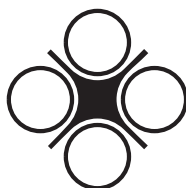


**THIS STATEMENT/CIRCULAR (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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 and the Proposed Renewal of Shareholders’ Mandate for RRPT in Part II of this Circular are 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 50th Annual General Meeting (“AGM”) of the Company. The 50th AGM will be conducted virtually through live streaming from the Broadcast Venue and remote voting online using Remote Participation and Voting (“RPV”) facilities. Shareholders/proxies/attorneys/authorised representatives will not be allowed to attend the 50th AGM in person at the Broadcast Venue on the day of the meeting. The Notice of the 50th AGM, Form of Proxy and Administrative Guide for 50th 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 50th 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	:	Monday, 30 May 2022 at 2.30 p.m.
Date and time of the 50th AGM	:	Wednesday, 1 June 2022 at 2.30 p.m.
Broadcast Venue of the 50th 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 28 April 2022

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## DEFINITIONS

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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. Ng Chee Hoong, Dato' Ng Mann Cheong, Dato' Chan Choun Sien 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.

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**DEFINITION (cont'd)**

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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

28 April 2022

## 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*)

Ng Chee Hoong (*Independent Non-Executive Director*)

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

Dato' Chan Choun Sien (*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 49th AGM held on 3 June 2021, 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 11 March 2022, 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 of the Company after that date 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 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.**

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

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### **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:

- (a) 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
- (b) the expiration of the period within which the next AGM is required by law to be held; or
- (c) 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 2021, the retained earnings were RM1,466,541,000.

Based on the total number of issued shares of TCMH less treasury shares as at 31 March 2022, the maximum number of TCMH Shares that may be purchased amounts to 47,361,000 shares. Based on the weighted average market price for the five (5) market days up to 21 April 2022 (being the latest practicable date prior to the printing of this Circular) of RM1.16 per share, the maximum purchase cost would be about RM54.94 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 did not purchase any of its own shares in the preceding 12 months ended 31 March 2022.

The total number of shares bought back as at 31 March 2022 was 19,839,000, all of which were held as treasury shares. 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 and held as treasury shares. 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 March 2022 will be as follows:

	<u>No. of Shares</u>
Total number of issued shares	672,000,000
Purchased and held as treasury shares as at 31 March 2022	(19,839,000)
Proposed Share Buy-Back if the maximum no. of shares are purchased	(47,361,000)
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 2021, the NA per share of the TCMH Group is RM4.28.

**(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) Dividend**

The Company paid an interim single tier dividend of 1.5 sen per share in respect of the financial year ended 31 December 2021 on 30 June 2021.

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 2022, 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 March 2022 are as follows:

	-----No. of TCMH Shares held----->							
	Before the Proposed Share Buy-Back				After the Proposed Share Buy-Back			
	Direct	%	Indirect	%	Direct	%	Indirect	%
<b>Substantial Shareholders</b>								
TCC	263,828,240	40.45	-	-	263,828,240	43.62	-	-
EPF	42,031,800	6.45	-	-	42,031,800	6.95	-	-
Nissan Motor Co., Ltd	37,333,324	5.72	-	-	37,333,324	6.17	-	-
Dato' Tan Heng Chew	33,551,762	5.14	274,781,840	42.13 <sup>(1)</sup>	33,551,762	5.55	274,781,840	45.43 <sup>(1)</sup>
Tan Eng Soon	-	-	263,828,240	40.45 <sup>(3)</sup>	-	-	263,828,240	43.62 <sup>(3)</sup>
<b>Directors</b>								
Dato' Tan Heng Chew	33,551,762	5.14	289,342,430	44.37 <sup>(2)</sup>	33,551,762	5.55	289,342,430	47.84 <sup>(2)</sup>
Dato' Ng Mann Cheong	-	-	150,000	0.02 <sup>(4)</sup>	-	-	150,000	0.02 <sup>(4)</sup>
Ng Chee Hoong	-	-	-	-	-	-	-	-
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,828,590	1.97	310,065,602	47.54 <sup>(6)</sup>	12,828,590	2.12	310,065,602	51.27 <sup>(6)</sup>
Ho Wai Ming	-	-	20,000	-(4)(5)	-	-	20,000	-(4)(5)
Lee Min On	-	-	-	-	-	-	-	-
Dato' Chan Choun Sien (Appointed on 1 April 2021)	-	-	-	-	-	-	-	-

**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 40.45% as at 31 March 2022 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 March 2022, the public shareholding spread of the Company was 44.48%. 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 March 2022 is expected to be reduced to 40.13%.

## 2.8 SHARE PRICES

The monthly highest and lowest prices of TCMH Shares traded on Bursa Malaysia for the last 12 months from April 2021 to March 2022 were as follows:

	<b>High RM</b>	<b>Low RM</b>
<b>2021</b>		
April	1.27	1.15
May	1.22	1.11
June	1.22	1.14
July	1.21	1.15
August	1.22	1.14
September	1.20	1.15
October	1.21	1.16
November	1.20	1.10
December	1.16	1.10
<b>2022</b>		
January	1.14	1.10
February	1.16	1.11
March	1.17	1.11

The last transacted price of TCMH Shares on 21 April 2022, being the latest practicable date prior to the printing of this Circular, was RM1.19.

*(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.

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

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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 3 June 2021 to 31 March 2022 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 2022 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 March 2022 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	40.45	-	-	-	23,446,509	36.02	-	-
Dato' Tan Heng Chew	Director	33,551,762	5.14	289,342,430	44.37 <sup>(1)</sup>	Director	3,737,033	5.74	31,604,328	48.55 <sup>(4)</sup>
Tan Eng Soon	-	-	-	263,828,240	40.45 <sup>(2)</sup>	-	-	-	23,446,509	36.02 <sup>(2)</sup>
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng <sup>(5)</sup>	Director	12,828,590	1.97	310,065,602	47.54 <sup>(3)</sup>	-	2,795,419	4.29	-	-

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 8(4) of the Act.
- (3) Interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (4) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interest of spouse and daughter 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, 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 March 2022 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	40.45	-	-	-	73,382,326	37.54	-	-
Dato' Tan Heng Chew	Director	33,551,762	5.14	289,342,430	44.37 <sup>(1)</sup>	Director	12,026,899	6.15	92,245,784	47.19 <sup>(5)</sup>
Tan Eng Soon	-	-	-	263,828,240	40.45 <sup>(2)</sup>	-	-	-	73,382,326	37.54 <sup>(2)</sup>
Dato' Tan Eng Hwa	Director <sup>(6)</sup>	1,380,058	0.21	47,524 <sup>(3)</sup>	- <sup>(9)</sup>	Director	207,008	0.11	7,128 <sup>(3)</sup>	- <sup>(9)</sup>
Nicholas Tan Chye Seng <sup>(8)</sup>	Director <sup>(6)</sup>	-	-	-	-	Director	-	-	-	-

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 <sup>(7)</sup>	Director	12,828,590	1.97	310,065,602	47.54 <sup>(4)</sup>	-	3,514,858	1.80	-	-

**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 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, 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 March 2022 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	40.45	-	-	-	705,819,720	35.06	-	-
Dato' Tan Heng Chew	Director	33,551,762	5.14	289,342,430	44.37 <sup>(1)</sup>	-	50,634,386	2.52	744,169,890	36.96 <sup>(4)</sup>
Tan Eng Soon	-	-	-	263,828,240	40.45 <sup>(2)</sup>	Director	152,460,000	7.57	1,140,297,392	56.64 <sup>(5)</sup>
Dato'(Dr.) Khor Swee Wah @ Koh Bee Leng <sup>(7)</sup>	Director	12,828,590	1.97	310,065,602	47.54 <sup>(3)</sup>	-	112,170	- <sup>(6)</sup>	-	-

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 8(4) of the Act.
- (3) Interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (4) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interest of spouse 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 March 2022 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	33,551,762	5.14	289,342,430	44.37 <sup>(1)</sup>
Dato' Tan Eng Hwa	Director	1,380,058	0.21	47,524 <sup>(2)</sup>	-. <sup>(8)</sup>
Datuk Yaacob bin Wan Ibrahim <sup>(3)</sup>	Director	-	-	-	-
Datuk Abdullah bin Abdul Wahab <sup>(7)</sup>	Director	-	-	-	-
Tan Eng Soon	-	-	-	263,828,240	40.45 <sup>(4)</sup>
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng <sup>(6)</sup>	Director	12,828,590	1.97	310,065,602	47.54 <sup>(5)</sup>

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (2) Deemed interest by virtue of interest in SH pursuant to Section 8(4) of the Act and interest of spouse by virtue of Section 59(11)(c) of the Act.
- (3) Datuk Yaacob bin Wan Ibrahim holds 10% equity interest in Auto Dunia.
- (4) Deemed interest by virtue of interest in TCC pursuant to Section 8(4) of the Act.
- (5) Interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (6) Dato' (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 2021 are as follows:

Exceeded Credit Term	Amount of Outstanding RRPT Receivables (RM'000)
A period of 1 year or less	36,423
A period of more than 1 to 3 years	6,897
A period of more than 3 to 5 years	12,543
A period of more than 5 years	2,625
Total	58,488

The above total outstanding RRPT receivables of RM58,488,000 as at 31 December 2021 were subsequently reduced to RM33,524,000 as at 31 March 2022 following a collection of RM24,964,000 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 RM22,065,000 as at 31 December 2021 was subsequently reduced to RM17,002,000 as at 31 March 2022 following a collection of RM5,063,000 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 2022.

#### **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), deliberating or approving the relevant resolutions pertaining to the Proposed Shareholders' Mandate 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, deliberating or approving the relevant resolutions pertaining to the Proposed Shareholders' Mandate 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 50th AGM of the Company will be held at the broadcast 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 Wednesday, 1 June 2022 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 50th AGM of the Company will be conducted virtually 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 50th 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/attorneys/authorised representatives will not be allowed to attend the 50th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders who are unable to attend and who appoint proxy(ies) to participate via RPV facilities at the 50th AGM must ensure that the appointment of proxy (duly completed “Form of Proxy”) and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority (collectively, the “Proxy Authorisation Documents”) for the 50th AGM are deposited or submitted in the following manner not less than 48 hours before the time appointed for the 50th AGM or no later than 30 May 2022 at 2.30 p.m. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or under the hand of an officer or attorney duly authorised:

(i) In hard copy form

Either by hand or post to the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. (“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: +603-2783 9299), or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;

(ii) By electronic means via TIIH Online

By electronic means to the electronic address at Tricor’s TIIH Online website at <https://tiah.online>; and

(iii) By electronic means via email

By electronic mail (email) to Tricor’s email address at [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com) to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor’s office address stated in paragraph 5(i) above before the commencement of the 50th 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 RRPT between TCMH Group and WTCH Group**

Types of transaction	Details	Estimated value as disclosed in the preceding year's circular (RM'000)	Actual value transacted from 3 June 2021 to 31 March 2022 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
<b>Income</b>				
Sale and leasing of goods and services	TCMH Group sells motor vehicles, parts, components, premium gifts, stationeries, customised goods, provides vehicle after-sales services, pre-delivery inspection services and leasing of motor vehicles to WTCH Group.	170,000	62,205	140,000
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	417	1,000
Administrative, corporate and other services	TCMH Group provides administrative, corporate and other services (including education services, employment agency services, information technology services, marketing services and etc) to WTCH Group.	9,000	2,314	4,600
Contract assembly service (commercial and passenger vehicles)	TCMH Group provides assembly services (commercial and passenger vehicles) to WTCH Group.	24,000	3,819	17,000
Rental income	<p>TCMH Group lets office and car park premises at the following locations to WTCH Group:</p> <p>(a) Jalan Ipoh Kecil, Kuala Lumpur. (with area ranging from 995 sq. ft. to 2,880 sq. ft.)</p> <p>(b) No. 142-1, Jalan SBC3, Taman Sri Batu Caves, Batu Caves, Selangor. (with total area of 1,826 sq. ft.)</p> <p>(c) No. 196, Block G, Jalan Sultan Azlan Shah, Sungai Tiram, 11900 Bayan Lepas, Penang. (with total area of 929 sq. ft.)</p> <p>(d) Part of Lot 92 &amp; Lot 93, Section 46, Bandar &amp; Daerah Kuala Lumpur, Wilayah Persekutuan, Kuala Lumpur. (with area ranging from 11,733 sq. ft. to 23,223 sq. ft.)</p> <p>(e) No. 2, Jalan Johor Jaya, Taman Perindustrian Plentong, 81750 Johor Bahru. (with area ranging from 231 sq. ft. to 35,915 sq. ft.)</p> <p>(f) No. 117, 119 &amp; 119A, Jalan SS 15/5A, Subang Jaya, 47500 Petaling Jaya, Selangor. (with total area of 4,818 sq. ft.)</p> <p>(g) No. 23, Pengkalan Weld, 10300 Pulau Pinang. (with total area of 1,164 sq. ft.)</p> <p>(h) No. 4, 3rd Floor, Jalan Bandar 3, Pusat Bandar Puchong, 47100 Puchong, Selangor. (with total area of 518 sq. ft.)</p> <p>(i) Lot 104-108 &amp; Lot 407-408, Jalan Kampung Gajah, 12000 Butterworth, Pulau Pinang. (with total area of 59,867 sq. ft.)</p> <p>(j) No. 1197, Jalan Permatang Batu, 14000 Bukit Mertajam, Pulau Pinang. (with total area of 12,609 sq. ft.)</p> <p>(k) No. 249, Jalan Segambut, 51200 Kuala Lumpur. (with total area of 16,146 sq. ft.)</p> <p>(l) Lot 362, Block 5, Miri Concession Land District, Krokop Utama Road, 98000 Miri, Sarawak. (with total area of 84 sq. ft.)</p> <p>(m) No. 14, Ground Floor, Taman Nasalim, Phase 7A, Northern Ring Road, 90000 Sandakan. (with total area of 1,482 sq. ft.)</p> <p>(n) SU3140, Jalan TG Kubong, 87000 Wilayah Persekutuan, Labuan. (with total area of 100 sq. ft.)</p> <p>(o) Lot 3, Jalan 6/3, Kawasan Perusahaan Seri Kembangan, 43300 Serdang, Selangor. (with total area of 26,000 sq. ft.)</p> <p>(p) No. 1 &amp; 3, Lorong 61, Jalan Lanang, 96000 Sibul, Sarawak. (with area ranging from 24 sq. ft. to 200 sq. ft.)</p> <p>(q) 710 &amp; 713, Block 31, Kemena Land District, Jalan Sultan Iskandar, Bintulu Service Industrial Estate, 97000 Bintulu, Sarawak. (with area ranging from 48 sq. ft. to 400 sq. ft.)</p> <p>(r) 3 &amp; 4, Lot 184, Ground Floor, Jalan Kelibang, Mukim Kuah, 07000 Langkawi, Kedah. (with total area of 368 sq. ft.)</p> <p>(s) No. 2, Jalan Indah 15/2, Taman Bukit Indah, 81200 Johor Bharu. (with estimated area of 32,000 sq. ft.)</p> <p>(t) No. 53-55, Jalan Dendang 1, Pusat Bandar Berkeley, 41300 Klang, Selangor. (with estimated area of 5,000 sq. ft.) (Note 1)</p> <p>(u) Lot 1A, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya, Selangor. (with estimated area of 2,000 sq. ft.) (Note 1)</p>	3,000	1,234	3,000

Note:

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

**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 3 June 2021 to 31 March 2022 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
<b>Income (continued)</b>				
Rental Income (continued)	(v) No. 1, Jalan Sesiku 15/2, Section 15, 40000 Shah Alam, Selangor. (with total area of 20,058 sq. ft.) (Note 2)			
	(w) No. 27, Jalan Tun Abdul Razak Susur 2, 80100 Johor Bahru. (with area ranging from 1,464 sq. ft. to 7,460 sq. ft.) (Note 2)			
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.	45	0	45
	Royalties charged by TCMH Group to WTCH Group for usage of "BISON" trademark on goods manufactured by WTCH Group.			
Hire purchase financing and leasing	TCMH Group provides hire purchase financing, leasing and financing services to WTCH Group.	60,000	0	9,000
<b>Expenses</b>				
Travel agency, car rental services and leasing services	TCMH Group uses the air ticketing, car rental services and leasing services provided by WTCH Group.	3,000	291	3,000
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 and motor vehicles from WTCH Group for sale. TCMH Group purchases consumer products from WTCH Group. TCMH Group purchases used vehicles from WTCH Group. TCMH Group receives auction arrangement services, sales and marketing services, information technology services and etc from WTCH Group. Usage of GoCar Platform owned by WTCH Group.	5,500 49,000 600 220,000 15,000 0	3,963 18,991 724 25,617 714 0	7,800 97,000 900 160,000 13,000 111
Rental expenses	TCMH Group rents premises at the following locations from WTCH Group: (a) Lot 1A, Jalan Kenajuan, Seksyen 13, 46200 Petaling Jaya. (with total area of 22,972 sq. ft.) (b) Lot 1 & Lot 3, Jalan 6/3, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor. (with area ranging from 17,000 sq. ft. to 74,052 sq. ft.) (Note 3) (c) Lot 1468, Eastwood Industrial Park, Jalan Miri, By Pass KBLD, 98000 Miri, Sarawak. (with total area of 59 sq. ft.) (Note 3)	1,300	838	1,300
Franchise fee	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. Franchise fee charged by WTCH Group for selling vehicles franchised by WTCH Group.	50	0	50
<b>Total</b>		<b>561,495</b>	<b>121,127</b>	<b>457,806</b>

Notes:

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

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

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 3 June 2021 to 31 March 2022 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
<b>Income</b>				
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 to APM Group.	63,000	2,903	28,000
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	527	1,000
Administrative, corporate and other services	TCMH Group provides administrative, corporate and other services (including training, information technology services and other supports) to APM Group.	3,500	763	3,500
Rental income	TCMH Group lets office and car park premises at the following locations to APM Group: (a) No. 249, Jalan Segambut, 51200 Kuala Lumpur. (with total area of 1,288 sq. ft.) (Note 4) (b) Mile 5 1/4, Jalan Tuaran, 88300 Kota Kinabalu, P. O. Box A-5, 89367 Inanam, Sabah. (with total area of 150 sq. ft.) (c) Lot 1140, Section 66, Jalan Keruing, Pending Industrial Estate, 93450, Kuching. (with total area of 196 sq. ft.)	300	9	300
	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.			
<b>Expenses</b>				
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. TCMH Group purchases Internet of Things device and uses the vehicle tracking services provided by APM Group.	141,000 3,000	15,393 0	56,000 3,000
Rental expenses	TCMH Group receive provision of engineering, design and development services, manufacturing and assembly works from APM Group. 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. (with area ranging from 505 sq. ft. to 5,876 sq. ft.) 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.	500 1,800	3 1,392	500 1,800
<b>Total</b>		<b>215,600</b>	<b>20,990</b>	<b>95,600</b>

Note:

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

**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 3 June 2021 to 31 March 2022 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
<b>Income</b>				
Sale of goods	TCMH Group sells spare parts, components, premium gifts, stationeries and customised goods to TCIL Group.	11,000	8,175	14,000
Contract assembly services	TCMH Group provides vehicle assembly, related localisation services and technical services to TCIL Group.	30,000	7,396	30,000
Employment agency services	TCMH Group provides employment agency services to TCIL Group.	30	0	30
<b>Expenses</b>				
Purchase of goods	TCMH Group purchases automotive components from TCIL Group.	100	1	100
<b>Total</b>		<b>41,130</b>	<b>15,572</b>	<b>44,130</b>

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 3 June 2021 to 31 March 2022 (latest practicable date) (RM'000)	Estimated value from the forthcoming AGM to the next AGM (to obtain mandate approval) (RM'000)
<b>Income</b>				
Sale of goods and services	TCMH Group sells motor vehicles, spare parts, components, premium gifts, stationeries, customised goods and provides after-sales services to Auto Dunia.	50,000	9,725	50,000
Rental income	TCMH Group lets the following premises to Auto Dunia: (a) Showroom cum office building premises at Lot 3, Jalan Perusahaan 1, Batu Caves Industrial Park, 68100 Selangor. (with total area of 6,362 sq. ft.) (b) Storage space at 142, Jalan SBC3, Taman Sri Batu Caves, Selangor. (with total area of 800 sq. ft.) (c) Part of PDI building at No. 327, Jalan Segambut, 51200 Kuala Lumpur. (with total area of 6,813 sq. ft.)  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.	350	233	350
Insurance agency services	TCMH Group sells insurance products such as motor, property and marine policies as an agent to Auto Dunia.	80	21	80
<b>Expenses</b>				
Purchase of vehicles	TCMH Group purchases CBU vehicles from Auto Dunia. TCMH Group may enter into other arrangements with Auto Dunia in relation to the importation of CBU vehicles and/or for the purchase of locally assembled vehicles for sale by TCMH Group from time to time.	770,000	423,932	863,000
<b>Total</b>		<b>820,430</b>	<b>433,911</b>	<b>913,430</b>



## 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 March 2022 (being the latest practicable date prior to the printing of this Circular):

- (i) Overseas Distribution Agreement (“ODA”) dated 18 May 2020 between TC Services Vietnam Co., Ltd. (“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.
- (ii) First Supplemental Agreement to the ODA dated 30 June 2020 between TCSV and SMIL to extend the timeline for signing of the sales joint venture agreement between SMIL and TC Services Labuan (V) Pte Ltd (a wholly-owned subsidiary of TCMH) from before 30 June 2020 to before 31 December 2020.
- (iii) Second Supplemental Agreement to the ODA dated 18 December 2020 between TCSV and SMIL to further extend the timeline for signing of the sales joint venture agreement between SMIL and TC Services Labuan (V) Pte Ltd from before 31 December 2020 to before 30 June 2021.
- (iv) Third Supplemental Agreement to the ODA dated 23 June 2021 between TCSV and SMIL to further extend the timeline for signing of the sales joint venture agreement between SMIL and TC Services Labuan (V) Pte Ltd from before 30 June 2021 to before 30 September 2022.
- (v) Purchase Agreement dated 8 December 2020 made between SAIC Motor-CP Company Limited (“SMCP”), TCSV and SMIL whereby SMIL has designated SMCP to sell the CBU MG Brand Vehicles to TCSV subject to the terms and conditions of the ODA and the said Purchase Agreement.
- (vi) 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 until 30 June 2020.
- (vii) Export Contract dated 25 March 2021 between TC Motor Vietnam Co., Ltd. (“TCMV”) and SGMW, whereby TCMV has been appointed as the sole and exclusive distributor for the sale of N111P pickup, N300P pickup and N300L cargo van in completely built-up form (“CBU MG Brand Vehicles”) in Vietnam for a period of three (3) years.
- (viii) 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. (“MUVM”) (a wholly-owned subsidiary of WTCH) 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 84.22% shares whilst TCCR and TCCL each hold 7.89% shares in MUVVM.

- (ix) Memorandum of Understanding dated 19 October 2020 between TC Motor Vietnam Co. Ltd. (a wholly owned subsidiary of TCMH) (“TCMV”) and Xiamen King Long United Automotive Industry Co. Ltd (“King Long”) (“MOU”) to set out the parties’ intention to expand the existing distributorship of TCMV in Vietnam to the King Long microbus model, in both completely-built-up and complete-knocked-down forms, on an exclusive basis. Parties have mutually agreed to terminate this MOU with effect from 12 October 2021.
- (x) Memorandum of Understanding dated 22 November 2020 between TC Overseas Assets Holdings Labuan Pte. Ltd. (a wholly owned subsidiary of TCMH) (“TCOAH”) and GAC Motor International Limited (“GAC”) (“MOU”) to set out the parties’ intention to cooperate with each other in the study of the potential and feasibility of the business opportunity in introducing GAC’s products to Malaysia and Vietnam on an exclusive basis. This MOU has lapsed on 1 July 2021.
- (xi) Amendment Agreement to Supply of Components and Assembly Agreement dated 17 January 2020 between Tan Chong & Sons Motor Company Sdn. Bhd. (“TCM”) (a wholly owned subsidiary of TCMH) and UD Trucks Corporation (“UDTC”), under which the terms of the subsisting Supply of Components and Assembly Agreement were updated to include the Croner and Kuzer UD models.
- (xii) 2nd Supplemental Agreement to the Distribution Agreement dated 9 June 2021 between TCM and UDTC, under which the terms of the subsisting Distribution Agreement dated 24 May 1979 (as amended by the Supplementary Agreement to the Distribution Agreement dated 18 November 2015) have been updated.
- (xiii) Subscription and Shareholders Agreement dated 18 June 2021 between Tan Chong Motor Assemblies Sdn. Bhd. (“TCMA”), APM Shock Absorbers Sdn. Bhd. (“APMSA”), TCIM Sdn. Bhd. (“TCIM”) and TC Sunergy Sdn. Bhd. (“TC Sunergy”) to regulate the relationship of the parties as shareholders in TC Sunergy through the equity participation by TCMA, APMSA and TCIM by way of subscription of a total of 999,998 new ordinary shares at a subscription consideration of RM509,998.00, RM400,000.00 and RM90,000.00 to be paid by each of TCMA, APMSA and TCIM respectively (i.e. at a subscription price of RM1 per share).

Following the subscription, each of TCMA, APMSA and TCIM holds 51%, 40% and 9% shares in TC Sunergy.

TC Sunergy is to undertake the construction, operation and maintenance of a 20MW large scale solar photovoltaic energy facility (“Facility”) at Kawasan Kolam Takungan Air Serendah Daerah Ulu Selangor, Selangor Darul Ehsan and a part of its surrounding area awarded by Suruhanjaya Tenaga (“LSS4 Project”).

- (xiv) Power Purchase Agreement dated 18 August 2021 between TC Sunergy and Tenaga Nasional Berhad (“TNB”) to regulate and govern the implementation, operation and maintenance of the LSS4 Project including the obligations of respective parties and sale and purchase of net energy output generated by the Facility for a period of 21 years.
- (xv) Programme Agreement dated 3 March 2022 between Tan Chong Motor Holdings Berhad (“TCMH”) (as Issuer) and RHB Investment Bank Berhad as the Lead Arranger, Facility Agent and Lead Manager in respect of the establishment of an Islamic medium term note programme of Ringgit Malaysia One Billion and Five Hundred Million (RM1,500,000,000.00) in nominal value based on Shariah principle of Murabahah (via Tawarruq arrangement) subject to the option to upsize with a programme tenure of 30 years (“Sukuk Murabahah Programme”).
- (xvi) Trust Deed dated 3 March 2022 between TCMH (as Issuer) and Malaysian Trustees Berhad (as the Sukuk Trustee and Security Trustee) in respect of the establishment by TCMH of the Sukuk Murabahah Programme.

### 3. MATERIAL LITIGATION

Saved as disclosed below, neither TCMH nor its subsidiaries as at 31 March 2022 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 their 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 (“Damages”). Subsequently, Narita, Mr. Long Narith and Ms. Pich Sokhom have filed an appeal with 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 filed an appeal against COA’s Award at the Supreme Court.

The Court of Appeal had decided (“Decision”) as follows:

- (a) Order to ETCM(C) and TCMC to pay the damage of USD3,953,130 to Narita; and
- (b) Litigation cost shall be borne by each party.

ETCM (C) and TCMC, through the Solicitors, had on 19 October 2021 filed the appeal against the Court of Appeal Decision at the Supreme Court.

The Court of Appeal Decision ordering ETCM(C) and TCMC to pay damages of USD3,953,130 to Narita would not be executed until receipt of the outcome of the appeal from the Supreme Court.

#### **(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 the Company received a sealed Writ of Summons dated 12 August 2017 and Statement of Claim dated 11 August 2017 (“the Plaintiffs’ Claim”), a sealed copy of a Notice of Application for, inter alia, an injunction dated 12 August 2017 (“the Application”) and Affidavit in Support dated 11 August 2017 from the solicitors acting for Transnasional Express Sdn. Bhd. (“Transnasional”), Plusliner Sdn. Bhd. (“Plusliner”), Syarikat Kenderaan Melayu Kelantan Berhad (“SKMK”), Syarikat Rembau Tampin Sdn. Bhd. (“SRT”), Kenderaan Langkasuka Sdn. Bhd. (“Langkasuka”), Konsortium Transnasional 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 owed TCIE outstanding rentals and service bills amounting to RM32,920,575.06 (“Debt”).

After lengthy negotiations, the Debtors and KTB mutually agreed to enter into a Settlement Agreement with TCIE on 4 July 2016 (“Settlement Agreement”) with the following, inter alia, terms:

- i. to settle the Debt by transferring a piece of land held under H.S.(D) 87546, PT No. 7929, Bandar Ampang, Daerah Ulu Langat, Negeri Selangor (“Land”) from MHSB to TCIE at an agreed price of RM16,000,000.00 and repayment the balance debt of RM16,920,575.06 in cash in several instalments (“Balance Debt”); and
- ii. in the event of breach of the Settlement Agreement, TCIE was entitled to terminate the Settlement Agreement and repossess the vehicles.

Pursuant to the Settlement Agreement, a Sale and Purchase Agreement was entered into between MHSB and TCIE on 4 July 2016 for the sale of the Land.

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

Subsequently, the Plaintiffs filed the Plaintiffs Claim seeking, amongst others:

- i. an injunction to restrain TCIE from proceeding with the repossession and disposal of the vehicles, taking any legal action under the Settlement Agreement until the disposal of the Plaintiffs’ Claim and entering into any dealing in relation to the Land;
- ii. a declaration that the value of the Land was RM55,600,000.00;
- iii. payment of the sum of RM22,679,424.94 to MHSB;
- iv. the return of the vehicles to the Plaintiffs;
- v. payment of the sum of RM877,000.00 being compensation paid by the Government of Malaysia for acquisition of part of the Land to the Plaintiffs.

TCIE filed a Defence and an 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 struck out the Plaintiffs’ Claim with costs of RM5,000.00 (“the High Court Striking Out Order”).

On 15 November 2018, the Court of Appeal had 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”).

On 27 December 2018, TCIE filed an application for leave at the Federal Court for leave to appeal against the Court of Appeal Order dated 15 November 2018 (“the Leave Application”).

On 13 December 2018, the Plaintiffs withdrew their injunction application against TCIE with no order to costs.

On 8 April 2019, the Plaintiffs filed an application for discovery and the decision in respect of the discovery application was delivered on 11 July 2019. The High Court allowed the Plaintiff’s application for discovery in part (i.e. which required production of copies of the 3 valuation

reports as referred to in the minutes 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 to the Court of Appeal against the High Court Discovery Order.

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 (“Application for Stay of the High Court Discovery Order”). The Application for Stay of the High Court Discovery Order was allowed by the High Court.

On 29 September 2020, the Court of Appeal dismissed with costs TCIE’s appeal against the High Court Discovery Order with costs.

On 2 October 2020, the High Court had during the case management of the Plaintiffs’ Claim re-fixed the trial dates from 22 to 24 December 2020.

On 7 October 2020, the Federal Court dismissed with cost TCIE’s application for leave to appeal against the Court of Appeal Order regarding TCIE’s application to strike out the Plaintiffs’ Claim with cost.

On 2 November 2020, the Plaintiffs filed an application to amend the pleadings in the High Court. The matter was initially fixed for hearing on 4 December 2020 and was re-fixed on 14 December 2020, where the High Court allowed the Plaintiff’s’ Amendment Application, with costs in the sum of RM1,000.00 to be paid by the Plaintiffs to TCIE.

Pursuant to the Order of the High Court dated 14 December 2020, the Plaintiffs filed and served the Amended Writ and Amended Statement of Claim on 30 December 2020 and TCIE filed and served the Amended Defence on 8 January 2021. The trial was heard before the High Court on 10, 11 and 12 March 2021 and on 2 and 14 April 2021.

Upon conclusion of the trial on 14 April 2021, the Plaintiffs and the Defendant had filed their respective Written Submissions on 19 May 2021. The Plaintiffs filed their Submissions in Reply on 24 May 2021 and Defendant filed their Submissions in Reply on 27 May 2021. In addition, as instructed by the High Court, the Plaintiffs filed the notes of proceedings on 20 April 2021 and 5 May 2021 respectively.

On 15 July 2021, the High Court allowed the Plaintiffs’ Claim which included orders, inter alia, for: -

- i. a declaration that the value of the Land was RM55,600,000.00;
- ii. repayment of the sum of RM22,679,424.94, with interest at the rate of 5% per annum, to be paid by TCIE to MHSB, the 7th Plaintiff;
- iii. the return of the land acquisition compensation sum of RM877,000.00 by TCIE to the Plaintiffs;
- iv. the return of all the buses by TCIE to the Plaintiffs; and costs in the sum of RM80,000.00, subject to allocatur, to be paid by TCIE to the Plaintiffs.

(collectively known as “High Court Judgment”)

On 21 July 2021, TCIE filed the Notice of Appeal against the High Court Judgment to the Court of Appeal. Case management before the Court of Appeal is fixed on 6 September 2021. Subsequently, the next Case Management was re-fixed on 8 November 2021.

On 8 November 2021, the High Court had during the case management further directed for parties to file Written Submissions by 24 April 2022 and fixed the next case management on 25 April 2022. The hearing of the appeal initially fixed on 9 May 2022 has been vacated and converted to case management.

On 22 July 2021, TCIE applied for a Stay of Execution of the High Court Judgment which is now fixed for hearing on 9 September 2021, where the High Court granted a stay of execution / enforcement proceedings in relation to the Judgment of the High Court dated 15 July 2021 pending the disposal of TCIE's appeal to the Court of Appeal.

#### **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 2020 to 2021 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 50TH 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 7)**

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

“THAT subject to the Companies Act 2016 (“Act”), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (“TCMH Group”) to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group (“Related Parties”) including those as set out in Paragraph 3.2.1.1 of the Company’s Circular to Shareholders dated 28 April 2022 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 8)**

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

“THAT subject to the Companies Act 2016 (“Act”), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (“TCMH Group”) to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad and its subsidiaries and joint ventures involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group (“Related Parties”) including those as set out in Paragraph 3.2.1.2 of the Company’s Circular to Shareholders dated 28 April 2022 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 9)**

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

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.3 of the Company's Circular to Shareholders dated 28 April 2022 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)**

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

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Auto Dunia Sdn. Bhd. involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.2 of the Company's Circular to Shareholders dated 28 April 2022 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)**