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TAN CHONG INTERNATIONAL LIMITED

(incorporated in Bermuda with limited liability)

(Stock Code: 693)

**REVISION OF ANNUAL CAP
AND
CONTINUING CONNECTED TRANSACTION**

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;
- c. the announcement of the Company dated 6 March 2012 in relation to the Assembly Transactions; and
- d. the announcement of the Company dated 30 May 2012 in relation to the Existing Purchase Transactions.

The Directors expect the transaction amount for the Assembly Transactions would be greater than the original projection for the year ending 31 December 2012. Accordingly, the Board has decided to revise the Existing Annual Cap.

On 26 November 2012, TC Subaru entered into the New Parts Purchase Agreement with the Supplier, pursuant to which the Supplier has agreed to sell to TC Subaru the Parts from time to time during the term of the New Parts Purchase Agreement under the terms and conditions provided therein.

The Supplier is a wholly-owned subsidiary of APM, and TCC is interested in more than 30% equity interest of APM. As TCC is the controlling shareholder (as defined in the Listing Rules) of the Company, the Supplier is a connected person of the Company and the Purchases constitute a continuing connected transaction of the Company under the Listing Rules.

Since the Purchases, the Existing Purchase Transactions, 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 Existing Purchase Transactions, 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 of the Existing Purchase Transactions, the Assembly Transactions (with the Revised Annual Cap), the APM Transactions and the Existing Transactions, is less than 5%, the Purchases constitute a continuing connected transaction 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 CAP

Background

Reference is made to the announcement of the Company dated 6 March 2012 in relation to the Assembly Transactions.

On 6 March 2012, TC Subaru entered into the assembly agreement with TCMA and two memoranda with TCMA and Fuji for the Assembly Transactions for a period from 6 March 2012 to 31 December 2013.

TCMA is a subsidiary of TCMH and TCC is interested in more than 30% equity interest of TCMH. As TCC is the controlling shareholder (as defined in the Listing Rules) of the Company, TCMA is a connected person of the Company.

Based on the above, the Assembly Transactions constitute continuing connected transactions of the Company.

Revised Annual Cap

The Existing Annual Cap was determined based on the original plan that TCMA would start the assembly operation under the Assembly Transactions in 2013. The Group and TCMA have recently decided to start the assembly operation in 2012. As a result, the Directors expect that the transaction amount under the Assembly Transactions for the year ending 31 December 2012 would be greater than the original projection. Accordingly, the Board has decided to revise the Existing Annual Cap.

The Directors estimate that the aggregate annual transaction amount under the Assembly Transactions for the year ending 31 December 2012 should not exceed HK\$2,292,000. This Revised Annual Cap has been determined based on the expected cost to be incurred for the assembly service to be provided by TCMA to the Group under the Assembly Transactions.

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

The Directors consider that the Assembly Transactions (with the Revised Annual Cap) are on normal commercial terms and are fair and reasonable and in the interests of the Company and its

shareholders as a whole.

THE NEW PARTS PURCHASE AGREEMENT

Agreement

Reference is made to the announcement of the Company dated 6 March 2012 in relation to the Assembly Transactions and the announcement of the Company dated 30 May 2012 in relation to the Existing Purchase Transactions. To provide the necessary raw materials for the assembly of vehicles under the Assembly Transactions, on 26 November 2012, TC Subaru entered into the New Parts Purchase Agreement with the Supplier, pursuant to which the Supplier has agreed to sell to TC Subaru the Parts from time to time during the term of the New Parts Purchase Agreement under the terms and conditions provided therein.

Date

26 November 2012

Parties

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

The Supplier is a wholly-owned subsidiary of APM, and TCC is interested in more than 30% equity interest of APM. As TCC is the controlling shareholder (as defined in the Listing Rules) of the Company, the Supplier is a connected person of the Company and the Purchases constitute a continuing connected transaction of the Company under the Listing Rules.

Purchase orders

From time to time during the term of the New Parts Purchase Agreement, TC Subaru and TCMA, as the nominated assembler of TC Subaru, may issue purchase orders to the Supplier 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 the 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 Supplier 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 the New Parts Purchase Agreement is from 26 November 2012 to 25 May 2013.

Annual caps

The Directors estimate that the aggregate annual amount payable by TC Subaru to the Supplier pursuant to the New Parts Purchase Agreement shall not exceed HK\$8,538,000 and HK\$23,715,000 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 Transactions.

Reasons for the Purchase

TC Subaru has appointed TCMA as an assembler to assemble vehicles under the Assembly Transactions. To provide certain necessary raw materials for the Assembly Transactions, TC Subaru has entered into the Previous Parts Purchase Agreements. TC Subaru has entered into the New Parts Purchase Agreement for the sourcing of other types of vehicle parts and components from the Supplier that are necessary for the assembly of vehicles under the Assembly Transactions.

The Directors consider that the transactions contemplated under the New Parts Purchase Agreement 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 Existing Purchase Transactions, 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 Existing Purchase Transactions, 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 Existing Purchase Transactions, the Assembly Transactions (with the Revised Annual Cap), the APM Transactions and the Existing Transactions should not exceed HK\$66,450,000 and HK\$208,315,000 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 of the Existing Purchase Transactions, the Assembly Transactions (with the Revised Annual Cap), the APM Transactions and the Existing Transactions, is less than 5%, the Purchases constitute a continuing connected transaction 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) distribution of motor vehicles in Singapore, Hong Kong, PRC, Thailand, Taiwan, Philippines, Malaysia, Indonesia, Vietnam and Cambodia; (b) 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.

The Supplier is a subsidiary of APM and engages in the manufacture and sale of various automotive

components and parts as its principal business.

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 New Parts Purchase Agreement and has abstained from voting on the relevant resolution of the Board approving the New Parts Purchase Agreement and the Purchases.

DEFINITIONS

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

“Assembly Transactions”	the assembly transactions in relation to the appointment by TC Subaru of TCMA as an assembler to assemble the 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
“APM”	APM Automotive Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on the Bursa Malaysia
“APM Transactions”	the transactions in relation to the technical consultancy service provided by APM Engineering & Research Sdn Bhd (a wholly-owned subsidiary of APM) to a wholly-owned subsidiary of the Company for setting up plant’s 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
“Board”	the board of Directors
“Company”	Tan Chong International Limited, a company incorporated in Bermuda with limited liability
“Director(s)”	the director(s) of the Company
“Existing Annual Cap”	the annual cap of the Assembly Transactions for the year ending 31 December 2012 as disclosed in the announcement of the Company dated 6 March 2012
“Existing Purchase Transactions”	the purchase(s) of the Parts by TC Subaru from four subsidiaries of APM pursuant to the Previous Parts Purchase Agreements
“Existing Transactions”	collectively, the transactions between the Group and the TCMH Group, TCIM Sdn Bhd, Focusone Asia Pacific Pte

Ltd and Netrunner Systems Private Limited in relation to sale and purchase of parts and accessories, vehicle related services and application software repair and maintenance services as disclosed in the announcement of the Company dated 23 December 2010

“Fuji”	Fuji Heavy Industries Limited, a corporation established under the laws of Japan, the shares of which are listed on the Tokyo Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“New Parts Purchase Agreement”	the parts purchase agreement entered into by TC Subaru with the Supplier on 26 November 2012 in relation to the Purchases
“Parts”	certain parts including components and various kinds of materials for Subaru motor vehicles designed, manufactured and/or assembled by Fuji or licensees of Fuji
“PRC”	the People's Republic of China
“Previous Parts Purchase Agreements”	the four parts purchase agreements entered into by TC Subaru with four subsidiaries of APM on 30 May 2012 as disclosed in the announcement of the Company dated 30 May 2012
“Price Notice(s)”	the price notice(s) to be agreed between TC Subaru and the Supplier from time to time during the term of the New Parts Purchase Agreement which sets out the price of the Parts to be purchased by TC Subaru from the Supplier
“Purchase(s)”	the purchase(s) of the Parts by TC Subaru from the Supplier pursuant to the New Parts Purchase Agreement
“Revised Annual Cap”	HK\$2,292,000, being the revised annual cap of the Assembly Transactions for the year ending 31 December 2012
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

“Supplier”	APM Automotive Modules Sdn. Bhd., a wholly-owned subsidiary of APM
“TC Subaru”	TC Subaru Sdn Bhd, a company incorporated in Malaysia and a wholly-owned subsidiary of the Company
“TCC”	Tan Chong Consolidated Sdn. Bhd., a company incorporated in Malaysia with limited liability.
“TCMA”	Tan Chong Motor Assemblies Sdn Bhd, a company incorporated in Malaysia and a subsidiary of TCMH
“TCMH”	Tan Chong Motor Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on the Bursa Malaysia
“TCMH Group”	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, 26 November 2012

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 independent non-executive Directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo, Mr. Tan Ngiap Joo and Mr. Ng Kim Tuck.