the hire purchase loans on behalf of Cagamas Berhad over a 60 months period and to buy back any loans which are regarded as defective. Amount due to Cagamas Berhad represents the outstanding balance, before financial charges, repayable to Cagamas Berhad and was subject to interest.

Notes to the Financial Statements

19. Employee benefits

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Recognised liability for defined benefit obligations	19,943	18,417	8,172	7,555

Under the Group's and the Company's defined benefit scheme, eligible employees are entitled to retirement benefits of 16.0% to 17.0% of total basic salary earned less the statutory pension funds for each completed year of service upon the retirement age of 55 as well as retirement benefits of a factor of the last drawn monthly salary for each completed year of service upon the retirement age of 55.

Movements in the net liability recognised in the balance sheets

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Net liability at 1 January	18,417	17,604	7,555	7,347
Benefits paid	(1,793)	(895)	(12)	(2)
Expense recognised in the income statements	3,319	1,708	964	213
Benefits transferred	-	-	(335)	(3)
Net liability at 31 December	19,943	18,417	8,172	7,555

Expense recognised in the income statements

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current service cost	1,546	641	169	24
Interest on obligation	1,189	558	487	129
Actuarial losses	584	509	308	60
	3,319	1,708	964	213

Notes to the Financial Statements

19. Employee benefits (continued)

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

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cost of sales	442	379	-	-
Distribution expenses	470	-	-	-
Administrative expenses	2,407	1,329	964	213
	3,319	1,708	964	213

Actuarial assumptions

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

	2008 %	2007 %
Discount rate	5.4	5.4
Future salary increases	6.5	6.5

20. Revenue

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Sale of goods	3,033,845	1,721,189	-	-
Services rendered	148,559	126,962	1,838	2,757
Financial services income	12,133	13,564	-	-
Dividend income	1,289	1,462	67,579	1,114,061
	3,195,826	1,863,177	69,417	1,116,818

Notes to the Financial Statements

21. Operating profit

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Operating profit is arrived at after crediting:				
Allowance for doubtful debts written back	2	-	-	-
Bad debts recovered	192	-	-	-
Dividend income from:				
Unquoted subsidiaries	-	-	67,579	1,114,061
Other investments	1,289	1,462	-	-
Finance lease interest income	43	25	-	-
Gain on disposal of property, plant and equipment	2,148	1,617	49	-
Gain on disposal of other investments	8	1,271	-	-
Net gain on foreign exchange - realised	46	-	-	-
Net gain on foreign exchange - unrealised	842	-	-	-
Interest income	11,057	8,023	3,983	2,863
Reversal of inventories written down	587	1,631	-	-
Rental income on leased assets	2,271	1,462	-	-
Rental income on land and buildings	2,376	2,310	-	-
Reversal of allowance for doubtful debts	794	-	2,280	-
and after charging:				
Auditors' remuneration				
- current year	314	296	37	33
- over provision in prior year	(3)	(12)	-	(7)
Allowance for diminution in value of investment in subsidiaries	-	-	14,959	2,736
Allowance for doubtful debts	4,263	4,262	1,894	5,007
Amortisation of development cost	-	1,182	-	-
Amortisation of prepaid lease payments	1,108	1,125	-	-
Bad debts written off	21	45	-	-
Depreciation of property, plant and equipment	56,718	37,598	416	600
Depreciation of investment properties	111	110	-	-
Direct operating expenses of investment properties generating rental income	413	548	-	-
Interest expense	21,433	18,704	325	378
Inventories written down	4,303	1,826	-	-
Inventories written off	135	69	-	-
Impairment loss on development cost	-	2,363	-	-
Impairment loss on property, plant and equipment	4,479	-	-	-

Notes to the Financial Statements

21. Operating profit (continued)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
and after charging (continued):				
Net loss on foreign exchange - unrealised	-	356	-	-
Loss on disposal of property, plant and equipment	-	-	-	304
Non-executive directors fees	304	304	258	258
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	19,643	13,952	1,001	1,001
- Expenses related to defined benefit plans	3,319	1,708	964	213
- Wages, salaries and others	155,379	125,362	8,709	9,228
Property, plant and equipment written off	1,778	358	-	-
Rental expense on land and buildings	10,601	10,857	253	241
Warranty claim	83	69	-	-

22. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Directors				
- Remuneration	14,945	14,049	5,455	5,238
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	911	264	39	67
Total short-term employee benefits	15,856	14,313	5,494	5,305
- Post-employment benefits	-	247	-	169
	15,856	14,560	5,494	5,474

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

Notes to the Financial Statements

23. Tax expense

Recognised in the income statements

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Current tax expense	59,605	24,693	15,632	295,432
Under/(over) provided in prior years	155	(1,403)	648	-
	59,760	23,290	16,280	295,432
Deferred tax expense				
Origination and reversal of temporary differences	7,066	(949)	(45)	(1,049)
(Write-down)/reversal of deferred tax assets previously written-down	(5,337)	593	2,445	(1,260)
	1,729	(356)	2,400	(2,309)
	61,489	22,934	18,680	293,123

Reconciliation of effective tax expense

Profit before tax	307,210	123,074	42,300	1,098,067
Income tax using statutory tax rates	79,875	33,230	10,998	296,478
Effect of tax at 20% on chargeable income of individual company below RM500,000*	(162)	(442)	-	-
Double deduction	(172)	(156)	-	-
Non-deductible expenses	5,047	2,811	4,745	391
Effect of changes in tax rate**	(360)	(441)	81	182
Tax exempt income	(613)	(394)	-	(2,699)
Unrecognised deferred tax assets	1,934	883	-	-
Recognition of previously unrecognised tax losses	(1,642)	(7)	-	-
Deferred tax asset arising from reinvestment allowances	(17,054)	(11,188)	-	-
Other items	(182)	(552)	(236)	31
	66,671	23,744	15,588	294,383
(Over)/under provided in prior years	(5,182)	(810)	3,092	(1,260)
	61,489	22,934	18,680	293,123

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

** The corporate tax rate are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently deferred tax assets and liabilities are measured using these tax rates. However, for small and medium companies the tax rate for chargeable income up to RM500,000 remains at 20%.

Notes to the Financial Statements

24. Earnings per ordinary share - Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the net profit attributable to ordinary shareholders of RM245,802,000 (2007 - RM99,568,000) and the weighted average number of ordinary shares outstanding during the year of 666,078,000 (2007 - 667,804,000).

Weighted average number of ordinary shares

	2008 '000	2007 '000
Issued ordinary shares at 1 January	672,000	672,000
Effect of treasury shares held	(5,922)	(4,196)
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Weighted average number of ordinary shares at 31 December	666,078	667,804

25. Dividends

Dividends recognised in the current year by the Company are:

	Sen per share (net of tax)	Total amount RM'000	Date of payment
2008			
Interim 2008 ordinary	3.70	24,687	26 September 2008
Final 2007 ordinary	3.70	24,693	18 June 2008
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Total amount		49,380	
<hr/>			
2007			
Interim 2007 ordinary	2.50	16,686	28 September 2007
Final 2006 ordinary	1.83	12,192	22 June 2007
<hr/>			
Total amount		28,878	

Proposed final dividend

After the balance sheet date, a final dividend of 10% less tax at 25% in respect of the year ended 31 December 2008 was proposed by the Directors. This dividend will be recognised in subsequent financial reports upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

Notes to the Financial Statements

26. Segmental information

Segment information is presented in respect of the Group's business segments. The business segments are based on the Group's management and internal reporting structure. Segment information by geographical segments is not provided as the activities of the Group are located principally in Malaysia. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise investments (other than investment property) and related revenue, borrowings and related expenses, corporate assets, head office expenses and tax assets and liabilities.

Business segments

The Group comprises the following main business segments:

Vehicles assembly, distribution and after sale services	Assembly and distribution of passenger and commercial vehicles, automotive workshop services, distribution of automotive spare parts and insurance agency
Financial services	Provision of hire purchase financing, personal loans and money changing
Other operations	Property and investment holding activities

Business segments	Vehicles assembly, distribution and after sale services		Financial services		Other operations		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customers	3,182,272	1,847,992	12,133	13,564	1,421	1,621	-	-	3,195,826	1,863,177
Inter-segment revenue	1,167	517	-	-	4,792	3,651	(5,959)	(4,168)	-	-
Total revenue	3,183,439	1,848,509	12,133	13,564	6,213	5,272	(5,959)	(4,168)	3,195,826	1,863,177
Segment result	317,796	127,680	6,665	9,592	3,293	4,011	-	-	327,754	141,283
Unallocated expenses									(10,706)	(8,251)
Operating profit									317,048	133,032
Interest income									11,057	8,023
Finance costs									(21,433)	(18,704)
Share of profit of associates	192	(108)	43	501	303	330			538	723
Profit before tax									307,210	123,074
Tax expense									(61,489)	(22,934)
Minority interest									81	(572)
Profit for the year									245,802	99,568

Notes to the Financial Statements

26. Segmental information (continued)

	Vehicles assembly, distribution and after sale services		Financial services		Other operations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment assets	1,299,840	1,404,910	235,215	184,151	417,021	61,115	1,952,076	1,650,176
Investment in associates	18,212	17,824	-	-	-	-	18,212	17,824
Unallocated assets							281,132	276,920
Total assets							2,251,420	1,944,920
Segment liabilities	219,037	225,998	1,007	975	5,564	122	225,608	227,095
Unallocated liabilities							600,794	481,483
Total liabilities							826,402	708,578
Capital expenditure	72,271	173,814	2,526	466	68,920	1,002	143,717	175,282
Depreciation and amortisation	59,808	36,856	417	133	2,191	1,844	62,416	38,833
Non-cash expenses other than depreciation and amortisation	6,038	3,613	(1,174)	1,786	940	213	5,804	5,612

27. Contingent liabilities

- (i) On 11 July 2003, two third-parties ("Plaintiffs") served a claim against the Company and its wholly-owned subsidiary, TC Euro Cars Sdn. Bhd. for general damages in the sum of RM150.00 million. The Plaintiffs also claimed costs and any other relief to be awarded by the High Court for conspiracy to injure in relation to a specific project investment as alleged in the Statement of Claim. On 16 January 2004, the Senior Assistant Registrar of the High Court struck out the above mentioned suit. On 20 May 2004, on appeal by the Plaintiffs, the High Court Judge reinstated the Plaintiffs' suit. The Company and TC Euro Cars Sdn. Bhd., being dissatisfied with the decision of the High Court Judge, then filed a Notice of Appeal to the Court of Appeal, appealing against the said decision of the High Court Judge. On 21 October 2008, both appeals by the Company and TC Euro Cars Sdn. Bhd. to the Court of Appeal were allowed with costs in the Court of Appeal and the High Court below to be paid by the third parties. The Plaintiffs have filed an application for leave to appeal to the Federal Court. Hearing of the Plaintiff's said application for leave to appeal has been fixed on 15 June 2009.

No provision has been made for any potential liability as the Group believes that the outcome of the case will be favourable to the Group.

Notes to the Financial Statements

27. Contingent liabilities (continued)

- (ii) Tan Chong & Sons Motor Company Sdn. Bhd. (TCM), a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad, and two others were sued in the High Court at Kota Kinabalu by a third-party for general damages, special damages estimated at RM10.67 million and liquidated damages of RM2.97 million together with interest and costs in connection with car distributorship in Sabah ("1st suit"). On 6 August 2008, another related suit (where TCM was sued by the abovesaid same-party for RM65,065 together with interest and costs in connection with alleged monies owed to the third-party) was ordered by the High Court to be consolidated with the 1st suit. The High Court has fixed the mention before the High Court Judge on 6 August 2009. Further, TCM's application for leave to appeal to the Federal Court (in respect of the dismissal of TCM's preliminary objection by the Court of Appeal) is fixed for hearing on 29 June 2009.

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

28. Capital commitments

	Group	
	2008	2007
	RM'000	RM'000
Capital commitments:		
Property, plant and equipment		
Authorised but not contracted for	178,474	40,660
Authorised and contracted for	14,396	20,658
Joint venture investment		
Authorised and contracted for	-	215
	<hr/>	<hr/>
	192,870	61,533
	<hr/>	<hr/>

29. Related parties

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

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

Controlling related party relationships are as follows:

- (i) The subsidiaries as disclosed in Note 31
- (ii) The substantial shareholders of the Company

Notes to the Financial Statements

29. Related parties (continued)

Transactions with related parties

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

	Group	
	2008	2007
	RM'000	RM'000
<i>With WTCH Group</i>		
Purchases	6,699	10,352
Sales	(40,934)	(15,567)
Insurance agency and administrative services	(1,411)	(229)
Travel agency and car rental services	506	965
Rental income receivable	(2)	(3)
<hr/>		
<i>With APM Group</i>		
Purchases	62,821	47,454
Sales	(2,628)	(356)
Warranty claim	-	117
Insurance agency and administrative services	(567)	(82)
Incentive receivable	(39)	-
Rental income receivable	(863)	(851)
Rental expense payable	574	372

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

- (ii) Significant transactions with Tan Chong International Limited and its subsidiaries, companies in which certain Directors of the Company, namely Dato' Tan Heng Chew and Tan Eng Soon, are deemed to have substantial financial interests, are as follows:

	Group	
	2008	2007
	RM'000	RM'000
Purchases	123	176
Sales	(27)	(27)

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

Notes to the Financial Statements

29. Related parties (continued)

Transactions with related parties (continued)

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

	Group	
	2008 RM'000	2007 RM'000
Purchases of goods	654,183	498,680
Sales	(4,038)	(1,459)
Technical assistance fee and royalty	2,942	2,397
Purchases of plant and machinery	-	4,925

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

- (iv) Significant transactions with Renault s.a.s. Group, who is a substantial shareholder of Nissan Motor Co. Limited, are as follows:

	Group	
	2008 RM'000	2007 RM'000
Purchases	11,285	7,916

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

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

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

	Group	
	2008 RM'000	2007 RM'000
Sales	(15,923)	(5,842)
Purchases	8,370	-
Rental income	(6)	(6)

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

Notes to the Financial Statements

29. Related parties (continued)

Transactions with related parties (continued)

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

	Company	
	2008 RM'000	2007 RM'000
Subsidiaries		
Dividend income receivable	(67,579)	(1,114,061)
Interest income receivable	(3,983)	(2,863)
Management fees receivable	(1,732)	(2,598)
Rental expense payable	240	222
Interest expense payable	325	378
Purchases of property, plant and equipment	1,167	517

30. Financial instruments

Financial risk management objectives and policies

Exposure to credit risk, interest rate risk, liquidity risk and currency risk arise in the normal course of the Group's and the Company's business. Credit risk in relation to the Group's core business activities are managed by the respective operating units. The Group has a centralised Treasury Department that manages the interest and currency risks of the Group. The Treasury Department monitors the interest rate trends and currency exchange rate movements on an ongoing basis.

Derivative financial instruments like forward exchange contracts are used to reduce exposure to fluctuations in foreign exchange rates. While these are subject to the risk of market rates changing subsequent to acquisition, such changes are offset by opposite effects on the items being hedged. The Group does not use leverage derivatives for hedging purposes and also does not use any derivatives for speculative purposes.

The Group's and the Company's accounting policies in relation to derivative financial instruments are set out in Note 2(c).

Credit risk

In respect of the operating units, credit policies that are specific to their respective industries are in place.

New vehicles sales are still largely financed by outside finance companies and as such, the Group's collection risk rests mainly with finance companies. The Group also extends credit to used car dealers, spare part dealers and selective corporate purchasers. Bank guarantees are required on a selective basis to secure the line of credit from the Group. For used car dealers, spare part dealers and selective corporate purchasers, the Group has an informal credit policy in place and the exposure is monitored on an ongoing basis. In respect of hire purchase business, credit evaluations are performed on all customers requiring financing from the Group and the Group has ownership claims over the vehicles under financing.

Transactions involving derivative financial instruments are entered into with licensed banks only. The Group also places a significant portion of its excess funds in money market funds and short term deposits with licensed financial institutions and discount houses. The management is of the view that credit and interest rate risks exposure to licensed banks and financial institutions and discount houses is minimal.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk for the Group and the Company are represented by the carrying amount of each financial asset.

Notes to the Financial Statements

30. Financial instruments (continued)

Foreign currency risk

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

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing borrowings and the placement of excess funds in interest-earning deposits. The borrowings which have been obtained to finance the working capital of the Group are subject to floating interest rates except for term loans and borrowings from Cagamas Berhad and certain commercial banks which are fixed with tenure ranging from 60 to 96 months.

Excess funds are placed with licensed financial institutions for certain periods during which the interest rates are fixed. The management reviews the rates at regular intervals.

On the other hand, the Group provides hire purchase loans at fixed rates for tenures of up to 7 years. These loans are funded by internal and external resources.

Effective interest rates and repricing analysis

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

Group	Effective interest rate %	2008			Effective interest rate %	2007		
		Total RM'000	Within 1 year RM'000	> 1 year RM'000		Total RM'000	Within 1 year RM'000	> 1 year RM'000
Financial assets								
Short term deposits	3.23	21,891	21,891	-	3.26	17,448	17,448	-
Asset-backed notes	10.03	4,000	-	4,000	10.00	4,000	-	4,000
Financial liabilities								
Amount due to								
Cagamas Berhad	-	-	-	-	5.00	7,334	7,334	-
Unsecured fixed								
rate term loan	6.05	350,566	159,781	190,785	5.97	333,440	37,844	295,596
Unsecured bills payable	3.87	218,844	218,844	-	3.82	113,364	113,364	-
Company								
Financial assets								
Amount due from								
certain subsidiaries	3.71	16,819	395	16,424	3.74	114,119	99,527	14,592
Financial liabilities								
Amount due to								
certain subsidiaries	3.71	122,990	118,580	4,410	3.74	6,857	2,698	4,159

Notes to the Financial Statements

30. Financial instruments (continued)

Fair values

Recognised financial instruments

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

Group	2008 Carrying amount RM'000	2008 Fair value RM'000	2007 Carrying amount RM'000	2007 Fair value RM'000
Financial assets				
Quoted unit trusts	239,822	240,105	232,749	232,769
Hire purchase receivables	226,940	238,688	173,209	179,002
Financial liabilities				
Amount due to Cagamas Berhad	-	-	7,334	7,159
Fixed rate term loans	350,566	346,502	333,440	323,073

The fair values of amount due to Cagamas Berhad, fixed rate term loans and hire purchase receivables listed above have been determined by discounting the relevant cash flows using current interest rates for similar instruments at the balance sheet date. In respect of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals and short term borrowings, the carrying amounts approximate their fair value due to the relatively short term nature of these financial instruments.

The fair value of quoted unit trusts is their quoted bid price at the balance sheet date.

For the investment in asset-backed notes where there is no available quoted market price, a reasonable estimate of fair value could not be made as it is not practicable within the constraints of timeliness or cost. This investment is carried at its original cost of RM4,000,000 (2007 - RM4,000,000) in the balance sheet.

For the investment in unquoted shares where there is also no available quoted market price, a reasonable estimate of fair value could not be made as it is not practicable within the constraints of timeliness or cost. This investment is carried at its original cost of RM1,806,000 (2007 - RM1,806,000) in the balance sheet. At year end, the Group's proportionate share of the net tangible assets based on the audited financial statements of the unquoted company at 31 December 2008 was RM4,382,000 (2007 - RM4,934,000).

Notes to the Financial Statements

30. Financial instruments (continued)

Fair values (continued)

Company

The carrying amounts of cash and cash equivalents, trade and current other receivables and trade and current other payables approximate their fair value due to the relatively short term nature of these financial instruments.

In respect of the non-current amounts due to and due from subsidiaries, a reasonable estimate of fair value could not be made as the non-current repayment terms are not specified.

Unrecognised financial instruments

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

	2008	2008	2007	2007
	Contract	Fair value	Contract	Fair value
	or notional	favourable/	or notional	favourable/
	principal	(unfavourable)	principal	(unfavourable)
	amount		amount	
Group	RM'000	RM'000	RM'000	RM'000
Forward foreign exchange contracts to purchase foreign currency	3,507	49	85,416	501

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

Notes to the Financial Statements

31. Subsidiaries

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

Name	Principal activities	Effective ownership interest	
		2008 %	2007 %
Incorporated in Malaysia:			
# Agensi Pekerjaan dan Sekuriti Bijak Sdn. Bhd. (formerly known as Bijak Security Services Sdn. Bhd.)	Provision of security services and its related services	100	100
Auto Components Manufacturers Sdn. Bhd.	Property holding	100	100
Auto Infiniti Sdn. Bhd.	Trading of car air-conditioners	100	100
Auto Research and Development Sdn. Bhd.	Research and development	100	100
Autokita Sdn. Bhd.	Insurance agency	100	100
Ceranamas Sdn. Bhd.	Property and investment holding	100	100
* Constant Knight (M) Sdn. Bhd.	Property holding	100	100
Cyberguard Vehicle Security Technologies Sdn. Bhd.	Trading and marketing of alarm security systems and the provision of alarm warranty services	100	100
Edaran Tan Chong Motor Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
E-Garage Auto Services Sdn. Bhd.	Automobile workshop services and trading of car grooming products	100	100
Hikmat Asli Sdn. Bhd.	Property holding	100	100
Pemasaran Alat Ganti Sdn. Bhd.	Marketing of automotive parts	100	100
Perwiramas Sdn. Bhd.	Investment holding	100	100
*** Premium Commerce Berhad	Special purpose entity for asset-backed securitisation	-	-
Rustcare Sdn. Bhd.	Rust proofing	100	100

Notes to the Financial Statements

31. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2008 %	2007 %
Incorporated in Malaysia:			
Sungei Bintang Sdn. Bhd.	Property holding	100	100
Tan Chong & Sons Motor Company Sdn. Bhd.	Assembly and sale of motor vehicles and hire purchase financing	100	100
Tan Chong Agency Sdn. Bhd.	Insurance agency and property holding	100	100
Tan Chong Ekspres Auto Servis Sdn. Bhd.	Automotive workshop services	100	100
Tan Chong Industrial Equipment (Sabah) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	100	100
Tan Chong Industrial Equipment Sdn. Bhd.	Distribution of commercial vehicles and spare parts	100	100
Tan Chong Motor Assemblies Sdn. Bhd.	Assembly of motor vehicles and engines and trading of parts	70	70
Tan Chong Trading (Malaysia) Sdn. Bhd.	Property and investment holding	100	100
Tanahku Holdings Sdn. Bhd.	Property holding	100	100
TC Auto Tooling Sdn. Bhd.	Production of car alarm system and other security systems, autoparts and accessories	100	100
* TC Capital Premium Sdn. Bhd.	Licensed money changer	100	50.001
* TC Capital Resources Sdn. Bhd.	Hire-purchase financing, leasing and money lending	100	100
TC Euro Cars Sdn. Bhd.	Distribution of motor vehicles and provision of after sales services	100	100
TC Hartanah Sdn. Bhd.	Property holding	100	100
* TC Heritage Sdn. Bhd.	Investment holding	100	100

Notes to the Financial Statements

31. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2008 %	2007 %
Incorporated in Malaysia:			
* TC Insurservices Sdn. Bhd.	Insurance agency	100	100
TC Management Services Corporation Sdn. Bhd.	Provision of management services	100	100
TC Metropolitan Sdn. Bhd.	Property investment holding	100	100
TC Motors (Sarawak) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	100	100
TCCL Sdn. Bhd.	Insurance agency	100	100
TCM Stamping Products Sdn. Bhd.	Manufacture and sale of fuel tanks and press metal parts	100	100
Truckquip Sdn. Bhd.	Distribution of automotive spare parts and construction of vehicle bodies	100	100
Vincus Holdings Sdn. Bhd.	Investment holding	100	100
West Anchorage Sdn. Bhd.	Investment holding	100	100
Auto Trucks & Components Sdn. Bhd.	Dormant	100	100
Edaran Tan Chong Motor (Sabah) Sdn. Bhd.	Dormant	100	100
Edaran Tan Chong Motor (Sarawak) Sdn. Bhd.	Dormant	100	100
Edaran Tan Chong Motor (Selatan) Sdn. Bhd.	Dormant	100	100
Edaran Tan Chong Motor (Tengah) Sdn. Bhd.	Dormant	100	100
Edaran Tan Chong Motor (Utara) Sdn. Bhd.	Dormant	100	100

Notes to the Financial Statements

31. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2008 %	2007 %
Incorporated in Malaysia:			
Fujiyama Car Cooler Sdn. Bhd.	Dormant	100	100
* Kereta Komersil Seladang (M) Sdn. Bhd.	Dormant	70	70
TC Security Services Sdn. Bhd. (formerly known as Ragib-TC Security Services Sdn. Bhd.)	Dormant	100	100
* TC Aluminium Castings Sdn. Bhd.	Dormant	100	100
TC Brake System Sdn. Bhd.	Dormant	100	100
* TC Engines Manufacturing Sdn. Bhd.	Dormant	100	100
* TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	100	100
* TC Manufacturing Holdings Sdn. Bhd.	Dormant	100	100
TC Transmission Sdn. Bhd.	Dormant	100	100
* VDC Sdn. Bhd.	Dormant	100	100
* Tan Chong Development Sdn. Bhd.	Dormant	100	-
Incorporated in Labuan:			
* ETCM (Labuan) Pty. Ltd.	Dormant	100	100
* TC Express Auto Services and Spare Parts (Labuan) Pty. Ltd.	Investment holding	100	100
* TCIE (Labuan) Pty. Ltd.	Investment holding	100	100
* TC Capital Resources (Labuan) Pty. Ltd.	Dormant	100	100

Notes to the Financial Statements

31. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2008 %	2007 %
Incorporated in Cambodia:			
** TC Express Auto Services and Spare Parts (Cambodia) Pty. Ltd.	Automobile after sales services and spare parts business	100	100
Incorporated in Vietnam:			
* Tanda Motor Co. Ltd.	Assembly and sale of bus chassis and sale of complete bus	51	51
* Company audited by another firm of accountants.			
** Company not audited by KPMG and consolidated using unaudited management financial statements. The financial statements of this subsidiary are not required to be audited in the country where it is incorporated and is not material to the Group.			
*** Deemed subsidiary by virtue of control in the company.			
# Subsequent to year end, the Company changed its name from Agensi Pekerjaan dan Sekuriti Bijak Sdn. Bhd. to Agensi Pekerjaan Bijak Sdn. Bhd. on 3 February 2009.			

32. Acquisitions of minority interest

On 3 November 2008, the Group acquired an additional 49.999% interest in TC Capital Premium Sdn. Bhd. for RM200,000 in cash, increasing its ownership from 50.001% to 100%. The carrying amount of TC Capital Premium Sdn. Bhd.'s net assets in the consolidated financial statements on the date of the acquisition was RM210,917. The Group recognised a decrease in minority interest of RM105,456 and goodwill of RM94,544.

33. Subsequent event

Subsequent to 31 December 2008, the Company bought back 4,735,000 of its issued shares from the open market at prices ranging from RM1.14 to RM1.24 per ordinary share. The cumulative total number of shares bought back to date amounted to 15,312,800. These transactions were financed by internally generated funds.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 30 to 86, except for pages 32 and 34 which are expressed in USD, are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Seow Thiam Fatt
Director

.....
Azman bin Badrillah
Director

Kuala Lumpur,
3 April 2009

Statutory Declaration

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

I, **Loh Chun Ying**, the officer primarily responsible for the financial management of Tan Chong Motor Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 86 except for pages 32 and 34 which are expressed in USD, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur on 3 April 2009.

.....
Loh Chun Ying
MIA 4787

Before me:

Affandi bin Ahmad
No. W567
Commissioner for Oaths
(Pesuruhjaya Sumpah)
Kuala Lumpur

Independent Auditors' Report

to the member of Tan Chong Motor Holdings Berhad

Report on the Financial Statements

We have audited the financial statements of Tan Chong Motor Holdings Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 30 to 86, except for pages 32 and 34 which are expressed in USD.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2008 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report

to the member of Tan Chong Motor Holdings Berhad

Report on Other Legal and Regulatory Requirements

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

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries (of which we have acted as auditors) have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 31 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

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

KPMG

Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai

Approval Number: 1745/12/09(J)
Chartered Accountant

Petaling Jaya,
3 April 2009

Ten Largest Properties of the Group

as at 31 December 2008

Location	Description	Land Area (sq feet)	Built up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM' million)	Age of Building (years)	Date of Acquisition	Date of last Revaluation
Lot 29120 Seksyen 20 (PT 15014) Mukim Serendah Daerah Hulu Selangor	Assembly plant & office	2,061,326	923,142	Leasehold 24.04.2095	130.17	2	09.05.96	-
249 Jalan Segambut 51200 Kuala Lumpur	Assembly plant, offices, warehouse/store, vehicle storage yard & canteen	806,749	596,335	Leasehold 14.01.2073	24.08	33	15.01.74	1984
Lot 9, Jalan Kemajuan Section 13, Petaling Jaya 46200 Selangor	Office, showroom, service, spare parts & training centre	78,801	85,735	Leasehold 06.09.2065	13.60	26	16.01.06	-
196 Blk G Jalan Sultan Azlan Shah 11900 Sg Tiram Pulau Pinang	Building intended for showroom, service & spare parts centre	104,639	53,640	Freehold	12.98	15	26.01.04	-
Lot 3 Jalan Perusahaan Satu 68100 Batu Caves, Selangor	Spare parts & service centre, factory, warehouse/store, offices & canteen	416,949	141,820	Leasehold 05.09.2074	12.58	29	11.09.81	1984
Lot 43097 Jalan Segambut 51200 Kuala Lumpur	Vehicle storage yard & warehouse & hostel	339,448	39,305	Leasehold 27.01.2074	11.22	11	27.03.81	-
PTD 166367 Mukim Plentong Johor Bahru, Johor	PDI & car storage yard	93,833	-	Freehold	9.41	-	18.10.04	-
Lot 4185 Jalan Segambut 51200 Kuala Lumpur	Office & factory	147,066	85,900	Freehold	7.44	16	05.11.77	-
Lot 1388 Jalan Seri Amar 50350 Kuala Lumpur	Levelled commercial land for development	22,185	-	Freehold	7.42	-	03.12.94	-
39 Jalan Pelukis U1/46 Sek U1, Temasya Industrial Park 40150 Shah Alam, Selangor	Vacant land	60,064	-	Freehold	7.42	-	13.05.04	-

Shareholders' Statistics

as at 31 March 2009

SHARE CAPITAL

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

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	144	1.24	3,511	-(1)
100 - 1,000	3,402	29.37	3,276,306	0.49
1,001 - 10,000	6,490	56.03	28,023,657	4.17
10,001 - 100,000	1,307	11.28	39,480,818	5.88
100,001 - 33,599,999	237	2.05	221,643,922	32.98
33,600,000 and above	4	0.03	364,258,986	54.21
Sub Total	11,584	100.00	656,687,200	97.72
Treasury shares			15,312,800	2.28
Total			672,000,000	100.00

Note:

(1) Less than 0.01%

DIRECTORS' SHAREHOLDING

(as per Register of Directors' Shareholding)

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1. Dato' Tan Heng Chew	18,183,162	2.77	315,765,252	48.08 ⁽¹⁾
2. Tan Eng Soon	-	-	315,237,862	48.00 ⁽²⁾
3. Azman bin Badrillah	20,000	-(3)	-	-
4. Dato' Haji Kamaruddin @ Abas bin Nordin	2,992	-(3)	-	-
5. Seow Thiam Fatt	16,600	-(3)	-	-
6. Dato' Ng Mann Cheong	-	-	71,000	0.01 ⁽⁴⁾

Notes:

(1) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("the Act") and interests of spouse and children by virtue of Section 134(12)(c) of the Act.

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

(3) Less than 0.01%.

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

Shareholders' Statistics

as at 31 March 2009

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	Tan Chong Consolidated Sdn Bhd	304,266,662	46.33	-	-
2	Nissan Motor Co Ltd	37,333,324	5.69	-	-
3	Employees Provident Fund Board	61,259,000	9.33	-	-
4	Dato' Tan Heng Chew	18,183,162	2.77	312,281,862	47.55 (1)
5	Tan Eng Soon	-	-	315,237,862	48.00 (2)
6	Dato' Tan Kim Hor	180,234	0.03	304,266,662	46.33 (3)
7	Dato' Tan Boon Pun	427	- (5)	304,266,942	46.33 (4)
8	Dato' Tan Chee Keong	29,000	- (5)	304,266,662	46.33 (3)
9	Dato' Tan Hoe Pin	10,000	- (5)	304,266,662	46.33 (3)
10	Dr. Tan Ban Leong	180,400	0.03	304,266,662	46.33 (3)
11	Dr. Tan Kang Leong	10,000	- (5)	304,266,662	46.33 (3)
12	Tan Beng Keong	-	-	304,266,662	46.33 (3)
13	Tan Kheng Leong	-	-	304,266,662	46.33 (3)

Notes:

- (1) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("the Act").
- (2) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd, Wealthmark Holdings Sdn Bhd and Lung Ma Investments Pte Ltd pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of interest in Tan Chong Consolidated Sdn Bhd pursuant to Section 6A of the Act.
- (4) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Progroup Nominees Sdn Bhd pursuant to Section 6A of the Act.
- (5) Less than 0.01%.

THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1	Tan Chong Consolidated Sdn Bhd	230,266,662	35.06
2	Employees Provident Fund Board	51,659,000	7.87
3	Mayban Nominees (Tempatan) Sdn Bhd Tan Chong Consolidated Sdn Bhd (N14011984860)	45,000,000	6.85
4	Cartaban Nominees (Asing) Sdn Bhd Exempt An for Daiwa Securities SMBC Co. Ltd. (Clients)	37,333,324	5.69
5	Cimsec Nominees (Tempatan) Sdn Bhd Allied Investments Limited for Tan Chong Consolidated Sdn Bhd	20,000,000	3.05
6	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Heng Chew (MM1063)	9,480,900	1.44
7	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927)	9,000,000	1.37
8	Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund	8,100,000	1.23
9	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 PZDM)	7,087,400	1.08

Shareholders' Statistics

as at 31 March 2009

Name	No. of Shares Held	%
10 Key Development Sdn. Berhad	6,194,400	0.94
11 Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for DFA Emerging Markets Fund</i>	4,998,300	0.76
12 Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for Prudential Fund Management Berhad</i>	4,994,300	0.76
13 Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Heng Chew (E-KLC)</i>	4,927,000	0.75
14 Gan Teng Siew Realty Sdn. Berhad	4,679,000	0.71
15 HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for SPB Investment Company Limited</i>	4,370,700	0.67
16 Chinchoo Investment Sdn. Berhad	4,205,000	0.64
17 HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for JPMorgan Chase Bank, National Association (Taiwan)</i>	4,164,900	0.63
18 HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Boronia Corporation</i>	3,690,000	0.56
19 HSBC Nominees (Asing) Sdn Bhd <i>BNY Brussels for Guardis Investments Group Limited</i>	3,600,000	0.55
20 Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Malaysia</i>	3,531,700	0.54
21 HLG Nominee (Tempatan) Sdn Bhd <i>Hong Leong Fund Management Sdn Bhd for Hong Leong Bank Berhad</i>	3,414,100	0.52
22 HLG Nominee (Asing) Sdn Bhd <i>Hong Leong Fund Management Sdn Bhd for Asia Fountain Investment Company Limited</i>	3,234,100	0.49
23 Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Khor Swee Wah @ Koh Bee Leng (MM1208)</i>	3,233,390	0.49
24 Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for OCBC Securities Private Limited (Client A/C-NR)</i>	3,069,500	0.47
25 HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for JPMorgan Chase Bank, National Association (Norges Bank)</i>	3,022,700	0.46
26 Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Amanah Saham Didik</i>	2,962,900	0.45
27 HLB Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Lung Ma Investments Pte Ltd (SIN 9047-5)</i>	2,956,000	0.45
28 Yap Lim Sen	2,923,300	0.45
29 Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for Merrill Lynch Pierce Fenner & Smith Incorporated (Foreign)</i>	2,850,000	0.43
30 Amanah Raya Nominees (Tempatan) Sdn Bhd <i>Public Savings Fund</i>	2,460,500	0.37
TOTAL	497,409,076	75.75

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Thirty-Seventh Annual General Meeting of TAN CHONG MOTOR HOLDINGS BERHAD will be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia on Wednesday, 20 May 2009 at 3:00 p.m. to transact the following businesses:

As Ordinary Business

1. To receive the Financial Statements for the year ended 31 December 2008 together with the Reports of the Directors and Auditors thereto. **Resolution 1**
2. To declare a final dividend of 10% less income tax for the financial year ended 31 December 2008. **Resolution 2**
3. To re-elect the following Directors who are eligible and have offered themselves for re-election, in accordance with Article 101 of the Company's Articles of Association:
 - i. Encik Azman bin Badrillah **Resolution 3**
 - ii. Mr Seow Thiam Fatt **Resolution 4**
4. To consider and if thought fit, to pass the following resolution in accordance with Section 129(6) of the Companies Act, 1965:

“THAT Dato' Haji Kamaruddin @ Abas bin Nordin, having attained the age of seventy years, be and is hereby appointed a director of the Company pursuant to Section 129(6) of the Companies Act, 1965, to hold office until the next Annual General Meeting.” **Resolution 5**
5. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2009 and to authorise the Directors to fix their remuneration. **Resolution 6**

As Special Business

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

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

“THAT, subject always to the Companies Act, 1965 (“Act”), the Articles of Association of the Company and approvals and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Act to allot and issue new ordinary shares of RM0.50 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the issued and paid-up share capital for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.” **Resolution 7**
7. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

“THAT, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised, to purchase such amount of ordinary shares of RM0.50 each in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through BMSB upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company.

Notice of Annual General Meeting

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion to retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and/or to resell them and/or to deal with the shares so purchased in such other manner as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of BMSB and any other relevant authorities for the time being in force.

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire:

- (i) at the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) at the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by BMSB and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authority."

Resolution 8

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

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.1 of the Company's Circular to Shareholders dated 28 April 2009 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 9

Notice of Annual General Meeting

9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD AND ITS SUBSIDIARIES

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.2 of the Company's Circular to Shareholders dated 28 April 2009 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 10

10. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.3 of the Company's Circular to Shareholders dated 28 April 2009 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 11

Notice of Annual General Meeting

11. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH AUTO DUNIA SDN BHD

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Auto Dunia Sdn Bhd involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.2 of the Company's Circular to Shareholders dated 28 April 2009 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders (the "Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 12

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Thirty-Seventh Annual General Meeting of Tan Chong Motor Holdings Berhad to be held on 20 May 2009, a final dividend of 10% less income tax will be paid on 18 June 2009 to shareholders whose names appear in the Register of Members on 28 May 2009.

A depositor shall qualify for the entitlement to the dividend only in respect of:

- (1) shares transferred into the depositor's securities account before 4:00 p.m. on 28 May 2009 in respect of ordinary transfers;
- (2) shares deposited into the depositor's securities account before 12:30 p.m. on 26 May 2009 in respect of shares exempted from mandatory deposit; and
- (3) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board

YAP BEE LEE
MAICSA 0864482
Company Secretary

Kuala Lumpur
28 April 2009

Notice of Annual General Meeting

NOTES:

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

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. **Proposed Grant of Authority Pursuant to Section 132D of the Companies Act, 1965**

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

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors of the Company be empowered, as proposed in Resolution 7, to issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up share capital of the Company for the time being, for such purpose. This authority, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

2. **Proposed Share Buy-Back**

The proposed Resolution 8, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilizing the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 28 April 2009, despatched together with the Company's 2008 Annual Report.

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

The proposed Resolutions 9, 10, 11 and 12, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on proposed Resolutions 9, 10, 11 and 12 are set out in the Company's Circular to Shareholders dated 28 April 2009, despatched together with the Company's 2008 Annual Report.

Statement Accompanying Notice of Annual General Meeting

Directors Standing for Re-election at the Thirty-Seventh Annual General Meeting

The Directors standing for re-election pursuant to Article 101 of the Company's Articles of Association are Encik Azman bin Badrillah and Mr Seow Thiam Fatt. Details of these Directors are set out in the section entitled "Profile of the Board of Directors" on pages 12 and 13 of the Annual Report. As at 31 March 2009, their shareholdings in the Company are as follows:

	Direct Interest No. of Shares Held
Azman bin Badrillah	20,000
Seow Thiam Fatt	16,600

Encik Azman bin Badrillah and Mr Seow Thiam Fatt do not have any interest in the shares of the subsidiaries of the Company.

Directors Standing for Appointment at the Thirty-Seventh Annual General Meeting

Dato' Haji Kamaruddin @ Abas bin Nordin is standing for appointment as Director pursuant to Section 129(6) of the Companies Act, 1965. Particulars of Dato' Haji Kamaruddin @ Abas bin Nordin is set out in the section entitled "Profile of the Board of Directors" on page 13 of the Annual Report. As at 31 March 2009, Dato' Haji Kamaruddin @ Abas bin Nordin held 2,992 shares in the Company. He does not have any interest in the shares of the subsidiaries of the Company.

FORM OF PROXY

CDS account no. of authorised nominee

I/We _____ (name of shareholder as per NRIC, in capital letters)
 IC No./ID No./Company No. _____ (new) _____ (old)
 of _____ (full address)
 being a member of TAN CHONG MOTOR HOLDINGS BERHAD, hereby appoint _____
 (name of proxy as per NRIC, in capital letters) IC No. _____ (new) _____ (old)
 and/or _____ (name of proxy as per NRIC, in capital letters)
 IC No. _____ (new) _____ (old) or failing him/her
 the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Thirty-Seventh Annual
 General Meeting of the Company to be held at 3rd Floor, 21 Jalan Ipoh Kecil, 50350 Kuala Lumpur, Malaysia, on Wednesday,
 20 May 2009 at 3:00 p.m., and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final Dividend		
Resolution 3	Re-election of Encik Azman bin Badrillah as Director		
Resolution 4	Re-election of Mr Seow Thiam Fatt as Director		
Resolution 5	Appointment of Dato' Haji Kamaruddin @ Abas bin Nordin pursuant to Section 129(6) of the Companies Act, 1965		
Resolution 6	Re-appointment of KPMG as Auditors		
Resolution 7	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 8	Proposed Renewal of Authority for the Company to purchase its own ordinary shares		
Resolution 9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad and its Subsidiaries		
Resolution 10	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with APM Automotive Holdings Berhad and its Subsidiaries		
Resolution 11	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong International Limited and its Subsidiaries		
Resolution 12	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions with Auto Dunia Sdn Bhd		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signature/Common Seal

Number of shares held : _____

Date : _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No. of Shares	Percentage
Proxy 1	_____	%
Proxy 2	_____	%
Total	_____	100%

Notes:

- (1) A member entitled to vote is entitled to appoint a proxy or proxies (but not more than two) to attend and vote for him. A proxy need not be a member of the Company, and, where there are two proxies, the number of shares to be represented by each proxy must be stated.
- (2) Where the Form of Proxy is executed by a corporation, it must be executed under seal or under the hand of an officer or attorney duly authorised.
- (3) An authorised nominee may appoint one proxy in respect of each securities account the authorised nominee holds in the Company standing to the credit of such securities account. Each appointment of proxy shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.

The Form of Proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

Fold here

Affix
Stamp
here

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

Fold here
