

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 or the transfer 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 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 Wednesday, 30 May 2012 at 11:00 a.m. is set out on pages 10 to 14 of this circular. A form of proxy for use at the annual general meeting is also enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.tanchong.com/en/investor_relations.htm). 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 or any adjournment thereof. 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.

19 April 2012

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 May 2012 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 with limited liability 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”	13 April 2012, 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”	The 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. Glenn Tan Chun Hong
Mr. Lee Han Yang*
Mr. Masatoshi Matsuo*
Mr. Tan Ngiap Joo*
Mr. Ng Kim Tuck^

Honorary Life Counsellor:

Dato' Tan Kim Hor

* Independent non-executive director
^ Non-executive director

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

19 April 2012

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 6 May 2011, 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 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 (CONTINUED)

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

In accordance with Bye-law 87 (1) of the Bye-laws, Mr Lee Han Yang, Mr Joseph Ong Yong Loke, and Mr Tan Kheng Leong will retire from the Board by rotation at the Annual General Meeting and, being eligible, Mr Lee Han Yang, Mr Joseph Ong Yong Loke, and Mr Tan Kheng Leong offer themselves for re-election. In accordance with Bye-law 86(2) of the Bye-laws, Mr Ng Kim Tuck will hold office until the Annual General Meeting, and being eligible, offer himself 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 Lee Han Yang ("Mr Lee"), aged 80, 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. 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 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 within 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, or substantial shareholders 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.

Mr Joseph Ong Yong Loke ("Mr Ong"), aged 63, was appointed as Executive Director of the Company in March 1997. He is the Managing Director of the Company since its listing in July 1998. He was also appointed as a Deputy Chairman of the Company in November 2009 and a director of certain subsidiaries of the Group. He joined the Group in 1981 and has served in a number of senior capacities in Singapore before his posting to Hong Kong in 1992. Mr Ong, a Chartered Surveyor, graduated with a Bachelor of Science degree (Building Economics) from the University of Reading, United Kingdom in 1971. His previous work experience includes appointment with the Singapore Ministry of Defence and Straits Steamship Co. Limited from 1976 to 1980.

LETTER FROM THE BOARD (CONTINUED)

Saved as disclosed above, Mr Ong does not hold any other directorships in listed public companies in Hong Kong or overseas in the last three years. He does not have any relationships with any directors, senior management, or substantial shareholders of the Company. As at the Latest Practicable Date, Mr Ong is interested in 2,419,536 Shares, representing approximately 0.12 per cent of the issued capital of the Company, of which Mr Ong has personal interest of 684,000 Shares, family interest of 795,000 Shares and corporate interest of 940,536 Shares within the meaning of Part XV of the SFO.

There is no service contract between the Company and Mr Ong. Mr Ong 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 Tan Kheng Leong ("Mr Tan"), aged 69, 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 certain subsidiaries of the Group. Mr Tan joined Tan Chong Motor Holdings Berhad ("TCMH") soon after completing his education in 1962. Over the past 49 years, Mr Tan has worked in all areas of the Group's motor and industrial business. Mr Tan holds approximately 15.38 per cent in the share capital of Tan Chong Consolidated Sdn. Bhd ("TCC"), a substantial shareholder of the Company within the meaning of Part XV of the SFO. As at the Latest Practicable Date, Mr Tan is interested in 1,166,506,119 Shares, representing approximately 57.93 per cent of the issued capital of the Company, of which Mr Tan has personal interest of 2,205,000 Shares, family interest of 210,000 Shares and interests pursuant to sections 317 and 318 of the SFO of 1,164,091,119 Shares of the Company within the meaning of Part XV of the SFO.

Mr Tan is a cousin of Mr Tan Eng Soon, Chairman and Executive Director of the Company and an uncle of Mr Glenn Tan Chun Hong, Executive Director of the Company. Save as disclosed above, he is not related to any directors, senior management or substantial 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.

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.

Mr Ng Kim Tuck ("Mr Ng"), aged 58, was appointed as a Non-Executive Director of the Company in June 2011. Mr Ng is currently the Senior Audit Advisor to BDO Malaysia. He is a Council Member of the Malaysian Institute of Accountants ("MIA"), a Council Member of the Malaysian Institute of Certified Public Accountants ("MICPA"), and was previously a Member of the Malaysian Institute of Taxation. Mr Ng also serves on various committees and working groups of the MIA and MICPA. He joined KPMG Malaysia in 1974 and was admitted as a partner of the firm in 1985. He had been the partner-in-charge of KPMG Malaysia's Audit Division, Finance as well as Risk Management and Ethics and Independence. He was also formerly the Chairman of KPMG Malaysia's Audit and Accounting Committee and retired from the firm in December 2010.

Save as disclosed above, Mr Ng does not hold any other positions within the Group and does not hold any other directorships in listed public companies in Hong Kong or overseas in the last three years. Mr Ng does not have any relationships with any directors, senior management, or substantial shareholders of the Company. As at the Latest Practicable Date, Mr Ng 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 Ng. Mr Ng 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 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.

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 or any adjournment thereof. 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 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 2011, 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 \$
2011		
March	1.960	1.830
April	2.010	1.880
May	1.910	1.830
June	1.870	1.820
July	2.080	1.800
August	2.000	1.660
September	2.300	1.650
October	1.810	1.600
November	2.000	1.620
December	1.990	1.900
2012		
January	1.980	1.780
February	2.000	1.840
March	2.000	1.830
April (up to the Latest Practicable Date)	1.890	1.810

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 is or is deemed to be interested in 1,164,091,119 Shares representing approximately 57.81 per cent of the existing issued share capital of the Company of which TCC has or controls the voting rights in respect of 813,905,078 Shares, representing approximately 40.42 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 voting rights in respect of Shares held or controlled by TCC in the Company, assuming there shall be no change in its interests in the Shares after the Latest Practicable Date, will be increased to approximately 44.91 per cent of the issued share capital of the Company respectively. To the best knowledge and belief of the Directors, such increase would give rise to an obligation of TCC to make a mandatory offer under the Takeovers Code. Currently, 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. Currently, the Directors have no intention to exercise the Repurchase Mandate to the extent as to further reduce the amount of Shares held by the public.

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.