

TAN CHONG MOTOR HOLDINGS BERHAD (Registration no. 197201001333 (12969-P))

- Memorandum of Understanding between TC Manufacturing (Labuan) Pte. Ltd., an Indirect Wholly-owned Subsidiary of Tan Chong Motor Holdings Berhad and PT. SGMW Motor Indonesia

1. Introduction

The Board of Directors of Tan Chong Motor Holdings Berhad (“TCMH” or “Company”) is pleased to announce that TC Manufacturing (Labuan) Pte. Ltd. [“TCMan (Labuan)”], an indirect wholly-owned subsidiary of TCMH, had on 1 October 2020 entered into a Memorandum of Understanding (“MOU”) with PT. SGMW Motor Indonesia (“PT SGMW”), a company established under the laws of Indonesia with its principal place of business at Kawasan Greenland International Industrial Centre (“GIIC”) Blok BA No. 1, Kota Deltamas, Sukamahi, Cikarang Pusat, Kab. Bekasi, Jawa Barat, Indonesia 17530 to cooperate on the study of the potential and feasibility of the business opportunities in introducing PT SGMW’s vehicle products to Malaysia and Thailand.

2. Information on TCMan (Labuan)

TCMan (Labuan) is a wholly-owned subsidiary of TC Manufacturing Holdings Sdn. Bhd., which in turn is a wholly-owned subsidiary of TCMH.

TCMan (Labuan) was incorporated on 30 March 2012 and is principally engaged in investment holding.

3. Information on PT SGMW

PT SGMW is a company established under the laws of Indonesia with its principal place of business at Kawasan Greenland International Industrial Centre (“GIIC”) Blok BA No. 1, Kota Deltamas, Sukamahi, Cikarang Pusat, Kab. Bekasi, Jawa Barat, Indonesia 17530.

PT SGMW is a wholly-owned subsidiary of SAIC GM Wuling Automobile Co., Ltd. (“SGMW”), a three-shareholder joint venture between SAIC Motor Corporation Limited, Liuzhou Wuling Motors Co Limited and GM China.

PT SGMW has a manufacturing plant in Greenland International Industrial Centre, Indonesia (“Plant”), built on a 600,000 m² land with a total investment cost of USD700 million. The Plant has a capacity to produce up to 120,000 vehicles annually.

4. Salient Terms of the MOU

Under the MOU, TCMan (Labuan) and PT SGMW (“Parties”) are interested to cooperate on the study of the potential and feasibility of the business opportunities in introducing PT SGMW’s vehicle products to Malaysia and Thailand (“Proposed Project”). The Parties shall maintain confidentiality of any information disclosed by either Party to the other for the purpose of the Proposed Project.

The MOU shall come into force on signature by both Parties and shall continue in effect until 31 December 2021 unless amended by Parties’ mutual agreement.

5. Rationale for the Proposed Project

The MOU will provide both Parties an opportunity to cooperate to study the potential and feasibility of the business opportunities in the Proposed Project by sharing of confidential information with each other.

The Proposed Project, if materialised, could provide TCMH Group with an opportunity to further expand its foothold in the automotive industry in the region.

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6. Financial Effects

The MOU will not have any effect on the earnings per share, net assets per share and gearing of TCMH for the financial year ending 31 December 2020, and has no effect on the share capital of TCMH and the shareholdings of its substantial shareholders.

7. Directors' and Major Shareholders' Interests

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

8. Approval Required

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

9. 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.

This announcement is dated 1 October 2020.