

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

– Memorandum of Understanding between TC Motor Vietnam Co., Ltd., an indirect Wholly-owned Subsidiary of Tan Chong Motor Holdings Berhad, and Xiamen King Long United Automotive Industry Co. Ltd.

Page 1 of 2

1. Introduction

The Board of Directors of Tan Chong Motor Holdings Berhad (“TCMH”) is pleased to announce that TC Motor Vietnam Co., Ltd. (“TCMV”), an indirect wholly-owned subsidiary of TCMH, had on 19 October 2020 entered into a Memorandum of Understanding (“MOU”) with Xiamen King Long United Automotive Industry Co. Ltd. (“King Long”), a company incorporated in China in accordance with the laws of the People’s Republic of China (“P.R. China”) and having its head office at No. 9, Kinglong Road, Jimei District, Xiamen 361023, Fujian Province, P.R. China, to facilitate the commencement of discussions and negotiations for the appointment of TCMV as the sole and exclusive distributor of King Long KINGO microbus model (“Product”) in Vietnam in both complete-built-up (“CBU”) and complete-knocked-down (“CKD”) forms (“Proposed Collaboration”).

2. Information on TCMV

TCMV is an indirect wholly-owned subsidiary of TCMH incorporated on 15 December 2006 with principal businesses of manufacture and assembly of buses, trucks and automobiles including the distribution and servicing of automobiles, trucks, lorries and omnibuses.

3. Information on King Long

King Long, a company incorporated in P.R. China in December 1988, is a well known company for producing bus and microbus in China. King Long has vast experience in the Research and Development (“R&D”), manufacturing, sales and after-sales service of King Long brand buses and coaches. King Long has three (3) manufacturing bases in China with a total land area of 800,000 square meters and annually produces 25,000 buses and coaches as well as 30,000 mini vans.

4. Salient Terms of the MOU

Under the MOU, TCMV and King Long (“Parties”) are agreeable in principle to collaborate with each other in respect of the Proposed Collaboration where King Long will appoint TCMV on an exclusive basis for the importation, sales, distribution, assembly and provision of after-sales services for the Product in Vietnam and King Long will cooperate with, contribute its expertise and render technical assistance to TCMV in respect of the Proposed Collaboration. The Parties shall maintain confidentiality of any information disclosed by either party to the other in respect of the Proposed Collaboration.

The MOU is valid for one (1) year from the date of its execution or such extended period(s) as the Parties may mutually agree in writing, unless otherwise terminated earlier by either party.

5. Rationale for the Proposed Collaboration

TCMV is currently the sole and exclusive distributor of XMQ6829Y King Long coach in Vietnam. The MOU is to facilitate the expansion of King Long and TCMH Group’s collaboration in Vietnam with the distribution of the Product on an exclusive basis in both CBU and CKD forms thereby enabling TCMH Group to offer more product varieties to its consumers, providing TCMH Group the opportunity to expand its foothold in the automotive industry in Vietnam.

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.

...2-

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

– Memorandum of Understanding between TC Motor Vietnam Co., Ltd., an indirect Wholly-owned Subsidiary of Tan Chong Motor Holdings Berhad, and Xiamen King Long United Automotive Industry Co. Ltd.

Page 2 of 2

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 19 October 2020.