

If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tan Chong International Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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Tan Chong International Limited

(Incorporated in Bermuda with limited liability)
(Stock code: 693)

**Proposed General Mandates to Issue Shares and Repurchase Shares
AND
Amendments to Bye-laws
AND
Information on the Retiring Directors to be Re-elected at the
Annual General Meeting
AND
Notice of Annual General Meeting**

A notice convening an annual general meeting of Tan Chong International Limited to be held at The Dynasty Club, 7/F South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, on Wednesday, 30 April 2008 at 11:00 a.m. is set out on pages 10 to 14 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the principal office of the Company in Hong Kong at Unit 3001, 30th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not prevent shareholders from attending and voting at the meeting if they so wish.

7 April 2008

DEFINITIONS

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

“Annual General Meeting”	annual general meeting of the Company to be held on 30 April 2008 at 11:00 a.m.
“Board”	the board of Directors
“Bye-laws”	bye-laws of the Company
“CG Code”	Code on Corporate Governance Practices
“Code”	Code on Takeovers and Mergers
“Company”	Tan Chong International Limited, a company incorporated in Bermuda and currently listed on the Stock Exchange
“Companies Act”	Companies Act 1981 of Bermuda
“Directors”	directors of the Company
“Group”	Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	26 March 2008, being the latest practicable date prior to the printing of this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Proposed Repurchase Mandate”	a general mandate proposed to be granted to the Directors at the Annual General Meeting to repurchase shares not exceeding 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the relevant resolution granting the Proposed Repurchase Mandate
“Securities and Futures Ordinance”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Share(s)”	ordinary share(s) of \$0.50 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCC”	Tan Chong Consolidated Sdn. Bhd., the controlling shareholder of the Company
“\$” and “cents”	Hong Kong dollars and cents

LETTER FROM THE BOARD

Tan Chong International Limited

(Incorporated in Bermuda with limited liability)

Directors:

Mr. Tan Eng Soon
Mr. Joseph Ong Yong Loke
Mr. Tan Kheng Leong
Mr. Neo Ah Chap
Mdm. Sng Chiew Huat
Mr. Lee Han Yang*
Mdm. Jeny Lau*
Mr. Masatoshi Matsuo*

Honorary Life Counsellor:

Dato' Tan Kim Hor

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business:

Unit 3001, 30th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

* Independent non-executive director

7 April 2008

To Shareholders,

Dear Sir or Madam,

**Proposed General Mandates to Issue Shares and Repurchase Shares
AND
Amendments to the Bye-laws
AND
Information on the Retiring Directors to be
Re-elected at the Annual General Meeting
AND
Notice of Annual General Meeting**

INTRODUCTION

The purpose of this circular is to give you information regarding resolutions to be proposed at the Annual General Meeting relating to the granting to the Directors of general mandates to issue and repurchase Shares, amendments to the Bye-laws and the re-election of the retiring directors and the notice of the Annual General Meeting.

GENERAL MANDATE TO ISSUE SHARES

In order to ensure flexibility and discretion to the Directors, in the event that it becomes desirable to issue any Share, approval is to be sought from the Shareholders, pursuant to the Listing Rules, for a general mandate to issue Shares. At the Annual General Meeting, an ordinary resolution No.6(A) will be proposed to grant a general mandate to the Directors to exercise the powers of the Company to allot and issue new shares in the share capital of the Company up to 20 per cent. of the aggregate nominal amount of the issued share capital of the Company immediately after the passing of the resolution in relation to such general mandate. In addition, subject to a separate approval of the ordinary resolution No.6(C), the number of Shares purchased by the Company under ordinary resolution No.6(B) will also be added to the 20 per cent general mandate as mentioned in the ordinary resolution No.6(A). The Directors wish to state that they have no immediate plans to issue any new shares of the Company pursuant to such general mandate.

LETTER FROM THE BOARD (CONTINUED)

GENERAL MANDATE TO REPURCHASE SHARES

In addition, an ordinary resolution will be proposed to approve the granting of a Proposed Repurchase Mandate to the Directors to exercise the powers of the Company to repurchase Shares representing up to 10 per cent. of the aggregate nominal amount of the issued share capital of the Company immediately after the passing of the resolution in relation to such Proposed Repurchase Mandate.

An explanatory statement required by the Listing Rules to be sent to the Shareholders in connection with the Proposed Repurchase Mandate is set out in the Appendix to this circular. This explanatory statement contains all information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the relevant resolution at the Annual General Meeting.

AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

On 1 January 2005, the Listing Rules were amended by, among others, replacing the Code of Best Practice in Appendix 14 with a new CG Code, and on 17 February 2006, the Stock Exchange has announced amendments to the Listing Rules which include, among other things, amendments to Appendix 3 of the Listing Rules that came into effect on 1 March 2006. To bring the constitution of the Company in alignment with certain provisions of the CG Code and Appendix 3 of the Listing Rules, the Directors propose to seek approval from the Shareholders at the Annual General Meeting a special resolution to amend the Bye-laws. These amendments, for the purpose of complying with the CG Code and Appendix 3 of the Listing Rules, are summarized below:-

- (i) Bye-law 86(2) is amended to provide that all Directors appointed by the Directors as an addition to the Board of Directors or to fill a casual vacancy shall be subject to election by Shareholders at the first general meeting, instead of the next following annual general meeting after their appointment.
- (ii) Bye-law 86(4) is amended to provide that a director of the Company may be removed by an ordinary resolution in general meeting instead of a special resolution.
- (iii) Bye-law 87 is amended to provide that every Director shall be subject to retirement by rotation at least once every three years in accordance with the CG Code and that the Directors holding office as chairman or managing director shall also be subject to retirement by rotation.

Besides, the Securities and Futures (Clearing Houses) Ordinance has been repealed upon the commencement of Securities and Futures Ordinance on 1 April 2003. The Definition of "clearing house" under Bye-law 1 is to be amended to delete the relevant provision of the Securities and Futures (Clearing Houses) Ordinance.

In addition, Bye-laws 66 and 68 are amended to include the requirements for demanding poll and disclosure of voting figures under the Listing Rules.

Taking advantage of flexibility now permitted under the Listing Rules, the Company is allowed to send notice, document or other corporate communications to Shareholders by electronic means. Therefore, Bye-laws 160(a) and 161(b) are amended to conform with the Listing Rules.

The proposed amendments to the Bye-laws are stated in the proposed special resolution no. 7 in the notice convening the Annual General Meeting as set out on pages 10 to 14 of this Circular.

LETTER FROM THE BOARD (CONTINUED)

INFORMATION OF THE RETIRING DIRECTORS TO BE RE-ELECTED AT THE ANNUAL GENERAL MEETING

Pursuant to Bye-law 87 (1) of the Bye-laws, Mr. Joseph Ong Yong Loke and Mr. Masatoshi Matsuo will retire from the board by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election. For your further information, we set out below the relevant details of the retiring Directors proposed to be re-elected at the Annual General Meeting:

Mr. Joseph Ong Yong Loke (“Mr. Ong”), aged 59, was appointed as executive director of the Company in March 1997. He is the Managing Director of the Company since its listing in July 1998. He is also a director of many subsidiaries of the Group. He joined the Group in 1981 and has served in a number of senior capacities in Singapore before his posting to Hong Kong in 1992. Mr. Ong, a Chartered Surveyor, graduated with a Bachelor of Science degree (Building Economics) from the University of Reading, United Kingdom in 1971. His previous work experience includes appointment with the Singapore Ministry of Defence and Straits Steamship Co. Limited from 1976 to 1980.

Mr. Ong does not hold any other directorships in any listed public companies in the last three years. He does not have any relationships with any directors, senior management, substantial or controlling Shareholder of the Company. As at the Latest Practicable Date, Mr. Ong, his family and corporations under his control are interested in 639,000 Shares, 795,000 Shares and 940,536 Shares of the Company respectively.

There is no service contract between the Company and Mr. Ong. Mr. Ong has no fixed term of director’s service but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. His director’s fee will be determined by the Board by reference to his job responsibility, prevailing market conditions and the Company’s operating performance and profitability.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is discloseable under Rule 13.51(2)(h) to (v) of the Listing Rules.

Mr. Masatoshi Matsuo (“Mr. Matsuo”), aged 64, was appointed as an independent non-executive Director of the Company in December 2004. He has been appointed a member of audit committee and nomination committee of the Company. Mr. Matsuo has over 18 years’ experience in manufacturing and technical activities and another 18 years’ experience in corporate and commercial activities in overseas market and was the Senior Managing Director of Nissan Diesel Motor Co Ltd, a renown world-wide truck and engine manufacturing and distribution company until his retirement in 2001. Save as disclosed above, Mr. Matsuo does not hold any other positions with the Group, and does not hold any other directorships in listed public companies in the last three years.

Mr. Matsuo does not have any relationships with any directors, senior management, substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Matsuo does not have any interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract between the Company and Mr. Matsuo. Mr. Matsuo has no fixed term of director’s service but is subject to retirement by rotation and re-election at annual general meetings of the Company in accordance with the Bye-laws. His director’s fee will be determined by the Board by reference to his job responsibility, prevailing market conditions and the Company’s operating performance and profitability.

Save as disclosed above, there are no other matters relating to his re-election that need to be brought to the attention of the Shareholders and there is no other information which is discloseable under Rule 13.51(2)(h) to (v) of the Listing Rules.

LETTER FROM THE BOARD (CONTINUED)

RIGHT TO DEMAND A POLL

Pursuant to Bye-law 66 of the Bye-laws, at any general meeting, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a Shareholder or in the case of a Shareholder being a corporation by its duly authorised representative shall be deemed to be the same as a demand by that Shareholder.

FORM OF PROXY

A form of proxy for use at the Annual General Meeting is enclosed in this circular. Whether or not you intend to be present at the meeting, you are requested to complete the form of proxy and return it to the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the Annual General Meeting. Completion and delivery of the form of proxy will not prevent Shareholders from attending and voting at the Annual General Meeting if they so wish.

RECOMMENDATION

The Directors consider that the proposed resolutions for the re-election of the retiring Directors, the granting to the Directors of the general mandate to issue Shares, the Proposed Repurchase Mandate and the amendments to the Company's Bye-laws are in the interests of the Group as a whole. The Directors therefore recommend the Shareholders to vote in favour of all the resolutions to be proposed at the Annual General Meeting.

Yours faithfully,

For and on behalf of the Board

Sng Chiew Huat

Finance Director

APPENDIX – EXPLANATORY STATEMENT

The following is the explanatory statement required to be sent to Shareholders under the Listing Rules in connection with the Proposed Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,013,309,000 Shares. Subject to the passing of the resolution granting the Proposed Repurchase Mandate and on the basis that no further Shares are issued or repurchased before the Annual General Meeting, the Company will be allowed to repurchase a maximum of 201,330,900 Shares which represent 10 per cent. of the issued share capital of the Company during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting.

REASONS AND FUNDING OF REPURCHASES

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to repurchase its Shares on the Stock Exchange. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. If such a repurchase is made, the Directors propose to use the Company's internal cash surplus to fund such repurchase.

Repurchases of Shares will be financed out of funds legally available for the purpose and in accordance with the Bye-laws and the applicable laws of Bermuda. Under Bermuda law, any repurchases by the Company may be made out of capital paid up on the Shares to be repurchased, or out of funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose and, in the case of premiums payable on repurchases, funds of the Company which would otherwise be available for dividend or distribution or out of the share premium account of the Company.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company. The Directors consider that if the general mandate to repurchase Shares were to be exercised in full at the current prevailing market value, it could have a material adverse impact on the working capital but not the gearing position of the Company, as compared with the positions disclosed in the audited consolidated financial statements of the Company as at 31 December 2007, being the date to which the latest published audited consolidated financial statements of the Company were made up. The Directors do not propose to exercise the mandate to repurchase Shares to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

APPENDIX – EXPLANATORY STATEMENT (CONTINUED)

SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the last twelve months.

Month	Highest trade price \$	Lowest trade price \$
2007		
March	1.960	1.820
April	2.600	1.900
May	2.810	2.410
June	2.900	2.450
July	3.410	2.750
August	2.850	2.000
September	2.980	2.100
October	2.720	1.510
November	2.800	2.550
December	3.600	2.550
2008		
January	2.850	2.200
February	2.490	2.350
March (up to the Latest Practicable Date)	2.350	2.100

Source: The Stock Exchange of Hong Kong Limited

GENERAL

To the best of their knowledge, having made all reasonable enquiries, none of the Directors or any of their associates, as defined in the Listing Rules, currently intend to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Proposed Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Bermuda.

No connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholder's interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code.

APPENDIX – EXPLANATORY STATEMENT (CONTINUED)

GENERAL (continued)

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, TCC was interested in 912,799,986 Shares representing approximately 45.34 per cent. of the existing issued share capital of the Company. In the event that the Directors should exercise in full the Proposed Repurchase Mandate, the shareholding of TCC in the Company will be increased to approximately 50.38 per cent. of the issued share capital of the Company. To the best knowledge and belief of the Directors, such increase would give rise to an obligation to make a mandatory offer under the Code. The Directors have no present intention to repurchase the Shares to the extent that it will trigger the obligations under the Code for TCC to make a mandatory offer.

The Listing Rules prohibit a company from making repurchase on the Stock Exchange if the result of the repurchase would be that less than 25 per cent. (or such other prescribed minimum percentage as determined by the Stock Exchange) of the issued share capital would be in public hands. The Directors do not propose to repurchase Shares which would result in less than the prescribed minimum percentage of Shares in public hands.

SHARE PURCHASE MADE BY THE COMPANY

The Company had not purchased any Share (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.