

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

- Memorandum of Understanding between TC Overseas Assets Holdings Labuan Pte. Ltd., a Wholly-owned Subsidiary of Tan Chong Motor Holdings Berhad, and GAC Motor International Limited

1. Introduction

The Board of Directors of Tan Chong Motor Holdings Berhad (“TCMH”) is pleased to announce that TC Overseas Assets Holdings Labuan Pte. Ltd. (“TCO AHL”), a wholly-owned subsidiary of TCMH, had on 22 December 2020 entered into a Memorandum of Understanding (“MOU”) with GAC Motor International Limited (“GAC International”) to cooperate to study on the potential and feasibility of the business opportunity in introducing GAC International’s vehicle products (“Products”) to Malaysia and Vietnam (“Proposed Project”), with the intention to appoint TCO AHL or any other company under TCMH Group on exclusive basis for the sales, distribution, assembly and provision of after-sales services for the Products in the said countries.

2. Information on TCO AHL

TCO AHL is a wholly-owned subsidiary of TCMH incorporated in March 2020 as an investment holding company.

3. Information on GAC International

GAC International is a company established under the laws of Hong Kong with its registered address at Room 801, Citicorp Centre, 18 Whitfield Rd., Causeway Bay, Hong Kong.

GAC International is a wholly-owned subsidiary of Guangzhou Automobile Group Motor Co., Ltd. which in turn is a wholly-owned subsidiary of Guangzhou Automobile Group Co., Ltd. (“GAC Group”).

GAC Group was founded in 1997 and headquartered in Guangzhou, China. It is a large state-owned holding company listed in both Shanghai and Hong Kong Stock Exchanges with over 84,000 employees at present. GAC Group was also listed in “Fortune Global 500” for seven (7) consecutive years since 2013 and ranked 189 in 2019. GAC Group is devoted to producing world-class vehicles, engines, auto parts and accessories, as well as research and development (“R&D”) of auto engineering technology. Since 2011, GAC Group has successively launched a series of models covering sedan, SUV, MPV and NEV. GAC Group has five (5) manufacturing plants based in Guangzhou, Xinjiang, Yichang and Hangzhou respectively.

4. Salient Terms of the MOU

Under the MOU, TCO AHL and GAC International (“Parties”) will cooperate on the Proposed Project with the intention to appoint TCO AHL or any other company under TCMH Group on an exclusive basis for the sales, distribution, assembly and provision of after-sales services for the Products in Malaysia and Vietnam. The Parties shall maintain confidentiality of any information disclosed by either TCO AHL or GAC International to the other for the purpose of the Proposed Project.

The MOU is valid from the date of its execution until 1 July 2021 unless revised by mutual agreement in writing.

5. Rationale for the Proposed Project

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

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

6. Financial Effects

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

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7. Directors' and Major Shareholders' Interests

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

8. Approval Required

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

9. Directors' Statement

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

This announcement is dated 22 December 2020.