

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**TAN CHONG INTERNATIONAL LIMITED**

陳唱國際有限公司

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 693)**

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

**REVISION OF ANNUAL CAP FOR THE ASSEMBLY TRANSACTIONS UNDER THE ASSEMBLY AGREEMENT**

Reference is made to the announcement of the Company dated 24 August 2021 in relation to the Assembly Transactions under the Assembly Agreement. TC Subaru (being a wholly-owned subsidiary of the Company) anticipated a significant increase on its demand for the assembly services to be provided by TCMA under the Assembly Agreement in the first half of 2023. Accordingly, on 8 December 2022, the Board revised upwards the annual cap for the Assembly Transactions under the Assembly Agreement for the year ending 31 December 2023 from HK\$23,500,000 to HK\$60,000,000 with terms and conditions of the Assembly Agreement remaining unchanged and effective.

**RENEWAL OF THE EXISTING APM AGREEMENTS**

Reference is made to the announcement of the Company dated 1 December 2020 in relation to the Existing APM Agreements. As the Existing APM Agreements will expire on 31 December 2022 and TC Subaru (being a wholly-owned subsidiary of the Company) will continue to purchase certain spare parts from the APM Subsidiaries, the APM Agreements were entered into between TC Subaru and each of the APM Subsidiaries respectively on 8 December 2022 for the purchase of certain spare parts from the APM Subsidiaries by TC Subaru during the three year period from 1 January 2023 to 31 December 2025.

## **RENEWAL OF THE EXISTING TCMH AGREEMENTS**

References are made to the announcements of the Company dated 27 November 2019, 11 December 2019 and 28 May 2020 in relation to, among other things, the Existing TCMH Agreements, respectively. As the Existing TCMH Agreements will expire on 31 December 2022 and the Group will continue to engage in certain sale and purchase of motor parts and accessories with the TCMH Group, the TCMH Agreements were entered into between the Group and the TCMH Group on 8 December 2022 in relation to the sale and purchase of motor parts and accessories between the Group and the TCMH Group during the three year period from 1 January 2023 to 31 December 2025.

## **RENEWAL OF THE EXISTING APM2 AGREEMENTS**

References are made to the announcements of the Company dated 27 November 2019 and 11 December 2019 in relation to, among other things, the Existing APM2 Agreements, respectively. As the Existing APM2 Agreements will expire on 31 December 2022 and the Group will continue to engage in sale and rental of vehicles, material handling equipment and forklift with the APM Group, the APM2 Agreements were entered into between the Group and the APM Group on 8 December 2022 in relation to the sale and rental of vehicles, material handling equipment and forklift by the Group to APM Group during the three year period from 1 January 2023 to 31 December 2025.

## **RENEWAL OF THE EXISTING TCIMSB AGREEMENT**

References are made to the announcements of the Company dated 27 November 2019 and 11 December 2019 in relation to, among other things, the Existing TCIMSB Agreement, respectively. As the Existing TCIMSB Agreement will expire on 31 December 2022 and NJTC (being a wholly-owned subsidiary of the Company) will continue to engage in sale of motor parts and accessories with TCIMSB, the TCIMSB Agreement was entered into between NJTC and TCIMSB on 8 December 2022 in relation to sale of motor parts and accessories by NJTC to TCIMSB during the three year period from 1 January 2023 to 31 December 2025.

## **LISTING RULES IMPLICATIONS**

TCMA and each member of the TCMH Group is a subsidiary of TCMH, and TCC is interested in more than 30% of the equity interests in TCMH. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, TCMA and each member of the TCMH Group are connected persons of the Company. Accordingly, the Assembly Transactions under the Assembly Agreement, the entering into of the TCMH Agreements as well as the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Each member of the APM Subsidiaries and the APM Group is a subsidiary of APM, and TCC is interested in more than 30% of the equity interests in APM. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, each member of the APM Subsidiaries and the APM Group is a connected person of the Company. Accordingly, the entering into of each of the APM Agreements and the APM2 Agreements as well as the transactions contemplated thereunder

constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

TCIMSB is a subsidiary of WTCH, and TCC is interested in more than 30% of the equity interests in WTCH. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, TCMISB is a connected person of the Company. Accordingly, the entering into of the TCIMSB Agreement as well as the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of 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.81 of the Listing Rules. As the highest percentage ratio defined under Rule 14.07 of the Listing Rules in relation to the Transactions (with the Revised Annual Cap) on an annual basis is more than 0.1% but less than 5%, the Transactions (with the Revised Annual Cap) constitute continuing connected transactions for the Company subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **REVISION OF ANNUAL CAP FOR THE ASSEMBLY TRANSACTIONS UNDER THE ASSEMBLY AGREEMENT**

Reference is made to the announcements of the Company dated 24 August 2021 in relation to the Assembly Transactions under the Assembly Agreement.

TC Subaru anticipated a significant increase on its demand for the assembly services to be provided by TCMA under the Assembly Agreement in the first half of 2023. The disruption of world supply chain in recent years has caused a worldwide shortage of integrated circuit chips and other components supplied to Subaru Corporation. This in turn affected Subaru Corporation's supply of complete knock-down ("CKD") kits to TC Subaru in 2022. Those unmet orders of CKD kits by Subaru Corporation this year are being pushed to 2023 for delivery to and production by TCMA. In addition, TC Subaru expects an increase on its vehicle sales in 2023 due to the expected economic recovery from Covid-19 pandemic in countries where TC Subaru sells the assembled vehicles to. Accordingly, on 8 December 2022, the Board revised upwards the annual cap for the Assembly Transactions under the Assembly Agreement for the year ending 31 December 2023 from HK\$23,500,000 to HK\$60,000,000 with terms and conditions of the Assembly Agreement remain unchanged.

The historical figures for the aggregate annual transaction amount for the Assembly Transactions under the Assembly Agreement for the year ended 31 December 2021 and the six months ended 30 June 2022 were HK\$7,033,000 and HK\$20,332,000 respectively.

The above revised annual cap for the Assembly Transactions under the Assembly Agreement has been determined based on the revised estimation of TC Subaru's demand for the assembly services to be provided by TCMA under the Assembly Agreement. Save for the revision of the existing annual cap in

respect of the Assembly Transactions for the year ending 31 December 2023, all the terms and conditions of the Assembly Agreement shall remain unchanged.

The Directors (including the independent non-executive Directors) consider that the above revised annual cap for the Assembly Transactions under the Assembly Agreement is fair and reasonable and in the interests of the Group and the shareholders of the Company as a whole.

## **CONTINUING CONNECTED TRANSACTIONS**

### **1. Transactions between TC Subaru and the APM Subsidiaries under the APM Agreements**

Reference is made to the announcement of the Company dated 1 December 2020 in relation to the Existing APM Agreements.

As the Existing APM Agreements will expire on 31 December 2022 and TC Subaru (being a wholly-owned subsidiary of the Company) will continue to purchase certain spare parts from the APM Subsidiaries, the APM Agreements were entered into between TC Subaru and each of the APM Subsidiaries respectively on 8 December 2022 for the purchase of certain spare parts from the APM Subsidiaries by TC Subaru during the three year period from 1 January 2023 to 31 December 2025.

The APM Transactions are for TC Subaru to purchase certain spare parts from the APM Subsidiaries in order to supply to TC Subaru's dealers who require these certain spare parts for repairs and replacements under both warranty and aftersales servicing for certain Subaru car models previously assembled in Malaysia.

Pursuant to the APM Agreements, payments will be settled by cash within 30 days from the date of each invoice.

#### ***Pricing basis***

The prices and terms of the APM Transactions under the APM Agreements will be agreed between TC Subaru and each of the APM Subsidiaries based on arm's length negotiations. Periodic quotations that are valid for 6 months will be provided by each of the APM Subsidiaries to TC Subaru, taking into account the value and volume of orders and similar comparable parts available in the market from independent third parties.

In negotiating the prices of the spare parts with each of the APM Subsidiaries, TC Subaru shall follow the following general pricing principles:

- (i) the relevant market prices;
- (ii) in the absence of the relevant market prices, with reference to the prices for similar transactions with independent third parties; or
- (iii) where none of the above exists, then base on the price to be agreed between the parties.

In determining the prevailing market prices of certain spare parts to be purchased by TC Subaru, TC Subaru will obtain the prices of similar spare parts in the market by collecting the relevant market information, reviewing and comparing the transactions conducted. In the absence of the prevailing market prices, the operations department of the Company (or its respective subsidiary) will obtain quotations from at least two independent third parties for similar transactions and/or products with regard to the same type and quality of comparable products at a similar time for comparison and reference. Where the prevailing market prices and/or prices for similar transactions with independent third parties are unavailable, the parties shall determine the prices with reference to the costs of such spare parts or such other relevant factors. The head of the operations department of the Company (or its respective subsidiary) will review and approve the purchase prices of the products. In any event, the prices and terms on which the products purchased by TC Subaru shall be on terms no less favourable to TC Subaru than those prevailing in the market for the products of the same type and quality and at similar time and those offered by the APM Subsidiaries to independent third parties.

Based on the above measures, the Directors are of the view that a system is in place to ensure that the prices of such spare parts purchased by TC Subaru under the APM Transactions are no less favourable than those offered by independent third parties.

### ***Historical Figures***

The historical figures for the aggregate annual transaction amount under the Existing APM Agreements for the year ended 31 December 2021 and the six months ended 30 June 2022 were HK\$218,000 and HK\$108,000 respectively.

### ***Annual Cap***

Based on (i) projections in anticipation of spare part replacement orders by TC Subaru's dealers and (ii) the terms of the APM Agreements, the Company estimates that the annual cap for the APM Transactions under the APM Agreements for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed HK\$690,000, HK\$860,000 and HK\$820,000 respectively.

### ***Reasons for and benefits of the APM Transactions***

TC Subaru has dealers in Malaysia which are currently providing vehicle repair services for certain Subaru car models previously assembled in Malaysia by TCMA which is TC Subaru's appointed contract assembler. The APM Transactions will allow TC Subaru to obtain certain spare parts for supplying them to its dealers in Malaysia for repairs and replacements under both warranty and aftersales servicing.

Further, Subaru Corporation has strict guidelines on the quality of spare parts to be used on Subaru vehicles. Each of the APM Subsidiaries has been approved as a supplier for certain spare parts for Subaru vehicles.

Given the Group's long established and stable business relationship with the APM Group and the competitive price to be offered by each of the APM Subsidiaries pursuant to the APM Agreements, the Board considers that the APM Transactions are beneficial to the business of the Group.

The Directors (including the independent non-executive Directors) consider that the APM Transactions are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group, and are in the interests of the Group and the shareholders of the Company as a whole.

## **2. Transactions between the Group and the TCMH Group under the TCMH Agreements**

References are made to the announcements of the Company dated 27 November 2019, 11 December 2019 and 28 May 2020 in relation to, among other things, the Existing TCMH Agreements, respectively.

As the Existing TCMH Agreements will expire on 31 December 2022 and the Group will continue to engage in certain sale and purchase of motor parts and accessories with the TCMH Group, the TCMH Agreements were entered into between the Group and the TCMH Group on 8 December 2022 in relation to the sale and purchase of motor parts and accessories between the Group and the TCMH Group during the three year period from 1 January 2023 to 31 December 2025.

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

### ***Pricing basis***

The prices and terms of the TCMH Transactions under the TCMH Agreements in respect of the sale and purchase of motor parts and accessories will be 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 will be 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.

With respect to the sale and purchase of the motor parts and accessories between the Group and the TCMH Group, the Group shall follow the following general pricing principles:

- (i) the relevant market prices;
- (ii) in the absence of the relevant market prices, with reference to the prices for similar transactions with independent third parties; or
- (iii) where none of the above exists, then base on the prices to be agreed between the parties.

With respect of the purchase of motor parts and accessories by the Group from the TCHM Group, in determining the prevailing market prices, the Group will obtain the prices of similar transactions in the market by collecting the relevant market information, reviewing and comparing the transactions conducted. In the absence of the prevailing market prices, the operations department of the Company (or its respective subsidiary) will obtain quotations from at least two independent third parties for similar transactions and/or products with regard to the same type and quality of comparable products at a similar time for comparison and reference. Where the prevailing market prices and/or prices for similar transactions with independent third parties are unavailable, the parties shall determine the prices with reference to the costs of such motor parts and accessories or such other relevant factors. The head of

the operations department of the Company (or its respective subsidiary) will review and approve the selling prices of the products. In any event, the price and terms on which the products purchased by the Group shall be on terms no less favourable to the Group than those prevailing in the market for the products of the same type and quality and at similar time and those offered by the TCMH Group to independent third parties.

With respect of the sale of motor parts and accessories by the Group to the TCHM Group, the pricing shall be determined on a “cost plus” basis, which will be determined based on free on board costs plus a margin of 6% to 8%. The margin is determined based on market practice adopted by other industry players. In any event, the prices and terms on which the products sold by the Group shall be no less favourable to the Group than those prevailing in the market for the comparable products of the same type and quality and at similar time and those on which comparable products are sold by the Group to independent third parties.

Based on the above measures, the Directors are of the view that a system is in place to ensure that the selling and purchase prices of the motor parts and accessories of the Group under the TCMH Transactions are no less favourable than those offered by and to independent third parties respectively.

### ***Historical Figures***

The historical figures for the aggregate annual transaction amount under the Existing TCMH Agreements for the years ended 31 December 2020 and 2021, and the six months ended 30 June 2022 were HK\$19,227,000, HK\$19,397,000 and HK\$10,488,000 respectively.

### ***Annual Cap***

Based on (i) projections in anticipation of orders due to market demand for motor parts and accessories under the TCMH Agreements and (ii) the terms of the TCMH Agreements, the Company estimates that the proposed annual cap for the TCMH Transactions for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed HK\$40,060,000 annually.

### ***Reasons for and benefits of the TCMH Transactions***

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

The Directors (including the independent non-executive Directors) consider that the TCMH Transactions are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group, and are in the interests of the Group and the shareholders of the Company as a whole.

### 3. Transactions between the Group and the APM Group under the APM2 Agreements

References are made to the announcements of the Company dated 27 November 2019 and 11 December 2019 in relation to, among other things, the Existing APM2 Agreements, respectively.

As the Existing APM2 Agreement will expire on 31 December 2022 and the Group will continue to engage in sale and rental of vehicles, material handling equipment and forklift with the APM Group, the APM2 Agreements were entered into between the Group and the APM Group on 8 December 2022 in relation to the sale and rental of vehicles, material handling equipment and forklift by the Group to the APM Group during the three year period from 1 January 2023 to 31 December 2025.

Pursuant to the APM2 Agreements, payment will be settled by cash within 15 to 30 days after the invoice date.

#### ***Pricing basis***

The prices and terms of the APM2 Transactions under the APM2 Agreements will be agreed between the Group and APM Group by way of sales or rental contracts and will be based on arm's length terms taking into account the value and volume of orders and similar products charged to independent third parties in the market.

With respect to the sale and rental of vehicles, material handling equipment and forklift by the Group to the APM Group, the Group shall follow the following general pricing principles:

- (i) the relevant market prices;
- (ii) in the absence of the relevant market prices, with reference to the prices for similar transactions charged to independent third parties; or
- (iii) where none of the above exists, then base on the prices to be agreed between the parties.

With respect of the rental fees for vehicles, material handling equipment and forklift, in determining the prevailing market prices, the Group will obtain the prices of similar transactions in the market by collecting the relevant market information, reviewing and comparing the transactions conducted. In the absence of the prevailing market prices, the operations department of the Company (or its respective subsidiary) will obtain quotations from at least two independent third parties for similar transactions with regard to the same type and quality at a similar time for comparison and reference. Where the prevailing market prices and/or prices for similar transactions with independent third parties are unavailable, the parties shall determine the prices with reference to, among other things, the number and model of and the rental period of the vehicles, material handling equipment and forklift and the relevant costs. The head of the operations department of the Company (or its respective subsidiary) will review and approve the prices of the transactions. In any event, the prices and terms of the transactions shall be no less favourable to the Group than those prevailing in the market for transactions of the same type and quality and at similar time and those on which comparable transactions are carried out by the Group with independent third parties.



With respect to the sale of vehicles, material handling equipment and forklift by the Group, the pricing shall be determined on a “cost plus” basis, which will be determined based on the cost of goods sold plus a margin of 15%. The margin is determined based on market practice adopted by other industry players. In any event, the prices and terms on which the products sold by the Group shall be no less favourable to the Group than those prevailing in the market for the comparable products of the same type and quality and at similar time and those on which comparable products are sold by the Group to independent third parties.

Based on the above measures, the Directors are of the view that a system is in place to ensure that the prices or rental fees of vehicles, material handling equipment and forklift charged to the APM Group under the APM2 Transactions are no less favourable than those offered to independent third parties.

### ***Historical Figures***

The historical figures for the aggregate annual transaction amount under the Existing APM2 Agreements for the years ended 31 December 2020 and 2021, and the six months ended 30 June 2022 were HK\$114,000, HK\$114,000 and HK\$56,000 respectively.

### ***Annual Cap***

Based on (i) projections in anticipation of sales or rental orders to be received under the APM2 Agreements and (ii) the terms of the APM2 Agreements, the Company estimates that the proposed annual cap for the APM2 Transactions under the APM2 Agreements for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed HK\$150,000 annually.

### ***Reasons for and benefits of the APM2 Transactions***

The APM2 Transactions provide the Group with reliable purchaser for its goods and services and additional income to the Group. Given the Group’s long established and stable business relationship with the APM Group and the market price the Group will offer to the connected persons pursuant to the APM2 Agreements, the Board considers that the APM2 Transactions are beneficial to the business of the Group.

The Directors (including the independent non-executive Directors) consider that the APM2 Transactions are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group, and are in the interests of the Group and the shareholders of the Company as a whole.

## **4. Transactions between NJTC and TCIMSB under the TCIMSB Agreement**

References are made to the announcements of the Company dated 27 November 2019 and 11 December 2019 in relation to, among other things, the Existing TCIMSB Agreement, respectively.

As the Existing TCIMSB Agreement will expire on 31 December 2022 and NJTC (being a wholly-owned subsidiary of the Company) will continue to engage in sale of motor parts and accessories with TCIMSB, the TCIMSB Agreement was entered into between NJTC and TCIMSB on 8 December 2022 in relation

to the sale of motor parts and accessories by NJTC to TCIMSB during the three year period from 1 January 2023 to 31 December 2025.

Pursuant to the TCIMSB Agreement, payments will be settled by cash within 10 days from the date of each invoice.

### ***Pricing basis***

The prices and terms of the TCIMSB Transactions under the TCIMSB Agreement will be agreed between NJTC and TCIMSB on an order-by-order basis by way of purchase order, and will be based on arm's length terms taking into account the value and volume of orders and similar products charged to independent third parties in the market.

With respect to the sale of motor parts and accessories by NJTC to TCIMSB, NJTC shall follow the following general pricing principles:

- (i) the relevant market prices;
- (ii) in the absence of the relevant market prices, with reference to the prices for similar transactions charged to independent third parties; or
- (iii) where none of the above exists, then base on the prices to be agreed between the parties.

With respect of the sale of motor parts and accessories by NJTC to TCIMSB, having taken into account of and with reference to the above general pricing principles, the pricing shall be determined on a "cost plus" basis, which will be determined based on the cost of goods sold plus a margin of 8%. The margin is determined based on the average gross profit margin for the motor parts and accessories sold to customers for the previous three years. In any event, the prices and terms on which the products sold by NJTC shall be no less favourable to NJTC than those prevailing in the market for the comparable products of the same type and quality and at similar time and those on which comparable products are sold by NJTC to independent third parties.

Based on the above measures, the Directors are of the view that a system is in place to ensure that the prices of the motor parts and accessories charged to TCIMSB under the TCIMSB Transactions are no less favourable than those offered to independent third parties.

### ***Historical Figures***

The historical figures for the aggregate annual transaction amount under the Existing TCIMSB Agreement for the years ended 31 December 2020 and 2021, and the six months ended 30 June 2022 were HK\$369,000, HK\$502,000 and HK\$257,000, respectively.

### ***Annual Cap***

Based on (i) projections in anticipation of purchase orders to be received by NJTC under the TCIMSB Agreement and (ii) the terms of the TCIMSB Agreement, the Company estimates that the proposed

annual cap for the transactions under the TCIMSB Agreement for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed HK\$1,310,000 annually.

### ***Reasons for and benefits of the TCIMSB Transactions***

The TCIMSB Transactions provide the Group with reliable purchaser for its goods and services and additional income to the Group. Given the Group's long established and stable business relationship with TCIMSB and the market price which NJTC will offer to TCIMSB pursuant to the TCIMSB Agreement, the Board considers that the TCIMSB Transactions are beneficial to the business of the Group.

The Directors (including the independent non-executive Directors) consider that the TCIMSB Transactions are on normal commercial terms, fair and reasonable, in the ordinary and usual course of business of the Group, and are in the interests of the Group and the shareholders of the Company as a whole.

### **AGGREGATED REVISED ANNUAL CAP**

Based on (1) revised estimation of TC Subaru's demand for the assembly services to be provided by TCMA under the Assembly Agreement and (2) the entering into of each of the APM Agreements, the TCMH Agreements, the APM2 Agreements and the TCIMSB Agreement, the estimated aggregate transaction amount under the Transactions for the year ending 31 December 2023 would exceed the existing annual cap of HK\$23,500,000. Accordingly, on 8 December 2022, the Board revised upwards the existing annual cap for the Transactions for the year ending 31 December 2023 from HK\$23,500,000 to HK\$102,210,000 (the "**Revised Annual Cap**").

The Directors estimate that the aggregate annual transaction amount for the Transactions for the years ending 31 December 2023 (with the Revised Annual Cap), 2024 and 2025 shall not exceed HK\$102,210,000, HK\$42,380,000 and HK\$42,340,000 respectively.

### **INTERNAL CONTROL MEASURES**

The Company has established the following internal control measures to monitor the transactions contemplated under the Assembly Agreement, the APM Agreements, the TCMH Agreements, the APM2 Agreements and the TCIMSB Agreement to ensure that the terms of the relevant agreements and their respective pricing basis are complied with:

- (i) the finance department of the Company will perform half-yearly reporting of the actual transaction amounts and the respective proposed annual caps of the transactions;
- (ii) the Company will have specifically designated personnel from the relevant departments to monitor the actual transaction amounts and report to the management team on a monthly basis in relation to the transactions to ensure that the respective proposed annual caps of the transactions are not exceeded and ensure compliance with the respective pricing basis of the transactions;

- (iii) the Company will conduct internal control review, including review of financial, operational and compliance controls, on a continuous basis; and
- (iv) the auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions in accordance with the Listing Rules.

### **LISTING RULES IMPLICATIONS**

TCMA and each member of the TCMH Group is a subsidiary of TCMH, and TCC is interested in more than 30% of the equity interests in TCMH. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, TCMA and each member of the TCMH Group are connected persons of the Company. Accordingly, the Assembly Transactions under the Assembly Agreement, the entering into of the TCMH Agreements as well as the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Each member of the APM Subsidiaries and the APM Group is a subsidiary of APM, and TCC is interested in more than 30% of the equity interests in APM. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, each member of the APM Subsidiaries and the APM Group is a connected person of the Company. Accordingly, the entering into of the APM Agreements and the APM2 Agreements as well as the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

TCIMSB is a subsidiary of WTCH, and TCC is interested in more than 30% of the equity interests in WTCH. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, TCIMSB is a connected person of the Company. Accordingly, the entering into of the TCIMSB Agreement as well as the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of 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.81 of the Listing Rules. As the highest percentage ratio defined under Rule 14.07 of the Listing Rules in relation to the Transactions (with the Revised Annual Cap) on an annual basis is more than 0.1% but less than 5%, the Transactions (with the Revised Annual Cap) constitute continuing connected transactions for the Company subject to the reporting and announcement requirements but are exempt from circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **GENERAL INFORMATION**

The principal business of the Group includes (a) distribution and aftersales of motor vehicles in Singapore, Hong Kong, Thailand, Taiwan, Philippines, Malaysia, 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) provision of car rental services, automotive leasing and capital financing in Singapore, Malaysia and the PRC and (f) provision of vehicle transportation service

and human resource management service in relation to transportation business in Japan.

The principal business of TC Subaru is local assembly of Subaru vehicles by contract assembler using local parts and imported Subaru supplied parts, domestic distribution of locally assembled Subaru vehicles through dealers and export of Subaru vehicles assembled in Malaysia.

The principal business of TCMA is assembly of motor vehicles and engine.

The principal business of the TCMH Group includes assembly and distribution of motor vehicles and commercial vehicles, provision of after-sales services, provision of motor-related financial services such as hire purchase financing, insurance agency and leasing.

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

The principal business of APM Climate Control Sdn. Bhd. is manufacture and sale of automotive air-conditioners and radiators, automotive windshield wiper linkage, commercial vehicle parts and components, provision for distribution and after sales services for bus-coach air-conditioning.

The principal business of APM Auto Electrics Sdn. Bhd. is manufacture and sale of automotive electrical components.

The principal business of APM Coil Spring Sdn. Bhd. is manufacture and sale of automotive coil springs.

The principal business of APM Automotive Modules Sdn. Bhd. is assembly and sale of door trim module and instrument panel module parts.

The principal business of Auto Parts Manufacturers Co. Sdn. Bhd. is manufacture and sale of automotive seats.

The principal business of TCIMSB is distribution, sale and rental of material handling equipment, agriculture tractors, engine, construction equipment and parts as well as provision of after sales services.

The principal business of NJTC is research and development, manufacture and sale of automotive seats, parts and accessories in the PRC.

Each of Mr. Tan Eng Soon (chairman of the Board and an executive Director) and Mr. Tan Kheng Leong (an executive Director) holds approximately 22.85% and 15.38% of the equity interests in TCC respectively. Therefore, each of Mr. Tan Eng Soon and Mr. Tan Kheng Leong is considered to have a material interest in the Transactions and has abstained from voting on the relevant resolution(s) of the Board approving revision of annual cap for the Assembly Transactions, the Transactions (together with the respective annual caps of the Transactions) and the respective terms of the APM Agreements, the TCMH Agreements, the APM2 Agreements and the TCIMSB Agreement.

## DEFINITIONS

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

<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 Agreements”</b>	collectively, the five (5) agreements dated 8 December 2022 between TC Subaru and each of the APM Subsidiaries respectively, for the purchase of certain spare parts from the APM Subsidiaries by TC Subaru during the three year period from 1 January 2023 to 31 December 2025
<b>“APM2 Agreements”</b>	the two (2) agreements dated 8 December 2022 between the Group and the APM Group in relation to the sale and rental of vehicles, material handling equipment, and forklift by the Group to the APM Group during the three year period from 1 January 2023 to 31 December 2025
<b>“APM Group”</b>	APM and its subsidiaries (including the APM Subsidiaries)
<b>“APM Subsidiaries”</b>	collectively, five (5) subsidiaries of APM, being APM Climate Control Sdn. Bhd., APM Auto Electrics Sdn. Bhd., APM Coil Spring Sdn. Bhd., APM Automotive Modules Sdn. Bhd. and Auto Parts Manufacturers Co. Sdn. Bhd.
<b>“APM Transactions”</b>	collectively, the transactions between TC Subaru and each of the APM Subsidiaries entered into pursuant to the APM Agreements
<b>“APM2 Transactions”</b>	collectively, the transactions between the Group and the APM Group entered into pursuant to the APM2 Agreements
<b>“Assembly Agreement”</b>	the assembly agreement dated 24 August 2021 between TC Subaru and TCMA for the provision by TCMA to TC Subaru of assembly services for the assembly of vehicles during the period from 24 August 2021 to 30 June 2023
<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
<b>“Board”</b>	the board of Directors
<b>“CKD”</b>	has the meaning as defined in the section headed “REVISION OF

ANNUAL CAP FOR THE ASSEMBLY TRANSACTIONS UNDER THE ASSEMBLY AGREEMENT” in this announcement

“Company”	Tan Chong International Limited, a company incorporated in Bermuda with limited liability
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Existing APM Agreements”	collectively, the five (5) agreements dated 1 December 2020 between TC Subaru and each of the APM Subsidiaries respectively, for the purchase of certain spare parts from the APM Subsidiaries by TC Subaru during the two year period from 1 January 2021 to 31 December 2022
“Existing APM2 Agreements”	the two (2) agreements dated 27 November 2019 between the Group and the APM Group in relation to the sale and rental of vehicles, material handling equipment, and forklift by the Group to the APM Group during the three year period from 1 January 2020 to 31 December 2022
“Existing TCIMSB Agreement”	the agreement dated 27 November 2019 entered into between NJTC and TCIMSB in relation to sale of motor parts and accessories by NJTC to TCIMSB during the three year period from 1 January 2020 to 31 December 2022
“Existing TCMH Agreements”	the three (3) agreements dated 27 November 2019 between the Group and the TCMH Group in relation to the sale and purchase of motor parts and accessories between the Group and the TCMH Group during the three year period from 1 January 2020 to 31 December 2022
“Group”	the Company and its subsidiaries
“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
“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

<b>“PRC”</b>	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
<b>“Revised Annual Cap”</b>	has the meaning as defined in the section headed “AGGREGATED REVISED ANNUAL CAP” in this announcement
<b>“Subaru Corporation”</b>	previously known as Fuji Heavy Industries Limited, a corporation established under the laws of Japan, the shares of which are listed on the Tokyo Stock Exchange and the manufacturer of Subaru vehicles
<b>“TCC”</b>	Tan Chong Consolidated Sdn. Bhd., a company incorporated in Malaysia with limited liability
<b>“TCIMSB”</b>	TCIM Sdn. Bhd., a company incorporated in Malaysia with limited liability and a wholly-owned subsidiary of WTCH
<b>“TCIMSB Agreement”</b>	the agreement dated 8 December 2022 entered into between NJTC and TCIMSB in relation to the sale of motor parts and accessories by NTJC to TCIMSB during the three year period from 1 January 2023 to 31 December 2025
<b>“TCIMSB Transactions”</b>	the transactions between NJTC and TCIMSB in relation to sale of motor parts and accessories by NJTC to TCIMSB pursuant to the TCIMSB Agreement
<b>“TCMA”</b>	Tan Chong Motor Assemblies Sdn. Bhd., a company incorporated in Malaysia 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 Agreements”</b>	the three (3) agreements dated 8 December 2022 entered into between the Group and the TCMH Group in relation to the sale and purchase of motor parts and accessories between the Group and the TCMH Group during the three year period from 1 January 2023 to 31 December 2025
<b>“TCMH Group”</b>	TCMH and its subsidiaries
<b>“TCMH Transactions”</b>	collectively the transactions between the Group and the TCMH Group in relation to the sale and purchase of motor parts and



accessories pursuant to the TCMH Agreements

<b>“TC Subaru”</b>	TC Subaru Sdn. Bhd., a company incorporated in Malaysia and a wholly-owned subsidiary of the Company
<b>“Transactions”</b>	collectively, (i) the Assembly Transactions, (ii) the APM Transactions, (iii) the TCMH Transactions, (iv) the APM2 Transactions and (v) the TCIMSB Transactions
<b>“WTCH”</b>	Warisan TC Holdings Berhad, a company incorporated in Malaysia with limited liability, the shares of which are listed on Bursa Malaysia
<b>“%”</b>	per cent.

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

Hong Kong, 8 December 2022

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, Mr. Teo Ek Kee and Mr. Charles Tseng Chia Chun.*