

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

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 Thursday, 3 May 2007 at 11:00 a.m. is set out on pages 10 to 12 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.

10 April 2007

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 3 May 2007 at 11:00 a.m.
“Bye-laws”	bye-laws of the Company
“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”	28 March 2007, 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 Future Ordinance”	Securities and Future 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

10 April 2007

To Shareholders,

Dear Sir or Madam,

Proposed General Mandates to Issue Shares and Repurchase Shares
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 the notice of the Annual General Meeting, and 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 and the re-election of the retiring directors.

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

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.

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 Kheng Leong, Mr. Neo Ah Chap and Madam Jeny Lau 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 Kheng Leong (“Mr. Tan”), aged 64, was appointed as an executive Director of the Company in April 1998. He is the deputy managing director of the Nissan motor operations in Singapore and a director of several subsidiaries of the Group. Mr. Tan joined Tan Chong Motor Holdings Berhad (“TCMH”) soon after completing his education in 1962. Over the past 44 years, Mr. Tan has worked in all areas of the Group’s motor business specializing in marketing and after-sales service. Mr. Tan holds approximately 11.21% in the share capital of TCC, a substantial Shareholder within the meaning of Part XV of the Securities and Futures Ordinance. As at the latest Practicable Date, Mr. Tan and his family are interested in 2,205,000 Shares and 210,000 Shares of the Company respectively.

Mr. Tan is a cousin of Mr. Tan Eng Soon, chairman and executive Director of the Company and brother-in-law of Mr. Neo Ah Chap, an executive Director. Mr. Tan does not hold any other directorships in listed public companies 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. 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. Neo Ah Chap (“Mr. Neo”), aged 63, was appointed as an executive Director of the Company in April 1998. Mr. Neo is the marketing director of the motor operations in Singapore and a director of several subsidiaries of the Group. Mr. Neo first joined the Group in Singapore in January 1971 as an assistant manager. In 1974, he assumed the position of finance director and subsequently the position of marketing director since 1977. He was trained as an Accountant in Perth, Australia and is a member of the Institute of Certified Public Accountants of Singapore and CPA Australia.

Mr. Neo is a brother-in-law of Mr. Tan Kheng Leong, an executive Director. Save as disclosed, he does not hold any other directorships in any listed public companies in the last three years. As at the latest Practicable Date, Mr. Neo has personal interest in 3,300,000 Shares within the meaning of Part XV of the Securities and Futures Ordinance.

There is no service contract between the Company and Mr. Neo. Mr. Neo 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)

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

Madam Jeny Lau (“Mdm. Lau”), aged 48, was appointed as an independent non-executive Director of the Company in August 2003. Prior to that, she was a non-executive Director of the Company during the period from 28 September 2004 to 13 May 2005. She has been appointed a member of both the audit and remuneration committees of the Company. She is a certified public accountant and is a member of the American Institute of Certified Public Accountants, Hong Kong Society of Accountants and Hong Kong Securities Institute. She has extensive financial service experience from senior positions held at investment banks, commercial banks and global accounting firms. Mdm. Lau holds a Master Degree in Accountancy and Systems. She is now the director of corporate finance department of a Hong Kong listed company which has no relationship or dealings whatsoever with the Company. Save as disclosed above, Mdm. Lau 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.

Mdm. Lau does not have any relationships with any directors, senior management, substantial or controlling shareholder of the Company. As at the latest Practicable Date, Mdm. Lau 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 Mdm. Lau. Mdm. Lau 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. 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.

Save as disclosed above, there are no other matters relating to her 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.

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.

LETTER FROM THE BOARD (CONTINUED)

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 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 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 2006, 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 \$
2006		
March	1.900	1.750
April	1.870	1.680
May	1.750	1.650
June	1.920	1.700
July	1.720	1.700
August	1.910	1.690
September	2.150	1.700
October	2.050	1.800
November	1.870	1.700
December	1.840	1.720
2007		
January	1.870	1.800
February	1.970	1.830
March (up to Latest Practicable date)	1.960	1.820

Source: The Stock Exchange of Hong Kong Limited

APPENDIX – EXPLANATORY STATEMENT (CONTINUED)

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.

As at the Latest Practicable Date, to the best knowledge and belief of the Directors, TCC was interested in 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.