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**TAN CHONG INTERNATIONAL LIMITED**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 693)**

**Connected Transaction**

**Sale of Property**

On 11 May 2012, TC Land executed the Option Letter in favour of the Purchaser, pursuant to which TC Land has granted the Purchaser the right to purchase the Property at the Exercise Price by the Expiry Time.

The Purchaser is an independent non-executive Director and therefore is a connected person of the Company. Accordingly, the grant of the Option constitutes a connected transaction of the Company under Rule 14A.68 of the Listing Rules.

As each of the applicable percentage ratios in respect of the Option is less than 5%, the grant of the Option is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

**OPTION LETTER**

**Date**

11 May 2012

**Parties**

- (a) TC Land, a wholly-owned subsidiary of the Company
- (b) The Purchaser

**The Option**

Subject matter : TC Land has granted the Purchaser the right to purchase the Property at the Exercise Price before the Expiry Time.

Deposit : The Purchaser paid TC Land a deposit in the amount of SGD32,888.88 (equivalent to approximately HK\$203,911) on 11 May 2012 for the grant of the Option. Such amount, being 1% of the Exercise Price, was agreed by the parties after arm's length negotiations.

Upon exercise of the Option, the Deposit would be treated as part payment of the Exercise Price.

If the Option is not exercised before the Expiry Time, the Deposit would be forfeited by TC Land.

Exercise of the Option : The Purchaser may exercise the Option at any time prior to the Expiry Time by signing the acceptance copy enclosed with the Option Letter and delivering the same to TC Land's appointed solicitors with a cheque for 5% of the Exercise Price (less the Deposit paid) made in favour of TC Land.

The Option, when exercised, shall constitute a binding contract for the sale and purchase of the Property between TC Land and the Purchaser.

Upon exercise of the Option by the Purchaser, the Property would be sold with vacant possession on an "as is" basis.

Exercise Price : The Exercise Price is SGD3,288,888 (equivalent to approximately HK\$20,391,106) (exclusive of tax, if any), being an amount which was agreed by the parties after arm's length negotiations with reference to the prevailing market prices of properties of similar size in the proximate areas.

Payment : The Purchaser shall:

- a. pay 5% of the Exercise Price (less the Deposit paid) to TC Land upon exercise of the Option; and
- b. pay the balance of the Exercise Price to TC Land upon the expiry of the twelve weeks from the date of exercise of the Option

Completion : The completion of the sale of the Property by TC Land shall take place at the completion of the exercise of the Option to occur upon the expiry of the twelve weeks from the date of exercise of the Option by the Purchaser

Expiry Time : The Option will expire at 4:00 p.m., Singapore time, on 25 May 2012.

### **Information about the Property**

The Property is situated at No. 55 Chempaka Avenue, Oasis@Mulberry, Singapore 349668 and has a gross floor area of approximately 5,560 sq.ft. The value of the Property as accounted for in the accounts of the Company as at 31 December 2011 was approximately SGD1,670,000 (equivalent to approximately HK\$10,354,000).

The Property had not been subject to a tenancy agreement and no profit was derived from it for each of the two years ended 31 December 2011.

### **Reasons for the grant of the Option**

The Property was developed by TC Land and the Group intends to realise the value of the Property through the proposed sale of the Property to the Purchaser.

The Directors (excluding the Purchaser, who has a material interest in the grant of the Option) consider that the grant of the Option for the sale of the Property is in the ordinary and usual course of business of the Group and the terms of the Option are on normal commercial terms, fair and reasonable and in the interest of the Company and its shareholders as a whole.

### **EFFECT OF THE SALE OF THE PROPERTY AND USE OF PROCEEDS**

Upon completion of the exercise of the Option by the Purchaser, it is estimated that the Company would recognise a gross profit of approximately SGD1,618,000 (equivalent to approximately HK\$10,032,000) based on the value of the Property recognised at cost in the accounts of the Company.

The net proceeds to be received from the proposed sale of the Property by TC Land to the Purchaser is estimated to be SGD3,286,000 (equivalent to approximately HK\$20,373,200), and the Group intends to use such net proceeds as general working capital.

### **LISTING RULES IMPLICATIONS**

The Purchaser is an independent non-executive Director and therefore is a connected person of the Company. Accordingly, the grant of the Option constitutes a connected transaction for the Company under Rule 14A.68 of the Listing Rules.

As each of the applicable percentage ratios in respect of the Option is less than 5%, the grant of the Option is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company will issue a further announcement in accordance with Rule 14A.69(2) or Rule 14A.69(3) of the Listing Rules upon the exercise or expiry (as the case may be) of the Option, where applicable.

### **GENERAL INFORMATION**

The principal business of the Group includes (a) distribution of motor vehicles in Singapore, Hong Kong, PRC, Thailand, Taiwan, Philippines, Malaysia, Indonesia, Vietnam and Cambodia; (b) distribution of industrial equipment in Singapore, PRC, Vietnam and Thailand; (c) property development and rental in Singapore, Macau and Hong Kong; and (d) vehicle seat manufacturing in PRC.

The Purchaser has a material interest in the grant of the Option and has abstained from voting on the relevant resolution of the Board approving the grant of the Option.

## DEFINITIONS

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

<b>“Board”</b>	the board of Directors
<b>“Company”</b>	Tan Chong International Limited, a company incorporated in Bermuda with limited liability; and which shares are listed on the Stock Exchange
<b>“Deposit”</b>	the deposit paid by the Purchaser to TC Land for the grant of the Option as provided in the Option Letter
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Exercise Price”</b>	the exercise price provided in the Option Letter to be paid by the Purchaser to TC Land to exercise the Option
<b>“Expiry Time”</b>	4:00 p.m., Singapore time, on 25 May 2012, being the date of expiry of the Option as provided in the Option Letter
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Option”</b>	the option granted by TC Land to the Purchaser to acquire the Property under the terms and conditions of the Option Letter
<b>“Option Letter”</b>	the Option Letter executed by TC Land on 11 May 2012 in favour of the Purchaser
<b>“PRC”</b>	the People's Republic of China
<b>“Property”</b>	the property being the subject of the Option and situated at No. 55 Chempaka Avenue, Oasis@Mulberry, Singapore 349668
<b>“Purchaser”</b>	Mr. Tan Ngiap Joo, an independent non-executive Director
<b>“SGD”</b>	Singapore Dollars, the lawful currency of Singapore

"sq. ft."	square feet
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"TC Land"	Tan Chong Land Company Pte Ltd, a company incorporated in Singapore, being a wholly-owned subsidiary of the Company

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

Hong Kong, 11 May 2012

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. The non-executive Director is Mr. Ng Kim Tuck. The independent non-executive Directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo and Mr. Tan Ngiap Joo.*

*For illustration purposes only, the amounts in SGD are translated to HK\$ at the rate of SGD1.00=HK\$6.2. No representation is made that any amount in SGD has been or could be converted at such rate.*