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TAN CHONG INTERNATIONAL LIMITED

陳唱國際有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 693)

CONTINUING CONNECTED TRANSACTIONS

As the Existing Assembly Agreement will expire on 31 December 2013 and TC Subaru will continue to appoint TCMA as its assembler to assemble vehicles, the Assembly Agreement was entered into by TC Subaru and TCMA on 30 December 2013 in relation to the appointment of TCMA as TC Subaru's assembler to assemble vehicles up to a period of two years with effect from 1 January 2014 to 31 December 2015.

The Technical Support Agreement was entered into between TC Subaru and TCMA on 30 December 2013 in relation to the provision of the TCMA Services by TCMA to TC Subaru up to a period of two years with effect from 1 January 2014 to 31 December 2015.

As the Existing Parts Purchase Agreements will expire on 31 December 2013 and the Group will continue to purchase the Parts from the Five APM Subsidiaries, the Parts Purchase Agreements were entered into between TC Subaru and the Five APM Subsidiaries respectively on 30 December 2013, pursuant to which the Five APM Subsidiaries agree to sell to TC Subaru the Parts from time to time up to a period of one year with effect from 1 January 2014 to 31 December 2014.

As the Existing TCMH Agreements will expire on 31 December 2013 and the Group will continue to engage in the sale and purchase of motor parts and accessories and vehicle servicing transactions with the TCMH Group, the TCMH Agreements were entered into between the Group and the TCMH Group on 30 December 2013 in relation to the sale and purchase of motor parts and accessories and vehicle servicing transactions up to a period of three years from 1 January 2014 to 31 December 2016.

As the Existing TCIM Agreement will expire on 31 December 2013 and the Group will continue to engage in the sale, purchase and rent of cars, trucks, material handling equipment, parts and accessories transactions, the TCIM Agreement was entered into between TCIMPL and TCIMSB on 30 December 2013 in relation to the provision of TCIM transactions up to a period of three years from 1 January 2014 to 31 December 2016.

Since the Transactions were all entered into by the Group with parties connected or otherwise associated with another, the 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 Transactions is more than 0.1% but less than 5%, the Transactions 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.

CONTINUING CONNECTED TRANSACTIONS

1. Transactions between TC Subaru and TCMA relating to the Assembly Agreement

The principal business of TCMA is the assembly of motor vehicles and engines.

As the Existing Assembly Agreement will expire on 31 December 2013 and TC Subaru will continue to appoint TCMA as its assembler to assemble vehicles, the Assembly Agreement was entered into by TC Subaru and TCMA on 30 December 2013 in relation to the appointment of TCMA as TC Subaru's assembler to assemble vehicles up to a period of two years with effect from 1 January 2014 to 31 December 2015.

Pursuant to the Assembly Agreement, payment of ex-work assembly charges by TC Subaru to TCMA are based upon the range of volume and estimated cost required to produce each model of the vehicles agreed by TC Subaru and TCMA and will be settled no later than 14 days after the invoice date and payment of other applicable charges relating to special works or down-time charges would be subject to the mutual agreement between TC Subaru and TCMA.

Pricing basis

The prices and terms of the Assembly Transactions in respect of the Assembly Agreement are on arm's length terms taking into account similar services available from independent third parties in the market.

Reasons for the transaction

The Assembly Transactions provide TC Subaru with reliable technical assembly services for transactions contemplated under the Master Agreement. Given the Group's long established and stable business relationship with the TCMH Group and the competitive price the connected persons offered pursuant to the Assembly Transactions, the Board considers that the Assembly Transactions are beneficial to the business of the Group.

2. Transactions between TC Subaru and TCMA relating to the Technical Support Agreement

The Technical Support Agreement was entered into between TC Subaru and TCMA on 30 December 2013 in relation to the provision of the TCMA Services by TCMA to TC Subaru up to a period of two years with effect from 1 January 2014 to 31 December 2015. TC Subaru shall pay the relevant service fees on a monthly basis within 30 days of receiving an invoice from TCMA.

Pricing basis

The prices and terms of the TCMA Transactions in respect of the Technical Support Agreement were agreed between the Group with TCMA on arm's length terms on the basis that TCMA shall not provide the TCMA Services to TC Subaru on terms which are less favourable than those offered by TCMA to any third parties for services of comparable quality and quantity.

Reasons for the transaction

The TCMA Services provide the Group with reliable technical support and advisory services. Given the Group's long established and stable business relationship with the TCMH Group and the competitive price offered pursuant to the Technical Support Agreement, the Board considers that the TCMA Transactions are beneficial to the business of the Group.

3. Transactions between TC Subaru and the Five APM Subsidiaries relating to the Parts Purchase Agreements

The principal business of the Five APM Subsidiaries is the manufacture and sale of automotive parts and components.

As the Existing Parts Purchase Agreements will expire on 31 December 2013 and the Group will continue to purchase the Parts from the Five APM Subsidiaries, the Parts Purchase Agreements were entered into between TC Subaru and the Five APM Subsidiaries respectively on 30 December 2013, pursuant to which the Five APM Subsidiaries agree to sell to TC Subaru the Parts from time to time up to a period of one year with effect from 1 January 2014 to 31 December 2014.

TC Subaru shall pay to the Five APM Subsidiaries the total invoice amount for the quantity of the Parts actually delivered pursuant to each purchase order within sixty days of receiving the Parts.

Pricing basis

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(s) on the basis that each of the Five APM Subsidiaries shall not provide the Parts to TC Subaru on terms which are less favourable than those offered by the Five APM Subsidiaries to any third parties for the supply of the Parts of comparable quality and quantity.

Reasons for the transaction

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 Five APM Subsidiaries.

4. Transactions between the Group and the TCMH Group relating to the TCMH Agreements

The principal business of the TCMH Group is the assembly and sale of motor vehicles, distribution of equipment for material handling, agriculture and construction purposes, provision of vehicle servicing, hire purchase financing, insurance agency and property development and investment.

As the Existing TCMH Agreements will expire on 31 December 2013 and the Group will continue to engage in the sale and purchase of motor parts and accessories and vehicle servicing transactions with the TCMH Group, the TCMH Agreements were entered into between the Group and the TCMH Group on 30 December 2013 in relation to the sale and purchase of motor parts and accessories and vehicle servicing transactions up to a period of three years from 1 January 2014 to 31 December 2016.

Pursuant to the TCMH Agreements, payment will be settled by cash within 14 to 30 days after the invoice date.

Pricing basis

The prices and terms of the TCMH Transactions in respect of the sale and purchase of motor parts and accessories were agreed between the Group and each of the relevant counterparties by way of sales contracts or on an order-by-order basis by way of purchase orders, and are based on arm's length terms taking into account the value and volume of orders and similar products available from independent third parties in the market. The prices and terms of the TCMH Transactions in respect of the vehicle servicing transactions were agreed between the Group and each of the parties based on written agreements and on arm's length terms taking into account similar services available from independent third parties in the market.

Reasons for the transaction

The TCMH Transactions provide the Group with reliable and competitive suppliers and purchasers (as the case may be) for its goods and services. Given the Group's long established and stable business relationship with the TCMH Group and the competitive price the connected persons offered pursuant to the TCMH Transactions, the Board considers that the TCMH Transactions are beneficial to the business of the Group.

5. Transactions between TCIMPL and TCIMSB relating to the TCIM Agreement

The principal business of TCIMSB is distribution, sale and rental of material handling equipment, agriculture tractors, engines, construction equipment and parts and the provision of after-sales services.

As the Existing TCIM Agreement will expire on 31 December 2013 and the Group will continue to engage in the sale, purchase and rent of cars, trucks, material handling equipment, parts and accessories transactions, the TCIM Agreement was entered into between TCIMPL and TCIMSB on 30 December 2013 in relation to the provision of TCIM transactions up to a period of 3 years from 1 January 2014 to 31 December 2016.

Pursuant to the TCIM Agreement, payment will be settled by cash within 30 days after the invoice date.

Pricing basis

The prices and terms of the TCIM Transactions in respect of the sale, purchase and rent of cars, trucks, material handling equipment, parts and accessories were agreed between the Group and TCIMSB by way of sales contracts or on an order-by-order basis by way of purchase orders, and are based on arm's length terms taking into account the value and volume of orders and similar products and services available from independent third parties in the market.

Reasons for the transaction

The TCIM Transactions provide the Group with reliable and competitive suppliers and purchasers (as the case may be) for its goods and services.

ANNUAL CAPS

Based on (i) the amount of the relevant Transactions entered into in the previous years; (ii) the estimated demand of the Group for the Parts to be purchased under the Parts Purchase Agreements which are necessary for the Assembly Transactions; (iii) the estimated demand of TC Subaru for the assembly services to be provided by TCMA under the Assembly Agreement; (iv) the necessary technical advice and support to be provided by TCMA for the Assembly Transactions; (v) projections in anticipation of orders due to market demand for motor vehicles and equipment and relevant services under the TCMH Agreements and TCIM Agreement; and (vi) the terms of the Transactions, the Directors estimate that the proposed annual caps for all the Transactions to be HK\$256,000,000, HK\$96,000,000 and HK\$28,000,000 for each of the three financial years ending 31 December 2014, 2015 and 2016 respectively. The Directors consider the proposed annual caps to be reasonable.

LISTING RULES IMPLICATIONS

As TCC is a controlling shareholder of each of the Company, TCMH, APM and TCIMSB, each of TCMA (being a subsidiary of TCMH), TCMH, the Five APM Subsidiaries and TCIMSB are all,

individually, a connected person of the Company. The transactions under the Assembly Agreement, the Technical Support Agreement, the TCMH Agreements, the Parts Purchase Agreements and the TCIM Agreement constitute continuing connected transactions of the Company under the Listing Rules.

Since the Transactions were all entered into by the Group with parties connected or otherwise associated with one another, the 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 Transactions is more than 0.1% but less than 5%, the Transactions 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.

Details of the Transactions have been reviewed by the Directors. The Directors (including the independent non-executive Directors) consider that the Transactions are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

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

Each of Mr. Tan Eng Soon and Mr Tan Kheng Leong holds approximately 22.85% and 15.38% of TCC respectively. Therefore, each of Mr. Tan Eng Soon and Mr. Tan Kheng Leong was considered to have a material interest in the Transactions and has abstained from voting on the relevant resolution of the Board approving the Transactions.

DEFINITIONS

"APM"	APM Automotive Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on Bursa Malaysia
" Assembly Agreement"	the assembly agreement dated 30 December 2013 between TC Subaru and TCMA for the provision by TCMA to TC Subaru of assembly services for the assembly of vehicles
"Assembly Transactions"	the assembly transactions in relation to the appointment by

	TC Subaru of TCMA as an assembler to assemble vehicles pursuant to the Assembly Agreement
"Company"	Tan Chong International Limited, a company incorporated in Bermuda with limited liability
"Directors"	the directors of the Company
"Existing Assembly Agreement"	the assembly agreement dated 6 March 2012 between TC Subaru and TCMA for the provision by TCMA to TC Subaru of assembly services for the assembly of vehicles
"Existing Parts Purchase Agreements"	collectively, (i) the parts purchase agreement entered into by TC Subaru with APM Automotive Modules Sdn. Bhd on 26 November 2012; and (ii) the four parts purchase agreements entered into by TC Subaru with Auto Parts Manufacturers Co. Sdn. Bhd., APM Climate Control Sdn. Bhd., APM Auto Electrics Sdn. Bhd., and APM Coil Springs Sdn. Bhd respectively on 30 May 2012
"Existing TCIM Agreement"	the agreement entered into between TCIMPL and TCIMSB on 22 December 2010 in relation to the sale, purchase and rent of cars, trucks, material handling equipment, parts and accessories
"Existing TCMH Agreements"	the 13 agreements entered into between the Group and TCMH Group on 22 December 2010 in relation to the sale and purchase of motor parts and accessories and vehicle servicing transactions
"Five APM Subsidiaries"	collectively, five subsidiaries of APM, being Auto Parts Manufacturers Co. Sdn. Bhd., APM Climate Control Sdn. Bhd., APM Auto Electrics Sdn. Bhd., APM Coil Springs Sdn. Bhd. and APM Automotive Modules Sdn. Bhd.
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Parts Purchase Agreement(s)"	the five parts purchase agreements dated 30 December 2013 between TC Subaru and each of the Five APM Subsidiaries respectively
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock

Exchange of Hong Kong Limited

"Macao"	the Macao Special Administrative Region of the PRC
"Master Agreement"	the master agreement entered into between Fuji and TC Subaru on 6 March 2012
"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
"Price Notice(s)"	the price notice(s) to be agreed between TC Subaru and the Five APM Subsidiaries from time to time during the term of the Parts Purchase Agreements which sets out the price of the Parts to be purchased by TC Subaru from the Five APM Subsidiaries
"PRC"	the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macao and Taiwan
"TCC"	Tan Chong Consolidated Sdn. Bhd., a company incorporated in Malaysia with limited liability
"TCIMPL"	Tan Chong Industrial Machinery Pte. Ltd., a company incorporated in Singapore with limited liability and a wholly-owned subsidiary of the Company
"TCIMSB"	TCIM Sdn. Bhd., a company incorporated in Malaysia with limited liability
"TCIM Agreement"	the agreement entered into between TCIMPL and TCIMSB on 30 December 2013 in relation to the sale, purchase and rent of cars, trucks, material handling equipment, parts and accessories
"TCIM Transactions"	collectively, the transactions between TCIMPL and TCIMSB to be entered into pursuant to the TCIM Agreement
"TCMA"	Tan Chong Motor Assemblies Sdn. Bhd., a company incorporated in Malaysia and a subsidiary of TCMH
"TCMA Services"	the services, training, support, consultation and advice to be provided by TCMA to TC Subaru using the technical

information or technical know-how which TCMA legally possesses as at the date of the Technical Support Agreement

"TCMA Transactions"	collectively, the transactions between TC Subaru and TCMA to be entered into pursuant to the Technical Support Agreement
"TCMH"	Tan Chong Motor Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on Bursa Malaysia
"TCMH Agreements"	the 10 agreements dated 30 December 2013 between the Group and the TCMH Group
"TCMH Group"	TCMH and its subsidiaries
"TCMH Transactions"	collectively, the transactions between the Group and the TCMH Group to be entered into pursuant to the TCMH Agreements
"TC Subaru"	TC Subaru Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of the Company
"Technical Support Agreement"	the technical support agreement entered into between TC Subaru and TCMA on 30 December 2013 for the provision of the TCMA Services
"Transactions"	collectively, the transactions as described in detail under the section headed "Continuing Connected Transactions" in this announcement

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

Hong Kong, 30 December 2013

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