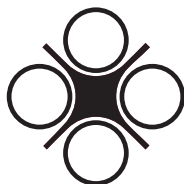


THIS STATEMENT/CIRCULAR (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

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 professional adviser 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 have not been perused by Bursa Malaysia before the issuance. Bursa Malaysia has only perused through Part II of this Circular in respect of the proposed new shareholders’ mandate for recurrent related party transactions of a revenue or trading nature on a limited review basis. 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

Registration no. 197201001333 (12969-P)
(Incorporated in Malaysia)

PART I

STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

PART II

CIRCULAR TO SHAREHOLDERS IN RELATION TO THE 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 48th Annual General Meeting (“AGM”) of the Company. The 48th AGM will be conducted entirely through live streaming from the Broadcast Venue and remote voting online using Remote Participation and Voting (“RPV”) facilities. Shareholders/proxies will not be allowed to attend the 48th AGM in person at the Broadcast Venue on the day of the meeting. The Notice of the 48th AGM, Form of Proxy and Administrative Guide for 48th AGM are available at the Company’s website at <https://www.tanchonggroup.com> and Bursa Malaysia’s website at <https://www.bursamalaysia.com>. Please follow the procedures set out in the Administrative Guide for the 48th AGM to register, participate and vote remotely via the RPV facilities.

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, 4 August 2020 at 2.30 p.m.
Date and time of the 48 th AGM	:	Thursday, 6 August 2020 at 2.30 p.m.
Broadcasting Venue of the 48 th AGM	:	Tricor Business Centre Manuka 2 & 3 Meeting Room Unit 29-01, Level 29, Tower A Vertical Business Suite, Avenue 3 Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur, Malaysia

This Circular is dated 23 June 2020

DEFINITIONS

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

Act	:	The Companies Act 2016 as amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
APM	:	APM Automotive Holdings Berhad
APM Group	:	APM and its subsidiaries and joint ventures
Arm's Length	:	The price which would have been determined if such transactions are made between independent parties under the same or similar circumstances
Audit Committee	:	The Audit Committee of TCMH comprising Mr Siew Kah Toong, Dato' Ng Mann Cheong and Mr Lee Min On, all of whom are Independent Non-Executive Directors
Auto Dunia	:	Auto Dunia Sdn Bhd
Board	:	The Board of Directors of TCMH
Bursa Malaysia	:	Bursa Malaysia Securities Berhad
Code	:	The Malaysian Code on Take-Overs and Mergers 2016 as amended from time to time and any re-enactment thereof
Director	:	The meaning given in Section 2(1) of the Capital Markets and Services Act 2007 and for the purpose of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a director of TCMH, its subsidiary or holding company or a chief executive officer of TCMH, its subsidiary or holding company
EPF	:	Employees Provident Fund Board
EPS	:	Earnings Per Share
Listing Requirements or LR	:	The 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 or aggregate number of those shares, is: (a) 10% or more of the total number of voting shares in the corporation; or (b) 5% or more 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" shall have the meaning given in Section 8(4) of the Act.

In relation to the Proposed Shareholders' Mandate, a major shareholder includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon, a major shareholder of TCMH or any other company which is its subsidiary or holding company.

DEFINITION (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 10% of the total number of issued shares of the Company
Proposed Shareholders' Mandate	:	Proposed renewal of and new Shareholders' Mandate for RRPT 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
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 and in the ordinary course of business of TCMH or its subsidiaries
RM and sen	:	Ringgit Malaysia and sen respectively
Shareholders' Mandate	:	The shareholders' general mandate pursuant to Paragraph 10.09 of the Listing Requirements 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

Registration no. 197201001333 (12969-P)
(Incorporated in Malaysia)

Registered Office:

62-68, Jalan Sultan Azlan Shah
51200 Kuala Lumpur

23 June 2020

Board of Directors:

Dato' Tan Heng Chew (*President*)

Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng (*Deputy President*)

Ho Wai Ming (*Group Chief Executive Officer*)

Dato' Ng Mann Cheong (*Senior 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 SHARES (“PROPOSED SHARE BUY-BACK”)

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

1. INTRODUCTION

At the Company’s 47th AGM held on 30 May 2019, the shareholders gave approval for:

- (a) the Directors to purchase and/or hold up to 10% of the total number of issued shares 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 Listing Requirements, lapse at the conclusion of the forthcoming AGM unless fresh approvals are obtained.

On 28 February 2020, 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 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 Proposed Share Buy-Back will allow the Board to exercise the power of the Company to purchase and/or hold its own shares on Bursa Malaysia up to 10% of its total number of issued shares at any point in time during the authorised period (as explained below), subject to the provisions of Section 127 of the Act and regulations thereunder, the Listing Requirements, the Company's Constitution and any prevailing laws, regulations, rules, orders, guidelines and requirements of any relevant authorities (as may be amended, modified or re-enacted from time to time) at the time of purchase(s). The Proposed Share Buy-Back will be executed through Bursa Malaysia via TCMH's appointed stockbrokers.

The authorised period for the Proposed Share Buy-Back, if approved at the forthcoming AGM, shall be effective immediately upon the passing of the ordinary resolution pertaining to the Proposed Share Buy-Back at the forthcoming AGM and shall continue to be in force until:

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

whichever occurs first.

The Company may retain the shares purchased as treasury shares or cancel the shares or both, depending on the capital requirements of the Company at that point in time. 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 the relevant authorities in respect of the Board's decision on the treatment of the TCMH Shares bought back in compliance with the Listing Requirements and the Act.

While the purchased shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions, whether cash or otherwise, of the Company's assets (including any distribution of assets upon winding up of the Company) will be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

2.2 QUANTUM, FUNDING AND PRICING

The actual number of TCMH Shares which may be purchased and the timing of the purchase(s) will depend on, inter alia, market conditions, the availability of retained earnings and financial resources of the Company as well as Bursa Malaysia's requirement to maintain the necessary shareholding spread and the minimum total number of issued shares.

The Proposed Share Buy-Back will be financed through internally generated funds and shall be made out of the retained earnings of the Company. The maximum amount of funds to be allocated for the Proposed Share Buy-Back will be subject to the retained earnings of the Company. Based on the latest audited financial statements of the Company as at 31 December 2019, the retained earnings were RM1,003,792,000.

Based on the total number of issued shares of TCMH less treasury shares as at 31 May 2020, the maximum number of TCMH Shares that may be purchased amounts to 47,650,000 shares. Based on the weighted average market price for the five (5) market days up to 10 June 2020 (being the latest practicable date prior to the printing of this Circular) of RM1.15 per share, the maximum purchase cost would be about RM54.80 million.

The Board will be mindful of the interests of the Company and its shareholders when undertaking the Proposed Share Buy-Back and will assess the working capital needs of the TCMH Group prior to any purchase of TCMH shares.

2.3 REGULATORY REQUIREMENTS

In accordance with the Listing Requirements, the Company may only purchase the ordinary shares on Bursa Malaysia at a price which is not more than 15% above the weighted average market price for the five (5) market days immediately before the purchase. The Company may only resell/transfer treasury shares on Bursa Malaysia at:

- (a) a price which is not less than the weighted average market price for the shares for the five (5) market days immediately before the resale/transfer; or
- (b) discounted price of not more than 5% to the weighted average market price for the shares for the five (5) market days immediately before the resale/transfer provided that:
 - (i) the resale/transfer takes place not earlier than 30 days from the date of purchase; and
 - (ii) the resale/transfer price is not less than the cost of purchase of the shares being resold/transferred.

Based on the Listing Requirements, the Proposed Share Buy-Back is subject to, inter alia, the following:

- (a) the Company must not purchase its own shares on Bursa Malaysia if the purchase(s) will result in TCMH not complying with the public shareholding spread requirement of at least 25% of its total number of issued shares (excluding treasury shares) are in the hands of public shareholders;
- (b) the purchase price of shares and the subsequent resale price of treasury shares on Bursa Malaysia, as set out above;
- (c) the maximum funds to be utilised for the purchase of the Company's own shares cannot exceed the level of retained earnings of the Company;
- (d) the Proposed Share Buy-Back shall only be effected on the market of Bursa Malaysia. Consequently, the Proposed Share Buy-Back shall be transacted through appointed stockbrokers; and
- (e) the approval of the shareholders at the forthcoming AGM of the Company.

2.4 RATIONALE/POTENTIAL ADVANTAGES AND DISADVANTAGES

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources to purchase its own shares. The Proposed Share Buy-Back is expected to stabilise the supply and demand as well as the prices of TCMH Shares. The Proposed Share Buy-Back may enhance the EPS and the shares purchased which are held as treasury shares may be realised with potential gain. In the event the treasury shares are distributed as share dividends, it will serve as a reward to the shareholders of the Company.

The potential advantages and disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

Potential Advantages

- (i) will allow the Company the flexibility in attaining its desired capital structure;
- (ii) will serve to reward the shareholders in the event the treasury shares are distributed as share dividends; and
- (iii) will allow the Company to utilise its surplus financial resources to purchase its own shares, hence, stabilise the supply and demand of TCMH Shares.

Potential Disadvantages

- (i) the Proposed Share Buy-Back will reduce the financial resources of the TCMH Group and may result in the TCMH Group forgoing better investment opportunities that may emerge in the future; and
- (ii) as the Proposed Share Buy-Back can only be made out of retained earnings of the Company, it may result in the reduction of financial resources available for distribution to shareholders of the Company in the immediate future.

2.5 PURCHASE, CANCELLATION AND RE-SALE/TRANSFER IN THE PREVIOUS 12 MONTHS

TCMH had bought back 210,000 of its own shares in the preceding 12 months ended 31 May 2020. 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 Paid (RM)
17/12/2019	10,000	1.35	1.32	1.35	13,547.64
18/12/2019	10,000	1.36	1.32	1.34	13,468.11
26/12/2019	20,000	1.34	1.32	1.33	26,797.29
27/12/2019	20,000	1.33	1.32	1.33	26,726.83
02/01/2020	20,000	1.34	1.33	1.34	26,928.16
03/01/2020	20,000	1.35	1.34	1.35	27,079.15
08/01/2020	10,000	1.32	1.31	1.32	13,237.58
10/01/2020	10,000	1.35	1.31	1.33	13,352.33
17/01/2020	20,000	1.38	1.33	1.34	26,948.30
20/01/2020	20,000	1.36	1.33	1.35	27,139.56
21/01/2020	10,000	1.36	1.35	1.36	13,640.25
22/01/2020	10,000	1.34	1.32	1.33	13,410.73
23/01/2020	10,000	1.33	1.33	1.33	13,388.58
06/02/2020	20,000	1.33	1.30	1.32	26,638.24

The total number of shares bought back as at 31 May 2020 was 19,550,000. TCMH did not cancel or re-sell/transfer any of its treasury shares during the same period.

As at the date of this Circular, the Company has not decided on the action to be taken on the TCMH Shares purchased. The decision will be made by the Board at the appropriate time.

2.6 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 May 2020 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 May 2020	(19,550,000)
Proposed Share Buy-Back if the maximum no. of shares are purchased	(47,650,000)
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 shares 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 Proposed Share Buy-Back on the NA per share of the TCMH Group is dependent on the purchase price of the TCMH Shares as follows:

- (i) If all the purchased TCMH Shares are cancelled and the purchase price of the TCMH Shares exceeds the NA per share of the TCMH Group, the NA per share of the TCMH Group will decrease.
- (ii) Conversely, if all the purchased TCMH Shares are cancelled and the purchase price of the TCMH Shares is below the NA per share of the TCMH Group, the NA per share of the TCMH Group will increase.
- (iii) If the purchased shares are treated as treasury shares and subsequently resold/transferred on the Bursa Malaysia, the NA per share of the TCMH Group will increase if the Company realises a gain from the resale, and vice-versa. If the treasury shares are distributed as share dividends, the NA of the TCMH Group will decrease by the cost of the treasury shares.

Based on the audited financial statements for financial year ended 31 December 2019, the NA per share of the TCMH Group is RM4.63.

(c) Working Capital

The Proposed Share Buy-Back is likely to reduce the working capital of the TCMH Group, the quantum of which depends on, amongst others, the number of shares purchased and the purchase price of the shares. The cash flow of the TCMH Group will be reduced relatively to the number of shares eventually purchased and the purchase prices of the shares.

However, if the purchased shares are treated as treasury shares and subsequently resold/transferred on the Bursa Malaysia, the working capital and cash flow of the TCMH Group will increase should the Company realise a gain from the resale/transfer. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the treasury shares and the number of treasury shares resold/transferred.

(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.

In the event that the shares purchased are treated as treasury shares and subsequently resold/transferred, the extent of the effect on the EPS of TCMH will depend on the number and price(s) of treasury shares resold/transferred, and the effect gain or interest saving arising therefrom.

(e) Dividends

The Company paid an interim single tier dividend of 2.0 sen per share in respect of the financial year ended 31 December 2019 on 30 September 2019.

The Board proposes that a final single tier dividend of 2.0 sen per share be paid in respect of the financial year ended 31 December 2019. The proposed dividend is subject to the shareholders' approval at the forthcoming AGM.

The Proposed Share Buy-Back is not expected to have a material impact on the rate of dividend to be declared and/or paid by TCMH for the financial year ending 31 December 2020, if any.

(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 May 2020 are as follows:

	←-----No. of TCMH Shares held-----→							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Substantial Shareholders								
TCC	263,828,240	40.44	-	-	263,828,240	43.62	-	-
EPF	41,265,600	6.32	-	-	41,265,600	6.82	-	-
Nissan Motor Co., Ltd	37,333,324	5.72	-	-	37,333,324	6.17	-	-
Dato' Tan Heng Chew	29,774,062	4.56	274,781,840	42.12 ⁽¹⁾	29,774,062	4.92	274,781,840	45.43 ⁽¹⁾
Tan Eng Soon	-	-	263,828,240	40.44 ⁽³⁾	-	-	263,828,240	43.62 ⁽³⁾
Directors								
Dato' Tan Heng Chew	29,774,062	4.56	289,322,430	44.34 ⁽²⁾	29,774,062	4.92	289,322,430	47.84 ⁽²⁾
Dato' Ng Mann Cheong	-	-	150,000	0.02 ⁽⁴⁾	-	-	150,000	0.02 ⁽⁴⁾
Siew Kah Toong	-	-	-	-	-	-	-	-
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,708,590	1.95	306,387,902	46.96 ⁽⁶⁾	12,708,590	2.10	306,387,902	50.66 ⁽⁶⁾
Ho Wai Ming	-	-	20,000	-(4)(5)	-	-	20,000	-(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(11)(c) of the Act.

(3) Deemed interest by virtue of interest in TCC pursuant to Section 8(4) of the Act.

(4) Interest of spouse by virtue of Section 59(11)(c) of the Act.

(5) Less than 0.01%.

(6) Interests of spouse and children by virtue of Section 59(11)(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 40.44% as at 31 May 2020 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 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.

2.7 PUBLIC SHAREHOLDING SPREAD

As at 31 May 2020, the public shareholding spread of the Company was 45.09%. Assuming the Proposed Share Buy-Back is to be implemented in full, the public shareholding spread of the Company based on the position as at 31 May 2020 is expected to be reduced to 40.76%.

2.8 SHARE PRICES

The monthly highest and lowest prices of TCMH Shares traded on Bursa Malaysia for the last 12 months from June 2019 to May 2020 were as follows:

	High RM	Low RM
2019		
June	1.52	1.47
July	1.49	1.43
August	1.51	1.40
September	1.47	1.34
October	1.38	1.31
November	1.39	1.30
December	1.36	1.29
2020		
January	1.38	1.29
February	1.26	1.25
March	1.04	1.04
April	1.17	1.00
May	1.15	1.02

The last transacted price of TCMH Shares on 10 June 2020, being the latest practicable date prior to the printing of this Circular, was RM1.13.

(Source: Bloomberg)

2.9 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

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

2.10 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 ordinary 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, while 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 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 of this Circular.

3.1 LISTING REQUIREMENTS

In accordance with 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 30 May 2019 to 31 May 2020 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 2020 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 of this Circular.

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 and car sharing, 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 May 2020 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	40.44	-	-	-	23,446,509	36.02	-	-
Dato' Tan Heng Chew	Director	29,774,062	4.56	289,322,430	44.34 ⁽¹⁾	Director	4,321,033	6.64	30,639,928	47.07 ⁽⁴⁾
Tan Eng Soon	-	-	-	263,828,240	40.44 ⁽²⁾	-	-	-	23,446,509	36.02 ⁽²⁾
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng ⁽⁵⁾	Director	12,708,590	1.95	306,387,902	46.96 ⁽³⁾	-	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' (Dr.) 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, developing Internet of Things ("IoT") telematics platform, provision of vehicle tracking services and provision of engineering, design and development services.

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 May 2020 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	40.44	-	-	-	73,382,326	37.54	-	-
Dato' Tan Heng Chew	Director	29,774,062	4.56	289,322,430	44.34 ⁽¹⁾	Director	8,179,899	4.18	92,240,784	47.18 ⁽⁵⁾
Tan Eng Soon	-	-	-	263,828,240	40.44 ⁽²⁾	-	-	-	73,382,326	37.54 ⁽²⁾
Dato' Tan Eng Hwa	Director ⁽⁶⁾	1,380,058	0.21	47,524 ⁽³⁾	- ⁽⁹⁾	Director	207,008	0.11	7,128 ⁽³⁾	- ⁽⁹⁾
Nicholas Tan Chye Seng ⁽⁸⁾	Director ⁽⁶⁾	100,000	0.02	-	-	Director	185,600	0.09	-	-

Related Party	TCMH					APM				
	Directorship in TCMH Group	Shareholding in TCMH				Directorship in APM Group	Shareholding in APM			
		Direct	%	Indirect	%		Direct	%	Indirect	%
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng ⁽⁷⁾	Director	12,708,590	1.95	306,387,902	46.96 ⁽⁴⁾	-	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' (Dr.) Khor Swee Wah @ Koh Bee Leng is spouse of Dato' Tan Heng Chew.
- (8) Nicholas Tan Chye Seng is a son of Dato' Tan Heng Chew and Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng.
- (9) 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 after-sales of motor vehicles in Singapore, Hong Kong, Thailand, Taiwan, Philippines, Malaysia, Indonesia, Vietnam, Cambodia, and sales and after-sales 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; (e) assembly of automobiles in Thailand and (f) 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 May 2020 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	40.44	-	-	-	705,819,720	35.06	-	-
Dato' Tan Heng Chew	Director	29,774,062	4.56	289,322,430	44.34 ⁽¹⁾	-	31,744,386	1.58	744,169,890	36.96 ⁽⁴⁾
Tan Eng Soon	-	-	-	263,828,240	40.44 ⁽²⁾	Director	152,460,000	7.57	1,140,297,392	56.64 ⁽⁵⁾
Dato'(Dr.) Khor Swee Wah @ Koh Bee Leng ⁽⁷⁾	Director	12,708,590	1.95	306,387,902	46.96 ⁽³⁾	-	112,170	-. ⁽⁶⁾	-	-

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) 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' (Dr.) 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 May 2020 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 and Datuk Abdullah bin Abdul Wahab, Directors of certain subsidiaries of TCMH, are substantial shareholders and Directors of Auto Dunia.
- (ii) Dato' (Dr.) 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	29,774,062	4.56	289,322,430	44.34 ⁽¹⁾
Dato' Tan Eng Hwa	Director	1,380,058	0.21	47,524 ⁽²⁾	-. ⁽⁸⁾
Datuk Yaacob bin Wan Ibrahim ⁽³⁾	Director	-	-	-	-
Datuk Abdullah bin Abdul Wahab ⁽⁷⁾	Director	-	-	-	-
Tan Eng Soon	-	-	-	263,828,240	40.44 ⁽⁴⁾
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng ⁽⁶⁾	Director	12,708,590	1.95	306,387,902	46.96 ⁽⁵⁾

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' (Dr.) Khor Swee Wah @ Koh Bee Leng is spouse of Dato' Tan Heng Chew.
- (7) Datuk Abdullah bin Abdul Wahab holds 20% equity interest in Auto Dunia.
- (8) Less than 0.01%

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 2019 are as follows:

Exceeded Credit Term	Amount of Outstanding RRPT Receivables (RM'000)
A period of 1 year or less	41,890
A period of more than 1 to 3 years	54,561
A period of more than 3 to 5 years	1,612
A period of more than 5 years	810
Total	98,873

The above total outstanding RRPT receivables of RM98,873,000 as at 31 December 2019 were subsequently reduced to RM59,923,000 as at 31 May 2020 following a collection of RM38,950,000 during the period.

The transactions with related parties 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 related parties than those generally available to the public and are not to the detriment of the minority shareholders. Although it retains the right to impose late payment interest on overdue accounts, the Group has not exercised this right on all overdue trade receivables in practice, whether the amounts are due from related parties or other external customers, as a gesture of goodwill towards the Group's customers in view of ongoing business relationships with them. Discussions are also held regularly with the related parties and there are constant payments received to reduce the outstanding amount accordingly.

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 5 years have been recovered progressively.
- (iii) The outstanding amount for a period of more than 1 to 5 years of RM56,983,000 as at 31 December 2019 was subsequently reduced to RM25,969,000 as at 31 May 2020 following a collection of RM31,014,000 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 three (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, Deputy President, Group Chief Executive Officer/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 deliberating and approving such transaction.

Group RRPT reporting procedures have been established and circulated to all business units as standard guidelines to ensure that all RRPT are undertaken in fair and reasonable terms 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 2020.

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.
- (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 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 as a result of the increase in business volume and revenue.

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' (Dr.) 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' (Dr.) Khor Swee Wah @ Koh Bee Leng, Dato' Tan Eng Hwa, Datuk Yaacob bin Wan Ibrahim and Datuk Abdullah bin Abdul Wahab) 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 ordinary 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 48th AGM of the Company will be held at the broadcasting venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 6 August 2020 at 2.30 p.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, an extract of which is enclosed in this Circular.

The 48th AGM of the Company will be conducted fully virtual through live streaming and online remote voting using Remote Participation and Voting (“RPV”) facilities. Please follow the procedures set out in the Administrative Guide for the 48th AGM to register, participate and vote remotely via the RPV facilities.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders/proxies will not be allowed to attend the 48th AGM in person at the Broadcast Venue on the day of the meeting.

If you are unable to participate at the AGM, you may complete, sign and return the Form of Proxy in the manner set out below and must be received by the Company via its Share Registrar, Tricor, not less than 48 hours before the time appointed for the 48th AGM or no later than 4 August 2020 at 2.30 p.m.:

(i) In hard copy form

The Form of Proxy must be deposited at the office of the Company’s Share Registrar, Tricor, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: 03-2783 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.

(ii) By email

The Form of Proxy must be received via email at Tricor’s email address at is.enquiry@my.tricorglobal.com.

(iii) By facsimile

The Form of Proxy must be received via facsimile at Tricor’s fax no. 03-2783 9222.

For options (ii) and (iii) above, the original Form of Proxy must be deposited to Tricor before the commencement of the 48th AGM.

6. FURTHER INFORMATION

Shareholders are requested to refer to Appendix V for further 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 RRRPT 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 30 May 2019 to 31 May 2020 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
Income				
Sale and leasing of goods and services	TCMH Group sells motor vehicles, parts, premium gifts, stationeries, customised goods, provides vehicle after-sales services and leasing of motor vehicles services to WTCH Group.	349,000	-5,600 (Note 2)	300,000
Insurance agency services (agency fee only)	TCMH Group sells insurance products such as motor, property and marine policies as an agent to WTCH Group.	1,000	330	1,000
Administrative, corporate and other services	TCMH Group provides administrative, corporate and other services (including education services, employment agency services, information technology services and etc) to WTCH Group.	4,500	3,484	4,500
Contract assembly service (commercial and passenger vehicles)	TCMH Group provides assembly services (commercial and passenger vehicles) to WTCH Group.	19,000	4,399	10,000
Rental income	TCMH Group lets office and car park premises at the following locations to WTCH Group: (i) Jalan Ipoh Kecil, Kuala Lumpur. (ii) No. 142-1, Jalan SBC3, 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, Section 46, Bandar & Daerah Kuala Lumpur, Wilayah Persekutuan, Kuala Lumpur. (v) No. 2, Jalan Johor Jaya, Taman Perindustrian Plentong, 81750 Johor Bahru. (vi) No. 117, 119 & 119A, Jalan SS 15/5A, Subang Jaya, 47500 Petaling Jaya, Selangor. (vii) No. 23, Pengkalan Weld, 10300 Pulau Pinang. (viii) No. 4, 3rd Floor, Jalan Bandar 3, Pusat Bandar Puchong, 47100 Puchong, Selangor. (ix) No. 27, Jalan Tun Abdul Razak Susur 2, 80100 Johor Bahru. (x) Lot 104-108 & Lot 407-408, Jalan Kampung Gajah, 12000 Butterworth, Pulau Pinang. (xi) No. 1197, Jalan Permatang Batu, 14000 Bukit Mertajam, Pulau Pinang. (Note 1) (xii) No. 249, Jalan Segambut, 51200 Kuala Lumpur. (xiii) Lot 362, Block 5, Miri Concession Land District, Krokop Utama Road, 98000 Miri, Sarawak. (xiv) No. 14, Ground Floor, Taman Nasalim, Phase 7A, Northern Ring Road, 90000 Sandakan. (xv) SU3140, Jalan TG Kubong, 87000 Wilayah Persekutuan, Labuan (Note 1) (xvi) Lot 3, Jalan 6/3, Kawasan Perusahaan Seri Kembangan, 43300 Serdang, Selangor (Note 1) (xvii) Lot P.T. 15014, Mukim Serendah, Daerah Hulu Selangor, Selangor (Note 1) (xviii) No. 1 & 3, Lorong 61, Jalan Lanang, 96000 Sibul, Sarawak (Note 1) (xix) 710 & 713, Block 31, Kemena Land District, Jalan Sultan Iskandar, Bintulu Service Industrial Estate, 97000 Bintulu, Sarawak (Note 1)	2,000	2,216	3,000
Royalty income	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. Royalties charged by TCMH Group to WTCH Group for usage of "BISON" trademark on goods manufactured by WTCH Group.	45	0	45
Hire purchase financing and leasing	TCMH Group provides hire purchase financing, leasing and financing services to WTCH Group.	120,000	24	120,000

Notes:

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

(2) Value of sales transacted with WTCH Group during the period was RM24.9 million. The net amount RM5.6 million was due to the return of sales from WTCH Group which enabled TCMH Group to fulfill an immediate opportunity for a sales contract entered with a fleet customer as well as orders from our end customers.

APPENDIX I

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 30 May 2019 to 31 May 2020 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
Expenses				
Travel agency, car rental services and leasing services	TCMH Group uses the air ticketing, car rental services and leasing services provided by WTCH Group.	8,500	2,365	5,000
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. TCMH Group receives auction arrangement services, sales and marketing services, information technology services and etc from WTCH Group.	4,800 40,700 600 80,400 9,200	3,330 16,076 544 14,689 3,690	5,500 42,000 600 101,600 15,000
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 104-108 & Lot 407-408, Jalan Kampung Gajah, 12000 Butterworth, Pulau Pinang. (iii) Lot 1 & 3, Jalan 6/3, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor. (iv) Lot 1468, Eastwood Industrial Park, Jalan Miri, By Pass KBLD, 98000 Miri, Sarawak. 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.	900	1,212	1,300
Franchise fee	Franchise fee charged by WTCH Group for selling vehicles franchised by WTCH Group.	50	0	50
Total		640,695	46,759	609,595

APPENDIX II

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 30 May 2019 to 31 May 2020 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
Income				
Sale and leasing of goods and services	TCMH Group sells motor vehicles, parts, components, premium gifts, stationeries, customised goods, provides after-sales services and leasing of motor vehicles services to APM Group.	66,700	12,647	80,000
Contract assembly services	TCMH Group provides vehicle assembly, related localisation services and technical services to APM Group.	1,500	0	1,500
Insurance agency services (agency fee only)	TCMH Group sells insurance products such as motor, property and marine policies as an agent to APM Group.	1,000	592	2,000
Administrative, corporate and other services	TCMH Group provides administrative, corporate and other services (including training, information technology services and other supports) to APM Group.	800	959	3,500
Rental income	TCMH Group lets office and car park premises at the following locations to APM Group: (i) Lot 1123, Jalan Kemajuan, Pending Industrial Estate, 93450 Kuching, Sarawak. (ii) Ground Floor, No. 53 & 55, Jalan Dendang 1 off Jalan Batu 3, Berkeley Town Centre, 41300 Klang, Selangor. (iii) No. 249, Jalan Segambut, 51200 Kuala Lumpur. (iv) Mile 5 1/4, Jalan Tuaran, 88300 Kota Kinabalu, P. O. Box A-5, 89367 Inanam, Sabah.	400	242	400
	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.			
Expenses				
Purchase of goods and services	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.	179,780	87,834	150,000
	TCMH Group purchases Internet of Things device and uses the vehicle tracking services provided by APM Group.	820	3	6,000
	TCMH Group receive provision of engineering, design and development services, manufacturing and assembly works from APM Group. (Note 1)	0	0	500
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.	1,700	1,696	1,700
	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.			
Total		252,700	103,973	245,600

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

APPENDIX III

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 30 May 2019 to 31 May 2020 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
Income				
Sale of goods	TCMH Group sells spare parts, premium gifts, stationeries and customised goods to TCIL Group.	4,000	10,574	10,000
Contract assembly services	TCMH Group provides vehicle assembly, related localisation services and technical services to TCIL Group.	40,000	9,790	30,000
Employment agency services	TCMH Group provides employment agency services to TCIL Group.	30	0	30
Expenses				
Purchase of goods	TCMH Group purchases automotive components from TCIL Group.	100	2	100
Total		44,130	20,366	40,130

APPENDIX IV

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 30 May 2019 to 31 May 2020 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
Income				
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.	65,000	1,742	50,000
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	313	350
Insurance agency services	TCMH Group sells insurance products such as motor, property and marine policies as an agent to Auto Dunia.	80	18	80
Expenses				
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.	804,500	252,505	700,000
Total		869,880	254,578	750,430

FURTHER 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 reasonable enquiries to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein 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 May 2020 (being the latest practicable date prior to the printing of this Circular):

- (i) Exclusive Distributorship Agreement dated 20 June 2018 between TC Trucks Sales Sdn Bhd (a wholly-owned subsidiary of TCMH) (“TCTS”) and Xiamen King Long United Automotive Industry Co. Ltd. (“King Long”) whereby TCTS has been appointed as the sole and exclusive distributor, assembler and after-sales service provider of King Long brand of coaches and/or buses and/or in bare chassis form, in both completely built-up or completely knocked down form in Vietnam, for a period of five (5) years with an option to renew subject to the parties’ mutual agreement.
- (ii) Joint Venture and Operating Agreement dated 26 July 2018 between TCMSC (Labuan) Pte. Ltd. (a wholly-owned subsidiary of TCMH) (“TCMSC (Labuan)”) and MAT (Labuan) Pte. Ltd. (a wholly-owned subsidiary of Warisan TC Holdings Berhad (“WTCH”)) (“MAT (Labuan)”) to regulate the relationship, rights and obligations of the parties as members in the joint venture company incorporated in New York under the name of “Tan Chong Warisan Resources Management Inc.” (“JV Co.”) whereby TCMSC (Labuan) holds 51% and MAT (Labuan) holds 49%.

The JV Co. is involved in the business of, amongst others, developing and sourcing of business opportunities in the USA and Canada including but not limited to areas of distribution, marketing and sales as well as new innovative products, technology and/or services which can be commercialised in other countries for both TCMH Group and WTCH Group.

- (iii) Subscription and Shareholders’ Agreement dated 24 September 2018 between TCMH, Warisan TC Holdings Berhad (“WTCH”) and Comit Communication Technologies (M) Sdn Bhd (a wholly-owned subsidiary of WTCH) (“CCT”) to regulate the relationship of the parties as shareholders through the equity participation by TCMH of CCT by way of subscription of 10,822,185 new ordinary shares in CCT for a total cash consideration of RM13,244,190 (i.e. at a subscription price of RM1.2238 per share).

Following the subscription, WTCH holds 75.5% shares whilst TCMH holds 24.5% shares in CCT.

- (iv) Share Sale Agreement dated 15 November 2018 (“Agreement”) amongst TC Capital Resources Sdn Bhd (a wholly-owned subsidiary of TCMH) (“TCCR”), Miss Yap Swee Hoon and Encik Abdul Rahman bin Mohamed (collectively as “Vendors”) in respect of the acquisition of the entire share capital in Chauffeur Safe Travel Sdn Bhd (“CST”) held by the Vendors in equal proportion by TCCR for a total cash consideration of RM200,000 and conditional upon the fulfilment of the condition precedent as set out in the Agreement (“Proposed Acquisition”).

The condition precedent was fulfilled and the Proposed Acquisition was completed on 26 December 2018. CST is now a wholly-owned subsidiary of TCCR.

- (v) Memorandum of Understanding dated 26 July 2019 between TC Services Vietnam Co. Ltd. (a wholly-owned subsidiary of TCMH) (“TCSV”) and SAIC Motor International Co. Ltd. (“SMIL”) to set out the parties’ intention to cooperate with each other in respect of assembly, sales and

distribution of certain MG and Maxus products both completely knocked down and completely built-up form in Vietnam.

- (vi) Overseas Distribution Agreement dated 18 May 2020 between TC Services Vietnam Co. Ltd. (a wholly-owned subsidiary of TCMH (“TCSV”) and SAIC Motor International Co. Ltd. (“SMIL”) whereby TCSV has been appointed as the sole and exclusive importer and distributor for the sale of MG brand vehicles in completely built-up form (“CBU MG Brand Vehicles”) and after-sales spare parts and provider of after-sales services for the MG Brand Vehicles in Vietnam for a period of five (5) years.
- (vii) Memorandum of Understanding (“MOU”) dated 20 August 2019 as supplemented by a Supplemental MOU dated 28 December 2019 between TC Manufacturing (Labuan) Pte. Ltd. (a wholly-owned subsidiary of TCMH) and SAIC GM WuLing Automobile Co. Ltd. (“SGMW”) to set out, amongst others, the parties' understanding to cooperate with each other in the study of the potential and feasibility of the business opportunity in introducing SGMW products including commercial vehicles to Southeast Asia region with initial identified countries namely Vietnam, Myanmar, Cambodia and Lao PDR for a period up to 30 June 2020.
- (viii) Amended and Restatement Agreement dated 6 February 2020 in relation to the Notes Facility Agreement dated 10 May 2005, supplemented on 8 June 2009 and 4 May 2011 in respect of the issuance of up to Ringgit Malaysia Two Billion (USD2,000,000,000) nominal value asset-backed medium term notes under a medium term notes programme comprising Class A Notes, Class B Notes and Class C Notes between Premium Commerce Berhad (“PCB”), a special purpose entity established for the securitisation of TCMH Group’s hire purchase receivables as issuer; Maybank Trustees Berhad (“Maybank”) as notes trustee; and CIMB Investment Bank Berhad (“CIMB”) as facility agent, lead arranger, lead manager and issue agent to amend, *inter alia*, Class C Notes issued subsequent 6 February 2020 shall be tradable and transferrable in the manner stated therein and Class C Notes issued prior thereto shall continue to be non-tradable and non-transferable (“Amended and Restatement Agreement in relation to the Notes Facility Agreement”);

Amended and Restatement Agreement dated 6 February 2020 in relation to the Trust Deed dated 10 May 2005 as supplemented on 8 June 2009 and 4 May 2011 between PCB as issuer; and Maybank as notes trustee and notes security trustee to amend the Trust Deed following the execution of the Amended and Restatement Agreement in relation to the Notes Facility Agreement; and

Amended and Restatement Agreement dated 6 February 2020 in relation to the Amended and Restated Master Definitions Schedule dated 4 May 2011 between PCB as issuer; Tan Chong & Sons Motor Company Sdn. Bhd. (a wholly-owned subsidiary of TCMH) and TC Capital resources Sdn. Bhd. (“TCCR”), as originators and servicers; CIMB as lead arranger, lead manager, facility agent, issue agent; SPV Corporate Services Sdn. Bhd. as administrator; and Maybank as notes trustee and notes security trustee to amend the definitional sections following the Amended and Restatement Agreement in relation to the Notes Facility Agreement.

- (ix) Joint Venture Agreement dated 13 March 2020 between Tan Chong Construction (Labuan) Pte Ltd (a wholly-owned subsidiary of TCMH) (“TC Construction Labuan”) and An Tam Construction And Trading Co., Ltd. (“Antaco Vietnam”) to regulate the relationship, the rights and obligations of the parties as members in a joint venture company to be incorporated in Vietnam under the name of TAN CHONG ANTACO Construction Co., Ltd. or any other name agreed in writing by the parties and approved by the Department of Planning and Investment under the People’s Committee of City (“JV Co.”). The TC Construction (Labuan) holds 60% whilst Antaco Vietnam holds 40%.

The JV Co. is involved in the business of construction which activities include, amongst others, securing design and construction contracts; managing projects for project owners; and carrying out other construction project activities.

- (x) Subscription and Shareholders’ Agreement dated 29 May 2020 between Warisan TC Holdings Berhad (“WTCH”) and TC Capital Resources Sdn Bhd (“TCCR”), TCCL Sdn Bhd (“TCCL”) (both wholly-owned subsidiaries of TCMH) and MUV Marketplace Sdn Bhd (a wholly-owned

subsidiary of WTCH) (“MUVM”) to regulate the relationship of the parties as shareholders through the equity participation by TCCR and TCCL by way of subscription of 243,750 new ordinary shares each in MUVM at a cash subscription consideration of RM7,500,187.50 to be paid by each of TCCR and TCCL (i.e. at a subscription price of RM30.77 per share).

Upon the completion of the subscription, WTCH holds 84.21% shares whilst TCCR and TCCL each hold 7.895% shares in MUVM.

3. MATERIAL LITIGATION

Saved as disclosed below, neither TCMH nor its subsidiaries as at 31 May 2020 are 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:

(i) Counter claim from Narita Motorcare (Cambodia) Co. Ltd. (“Narita”), Mr. Long Narith and Ms. Pich Sokhom

On 26 April 2017, Narita filed a Motion to Add and Correct Complaint and a counter claim complaint to, amongst others, order ETCM (C) Pty Ltd (“ETCM (C)”) and Tan Chong Motor (Cambodia) Pty Ltd (“TCMC”) (both wholly-owned subsidiaries of TCMH) to pay damages and compensation of USD6,550,000 to Narita, USD200,000 each to Mr. Long Narith and Ms. Pich Sokhom. On 9 May 2017, ETCM (C) and TCMC jointly filed the defence to the Motion to Add and Correct Complaint and ordered Narita, Mr. Long Narith and Ms. Pich Sokhom to pay ETCM (C) and TCMC damages with approximately USD33,000,000 for actual losses and emotional damages. On 26 November 2017, the Court of First Instance in Phnom Penh has ruled in favour of ETCM (C) and TCMC which ordered Narita, Mr. Long Narith and Ms. Pich Sokhom to compensate ETCM (C) and TCMC approximately USD8,037,818 for actual losses and emotional damages. Subsequently, Narita, Mr. Long Narith and Ms. Pich Sokhom have filed an appeal with the Court of Appeal against the decision made in November 2017.

On 2 May 2018, the Court of Appeal upheld the decision of the Court of First Instance in Phnom Penh which ruled in favour of ETCM (C) and TCMC but cancelled the damages to ETCM (C) and TCMC and instead ordered ETCM (C) and TCMC to pay USD329,208 to Narita, represented by Mr. Long Narith and Ms. Pich Sokhom (“COA’s Award”).

On 28 May 2018, solicitors for both ETCM (C) and TCMC have filed an appeal against COA’s Award at the Supreme Court.

ETCM (C) and TCMC are now awaiting for the Supreme Court to fix the hearing date.

(ii) Writ of Summons and Statement of Claim served on Tan Chong Industrial Equipment Sdn Bhd (“TCIE”)

On 15 August 2017, TCIE (a wholly-owned subsidiary of TCMH), received a sealed Writ of Summons dated 12 August 2017 and Statement of Claim dated 11 August 2017 (“the Action”), a sealed copy of a Notice of Application for Injunction dated 12 August 2017 and supporting Affidavit dated 11 August 2017 (“the action”) from the solicitors acting for Transnasiona Express Sdn. Bhd. (“Transnasiona”), Plusliner Sdn. Bhd. (“Plusliner”), Syarikat Kenderaan Melayu Kelantan Berhad (“SKMK”), Syarikat Rembau Tampin Sdn. Bhd. (“SRT”), Kenderaan Langkasuka Sdn. Bhd. (“Langkasuka”), Konsortium Transnasiona Berhad (“KTB”) and MHSB Properties Sdn Bhd (“MHSB”) (collectively known as “Plaintiffs”).

TCIE entered into a series of lease agreements with Transnasiona, Plusliner and SKMK and a series of service maintenance agreements with Transnasiona, Plusliner, SKMK, SRT and Langkasuka (collectively known as “Debtors”) for the lease and service maintenance of the vehicles. The Debtors were owing to TCIE outstanding rentals and service bills amounting to RM32,920,575 (“Debt”).

TCIE negotiated with the Debtors on the settlement of the Debt on many occasions and after lengthy negotiations, the Debtors and KTB mutually agreed to enter into a Settlement Agreement with TCIE on 4 July 2016 to settle the same by way of (i) repayment of the amount of RM16,920,575 in cash in several instalments; and (ii) transfer of a piece of land held under H.S.(D) 87546, PT No. 7929, Bandar Ampang, Daerah Ulu Langat, Negeri Selangor (“Land”) owned by MHSB to TCIE for the settlement of the balance Debt of RM16,000,000 (“Balance Debt”) (“Settlement Agreement”).

However, the Debtors failed to make timely repayments of the Balance Debt in accordance with the Settlement Agreement. Hence, TCIE exercised its contractual rights to repossess the vehicles leased to the Debtors.

Pursuant to the Action, the Plaintiffs sought, amongst others, an injunction to restrain TCIE from proceeding with the repossession and disposal of the vehicles and to restrain TCIE from entering into any dealing in relation to the Land, as well as a declaration that the value of the Land was RM55,600,000 and payment of the sum of RM22,679,425 to MHSB (“Plaintiffs’ Claim”).

TCIE subsequently filed a Defence and application to strike out the Plaintiffs’ Claim.

On 4 January 2018, the High Court allowed TCIE’s application to strike out the Plaintiffs’ Claim and dismissed the Plaintiffs’ injunction application with costs of RM5,000 (“the High Court Striking Out Order”).

On 9 January 2018, the Plaintiffs filed an appeal with the Court of Appeal against the High Court Striking Out Order (“Plaintiffs’ Appeal”).

The Court of Appeal fixed the final case management on 2 November 2018 and the hearing of the Plaintiffs’ Appeal on 15 November 2018.

On 15 November 2018, TCIE’s solicitors informed that the Court of Appeal, after hearing submissions of both parties, allowed the Plaintiffs’ Appeal with costs in the cause and set aside the High Court Striking Out Order of 4 January 2018 (“the Court of Appeal Order”). The Court of Appeal further directed the Plaintiffs’ Claim to be re-fixed for case management on 27 November 2018 in the High Court for a full trial.

On 30 November 2018, TCIE filed an application for leave at the Federal Court to appeal against the Court of Appeal Order dated 15 November 2018 (“the Leave Application”). At the hearing of the Leave Application on 13 May 2019, the Federal Court directed for the grounds of judgment of the Court of Appeal to be obtained and for parties to attend before the Federal Court Registrar to fix the next hearing date.

The hearing of TCIE’s Leave Application to the Federal Court was then fixed on 23 July 2019 but was subsequently vacated as there was a re-arrangement of the Federal Court’s hearing list.

On 8 July 2019, the Federal Court stated that a hearing date would only be fixed after the grounds of judgment of the Court of Appeal had been obtained. The next Case Management was fixed on 17 June 2020, pending the grounds of judgment of the Court of Appeal.

Subsequently, on 9 June 2020, TCIE’s solicitors obtained the grounds of judgment of the Court of Appeal. As the grounds of judgment of the Court of Appeal are now available, it is likely that the Federal Court will fix a hearing date of the leave application when the matter comes up for case management on 17 June 2020.

On 27 November 2018, the case management for the Plaintiffs’ Claim in the High Court was re-fixed on 13 December 2018.

On 13 December 2018, during the case management before the High Court:-

1. the Plaintiffs withdrew their injunction application with no order as to costs; and

2. the High Court fixed the next case management on 29 January 2019 and the trial dates on 10, 11, 12 and 13 September 2019 being the earliest dates available for trial.

The next case management before the High Court was fixed on 14 March 2019 for compliance of pre-trial directions by the parties.

The Plaintiffs' solicitors then filed an application for discovery on 8 April 2019 and the decision in respect of the said discovery application was delivered on 11 July 2019. The High Court allowed, in part, the Plaintiffs' application for discovery (i.e. which required production of copies of the 3 valuation reports as referred to in the minutes of the meeting between parties dated 24 May 2016) and dismissed the application for the production of documents relating to Form 14A of the Sale and Purchase Agreement and copies of all documents relating to the stamp duty adjudication and appeal ("High Court Discovery Order").

On 16 July 2019, TCIE filed the Notice of Appeal with the Court of Appeal against the High Court Discovery Order. The matter was fixed for case management before the Court of Appeal on 4 September 2019, 16 October 2019 and 10 December 2019. The Court of Appeal fixed a further case management on 11 February 2020, pending the delivery of the grounds of judgement and notes of proceedings from the High Court in respect of the High Court Discovery Order.

Subsequently, on 28 January 2020, the High Court delivered the grounds of judgment and notes of proceedings in respect of the High Court Discovery Order.

On 11 February 2020, the hearing of the appeal against the High Court Discovery Order was fixed on 23 July 2020 and the next case management was fixed on 13 July 2020, for parties to file written submissions.

On 17 July 2019, TCIE filed an application for a stay of proceedings and a stay of execution of the High Court Discovery Order pending TCIE's appeal to the Court of Appeal on the same and TCIE's Leave Application to the Federal Court ("Stay Application").

On 5 September 2019, the High Court decided the following: -

1. The High Court allowed the Stay Application pending the disposal of TCIE's appeal to the Court of Appeal against the High Court Discovery Order and TCIE's Leave Application to the Federal Court;
2. the trial date initially fixed on 10 September 2019 was vacated; and
3. the trial date was tentatively re-fixed on 27 November 2019 subject to whether TCIE's appeal to the Court of Appeal against the High Court Discovery Order and TCIE's Leave Application to the Federal Court would be fixed by then.

On 13 November 2019, the tentative trial date of 27 November 2019 was vacated. The matter was transferred to a different High Court judge and fixed for case management on 10 December 2019.

The matter was fixed for further case management on 10 December 2019, 9 March 2020 and 15 April 2020, to update the High Court on the status of TCIE's appeal to the Court of Appeal against the High Court Discovery Order and TCIE's Leave Application to the Federal Court.

On 10 April 2020, the Government of Malaysia announced that the Movement Control Order would be extended until 28 April 2020. The case management on 15 April 2020 was vacated and re-fixed on 30 June 2020.

Save for the above, there were no other pending material litigations against the Group as at the date of this report.

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 Statement/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 2018 to 2019 and the latest unaudited results since the last audited financial statements;
- (iii) Material contracts referred to in Section 2 above; and
- (iv) Relevant cause papers in respect of material litigation referred to in Section 3 above.

PROPOSED RESOLUTIONS ON THE PROPOSALS

EXTRACT OF THE NOTICE OF 48th ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

1. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN 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 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 or in any 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 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 shall continue to be in force until:

- (i) 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; or
- (ii) 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.”

(Ordinary Resolution 9)

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 23 June 2020 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 until:

- (i) 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) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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.”

(Ordinary Resolution 10)

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 23 June 2020 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 until:

- (i) 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) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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."

(Ordinary Resolution 11)

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 23 June 2020 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 until:

(i) 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) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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."

(Ordinary Resolution 12)

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 23 June 2020 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 until:

- (i) 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) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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.”

(Ordinary Resolution 13)

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