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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)

DISCLOSEABLE TRANSACTION

GRANT OF OPTIONS IN RELATION TO DISPOSAL OF PROPERTY

The Board is pleased to announce that on 19 November 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Option Agreement with the Purchaser, pursuant to which the Vendor has agreed to grant to the Purchaser the Call Option at the Option Fee of S\$6,315,000 (equivalent to approximately HK\$36,311,250) (excluding GST), and the Purchaser has agreed to grant to the Vendor the Put Option in consideration of the mutual covenants in the Option Agreement, in relation to the sale and purchase of the Property together with the Plant and Equipment for a sale price of S\$126,300,000 (equivalent to approximately HK\$726,225,000) (excluding GST).

As one of the applicable percentage ratios in respect of the grant of the Call Option, which is exercisable at the discretion of the Purchaser, exceeds 5% but is less than 25%, the grant of the Call Option constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the grant of the Put Option, which is exercisable at the discretion of the Vendor, is less than 5%, the grant of the Put Option does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

On 19 November 2021, the Vendor (an indirect wholly-owned subsidiary of the Company) entered into the Option Agreement with the Purchaser, pursuant to which the Vendor has agreed to grant to the Purchaser the Call Option at the Option Fee of S\$6,315,000 (equivalent to approximately HK\$36,311,250) (excluding GST), and the Purchaser has agreed to grant to the Vendor the Put Option in consideration of the mutual covenants in the Option Agreement, in relation to the sale and purchase of the Property together with the Plant and Equipment for a sale price of S\$126,300,000 (equivalent to approximately HK\$726,225,000) (excluding GST).

THE OPTION AGREEMENT

Date:

19 November 2021

Parties:

- (1) Vendor: Tan Chong Realty (Private) Limited, an indirect wholly-owned subsidiary of the Company
- (2) Purchaser: CDL Aries Pte. Ltd.

The Directors confirm that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

The Call Option

Pursuant to the Option Agreement, the Vendor has agreed to grant to the Purchaser the Call Option at an option fee in the amount of S\$6,315,000 (equivalent to approximately HK\$36,311,250) (excluding GST) (the "**Option Fee**") to purchase the Property together with the Plant and Equipment for the Sale Price on the terms and conditions as set out in the Option Agreement.

The Purchaser shall be entitled to exercise the Call Option during the period commencing on the date of fulfilment of the conditions precedent as set out in the paragraph headed "Conditions Precedent" in this announcement and ending on the date falling 7 Business Days after such commencement date (or such other date as the Purchaser and the Vendor may mutually agree in writing) (the "**Call Option Exercise Period**").

The Put Option

Pursuant to the Option Agreement, in consideration of the mutual covenants in the Option Agreement, the Purchaser has agreed to grant to the Vendor the Put Option to accept the Purchaser's offer to purchase the Property and the Plant and Equipment at the Sale Price.

The Vendor shall be entitled to exercise the Put Option during the period commencing immediately after the expiry of the Call Option Exercise Period and ending on the date falling 7 Business Days thereafter (or such other date as the Purchaser and the Vendor may mutually agree in writing).

Upon the Option being exercised pursuant to the terms of the Option Agreement, the Option Agreement and the transactions contemplated thereunder constitute a binding agreement for the sale and purchase of the Property.

Sale Price

The sale price for the Property and the Plant and Equipment is S\$126,300,000 (equivalent to approximately HK\$726,225,000) (excluding GST), which has been and/or shall be paid by the Purchaser, together with the applicable GST, in the following manner:

- (i) the Option Fee of S\$6,315,000 (equivalent to approximately HK\$36,311,250) (excluding GST), being the amount equivalent to 5% of the Sale Price, together with GST on the Option Fee, has been paid on the date of the Option Agreement;
- (ii) the deposit of S\$6,315,000 (equivalent to approximately HK\$36,311,250), being the amount equivalent to 5% of the Sale Price, together with GST on the deposit, shall be payable on the date on which the Call Option or the Put Option (as the case may be) is exercised. The Option Fee (and GST thereon) shall be applied as payment of the deposit (and GST thereon); and
- (iii) the balance of the Sale Price of S\$119,985,000 (equivalent to approximately HK\$689,913,750), together with GST, on the balance of the Sale Price shall be payable upon the completion of the Disposal.

The Sale Price was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the prevailing market value of the Property taking into account the market conditions and the market value of properties in nearby area where the Property is located.

Conditions Precedent

The exercise of the Options shall be conditional upon the fulfilment of the following conditions precedent:

- (i) the Vendor having obtained an approval from the Head Lessor for the sale of the Property to the Purchaser or a written confirmation from the Head Lessor that no consent is required for the sale of the Property to the Purchaser;
- (ii) the Vendor having obtained the confirmation in writing from the Singapore Land Transport Authority that it has no objection for the proposed redevelopment of the Property to comprise at least 390 dwelling units;
- (iii) the Vendor having obtained an in-principle approval from the Singapore Land Authority for the grant of a fresh 99-year lease; and
- (iv) the Purchaser having obtained a Qualifying Certificate from the Controller of Residential Property under the Residential Property Act (Cap. 274 of the Laws of Singapore) for the purchase of the Property.

In the event any of the conditions precedent set out above are not fulfilled by 30 June 2022 (or such other date as the Purchaser and the Vendor may mutually agree in writing), either party may elect by notice in writing to the other party to rescind the Option Agreement.

Completion

Completion of the Disposal shall take place on the date falling 5 Business Days from the exercise date of the Option (or such other date as the Purchaser and the Vendor may mutually agree in writing).

In the event the Option is not exercised, the Option Agreement shall be deemed to be terminated and the Vendor shall refund the Option Fee to the Purchaser without interest.

INFORMATION ON THE PROPERTY

The Property comprises of the whole of (i) Lot 713K, (ii) Lot 99950N, (iii) Lot 1763K and (iv) Lot 1766L, all of Mukim 14, together with the buildings erected thereon, with an aggregate site area of approximately 16,630 square meter and is situated at 798 Upper Bukit Timah Road, Singapore 678138 and 800 Upper Bukit Timah Road, Singapore 678139. The Property is sold subject to, and with the benefit of, the Existing Tenancies and the Future Tenancies (if any).

The Existing Tenancies will expire on 31 March 2022. The aggregate monthly rent of the Existing Tenancies is approximately S\$49,776 (equivalent to approximately HK\$286,212).

The Plant and Equipment comprises the fixed plant and equipment including, without limitation, all fixtures, lifts, air-conditioning equipment, if any, located in or on the Property.

For the years ended 31 December 2019 and 2020, the profit before taxation attributable to the Property was S\$559,900 (equivalent to approximately HK\$3,219,425) and S\$359,228 (equivalent to approximately HK\$2,065,561) respectively.

The fair value of the Property as at 30 June 2021 was S\$95,900,000 (equivalent to approximately HK\$551,425,000).

FINANCIAL EFFECT OF THE DISPOSAL

Based on the Sale Price, it is estimated that the Group will record an unaudited gain of S\$29,766,000 (equivalent to approximately HK\$171,154,500) upon completion of the Disposal, representing the difference between the Purchase Price and the fair value of the Property after deducting all estimated costs relating to the Disposal.

USE OF PROCEEDS

The sale proceeds from the Disposal will be used as working capital for the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider the Disposal represents a good opportunity for the Group to realise certain of its investments / its non-core assets, and that the terms of the Disposal 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

As one of the applicable percentage ratios in respect of the grant of the Call Option, which is exercisable at the discretion of the Purchaser, exceeds 5% but is less than 25%, the grant of the Call Option constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the grant of the Put Option, which is exercisable at the discretion of the Vendor, is less than 5%, the grant of the Put Option does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

INFORMATION ON THE PARTIES

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment.

The principal business of the Group includes (a) distribution and aftersales of motor vehicles in Singapore, Hong Kong, Thailand, Taiwan, Philippines, Malaysia, Indonesia, Vietnam and Cambodia, and the sales and aftersales of motor vehicles in the southern part of the PRC; (b) distribution of industrial equipment in Singapore, Vietnam and Thailand; (c) property development and rental in Singapore and Hong Kong; (d) vehicle seat manufacturing in the PRC; (e) assembly of automobiles in Thailand; and (f) provision of vehicle transportation service and human resource management service in relation to transportation business in Japan.

The Purchaser is a company incorporated in Singapore with limited liability and is a wholly-owned subsidiary of City Developments Limited, a company listed on the Mainboard of the Singapore Exchange (Stock Code: C09). It is principally engaged in property development.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings:

"Board"	the board of Directors
"Business Day"	any day (other than a Saturday or Sunday or public holiday) on which commercial banks in Singapore are open for business
"Call Option"	the call option granted to the Purchaser to accept the Vendor's offer to sell the Property and the Plant and Equipment at the Purchase Price to the Purchaser pursuant to the Option

	Agreement
"Call Option Exercise Period"	has the meaning as ascribed under the paragraph headed "The Call Option" in this announcement
"Company"	Tan Chong International Limited, a company incorporated in Bermuda with limited liability
"connected persons", "percentage ratios" and "subsidiary(ies)"	each has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Disposal"	the disposal of the Property and the Plant and Equipment by the Vendor upon the exercise of the Option pursuant to the Option Agreement;
"Existing Tenancies"	the existing tenancy and licence agreements in respect of the Property as at the date of the Option Agreement
"Future Tenancies"	the new tenancy, licence or any other arrangement in respect of the Property (or any part of it) which may be entered into between the date of the Option Agreement and completion of the Disposal, subject to the Purchaser's prior written consent
"Group"	the Company and its subsidiaries
"GST"	goods and services tax in Singapore
"Head Lessor"	the President of the Republic of Singapore and his successors in office
"HK\$"	Hong Kong dollars, 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 of Hong Kong Limited
"Options"	collectively, the Call Option and the Put Option, and "Option" shall mean each or any of them (as applicable)
"Option Agreement"	the put and call option agreement dated 19 November 2021 entered into between the Vendor and the Purchaser in relation to the Options

"Option Fee"	has the meaning as ascribed under the paragraph headed "The Call Option" in this announcement
"Plant and Equipment"	fixed plant and equipment including, without limitation, all fixtures, lifts, air-conditioning equipment, if any, located in or on the Property
"PRC"	the People's Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Property"	the land comprising the whole of (i) Lot 713K, (ii) Lot 99950N, (iii) Lot 1763K and (iv) Lot 1766L, of Mukim 14, together with the buildings erected thereon, with an aggregate site area of approximately 16,630 square meter and is situated at 798 Upper Bukit Timah Road, Singapore 678138 and 800 Upper Bukit Timah Road, Singapore 678139
"Purchaser"	CDL Aries Pte. Ltd., a company incorporated in Singapore with limited liability
"Put Option "	the put option granted to the Vendor to accept the Purchaser's offer to purchase the Property and the Plant and Equipment at the Purchase Price from the Vendor pursuant to the Option Agreement
"S\$"	Singapore dollars, the lawful currency of Singapore
"Sale Price"	the sale price payable by the Purchaser to the Vendor in relation to the Disposal, being an aggregate amount of S\$126,300,000 (equivalent to approximately HK\$726,225,000) (excluding GST)
"Vendor"	Tan Chong Realty (Private) Limited, a company incorporated in Singapore with limited liability and an indirect wholly-owned subsidiary of the Company
"%"	per cent.

For the purpose of this announcement, the exchange rate of S\$1.00 = HK\$5.75 have been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or S\$ has been, could have been or may be converted at such a rate.

By the order of the Board
**Tan Chong International
Limited**
Teo Siok Ghee
Liew Daphnie Pingyen
Joint Company Secretaries

Hong Kong, 19 November 2021

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

As at the date of this announcement, the executive Directors are Mr. Tan Eng Soon, Mr. Glenn Tan Chun Hong, Mr. Tan Kheng Leong and Mdm. Sng Chiew Huat. The non-executive Director is Mr. Joseph Ong Yong Loke. The independent non-executive Directors are Mr. Ng Kim Tuck, Mr. Azman Bin Badrillah, Mr. Prechaya Ebrahim and Mr. Teo Ek Kee.