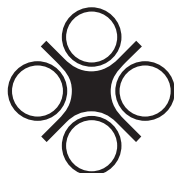


**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent advisers immediately.

Pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), Part I of this Circular is not required to be reviewed by Bursa Malaysia and has not been perused by Bursa Malaysia. Further, Bursa Malaysia takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



## **TAN CHONG MOTOR HOLDINGS BERHAD**

(Company No. 12969-P)  
(Incorporated in Malaysia)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

#### **PART I**

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

#### **PART II**

#### **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

The ordinary resolutions in respect of the above proposals will be tabled at the Forty-Fifth (45<sup>th</sup>) Annual General Meeting of the Company. The Notice of the said Meeting together with the Form of Proxy are set out in the 2016 Annual Report despatched with this Circular.

The Form of Proxy should be completed and returned in accordance with the instructions therein.

Last date and time for lodging the Form of Proxy : Tuesday, 23 May 2017 at 10.30 a.m.

Date and time of the 45<sup>th</sup> Annual General Meeting : Thursday, 25 May 2017 at 10.30 a.m.

Venue of the 45<sup>th</sup> Annual General Meeting : Pacific Ballroom, Level 2  
Seri Pacific Hotel Kuala Lumpur  
Jalan Putra, 50350 Kuala Lumpur

## DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:

Act	:	Companies Act, 2016
AGM	:	Annual General Meeting
APM	:	APM Automotive Holdings Berhad
APM Group	:	APM and its subsidiaries and joint ventures
Arm's Length	:	Price which would have been determined if such transactions are made between independent parties under the same or similar circumstances
Audit Committee	:	Audit Committee of TCMH comprising Dato' Seow Thiam Fatt, Dato' Ng Mann Cheong, Dato' Haji Kamaruddin @ Abas bin Nordin Mr Siew Kah Toong and Mr Lee Min On, all of whom are Independent Non-Executive Directors
Auto Dunia	:	Auto Dunia Sdn Bhd
Board	:	Board of Directors of TCMH
Bursa Malaysia	:	Bursa Malaysia Securities Berhad
Code	:	Malaysian Code on Take-Overs and Mergers, 2010
Director	:	The meaning given in Section 2(1) of the Capital Markets and Services Act 2007 ("CMSA") and for the purpose of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company
EPF	:	Employees Provident Fund Board
EPS	:	Earnings per share
LR	:	Main Market Listing Requirements of Bursa Malaysia
Major Shareholder	:	A person who has an interest or interests in one or more voting shares in a corporation and the number of that share, or the total number of those shares, is:-  (a) 10% or more of the aggregate of the total number of voting shares in the corporation; or (b) 5% or more of the aggregate of the total number of voting shares in the corporation where such person is the largest shareholder of the corporation.

For the purpose of this definition, "interest in shares" has the meaning given in Section 8(4) of the Act.

For the purpose of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company

## DEFINITIONS (Cont'd)

NA	:	Net assets
Proposals	:	Proposed Share Buy-Back and Proposed Shareholders' Mandate collectively
Proposed Share Buy-Back	:	Proposed renewal of authority for TCMH to purchase and/or hold its own ordinary shares up to ten per centum (10%) of the total number of issued shares of the Company
Proposed Shareholders' Mandate	:	Proposed renewal of and new Shareholders' Mandate of the TCMH Group as set out in this Circular
Related Party	:	A Director, Major Shareholder or person connected with such Director or Major Shareholder; and "Related Parties" shall be construed accordingly
Related Party Transaction	:	Transaction entered into by TCMH or its subsidiaries which involves the interest, direct or indirect, of a Related Party
RM and sen	:	Ringgit Malaysia and sen respectively
Recurrent Related Party Transactions or RRPT	:	Related Party Transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of TCMH or its subsidiaries
Shareholders' Mandate	:	Shareholders' general mandate pursuant to Paragraph 10.09 of the LR in respect of RRPT
TCC	:	Tan Chong Consolidated Sdn Bhd
TCIL	:	Tan Chong International Limited
TCIL Group	:	TCIL and its subsidiaries
TCMH or Company	:	Tan Chong Motor Holdings Berhad
TCMH Group or Group	:	TCMH and its subsidiaries
TCMH Shares	:	Ordinary shares in the Company
WTCH	:	Warisan TC Holdings Berhad
WTCH Group	:	WTCH and its subsidiaries and jointly-controlled entities

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# TAN CHONG MOTOR HOLDINGS BERHAD

(Company No. 12969-P)  
(Incorporated in Malaysia)

## Registered Office:

62-68 Jalan Sultan Azlan Shah  
51200 Kuala Lumpur

28 April 2017

## Board of Directors:

Dato' Tan Heng Chew (*President*)

Dato' Khor Swee Wah @ Koh Bee Leng (*Group Senior Executive Vice President*)

Ho Wai Ming (*Chief Financial Officer*)

Dato' Ng Mann Cheong (*Senior Independent Non-Executive Director*)

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

Dato' Seow Thiam Fatt (*Independent Non-Executive Director*)

Siew Kah Toong (*Independent Non-Executive Director*)

Lee Min On (*Independent Non-Executive Director*)

To: The Shareholders of Tan Chong Motor Holdings Berhad

Dear Shareholders:

## **PART I PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES (“PROPOSED SHARE BUY-BACK”)**

## **PART II PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)**

### **1. INTRODUCTION**

At the Company’s AGM held on 25 May 2016, the Directors had obtained shareholders’ approval for:

- (a) the Directors to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company; and
- (b) the Company and its subsidiaries to enter into Recurrent Related Party Transactions.

The above approvals shall, in accordance with the LR, lapse at the conclusion of the forthcoming AGM unless fresh approvals are obtained.

On 28 February 2017, the Company announced to Bursa Malaysia that it would seek approval from its shareholders for the Proposed Share Buy-Back and Proposed Shareholders’ Mandate at the forthcoming AGM of the Company.

The Proposed Share Buy-Back and Proposed Shareholders’ Mandate would become effective immediately upon the passing of the proposed resolutions and will expire at the conclusion of the next AGM of the Company unless the authority and mandate are further renewed by resolutions passed at a general meeting (either unconditionally or subject to conditions) or upon the expiration of the period within which the next AGM is required by law to be held, or if earlier revoked or varied by ordinary resolutions of the shareholders of the Company in a general meeting, whichever occurs first.

The purpose of this Circular is to provide you with information on the Proposals and to seek your approval for the proposed resolutions to be tabled at the forthcoming AGM of the Company.

### **2. PART I – PROPOSED SHARE BUY-BACK**

#### **2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK**

The Board proposes to seek authority from the shareholders to purchase and/or hold up to ten per centum (10%) of the total number of issued shares of the Company through its appointed stockbrokers. As at 31 March 2017, the share capital and number of issued shares of the Company amounted to RM336,000,000/- comprising 672,000,000 TCMH Shares including 19,337,000 TCMH Shares already purchased and held as treasury shares.

The shareholders' approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own shares on Bursa Malaysia. The approval will allow the Board to exercise the power of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company. The amount of internally generated funds to be utilised will only be determined later depending on the availability of internally generated funds, actual number of TCMH Shares to be purchased and other cost factors. The actual number of TCMH Shares to be purchased will depend on the market conditions as well as the retained profits and financial resources available to the Company. The Proposed Share Buy-Back will reduce the cashflow of the Company by an amount dependent on the purchase price of TCMH Shares and the actual number of TCMH Shares bought back.

The Board proposes to allocate a sum of not exceeding the retained profits of the Company for the purchase of the TCMH Shares subject to compliance with Section 127 of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. The audited retained profits of the Company as at 31 December 2016 amounted to RM954 million.

The purchased shares may be cancelled immediately or retained as treasury shares or a combination of both. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits of the Company. Where the Company retains the purchased shares as treasury shares, the Directors of the Company may:

- (a) distribute the shares as share dividends to shareholders;
- (b) resell the shares through Bursa Malaysia in accordance with the rules of Bursa Malaysia;
- (c) transfer the shares for the purposes of or under an employees' share scheme;
- (d) transfer the shares as purchase consideration;
- (e) cancel the shares; or
- (f) sell, transfer or otherwise use the shares for such other purposes as permitted by the Act.

Appropriate announcement(s) and notification(s) will be made to Bursa Malaysia and relevant authorities in respect of the Board's decision on the treatment of TCMH Shares bought back in compliance with the Listing Requirements and the Act.

TCMH shall only purchase its own ordinary shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for the five (5) market days immediately preceding the date of the purchase(s).

The Company may only resell the purchased shares held as treasury shares at a price which is not less than the weighted average market price for the five (5) market days immediately preceding the date of resale ("Weighted Average Market Price") or a discounted price of not more than 5% below the Weighted Average Market Price provided that (i) the resale takes place no earlier than thirty (30) days from the date of purchase; and (ii) the resale price is not less than the cost of purchase of the shares being resold.

As at 31 March 2017, the public shareholding spread of the Company was 45.90%.

For the purpose of illustration, if the Company purchases up to the maximum number of TCMH Shares as allowed under the Proposed Share Buy-Back and assuming the purchases will not reduce the number of TCMH Shares currently held by the Directors, the substantial shareholders and persons connected with the Directors and/or substantial shareholders, the public shareholding spread of the Company based on the position as at 31 March 2017 is expected to be reduced to 41.62%.

## 2.2 POTENTIAL ADVANTAGES AND DISADVANTAGES

### 2.2.1 Advantages

The Proposed Share Buy-Back provides the opportunity for TCMH to stabilise the supply and demand of TCMH Shares in the open market and thereby allowing the share price of TCMH to better reflect the fundamental value of TCMH Shares. In addition, the purchased shares may be held as treasury shares and resold on Bursa Malaysia with the intention of realising a potential gain without affecting the total share capital and number of issued shares of the Company. Should any treasury shares be distributed as share dividends, this will serve to reward the shareholders of the Company.

Further, the share repurchase by the Company may enhance the EPS and NA per share of TCMH, depending on factors such as purchase prices of the TCMH Shares and the effective funding cost and/or loss in interest income to the Company.

### 2.2.2 Disadvantages

The Proposed Share Buy-Back may result in the Group forgoing other investment opportunities that may emerge in the future and may also reduce the amount of resources available for distribution in the form of dividends to shareholders of TCMH. However, the financial resources of the TCMH Group may recover and increase upon the resale of the repurchased shares which are held as treasury shares. Nevertheless, the Board will be mindful of the interests of TCMH and its shareholders in undertaking the Proposed Share Buy-Back.

## 2.3 PURCHASE, CANCELLATION AND RE-SALE IN THE PREVIOUS 12 MONTHS

TCMH had bought back 2,000 of its own shares in the 12 months preceding the date of this Circular. Details of the shares bought back and currently held as treasury shares are as follows:

Date	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 (RM)
16/05/2016	1,000	2.05	2.05	2.05	2,096.06
30/11/2016	1,000	1.83	1.83	1.83	1,874.98

The total number of shares bought back as at 31 March 2017 was 19,337,000. TCMH did not cancel or re-sell any of its treasury shares during the same period.

## 2.4 EFFECTS OF THE PROPOSED SHARE BUY-BACK

Based on the assumption that the Proposed Share Buy-Back is carried out in full and the shares so purchased are cancelled or alternatively retained as treasury shares or both, the effects of the Proposed Share Buy-Back on the total number of issued shares, NA, working capital, earnings, dividends and substantial shareholders' and Directors' shareholdings as well as the implications relating to the Code are as set out below:

### (a) Total number of issued shares

In the event that the maximum number of shares authorised under the Proposed Share Buy-Back are purchased and cancelled, the total number of issued shares of TCMH as at 31 March 2017 will be as follows:

	<u>No. of shares</u>
Total number of issued shares	672,000,000
Purchased and held as treasury shares as at 31 March 2017	(19,337,000)
Proposed Share Buy-Back if the maximum no. of shares are purchased	(47,863,000)
Resultant total number of issued shares, if the treasury shares are cancelled	604,800,000

However, if all the TCMH Shares purchased are retained as treasury shares, the share repurchase would not have any effect on the total number of issued shares of TCMH, although substantially all rights attached to the shares held as treasury shares would be suspended.

**(b) NA**

The effect of the share repurchase on the NA per share of the TCMH Group is dependent on the purchase prices of the TCMH Shares. Nonetheless, the share repurchase would reduce the NA per share of the TCMH Group if the purchase price exceeds the NA per share at the relevant point in time. Conversely, the NA per share of the TCMH Group would increase if the purchase price is less than the NA per share at the relevant point in time. Based on the audited accounts as at 31 December 2016, the NA per share of the TCMH Group is RM4.40.

**(c) Working capital**

The share repurchase will result in an outflow of cashflow and thereby reduce the working capital of the TCMH Group, the quantum of which is dependent on the purchase prices of the TCMH Shares and the number of TCMH Shares repurchased. Nevertheless, the Board will be mindful of the interests of TCMH and its shareholders in undertaking the Proposed Share Buy-Back and will assess the working capital needs of the TCMH Group prior to any repurchase of TCMH Shares.

**(d) Earnings**

The effect of the Proposed Share Buy-Back on the EPS of TCMH is dependent on the number of TCMH Shares purchased and the purchase price(s) of the TCMH Shares, wherein the amount spent would no longer be available to generate interest savings and/or for alternative investment income to the Company. The effective reduction in the number of TCMH Shares applied in the computation of the consolidated EPS arising from the Proposed Share Buy-Back will generally, all else being equal, have a positive impact on the TCMH Group's EPS.

**(e) Dividends**

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the share repurchase will have the effect of increasing the dividend rate of TCMH as a result of a reduction in the number of shares in TCMH which are entitled to participate in the dividends. For the financial year ended 31 December 2016, TCMH declared an interim single tier dividend of 1 sen per share and proposed a final single tier dividend of 1 sen per share.

**(f) Substantial shareholders' and directors' shareholdings**

The effects of the share repurchase on the shareholdings of substantial shareholders and Directors based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 31 March 2017 are as follows:

	<-----No. of TCMH Shares held----->							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
<b>Substantial Shareholders</b>								
TCC	263,828,240	40.42%	-	-	263,828,240	43.62%	-	-
EPF	50,956,300	7.81%	-	-	50,956,300	8.43%	-	-
Nissan Motor Co., Ltd	37,333,324	5.72%	-	-	37,333,324	6.17%	-	-
Dato' Tan Heng Chew	26,985,362	4.13%	274,781,840	42.10 <sup>(1)</sup>	26,985,362	4.46%	274,781,840	45.43 <sup>(1)</sup>
Tan Eng Soon	-	-	263,828,240	40.42 <sup>(3)</sup>	-	-	263,828,240	43.62 <sup>(3)</sup>
<b>Directors</b>								
Dato' Tan Heng Chew	26,985,362	4.13%	286,799,730	43.94 <sup>(2)</sup>	26,985,362	4.46%	286,799,730	47.42 <sup>(2)</sup>
Dato' Ng Mann Cheong	-	-	150,000	0.02 <sup>(4)</sup>	-	-	150,000	0.02 <sup>(4)</sup>
Dato' Haji Kamaruddin @ Abas bin Nordin	4,992	- <sup>(5)</sup>	-	-	4,992	- <sup>(5)</sup>	-	-
Dato' Seow Thiam Fatt	88,000	0.01%	-	-	88,000	0.01%	-	-



	←-----No. of TCMH Shares held----->							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Siew Kah Toong	-	-	-	-	-	-	-	-
Dato' Khor Swee Wah @ Koh Bee Leng	10,267,890	1.57%	303,517,202	46.50 <sup>(6)</sup>	10,267,890	1.70%	303,517,202	50.18 <sup>(6)</sup>
Ho Wai Ming	-	-	10,000	-(4)(5)	-	-	10,000	-(4)(5)
Lee Min On	-	-	-	-	-	-	-	-

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and Wealthmark Holdings Sdn Bhd ("WH") pursuant to Section 8(4) of the Act.
- (2) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and children by virtue of Section 59(1)(c) of the Act.
- (3) Deemed interest by virtue of interests in TCC pursuant to Section 8(4) of the Act.
- (4) Interest of spouse by virtue of Section 59(1)(c) of the Act.
- (5) Less than 0.01%.
- (6) Interest of spouse and children by virtue of Section 59(1)(c) of the Act.

**(g) Implication relating to the Code**

The Proposed Share Buy-Back, if carried out in full will result in the equity interest of TCC in TCMH to increase from 40.42% as at 31 March 2017 to 43.62% after the share repurchase.

If the Proposed Share Buy-Back results in the equity interest of TCC and persons acting in concert with it in TCMH to increase by more than 2% in any six (6) months period, pursuant to Part II of the Code, TCC and persons acting in concert with it may be obliged to undertake a mandatory offer for all the TCMH Shares not held by them collectively. However, a waiver to undertake a mandatory offer may be granted by the Securities Commission Malaysia under the Code, subject to the affected substantial shareholders and parties acting in concert complying with certain conditions.

**2.5 Share Prices**

The monthly highest and lowest prices of TCMH Shares traded on Bursa Malaysia for the last 12 months from April 2016 to March 2017 were as follows:

	<b>High RM</b>	<b>Low RM</b>
<b>2016</b>		
April	2.35	2.21
May	2.33	1.93
June	2.00	1.86
July	1.99	1.90
August	2.00	1.90
September	1.99	1.83
October	1.97	1.89
November	1.93	1.82
December	1.85	1.76
<b>2017</b>		
January	1.79	1.68
February	1.74	1.66
March	1.88	1.66

The last transacted price of TCMH Shares on 18 April 2017, being the latest practicable date prior to the printing of this Circular, was RM1.82.

*(Source: Bloomberg)*

## **2.6 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

None of the Directors, substantial shareholders and persons connected with the Directors and/or substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Share Buy-Back.

## **2.7 DIRECTORS' RECOMMENDATION**

The Board is of the opinion that the Proposed Share Buy-Back is fair, reasonable and in the best interest of the Company and its shareholders and therefore recommends that you vote in favour of the proposed resolution in relation to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

## **3. PART II – PROPOSED SHAREHOLDERS' MANDATE**

TCMH is principally an investment holding company whilst its subsidiaries are involved in the assembly and distribution of motor vehicles, provision of after-sales services, provision of financial services such as hire purchase financing, personal loans and insurance agency.

The Board wishes to seek approval of the shareholders of TCMH for the Proposed Shareholders' Mandate. It would enable the TCMH Group to enter into existing and new RRPT provided such transactions are in the ordinary course of business and undertaken at Arm's Length, on normal commercial terms of the TCMH Group 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. These include transactions such as those described in section 3.2.

### **3.1 MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA**

Under Paragraph 10.09 of the LR, a listed issuer may seek a Shareholders' Mandate subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the Shareholders' Mandate is subject to annual renewal and disclosure being made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under paragraph 10.09(1) of the LR;
- (c) issuance of a circular to shareholders by the listed issuer;
- (d) in a meeting to obtain shareholders' mandate, the interested Director, interested Major Shareholder or interested person connected with a Director or Major Shareholder; and where it involves the interest of a person connected with a Director or Major Shareholder, such Director or Major Shareholder must not vote on the resolution to approve the transactions. An interested Director or interested Major Shareholder must ensure that persons connected with him/her abstain from voting on the resolution approving the transactions; and
- (e) the listed issuer immediately announces to Bursa Malaysia when the actual value of a RRPT entered into by the listed issuer and its subsidiaries exceeds the estimated value of the RRPT disclosed in the circular by 10% or more and must include the information as may be prescribed by Bursa Malaysia in its announcement.

The estimated transaction value as set out in Appendix I - IV is based on the actual transaction value for the period from 25 May 2016 to 31 March 2017 and the projected business volume for the current period. The actual value of transactions may vary from the estimated value in the light of changing economic and competitive environment. Nevertheless, disclosures will be made in accordance with the LR in the Annual Report of the Company for the financial year ending 31 December 2017 of the actual aggregate value of transactions made pursuant to the Proposed Shareholders' Mandate during the said financial year.

## 3.2 CLASSES OF RELATED PARTIES

### 3.2.1 Related Parties arising from the internal re-organisation and de-merger scheme of TCMH Group

TCMH Group completed the internal re-organisation of its Foreign, Autoparts and Non-Motor Divisions in 1999, resulting in the complete de-merger and emergence of three (3) additional and separate listed groups of companies, i.e. WTCH Group, APM Group and TCIL Group, each with distinct areas of business activities and are accountable for their own performance and profitability. TCMH does not own any shares in WTCH, APM or TCIL.

The RRPT between TCMH Group and the abovementioned groups of companies are as set out in sections 3.2.1.1 to 3.2.1.3.

#### 3.2.1.1 WTCH Group

WTCH Group is principally involved in the distribution and rental of industrial machinery and equipment, manufacturing and/or assembly and distribution of commercial and passenger vehicles, provision of used vehicles auction services, provision of travel and air ticketing services as well as rental of cars and coaches.

The Directors and Major Shareholders of TCMH Group who are interested in the RRPT with WTCH Group and the nature of their interests as at 31 March 2017 are as follows:

Related Party	TCMH					WTCH				
	Directorship in TCMH Group	Shareholding in TCMH				Directorship in WTCH Group	Shareholding in WTCH			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	263,828,240	40.42	-	-	-	23,446,509	36.02	-	-
Dato' Tan Heng Chew	Director	26,985,362	4.13	286,799,730	43.94 <sup>(1)</sup>	Director	4,278,633	6.57	30,639,928	47.06 <sup>(4)</sup>
Tan Eng Soon	-	-	-	263,828,240	40.42 <sup>(2)</sup>	-	-	-	23,446,509	36.02 <sup>(2)</sup>
Dato' Khor Swee Wah @ Koh Bee Leng <sup>(5)</sup>	Director	10,267,890	1.57	303,517,202	46.50 <sup>(3)</sup>	-	2,795,419	4.29	-	-

#### Notes:

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 8(4) of the Act.
- (3) Interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (4) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interest of spouse by virtue of Section 59(11)(c) of the Act.
- (5) Dato' Khor Swee Wah @ Koh Bee Leng is spouse of Dato' Tan Heng Chew.

The RRPT between TCMH Group and WTCH Group, which are carried out at Arm's Length, on normal commercial terms of TCMH Group which are not more favourable to WTCH Group than those generally available to the public and are not to the detriment of the minority shareholders, are set out in Appendix I.

#### 3.2.1.2 APM Group

APM Group is engaged in the manufacturing and distribution of a wide-range of automotive products and components ranging from suspension systems, heat exchange systems, electrical systems, plastic components to car interiors and seating. APM Group also involves in casting, machining and assembly of aluminium parts, supplying In-Vehicle Infotainment ("IVT") systems and developing Internet of Things ("IoT") telematics platform.

The Directors and Major Shareholders of TCMH Group who are interested in the RRPT with APM Group and the nature of their interests as at 31 March 2017 are as follows:

Related Party	TCMH					APM				
	Directorship in TCMH Group	Shareholding in TCMH				Directorship in APM Group	Shareholding in APM			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	263,828,240	40.42	-	-	-	73,382,326	37.52	-	-
Dato' Tan Heng Chew	Director	26,985,362	4.13	286,799,730	43.94 <sup>(1)</sup>	Director	5,924,999	3.03	92,157,784	47.12 <sup>(5)</sup>
Tan Eng Soon	-	-	-	263,828,240	40.42 <sup>(2)</sup>	-	-	-	73,382,326	37.52 <sup>(2)</sup>
Dato' Tan Eng Hwa	Director <sup>(6)</sup>	1,380,058	0.21	47,524 <sup>(3)</sup>	- <sup>(8)</sup>	Director	207,008	0.11	7,128 <sup>(3)</sup>	- <sup>(8)</sup>
Nicholas Tan Chye Seng	Director <sup>(6)</sup>	100,000	0.02	-	-	Director	185,600	0.09	-	-
Dato' Khor Swee Wah @ Koh Bee Leng <sup>(7)</sup>	Director	10,267,890	1.57	303,517,202	46.50 <sup>(4)</sup>	-	3,329,258	1.70	-	-

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 8(4) of the Act.
- (3) Deemed interest by virtue of interest in Solomon House Sdn Bhd ("SH") pursuant to Section 8(4) of the Act and interest of spouse by virtue of Section 59(11)(c) of the Act.
- (4) Interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (5) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interest of spouse and son by virtue of Section 59(11)(c) of the Act.
- (6) Director of the subsidiaries of TCMH to which the relevant RRPT relate.
- (7) Dato' Khor Swee Wah @ Koh Bee Leng is spouse of Dato' Tan Heng Chew.
- (8) Less than 0.01%.

The RRPT between TCMH Group and APM Group, which are carried out at Arm's Length, on normal commercial terms of TCMH Group which are not more favourable to APM Group than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders, are set out in Appendix II.

### 3.2.1.3 TCIL Group

TCIL's principal activity is investment holding. The businesses of its principal subsidiaries include (a) distribution and aftersales of motor vehicles in Singapore, Hong Kong, Thailand, Taiwan, Philippines, Malaysia, Indonesia, Vietnam, Cambodia, and sales and aftersales of motor vehicles in Southern part of the China; (b) distribution of industrial equipment in Singapore, Vietnam and Thailand; (c) property development and rental in Singapore and Hong Kong; (d) vehicle seat manufacturing in China; and (e) provision of vehicle transportation service and human resources management service in relation to transportation business in Japan.

The Directors and Major Shareholders of TCMH Group who are interested in the RRPT with TCIL Group and the nature of their interests as at 31 March 2017 are as follows:

Related Party	TCMH					TCIL				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the TCIL Group	Shareholding in TCIL			
		Direct	%	Indirect	%		Direct	%	Indirect	%
TCC	-	263,828,240	40.42	-	-	-	705,819,720	35.06	-	-
Dato' Tan Heng Chew	Director	26,985,362	4.13	286,799,730	43.94 <sup>(1)</sup>	-	28,990,986	1.44	743,995,890	36.95 <sup>(4)</sup>
Tan Eng Soon	-	-	-	263,828,240	40.42 <sup>(2)</sup>	Director	100,460,000	4.99	1,156,364,392	57.44 <sup>(5)</sup>

Related Party	TCMH					TCIL				
	Directorship in the TCMH Group	Shareholding in TCMH				Directorship in the TCIL Group	Shareholding in TCIL			
		Direct	%	Indirect	%		Direct	%	Indirect	%
Dato' Khor Swee Wah @ Koh Bee Leng <sup>(7)</sup>	Director	10,267,890	1.57	303,517,202	46.50 <sup>(3)</sup>	-	58,170	-( <sup>(6)</sup> )	-	-

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 8(4) of the Act.
- (3) Interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (4) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interest of spouse.
- (5) Deemed interest by virtue of interests in TCC and corporations controlled by him pursuant to Section 8(4) of the Act, including deemed interest pursuant to Section 8(7) of the Act.
- (6) Less than 0.01%.
- (7) Dato' Khor Swee Wah @ Koh Bee Leng is spouse of Dato' Tan Heng Chew.

The RRPT between TCMH Group and TCIL Group, which are carried out at Arm's Length, on normal commercial terms of TCMH Group which are not more favourable to TCIL Group than those generally available to the public and are not to the detriment of the minority shareholders, are set out in Appendix III.

### 3.2.2 Auto Dunia

Auto Dunia is involved in the importation and sale of motor vehicles. Auto Dunia is an appointed authorised dealer of a subsidiary of TCMH for new Nissan motor vehicles in several locations in Malaysia. TCMH Group purchases completely-built-up (CBU) vehicles from Auto Dunia. TCMH Group may enter into other arrangements with Auto Dunia in relation to the importation of CBU vehicles and/or to purchase from Auto Dunia locally assembled vehicles for sale by the TCMH Group from time to time.

The Directors and Major Shareholders of the TCMH Group who are interested in the RRPT with Auto Dunia and the nature of their interests as at 31 March 2017 are as follows:

- (i) Dato' Tan Heng Chew, a Director and Major Shareholder of TCMH and Tan Eng Soon, a Major Shareholder of TCMH have declared Auto Dunia to be a body corporate associated with them under Section 197 of the Act. Dato' Tan Eng Hwa, a Director of certain subsidiaries of TCMH and brother of Dato' Tan Heng Chew and Tan Eng Soon, is a Director of Auto Dunia. Datuk Yaacob bin Wan Ibrahim, a Director of a subsidiary of TCMH, is a substantial shareholder and Director of Auto Dunia.
- (ii) Dato' Khor Swee Wah @ Koh Bee Leng, a Director of TCMH, is spouse of Dato' Tan Heng Chew.
- (iii) Directorship in TCMH Group and shareholding in TCMH of the related parties:

Related Party	TCMH				
	Directorship in the TCMH Group	Shareholding in TCMH			
		Direct	%	Indirect	%
Dato' Tan Heng Chew	Director	26,985,362	4.13	286,799,730	43.94 <sup>(1)</sup>
Dato' Tan Eng Hwa	Director	1,380,058	0.21	47,524	-( <sup>(2)</sup> )
Datuk Yaacob bin Wan Ibrahim <sup>(3)</sup>	Director	-	-	-	-
Tan Eng Soon	-	-	-	263,828,240	42.42 <sup>(4)</sup>
Dato' Khor Swee Wah @ Koh Bee Leng <sup>(6)</sup>	Director	10,267,890	1.57	303,517,202	46.50 <sup>(5)</sup>

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of interest in SH pursuant to Section 8(4) of the Act and interest of spouse by virtue of Section 59(11)(c) of the Act.
- (3) Datuk Yaacob bin Wan Ibrahim holds 10% equity interest in Auto Dunia.
- (4) Deemed interest by virtue of interest in TCC pursuant to Section 8(4) of the Act.
- (5) Interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (6) Dato' Khor Swee Wah @ Koh Bee Leng is spouse of Dato' Tan Heng Chew.

The RRPT between TCMH Group and Auto Dunia, which are carried out at Arm's Length, on normal commercial terms of the TCMH Group which are not more favourable to Auto Dunia than those generally available to the public and are not to the detriment of the minority shareholders, are set out in Appendix IV.

### 3.3 OUTSTANDING RRPT RECEIVABLES

The breakdown of the total outstanding receivables in respect of the RRPT which exceeded the credit term as at 31 December 2016 are as follows:-

Exceeded Credit Term	Amount of Outstanding RRPT Receivables (RM'000)
a period of 1 year or less	57,624
a period of more than 1 to 3 years	12,722
a period of more than 3 to 5 years	4
a period of more than 5 years	34
Total	70,384

The above total outstanding RRPT receivables of RM70,384,000 as at 31 December 2016 were subsequently reduced to RM24,134,000 as at 31 March 2017 following a collection of RM46,250,000 during the period.

Notwithstanding the right to impose late payment interest for certain transactions, there is no late payment interest imposed on the overdue trade receivables as a matter of goodwill gesture in view of the active on-going transactions between the parties.

The Management has and will continue to meet and discuss with the Related Parties to actively pursue for early settlement of the outstanding amounts.

The Board of Directors is of the opinion that the outstanding amounts were trade in nature and there was no recoverability issue based on the following:

- (i) The Related Parties have long standing business relationship with the Group.
- (ii) The outstanding RRPT receivables aged more than 1 to 3 years have been recovered progressively.
- (iii) The outstanding amount for a period of more than 1 to 3 years of RM12,722,000 as at 31 December 2016 was subsequently reduced to RM12,416,000 as at 31 March 2017 following a collection of RM306,000 during the period.

### 3.4 METHODS FOR DETERMINATION OF TRANSACTION PRICE AND THRESHOLD OF AUTHORITY

The terms of the pricing of the above RRPT are consistent with TCMH Group's usual business pricing practices and policies and are not more favorable to the Related Parties than those to the public (where applicable) and are not to the detriment of the minority shareholders of TCMH.

In respect of price determination, the following methods were adopted:

- (i) At least 3 quotations from unrelated third parties for similar products/services are required for comparison whenever possible.
- (ii) For the purchase of automotive components with certain engineering specifications required which are not commonly available among vendors in general, pricing is set through a series of negotiations with the related party vendors on terms which are fair and reasonable and not detrimental to the Company.
- (iii) Rental charges and payables are determined according to the market valuation from independent professional valuers.
- (iv) Trading terms are given based on the Group's standard credit policy and for sale of motor vehicles, standard discounts are given depending on the volume of purchase which is consistent to that given to other dealers.
- (v) Repair and services provided by the workshops to the related parties are invoiced using the standard rates captured in the system which also apply to external customers.
- (vi) Purchase of air tickets is according to the airlines market selling price.

- (vii) Hire purchase financing and leasing interest rates charged to the related parties are similar to those applicable to other customers.
- (viii) Royalties charged for the usage of BISON trademark were arrived at through mutual agreement after a series of negotiations between the parties, taking into consideration TCMH Group, the owner of the BISON brand, will gain a stronger brand presence in the longer term arising from the cooperation with WTCH Group.

There are no separate thresholds for approval of RRPTs within the Group. All RRPT are subject to the same authority limit thresholds established by the respective business units for its other business transactions where transactions of different nature and value are subject to approval by the appropriate level of authority, namely the Board of TCMH, the President, Group Senior Executive Vice President/Senior Executive Vice President, Executive Vice President, Chief Financial Officer, head of division or department of the relevant business units. Where any Director has an interest (direct or indirect) in a RRPT, such Director shall abstain from approving such transaction.

Group RRPT reporting procedures have been established and circulated to all the business units as standard guidelines to ensure that all RRPT are undertaken in fair and reasonable term which are not detrimental to the interest of the Company.

### **3.5 DISCLOSURE AND REVIEW PROCEDURES**

Disclosure will be made in accordance with the LR in the Annual Report of the Company of the aggregate value of RRPT conducted pursuant to the Proposed Shareholders' Mandate during the financial year ending 31 December 2017.

#### **3.5.1 Review procedures for the RRPT**

TCMH Group has implemented the following methods and procedures to ensure that the RRPT are undertaken at Arm's Length, on normal commercial terms of TCMH Group which are not more favourable to the Related Party than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders:

- (a) A list of Related Parties has been circulated to all operating companies with the instruction that all RRPT are required to be undertaken at Arm's Length and on normal commercial terms (where applicable).
- (b) All companies are required to provide monthly reports on all RRPT to the group finance department.
- (c) The internal audit department shall review significant RRPT to ensure that transactions are undertaken at Arm's Length, on normal commercial terms of TCMH Group which are not more favourable to the Related Party than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders of TCMH.
- (d) The Audit Committee shall review the internal audit reports on RRPT issued by the internal audit department to ascertain that the guidelines and procedures established to monitor the RRPT have been complied with. The internal audit department shall highlight any exceptions arising from work done.
- (e) The Board and the Audit Committee shall be responsible for the determination of review procedures, with the authority to sub-delegate such responsibilities to individuals or committees within TCMH Group, as they deem appropriate.
- (f) If a member of the Board or Audit Committee has an interest in the RRPT, he shall abstain from participating in the deliberating and voting in respect of the said RRPT.

### **3.5.2 Audit Committee's Statement**

The Audit Committee has seen and reviewed the procedures mentioned above and is of the view that the said procedures are sufficient to ensure that the RRPT are in the ordinary course of business and undertaken at Arm's Length, on normal commercial terms of TCMH Group 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 Audit Committee is of the view that the Group has in place adequate procedures and processes to monitor, track and identify RRPT in a timely and orderly manner, and such procedures and processes are reviewed on a yearly basis.

### **3.6 RATIONALE**

All transactions with Related Parties are entered into for the long-term benefit of TCMH Group. The Related Parties represent an existing market with reliable payment terms for TCMH Group's products and services and provide a good source for certain components purchased by TCMH Group. Sales to Related Parties also contribute to overall higher sales for TCMH Group thus increasing trading volume, higher production efficiency and better bargaining power when negotiating with vendors. This is consistent with TCMH Group's objectives of brand building and maintaining our competitive edge.

The RRPT envisaged under the Proposed Shareholders' Mandate are in the ordinary course of business of TCMH Group and are undertaken at Arm's Length, on normal commercial terms of TCMH Group 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 Proposed Shareholders' Mandate would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential RRPT arise, thereby reducing time and the expenses in convening such meetings without compromising the corporate objectives and adversely affecting the business opportunities available to TCMH Group.

### **3.7 EFFECTS**

The Proposed Shareholders' Mandate is not expected to have any effect on the issued share capital of TCMH and substantial shareholders' shareholdings in TCMH but is expected to have a positive effect on the earnings and NA of TCMH Group.

### **3.8 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Save as disclosed in section 3.2, none of the other Directors, Major Shareholders and persons connected with such Directors and/or Major Shareholders of TCMH, has any interest as defined in the LR, direct or indirect, in the Proposed Shareholders' Mandate.

The Directors of TCMH who are interested in the Proposed Shareholders' Mandate (namely Dato' Tan Heng Chew and Dato' Khor Swee Wah @ Koh Bee Leng) have abstained and will continue to abstain from deliberating and voting on the resolutions in respect of the Proposed Shareholders' Mandate which involves their interests at the relevant meetings of the Board.

The interested Directors of TCMH Group (namely Dato' Tan Heng Chew, Dato' Khor Swee Wah @ Koh Bee Leng, Dato' Tan Eng Hwa and Datuk Yaacob bin Wan Ibrahim) will abstain from voting, and have undertaken that they will ensure that persons connected with them abstain from voting, in respect of their direct and/or indirect shareholdings in the Company (if any) on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

The interested Major Shareholders of TCMH (namely TCC, Dato' Tan Heng Chew and Tan Eng Soon) will abstain from voting, and have undertaken that they will ensure that persons connected with them abstain from voting, in respect of their direct and/or indirect shareholdings in the Company on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.



### **3.9 DIRECTORS' RECOMMENDATION**

The Board (except for the interested Directors as disclosed in section 3.8) is of the opinion that the Proposed Shareholders' Mandate are fair, reasonable and in the best interest of the Company and therefore recommends that you vote in favour of the proposed resolutions in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

### **4. APPROVALS REQUIRED**

The Proposals are conditional upon the approval of the shareholders of TCMH at the forthcoming AGM. However, the Proposals are not inter-conditional.

### **5. AGM**

The AGM, the notice of which is set out in the 2016 Annual Report, will be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur on Thursday, 25 May 2017 at 10.30 a.m., for the purpose of considering and, if thought fit, passing the proposed resolutions on the ordinary businesses and the special businesses of the AGM which include the proposed resolutions on the Proposals.

If you are unable to attend the AGM in person, please return the completed Form of Proxy attached to the 2016 Annual Report to the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: +603-2783 9299), or alternatively its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur Malaysia, as soon as possible and in any event not less than 48 hours before the time fixed for the AGM. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently find that you are able to do so.

### **6. ADDITIONAL INFORMATION**

Shareholders are requested to refer to the Appendix V for additional information.

Yours faithfully  
for and on behalf of the Board  
**TAN CHONG MOTOR HOLDINGS BERHAD**

**Dato' Ng Mann Cheong**  
Senior Independent Non-Executive Director

APPENDIX I

Details of RRPT between TCMH Group and WTCH Group

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM'000)	Actual value transacted from 25 May 2016 to 31 March 2017 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (RM'000)
<b>Income</b>				
Sale of goods and services	TCMH Group sells motor vehicles, parts, premium gifts, stationeries, customised goods and provides after sales services to WTCH Group.	111,000	64,826	200,000
Insurance agency services (Agency Fee Only)	TCMH Group sells insurance products such as motor, property and marine policies as an agent to WTCH Group.	2,700	378	1,800
Administrative and Corporate Services	TCMH Group provides administrative and corporate services (including education services, employment agency services, information technology services and etc) to WTCH Group.	10,000	5,258	5,500
Contract assembly service (commercial and passenger vehicles)	TCMH Group provides assembly services (commercial and passenger vehicles) to WTCH Group.	2,600	331	10,000
Rental income	TCMH Group rents office and car park premises at the following locations to WTCH Group: (i) Jalan Ipoh Kecil, Kuala Lumpur. (ii) Taman Sri Batu Caves, Batu Caves, Selangor. (iii) No. 196, Block G, Jalan Sultan Azlan Shah, Sungai Tiram, 11900 Bayan Lepas, Penang. (iv) Part of Lot 92 & Lot 93 and Lot 687, Section 46, Bandar & Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur. (v) No. 2 Jalan Johor Jaya, Taman Perindustrian Plentong, 81750 Plentong, Johor Bahru. (vi) Lot No. 34810 Mukim Batu, Daerah Wilayah Persekutuan Kuala Lumpur. (Note 1) (vii) No. 117, 119 & 119A, Jalan SS 15/5A, Subang Jaya, 47500 Petaling Jaya, Selangor. (viii) No. 23 Pangkalan Weld, 10300 Pulau Pinang. (ix) Lot 9586, Mukim 12, District of Barat Daya, Pulau Pinang. (Note 2) (x) No. 4, 3rd Floor, Jalan Bandar 3, Pusat Bandar Puchong, 47100 Puchong, Selangor. (Note 2) (xi) 10B-8-2, 8th Floor, Putra Court, Jalan Ipoh Kecil, 50350 Kuala Lumpur. (Note 2) (xii) No. 27, Jalan Tun Abdul Razak Susur 2, 80100 Johor Bahru. (Note 2) (xiii) Lot 104-108, Lot 407-408, Jalan Kampung Gajah, 12000 Butterworth, Pulau Pinang. (Note 2) (xiv) No. 1197, Jalan Permatang Batu, 14000 Bukit Mertajam, Pulau Pinang. (Note 2) (xv) Mile 7½ Jalan Labuk, 90000 Sandakan, Sabah. (Note 2) (xvi) No. 249, Jalan Segambut, 51200 Kuala Lumpur. (Note 2) Rental income for the above is received on a monthly basis. The tenure for the rental of the said premises is for a period of not more than three (3) years.	1,140	844	1,500
Royalty income	Royalties charged by TCMH Group to WTCH Group for usage of "BISON" trademark on goods manufactured by WTCH Group.	45	29	45
Hire purchase financing and leasing	TCMH Group provides hire purchase financing, leasing and financing services to WTCH Group.	150,000	9,219	150,000

Notes:

- (1) The Company is not seeking renewal of Shareholders' Mandate for this RRPT because the tenancy for this premises has been discontinued.
- (2) New RRPT to be included in the Proposed Shareholders' Mandate.

## Details of RRPT between TCMH Group and WTCH Group (continued)

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM'000)	Actual value transacted from 25 May 2016 to 31 March 2017 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (RM'000)
<b>Expenses</b>				
Travel agency, car rental and leasing services	TCMH Group uses the air ticketing, car rental and leasing services provided by WTCH Group.	20,300	7,949	30,000
Purchase of goods and services	TCMH Group purchases forklifts, machinery, generators, spare parts and receives after sales services from WTCH Group. TCMH Group purchases trucks from WTCH Group for sale. TCMH Group purchases consumer products from WTCH Group for sale. TCMH Group purchases used vehicles from WTCH Group for sale and receives auction arrangement services and etc from WTCH Group.	1,500 15,200 100 8,100	941 4,122 10 4,226	2,500 8,000 7,000 8,000
Rental expenses	TCMH Group rents premises at the following locations from WTCH Group: (i) Lot 1A, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya. (ii) Lot 1 and Lot 3, Jalan 6/3, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor. (Note 1)  Rental payment for the above is paid on a monthly basis. The tenure for the rental of the said premises is for a period of not more than three (3) years.	700	503	700
Franchise fee	Franchise fee charged by WTCH Group for selling vehicles franchised by WTCH Group.	50	0	50
<b>Total</b>		<b>323,435</b>	<b>98,636</b>	<b>425,095</b>

Note:

(1) New RRPT to be included in the Proposed Shareholders' Mandate.

## Details of RRPT between TCMH Group and APM Group

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM'000)	Actual value transacted from 25 May 2016 to 31 March 2017 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (RM'000)
<b>Income</b>				
Sale of goods and services	TCMH Group sells motor vehicles, parts, premium gifts, stationeries, customised goods and provides after sales services to APM Group.	50,000	9,247	30,000
Insurance agency services (Agency Fee Only)	TCMH Group sells insurance products such as motor, property and marine policies as an agent to APM Group.	600	678	800
Administrative and Corporate Services	TCMH Group provides administrative and corporate services (including information technology services, training and other supports) to APM Group.	2,000	161	1,000
Rental income	TCMH Group rents office and car park premises at the following locations to APM Group: (i) Jalan Kemajuan, Pending Industrial Estate, Kuching, Sarawak. (ii) Ground Floor, No. 53 & 55 Jalan Dendang 1 off Jalan Batu 3, Berkeley Town Centre, 41300 Klang. (iii) No. 249, Jalan Segambut, 51200 Kuala Lumpur. (Note 1)  Rental income for the above is received on a monthly basis. The tenure for the rental of the said premises is for a period of not more than three (3) years.	100	196	300
<b>Expenses</b>				
Purchase of goods	TCMH Group purchases automotive components from APM Group for the assembly of new cars and also as replacement parts for distribution to dealers and motor repair workshops.	142,900	83,078	160,000
Rental expenses	TCMH Group rents from APM Group vacant land, office and factory premises at Lot 1 and Lot 3, Jalan 6/3, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor.  Rental payment for the above is paid on a monthly basis. The tenure for the rental of the said premises is for a period of not more than three (3) years.	1,800	1,262	1,800
<b>Total</b>		<b>197,400</b>	<b>94,622</b>	<b>193,900</b>

Note:

(1) New RRPT to be included in the Proposed Shareholders' Mandate.

## Details of RRPT between TCMH Group and TCIL Group

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM'000)	Actual value transacted from 25 May 2016 to 31 March 2017 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (RM'000)
<b>Income</b>				
Sale of goods	TCMH Group sells spare parts, premium gifts, stationeries and customised goods to TCIL Group.	8,000	4,093	8,000
Contract assembly services	TCMH Group provides vehicle assembly and related localisation services to TCIL Group.	77,600	35,668	39,000
Employment Agency Services	TCMH Group provides employment agency services to TCIL Group.	10	12	30
Rental income	TCMH Group rents to TCIL Group office and factory premises at No. 249, Jalan Segambut, 51200 Kuala Lumpur. (Note 1) Rental income for the above is received on a monthly basis. The tenure for the rental of the said premises is for a period of not more than three (3) years.	100	41	0
<b>Expenses</b>				
Purchase of goods	TCMH Group purchases automotive components from TCIL Group.	100	0	100
<b>Total</b>		<b>85,810</b>	<b>39,814</b>	<b>47,130</b>

Note:

(1) The Company is not seeking renewal of Shareholders' Mandate for this RRPT because the tenancy for this premises has been discontinued.

## Details of RRPT between TCMH Group and Auto Dunia

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM'000)	Actual value transacted from 25 May 2016 to 31 March 2017 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (RM'000)
<b>Income</b>				
Sale of goods and services	TCMH Group sells motor vehicles, spare parts, premium gifts, stationeries, customised goods and provides after sales services to Auto Dunia.	31,000	13,205	40,000
Rental income	TCMH Group lets the following premises to Auto Dunia: (i) Showroom cum office building premises at Lot 3, Jalan Perusahaan 1, Batu Caves Industrial Park, 68100 Selangor. (ii) Storage space at 142, Jalan SBC3, Taman Sri Batu Caves, Selangor. (iii) Part of PDI building at No. 327, Jalan Segambut, 51200 Kuala Lumpur.  Rental income for the above is received on a monthly basis. The tenure for the rental of the said premises is for a period of not more than three (3) years.	300	247	300
Insurance agency services (Agency Fee Only)	TCMH Group sells insurance products such as motor, property and marine policies as an agent to Auto Dunia. (Note 1)	0	13	30
<b>Expenses</b>				
Purchase of vehicles	TCMH Group purchases CBU vehicles from Auto Dunia. TCMH Group may enter into other arrangements with Auto Dunia in relation to the importation of CBU vehicles and/or for the purchase of locally assembled vehicles for sale by TCMH Group from time to time.	850,500	403,951	800,000
<b>Total</b>		<b>881,800</b>	<b>417,416</b>	<b>840,330</b>

Note:

(1) New RRPT to be included in the Proposed Shareholders' Mandate.

**ADDITIONAL INFORMATION****1. RESPONSIBILITY STATEMENT**

This Circular has been seen and approved by the Directors of TCMH and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all enquires as were reasonable in the circumstances, and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

**2. MATERIAL CONTRACTS**

Save as disclosed below, neither TCMH nor its subsidiaries have entered into any material contracts (not being contracts entered into in the ordinary course of business) within the past two (2) years up till 31 March 2017 (being the latest practicable date prior to the printing of this Circular):

- (i) Land Lease Agreement dated 17 February 2016 between Tan Chong Motor (Myanmar) Company Limited ("TCM Myanmar") (a wholly-owned subsidiary of ETCM (MM) Pte Ltd) and The Factory/Enterprises Establishment Supervision Committee, Bago Regional Government, the Republic of the Union of Myanmar to lease a piece of land for 50 years extendable by two terms of ten years each in Bago Region, Myanmar.
- (ii) Contract of Sale of Assets dated 4 July 2016 ("Agreement") between TC Aluminium Castings Sdn Bhd ("TCAC") (a wholly-owned subsidiary of TC Manufacturing Holdings Sdn Bhd) and APM Thermal Systems Sdn Bhd ("APMTS") (a wholly-owned subsidiary of APM Automotive Holdings Berhad), in respect of the disposal of assets of TCAC to APMTS ("Proposed Disposal") for a total cash consideration of RM5,701,318.00 ("Proposed Disposal Price") which was subject to price adjustment and conditional upon the fulfilment of the conditions precedent as set out in the Agreement.

The Proposed Disposal Price was adjusted to and agreed at RM5,643,083.81 and all conditions precedent were fulfilled. The Proposed Disposal was completed on 6 September 2016.

**3. MATERIAL LITIGATION**

Neither TCMH nor its subsidiaries as at 31 March 2017 is engaged in any material litigation, claims or arbitration either as plaintiff or defendant and the Board is not aware of any proceedings, pending or threatened, against TCMH or its subsidiaries or of any facts likely to give rise to any proceedings which might materially affect the position or business of TCMH or its subsidiaries.

**4. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the registered office of the Company following the publication of this Circular during normal office hours from Mondays to Fridays (except public holidays) up to and including the date of the AGM:

- (i) Constitution of TCMH;
- (ii) Audited financial statements of TCMH for the two (2) financial years ended 31 December 2015 to 2016 and the latest unaudited results since the last audited financial statements; and
- (iii) Material contracts referred to in section 2 above.

**PROPOSED RESOLUTIONS ON THE PROPOSALS**

**EXTRACT OF THE NOTICE OF FORTY-FIFTH ANNUAL GENERAL MEETING**

**AS SPECIAL BUSINESS**

**Ordinary Resolutions**

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

**1. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

“THAT, subject to the Companies Act, 2016 (“Act”), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) 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 in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that–

- (i) the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the purchase; and
- (ii) the Directors shall resolve at their discretion pursuant to Section 127 of the Act whether to cancel the shares so purchased, to retain the shares so purchased as treasury shares or to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares 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 Bursa Securities and any other relevant authorities for the time being in force.

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

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 Bursa Securities 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 authorities.”

**(Resolution 11)**



## **2. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES**

“THAT, subject to the Companies Act, 2016 (“Act”), the Constitution of the Company and the Main Market 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 and jointly-controlled entities 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 2017 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 (“Shareholders’ Mandate”).

THAT such approval shall continue to be in force –

- (i) until the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed; or
- (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.

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)**

## **3. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD AND ITS SUBSIDIARIES AND JOINT VENTURES**

“THAT, subject to the Companies Act, 2016 (“Act”), the Constitution of the Company and the Main Market 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 and joint ventures 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 2017 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 (“Shareholders’ Mandate”).

THAT such approval shall continue to be in force –

- (i) until the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed; or
- (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.

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)**

#### **4. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market 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 2017 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 ("Shareholders' Mandate").

THAT such approval shall continue to be in force –

- (i) until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or
- (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.

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 14)**

#### **5. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH AUTO DUNIA SDN BHD**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market 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 2017 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 ("Shareholders' Mandate").

THAT such approval shall continue to be in force –

- (i) until the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed; or
- (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.

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 15)**