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TAN CHONG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 693)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement to the Company dated 23 December 2010 in relation to the Existing Transactions.

On 24 February 2012, NJTC entered into the APM Service Agreement with APMER for the APM Transactions which have taken place since 1 July 2011 and shall continue until 31 December 2013.

TCC is a controlling shareholder of the Company and APM. APMER is the subsidiary of APM. APMER is therefore connected person of the Company and the APM Transactions constitute continuing connected transactions for the Company. Given that the APM Transactions and the Existing Transactions are entered into by the Group with parties connected or otherwise associated with one another, these transactions are aggregated and treated as if they were one transaction pursuant to Rule 14A.26 of the Listing Rules.

Upon such aggregation pursuant to Rule 14A.35, the relevant percentage ratios represented by the APM Transactions and the Existing Transactions on an annual basis are more than 0.1% but less than 5% pursuant to Rule 14A.34 of the Listing Rules, these transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements set out in Rules 14A.37 to 14A.41 of the Listing Rules.

INTRODUCTION

Reference is made to the announcement to the Company dated 23 December 2010 in relation to the Existing Transactions that on 22 December 2010, various subsidiaries of the Company have entered into various motor parts and accessories and vehicle servicing sale and purchase agreements with various subsidiaries of TCMH Group, TCIM Sdn Bhd and FAP and the Company has entered into an IT Services agreement with NSP for a period of 3 years with effect from 1 January 2011 to 31 December 2013.

On 24 February 2012, NJTC entered into the APM Service Agreement with APMER for the APM Transactions which have taken place since 1 July 2011 and shall continue until 31 December 2013.

Pursuant to Rule 14A.26 and 14A.35 of the Listing Rules, the Company would like to present new developments and aggregate the APM Transactions and the Existing Transactions for the period up to 31 December 2013.

CONTINUING CONNECTED TRANSACTIONS - APM Transactions between NJTC and APMER

The principal business of the NJTC is the manufacture of automotive seating systems in Nanjing, PRC.

The principal business of the APMER is the research on and provision of consultancy services for the technical know-how in the design, development and production technique of automotive interior systems including seating systems.

On 24 February 2012, NJTC entered into the APM Service Agreement with APMER for APM Transactions, pursuant to which APMER would provide technical consultancy service to NJTC for setting up plant's facilities and product development in Nanjing, PRC, for the manufacture of automotive seating systems for the period from its date of signing to 31 December 2013. Pursuant to the APM Service Agreement, payment of consultancy fee and out-of-pocket expenses will be settled by cash 30 days after the invoice date. The APM Service Agreement also governs the pre-APM Service Agreement transactions which are of the same nature of the APM Transactions entered between the Company and APMER since 1 July 2011. Such pre-APM Service Agreement transactions, when aggregated, fall within the *de minimis* transactions under Rule 14A.33 of the Listing Rules and were accordingly exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pricing basis

Details of the APM Transactions have been reviewed by all the directors of the Company. The APM Transactions have been entered into in the ordinary and usual course of business of the Group and either on normal commercial terms or on terms no less favourable than those available to or from (as appropriate) independent third parties.

The prices and terms of APM Transactions in respect of the provision of services and the reimbursements of out-of-pocket expenses were agreed between the Group with each of

the parties on agreement, depending on the plan and progress of the setting up of the plant's facilities and product development in Nanjing, PRC and on arm's length terms taking into account the similar services available from independent third parties in the market.

Based on (i) projections in anticipation of services from APMER required by NJTC; and (ii) the terms of the APM Transactions, the Company estimates that the proposed annual caps for the APM Transactions would be HK\$17,200,000 and HK\$3,100,000 for each of the two financial years ending 31 December 2012 and 31 December 2013 respectively.

The directors of the Company consider the proposed annual caps to be reasonable.

CONNECTED RELATIONSHIP AND LISTING RULES IMPLICATIONS

TCC is a controlling shareholder of the Company and APM. APMER is the subsidiary of APM. APMER is therefore connected person of the Company and the APM Transactions constitute continuing connected transactions for the Company. Given that the APM Transactions and the Existing Transactions are entered into by the Group with parties connected or otherwise associated with one another, these transactions are aggregated and treated as if they were one transaction pursuant to Rule 14A.26 of the Listing Rules.

The Company estimates that the aggregated proposed annual caps of the APM Transactions and the Existing Transactions are HK\$42,200,000 and HK\$29,100,000 for each of the two financial years ending 31 December 2012 and 31 December 2013 respectively.

Upon such aggregation pursuant to Rule 14A.26, the relevant percentage ratios represented by the APM Transactions and the Existing Transactions on an annual basis are more than 0.1% but less than 5% pursuant to Rule 14A.34 of the Listing Rules. Pursuant to Rule 14A.35, the APM Transactions and the Existing Transactions are subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and the annual review requirements set out in Rules 14A.37 to 14A.41 of the Listing Rules.

REASONS FOR AND BENEFITS OF THE APM TRANSACTIONS

The APM Transactions provide NJTC with reliable technical consultancy services for setting up plant's facilities and product development in Nanjing, PRC. The prices and terms of APM Transactions in respect of the provision of services and the reimbursements of out-of-pocket expenses were agreed between the Group with each of the parties on agreement and on arm's length terms taking into account the similar services available from independent third parties in the market. Given the Group's long established and stable business relationship with the APM Group and the competitive price the connected persons offered pursuant to the APM Transactions, the Board considers that the APM Transactions are beneficial to the business of the Group.

The directors of the Company (including the independent non-executive directors) consider that the APM Transactions are conducted in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations,

and are fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole. Further to the disclosure of interest of directors in the announcement of the Company dated 23 December 2010, none of the Directors has a material interest in the APM Transactions save for Mr. Tan Eng Soon who holds approximately 22.85% of TCC and is a director of APM and Mr. Tan Kheng Leong who holds approximately 15.38% of TCC. As Mr. Tan Eng Soon and Mr. Tan Kheng Leong are indirectly interested in the APM Transactions set out in this announcement, they have abstained from voting on the board resolutions approving the APM Transactions.

GENERAL

The principal activity of the Company 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 motor parts and accessories and seating manufacturing in PRC.

Definitions

“APM”	APM Automotive Holdings Berhad, a company incorporated in Malaysia with limited liability in 1997, the shares of which are listed on the Kuala Lumpur Stock Exchange
“APM Group”	APM and its subsidiaries
“APM Service Agreement”	the technical service agreement dated 24 February 2012 between NJTC and APMER for the APM Transactions
“APM Transactions”	the transactions which APMER would provide technical consultancy service to NJTC for setting up plant’s facilities and product development in Nanjing, PRC, for the manufacture of automotive seating systems
“APMER”	APM Engineering & Research Sdn Bhd, a company incorporated in Malaysia and a wholly-owned subsidiary of APM
“Company”	Tan Chong International Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected persons”	having the same meaning ascribed in the Listing Rules
“continuing connected transactions”	continuing connected transactions as defined under Chapter 14A of the Listing Rules

“Existing Transactions”	collectively, the transactions between the Group and the TCMH Group, TCIM Sdn Bhd, FAP and NSP as described in details under the paragraph headed “Continuing Connected Transactions” in announcement of the Company dated 23 December 2010
“FAP”	Focusone Asia Pacific Pte Ltd, a company incorporated in Singapore and Mr. Bryan Chow (the son-in-law of Mr. Tan Eng Soon, the executive director and chairman of the Company and the brother-in-law of Mr. Glenn Tan Chun Hong, executive director) is the major shareholder
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“IT Services”	application softwares repair and maintenance services
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NJTC”	Nanjing Tan Chong Automotive Co., Ltd. (南京陳唱交通器材有限公司), a company incorporated in PRC, a wholly-owned subsidiary of the Company
“NSP”	Netrunner Systems Private Limited, a company incorporated in Singapore and Mr. Bryan Chow is the major shareholder
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCC”	Tan Chong Consolidated Sdn. Bhd., a company incorporated in Malaysia with limited liability in 1973 and a controlling shareholder (as defined in the Listing Rules) of the Company, TCMH and APM
“TCMH”	Tan Chong Motor Holdings Berhad, a company incorporated in Malaysia with limited liability in 1972, the shares of which are listed on the Kuala Lumpur Stock Exchange
“TCMH Group”	TCMH and its subsidiaries
“%”	Per cent

By Order of the Board
Tan Chong International Limited
Joseph Ong Yong Loke
Deputy Chairman and Managing Director

Hong Kong, 24 February 2012

Website: <http://www.tanchong.com>

As at the date of this announcement, the Executive directors are Mr. Tan Eng Soon, Mr. Joseph Ong Yong Loke, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat and Mr. Glenn Tan Chun Hong. Non-executive director is Mr. Ng Kim Tuck and Independent non-executive directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo and Mr. Tan Ngiap Joo.