

# FINANCIAL STATEMENTS

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Directors' Report	27
Statement by Directors	30
Statutory Declaration	30
Report of the Auditors	31
Balance Sheets	32
Income Statements	33
Balance Sheets (in US\$ equivalent)	34
Income Statements (in US\$ equivalent)	35
Statement of Changes in Equity	36
Cash Flow Statements	38
Notes to the Financial Statements	40

# Directors' Report

for the year ended 31 December 2002

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 2002.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and the provision of management services to companies in the Group. The principal activities of the subsidiaries are as stated in Note 23 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## RESULTS

	Group RM'000	Company RM'000
Net profit for the year	71,587	22,504

## RESERVES AND PROVISIONS

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

## DIVIDENDS

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

- a final dividend of 3% tax exempt and 3% less 28% tax totalling RM10,402,560 in respect of the year ended 31 December 2001 on 21 June 2002;
- an interim dividend of 2% tax exempt and 5% less 28% tax totaling RM11,289,600 in respect of the year ended 31 December 2002 on 3 October 2002.

The final dividend recommended by the Directors in respect of the year ended 31 December 2002 is 7% less 28% tax totaling RM10,160,640.

## DIRECTORS OF THE COMPANY

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

Dato' Tan Heng Chew  
 Dato' N. Sadasivan s/o N.N. Pillay  
 Dato' Haji Kamaruddin @ Abas bin Nordin  
 Dato' Tan Kim Hor (until 29.5.2002)  
 Ahmad bin Abdullah  
 Azman bin Badrillah  
 Dr. Fun Woh Peng (appointed on 15.1.2003)  
 Koo Sian Chu  
 Mohd Sharif bin Haji Yusof  
 Tan Eng Soon  
 Tan Eng Hwa

**DIRECTORS OF THE COMPANY (CONT'D)**

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

Name	At 1.1.2002	Ordinary shares of RM1.00 each		At 31.12.2002
		Bought	Sold	
Shareholdings in which Directors have direct interests				
Interests in the Company:				
Dato' Tan Heng Chew	3,849	-	-	3,849
Dato Haji Kamaruddin @ Abas bin Nordin	230,448	-	(175,000)	55,448
Ahmad bin Abdullah	2,010,000	-	(10,000)	2,000,000
Azman bin Badrillah	3,276,200	-	(1,690,000)	1,586,200
Koo Sian Chu	15,000	-	-	15,000
Tan Eng Soon	210,000	-	-	210,000
Tan Eng Hwa	669,908	-	-	669,908

Shareholdings in which Directors have indirect interests

Interests in the Company:

Dato' Tan Heng Chew	85,959,999	-	-	85,959,999
Koo Sian Chu	10,000	-	-	10,000
Tan Eng Soon	85,959,999	-	-	85,959,999
Tan Eng Hwa	1,650	-	-	1,650

The above Directors by virtue of their shareholdings in the Company are deemed interested in the shares of the subsidiaries of the Company.

None of the other Directors holding office at 31 December 2002 had any interest in the ordinary shares of the Company and of its related corporations during the year.

**DIRECTORS' BENEFITS**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Company and 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 certain Directors who have significant financial interest in companies which traded with certain companies in the Group in the ordinary course of business.

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

**ISSUE OF SHARES**

There were no changes to the issued and paid-up share capital of the Company during the 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 financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i. all known bad debts have been written off and adequate 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 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 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 2002 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## AUDITORS

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

Signed in accordance with a resolution of the Directors:

**Azman bin Badrillah**

**Koo Sian Chu**

Kuala Lumpur,  
2 April 2003

## 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 32 to 58, except for pages 34 and 35 which are expressed in US\$ equivalent, are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2002 and of the results of their operations and cash flows for the year ended on that date.

Signed in accordance with a resolution of the Directors:

**Azman bin Badrillah**

**Koo Sian Chu**

Kuala Lumpur,  
2 April 2003

## Statutory Declaration

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

I, **Lee Kwee Cheng**, the officer primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 32 to 58 are, except for pages 34 and 35 which are expressed in US\$ equivalent, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed  
**Lee Kwee Cheng (MIA 9160)** at Kuala Lumpur on 2 April 2003

Before me:  
**Mohd Radzi bin Yasin**  
No:W327  
Commissioner for Oaths  
Kuala Lumpur

## Report of the Auditors

to the members of APM Automotive Holdings Berhad

We have audited the financial statements set out on pages 32 to 58 except for pages 34 and 35 which are expressed in US\$ equivalent. The preparation of the financial statements is the responsibility of the Company's Directors. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion:

- a. the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
  - i. the state of affairs of the Group and of the Company at 31 December 2002 and the results of their operations and cash flows for the year ended on that date; and
  - ii. the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- b. the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

The subsidiaries in respect of which we have not acted as auditors are identified in Note 23 to the financial statements and we have considered their financial statements and the auditors' report thereon, where applicable.

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

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

**KPMG**  
Firm Number: AF 0758  
Chartered Accountants

**Jimmy Leow Min Fong**  
Partner  
Approval Number: 595/03/04(J/PH)

Kuala Lumpur,  
2 April 2003

# Balance Sheets

as at 31 December 2002

	Note	Group 2002 RM'000	2001 RM'000	Company 2002 RM'000	2001 RM'000
<b>Property, plant and equipment</b>	2	<b>147,396</b>	134,186	<b>584</b>	232
<b>Investments in subsidiaries</b>	3	-	-	<b>220,070</b>	222,066
<b>Investment in jointly controlled entities</b>	4	<b>15,443</b>	5,421	-	-
		<b>162,839</b>	139,607	<b>220,654</b>	222,298
<b>Current assets</b>					
Inventories	5	<b>115,538</b>	112,339	-	-
Trade and other receivables	6	<b>147,616</b>	133,165	<b>8,956</b>	15,100
Tax recoverable		<b>6,324</b>	2,409	-	-
Cash and cash equivalents	7	<b>66,858</b>	70,445	<b>18,031</b>	26,625
		<b>336,336</b>	318,358	<b>26,987</b>	41,725
<b>Current liabilities</b>					
Trade and other payables	8	<b>84,798</b>	76,334	<b>11,797</b>	29,187
Hire purchase payables	9	-	23	-	-
Borrowings	10	<b>14,133</b>	15,888	<b>160</b>	-
Taxation		<b>5,788</b>	11,979	-	-
Provisions	11	<b>6,643</b>	10,185	-	-
		<b>111,362</b>	114,409	<b>11,957</b>	29,187
<b>Net current assets</b>		<b>224,974</b>	203,949	<b>15,030</b>	12,538
		<b>387,813</b>	343,556	<b>235,684</b>	234,836
<b>Financed by:</b>					
<b>Capital and reserves</b>					
Share capital	12	<b>201,600</b>	201,600	<b>201,600</b>	201,600
Reserves	13	<b>167,296</b>	117,274	<b>33,375</b>	32,563
		<b>368,896</b>	318,874	<b>234,975</b>	234,163
<b>Long term and deferred liabilities</b>					
Borrowings	10	<b>6,250</b>	10,833	-	-
Deferred grant income	14	<b>1,324</b>	1,636	-	-
Deferred taxation		<b>1,378</b>	1,144	-	-
Retirement benefits		<b>9,965</b>	11,046	<b>709</b>	673
Hire purchase payables	9	-	23	-	-
		<b>18,917</b>	24,682	<b>709</b>	673
		<b>387,813</b>	343,556	<b>235,684</b>	234,836

The financial statement were approved and authorised for issue by the Board of Directors on 2 April 2003.

The notes set out on pages 40 to 58 form an integral part of, and, should be read in conjunction with, these financial statements.

## Income Statements

for the year ended 31 December 2002

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Revenue</b>	15	<b>696,038</b>	659,584	<b>49,738</b>	30,236
<b>Cost of sales</b>					
- Sale of goods		(544,758)	(522,780)	-	-
<b>Gross profit</b>		<b>151,280</b>	136,804	<b>49,738</b>	30,236
Distribution costs		(24,466)	(24,008)	-	-
Administration expenses		(37,273)	(34,394)	(3,665)	(3,142)
Other operating expenses		(1,392)	(1,085)	(12,768)	-
Other operating income		2,476	2,055	-	-
<b>Operating profit</b>	15	<b>90,625</b>	79,372	<b>33,305</b>	27,094
Financing cost		(994)	(1,737)	(267)	(222)
Interest income		1,831	1,308	280	230
Share of profit of jointly controlled entities		124	674	-	-
<b>Profit before tax</b>		<b>91,586</b>	79,617	<b>33,318</b>	27,102
Tax expense	17	(19,999)	(22,773)	(10,814)	(2,917)
<b>Net profit after taxation</b>		<b>71,587</b>	56,844	<b>22,504</b>	24,185
<b>Basic earnings per ordinary share (sen)</b>	18	<b>35.5</b>	28.2		
<b>Dividends per ordinary share (sen)</b>	19	<b>14</b>	11		

The notes set out on pages 40 to 58 form an integral part of, and, should be read in conjunction with, these financial statements.



## Balance Sheets (in US\$ equivalent)

as at 31 December 2002

	Group	
	2002 US\$'000	2001 US\$'000
<b>Property, plant and equipment</b>	<b>38,788</b>	35,312
<b>Investment in jointly controlled entities</b>	<b>4,064</b>	1,427
	<b>42,852</b>	36,739
<b>Current assets</b>		
Inventories	30,405	29,563
Trade and other receivables	38,846	35,043
Tax recoverable	1,664	634
Cash and cash equivalents	17,594	18,538
	<b>88,509</b>	83,778
<b>Current liabilities</b>		
Trade and other payables	22,315	20,088
Hire purchase payables	-	6
Borrowings	3,719	4,181
Taxation	1,523	3,152
Provisions	1,748	2,680
	<b>29,305</b>	30,107
<b>Net current assets</b>	<b>59,204</b>	53,671
	<b>102,056</b>	90,410
<b>Financed by:</b>		
<b>Capital and reserves</b>		
Share capital	53,053	53,053
Reserves	44,025	30,862
	<b>97,078</b>	83,915
<b>Long term and deferred liabilities</b>		
Borrowings	1,645	2,851
Deferred grant income	348	430
Deferred taxation	363	301
Retirement benefits	2,622	2,907
Hire purchase payables	-	6
	<b>4,978</b>	6,495
	<b>102,056</b>	90,410

The information contained on this page does not form part of the audited Financial statements of the Group.

Figures for both 2002 and 2001 were converted into US\$ equivalent using the same exchange rate of RM3.80 = US\$1.00 which approximates that prevailing on 30.12.2002.

## Income Statements (in US\$ equivalent)

for the year ended 31 December 2002

	Group	
	2002 US\$'000	2001 US\$'000
<b>Revenue</b>	<b>183,168</b>	173,575
<b>Cost of sales</b>		
- Sale of goods	(143,357)	(137,574)
<b>Gross profit</b>	<b>39,811</b>	36,001
Distribution costs	(6,438)	(6,318)
Administration expenses	(9,809)	(9,051)
Other operating expenses	(366)	(286)
Other operating income	651	541
<b>Operating profit</b>	<b>23,849</b>	20,887
Financing cost	(262)	(457)
Interest income	482	344
Share of profit of jointly controlled entities	33	177
<b>Profit before tax</b>	<b>24,102</b>	20,951
Tax expense	(5,263)	(5,993)
<b>Net profit after taxation</b>	<b>18,839</b>	14,958
<b>Basic earnings per ordinary share (cents)</b>	<b>9.34</b>	7.42
<b>Dividends per ordinary share (cents)</b>	<b>3.7</b>	2.9

The information contained on this page does not form part of the audited Financial statements of the Group.

Figures for both 2002 and 2001 were converted into US\$ equivalent using the same exchange rate of RM3.80 = US\$1.00 which approximates that prevailing on 30.12.2002.

# Statement of Changes in Equity

for the year ended 31 December 2002

Group	Note	Non distributable			Distributable			
		Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Exchange adjustment RM'000	Merger deficit RM'000	Retained profits RM'000	Total RM'000
At 1 January 2001		201,600	17,898	5,447	(214)	(42,339)	96,663	279,055
Foreign exchange differences arising from translation		-	-	-	(10)	-	-	(10)
Net gains and losses not recognised in the income statement		-	-	-	(10)	-	-	(10)
Net profit for the year		-	-	-	-	-	56,844	56,844
Dividends paid								
- 2000 final	19	-	-	-	-	-	(8,064)	(8,064)
- 2001 interim	19	-	-	-	-	-	(8,951)	(8,951)
At 31 December 2001		201,600	17,898	5,447	(224)	(42,339)	136,492	318,874
Foreign exchange differences arising from translation		-	-	-	127	-	-	127
Net gains and losses not recognised in the income statement		-	-	-	127	-	-	127
Net profit for the year		-	-	-	-	-	71,587	71,587
Dividends paid								
- 2001 final	19	-	-	-	-	-	(10,403)	(10,403)
- 2002 interim	19	-	-	-	-	-	(11,289)	(11,289)
At 31 December 2002		201,600	17,898	5,447	(97)	(42,339)	186,387	368,896

Note 13

## Statement of Changes in Equity

for the year ended 31 December 2002

Company	Note	Non distributable Share capital RM'000	Share premium RM'000	Distributable Retained profits RM'000	Total RM'000
<b>At 1 January 2001</b>		201,600	17,898	7,495	226,993
Net profit for the year		-	-	24,185	24,185
Dividends paid					
- 2000 final	19	-	-	(8,064)	(8,064)
- 2001 interim	19	-	-	(8,951)	(8,951)
<b>At 31 December 2001</b>		201,600	17,898	14,665	234,163
Net profit for the year		-	-	22,504	22,504
Dividends paid					
- 2001 final	19	-	-	(10,403)	(10,403)
- 2002 interim	19	-	-	(11,289)	(11,289)
<b>At 31 December 2002</b>		<b>201,600</b>	<b>17,898</b>	<b>15,477</b>	<b>234,975</b>

Note 13

The notes set out on pages 40 to 58 form an integral part of, and, should be read in conjunction with, these financial statements.

# Cash Flow Statements

for the year ended 31 December 2002

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Cash flows from operating activities</b>				
Profit before taxation	<b>91,586</b>	79,617	<b>33,318</b>	27,102
Adjustments for				
Depreciation of property, plant and equipment	<b>24,865</b>	23,376	<b>67</b>	49
Acquisition of subsidiary	-	48	-	-
Gain on disposal of property, plant and equipment	<b>(406)</b>	(254)	-	-
Interest expenses	<b>994</b>	1,737	-	-
Interest income	<b>(1,831)</b>	(1,308)	-	-
Retirement benefits charged	<b>(727)</b>	4,070	<b>36</b>	231
Share of profits in jointly controlled entities	<b>(124)</b>	(674)	-	-
Amortisation of grant income	<b>(312)</b>	(556)	-	-
Goodwill and deferred expenditure written off	-	273	-	-
Property, plant and equipment written off	<b>471</b>	277	-	-
Allowance for diminution in value of investment	-	-	<b>1,996</b>	-
Warranties provision	<b>(749)</b>	2,126	-	-
Operating profit before working capital changes	<b>113,767</b>	108,732	<b>35,417</b>	27,382
(Increase)/Decrease in working capital:				
Inventories	<b>(3,199)</b>	23,096	-	-
Trade and other receivables	<b>(14,451)</b>	(2,400)	<b>6,144</b>	3,518
Trade and other payables	<b>8,480</b>	(2,387)	<b>(17,390)</b>	12,197
Cash generated from operations	<b>104,597</b>	127,041	<b>24,171</b>	43,097
Income tax paid	<b>(29,597)</b>	(21,736)	<b>(10,814)</b>	(2,917)
Income tax refund	<b>77</b>	-	-	-
Interest paid	<b>(994)</b>	(1,737)	-	-
Interest received	<b>1,831</b>	1,308	-	-
Grant income received	-	244	-	-
Retirement benefit paid	<b>(368)</b>	(125)	-	(31)
Warranties paid	<b>(2,793)</b>	(1,960)	-	-
<b>Net cash generated from operating activities</b>	<b>72,753</b>	103,035	<b>13,357</b>	40,149

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Cash flows from investing activities</b>				
Dividends received from jointly controlled entities	-	100	-	-
Purchase of property, plant and equipment	(38,902)	(23,164)	(419)	(99)
Acquisition of subsidiary	-	(106)	-	-
Proceeds from disposal of property, plant and equipment	807	525	-	-
Acquisition of subsidiaries, net of cash acquired	-	136	-	-
Investment in jointly controlled entities	(10,151)	(355)	-	-
<b>Net cash used in investing activities</b>	<b>(48,246)</b>	<b>(22,864)</b>	<b>(419)</b>	<b>(99)</b>
<b>Cash flows from financing activities</b>				
Repayment of hire purchase liability	(46)	(131)	-	-
Dividend paid to shareholders	(21,692)	(17,015)	(21,692)	(17,015)
Repayment of short term borrowings	-	(5,000)	-	-
Proceeds from term loan	128	15,000	-	-
Repayment of term loan	(3,750)	-	-	-
<b>Net cash used in financing activities</b>	<b>(25,360)</b>	<b>(7,146)</b>	<b>(21,692)</b>	<b>(17,015)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(853)</b>	<b>73,025</b>	<b>(8,754)</b>	<b>23,035</b>
<b>Exchange difference</b>	<b>(18)</b>	<b>27</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>58,724</b>	<b>(14,328)</b>	<b>26,625</b>	<b>3,590</b>
<b>Cash and cash equivalents at end of year</b>	<b>57,853</b>	<b>58,724</b>	<b>17,871</b>	<b>26,625</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	66,858	70,445	18,031	26,625
Bills payable	(2,982)	(3,429)	-	-
Overdrafts	(6,023)	(8,292)	(160)	-
	<b>57,853</b>	<b>58,724</b>	<b>17,871</b>	<b>26,625</b>

The notes set out on pages 40 to 58 form an integral part of, and, should be read in conjunction with, these financial statements.

# Notes to the Financial Statements

31 December 2002

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Group and the Company and are consistent with those adopted in previous years except for the adoption of the following:

- i. MASB 19, Events After Balance Sheet Date is applied retrospectively;
- ii. MASB 20, Provisions, Contingent Liabilities and Contingent Assets which is applied retrospectively;
- iii. MASB 23, Impairment of Assets is applied prospectively; and
- iv. MASB 24, Financial Instruments: Disclosure and Presentation has been adopted prospectively.

The adoption of MASB 19 and 23 do not have any material impact on the financial statements.

### a. Basis of accounting

The financial statements of the Group and of the Company are prepared in compliance with applicable approved accounting standards in Malaysia.

### b. Basis of consolidation

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

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

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

### c. Jointly controlled entities

A joint venture is a contractual agreement whereby the Group and other parties have joint control over an economic activity.

In respect of its interest in jointly controlled entities the Group uses the equity method to account for its interest.

The results of the joint venture are normally accounted for based on the audited financial statements of the respective joint ventures. In the event that audited financial statements are not available, the financial statements prepared by management are used instead.

Unrealised profits or losses arising from transactions between the Group and its joint ventures are recognised only to the extent of that portion of the gain or loss which is attributable to the interests of the other venturers. Unrealised losses are recognised in full when the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### d. Property, plant and equipment

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

It is the Group's policy to state property, plant and equipment at cost. Revaluation of certain properties in 1984 was carried out primarily for the purpose of issuing bonus shares then in the Company and was not intended to effect a change in the accounting policy to one of revaluation of properties.

In accordance with the transitional provisions issued by the Malaysian Accounting Standards Board ("MASB") on the adoption of International Accounting Standards ("IAS") No.16 (Revised) on "Property, Plant and Equipment", the valuations of these assets have 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 not less than their net book values as at 31 December 2002.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

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

### e. Depreciation

Freehold land and capital work-in-progress are not amortised. Leasehold land is amortised in equal instalments over the period of the respective leases which range from twenty-five to thirty-nine years while buildings are depreciated on a straight line basis over the shorter of 50 years or the lease period.

The straight-line method is used to write off the cost of the other assets over the term of their estimated useful lives at the following principal annual rates:

Buildings	2% - 4%
Plant, machinery and equipment	10% - 25%
Furniture, fixtures, fittings and office equipment	10% - 33.3%
Motor vehicles	10% - 20%

### f. Investments

Long term investments are stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

### g. Inventories

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

Costs of manufactured inventories, work-in-progress and raw materials are determined primarily at standard cost adjusted for variances and approximates actual cost on a first-in-first-out basis.

Manufactured inventories and work-in-progress includes direct materials, labour and an appropriate proportion of fixed and variable production overheads.

Costs of trading inventories and spare parts are determined on a weighted average basis.

### h. Trade and other receivable

Trade and other receivables are stated at cost less allowance for doubtful debts.



## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### i. 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 and bills payable.

### j. Impairment

The carrying amount of the Group's assets, other than inventories (refer note 1(g) and financial assets (other than investments in subsidiaries, associates and joint ventures), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount is the greater of the asset's net selling price and its value in use. In assessing value in use, 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed unless the loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.

In respect of other assets, 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 determined, net of depreciation or amortisation, if no impairment loss has been recognised. The reversal is recognised in the income statement, unless it reverses an impairment loss on a revalued asset, in which case it is taken to equity.

### k. Liabilities

Borrowings and trade and other payables are stated at cost.

### l. Taxation

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

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

### m. Provisions

A provision is recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation (legal or constructive) as a result of a past event and a reliable estimate can be made of the amount.

#### i. *Provision for warranties/air-cond rectification*

Provision for warranties and air-cond rectification are recognised when the underlying products or services are sold. It is based on historical warranty data and a weighting of all possible outcomes against the associated probabilities.

#### ii. *Provision for prompt payment discount*

A provision for prompt payment discount is recognised based on forecasted sales and past payment pattern of customers.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### n. Deferred grant income

Grant income from the World Bank arise from the installation of machinery for environmental control purposes. This is amortised on a straight line basis over a period of 10 years in line with the depreciation of the related machinery.

### o. Foreign currency

#### i. Foreign currency transactions

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

#### ii. Financial statements of foreign operations

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

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

1AUD	-	RM2.14	(2001 :1AUD	-	RM1.93)
1USD	-	RM3.80	(2001 :1USD	-	RM3.80)
100JPY	-	RM3.23	(2001 :100JPY	-	RM2.88)
1CAD	-	RM2.40	(2001 :1CAD	-	RM2.50)
1RMB	-	RM0.46	(2001 :1RMB	-	RM0.46)
10,000IDR	-	RM4.00	(2001 :10,000IDR	-	RM4.00)

### p. Revenue

#### i. Goods sold and services rendered

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

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

#### ii. Dividend income

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

### q. Interest income

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

### r. Financing costs

Financing costs comprise interest payable on borrowings.

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

## 2. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<i>Cost/valuation</i>								
Opening balance	-	43,216	41,630	185,937	14,766	5,972	384	291,905
Additions	4,266	179	8,320	20,937	2,047	2,485	668	38,902
Disposals	-	-	-	(2,741)	(195)	(593)	-	(3,529)
Written off	-	-	-	(4,454)	(500)	-	-	(4,954)
Transfers	-	-	-	84	-	-	(84)	-
Foreign exchange adjustment	-	-	-	48	-	32	-	80
Closing balance	4,266	43,395	49,950	199,811	16,118	7,896	968	322,404
<i>Representing items at:</i>								
Cost	4,266	26,303	43,300	199,811	16,118	7,896	968	298,662
1984 valuation	-	17,092	6,650	-	-	-	-	23,742
	4,266	43,395	49,950	199,811	16,118	7,896	968	322,404
<i>Accumulated depreciation</i>								
Opening balance	-	4,015	8,939	130,587	10,766	3,412	-	157,719
Charge for the year	-	530	1,179	20,629	1,537	990	-	24,865
Disposals	-	-	-	(2,614)	(126)	(387)	-	(3,127)
Written off	-	-	-	(4,108)	(375)	-	-	(4,483)
Foreign exchange adjustment	-	-	-	18	-	16	-	34
Closing balance	-	4,545	10,118	144,512	11,802	4,031	-	175,008
<i>Net book value</i>								
At 31 December 2002	4,266	38,850	39,832	55,299	4,316	3,865	968	147,396
At 31 December 2001	-	39,201	32,691	55,350	4,000	2,560	384	134,186
Depreciation charge for the year ended 31 December 2001	-	713	1,137	19,152	1,552	822	-	23,376

### Revaluation

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

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

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

## 2. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

### *Assets under hire purchase*

Included in property, plant and equipment of the Group are motor vehicles acquired under hire purchase agreements with a net book value of RM44,000 (2001 – RM113,000).

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<i>Cost</i>			
Opening balance	176	133	309
Additions	40	379	419
Closing balance	216	512	728
<i>Accumulated depreciation</i>			
Opening balance	32	45	77
Charge for the year	34	33	67
Closing balance	66	78	144
<i>Net book value</i>			
At 31 December 2002	150	434	584
At 31 December 2001	144	88	232
Depreciation charge for the year ended 31 December 2001	22	27	49

## 3. INVESTMENTS IN SUBSIDIARIES

	Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost	223,105	223,105
Less: Allowance for diminution in value	(3,035)	(1,039)
	220,070	222,066

Details of the subsidiaries are shown in Note 23.

#### 4. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

The Group's interest in the assets and liabilities, revenue and expenses of jointly controlled entities are as follows:

	2002 RM'000	2001 RM'000
Long-term assets	3,243	1,735
Current assets	17,208	8,120
Long-term liabilities	(204)	(3,440)
Current liabilities	(4,804)	(994)
Net assets	15,443	5,421
Income	11,608	10,841
Expenses	(11,484)	(10,167)
	124	674

Name of Company	Principal activities	Proportion of ownership interest	
		2002 %	2001 %
APM-Coachair Sdn. Bhd.*@	Distribution of coach air-conditioners.	50	50
APM Irwin Seating Sdn. Bhd.*	Manufacture and sale of auditorium seats.	50	50
Auto Culture Supplies Sdn. Bhd.*	Manufacture and sale of seat covers and related products.	50	50
Diversified Furniture Systems Sdn. Bhd.*	Manufacture and sales of office furniture. Ceased operations and became dormant in 2002.	50	50
PT APM Armada Autoparts (Incorporated in the Republic of Indonesia)@	Manufacture and sale of automotive seats, bus and train seating products in Indonesia	50	-
Annhui Winking Auto Parts Co. Ltd. (Incorporated in the Peoples' Republic of China)@	Manufacture and sale of automotive seats, interior parts and metal components in China	60	-

\* Owned via a 100% subsidiary, Auto Parts Holdings Sdn. Bhd.

@ The results of the jointly controlled entity is accounted for based on management financial statements.

The Company also subscribed to 250,000 shares of USD1 each in PT APM Armada Autoparts, a company incorporated in the Republic of Indonesia, at par, for a total consideration of RM950,575 and 1,500,000 shares of USD1 each in Annhui Winking Auto Parts Co. Ltd., a company incorporated in the Peoples' Republic of China, at par, for a total consideration of RM5,700,350. Both the subscriptions represent 50% and 60% respectively, of the entire issued and paid-up share capital of PT APM Armada Autoparts and Annhui Winking Auto Parts Co. Ltd.

## 5. INVENTORIES

	Group	
	2002 RM'000	2001 RM'000
Raw materials	55,430	54,736
Work-in-progress	11,879	13,231
Manufactured inventories and trading inventories	40,169	36,352
Spare parts and others	3,895	3,843
Goods-in-transit	4,165	4,177
	<b>115,538</b>	<b>112,339</b>

The following inventories are carried at net realisable value:

Raw materials	6,958	8,943
Work-in-progress	50	56
Manufactured inventories and trading inventories	4,301	11,592
Spare parts and others	343	489
	<b>11,652</b>	<b>21,080</b>

## 6. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade receivables				
- third parties	132,645	114,275	-	-
- jointly controlled entities	1,022	98	-	-
- related parties	11,987	15,122	-	-
	<b>145,654</b>	<b>129,495</b>	-	-
Less: Allowance for doubtful debts	(5,273)	(5,076)	-	-
	<b>140,381</b>	<b>124,419</b>	-	-
Subsidiaries	-	-	19,702	15,061
Less: Allowance for doubtful debts	-	-	(10,772)	-
	-	-	<b>8,930</b>	-
Jointly controlled entities	513	1,020	21	34
Other receivables	6,722	7,726	5	5
	<b>147,616</b>	<b>133,165</b>	<b>8,956</b>	<b>15,100</b>

The amounts due from subsidiaries and jointly controlled entities of which arose from non-trade transactions are unsecured, have no fixed terms of repayments and are interest free.

## 7. CASH AND CASH EQUIVALENTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Cash and bank balances	17,641	14,390	772	693
Deposits	49,217	56,055	17,259	25,932
	66,858	70,445	18,031	26,625
Deposits are placed with:				
Licensed banks	33,758	30,123	1,800	-
Finance companies	1,900	25,932	1,900	25,932
Other financial institutions	13,559	-	13,559	-
	49,217	56,055	17,259	25,932

## 8. TRADE AND OTHER PAYABLES

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade payables				
- third parties	42,392	40,097	-	-
- jointly controlled entities	1,874	55	-	-
- related parties	488	859	-	-
	44,754	41,011	-	-
Subsidiaries	-	-	10,666	27,442
Jointly controlled entities	186	57	71	-
Related parties	1,636	548	379	-
Other payables and accruals	38,222	34,718	681	1,745
	84,798	76,334	11,797	29,187

The amounts due to subsidiaries and related parties of which arose from non-trade transactions are unsecured, interest free and have no fixed terms of repayment.

## 9. HIRE PURCHASE PAYABLES

Finance lease liabilities are payable as follows:

Group	2002			2001		
	Gross RM'000	Interest RM'000	Principal RM'000	Gross RM'000	Interest RM'000	Principal RM'000
Less than one year	-	-	-	25	(2)	23
Between one and five years	-	-	-	25	(2)	23
	-	-	-	50	(4)	46

**10. BORROWINGS**

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Current				
Bills payable - unsecured	2,982	3,429	-	-
Overdrafts - unsecured	6,023	8,292	160	-
Term loan - secured	5,128	4,167	-	-
	<b>14,133</b>	15,888	<b>160</b>	-
Non-current				
Long term loan - secured	6,250	10,833	-	-

The borrowings of the Group are subject to interest at 2.75% to 7.5% (2001 - 2.65% to 8.39%) per annum.

The term loan is repayable in 36 equal monthly instalments, commencing from March 2002.

Term and debt repayment schedule

	Total RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
Term loan	11,378	5,128	5,000	1,250

The term loan is secured by the assignment of rental proceeds from the tenants of the property.

**11. PROVISIONS**

	Group	
	2002 RM'000	2001 RM'000
Balance at 1 January	10,185	10,019
Provision made during the year	3,762	3,592
Provision used during the year	(2,793)	(1,960)
Provision reversed during the year	(4,511)	(1,466)
Balance at 31 December	<b>6,643</b>	10,185

**12. SHARE CAPITAL**

	Group and Company	
	2002 RM'000	2001 RM'000
Authorised:		
Ordinary shares of RM1.00 each	<b>300,000</b>	300,000
Issued and fully paid:		
Ordinary shares of RM1.00 each	<b>201,600</b>	201,600



### 13. DISTRIBUTABLE RESERVES

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all its retained profits at 31 December 2002 if paid out as dividends.

### 14. DEFERRED GRANT INCOME

	Group	
	2002 RM'000	2001 RM'000
Opening balance	3,563	3,319
Received during the year	-	244
	3,563	3,563
Accumulative amortisation	(2,239)	(1,927)
	1,324	1,636

### 15. OPERATING PROFIT

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>Revenue</b>				
- Sale of goods	696,038	659,584	-	-
- Services rendered	-	-	1,117	270
- Dividend income	-	-	48,621	29,966
	696,038	659,584	49,738	30,236
<b>Operating profit is arrived at after crediting:</b>				
Amortisation of grant income	312	556	-	-
Foreign exchange gain				
- realised	647	35	-	-
- unrealised	117	856	-	-
Gain on disposal of property, plant and equipment	406	254	-	-
Tax exempt dividend received from:				
- unquoted subsidiaries	-	-	10,001	19,548
Gross dividend received from				
- unquoted subsidiaries	-	-	38,620	10,418
Interest income	1,831	1,308	280	230
Reversal of allowance for doubtful debts	603	1,663	-	-
Discount from acquisition of jointly controlled entities	-	18	-	-
Retirement benefits written back	2,513	-	-	-
Provision for warranty written back	4,511	1,466	-	-

## 15. OPERATING PROFIT (CONT'D)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<b>and after charging:</b>				
Audit fee - current year	183	144	18	14
- prior year	18	-	4	-
Allowance for diminution in value	-	-	1,996	-
Allowance for doubtful debts	2,024	922	10,772	-
Retirement benefits charged	1,786	4,070	36	231
Depreciation of property, plant and equipment	24,865	23,376	67	49
Property, plant and equipment written off	471	277	-	-
Directors of the Company:				
- fees	144	120	144	120
- emoluments	1,151	942	1,151	942
- benefit in kind	38	38	38	38
Goodwill written off	-	273	-	-
Rental of premises	1,845	1,432	-	-
Realised foreign exchange loss	383	286	-	-
Provision for warranties	3,762	3,592	-	-

## 16. EMPLOYEE INFORMATION

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Staff costs	89,049	85,281	2,497	2,151

The number of employees of the Group (including Directors) and of the Company (including Directors) at the end of the year was 2,891 (2001 - 2,657) and 16 (2001 - 12) respectively.

## 17. TAX EXPENSE

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Current tax expense - Malaysia	21,669	21,626	10,814	2,917
Underprovision in prior years	-	1,011	-	-
Overprovision in prior years	(2,256)	-	-	-
	19,413	22,637	10,814	2,917
Deferred tax expense	234	332	-	-
	19,647	22,969	10,814	2,917
Tax expense on share of profits of jointly controlled entities				
- current year	352	-	-	-
- overprovision in prior years	-	(196)	-	-
	19,999	22,773	10,814	2,917

# 17. TAX EXPENSE (CONT'D)

The Group's effective tax rate for the current year is lower than the prima facie tax rate due to the availability of reinvestment allowances.

The Company's effective tax rate for the current year is higher than the prima facie tax rate as certain expenses are not deductible for tax purposes.

The Company's effective tax rate for the previous year was lower than the prima facie tax rate mainly due to the availability of tax exempt dividend income.

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

	Group	
	2002 RM'000	2001 RM'000
Other timing differences	56,178	25,164

# 18. EARNINGS PER SHARE - GROUP

The calculation of earnings per share is based on the net profit attributable to shareholders of RM71,587,000 (2001 - RM56,844,000) and the number of ordinary shares in issue during the year of 201,600,000 (2001 - 201,600,000).

# 19. DIVIDENDS PAID

	Group and Company	
	2002 RM'000	2001 RM'000
Final in respect of previous year		
3% tax exempt (2001 - 4% tax exempt)	6,048	8,064
3% less tax (2001 - Nil)	4,355	-
Interim in respect of current year ended		
2% tax exempt (2001 - 3% tax exempt)	4,032	6,048
5% less tax (2001 - 2% less tax)	7,257	2,903
	21,692	17,015

## Proposed final dividend for the financial year ended 31 December 2002

The Directors have recommended a final dividend of 7% less 28% tax totalling RM10,160,640 in respect of the year ended 31 December 2002, which will be paid after the financial year end subject to approval by the shareholders at the forthcoming Annual General Meeting.

The proposed final dividend has not been accounted for in the financial statements of the Group and of the Company as at 31 December 2002.

**19. DIVIDENDS PAID (CONT'D)***Dividend per share***Ordinary dividend**

The calculation of dividend per share is based on the ordinary dividend declared and proposed for the financial year ended 31 December 2002 and the number of ordinary shares in issue during the year of 201.6 million (2001 - 201.6 million).

	2002 RM'000	2001 RM'000	2002 Sen per share	2001 Sen per share
Ordinary dividend paid	11,289	8,951	7	5
Proposed final dividend	10,161	10,403	7	6
Ordinary dividend including proposed final dividend	21,450	19,354	14	11

**20. SEGMENTAL INFORMATION**

Segmental reporting is not disclosed as required by International Accounting Standards ("IAS") No. 14 on "Reporting Financial Information By Segment" as the Group predominantly manufactures and sells automotive components and spare parts, and operates principally in Malaysia.

**21. COMMITMENTS**

	Group 2002 RM'000	2001 RM'000
Capital commitments:		
Property, plant and equipment contracted but not provided for in the financial statements	4,509	5,821

**22. RELATED PARTIES**

Controlling related party relationships are as follows:

- The subsidiaries as disclosed in Note 23.
- The substantial shareholders of the Company are Tan Chong Consolidated Sdn. Bhd. ("TCC") and Parasand Limited ("PL"). TCC and PL are also substantial shareholders of Tan Chong Motor Holdings Berhad Group ("TCMH Group"), Tan Chong International Limited Group ("TCIL Group") and Warisan TC Holdings Berhad Group ("WTCH Group").

The Directors of the Company, Dato' Tan Heng Chew and Tan Eng Soon, are deemed interested in the shares held by TCC and PL by virtue of Section 6A of the Companies Act, 1965.

## 22. RELATED PARTIES (CONT'D)

### Transactions with related parties

- i. Significant transactions with TCMH, TCIL and WTCH Groups are as follows:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
<i>With TCMH Group</i>				
Sales	67,988	79,863	-	-
Rental income	-	92	-	-
Trade Purchases	953	1,425	-	-
Other purchases	2,841	1,956	379	698
Rental expenses	922	972	-	41
Management fee	41	28	41	28
<i>With TCIL Group</i>				
Sales	1,318	3,560	-	-
Trade Purchases	529	614	-	-
<i>With WTCH Group</i>				
Sales	90	78	-	-
Other purchases	1,876	1,706	-	-

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

- ii. Significant transactions with Auto Dunia Sdn. Bhd., a company in which certain Directors of the Company, namely Ahmad bin Abdullah and Azman bin Badrillah have substantial financial interests, are as follows:

	Group	
	2002 RM'000	2001 RM'000
Sales	830	2,207
Trade Purchases	-	1,801
Other purchases	220	29

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

- iii. Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2002 RM'000	2001 RM'000
Subsidiaries		
Management fees receivable	1,117	270
Interest income	-	26
Dividends received	48,621	29,966
Interest expense	267	222

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

## 23. SUBSIDIARIES

The principal activities of the companies in the Group, their places of incorporation and the Group's interest are as follows:

Name of Company	Principal activities	Group interest	
		2002 %	2001 %
APM Air-Conditioners Sdn. Bhd.	Manufacture of automotive air-conditioners	100	100
APM Auto Electrics Sdn. Bhd.	Manufacture of automotive electrical components	100	100
APM Coil Springs Sdn. Bhd.	Manufacture of automotive coil springs	100	100
APM Metal Industries Sdn. Bhd.	Dormant	100	100
APM Plastics Sdn. Bhd.	Manufacture of plastic injection and extrusion moulded parts and components	100	100
APM Shock Absorbers Sdn. Bhd.	Manufacture of shock absorbers and related component parts	100	100
APM Springs Sdn. Bhd.	Manufacture of automotive leaf springs	100	100
APM Trim Parts Sdn. Bhd.***	Manufacture of vehicle interior parts and accessories	100	100
Auto Parts Holdings Sdn. Bhd.	Investment holding	100	100
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture of automotive seats and radiators.	100	100
Auto Parts Marketing Sdn. Bhd.	Marketing of automotive parts and accessories	100	100
KAB Otomotif Sdn. Bhd.	Property investment	100	100
Perusahaan Tilam Kereta Sdn. Bhd.	Property investment	100	100
Radiators Australia (2000) Pty. Ltd ** (owned via 100% subsidiary, Auto Parts Holdings Sdn. Bhd.)	Distribution and assembly of automotive radiators	100	100
APM Auto Mechanisms Sdn. Bhd.	Property investment	100	100
APM Components America Inc.* (owned via 100% subsidiary, APM Holdings Inc.)	Distribution of furniture components	100	100
APM Holdings Inc.* (owned via 100% subsidiary, Auto Parts Holdings Sdn. Bhd.)	Investment holding	100	100
APM Motorsport Sdn. Bhd.	Trading and selling automotive parts and accessories	100	100
APM Chalmers Suspensions Sdn. Bhd.	Dormant	100	100
APM Radiators Sdn. Bhd.	Dormant	100	100
APM Tooling Centre Sdn. Bhd.	Dormant	100	100

## 23. SUBSIDIARIES (CONT'D)

Name of Company	Principal activities	Group interest	
		2002 %	2001 %
Atsugi Parts Manufacturing Sdn. Bhd.	Dormant	100	100
Pandamaran Special Steel Sdn. Bhd.	Dormant	100	100
TC-Kinugawa Rubber Sdn. Bhd.	Dormant	100	100
APM Components (USA) Inc.* (owned via 100% subsidiary, Auto Parts Holdings Sdn. Bhd.)	Marketing, distribution and sale of automotive and related products	100	-
Fuji Seats (Malaysia) Sdn. Bhd.	Manufacture and sale of car seats	70	-

Radiators Australia (2000) Pty Ltd is a company incorporated in Australia. APM Components America Inc. and APM Holdings Inc. are companies incorporated in Canada. APM Components (USA) Inc. is a company incorporated in United States of America. The other subsidiary companies are incorporated in Malaysia.

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

\*\* Audited by another firm of Public Accountants

\*\*\* The Company changed its name from APM Trim Parts Sdn. Bhd. to APM Interiors Sdn. Bhd. on 13 January 2003.

During the financial year, the Company subscribed to 100 shares of USD500 each in APM Components (USA) Inc., a company incorporated in the United States of America, at par, for a total consideration of RM190,025. The subscription represents the entire issued and paid up share capital of APM Components (USA) Inc.

During the financial year, the Company subscribed to 3,500,000 shares of RM1 each in Fuji Seats (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, at par, for total consideration of RM3,500,000. The subscription represents 70% of the issued and paid up share capital of Fuji Seats (Malaysia) Sdn. Bhd.

## 24. FINANCIAL INSTRUMENTS

**Financial risk management objectives and policies**

Exposure to credit, interest rate and currency risk arises in the normal course of the Group and the Company's business. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**Credit risk**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

The Group's and Company's customers' performance are dependent on the outlook of the local automotive industry.

**Interest rate risk**

The Group's exposure to changes in interest rates relates primarily to the interest - bearing bank loans and deposits placed with financial institutions. The management considers interest rate risks on borrowings to be low as the level of borrowings are relatively insignificant.

## 24. FINANCIAL INSTRUMENTS (CONT'D)

*Effective interest rates and repricing analysis*

	2002				2001			
	Effective interest rate %	Total RM'000	Within 1 year RM'000	1-5 years RM'000	Effective interest rate %	Total RM'000	Within 1 year RM'000	1-5 years RM'000
<b>Group</b>								
<b>Financial assets</b>								
Short term deposits	2.90	49,217	49,217	-	2.84	56,055	56,055	-
<b>Financial liabilities</b>								
Unsecured bills payable	3.62	2,982	2,982	-	3.36	3,429	3,429	-
Unsecured overdrafts	6.90	6,023	6,023	-	6.81	8,292	8,292	-
Secured term loans	4.25	11,378	5,128	6,250	4.15	15,000	4,167	10,833
Hire purchase payable	-	-	-	-	8.80	46	23	23
<b>Company</b>								
<b>Financial assets</b>								
Short term deposits	3.21	17,259	17,259	-	3.09	25,932	25,932	-
<b>Financial liability</b>								
Amount due to subsidiaries	4.15	5,121,999	5,121,999	-	3.85	7,013,999	7,013,999	-

**Foreign currency risk**

The Group and the Company incur foreign currency risk on sales, purchases and investment that are denominated in a currency other than Ringgit Malaysia. The currency giving rise to this risk is primarily US Dollars, Australian Dollars, Canadian Dollars, Japanese Yen, Chinese Renmenbi and Indonesian Rupiah.

*Hedging*

The Group partially hedge purchases that are denominated in currency other than Ringgit Malaysia, at the discretion of management.

**Fair value****Group**

The carrying amounts of the Company's financial assets and liabilities recorded at the balance sheet date are approximate to their fair values.

*Unrecognised financial instruments*

The valuation of financial instruments not recognised in the balance sheet reflects their current market rates at the balance sheet date.

The contracted amount and fair value of financial instruments not recognised in the balance sheet as at 31 December are.

	2002 Carrying amount RM'000	2002 Fair value RM'000	2001 Carrying amount RM'000	2001 Fair value RM'000
Forward foreign exchange purchase contracts	4,448	4,588	24,979	23,583

The fair value of the above forward exchange contracts is based on foreign currency contracts translated at year end rates. These foreign exchange contracts would all be expire within a year from balance sheet date.



## 24. FINANCIAL INSTRUMENTS (CONT'D)

### Company

The carrying amounts of the Company's financial assets and liabilities at the balance sheet date approximate their fair values with the exception of certain subsidiaries balances of the Company which are non-trade in nature, as these are the amounts receivable and payable under the normal trade credit terms or on demand.

It is not possible to establish fair values on large outstanding subsidiaries balances as these are interest free and have no fixed terms of repayment.

## 25. COMPARATIVE FIGURES

The following comparatives have been restated to reflect the treatment of provision in accordance with MASB 20 on Provisions, Contingent Liabilities and Contingent Assets.

	GROUP	
	As restated RM'000	As previously reported RM'000
<b>Balance sheet</b>		
<b>Current liabilities</b>		
Trade and other payables	76,334	86,519
Provisions	10,185	-
<b>Cash flow statement</b>		
Warranties provision	2,126	-
Trade and other payables	(2,387)	(2,221)
Warranties paid	(1,960)	-
<b>Notes to the financial statement</b>		
Note 8 Trade and other payables		
Other payables and accruals	35,321	45,506

The comparative figures for Investment in Associates have been reclassified in Jointly Controlled Entities pursuant to the adoption of MASB16 Financial Reporting of Interests in Joint Ventures.

## 26. SUBSEQUENT EVENTS

### Repurchase of shares

Subsequent to the year end, the Company purchased its own shares on the Kuala Lumpur Stock Exchange. The purchases are summarised as follows:

Date of share repurchased	No. of shares repurchased	Average price RM per share	Total RM
5 March 2003	250,000	2.2086	552,150

The purchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares.

The shareholders of the Company granted the authority to the Directors to repurchase up to 10% of its own shares at an Extraordinary General Meeting held on 29 May 2002.

## Group Properties

31 December 2002

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
Lot 1 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office & warehouse	40,545	Leasehold/ 21.06.2092	10,908	5	1984	1984
Lot 3 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office & warehouse	42,046	Leasehold/ 21.06.2092	10,310	8	1984	1984
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	40,354	Leasehold/ 19.10.2076	28,204	16	-	1999
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	20,234	Leasehold/ 19.10.2076	6,762	24	1984	1974
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	22,573	Leasehold/ 06.04.2079	13,623	6	-	1996
Lot 13 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	335	6	-	1995
Lot 14 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	386	6	-	2001
No. 2 & 4 (Lot 40 & 41) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Vacant land for industrial building	16,188	Freehold	2,107	-	-	2002
No. 6 (Lot 42) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	5,324	-	-	2002
No. 8 (Lot 43) Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	5,041	-	-	2002

# Shareholders' Statistics

as at 31 March 2003

## SHARE CAPITAL

Authorised	:	RM300,000,000
Issued & fully paid up	:	RM201,600,000
Class of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	1 vote per ordinary share

## THIRTY LARGEST SHAREHOLDERS

	No. of Shares Held	%
1. Parasand Limited	40,320,000	20.0248
2. Tan Chong Consolidated Sdn Bhd	34,539,999	17.1542
3. Employees Provident Fund Board	11,971,000	5.9454
4. Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	6,999,000	3.4760
5. Mayban Nominees (Tempatan) Sdn Bhd Tan Chong Consolidated Sdn Bhd (N14011984860)	6,750,000	3.3524
6. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurances (Malaysia) Berhad (Par 1)	6,659,000	3.3072
7. Lembaga Tabung Haji	3,065,000	1.5222
8. CIMSEC Nominees (Tempatan) Sdn Bhd Allied Investment Limited for Tan Chong Consolidated Sdn Bhd	3,000,000	1.4899
9. Minister of Finance Akaun Jaminan Pinjaman Kerajaan Persekutuan	2,563,000	1.2729
10. Hong Leong Assurance Berhad as Beneficial Owner (Life Division)	2,500,000	1.2416
11. HSBC Nominees (Asing) Sdn Bhd DZ Bank Intl for UNI EM Fernost Treuhandkonto, Luxembourg	2,235,600	1.1103
12. Malaysian Assurance Alliance Berhad	2,046,000	1.0161
13. Hong Leong Assurance Berhad as Beneficial Owner (General Div)	2,000,000	0.9933
14. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Ahmad bin Abdullah (01-00734-000)	1,900,000	0.9436
15. AMMB Nominees (Tempatan) Sdn Bhd MIDF Aberdeen Asset Management Sdn Bhd for Employees Provident Fund (7/836-2)	1,608,000	0.7986
16. Azman bin Badrillah	1,500,000	0.7450
17. Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurances (Malaysia) Berhad (Par 2)	1,483,000	0.7365
18. MCIS Insurances Berhad	1,410,000	0.7003
19. Mayban Nominees (Tempatan) Sendirian Berhad Mayban Trustees Berhad for Future Goals Fund (N14011980050)	1,395,000	0.6928
20. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chong Consolidated Sdn Bhd (014011528927)	1,350,000	0.6705
21. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Berhad for Balanced Returns Fund (N14011980060)	1,169,000	0.5806
22. Pertubuhan Keselamatan Sosial	1,000,000	0.4966

## THIRTY LARGEST SHAREHOLDERS (CONT'D)

	No. of Shares Held	%
23. CIMSEC Nominees (Tempatan) Sdn Bhd Commerce Asset Fund Managers Sdn Bhd for Employees Provident Fund Board	966,000	0.4798
24. Mayban Nominees (Tempatan) Sdn Bhd Mayban Trustees Bhd for Amanah Saham Wanita (N14011980040)	912,000	0.4529
25. Citicorp Nominees (Asing) Sdn Bhd TNTC for MacArthur Foundation	800,000	0.3973
26. Amanah Raya Nominees (Tempatan) Sdn Bhd Sekim Amanah Saham Nasional	793,000	0.3938
27. HSBC Nominees (Asing) Sdn Bhd BOB HK Branch for Dresdner Rcm New Tiger Selections Fund Limited (Malaysia Sub FD)	730,000	0.3626
28. Asia Life (M) Berhad as Beneficial Owner (Msia Life Fund)	721,000	0.3581
29. Citicorp Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad (Prulink Eqty FD)	700,000	0.3477
30. Universal Trustee (Malaysia) Berhad SBB Premium Capital Fund	699,000	0.3472
	143,784,599	71.4103

## ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1-999	9,833	63.6316	3,455,842	1.7142
1,000-10,000	5,044	32.6409	13,631,354	6.7616
10,001-100,000	443	2.8668	13,483,999	6.6885
100,001-10,079,999	130	0.8413	83,947,806	41.6408
10,080,000 and above	3	0.0194	86,830,999	43.0709
	15,453	100.0000	201,350,000	99.8760
Treasury shares	-	-	250,000	0.1240
Total	15,453	100.0000	201,600,000	100.0000

## SUBSTANTIAL SHAREHOLDERS (PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares Held	%
1. Parasand Limited	40,320,000*	20.0248
2. Tan Chong Consolidated Sdn Bhd	45,639,999*	22.6670
3. Employees Provident Fund Board	15,024,000	7.4616

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

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of APM Automotive Holdings Berhad will be held at the Grand Ballroom, Grand Seasons Hotel, No. 72 Jalan Pahang, 53000 Kuala Lumpur, Malaysia on Monday, 19 May 2003 at 2.30 p.m. to transact the following businesses:

## ORDINARY BUSINESS:

- |   |                     |
|---|---------------------|
| 1. To receive and consider the Financial Statements for the financial year ended 31 December 2002 together with the Reports of the Directors and Auditors thereto.            | <b>Resolution 1</b> |
| 2. To declare a final dividend of 7% (less 28% income tax) for the financial year ended 31 December 2002.   | <b>Resolution 2</b> |
| 3. To re-elect the following Directors who are eligible and have offered themselves for re-election, in accordance with Article 100 of the Company's Articles of Association. |                     |
| i. Tan Eng Soon   | <b>Resolution 3</b> |
| ii. Dato' Tan Heng Chew   | <b>Resolution 4</b> |
| iii. Ahmad bin Abdullah   | <b>Resolution 5</b> |
| 4. To re-elect Dr. Fun Woh Peng who is eligible and has offered himself for election, in accordance with Article 79 of the Company's Articles of Association.                 | <b>Resolution 6</b> |
| 5. To re-appoint the Auditors and authorise the Directors to fix their remuneration.  | <b>Resolution 7</b> |

## SPECIAL BUSINESS:

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

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

"RESOLVED THAT, subject always to the Companies Act, 1965, the Articles of Association of the Company and approvals and requirements of the relevant governmental/regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to allot and issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to the resolution does not exceed 10% of the issued and paid-up share capital for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**Resolution 8**

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

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

"RESOLVED THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company, the Listing Requirements of Kuala Lumpur Stock Exchange ("KLSE") 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 RM1.00 each in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through KLSE 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."

AND THAT an amount not exceeding the Company's share premium and retained profits account be allocated by the Company for the Proposed Share Buy-Back. The audited retained profits of the Company as at 31 December 2002 was RM15,476,813, whilst the audited share premium of the Company as at 31 December 2002 was RM17,897,888.

AND THAT authority be and is hereby given to the Directors of the Company to do all acts and things to give effect to the Proposed Share Buy-Back and 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 the KLSE and any other relevant authorities for the time being in force.

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

- i. the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority shall 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. the expiration of the period within which the 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 and in any event, in accordance with the provisions of the guidelines issued by the KLSE and/or any other relevant governmental and/or regulatory authorities (if any).

AND 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 9

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

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD GROUP**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange ("KLSE"), approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group as set out under section 3.2.1 of the circular to shareholders dated 25 April 2003 ("Related Parties") 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 not to the detriment of the minority shareholders (the "Shareholders' Mandate").

AND THAT such approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at a general meeting, 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.

AND 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

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

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED GROUP**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange ("KLSE"), approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong International Limited Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group as set out under section 3.2.2 of the circular to shareholders dated 25 April 2003 ("Related Parties") 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 not to the detriment of the minority shareholders (the "Shareholders' Mandate").

AND THAT such approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at a general meeting, 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.

AND 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**

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

**PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD GROUP**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Listing Requirements of Kuala Lumpur Stock Exchange ("KLSE"), approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad Group involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group as set out under section 3.2.3 of the circular to shareholders dated 25 April 2003 ("Related Parties") 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 not to the detriment of the minority shareholders (the "Shareholders' Mandate").

AND THAT such approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at a general meeting, 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.

AND 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**

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

**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 Kuala Lumpur Stock Exchange ("KLSE"), approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions

with Auto Dunia Sdn Bhd involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group as set out under section 3.2.4 of the circular to shareholders dated 25 April 2003 ("Related Parties") 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 not to the detriment of the minority shareholders (the "Shareholders' Mandate").

AND THAT such approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at a general meeting, 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.

AND 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 13

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

By order of the Board

**LEE KWEE CHENG**  
**CHAN YOKE-LIN**  
Company Secretaries

Kuala Lumpur  
25 April 2003

#### NOTES:

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

#### RESOLUTION 8

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

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

#### RESOLUTION 9

The resolution if passed will empower the Directors to purchase the Company's shares of up to 10% of the issued and paid-up capital of the Company by utilising the funds allocated out of the share premium account and retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

#### RESOLUTION 10, 11, 12 AND 13

Proposed resolutions 10, 11, 12, and 13, if passed, will enable the Company and/or its subsidiaries to enter in to 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 resolutions 9, 10, 11, 12 and 13 are set out in the Circular to shareholders dated 25 April 2003, despatched together with the Company's 2002 Annual Report.



# Statement Accompanying Notice of Annual General Meeting

## DIRECTORS STANDING FOR RE-ELECTION AT THE SIXTH ANNUAL GENERAL MEETING

Directors standing for re-election pursuant to Article 100 are:

- Tan Eng Soon
- Dato' Tan Heng Chew
- Ahmad bin Abdullah

The Director standing for re-election pursuant to Article 79 is Dr. Fun Woh Peng.

The details of the Directors are set out in the section entitled Profiles of the Board of Directors on pages 17 to 18.

Their shareholdings in the Company as at 31 March 2003 are as follows:

	Direct	Deemed
Tan Eng Soon	210,000	85,959,999
Dato' Tan Heng Chew	3,849	85,959,999
Ahmad bin Abdullah	2,000,000	-
Dr. Fun Woh Peng	-	-

## DETAILS OF ATTENDANCE OF THE DIRECTORS AT BOARD MEETINGS

There were a total of seven board meetings held during the financial year ended 31 December 2002 and the details of the attendance of the Directors who are standing for re-election are set out on page 19.

## DATE, TIME AND PLACE OF THE SIXTH ANNUAL GENERAL MEETING

Date : Monday, 19 May 2003  
Time : 2.30 p.m.  
Place : Grand Ballroom  
Grand Seasons Hotel  
72, Jalan Pahang  
53000 Kuala Lumpur, Malaysia

# Form of Proxy



**APM Automotive Holdings Berhad**  
(Company No. 424838-D)

I/We <sup>(1)</sup> (Name and NRIC No/Company No) \_\_\_\_\_

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


being a member of APM AUTOMOTIVE HOLDINGS BERHAD, hereby appoint (Name and NRIC No of Proxy/Proxies <sup>(2)</sup> /Corporate Representative<sup>(3)</sup>) \_\_\_\_\_

or failing him (Name and NRIC No) \_\_\_\_\_

or failing the abovenamed proxy/proxies/corporate representatives, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Sixth Annual General Meeting of the Company to be held at the Grand Ballroom, Grand Seasons Hotel, No. 72, Jalan Pahang, 53000 Kuala Lumpur, Malaysia, on Monday, 19 May 2003 at 2.30p.m., and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Receive Reports and Accounts		
Resolution 2	Approve Final Dividend		
Resolution 3	Re-elect Tan Eng Soon		
Resolution 4	Re-elect Dato' Tan Heng Chew		
Resolution 5	Re-elect Ahmad bin Abdullah		
Resolution 6	Re-elect Dr. Fun Woh Peng		
Resolution 7	Re-appoint Auditors		
Resolution 8	Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 9	Renewal of Authority for the Company to Purchase its own Ordinary Shares		
Resolution 10	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad Group		
Resolution 11	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions with Tan Chong International Limited Group		
Resolution 12	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions with Warisan TC Holdings Berhad Group		
Resolution 13	Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions with Auto Dunia Sdn. Bhd.		

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

<i>If the member is an individual</i>	CDS Account No _____
_____	No of shares held: _____
Signature _____	Date: _____
<i>If the member is a corporation:</i>	CDS Account No _____
The Common Seal of _____	No of shares held: _____
was hereunto affixed in accordance with its	
Articles of Association in the presence of	
_____	<div style="text-align: center;"> seal</div>
Director _____	Date: _____
Director/Secretary _____	

Notes:

1. 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.

2. 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.

3. In the case of a corporation, the form of proxy appointing a corporate representative must be executed under seal or under the hand of an officer or attorney duly authorised.

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.

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Affix stamp here

The Company Secretaries  
**APM AUTOMOTIVE HOLDINGS BERHAD**  
62-68 Jalan Ipoh  
51200 Kuala Lumpur

..... fold here .....



**APM Automotive Holdings Berhad**  
(Company No. 424838-D)

**Correspondence address:**

Lot 1 Jalan 6/3,  
Kawasan Perusahaan Seri Kembangan,  
43300 Seri Kembangan,  
Selangor Darul Ehsan, MALAYSIA.  
Tel : 603-8946 3333  
Fax : 603-8948 4400  
[www.apm-automotive.com](http://www.apm-automotive.com)