

TAN CHONG MOTOR HOLDINGS BERHAD
Exclusive Right To Distribute SYM Motorcycles in Laos

Introduction

On 1 March 2011, Tan Chong Motor Holdings Berhad (“TCMH”) announced that the Group has established a wholly-owned subsidiary named Tan Chong Motorcycles (Laos) Co., Ltd. (“TC Motorcycles Laos”) in Savan-Seno Special Economic Zone in Laos to undertake assembly, sale and distribution of SYM motorcycles (“Project”).

The Board of Directors of TCMH is pleased to announce that pursuant to the Project, TC Motorcycles Laos has entered into a Distributorship Agreement (“Agreement”) effective 2 January 2012 with Vietnam Manufacturing and Export Processing Co., Ltd. (“VMEP”) in respect of the appointment by VMEP of TC Motorcycles Laos as the exclusive distributor, importer and after-sales service provider for SYM motorcycles (including spare parts for such motorcycles) in Laos.

Information on TC Motorcycles Laos

TC Motorcycles Laos is a wholly-owned subsidiary of Tan Chong Motorcycles (Labuan) Pte Ltd, which in turn is a wholly-owned subsidiary of TCMH. TC Motorcycles Laos was incorporated in Laos on 9 December 2010 with a total capital and registered capital of USD1,500,000/- and USD900,000/- respectively. It was issued a Foreign Investment Licence and Enterprise Registration Licence by the Special Economic Zone Authority of Laos to undertake the assembly of SYM motorcycles for domestic sale and export as well as import of spare parts of motorcycles and all types of vehicles in Laos.

Information on VMEP

VMEP is a wholly-owned subsidiary of Vietnam Manufacturing and Export Processing (Holdings) Limited (“VMEP Holdings”), which in turn is a subsidiary of Sanyang Industry Co. Ltd (“Sanyang”). VMEP was established in Vietnam on 5 March 1992 with a total registered capital of USD58,560,000/-. Its principal activities are manufacturing and sale of motorcycles and related spare parts. VMEP Holdings is listed on the Stock Exchange of Hong Kong Limited, while Sanyang is listed on the Taiwan Stock Exchange Corporation.

VMEP, an established motorcycle manufacturer in Vietnam, manufactures various models of SYM motorcycles including Attila Victoria, Attila Elizabeth, Excel II, RV1-2, Bonus X, Bonus R, EZ110R, Joyride and Shark. There are over 230 authorised 3S (Sales, Service, Spare Parts) centres of VMEP in Vietnam.

Salient Terms of the Agreement

Pursuant to the Agreement, VMEP appoints TC Motorcycles Laos as the exclusive distributor, importer and after-sales service provider for all motorcycles, including scooters or CUBs of models(s) mutually agreed by both parties (including spare parts for such motorcycles), which shall be designed, developed, owned and/or traded by VMEP with the brand name and trademark of SYM licensed to VMEP by Sanyang in Laos.

The term of the Agreement shall be three (3) years effective 2 January 2012. Any renewal of the Agreement is subject to the written consent of both parties.

Financial Effects

The distribution of SYM motorcycles in Laos by TC Motorcycles Laos is expected to commence in the first half of 2012 with showrooms set up in Savan-Seno Special Economic Zone and Vientiane, with a total projected sales volume of 12,200 units for the first three (3) years of operation. The new business venture has no material effect on the earnings, net assets and gearing of the Group for the financial years ending 31 December 2012, but it is expected to contribute positively to the earnings of the Group in the long term.

Directors' and substantial shareholders' Interests

None of the Directors and/or 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 the TCMH Group.

This announcement is dated 3 January 2012