

TAN CHONG MOTOR HOLDINGS BERHAD
- Sole and Exclusive Right to Distribute NISSAN Vehicles in Myanmar

Introduction

The Board of Directors of Tan Chong Motor Holdings Berhad (“TCMH”) is pleased to announce that ETCM (MM) Pte Ltd [“ETCM (MM)”], a wholly-owned subsidiary of TCMH Group, has entered into a Distribution Agreement dated 29 July 2013 (“Agreement”) with Nissan Motor Co., Ltd. (“NML”) in respect of the sole and exclusive right granted by NML to ETCM (MM) to distribute NISSAN brand completely built-up (CBU) vehicles (“Vehicles”) in Myanmar.

Information on ETCM (MM)

ETCM (MM) is a wholly-owned subsidiary of ETCM (Labuan) Pty Ltd, a wholly-owned subsidiary of Edaran Tan Chong Motor Sdn Bhd which in turn is a wholly-owned subsidiary of TCMH.

ETCM (MM) was incorporated under the Labuan Companies Act 1990 in the Federal Territory of Labuan, Malaysia on 10 May 2012 to carry on the principal activities of import, export and distribution of motor vehicles.

Information on NML

NML is the second-largest automotive company in Japan, and is part of the Renault-Nissan Alliance. Operating with more than 248,000 employees globally, Nissan achieved sales of more than 4.9 million vehicles in 2012. With a strong commitment to developing exciting and innovative products for all, Nissan delivers a comprehensive range of 64 models under the Nissan, Infiniti and Datsun brands. On 15 July 2013, the first Datsun brand model was reintroduced for the emerging markets targeting at the low priced cars segment.

Salient Terms of the Agreement

Pursuant to the Agreement, NML grants ETCM (MM) the sole and exclusive right to purchase the Vehicles from NML and to distribute the same in Myanmar including the rights to appoint any person as its dealers to sell the Vehicles and/or perform after-sales services on the Vehicles.

The initial term of the Agreement shall be for a period of five (5) years (“Initial Term”) from the date of the Agreement and shall automatically be extended for further periods of one (1) year each unless otherwise terminated by either party with at least six (6) months’ notice to the other party prior to the expiry of the Initial Term or any extension thereof.

Rationale

TCMH Group is currently the sole and exclusive distributor of NISSAN vehicles in Malaysia, Vietnam, Cambodia and Laos. The Agreement deepens the level of business co-operation between NML and TCMH Group and widens the geographic footprint of TCMH Group’s automotive business in ASEAN region.

Financial Effects

The working capital requirement for the new Nissan business in Myanmar for the first three (3) years of operation is estimated at USD 2.5 million to be funded by TCMH Group from its internal sources.

Distribution of the Vehicles in Myanmar by TCMH Group is expected to commence in the third quarter of 2013 with projected sales volume of about 300 units per year. The new business venture is not expected to contribute significantly to TCMH Group's revenue and profit for the financial year ending 31 December 2013 but is expected to contribute positively to the earnings of TCMH Group in the long term.

Directors' and Substantial Shareholders' Interests

None of the Directors and substantial shareholders of TCMH and/or persons connected with them has any interest, direct or indirect, in the Agreement.

Directors' Statement

The Directors of TCMH are of the opinion that the Agreement is in the best interest of TCMH Group.

This announcement is dated 29 July 2013.