

TAN CHONG MOTOR HOLDINGS BERHAD (12969-P)

- Memorandum of Understanding between TC Services Vietnam Co., Ltd, a Wholly-owned Subsidiary of Tan Chong Motor Holdings Berhad and SAIC Motor International Co., Ltd

Introduction

The Board of Directors of Tan Chong Motor Holdings Berhad (“TCMH” or “the Company”) wishes to announce that TC Services Vietnam Co., Ltd (“TC Services Vietnam”), a wholly-owned subsidiary of TCMH, had on 26 July 2019 entered into a Memorandum of Understanding (“MOU”) with SAIC Motor International Co., Ltd, (“SMIL”) to cooperate with each other in Vietnam market on CKD assembly, sales and distribution, as well as on imported CBU sales (“Project”) of certain automobile brand of products to be agreed between the parties (“Authorised Products”) with the objective of signing relevant cooperation agreements (“Cooperation Agreement”) to formalise the cooperation relationship.

Information on TC Services Vietnam

TC Services Vietnam is a wholly-owned subsidiary of TCMH incorporated in Vietnam. TC Services Vietnam is authorised to engage in retail distribution of various kinds of automobiles, provision of automotive maintenance and repair and spare parts services in accordance with the Laws of Vietnam.

Information on SMIL

SMIL is a wholly-owned subsidiary of SAIC Motor Corporation Limited (“SAIC Motor”) incorporated under the laws of the People’s Republic of China and having its registered office at 429H Room, No. 188, Ye Sheng Rd, China (Shanghai) Pilot Free Trade Zone, Shanghai, P.R.C. SMIL is engaged in the automotive business, including but not limited to the sale of automobiles and relevant components.

SAIC Motor is the largest automobile group in China. Its businesses include research and development, manufacturing, sales and after-sales of vehicle, auto components, auto-related service and trade, auto finance, international manufacturing and global international operations which include but not limited to the United States of America, United Kingdom, Thailand, Asia Pacific and Europe.

Salient Terms of the MOU

Under the MOU, the parties are interested to cooperate with each other in the Vietnam market on CKD assembly, sales and distribution, as well as importation and distribution of SAIC Motor’s CBU vehicles.

The MOU is effective from the date of the signing of the MOU by both parties and shall continue in effect until 31 December 2019 or the signing of the Cooperation Agreement whichever is earlier. Notwithstanding, the MOU may be extended for a further period to be mutually agreed between the parties.

Rationale for the MOU

The MOU will provide both parties with opportunity to cooperate with each other on the Project of the Authorised Products in Vietnam market with the objective of signing Cooperation Agreement to formalise the cooperation relationship.

The proposed Project, if materialised, could provide TCMH with opportunity to expand its foothold in the automotive industry in Vietnam.

Financial Effects

The MOU will not have any effect on the earnings per share, net assets per share and gearing of TCMH Group for the financial year ending 31 December 2019, and has no effect on the share capital of TCMH and shareholdings of its substantial shareholders.

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Directors' and Major Shareholders' Interests

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

Approval Required

The MOU is not subject to the approval of the shareholders of TCMH or any relevant authorities.

Directors' Statement

The Board of Directors of TCMH is of the opinion that the MOU is in the ordinary course of business and in the best interest of TCMH Group.

Documents for Inspection

The MOU is available for inspection at the registered office of TCMH at No. 62-68, Jalan Sultan Azlan Shah, 51200 Kuala Lumpur during normal office hours from Mondays to Fridays (except for public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 26 July 2019.