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**TAN CHONG INTERNATIONAL LIMITED**  
*(incorporated in Bermuda with limited liability)*  
**(Stock Code: 693)**

**REVISION OF ANNUAL CAPS  
AND  
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to:

- a. the announcement of the Company dated 23 December 2010 in relation to the Existing Transactions;
- b. the announcement of the Company dated 24 February 2012 in relation to the APM Transactions; and
- c. the announcement of the Company dated 6 March 2012 in relation to the Assembly Transactions.

The Directors currently expect the transaction amount for the sale and purchase of parts and accessories for motor vehicles between the Group and TCMH Group under the Existing Transactions to increase. As a result, the estimated transaction amount under the Existing Transactions for each of the two years ending 31 December 2012 and 2013 would be greater than the original projected amount. Accordingly, the Board has decided to revise the Existing Annual Caps.

On 30 May 2012, TC Subaru entered into the Parts Purchase Agreements with the Suppliers, pursuant to which the Suppliers have agreed to sell to TC Subaru the Parts from time to time during the term of the Parts Purchase Agreements in accordance with the terms and conditions set out therein.

Each of the Suppliers is a subsidiary of APM, and TCC is interested in more than 30% of the equity interests of APM. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, each of the Suppliers is a connected person of the Company and the Purchases constitute continuing connected transactions of the Company under the Listing Rules.

Since the Purchases, the Assembly Transactions, the APM Transactions and the Existing Transactions were all entered into by the Group with parties connected or otherwise associated with

one another, the Purchases, the Assembly Transactions, the APM Transactions and the Existing Transactions are aggregated pursuant to Rule 14A.25 of the Listing Rules.

As each of the relevant percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Purchases, when aggregated with those for the Assembly Transactions, the APM Transactions and the Existing Transactions (with the Revised Annual Caps), is on an annual basis less than 5%, the Purchases constitute continuing connected transactions of the Company subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **REVISION OF THE EXISTING ANNUAL CAPS**

### **Background**

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

On 22 December 2010, the Company, through several of its subsidiaries, entered into various motor vehicle parts and accessories sale and purchase agreements and vehicle servicing agreements with several members of TCMH Group, TCIM and FAP, and the Company also entered into an IT Services agreement with NSP.

TCC is interested in more than 30% of the equity interests of each of TCMH and TCIM. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, each of TCMH (and other members of TCMH Group) and TCIM is a connected person of the Company.

In addition, Mr. Bryan Chow, being the son-in-law of Mr. Tan Eng Soon (an executive Director and the chairman of the Board) and the brother-in-law of Mr. Glenn Tan Chun Hong (an executive Director), owns more than 50% of each of FAP and NSP, respectively. Therefore, each of FAP and NSP is a connected person of the Company.

Based on the above, the Existing Transactions constitute continuing connected transactions of the Company. As the Existing Transactions were entered into by the Group with parties connected or otherwise associated with one another, the Existing Transactions were aggregated pursuant to Rule 14A.25 of the Listing Rules.

### **Revised Annual Caps**

The annual transaction amount under the Existing Transactions for the year ended 31 December 2011 was HK\$23,309,549. The Directors currently expect the transaction amount for the sale and purchase of parts and accessories for motor vehicles between the Group and TCMH Group under the Existing Transactions to increase. As a result, the estimated transaction amount under the Existing Transactions for each of the two years ending 31 December 2012 and 2013 would be greater than the original projected amount. Accordingly, the Board has decided to revise the Existing Annual Caps.

Based on the revised projection, the Directors estimate that the aggregate annual transaction amount under the Existing Transactions for each of the two years ending 31 December 2012 and 2013 shall not exceed HK\$33,200,000 and HK\$33,700,000, respectively.

Save for the revision of the Existing Annual Caps, all the terms and conditions of the Existing Transactions shall remain unchanged.

The Directors consider that the Existing Transactions (with the Revised Annual Caps) are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **THE PARTS PURCHASE AGREEMENTS**

### **Agreements**

Reference is made to the announcement of the Company dated 6 March 2012 in relation to the Assembly Transactions. To provide the necessary raw materials to TCMA for the assembly of vehicles under the Assembly Transactions, on 30 May 2012, TC Subaru entered into the Parts Purchase Agreements with the Suppliers, pursuant to which the Suppliers agree to sell to TC Subaru the Parts from time to time during the term of the Parts Purchase Agreements in accordance with the terms and conditions set out therein.

### **Date**

30 May 2012

### **Parties**

- (a) TC Subaru, a wholly-owned subsidiary of the Company; and
- (b) the Suppliers, being subsidiaries of APM

Each of the Suppliers is a subsidiary of APM, and TCC is interested in more than 30% of the equity interests of APM. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, each of the Suppliers is a connected person of the Company and the Purchases constitute continuing connected transactions of the Company under the Listing Rules.

### **Purchase orders**

From time to time during the term of the Parts Purchase Agreements, TC Subaru and TCMA, as the nominated assembler of TC Subaru, may issue purchase orders to the Suppliers to specify the general specifications of the Parts to be purchased.

### **Price Notice and payment**

The price of the Parts shall be agreed upon by the parties based on arm's length negotiation and set out in the Price Notice on the basis that each Supplier shall not provide the Parts to TC Subaru on terms which are less favourable than those offered by the Supplier to any third parties for the supply of the Parts of comparable quality and quantity.

TC Subaru shall pay to the Suppliers the total invoice amount for the quantity of the Parts actually delivered pursuant to each purchase order within sixty days upon its receipt of the Parts.

**Term**

The term of each of the Parts Purchase Agreements is from 30 May 2012 to 31 December 2013.

**Annual caps**

The Directors estimate that the aggregate annual amount payable by TC Subaru to the Suppliers pursuant to the Parts Purchase Agreements shall not exceed HK\$5,220,000 and HK\$72,500,000 for each of the two years ending 31 December 2012 and 2013. Such annual caps for the Purchases are determined based on the estimated demand of the Group for the Parts necessary for the Assembly Transaction.

**Reasons for the Purchase**

TC Subaru has appointed TCMA as an assembler to assemble vehicles under the Assembly Transactions. To provide the necessary raw materials for the Assembly Transactions, TC Subaru has entered into the Parts Purchase Agreements with the Suppliers.

The Directors consider that the transactions contemplated under the Parts Purchase Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

**LISTING RULES IMPLICATIONS**

Since the Purchases, the Assembly Transactions, the APM Transactions and the Existing Transactions were all entered into by the Group with parties connected or otherwise associated with one another, the Purchases, the Assembly Transactions, the APM Transactions and the Existing Transactions are aggregated pursuant to Rule 14A.25 of the Listing Rules.

It is estimated that the aggregated annual transaction amount for the Purchases, the Assembly Transactions, the APM Transactions and the Existing Transactions (with the Revised Annual Caps) shall not exceed HK\$55,920,000 and HK\$184,600,000 for each of the two years ending 31 December 2012 and 2013, respectively.

As each of the relevant percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Purchases, when aggregated with those for the Assembly Transactions, the APM Transactions and the Existing Transactions (with the Revised Annual Caps), is on an annual basis less than 5%, the Purchases constitute continuing connected transactions of the Company subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**GENERAL INFORMATION**

The principal business of the Group includes (a) the distribution of motor vehicles in Singapore, Hong Kong, PRC, Thailand, Taiwan, Philippines, Malaysia, Indonesia, Vietnam and Cambodia; (b) the distribution of industrial equipment in Singapore, PRC, Vietnam and Thailand; (c) property development and rental in Singapore, Macau and Hong Kong; and (d) vehicle seat manufacturing in PRC.

Each of the Suppliers is principally engaged in the manufacture and sale of automotive components and parts.

Each of Mr. Tan Eng Soon and Mr Tan Kheng Leong holds approximately 22.85% and 15.38% of TCC, respectively and Mr. Tan Eng Soon is a director of APM. Therefore, each of Mr. Tan Eng Soon and Mr. Tan Kheng Leong was considered to have a material interest in the transactions contemplated under the Parts Purchase Agreements and had abstained from voting on the relevant resolution of the Board approving the Parts Purchase Agreements and the Purchases.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

<b>“Assembly Transactions”</b>	the assembly transactions in relation to the appointment by TC Subaru of TCMA as an assembler to assemble vehicles pursuant to the assembly agreement dated 6 March 2012 between TC Subaru and TCMA and the other relevant arrangements as disclosed in the announcement of the Company dated 6 March 2012
<b>“APM”</b>	APM Automotive Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on Bursa Malaysia
<b>“APM Transactions”</b>	the transactions in relation to the provision of technical consultancy service by APMER to NJTC for setting up plant facilities and product development in Nanjing, PRC, for the manufacture of automotive seating systems as disclosed in the announcement of the Company dated 24 February 2012
<b>“APMER”</b>	APM Engineering & Research Sdn Bhd, a company incorporated in Malaysia and a wholly-owned subsidiary of APM
<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Tan Chong International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Existing Annual Caps”</b>	the current annual caps of the Existing Transactions for each of the two years ending 31 December 2012 and 2013 as disclosed in the announcement of the Company dated 23 December 2010

<b>“Existing Transactions”</b>	collectively, the transactions between the Group and TCMH Group, TCIM, FAP and NSP in relation to sale and purchase of parts and accessories for motor vehicles, provision of vehicle related services and IT Services as disclosed in the announcement of the Company dated 23 December 2010
<b>“FAP”</b>	Focusone Asia Pacific Pte Ltd, a company incorporated in Singapore with limited liability
<b>“Fuji”</b>	Fuji Heavy Industries Limited, a corporation established under the laws of Japan, the shares of which are listed on the Tokyo Stock Exchange
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“IT Services”</b>	application software repair and maintenance services
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Macau”</b>	the Macau Special Administrative Region of the PRC
<b>“NJTC”</b>	Nanjing Tan Chong Automotive Co., Ltd. (南京陳唱交通器材有限公司), a company incorporated in PRC, and a wholly-owned subsidiary of the Company
<b>“NSP”</b>	Netrunner Systems Private Limited, a company incorporated in Singapore with limited liability
<b>“Parts”</b>	certain parts including components and various kinds of materials for Subaru motor vehicles designed, manufactured and/or assembled by Fuji or licensees of Fuji
<b>“Parts Purchase Agreement(s)”</b>	the four parts purchase agreements entered into by TC Subaru with the Suppliers on 30 May 2012
<b>“PRC”</b>	the People's Republic of China
<b>“Price Notice(s)”</b>	the price notice(s) to be agreed between TC Subaru and the Suppliers from time to time during the term of the Parts Purchase Agreement which sets out the price of the Parts to be purchased by TC Subaru from the Suppliers
<b>“Purchase(s)”</b>	the purchase(s) of the Parts by TC Subaru from the

	Suppliers pursuant to the Parts Purchase Agreement(s)
<b>“Revised Annual Caps”</b>	HK\$33,200,000 and HK\$33,700,000, being the revised annual caps of the Existing Transactions for each of the two years ending 31 December 2012 and 2013, respectively
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Suppliers”</b>	four subsidiaries of APM, including Auto Parts Manufacturers Co. Sdn Bhd, APM Climate Control Sdn Bhd, APM Auto Electrics Sdn Bhd and APM Coil Springs Sdn Bhd
<b>“TC Subaru”</b>	TC Subaru Sdn Bhd, a company incorporated in Malaysia with limited liability and a wholly-owned subsidiary of the Company
<b>“TCC”</b>	Tan Chong Consolidated Sdn Bhd, a company incorporated in Malaysia with limited liability.
<b>“TCIM”</b>	TCIM Sdn Bhd, a company incorporated in Malaysia with limited liability
<b>“TCMA”</b>	Tan Chong Motor Assemblies Sdn Bhd, a company incorporated in Malaysia with limited liability and a subsidiary of TCMH
<b>“TCMH”</b>	Tan Chong Motor Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on Bursa Malaysia
<b>“TCMH Group”</b>	TCMH and its subsidiaries

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

Hong Kong, 30 May 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. The non-executive Director is Mr. Ng Kim Tuck. The independent non-executive Directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo and Mr. Tan Ngiap Joo.*