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TAN CHONG INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 693)

ACQUISITION OF TRUCK PRODUCTION PLANT AND ASSETS IN THAILAND

On 7 December 2009, the Group entered into the Asset Purchase Agreement with MFTBC and MFTT for the acquisition of the Assets, which comprise the Truck Production Plant with a site area of about 1,000,000 square feet located at Lardkrabang, Thailand, and certain fixed assets, tools and equipment for truck production.

Concurrently with the entering into of the Asset Purchase Agreement, the Group has entered into the Distribution Related Agreements with MFTBC and MFTT in relation to production and distribution of Mitsubishi Fuso trucks in Thailand.

This announcement is made pursuant to Rule 13.09 of the Listing Rules for the purpose of keeping the Shareholders and investors of the Company informed of the business development of the Group.

ASSET PURCHASE AGREEMENT

The Board is pleased to announce that MFTBC, MFTT, the Company and the Purchaser have entered into the Asset Purchase Agreement on 7 December 2009 for the acquisition of the Assets by the Group.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, MFTBC, MFTT and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

The Assets

The Assets comprise the Truck Production Plant with a site area of about 1,000,000 square feet located at Lardkrabang, Thailand, which is 40 kilometres east of Bangkok, and certain fixed assets, tools and equipment for truck production.

Consideration

The consideration for the Acquisition is 373.88 million Thai baht (equivalent to approximately HK\$86 million), payable in cash on Closing. The Company intends to fund such consideration through a combination of internal financial resources and bank borrowings.

Conditions precedent

The obligations of MFTT and the Purchaser to consummate the transactions under the Asset Purchase Agreement are subject to the fulfillment, on or before the Closing Date, conditions precedents including (i) no order issued by any court of competent jurisdiction preventing the consummation of the transactions pursuant to the Asset Purchase Agreement is in effect; (ii) all necessary consents have been obtained; (iii) the Distribution Related Agreements have been executed and delivered to the respective parties thereto; (iv) all representations and warranties are true and accurate in all material respects on and as of the Closing Date; (v) all authorizations for the execution, delivery and performance of the Asset Purchase Agreement have been obtained; and (vi) all obligations and covenants required by the Asset Purchase Agreement have been performed and complied in all material respects.

Closing

Subject to the satisfaction or waiver of the conditions precedent above, Closing shall take place on 28 December 2009 or such other date and time as the parties may mutually agreed.

Termination

The Asset Purchase Agreement may be terminated by either party to the Asset Purchase Agreement by notice given prior to the Closing if, among others, the Closing has not occurred on or before 31 January 2010 or such later date as the parties may agree upon.

Restriction on transfer

Provided that any of the Distribution Related Agreements is not terminated, and except for a sale or transfer of the Assets in whole or part to a directly or indirectly owned subsidiary of the Company, for a period of five years from the Closing Date, the Purchaser shall, in the event of a desire to sell or transfer whole or part of the Assets, give MFTBC the first right of refusal to participate in such sale or transfer. The price to be offered to MFTBC shall not be higher than the price at which the Assets were purchased by the Purchaser under the Asset Purchase Agreement adjusted for cost of improvement, addition or enhancement made by the Purchaser to the Assets.

DISTRIBUTION RELATED AGREEMENTS

Concurrently with the entering into of the Asset Purchase Agreement, the Group has entered into the following agreements in relation to production and distribution of Mitsubishi Fuso truck in Thailand:

1. The Inventory Purchase Agreement, pursuant to which FT Thailand agreed to acquire certain trucks in built-up condition manufactured by MFTT for a cash consideration to be determined based on MFTT's stock balance on or about 1 April 2010.
2. The Component Supply and Distribution Agreement, pursuant to which MFTBC agreed to supply components to FT Thailand for its assemble and/or manufacture the Local Vehicles and to appoint FT Thailand as MFTBC's non-exclusive distributor of the Local Vehicles and Local Parts in Thailand for an initial term of three years. The initial term will automatically be extended for two years unless either MFTBC or FT Thailand shall have otherwise notified to the other party at least six months prior to the expiry of the initial term.

3. The License and Technical Assistance Agreement, pursuant to which MFTBC agreed to grant non-exclusive and limited licenses to use know-how and technical information and to practise the inventions covered by patents and patent applications that are owned and controlled by MFTBC in connection with the manufacture, use, sale, offer for sale and import by or on behalf of FT Thailand of the Local Vehicles in Thailand with the payment of a royalty by FT Thailand.
4. The Trademark User Agreement, pursuant to which MFTBC agreed to grant FT Thailand a revocable, non-exclusive and limited license to use the trademarks "FUSO" and "CANTER" in connection with the sale and services of the Local Vehicles and Local Parts in Thailand.

Subject to the occurrence of the Closing, all of the above agreements will become effective as of 1 January 2010.

INFORMATION ON MFTBC AND MFTT

MFTBC is a corporation organized and existing under the laws of Japan and is one of Asia's leading commercial vehicle manufacturers. MFTBC is owned as to 85% by Daimler AG, one of the world's largest truck manufacturers, and as to 15% by various Mitsubishi group companies.

MFTT is a corporation organized and existing under the laws of the Kingdom of Thailand and a wholly-owned subsidiary of MFTBC. MFTT is engaged in the business of manufacturing, assembling and distributing trucks under the Mitsubishi Fuso brand in Thailand and the manufacturing and assembly of trucks for the Thailand market.

REASONS FOR ENTERING INTO THE ASSET PURCHASE AGREEMENT AND THE DISTRIBUTION RELATED DOCUMENTS

The principal activity of the Company is investment holding. The businesses of the Company's principal subsidiaries consist of distribution of motor vehicles in Singapore, Hong Kong, China and Thailand, industrial equipment distribution in Singapore, China, Vietnam and Thailand, property development and rental in Singapore and Hong Kong and parts manufacturing in China.

Thailand, a significant automotive manufacturing country in Asia, forms an important part of the long-term development plans of the Group. The Acquisition is a strategic move to strengthen presence of the Group within the market and the region.

The Acquisition gives the Group immediate access to wide network of dealers of Fuso within Thailand and will significantly enhance its heavy commercial vehicle manufacturing capabilities in Thailand. There is sufficient capacity to be used to consolidate other truck assembly requirements of the Group in Thailand to enable cost savings from economics of scale.

The Group also expects to deliver greater value to business partners and associate companies across the region through strengthening its direct and indirect relationship with Daimler AG and MFTBC. The Group has continued to expand its geographical scope of operations, as well as service and product offerings over the years. Leveraging on Thailand as its truck assembly and distribution hub, the Group seeks to enhance its capabilities in this business segment in Thailand.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Asset Purchase Agreement”	the asset purchase agreement dated 7 December 2009 and entered into among MFTBC, MFTT, the Company and the Purchaser in relation to the Acquisition
“Acquisition”	the acquisition of the Assets by the Purchaser pursuant to the Asset Purchase Agreement
“Assets”	the assets to be acquired by the Purchaser under the Asset Purchase Agreement, which are more particularly described in the paragraph headed “The Assets – Asset Purchase Agreement” in this announcement
“Board”	the board of Directors
“Closing”	closing of the Asset Purchase Agreement
“Closing Date”	28 December 2009 or such other date and time as the parties

may mutually agreed

“Company”	Tan Chong International Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Distribution Related Agreements”	collectively, the agreements more particularly described in the paragraph headed “Distribution Related Agreements” in this announcement
“FT Thailand”	Fuso Truck (Thailand) Co., Ltd., a company incorporated in Thailand and a wholly owned subsidiary of the Company
“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
“Local Parts”	parts, components, replacement parts and accessories manufactured by FT Thailand or procured by FT Thailand from third parties (other than MFTBC) which are accredited and approved by Mitsubishi Fuso in any countries for use in Local Vehicles
“Local Vehicles”	the vehicles assembled and/or manufactured by FT Thailand by incorporating products manufactured or procured by MFTBC and/or Local Parts
“MFTBC”	Mitsubishi Fuso Truck and Bus Corporation, a company incorporated in Japan and owned as to 85% by Daimler AG, and as to 15% by the Mitsubishi group companies

“MFTT”	Mitsubishi Fuso Truck (Thailand) Co., Ltd., a company incorporated in the Kingdom of Thailand and a wholly owned subsidiary of MFTBC
“PRC”	The People’s Republic of China
“Purchaser”	TC Manufacturing and Assembly Co., Ltd., a company incorporated in the Kingdom of Thailand and a wholly owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thai baht”	Thai baht, the lawful currency of the Kingdom of Thailand
“Truck Production Plant”	the truck production plant with a site area of about 1,000,000 square feet located at Lardkrabang, Thailand and owned and operated by MFTT

By Order of the Board
Tan Chong International Limited

Joseph Ong Yong Loke
Deputy Chairman and Managing Director

Hong Kong, 7 December 2009

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

As at the date of this announcement, the directors are Mr. Tan Eng Soon, Mr. Joseph Ong Yong Loke, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat and Mr. Glenn Tan Chun Hong. Independent non-executive directors are Mr. Lee Han Yang, Mdm. Jeny Lau and Mr. Masatoshi Matsuo.