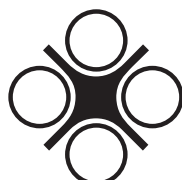


**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

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 independent advisers immediately.

Pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), Part I and Part III of this Circular are not required to be reviewed by Bursa Malaysia and have not been perused by Bursa Malaysia. 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**

(Company No. 12969-P)  
(Incorporated in Malaysia)

### **CIRCULAR TO SHAREHOLDERS**

#### **IN RELATION TO**

##### **PART I**

**PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

##### **PART II**

**PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

##### **PART III**

**PROPOSED DISPOSAL OF ASSETS BY TC ALUMINIUM CASTINGS SDN BHD (AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF TAN CHONG MOTOR HOLDINGS BERHAD) TO APM THERMAL SYSTEMS SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF APM AUTOMOTIVE HOLDINGS BERHAD) FOR A TOTAL CASH CONSIDERATION OF RM5,701,318/-**

The ordinary resolutions in respect of the above proposals will be tabled at the Forty-Fourth (44<sup>th</sup>) Annual General Meeting of the Company. The Notice of the said Meeting together with the Form of Proxy are set out in the 2015 Annual Report despatched with this Circular.

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, 23 May 2016 at 3:00 p.m.

Date and time of the 44<sup>th</sup> Annual General Meeting : Wednesday, 25 May 2016 at 3:00 p.m.

Venue of the 44<sup>th</sup> Annual General Meeting : Pacific Ballroom, Level 2  
Seri Pacific Hotel Kuala Lumpur  
Jalan Putra, 50350 Kuala Lumpur

## DEFINITIONS

Unless where the context otherwise requires, the following definitions shall apply throughout this Circular:

|                   |   |   |
|-------------------|---|---|
| Act               | : | Companies Act, 1965   |
| AGM               | : | Annual General Meeting  |
| APM               | : | APM Automotive Holdings Berhad  |
| APM Group         | : | APM and its subsidiaries and joint ventures   |
| APMTS             | : | APM Thermal Systems Sdn Bhd   |
| Assets            | : | The Core Assets, Other Fixed Assets and Stock of TCAC together with certain records relating to the goods and services supplied by TCAC   |
| Audit Committee   | : | Audit Committee of TCMH comprising Dato' Seow Thiam Fatt, Dato' Ng Mann Cheong, Dato' Haji Kamaruddin @ Abas bin Nordin and Mr Siew Kah Toong, all of whom are Independent Non-Executive Directors  |
| Auto Dunia        | : | Auto Dunia Sdn Bhd  |
| Board             | : | Board of Directors of TCMH  |
| Bursa Malaysia    | : | Bursa Malaysia Securities Berhad  |
| Code              | : | Malaysian Code on Take-Overs and Mergers, 2010  |
| Core Assets       | : | The plant and machinery of TCAC used for the casting, machining and assembly of aluminium parts and components  |
| Director          | : | The meaning given in Section 2(1) of the Capital Markets and Services Act 2007 ("CMSA") and for the purpose of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of the listed issuer or any other company which is its subsidiary or holding company or a chief executive officer of the listed issuer, its subsidiary or holding company.      |
| EPF               | : | Employees Provident Fund Board  |
| EPS               | : | Earnings per share  |
| LR                | : | 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 nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:-<br><br>(a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the corporation; or<br>(b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the corporation where such person is the largest shareholder of the corporation. |

For the purpose of this definition, "interest in shares" has the meaning given in Section 6A of the Act.

For the purpose of the Proposed Shareholders' Mandate, includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed issuer or any other company which is its subsidiary or holding company.

## DEFINITIONS (Cont'd)

|                                |   |   |
|--------------------------------|---|---|
| NA                             | : | Net assets  |
| Other Fixed Assets             | : | Other fixed assets of TCAC besides the Core Assets comprising moulds, tools, furniture and fittings, factory equipment and office equipment   |
| Proposals                      | : | Proposed Share Buy-Back, Proposed Shareholders' Mandate and Proposed Disposal collectively  |
| Proposed Disposal              | : | Proposed disposal of the Assets by TCAC to APMTS at the Proposed Disposal Price   |
| Proposed Disposal Price        | : | A total cash consideration of RM5,701,318/- which may be subject to price adjustment after stock taking and verification and determination of the net book value of the Other Fixed Assets and Stock based on agreed valuation principles |
| Proposed Share Buy-Back        | : | Proposed renewal of authority for TCMH to purchase and/or hold its own ordinary shares up to ten per centum (10%) of the issued and paid-up share capital of the Company  |
| Proposed Shareholders' Mandate | : | Proposed renewal of and new Shareholders' Mandate 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  |
| RM and sen                     | : | Ringgit Malaysia and sen respectively   |
| RRPT                           | : | Related Party Transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of TCMH or its subsidiaries  |
| SC                             | : | Securities Commission   |
| Shareholders' Mandate          | : | Shareholders' general mandate pursuant to Paragraph 10.09 of the LR in respect of RRPT  |
| Stock                          | : | Raw materials which TCAC uses to cast, machine and assemble aluminium parts and components, work-in-progress and finished goods   |
| TCAC                           | : | TC Aluminium Castings Sdn Bhd   |
| 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 of RM0.50 each in the Company   |

## **DEFINITIONS (Cont'd)**

|                  |   |  |
|------------------|---|--|
| Valuation Report |   | The valuation report dated 26 November 2015 on the Core Assets by Henry Butcher Malaysia Sdn Bhd |
| WTCH             | : | Warisan TC Holdings Berhad   |
| WTCH Group       | : | WTCH and its subsidiaries and jointly-controlled entities  |

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# TAN CHONG MOTOR HOLDINGS BERHAD

(Company No. 12969-P)  
(Incorporated in Malaysia)

## Registered Office:

62-68 Jalan Sultan Azlan Shah  
51200 Kuala Lumpur

29 April 2016

## Board of Directors:

Dato' Tan Heng Chew (*President*)  
Dato' Ng Mann Cheong (*Senior Independent Non-Executive Director*)  
Dato' Haji Kamaruddin @ Abas bin Nordin (*Independent Non-Executive Director*)  
Dato' Seow Thiam Fatt (*Independent Non-Executive Director*)  
Siew Kah Toong (*Independent Non-Executive Director*)  
Dato' Khor Swee Wah @ Koh Bee Leng (*Executive Vice President*)  
Ho Wai Ming (*Chief Financial Officer*)

To: The Shareholders of Tan Chong Motor Holdings Berhad

Dear Shareholders:

- PART I PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES (“PROPOSED SHARE BUY-BACK”)**
- PART II PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE OF A REVENUE OR TRADING NATURE (“PROPOSED SHAREHOLDERS’ MANDATE”)**
- PART III PROPOSED DISPOSAL OF ASSETS BY TC ALUMINIUM CASTINGS SDN BHD (AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF TAN CHONG MOTOR HOLDINGS BERHAD) TO APM THERMAL SYSTEMS SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF APM AUTOMOTIVE HOLDINGS BERHAD) FOR A TOTAL CASH CONSIDERATION OF RM5,701,318/- (“PROPOSED DISPOSAL”)**

## 1. INTRODUCTION

At the Company’s AGM held on 27 May 2015, the Directors had obtained shareholders’ approval for:

- (a) the Directors to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company; and
- (b) the Company and its subsidiaries to enter into RRPT.

The above approvals shall, in accordance with the LR, lapse at the conclusion of the forthcoming AGM unless fresh approvals are obtained.

On 23 February 2016, 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 is required by law to be held, or if earlier revoked or varied by ordinary resolutions of the shareholders of the Company in a general meeting, whichever occurs first.

On 27 April 2016, the Company announced to Bursa Malaysia its intention to seek approval from its shareholders at the forthcoming AGM for the proposed disposal of the Assets by TCAC (“Vendor”), a wholly-owned subsidiary of TC Manufacturing Holdings Sdn Bhd (“TCMan”) which in turn is a wholly-owned subsidiary of TCMH, to APMTS (“Purchaser”), a wholly-owned subsidiary of APM, for a total cash consideration of RM5,701,318/- which is subject to price adjustment and conditional upon the fulfilment of the Conditions Precedent as set out in section 4.1(iv)(b) below.

The Proposed Disposal is a related party transaction which falls within the ambit of Section 132E of the Act in view of the disclosure of interests as set out in section 4.4 below, hence requires the prior approval of the shareholders of TCMH at the forthcoming AGM.

Section 132E of the Act provides that a company shall not carry into effect any arrangement or transaction where a director or a substantial shareholder of the company or its holding company or a person connected with either of them acquires or disposes of any non-cash assets of the “requisite value” unless there is prior approval of the arrangement or transaction by a resolution of the company at a general meeting, or of its holding company at a general meeting, if the arrangement or transaction is in favour of a director or substantial shareholder of its holding company or person connected with such director or substantial shareholder. A non-cash asset is considered to be of the “requisite value” for the purposes of Section 132E of the Act if, at the time of the transaction, its value exceeds RM250,000/- or if its value does not exceed RM250,000/-, exceeds 10% of the company’s asset value and is not less than RM10,000/-.

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.

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

### **2.1 DETAILS OF THE PROPOSED SHARE BUY-BACK**

The Board proposes to seek authority from the shareholders to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of the Company through its appointed stockbrokers. As at 31 March 2016, the issued and paid-up share capital of the Company amounted to RM336,000,000/- comprising 672,000,000 TCMH Shares including 19,335,000 TCMH Shares already purchased and held as treasury shares.

The shareholders’ approval for the Proposed Share Buy-Back does not impose an obligation on the Company to purchase its own shares on Bursa Malaysia. The approval will allow the Board to exercise the power of the Company to purchase its own ordinary shares at any time within the abovementioned time period using the internal funds of the Company. The amount of internally generated funds to be utilised will only be determined later depending on the availability of internally generated funds, actual number of TCMH Shares to be purchased and other cost factors. The actual number of TCMH Shares to be purchased will depend on the market conditions as well as the retained profits and financial resources available to the Company. The Proposed Share Buy-Back will reduce the cashflow of the Company by an amount dependent on the purchase price of TCMH Shares and the actual number of TCMH Shares bought back.

The Board proposes to allocate a sum of not exceeding the retained profits of the Company for the purchase of the TCMH Shares subject to compliance with Section 67A of the Act and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase. The audited retained profits of the Company as at 31 December 2015 amounted to RM965 million. The Company did not have any share premium as at 31 December 2015.

The purchased shares may be cancelled immediately or retained as treasury shares or a combination of both. The purchased shares held as treasury shares, may either be subsequently cancelled or distributed as share dividends or resold by the Company on Bursa Malaysia, or both, depending on the availability of, amongst others, the retained profits of the Company. The distribution of treasury shares as share dividends may be applied as a reduction of the retained profits and/or the share premium account (if applicable) of the Company.

An immediate announcement will be made to Bursa Malaysia upon the purchase or resale of the shares. In addition, the Company will also announce whether the purchased shares will be cancelled or retained as treasury shares or a combination of both.

TCMH shall only purchase its own ordinary shares at a price which is not more than fifteen per centum (15%) above the weighted average market price for the five (5) market days immediately preceding the date of the purchase(s).

The Company may only resell the purchased shares held as treasury shares at a price which is not less than the weighted average market price for the five (5) market days immediately preceding the date of resale (“Weighted Average Market Price”) or a discounted price of not more than 5% below the Weighted Average Market Price provided that (i) the resale takes place no earlier than thirty (30) days from the date of purchase; and (ii) the resale price is not less than the cost of purchase of the shares being resold.

As at 31 March 2016, the public shareholding spread of the Company was 45.94%.

For the purpose of illustration, if the Company purchases up to the maximum number of TCMH Shares as allowed under the Proposed Share Buy-Back and assuming the purchases will not reduce the number of TCMH Shares currently held by the Directors, the substantial shareholders or persons connected with the Directors and/or substantial shareholders, the public shareholding spread of the Company based on the position as at 31 March 2016 is expected to be reduced to 41.66%.

## 2.2 POTENTIAL ADVANTAGES AND DISADVANTAGES

### 2.2.1 Advantages

The Proposed Share Buy-Back provides the opportunity for TCMH to stabilise the supply and demand of TCMH Shares in the open market and thereby allowing the share price of TCMH to better reflect the fundamental value of TCMH Shares. In addition, the purchased shares may be held as treasury shares and resold on Bursa Malaysia with the intention of realising a potential gain without affecting the total issued and paid-up share capital of the Company. Should any treasury shares be distributed as share dividends, this will serve to reward the shareholders of the Company.

Further, the share repurchase by the Company may enhance the EPS and NA per share of TCMH, depending on factors such as purchase prices of the TCMH Shares and the effective funding cost and/or loss in interest income to the Company.

### 2.2.2 Disadvantages

The Proposed Share Buy-Back may result in the Group forgoing other investment opportunities that may emerge in the future and may also reduce the amount of resources available for distribution in the form of dividends to shareholders of TCMH. However, the financial resources of the TCMH Group may recover and increase upon the resale of the repurchased shares which are held as treasury shares. Nevertheless, the Board will be mindful of the interests of TCMH and its shareholders in undertaking the Proposed Share Buy-Back.

## 2.3 PURCHASE, CANCELLATION AND RE-SALE IN THE PREVIOUS 12 MONTHS

TCMH had bought back 96,000 of its own shares in the 12 months preceding the date of this Circular. Details of the shares bought back and currently held as treasury shares are as follows:

| Date       | No. of shares bought back and held as treasury shares | Highest price paid per share (RM) | Lowest price paid per share (RM) | Average price paid per share (RM) | Total Consideration (RM) |
|------------|---|-----------------------------------|----------------------------------|-----------------------------------|--------------------------|
| 18/05/2015 | 30,000  | 2.97                              | 2.97                             | 2.97                              | 89,785.01                |
| 22/05/2015 | 40,000  | 2.95                              | 2.93                             | 2.94                              | 118,081.21               |
| 26/05/2015 | 25,000  | 2.90                              | 2.90                             | 2.90                              | 73,057.16                |
| 19/11/2015 | 1,000   | 2.94                              | 2.94                             | 2.94                              | 2,986.34                 |

The total number of shares bought back as at 31 March 2016 was 19,335,000. TCMH did not cancel or re-sell any of its treasury shares during the same period.



## 2.4 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 share capital, 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) Share capital

In the event that the maximum number of shares authorised under the Proposed Share Buy-Back are purchased and cancelled, the issued and paid-up share capital of TCMH as at 31 March 2016 will be as follows:

|  | <u>No. of shares</u> | <u>Amount (RM)</u> |
|--|----------------------|--------------------|
| Issued and paid-up share capital   | 672,000,000          | 336,000,000        |
| Purchased and held as treasury shares as at 31 March 2016                        | (19,335,000)         | (9,667,500)        |
| Proposed Share Buy-Back if the maximum no. of shares are purchased               | (47,865,000)         | (23,932,500)       |
| Resultant issued and paid-up share capital, if the treasury shares are cancelled | 604,800,000          | 302,400,000        |

However, if all the TCMH Shares purchased are retained as treasury shares, the share repurchase would not have any effect on the share capital of TCMH, although substantially all rights attached to the shares held as treasury shares would be suspended.

### (b) NA

The effect of the share repurchase on the NA per share of the TCMH Group is dependent on the purchase prices of the TCMH Shares. Nonetheless, the share repurchase would reduce the NA per share of the TCMH Group if the purchase price exceeds the NA per share at the relevant point in time. Conversely, the NA per share of the TCMH Group would increase if the purchase price is less than the NA per share at the relevant point in time. Based on the audited accounts as at 31 December 2015, the NA per share of the TCMH Group is RM4.28.

### (c) Working capital

The share repurchase will result in an outflow of cashflow and thereby reduce the working capital of the TCMH Group, the quantum of which is dependent on the purchase prices of the TCMH Shares and the number of TCMH Shares repurchased. Nevertheless, the Board will be mindful of the interests of TCMH and its shareholders in undertaking the Proposed Share Buy-Back and will assess the working capital needs of the TCMH Group prior to any repurchase of TCMH Shares.

### (d) Earnings

The effect of the share repurchase on the EPS of the TCMH Group is dependent on the purchase prices of TCMH Shares and the effective funding cost and/or loss in interest income to the Company thereof. For instance, the share buy-back will increase the EPS of the TCMH Group if the effective funding cost and/or interest income forgone to the Company attributable to every purchased share is lower than the EPS of the TCMH Group and vice versa.

### (e) Dividends

Assuming the Proposed Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the share repurchase will have the effect of increasing the dividend rate of TCMH as a result of a reduction in the number of shares in TCMH which are entitled to participate in the dividends. For the financial year ended 31 December 2015, TCMH declared an interim single tier dividend of 4% and proposed a final single tier dividend of 6%.

**(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 2016 are as follows:

| Substantial Shareholders                   | No. of TCMH Shares held            |                  |             |                      |                                   |                  |             |                      |
|--|------------------------------------|------------------|-------------|----------------------|-----------------------------------|------------------|-------------|----------------------|
|  | Before the Proposed Share Buy-Back |                  |             |                      | After the Proposed Share Buy-Back |                  |             |                      |
|  | Direct                             | %                | Indirect    | %                    | Direct                            | %                | Indirect    | %                    |
| TCC  | 263,828,240                        | 40.42            | -           | -                    | 263,828,240                       | 43.62            | -           | -                    |
| EPF  | 56,570,800                         | 8.67             | -           | -                    | 56,570,800                        | 9.35             | -           | -                    |
| Nissan Motor Co., Ltd                      | 37,333,324                         | 5.72             | -           | -                    | 37,333,324                        | 6.17             | -           | -                    |
| Dato' Tan Heng Chew                        | 26,985,362                         | 4.13             | 274,781,840 | 42.10 <sup>(1)</sup> | 26,985,362                        | 4.46             | 274,781,840 | 45.43 <sup>(1)</sup> |
| Tan Eng Soon                               | -                                  | -                | 274,781,840 | 42.10 <sup>(1)</sup> | -                                 | -                | 274,781,840 | 45.43 <sup>(1)</sup> |
| Tan Kheng Leong                            | 200,000                            | 0.03             | 263,828,240 | 40.42 <sup>(2)</sup> | 200,000                           | 0.03             | 263,828,240 | 43.62 <sup>(2)</sup> |
| <b>Directors</b>                           |                                    |                  |             |                      |                                   |                  |             |                      |
| Dato' Tan Heng Chew                        | 26,985,362                         | 4.13             | 286,399,230 | 43.88 <sup>(3)</sup> | 26,985,362                        | 4.46             | 286,399,230 | 47.35 <sup>(3)</sup> |
| Dato' Ng Mann Cheong                       | -                                  | -                | 130,000     | 0.02 <sup>(4)</sup>  | -                                 | -                | 130,000     | 0.02 <sup>(4)</sup>  |
| Dato' Haji Kamaruddin @<br>Abas bin Nordin | 4,992                              | ~ <sup>(5)</sup> | -           | -                    | 4,992                             | ~ <sup>(5)</sup> | -           | -                    |
| Dato' Seow Thiam Fatt                      | 78,000                             | 0.01             | -           | -                    | 78,000                            | 0.01             | -           | -                    |
| Siew Kah Toong                             | -                                  | -                | -           | -                    | -                                 | -                | -           | -                    |
| Dato' Khor Swee Wah<br>@ Koh Bee Leng      | 9,867,390                          | 1.51             | 303,517,202 | 46.50 <sup>(6)</sup> | 9,867,390                         | 1.63             | 303,517,202 | 50.18 <sup>(6)</sup> |
| Ho Wai Ming                                | -                                  | -                | -           | -                    | -                                 | -                | -           | -                    |

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and Wealthmark Holdings Sdn Bhd ("WH") pursuant to Section 6A of the Act.
- (2) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (4) Interest of spouse by virtue of Section 134(12)(c) of the Act.
- (5) Less than 0.01%.
- (6) Interests of spouse and children by virtue of Section 134(12)(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 40.42% as at 31 March 2016 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 Part II of 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 SC under the Code, subject to the affected substantial shareholders and parties acting in concert complying with certain conditions.

## 2.5 SHARE PRICES

The monthly highest and lowest prices of TCMH Shares traded on Bursa Malaysia for the last 12 months from April 2015 to March 2016 were as follows:

|             | <b>High<br/>RM</b> | <b>Low<br/>RM</b> |
|-------------|--------------------|-------------------|
| <b>2015</b> |                    |                   |
| April       | 3.08               | 2.98              |
| May         | 3.05               | 2.86              |
| June        | 2.96               | 2.65              |
| July        | 3.11               | 2.75              |
| August      | 2.90               | 2.28              |
| September   | 2.70               | 2.30              |
| October     | 2.70               | 2.36              |
| November    | 2.98               | 2.50              |
| December    | 2.75               | 2.53              |
| <b>2016</b> |                    |                   |
| January     | 2.65               | 2.47              |
| February    | 2.60               | 2.37              |
| March       | 2.44               | 2.27              |

The last transacted price of TCMH Shares on 18 April 2016,  
being the latest practicable date prior to the printing of this Circular RM2.30

*(Source: Bloomberg)*

## 2.6 DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

None of the Directors, substantial shareholders of the Company and persons connected with the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Share Buy-Back.

## 2.7 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 proposed resolution in relation to the Proposed Share Buy-Back to be tabled at the forthcoming AGM.

## 3. PART II – PROPOSED SHAREHOLDERS' MANDATE

TCMH is principally an investment holding company whilst 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, personal loans and insurance agency.

The Board wishes to seek the 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.

### 3.1 MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA

Under 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 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 27 May 2015 to 31 March 2016 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 2016 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.

##### 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, 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 2016 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          | 40.42 | -           | -                    | -                          | 23,446,509           | 36.01 | -          | -                    |
| Dato' Tan Heng Chew | Director                   | 26,985,362           | 4.13  | 286,399,230 | 43.88 <sup>(1)</sup> | Director                   | 4,278,633            | 6.57  | 30,639,928 | 47.06 <sup>(5)</sup> |
| Tan Eng Soon        | -                          | -                    | -     | 274,781,840 | 42.10 <sup>(2)</sup> | -                          | -                    | -     | 27,844,509 | 42.77 <sup>(2)</sup> |

| Related Party                                     | TCMH                       |                      |      |             |                      | WTCH                       |                      |      |            |                      |
|---|----------------------------|----------------------|------|-------------|----------------------|----------------------------|----------------------|------|------------|----------------------|
|   | Directorship in TCMH Group | Shareholding in TCMH |      |             |                      | Directorship in WTCH Group | Shareholding in WTCH |      |            |                      |
|   |                            | Direct               | %    | Indirect    | %                    |                            | Direct               | %    | Indirect   | %                    |
| Tan Kheng Leong                                   | -                          | 200,000              | 0.03 | 263,828,240 | 40.42 <sup>(3)</sup> | -                          | 10,000               | 0.02 | 23,446,509 | 36.01 <sup>(3)</sup> |
| Dato' Khor Swee Wah @ Koh Bee Leng <sup>(6)</sup> | Director                   | 9,867,390            | 1.51 | 303,517,202 | 46.50 <sup>(4)</sup> | -                          | 2,795,419            | 4.29 | -          | -                    |

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (2) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (4) Interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (5) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.
- (6) Dato' 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.

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 2016 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          | 40.42 | -           | -                    | -                         | 73,382,326          | 37.52 | -          | -                    |
| Dato' Tan Heng Chew                               | Director                   | 26,985,362           | 4.13  | 286,399,230 | 43.88 <sup>(1)</sup> | Director                  | 5,924,999           | 3.03  | 92,157,784 | 47.12 <sup>(6)</sup> |
| Tan Eng Soon                                      | -                          | -                    | -     | 274,781,840 | 42.10 <sup>(2)</sup> | -                         | -                   | -     | 88,642,926 | 45.32 <sup>(2)</sup> |
| Tan Kheng Leong                                   | -                          | 200,000              | 0.03  | 263,828,240 | 40.42 <sup>(3)</sup> | -                         | 30,000              | 0.02  | 73,382,326 | 37.52 <sup>(3)</sup> |
| Dato' Tan Eng Hwa                                 | Director <sup>(7)</sup>    | 1,380,058            | 0.21  | 11,001,124  | 1.69 <sup>(4)</sup>  | Director                  | 207,008             | 0.11  | 15,267,728 | 7.81 <sup>(4)</sup>  |
| Nicholas Tan Chye Seng                            | Director <sup>(7)</sup>    | 100,000              | 0.02  | -           | -                    | Director                  | 185,600             | 0.09  | -          | -                    |
| Dato' Khor Swee Wah @ Koh Bee Leng <sup>(8)</sup> | Director                   | 9,867,390            | 1.51  | 303,517,202 | 46.50 <sup>(5)</sup> | -                         | 3,329,258           | 1.70  | -          | -                    |

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (2) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (4) Deemed interest by virtue of interests in Solomon House Sdn Bhd ("SH") and WH pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.
- (5) Interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (6) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interest of spouse and son by virtue of Section 134(12)(c) of the Act.
- (7) Director of the subsidiaries of TCMH to which the relevant RRPT relate.
- (8) Dato' Khor Swee Wah @ Koh Bee Leng is spouse of Dato' Tan Heng Chew.

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 consist of distribution of motor vehicles in Singapore, Hong Kong, China, Thailand, Taiwan, Philippines, Malaysia, Indonesia, Vietnam and Cambodia; industrial equipment distribution in Singapore, China, Vietnam and Thailand; property development and rental in Singapore, Macau and Hong Kong; and vehicles seat manufacturing in China.

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 2016 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          | 40.42 | -           | -                    | -                              | 705,819,720          | 35.06            | -             | -                    |
| Dato' Tan Heng Chew                               | Director                       | 26,985,362           | 4.13  | 286,399,230 | 43.88 <sup>(1)</sup> | -                              | 28,990,986           | 1.44             | 743,995,890   | 36.95 <sup>(5)</sup> |
| Tan Eng Soon                                      | -                              | -                    | -     | 274,781,840 | 42.10 <sup>(2)</sup> | Director                       | 100,460,000          | 4.99             | 1,188,746,392 | 59.04 <sup>(6)</sup> |
| Tan Kheng Leong                                   | -                              | 200,000              | 0.03  | 263,828,240 | 40.42 <sup>(3)</sup> | Director                       | 2,205,000            | 0.11             | 706,029,720   | 35.07 <sup>(7)</sup> |
| Dato' Khor Swee Wah @ Koh Bee Leng <sup>(9)</sup> | Director                       | 9,867,390            | 1.51  | 303,517,202 | 46.50 <sup>(4)</sup> | -                              | 58,170               | - <sup>(8)</sup> | -             | -                    |

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (2) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (4) Interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (5) Deemed interest by virtue of interest in TCC and WH pursuant to Section 6A of the Act and interest of spouse.
- (6) Deemed interest by virtue of interest in TCC and WH and corporations controlled by him pursuant to Section 6A of the Act, including deemed interest pursuant to Section 6A(7) of the Act.
- (7) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act and interest of spouse.
- (8) Less than 0.01%.
- (9) Dato' 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 2016 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 122A 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, a Director of a subsidiary of TCMH, is a substantial shareholder and Director of Auto Dunia.
- (ii) Tan Kheng Leong, a Major Shareholder of TCMH, is a brother of Dato' Tan Chee Keong, a Director of Auto Dunia.
- (iii) Dato' Khor Swee Wah @ Koh Bee Leng, a Director of TCMH, is spouse of Dato' Tan Heng Chew.
- (iv) 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                       | 26,985,362           | 4.13 | 286,399,230 | 43.88 <sup>(1)</sup> |
| Dato' Tan Eng Hwa                                 | Director                       | 1,380,058            | 0.21 | 11,001,124  | 1.69 <sup>(2)</sup>  |
| Datuk Yaacob bin Wan Ibrahim <sup>(3)</sup>       | Director                       | -                    | -    | -           | -                    |
| Tan Eng Soon                                      | -                              | -                    | -    | 274,781,840 | 42.10 <sup>(4)</sup> |
| Tan Kheng Leong                                   | -                              | 200,000              | 0.03 | 263,828,240 | 40.42 <sup>(5)</sup> |
| Dato' Khor Swee Wah @ Koh Bee Leng <sup>(7)</sup> | Director                       | 9,867,390            | 1.51 | 303,517,202 | 46.50 <sup>(6)</sup> |

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (2) Deemed interest by virtue of interests in SH and WH pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.
- (3) Datuk Yaacob bin Wan Ibrahim holds 10% equity interest in Auto Dunia.
- (4) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act.
- (5) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (6) Interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (7) Dato' Khor Swee Wah @ Koh Bee Leng is spouse of Dato' Tan Heng Chew.

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 2015 are as follows:-

| Exceeded Credit Term               | Amount of Outstanding RRPT Receivables (RM'000) |
|------------------------------------|---|
| a period of 1 year or less         | 18,763  |
| a period of more than 1 to 3 years | 7,074   |
| a period of more than 3 to 5 years | 34  |
| a period of more than 5 years      | -   |
| Total                              | 25,871  |

The above total outstanding RRPT receivables of RM25,871,000/- as at 31 December 2015 were subsequently reduced to RM15,216,000/- as at 31 March 2016 following a collection of RM10,655,000/- during the period.

Notwithstanding the right to impose late payment interest for certain transactions, there is no late payment interest imposed on the overdue trade receivables as a matter of goodwill gesture in view of the active on-going transactions between the parties.



The Management has and will continue to meet and discuss with the Related Parties to actively pursue for early settlement of the outstanding amounts.

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 3 years have been recovered progressively.
- (iii) The outstanding amount for a period of more than 1 to 3 years of RM7,074,000/- as at 31 December 2015 was subsequently reduced to RM6,968,000/- as at 31 March 2016 following a collection of RM106,000/- 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 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, 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 approving such transaction.

Group RRPT reporting procedures have been established and circulated to all the business units as standard guidelines to ensure that all RRPT are undertaken in fair and reasonable term 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 2016.



### **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 (where applicable).
- (b) All companies are required to provide quarterly reports on all RRPT to the internal audit 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 (where applicable) and are not to the detriment of the minority shareholders of TCMH.
- (d) The Audit Committee shall review the quarterly 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 and paid-up 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.

### **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 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' 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' Khor Swee Wah @ Koh Bee Leng, Dato' Tan Eng Hwa and Datuk Yaacob bin Wan Ibrahim) 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) on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

The interested Major Shareholders of TCMH (namely TCC, Dato' Tan Heng Chew, Tan Eng Soon and Tan Kheng Leong) 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 on the relevant resolutions pertaining to the Proposed Shareholders' Mandate to be tabled 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 proposed resolutions in relation to the Proposed Shareholders' Mandate to be tabled at the forthcoming AGM.

## **4. PART III – PROPOSED DISPOSAL**

### **4.1 DETAILS OF THE PROPOSED DISPOSAL**

TCAC proposes to dispose of the Assets to APMTS at the Proposed Disposal Price. The Core Assets are valued based on the market value as stated in the Valuation Report. The basis of valuation for the Other Fixed Assets and the Stock are set out in section 4.1(v) below.

Upon completion of the Proposed Disposal, TCAC will gradually scale down its business operation.

#### **(i) Original cost and date of investment**

TCAC acquired the Assets (except for Stock) over the period from 2009 to 2015 for a total original cost of investment of RM7.928 million. The net book value of the Assets (except for Stock) as at 31 December 2015 was RM4.468 million.

The disposal of the Assets (except for Stock) will result in a gain on disposal of RM0.640 million to the TCMH Group.

#### **(ii) Information on TCAC**

TCAC was incorporated in Malaysia as a private limited company under the Act on 4 July 2006.

The authorised share capital of TCAC is RM5,000,000/- comprising 5,000,000 ordinary shares of RM1/- each. The issued and paid-up share capital of TCAC is RM4,500,000/- comprising 4,500,000 ordinary shares of RM1/- each. The principal activities of TCAC are casting, machining and assembly of aluminium parts and components.

The directors of TCAC are Teong Seng Kiang, Christopher Tan Kok Leong, Lim Sew Chan and Lee Jiunn Shyan.

**(iii) Information on APMTS**

APMTS was incorporated in Malaysia as a private limited company under the Act on 14 June 2011.

The authorised share capital of APMTS is RM100,000/- comprising 100,000 ordinary shares of RM1/- each. The issued and paid-up share capital of APMTS is RM2/- comprising 2 ordinary shares of RM1/- each. APMTS is currently dormant.

The directors of APMTS are Low Seng Chee and Siow Tiang Sae.

**(iv) Principal Terms of the Proposed Disposal**

APMTS and TCAC have on 27 April 2016 agreed to the principal terms and conditions of the sale and purchase of the Assets set out in the Principal Terms Sheet which are summarised as follows:

- (a) The Assets shall be sold and purchased free from all encumbrances.
- (b) The completion of the Proposed Disposal is conditional upon satisfaction of the following conditions precedent (collectively referred to as “Conditions Precedent”):
  - (i) obtaining of approvals of the shareholders of APMTS, APM, TCAC, TCMAN and TCMH (“Shareholders’ Approvals”);
  - (ii) obtaining of all authorisations, registrations, statutory licences and permits including work permits (if applicable);
  - (iii) due diligence which confirms that the Assets are free from encumbrances and on the value of the Assets;
  - (iv) TCAC not being in breach of any of the warranties relating to the Assets including its title to the Assets; and
  - (v) TCAC not being the subject matter of any pending or threatened litigation that have a material adverse effect on the value of the Assets or the sale and purchase of the Assets.
- (c) The Proposed Disposal Price shall be satisfied in the following manner:
  - (i) Upon the execution of the Contract of Sale of Assets (“CSA”) after obtaining the Shareholders’ Approvals, APMTS will pay 10% of the Proposed Disposal Price of RM570,000/- (“Deposit”);
  - (ii) Another 10% of the Proposed Disposal Price of RM570,000/- (“Escrow Amount”) will be held in an escrow account for three (3) months from completion date and will be released upon the satisfaction of all warranty claims, if any; and
  - (iii) The balance of the Proposed Disposal Price after any adjustment to be made upon stock taking, the determination of the value of the Other Fixed Assets and Stock and the verification of the Assets (“Balance Sum”) shall be paid within five (5) business days after completion date, the date on which TCAC will hand over the Assets to APMTS.
- (d) The Assets shall be verified by physical sighting and stock taking. The stock take and verification will be carried out within five (5) business days prior to the completion of the Proposed Disposal.
- (e) Within thirty (30) working days or such other period as the parties may agree upon of obtaining the last of the Shareholders’ Approvals, the parties will enter into the CSA on arm’s length basis and commercially acceptable terms and conditions.

- (f) TCAC shall after the completion of the Proposed Disposal for a transitional period of up to six (6) months, which may be extended by mutual agreement, provide such training, assistance and support at arm's length and commercial rate basis to the employees of APMTS in the operation and maintenance of the fixed assets and the different processes relating to the casting, machining and assembly of aluminium parts and components as may be required by APMTS.

**(v) Basis of the Proposed Disposal Price**

The Proposed Disposal Price, which is subject to price adjustment in accordance with the basis of valuation stated below, was arrived at based on a willing-buyer willing-seller basis, after taking into consideration the following:

| Description        | Value as at<br>31 December 2015<br>RM'000/- | Basis of valuation  |
|--------------------|---|---|
| Core Assets        | 4,643                                       | Market value *  |
| Other Fixed Assets | 465   | Net book value <sup>^</sup>                                 |
| Stock              | 593   | Percentage of the cost by reference to the age of the stock |
| <b>TOTAL</b>       | <b>5,701</b>                                |   |

\* *Market value based on the valuation report dated 26 November 2015 on the Core Assets by Henry Butcher Malaysia Sdn Bhd ("Valuation Report").*

<sup>^</sup> *Net book value as at the completion date of the Proposed Disposal which shall be determined by reference to the audited financial statements of TCAC as at 31 December 2015.*

**(vi) Estimated time frame for completion of the Proposed Disposal**

The Proposed Disposal is estimated to be completed by the last quarter of 2016.

**4.2 RATIONALE FOR THE PROPOSED DISPOSAL**

TCMH Group initiated the aluminium casting project in 2007 to expand the Group's business into the aluminium high pressure die-casting industry and to tap into the potentials of supply of aluminium products primarily to the local automotive market ("Project"). TCAC started the Project by supplying to the APM Group which is involved in the manufacturing and distribution of automotive products and components. The APM Group is a principal customer of TCAC.

Due to high operating costs and declining business volume from its customers, TCAC has been incurring losses in its operation. Expansion of business requires additional heavy capital investment for purchase of higher tonnage machinery in order to meet the new product requirements of potential clients.

In view of the foregoing factors, TCAC proposes to dispose of the Assets to APMTS. The Proposed Disposal will limit the ongoing operational losses suffered by the Group's business and enable the Group to better utilise its resources.

**4.3 EFFECTS OF THE PROPOSED DISPOSAL**

**(i) Share capital**

The Proposed Disposal will have no effect on the issued and paid-up share capital of TCMH.

**(ii) Earnings**

The Proposed Disposal will not have any material effect on the consolidated EPS of the Group for the financial year ending 31 December 2016. Nonetheless, the proposed disposal of the Assets (except for Stock) is expected to result in a gain on disposal amounting to RM0.640 million based on the audited net book value of the assets as at 31 December 2015.

**(iii) NA and Gearing**

The Proposed Disposal will not have any material effect on the consolidated NA per share and gearing of the Group for the financial year ending 31 December 2016.

**(iv) Substantial shareholders' shareholdings**

The Proposed Disposal will have no effect on the shareholdings of the substantial shareholders of TCMH.

**4.4 DIRECTORS AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

TCC is a substantial shareholder of TCMH and APM. By virtue of their respective shareholdings in TCC pursuant to Section 6A of the Act, Dato' Tan Heng Chew, a director of TCMH and APM, Tan Eng Soon, brother of Dato' Tan Heng Chew and Tan Kheng Leong are substantial shareholders of TCMH and APM.

Apart from Tan Eng Soon, the persons deemed connected with Dato' Tan Heng Chew by virtue of Section 122A of the Act are as follows:

- (a) his spouse, Dato' Khor Swee Wah @ Koh Bee Leng, who is a Director of TCMH;
- (b) his brother, Dato' Tan Eng Hwa, who is a director of APM;
- (c) his son, Nicholas Tan Chye Seng, who is a director of APM;
- (d) his son, Christopher Tan Kok Leong, who is a director of TCAC; and
- (e) Wealthmark Holdings Sdn Bhd ("WH").

Dato' Tan Eng Hwa and WH are also persons deemed to be connected with Tan Eng Soon.

The shareholdings of the Directors, substantial shareholders and persons connected with them, namely, TCC, Dato' Tan Heng Chew, Tan Eng Soon, Tan Kheng Leong, Dato' Tan Eng Hwa, Dato' Khor Swee Wah @ Koh Bee Leng, Nicholas Tan Chye Seng and Christopher Tan Kok Leong in TCMH and APM as at 31 March 2016 are as follows:

| Director/<br>substantial<br>shareholder  | TCMH                    |                      |       |             |                      | APM                    |                     |       |            |                      |
|--|-------------------------|----------------------|-------|-------------|----------------------|------------------------|---------------------|-------|------------|----------------------|
|  | Directorship<br>in TCMH | Shareholding in TCMH |       |             |                      | Directorship<br>in APM | Shareholding in APM |       |            |                      |
|  |                         | Direct               | %     | Indirect    | %                    |                        | Direct              | %     | Indirect   | %                    |
| TCC                                      | -                       | 263,828,240          | 40.42 | -           | -                    | -                      | 73,382,326          | 37.52 | -          | -                    |
| Dato' Tan Heng<br>Chew                   | Director                | 26,985,362           | 4.13  | 286,399,230 | 43.88 <sup>(1)</sup> | Director               | 5,924,999           | 3.03  | 92,157,784 | 47.12 <sup>(6)</sup> |
| Tan Eng Soon                             | -                       | -                    | -     | 274,781,840 | 42.10 <sup>(2)</sup> | -                      | -                   | -     | 88,642,926 | 45.32 <sup>(2)</sup> |
| Tan Kheng<br>Leong                       | -                       | 200,000              | 0.03  | 263,828,240 | 40.42 <sup>(3)</sup> | -                      | 30,000              | 0.02  | 73,382,326 | 37.52 <sup>(3)</sup> |
| Dato' Tan Eng<br>Hwa                     | -                       | 1,380,058            | 0.21  | 11,001,124  | 1.69 <sup>(4)</sup>  | Director               | 207,008             | 0.11  | 15,267,728 | 7.81 <sup>(4)</sup>  |
| Dato' Khor Swee<br>Wah @ Koh Bee<br>Leng | Director                | 9,867,390            | 1.51  | 303,517,202 | 46.50 <sup>(5)</sup> | -                      | 3,329,258           | 1.70  | -          | -                    |
| Nicholas Tan<br>Chye Seng                | -                       | 100,000              | 0.02  | -           | -                    | Director               | 185,600             | 0.09  | -          | -                    |
| Christopher Tan<br>Kok Leong             | -                       | 200,000              | 0.03  | -           | -                    | -                      | -                   | -     | -          | -                    |

**Notes:**

- (1) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (2) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.
- (4) Deemed interest by virtue of interests in SH and WH pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.
- (5) Interests of spouse and children by virtue of Section 134(12)(c) of the Act.
- (6) Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interest of spouse and son by virtue of Section 134(12)(c) of the Act.

The Directors of TCMH or TCAC who are interested in the Proposed Disposal (namely Dato' Tan Heng Chew, Dato' Khor Swee Wah @ Koh Bee Leng and Christopher Tan Kok Leong) have abstained and will continue to abstain from deliberating and voting on the resolution in respect of the Proposed Disposal at the relevant meetings of the respective Boards of TCMH and TCAC.

The Directors and substantial shareholders who are interested in the Proposed Disposal shall 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 TCMH on the relevant resolution pertaining to the Proposed Disposal to be tabled at the forthcoming AGM.

Dato' Haji Kamaruddin @ Abas bin Nordin is a Director of TCMH and APM and his shareholdings in TCMH and APM as at 31 March 2016 are as follow:

| Director                                | TCMH                 |      |          |   | APM                 |      |          |   |
|---|----------------------|------|----------|---|---------------------|------|----------|---|
|   | Shareholding in TCMH |      |          |   | Shareholding in APM |      |          |   |
|   | Direct               | %    | Indirect | % | Direct              | %    | Indirect | % |
| Dato' Haji Kamaruddin @ Abas bin Nordin | 4,992                | -(1) | -        | - | 5,448               | -(1) | -        | - |

**Note:**

(1) Less than 0.01%.

Due to Dato' Haji Kamaruddin @ Abas bin Nordin's common directorship in TCMH and APM, even though he is not interested in the Proposed Disposal for the purposes of Section 132E of the Act, he has abstained and will continue to abstain from deliberating and voting on the resolutions in respect of the Proposed Disposal at the relevant meetings of the respective Boards of TCMH and APM as well as the relevant resolution pertaining to the Proposed Disposal to be tabled at the forthcoming AGM.

Saved as disclosed above, none of the other Directors, substantial shareholders and/or persons connected with such Directors or substantial shareholders of TCMH has any interest, direct or indirect, in the Proposed Disposal.

#### 4.5 DIRECTORS' RECOMMENDATION

The Board (except for the interested Directors as disclosed in section 4.4 above) is of the opinion that the Proposed Disposal is in the best interest of the Group and therefore recommends that you vote in favour of the proposed resolution in relation to the Proposed Disposal to be tabled at the forthcoming AGM.

#### 5. 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.

Further, the Proposed Disposal is also subject to the prior approvals of the shareholders of APMTS, APM, TCAC and TCMan and all authorisations, registrations, statutory licences and permits (if applicable) being obtained. The applications for all relevant authorisations, registrations and statutory licences and permits are anticipated to be submitted within one (1) month of the execution of the CSA.

#### 6. AGM

The AGM, the notice of which is set out in the 2015 Annual Report, will be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur on Wednesday, 25 May 2016 at 3.00 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.

If you are unable to attend the AGM in person, please return the completed Form of Proxy attached to the 2015 Annual Report to the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, 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), so as to arrive not less than 48 hours before the time fixed for the holding of the AGM. The Form of Proxy should be completed strictly in accordance with the instructions contained therein. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently find that you are able to do so.

**7. ADDITIONAL INFORMATION**

Shareholders are requested to refer to the Appendix V for additional 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 27 May 2015 to 31 March 2016 (latest practicable date) (RM'000) | Estimated value from the forthcoming AGM to the next AGM (RM'000) |
|---|--|--|--|---|
| <b>Income</b>                                   |  |  |  |   |
| Sale of goods and services                      | TCMH Group sells motor vehicles, parts, premium gifts, stationeries, customised goods and provides vehicle anti-rust and after sales services to WTCH Group.   | 150,000  | 35,042   | 111,000   |
| Insurance agency services (Agency Fee Only)     | TCMH Group sells insurance products such as motor, property and marine policies as an agent to WTCH Group.   | 850  | 603  | 2,700   |
| Administrative & Corporate Services             | TCMH Group provides administrative and corporate services (including education services, employment agency services and etc) to WTCH Group.  | 7,050  | 4,884  | 10,000  |
| Contract assembly service (commercial vehicles) | TCMH Group provides assembly services (commercial vehicles) to WTCH Group.   | 3,500  | 713  | 2,600   |
| Rental income                                   | TCMH Group rents office and car park premises at the following locations to WTCH Group:<br>(i) Jalan Ipoh Kecil, Kuala Lumpur.<br>(ii) Taman Sri Batu Caves, Batu Caves, Selangor.<br>(iii) No. 196, Block G, Jalan Sultan Azlan Shah, Sungai Tiram, 11900 Bayan Lepas, Penang.<br>(iv) No. 131B, Street 271, Sangkat Boeng Salang, Khan Tuol Kok, Phnom Penh, Cambodia. (Note 1)<br>(v) Part of Lot 92 & Lot 93, Section 46, Bandar & Daerah Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.<br>(vi) Vacant land, office and factory premises at Lot 1 and Lot 3, Jalan 6/3, Kawasan Perusahaan Seri Kembangan, 43300 Seri Kembangan, Selangor. (Note 1)<br>(vii) No. 2 Jalan Johor Jaya, Taman Johor Jaya, 81750 Johor Bahru.<br>(viii) Lot No. 34810 Mukim Batu, Daerah Wilayah Persekutuan Kuala Lumpur. (Note 2)<br>(ix) No. 117, 119 & 119A, Jalan SS 15/5A, Subang Jaya, 47500 Petaling Jaya, Selangor. (Note 2)<br>(x) No. 23 Pangkalan Weld, 10300 Pulau Pinang. (Note 2) | 1,050  | 812  | 1,140   |
| 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.<br>Royalties charged by TCMH Group to WTCH Group for usage of "BISON" trademark on goods manufactured by WTCH Group.  | 45   | 0  | 45  |
| Hire purchase financing and leasing             | TCMH Group provides hire purchase financing, leasing and financing services to WTCH Group.   | 100,000  | 26,375   | 150,000   |

Notes:

- (1) The Company is not seeking renewal of Shareholders' Mandate for this RRPT because the tenancy for this premises has been discontinued.  
(2) New RRPT to be included in the Proposed Shareholders' Mandate.



**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 27 May 2015 to 31 March 2016 (latest practicable date) (RM'000) | Estimated value from the forthcoming AGM to the next AGM (RM'000) |
|--|--|--|--|---|
| <b>Expenses</b>                                |  |  |  |   |
| Travel agency, car rental and leasing services | TCMH Group uses the air ticketing, car rental and leasing services provided by WTCH Group.   | 4,000  | 3,336  | 20,300  |
| Purchase of goods and services                 | TCMH Group purchases forklifts, machinery, generators, spare parts and receives after sales services from WTCH Group.<br><br>TCMH Group purchases trucks from WTCH Group for sale.<br><br>TCMH Group purchases consumer products from WTCH Group for sale.<br><br>TCMH Group purchases used vehicles from WTCH Group for sale and receives auction arrangement services and etc from WTCH Group.   | 1,010<br><br>38,000<br>100<br>3,700                                    | 1,088<br><br>12,727<br>35<br>2,721   | 1,500<br><br>15,200<br>100<br>8,100                               |
| Rental expenses                                | TCMH Group rents premises at the following locations from WTCH Group:<br>(i) Lot 1A, Jalan Kemajuan, Seksyen 13, 46200 Petaling Jaya.<br>(ii) Lot 1304, Section 66, Kuching Town Land District, Pending Industrial Estate, Jalan Tenun, Off Jalan Tenaga, 93450 Kuching, Sarawak. <i>(Note 1)</i><br><br>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. | 600  | 386  | 700   |
| Franchise fee                                  | Franchise fee charged by WTCH Group for selling vehicles franchised by WTCH Group.   | 50   | 0  | 50  |
| <b>Total</b>                                   |  | <b>309,955</b>   | <b>88,722</b>  | <b>323,435</b>  |

Note:

(1) The Company is not seeking renewal of Shareholders' Mandate for this RRPT because the tenancy for this 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 27 May 2015 to 31 March 2016 (latest practicable date) (RM'000) | Estimated value from the forthcoming AGM to the next AGM (RM'000) |
|---|---|--|--|---|
| <b>Income</b>                               |   |  |  |   |
| Sale of goods and services                  | TCMH Group sells motor vehicles, parts, premium gifts, stationeries, customised goods and provides after sales services to APM Group.   | 50,000   | 12,780   | 50,000  |
| Insurance agency services (Agency Fee Only) | TCMH Group sells insurance products such as motor, property and marine policies as an agent to APM Group.   | 900  | 524  | 600   |
| Administrative and Corporate Services       | TCMH Group provides administrative and corporate services (including training and other supports) to APM Group.   | 1,100  | 485  | 2,000   |
| Rental income                               | TCMH Group rents office and car park premises at the following locations to APM Group:<br>(i) Jalan Kemajuan, Pending Industrial Estate, Kuching, Sarawak.<br>(ii) Ground Floor, No. 53 & 55 Jalan Dendang 1 off Jalan Batu 3, Berkeley Town Centre, 41300 Klang.<br><br>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. | 100  | 29   | 100   |
| <b>Expenses</b>                             |   |  |  |   |
| Purchase of goods                           | 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.  | 202,100  | 90,136   | 142,900   |
| Rental expenses                             | 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.<br><br>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.   | 3,850  | 1,333  | 1,800   |
| <b>Total</b>                                |   | <b>258,050</b>   | <b>105,287</b>   | <b>197,400</b>  |

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 27 May 2015 to 31 March 2016 (latest practicable date) (RM'000) | Estimated value from the forthcoming AGM to the next AGM (RM'000) |
|----------------------------|--|--|--|---|
| <b>Income</b>              |  |  |  |   |
| Sale of goods              | TCMH Group sells spare parts, premium gifts, stationeries and customised goods to TCIL Group.  | 10,000   | 8,671  | 8,000   |
| Contract assembly services | TCMH Group provides vehicle assembly and related localisation services to TCIL Group.  | 55,000   | 15,759   | 77,600  |
| Employment Agency Services | TCMH Group provides employment agency services to TCIL Group.  | 10   | 1  | 10  |
| Rental income              | TCMH Group rents to TCIL Group office and factory premises at No. 249, Jalan Segambut, 51200 Kuala Lumpur.<br>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. | 110  | 87   | 100   |
| <b>Expenses</b>            |  |  |  |   |
| Purchase of goods          | TCMH Group purchases automotive components from TCIL Group.  | 100  | 0  | 100   |
| <b>Total</b>               |  | <b>65,220</b>  | <b>24,518</b>  | <b>85,810</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 27 May 2015 to 31 March 2016 (latest practicable date) (RM'000) | Estimated value from the forthcoming AGM to the next AGM (RM'000) |
|----------------------------|---|--|--|---|
| <b>Income</b>              |   |  |  |   |
| Sale of goods and services | TCMH Group sells motor vehicles, spare parts, premium gifts, stationeries, customised goods and provides after sales services to Auto Dunia.  | 55,000   | 14,156   | 31,000  |
| Rental income              | TCMH Group lets the following premises to Auto Dunia:<br>(i) Showroom cum office building premises at Lot 3, Jalan Perusahaan 1, Batu Caves Industrial Park, 68100 Selangor.<br>(ii) Storage space at 142, Jalan SBC3, Taman Sri Batu Caves, Selangor.<br>(iii) Part of PDI building at No. 327, Jalan Segambut, 51200 Kuala Lumpur. (Note 1)<br><br>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. | 220  | 211  | 300   |
| Insurance agency services  | TCMH Group sells insurance products such as motor, property and marine policies as an agent to Auto Dunia.  | 50   | 0  | 0   |
| <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.  | 300,000  | 450,884  | 850,500   |
| <b>Total</b>               |   | <b>355,270</b>   | <b>465,251</b>   | <b>881,800</b>  |

Note:

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

**ADDITIONAL 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 enquires as were reasonable in the circumstances, and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or 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 2016 (being the latest practicable date prior to the printing of this Circular):

- (i) Distributorship Agreement dated 1 December 2014 between TC Motorcycles (Vietnam) Co. Ltd. ("TCMV") (a wholly-owned subsidiary of Tan Chong Motorcycles (Labuan) Pte Ltd) with Kawasaki Heavy Industries Ltd ("KHI") whereby TCMV was appointed as the Distributor of completely-built-up KAWASAKI brand sport type motorcycles (excluding mopeds and scooters) and Kawasaki spare parts manufactured by or for KHI or its affiliates in the Socialist Republic of Vietnam (the "Territory").
- (ii) Programme Agreement dated 7 November 2014 between TCMH (as Issuer), AmInvestment Bank Berhad and CIMB Investment Bank Berhad (as Joint Lead Arrangers and Joint Lead Managers), AmInvestment Bank Berhad (as Facility Agent) in respect of the establishment of a commercial papers programme ("CP Programme") and medium term notes programme ("MTN Programme") with a combined aggregate nominal value of Ringgit Malaysia One Billion and Five Hundred Million (RM1,500,000,000/-) with the option to upsize (the CP Programme and MTN Programme are collectively referred to as "Notes Programmes").
- (iii) Trust Deed dated 7 November 2014 between TCMH (as Issuer) and Malaysian Trustees Berhad (as Bond Trustee) in respect of the establishment by TCMH of the Notes Programmes.
- (iv) Land Lease Agreement dated 17 February 2016 between Tan Chong Motor (Myanmar) Company Limited ("TCM Myanmar") (a wholly-owned subsidiary of ETCM (MM) Pte Ltd) with The Factory/Enterprise Establishment Supervision Committee, Bago Regional Government, the Republic of the Union of Myanmar to lease a piece of land for 50 years extendable by two terms of ten years each in Bago Region, Myanmar.

**3. MATERIAL LITIGATION**

Neither TCMH nor its subsidiaries as at 31 March 2016 is 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.

**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 Circular during normal office hours from Mondays to Fridays (except public holidays) up to and including the date of the AGM:

- (i) Memorandum and Articles of Association of TCMH;
- (ii) Audited financial statements of TCMH for the two (2) financial years ended 31 December 2014 to 2015 and the latest unaudited results since the last audited financial statements; and
- (iii) Material contracts referred to in section 2 above.

Copies of the following documents are available for inspection at the registered office of the Company during normal office hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of the Company's announcement relating to the Proposed Disposal made on 27 April 2016:

- (a) the Principal Terms Sheet agreed between TCAC and APMTS on the principal terms and conditions of the sale and purchase of the Assets as set out in section 4.1(iv) of this Circular; and
- (b) the Valuation Report and the Letter of Consent from Henry Butcher Malaysia Sdn Bhd to the reference of the Valuation Report being made in this Circular.

**PROPOSED RESOLUTIONS ON THE PROPOSALS****EXTRACT OF THE NOTICE OF FORTY-FOURTH ANNUAL GENERAL MEETING****AS SPECIAL BUSINESS****Ordinary Resolutions**

To consider and if thought fit, to pass the following resolutions:

**1. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

“THAT, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association 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 of RM0.50 each 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 the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at any point in time of the purchase.

THAT an amount not exceeding the Company’s retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion to retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and/or to resell them and/or to deal with the shares so purchased in such 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 the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire:

- (i) at 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;
- (ii) at 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.”

**(Resolution 11)**

## **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, 1965 (“Act”), the Memorandum and Articles of Association 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 29 April 2016 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 the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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.”

**(Resolution 12)**

## **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, 1965 (“Act”), the Memorandum and Articles of Association 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 29 April 2016 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 (where applicable) and are not to the detriment of the minority shareholders (“Shareholders’ Mandate”).

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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.”

**(Resolution 13)**



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

“THAT, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association 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 29 April 2016 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 (where applicable) and are not to the detriment of the minority shareholders (“Shareholders’ Mandate”).

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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.”

**(Resolution 14)**

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

“THAT, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association 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 29 April 2016 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 the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

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.”

**(Resolution 15)**



**6. PROPOSED DISPOSAL OF ASSETS BY TC ALUMINIUM CASTINGS SDN BHD (AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF TAN CHONG MOTOR HOLDINGS BERHAD) TO APM THERMAL SYSTEMS SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF APM AUTOMOTIVE HOLDINGS BERHAD) FOR A TOTAL CASH CONSIDERATION OF RM5,701,318/-**

“THAT pursuant to Section 132E of the Companies Act, 1965, approval be and is hereby given for TC Aluminium Castings Sdn Bhd (“TCAC” or “Vendor”), an indirect wholly-owned subsidiary of Tan Chong Motor Holdings Berhad (“Company”), to dispose of the Assets [as defined in the Company’s Circular to Shareholders dated 29 April 2016 (“Circular”)] to APM Thermal Systems Sdn Bhd (“APMTS” or “Purchaser”), a wholly-owned subsidiary of APM Automotive Holdings Berhad, for a total cash consideration of RM5,701,318/- (“Proposed Disposal”) subject to such adjustment as provided in the Circular and upon such arm’s length and commercially acceptable terms and conditions as the Vendor and the Purchaser shall determine and agree upon AND THAT the Board of Directors of the Company be and is hereby given full power to determine and assent to the terms and conditions of the contract of sale of the Assets to be executed between TCAC and APMTS and to take all such steps and to execute all such documents as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Disposal”.

**(Resolution 16)**