

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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



Tan Chong International Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 693)

Proposed General Mandates to Issue Shares and Repurchase Shares AND Re-election of Directors

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 Thursday, 30 April 2009 at 11:00 a.m. is set out on pages 10 to 14 of this circular. Whether or not you are able to attend and vote at 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 of the Company from attending and voting at the meeting or any adjourned meeting if they so wish.

27 March 2009

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 2009 at 11:00 a.m.
“Board”	the board of Directors
“Bye-laws”	bye-laws of the Company
“CG Code”	Code on Corporate Governance Practices
“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”	17 March 2009, 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
“SFO”	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
“Takeovers Code”	Code on Takeovers and Mergers
“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)

(Stock code: 693)

Directors:

Mr. Tan Eng Soon
Mr. Joseph Ong Yong Loke
Mr. Tan Kheng Leong
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

27 March 2009

To Shareholders,

Dear Sir or Madam,

Proposed General Mandates to Issue Shares and Repurchase Shares AND Re-election of Directors

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, the extension of the general mandate to issue Shares and the re-election of the retiring Directors.

GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 30 April 2008, the Directors were given a general mandate to allot and issue Shares. The mandate will expire at the conclusion of the Annual General Meeting. 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 on the date of passing the relevant resolution

LETTER FROM THE BOARD (CONTINUED)

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.

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 on the date of passing the relevant 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.

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. Tan Eng Soon, Madam Sng Chiew Huat and Mr. Lee Han Yang 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. Tan Eng Soon (“Mr. Tan”), aged 60, was appointed as an Executive Director and Deputy Chairman of the Company in January 2000. He is the Chairman of the Company since November 2005. He joined Tan Chong Motor Holdings Berhad (“TCMH”) after qualifying as an Engineer from the University of New South Wales, Australia, in 1971. He is a director of certain subsidiaries of the Group. He is the Managing Director of TCMH and a Director of APM Automotive Holdings Berhad, both listed on the Kuala Lumpur Stock Exchange. He is also a Director of Zero Company Limited, a company listed on the Tokyo Stock Exchange. Mr. Tan is a Director of Tan Chong Consolidated Sdn. Bhd (“TCC”), a substantial shareholder of the Company within the meaning of Part XV of the SFO. He holds approximately 16.66% in the share capital of TCC. As at the Latest Practicable Date, Mr. Tan, through his controlled corporations, is deemed to be interested in 125,163,000 shares of the Company within the meaning of Part XV of the SFO. On 18 March 2009, Mr. Tan entered into an agreement for the acquisition of 111,999,972 shares of the Company and completion of the agreement is expected to take place on or about 24 April 2009.

Mr. Tan Kheng Leong, an Executive Director of the Company is his cousin. Save as disclosed above, he does not hold any other directorships in listed public companies in Hong Kong or overseas in the last three years.

There is no service contract between the Company and Mr. Tan. Mr. Tan 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 of the Company. 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.

LETTER FROM THE BOARD (CONTINUED)

Madam Sng Chiew Huat (“Mdm. Sng”), aged 61, was appointed as an Executive Director of the Company in December 1997. She is the Finance Director of the Company since its listing in July 1998. She is a director of certain subsidiaries of the Group. Mdm. Sng, who joined the Group in 1977, completed her degree in Accountancy from the University of Singapore in 1970. She commenced her working career in the same year with Chartered Industries Pte Ltd where she rose to the position of Deputy Chief Accountant before leaving to become the Chief Accountant of Singapore Ceramics Limited in 1974. Mdm. Sng obtained a Master of Business Administration degree from the Oklahoma City University in 1993. She is a Fellow of the Institute of Certified Public Accountants of Singapore as well as CPA Australia, and a member of the Association of Chartered Certified Accountants.

Mdm. Sng does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company and does not hold any other directorships in listed public companies in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, she has personal interest of 729,000 shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mdm. Sng. Mdm. Sng 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 of the Company. Her director’s fee will be determined by the Board by reference to her job responsibility, prevailing market conditions and the Company’s operating performance and profitability.

Mr. Lee Han Yang (“Mr. Lee”), aged 77, B.A (Singapore) of Lincoln’s Inn, Barrister-at-law. He was appointed as an independent non-executive Director of the Company in April 1998. He has been appointed chairman of the audit committee, remuneration committee and nomination committee of the Company. Mr. Lee is a consultant in the law firm of Messrs Belinda Ang, Tang and Partners. He sits on the board of directors of two other public companies in Singapore, Wing Tai Holdings Limited and Low Keng Huat Holdings Ltd. Mr. Lee was until recently a member of the Board of National Council of Social Service. For many years he also chaired a Criminal Law Appeals Committee. Mr. Lee is an active member of the Law Society of Singapore and is a member of the Inquiry Panel. In August 2006, he was awarded the Public Service Star (BBM) by the President of the Republic of Singapore. Save as disclosed above, Mr. Lee does not hold any other positions with the Group, and does not hold any other directorships in listed public companies in Hong Kong or overseas in the last three years.

Mr. Lee does not have any relationships with any directors, senior management, substantial or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Lee does not have any interest in shares of the Company within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr. Lee. Mr. Lee 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.

Mr. Lee has been an independent non-executive Director of the Company since 1998. He has confirmed in writing his independence in accordance with the Listing Rules. Based on such confirmation and on Mr. Lee’s past performance, the Board believes that Mr. Lee continues to be independent. Given the qualifications and business experience of Mr. Lee, and in light of his past contributions to the Group, the Board is of the view that the continuing service of Mr. Lee in the Group is beneficial to the Group and thus considers that Mr. Lee should be re-elected at the forthcoming annual general meeting.

LETTER FROM THE BOARD (CONTINUED)

Save as disclosed above, there are no other matters relating to re-election of these retiring Directors 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.

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 or any adjourned 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 and the Proposed Repurchase Mandate 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 By-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 2008, 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 \$
2008		
March	2.490	2.100
April	2.450	2.320
May	2.500	2.320
June	2.540	2.300
July	2.150	2.100
August	2.100	1.950
September	1.750	0.710
October	1.250	1.250
November	-	-
December	1.100	1.100
2009		
January	1.150	1.030
February	1.000	0.870
March (up to the Latest Practicable Date)	1.180	0.980

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 Takeovers 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 Takeovers Code.

APPENDIX – EXPLANATORY STATEMENT (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 Takeovers Code. The Directors have no present intention to repurchase the Shares to the extent that it will trigger the obligations under the Takeovers 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.