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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 TRANSACTION

Reference is made to:

- a. the announcement of the Company dated 24 February 2012 in relation to the Previous APM Service Agreement;
- b. the announcement of the Company dated 4 October 2013 in relation to the Previous APMS Purchase Agreement; and
- c. the announcement of the Company dated 30 December 2013 in relation to the Existing Transactions.

Each of the Previous APM Service Agreement and the Previous APMS Purchase Agreement has expired on 31 December 2013. On 30 May 2014, (i) NJTC entered into the APM Service Agreement with APMER for the APM Technical Transactions from a period from 30 May 2014 to 31 December 2015 and (ii) NJTC entered into the APMS Purchase Agreement with APMS for the Seat Parts Purchases for a period from 30 May 2014 to 30 December 2015.

Each of APMER and APMS is a wholly-owned subsidiary of APM, and TCC is interested in more than 30% equity interest in APM. As TCC is the controlling shareholder (as defined in the Listing Rules) of the Company, each of APMER and APMS is a connected person of the Company and each of the APM Technical Transactions and the Seat Parts Purchases constitutes a continuing connected transaction of the Company under the Listing Rules.

Given that the Transactions were entered into by the Group with parties connected or otherwise associated with one another, the Transactions were aggregated pursuant to Rule 14A.25 of the Listing Rules. As the relevant percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Transactions on an annual basis 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.

THE APM SERVICE AGREEMENT

Date

30 May 2014

Parties

- a) NJTC, a wholly-owned subsidiary of the Company; and
- b) APMER, a wholly-owned subsidiary of APM

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

Service

From time to time during the term of the APM Service Agreement, APMER will provide technical consultancy services to NJTC, such as project planning, product design (including concept development) and engineering design, and technical and quality system consultancy services, in relation to the setting up of plant's facilities and product development in Nanjing, the PRC, for the manufacture of automotive seating systems by NJTC.

Service Fees

The service fees of the APM Technical Transactions were negotiated and agreed between APMER and NJTC on an arm's length basis, depending on the plan and progress of the setting up of the plant's facilities and product development in Nanjing, the PRC and taking into account the similar services available from independent third parties in the market. The service fees shall be calculated in accordance with the estimated number of hours spent by the respective levels of personnel of APMER in providing the technical consultancy services.

Term

The term of the APM Service Agreement is from 30 May 2014 to 31 December 2015.

Historical figures

The annual caps for the Previous APM Service Agreement for the two financial years ended 31 December 2012 and 31 December 2013 were HK\$17,200,000 and HK\$4,000,000, respectively. The historical figures for the aggregate annual transaction amount under the Previous APM Service Agreement for the two financial years ended 31 December 2012 and 31 December 2013 were HK\$7,450,000 and HK\$3,977,000, respectively.

Annual caps

The Directors estimate that the aggregate annual amount payable by NJTC to APMER pursuant to the APM Service Agreement shall not exceed HK\$7,041,000 and HK\$7,040,000 for each of the two financial years ending 31 December 2014 and 31 December 2015, respectively. Such annual caps for the APM Technical Transactions were determined based on (i) NJTC's anticipated demand for such services from APMER; and (ii) the terms of the APM Technical Transactions.

Reasons for the Purchase

The APM Technical Transactions provide NJTC with reliable technical consultancy services for setting up plant's facilities and product development in Nanjing, the PRC. Given the Group's long established and stable business relationship with the APM Group and the competitive pricing offered pursuant to the APM Technical Transactions, the Board considers that the APM Technical Transactions are beneficial to the business of the Group.

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

THE APMS PURCHASE AGREEMENT**Date**

30 May 2014

Parties

- c) NJTC, a wholly-owned subsidiary of the Company; and
- d) APMS, a wholly-owned subsidiary of APM

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

Purchase orders

From time to time during the term of the APMS Purchase Agreement, NJTC may issue purchase orders or sales contracts to APMS to specify the general specifications of the Seat Parts to be purchased, for the manufacture of automotive seats by NJTC.

Price

The price of the Seat Parts Purchases shall be negotiated and agreed between NJTC and APMS on normal commercial terms and on an arm's length basis after taking into account special circumstances such as volume discounts and prices, the value and volume of estimated orders to be placed by NJTC with APMS and the price of parts similar to the Seat Parts available from independent third parties in the market.

Term

The term of the APMS Purchase Agreement is from 30 May 2014 to 30 December 2015.

Historical figures

The annual cap for the Previous APMS Purchase Agreement for the financial year ended 31 December 2013 was HK\$9,500,000. The historical figure for the aggregate annual transaction amount under the Previous APMS Purchase Agreement for the financial year ended 31 December 2013 was HK\$9,298,000.

Annual caps

The Directors estimate that the aggregate annual amount payable by NJTC to APMS pursuant to the APMS Purchase Agreement shall not exceed HK\$7,520,000 and HK\$400,000 for each of the two financial years ending 31 December 2014 and 31 December 2015, respectively. Such annual caps for the Seat Parts Purchases were determined based on the estimated demand of the Group for the Seat Parts necessary for the manufacture of automotive seats by NJTC.

Reasons for the Purchase

NJTC has entered into the APMS Purchase Agreement for the sourcing of Seat Parts from APMS that are necessary for the manufacture of automotive seats by NJTC. Given the Group's long established and stable business relationship with the APM Group and the competitive pricing offered

pursuant to the Seat Parts Purchases, the Board considers that the Seat Parts Purchases are beneficial to the business of the Group.

Details of the Seat Parts Purchases have been reviewed by the Directors. The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the APMS 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

Given that the Transactions were entered into by the Group with parties connected or otherwise associated with one another, the Transactions were aggregated pursuant to Rule 14A.25 of the Listing Rules. As the relevant percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Transactions on an annual basis 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.

It is estimated that the aggregated annual transaction amount for the Transactions shall not exceed HK\$270,561,000, HK\$103,440,000 and HK\$28,000,000 for each of the three years ending 31 December 2014, 2015 and 2016 respectively.

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, Macau and Hong Kong; and (d) vehicle seat manufacturing in the PRC.

NJTC is a wholly-owned subsidiary of the Company and engages in the manufacture of automotive seating systems in Nanjing, the PRC.

APMER is a wholly-owned subsidiary of APM and engages in 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.

APMS is a wholly-owned subsidiary of APM and engages in the manufacture and sale of automotive seats and automotive seat parts and components.

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 respective transactions contemplated under the APM Service Agreement and the APMS Purchase Agreement and has abstained from voting on the relevant resolution(s) of the

Board approving the APM Service Agreement and the APMS Purchase Agreement and their respective transactions contemplated thereunder.

DEFINITIONS

"APM"	APM Automotive Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on Bursa Malaysia
"APM Group "	APM and its subsidiaries
"APM Service Agreement"	the technical service agreement entered into between NJTC and APMER on 30 May 2014 in relation to the APM Technical Transactions
"APM Technical Transactions "	the transactions in which APMER would provide technical consultancy services to NJTC for setting up plant's facilities and product development in Nanjing, the 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
"APMS"	APM Seatings Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of APM
"APMS Purchase Agreement"	the seat parts purchase agreement entered into between NJTC and APMS on 30 May 2014 in relation to the Seat Parts Purchases
"Board"	the board of Directors
"Company"	Tan Chong International Limited, a company incorporated in Bermuda with limited liability
"Directors"	the directors of the Company
"Existing Transactions"	collectively, the transactions between the Group and APM Group, TCMH Group and TCIM Sdn. Bhd. as described in details under the paragraph headed "Continuing Connected Transactions" in the announcement of the Company dated 30 December 2013
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"NJTC"	Nanjing Tan Chong Automotive Co., Ltd. (南京陳唱交通器材有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
"PRC"	People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macao and Taiwan
"Previous APM Service Agreement"	the technical service agreement entered into between NJTC and APMER on 24 February 2012 which has expired on 31 December 2013
"Previous APMS Purchase Agreement"	the seat parts purchase agreement entered into between NJTC and APMS on 4 October 2013 which has expired on 31 December 2013
"Seat Parts"	certain parts including components and various kinds of materials for automotive seats manufactured and/or assembled by APMS
"Seat Parts Purchase(s)"	the purchase(s) of the Seat Parts by NJTC from APMS pursuant to the APMS Purchase Agreement
"TCC"	Tan Chong Consolidated Sdn. Bhd., a company incorporated in Malaysia with limited liability
"TCMH"	Tan Chong Motor Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on Bursa Malaysia
"TCMH Group"	TCMH and its subsidiaries
"Transactions"	the APM Technical Transactions, the Seat Parts Purchases and the Existing Transactions

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

Hong Kong, 30 May 2014

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. Tan Ngiap Joo and Mr. Ng Kim Tuck.