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

**SETTLEMENT OF LEGAL PROCEEDINGS IN THAILAND
AND OTHER COMMERCIAL ARRANGEMENTS**

This announcement is made pursuant to Rule 13.09 of the Listing Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited.

Reference is made to the announcements of Tan Chong International Limited (the “Company” and together with its subsidiaries, the “Group”) dated 8 January 2010 and 19 January 2010 (the “Announcements”) in relation to legal proceedings by Nissan Diesel (Thailand) Co. Ltd. (“NDT”), a wholly owned subsidiary of the Company, against AB Volvo and its three employees in Thailand (the “Legal Proceedings”). Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as defined in the Announcements.

**SETTLEMENT OF LEGAL PROCEEDINGS IN THAILAND AND OTHER
DISPUTES**

The Board of Directors (the “Board”) of the Company announces that on 20 September 2011 the Company, NDT, AB Volvo, UD Trucks Corporation (formerly named NDM) and other respective relevant parties entered into two agreements, a settlement agreement (“Settlement Agreement”) and an umbrella commercial

agreement (“Umbrella Commercial Agreement”), pursuant to which the Company would receive settlement sums from or by arrangement of AB Volvo in full and final settlement of all the disputes between relevant members of the Group and relevant members of the AB Volvo group of entities (including associated employees) including those arising from the Legal Proceedings and an arbitration proceedings in Japan (“Arbitration”) related to the Legal Proceedings and all the disputes arising from the businesses in respect of UD Trucks brand in Thailand, Brunei and Singapore (respectively, “Current Thailand Business”, “Brunei Business” and “Singapore Business” and collectively “UD Trucks Business”) between the Group and AB Volvo’s group. Pursuant to the Settlement Agreement, the relevant parties agree to withdraw or dismiss all actions and proceedings against each other.

The settlement sum payable to the Company pursuant to the Settlement Agreement would be paid on the next working day following formal confirmation of all pending legal actions having been withdrawn or dismissed by agreement as relevant.

The other settlement sum payable to the Company pursuant to the Umbrella Commercial Agreement would be paid in agreed stages including one following the transfer of agreed data by relevant Group members to relevant AB Volvo group and announcements relating to the Settlement Agreement and Umbrella Commercial Agreement; and others following, inter alia, the execution of new agreements for businesses in Thailand, namely Thai assembly agreement and Thai parts agreement by AB Volvo’s designated group member and NDT (the “New Thai Agreements”) in accordance to respective agreed parameters agreed to in the Umbrella Commercial Agreement. The terms and conditions of the New Thai Agreements are being so finalized.

OTHER COMMERCIAL ARRANGEMENTS

Pursuant to the Umbrella Commercial Agreement, the existing agreements for Current Thailand Business, including DA and TAA, shall be terminated on by mutual agreement on the earlier of the 26 December 2012, or on the execution of New Thai Agreements, or, on 31 October 2011. The Brunei Business and Singapore Business between the Group and AB Volvo’s group shall be terminated upon the execution of the Umbrella Commercial Agreement.

SIZE OF THE THAILAND, SINGAPORE AND BRUNEI BUSINESSES

For financial year ended 31 December 2010, the turnover of NDT conducting Current Thailand Business was approximately HK\$331 million, representing about 5.3% of the Group's turnover of HK\$6,199 million.

For financial year ended 31 December 2010, the turnover of Tan Chong Industrial Machinery Pte Ltd, a wholly owned subsidiary of the Company, conducting the Singapore Business was approximately HK\$198 million, representing about 3.2% of Group's turnover of HK\$6,199 million.

For financial year ended 31 December 2010, Borneo Tan Chong Industrial Machinery Pte Ltd, the subsidiary of the Company, conducting Brunei Business nearly has no activities.

ACTION TAKEN BY THE COMPANY

The Company has sought and will continue to seek for business opportunities with other business partners to mitigate the impact caused by the termination of UD Trucks Business.

The Board believes that entering into the Settlement Agreement and the Umbrella Commercial Agreement are in the best interests of the Group and therefore the Company and the shareholders of the Company.

By Order of the Board
Tan Chong International Limited
Joseph Ong Yong Loke
Deputy Chairman and Managing Director

Hong Kong, 20 September 2011

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

As at the date of this announcement, the Executive 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. Non-Executive Director is Mr. Ng Kim Tuck and Independent Non-Executive Directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo and Mr. Tan Ngiap Joo.