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TAN CHONG INTERNATIONAL LIMITED
陳唱國際有限公司
(incorporated in Bermuda with limited liability)
(Stock Code: 693)

MAJOR TRANSACTION
ACQUISITION OF REMAINING INTEREST IN ETHOZ GROUP LTD.

THE DEFINITIVE AGREEMENT

On 29 June 2022, Tan Chong (being a direct wholly-owned subsidiary of the Company), OC, OLS and Ethoz entered into the Definitive Agreement, pursuant to which (a) OC agrees to sell and Tan Chong agrees to purchase the OC Sale Shares at the consideration of S\$12,200,000 (equivalent to approximately HK\$68,930,000); (b) OLS agrees to sell and Tan Chong agrees to purchase the OLS Sale Shares at the consideration of S\$30,500,000 (equivalent to approximately HK\$172,325,000); and (c) Ethoz agrees to repurchase from OC the OC Repurchase Shares at the consideration of S\$109,800,000 (equivalent to approximately HK\$620,370,000). The total consideration payable by Tan Chong under the Definitive Agreement (i.e. the Sale Shares Consideration) is S\$42,700,000 (equivalent to approximately HK\$241,255,000). Upon completion of the Transaction, Ethoz will become a wholly-owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Transaction exceeds 25% but is less than 100%, the Transaction constitute a major transaction for the Company and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene an extraordinary general meeting for the approval of the Transaction.

At the date of this announcement, Tan Chong Consolidated Sdn. Bhd., Promenade Group Limited and Time Strategy Group Limited, in which Mr. Tan Eng Soon (chairman of the Board and an executive Director) has an interest and which together constitute a closely allied group of Shareholders, hold 705,819,720 Shares, 212,067,000 Shares and 104,497,700 Shares, respectively, and together represent approximately 50.78% of the issued share capital of the Company at the date of this announcement. The Company has obtained the written approval of Tan Chong Consolidated Sdn. Bhd., Promenade Group Limited and Time Strategy Group Limited, on the Definitive Agreement and the Transaction pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Transaction.

A circular containing, among other things, details about the Transaction required under the Listing Rules is expected to be despatched for the Shareholders' information on or before 21 July 2022.

On 29 June 2022, Tan Chong (being a direct wholly-owned subsidiary of the Company), OC, OLS and Ethoz entered into the Definitive Agreement, pursuant to which (a) OC agrees to sell and Tan Chong agrees to purchase the OC Sale Shares at the consideration of S\$12,200,000 (equivalent to approximately HK\$68,930,000); (b) OLS agrees to sell and Tan Chong agrees to purchase the OLS Sale Shares at the consideration of S\$30,500,000 (equivalent to approximately HK\$172,325,000); and (c) Ethoz agrees to repurchase from OC the OC Repurchase Shares at the consideration of S\$109,800,000 (equivalent to approximately HK\$620,370,000). The total consideration payable by Tan Chong under the Definitive Agreement (i.e. the Sale Shares Consideration) is S\$42,700,000 (equivalent to approximately HK\$241,255,000).

THE DEFINITIVE AGREEMENT

Date

29 June 2022

Parties

- (a) Tan Chong, a direct wholly-owned subsidiary of the Company, as purchaser of the OC Sale Shares and the OLS Sale Shares;
- (b) OC, as seller of the OC Sale Shares and the OC Repurchase Shares;
- (c) OLS, as seller of the OLS Sale Shares; and
- (d) Ethoz, as purchaser of the OC Repurchase Shares.

Transaction – acquisition by Tan Chong

Subject Matter – acquisition by Tan Chong

Tan Chong agrees to purchase, and OC and OLS agree to sell, all such shares representing 14% of the total issued share capital of Ethoz, comprising the OC Sale Shares (representing 4% of the total issued share capital of Ethoz as at the date of this announcement) and the OLS Sale Shares (representing 10% of the total issued share capital of Ethoz as at the date of this announcement).

As at the date of this announcement, Ethoz is owned as to 50% by Tan Chong and is not a subsidiary of the Company.

Consideration for the acquisition by Tan Chong

The Sale Shares Consideration of S\$42,700,000 (equivalent to approximately HK\$241,255,000) payable by Tan Chong at completion:

- (a) comprises (i) S\$12,200,000 (equivalent to approximately HK\$68,930,000) for the OC Sale Shares and (ii) S\$30,500,000 (equivalent to approximately HK\$172,325,000) for the OLS Sale Shares;
- (b) was determined after arm's length negotiations among Tan Chong, OC and OLS on normal commercial terms based on the Agreed Equity Value of S\$305,000,000 (equivalent to approximately HK\$1,723,250,000) in respect of 100% of the equity value of Ethoz; and
- (c) will be funded from its internal resources.

Transaction – repurchase by Ethoz

Subject Matter – repurchase by Ethoz

Ethoz agrees to repurchase from OC the OC Repurchase Shares (representing 36% of the total issued share capital of Ethoz as at the date of this announcement). The OC Repurchase Shares together with the OC Sale Shares and the OLS Sale Shares represent all the issued shares of Ethoz not owned by the Group as at the date of this announcement.

Consideration for the repurchase by Ethoz

The consideration for the OC Repurchase Shares of S\$109,800,000 (equivalent to approximately HK\$620,370,000) payable by Ethoz at the relevant completion of the OC Repurchase Shares:

- (a) was determined on the same basis as that of the Sale Shares Consideration; and
- (b) will be funded from its internal resources.

Condition precedent

Completion of the Transaction is conditional upon the Company having received the approval of the Shareholders on the Definitive Agreement and the Transaction,

as required under Rule 14.40 of the Listing Rules (the “**Condition**”), on or before the Long Stop Date.

As written approval of the relevant Shareholders on the Definitive Agreement and the Transaction has been obtained pursuant to Rule 14.44 of the Listing Rules, the above Condition is satisfied. Please refer to the section headed “LISTING RULES IMPLICATIONS” below.

Completion

Completion of the Transaction is expected to take place on 1 July 2022 (in relation to the OC Sale Shares, the OLS Sale Shares and the remaining 320,000 OC Repurchase Shares).

Due to certain limits under the Companies Act 1967 of Singapore in relation to maximum number of ordinary shares that may be repurchased by a company during each period between its annual general meetings, completion of the repurchase of the first tranche of 400,000 OC Repurchase Shares (representing 20% of the total issued share capital of Ethoz as at the date of this announcement) is scheduled to take place on 29 June 2022, followed by completion of the repurchase of the second tranche of 320,000 OC Repurchase Shares on 1 July 2022 after the holding of the general meeting of Ethoz on 30 June 2022.

Upon completion of the Transaction, (a) Ethoz will become a wholly-owned subsidiary of the Company; and (b) the existing joint venture agreement among the parties in relation to Ethoz shall be terminated (without prejudice to any antecedent breach).

INFORMATION OF THE GROUP AND TAN CHONG

The principal business of the Group includes (a) distribution and aftersales of motor vehicles in Singapore, Hong Kong, Thailand, Taiwan, Philippines, Malaysia, Vietnam and Cambodia, and the sales and aftersales of motor vehicles in the southern part of the PRC; (b) distribution of industrial equipment in Singapore, Vietnam and Thailand; (c) property development and rental in Singapore and Hong Kong; (d) vehicle seat manufacturing in the PRC; (e) assembly of automobiles in Thailand; and (f) provision of vehicle transportation service and human resource management service in relation to transportation business in Japan.

The Company is an investment holding company incorporated in Bermuda with limited liability and its shares are listed on the Main Board of the Stock Exchange (stock code: 693).

Tan Chong is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION OF OC AND OLS

OC is a company incorporated in Japan and its shares are listed on the Tokyo Stock Exchange (8591) and the New York Stock Exchange (IX). OC is an

integrated financial services group based in Tokyo, Japan, providing innovative value-added products and services to both corporate and retail customers.

OLS is a company incorporated in Singapore and is principally engaged in provision of financial services. As at the date of this announcement, OLS is owned as to 50%, 30% and 20% by OC, DBS Bank Ltd. and United Overseas Bank Limited, respectively.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, OC and OLS and their respective ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

INFORMATION OF ETHOZ

General information

Ethoz is a company incorporated in Singapore and is principally engaged in provision of car rental services, automotive leasing and capital financing. As at the date of this announcement, Ethoz (a) is owned as to 50%, 40% and 10% by Tan Chong, OC and OLS, respectively; (b) is accounted for as interests in associates for the Group; and (c) is not a subsidiary of the Company.

Financial information

Set out below is a summary of the audited consolidated financial information of Ethoz for the two financial years ended 31 December 2021:

	For the financial year ended 31 December	
	2020	2021
	S\$	S\$
Net profit before taxation	26,409,623 (equivalent to approximately HK\$149,214,370)	27,319,268 (equivalent to approximately HK\$154,353,864)
Net profit after taxation	19,862,542 (equivalent to approximately HK\$112,223,362)	20,637,014 (equivalent to approximately HK\$116,599,129)

The audited consolidated net asset value of Ethoz as at 31 December 2021 was S\$285,108,469 (equivalent to approximately HK\$1,610,862,850).

REASONS FOR AND BENEFITS OF THE TRANSACTION

Upon completion of the Transaction, Ethoz (which is accounted for as interests in associates for the Group as at the date of this announcement) will become a wholly-owned subsidiary of the Company. The Company's control over the operations of Ethoz will therefore be further enhanced, providing greater flexibility in the

determination of its strategic direction as well as unfettered day-to-day decision making processes, thereby accelerating the efficiency and competitiveness of its businesses.

The Directors (including the independent non-executive Directors) consider that the terms of the Definitive Agreement and the Transaction are entered into on normal commercial terms and after arm's length negotiations among the parties and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Transaction exceeds 25% but is less than 100%, the Transaction constitutes a major transaction for the Company and is subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene an extraordinary general meeting for the approval of the Transaction.

At the date of this announcement, Tan Chong Consolidated Sdn. Bhd., Promenade Group Limited and Time Strategy Group Limited, in which Mr. Tan Eng Soon (chairman of the Board and an executive Director) has an interest and which together constitute a closely allied group of Shareholders, hold 705,819,720 Shares, 212,067,000 Shares and 104,497,700 Shares, respectively, and together represent approximately 50.78% of the issued share capital of the Company at the date of this announcement. The Company has obtained the written approval of Tan Chong Consolidated Sdn. Bhd., Promenade Group Limited and Time Strategy Group Limited, on the Definitive Agreement and the Transaction pursuant to Rule 14.44 of the Listing Rules. As a result, no extraordinary general meeting will be convened to consider the Transaction.

A circular containing, among other things, details about the Transaction required under the Listing Rules is expected to be despatched for the Shareholders' information on or before 21 July 2022.

DEFINITIONS

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

“Agreed Equity Value”	the valuation of S\$305,000,000 for 100% of the equity value of Ethoz as agreed by the parties to the Definitive Agreement, which excludes the Final Dividend
“connected person”, “percentage ratio” and “subsidiary(ies)”	each has the meaning ascribed to it by the Listing Rules
“Board”	the board of the Directors
“Company”	Tan Chong International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 693)
“Condition”	has the meaning as defined under the section headed “THE DEFINITIVE AGREEMENT – Condition precedent” of this announcement
“Definitive Agreement”	the definitive agreement relating to the shares in Ethoz Group Ltd. dated 29 June 2022 entered into among Tan Chong, OC, OLS and Ethoz, whereby Tan Chong will become a 100% shareholder of Ethoz after completion of the acquisition and repurchase as contemplated thereunder
“Director(s)”	the director(s) of the Company
“Ethoz”	Ethoz Group Ltd., a company incorporated in Singapore and owned as to 50%, 40% and 10% by Tan Chong, OC and OLS, respectively, as at the date of this announcement
“Ethoz Group”	Ethoz and its subsidiaries
“Final Dividend”	the final dividend of S\$8,000,000 by Ethoz for the financial year ended 31 December 2021 distributed to Tan Chong, OC and OLS on 27 June 2022 according to their respective shareholding proportions in

	Ethoz as at the date such final dividend was declared
“Group”	the Company and its subsidiaries, as at the date of this announcement
“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
“Long Stop Date”	8 July 2022 or such other date as the parties to the Definitive Agreement may agree in writing
“OC”	ORIX Corporation, a company incorporated in Japan and the shares of which are listed on the Tokyo Stock Exchange (8591) and the New York Stock Exchange (IX)
“OC Repurchase Shares”	720,000 ordinary shares in Ethoz held by OC, which represent 36% of the total issued share capital of Ethoz as at the date of this announcement
“OC Sale Shares”	80,000 ordinary shares in Ethoz held by OC, which represent 4% of the total issued share capital of Ethoz as at the date of this announcement
“OLS”	ORIX Leasing Singapore Limited, a company incorporated in Singapore and owned as to 50%, 30% and 20% by OC, DBS Bank Ltd. and United Overseas Bank Limited, respectively, as at the date of this announcement
“OLS Sale Shares”	200,000 ordinary shares in Ethoz held by OLS, which represent 10% of the total issued share capital of Ethoz as at the date of this announcement
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan

“Sale Shares Consideration”	the consideration for the OC Sale Shares and OLS Sale Shares payable by Tan Chong under the Definitive Agreement
“Shares(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
“S\$”	Singapore dollars, the lawful currency of Singapore
“Tan Chong”	Tan Chong Investments Limited, a company incorporated in the British Virgin Islands and a direct wholly-owned subsidiary of the Company
“Transaction”	the transaction contemplated under the Definitive Agreement
“%”	per cent.

For the purpose of this announcement, the exchange rate of S\$1.00 = HK\$5.65 has been used for currency translation, where applicable. Such an exchange rate is for illustrative purposes and does not constitute representations that any amount in HK\$ or S\$ has been, could have been or may be converted at such a rate.

By order of the board of Directors
Tan Chong International Limited
Teo Siok Ghee
Liew Daphnie Pingyen
Joint Company Secretaries

Hong Kong, 29 June 2022

As at the date of this announcement, the executive Directors are Mr. Tan Eng Soon, Mr. Glenn Tan Chun Hong, Mr. Tan Kheng Leong and Mdm. Sng Chiew Huat. The non-executive Director is Mr. Joseph Ong Yong Loke. The independent non-executive Directors are Mr. Ng Kim Tuck, Mr. Azman Bin Badrillah, Mr. Prechaya Ebrahim, Mr. Teo Ek Kee and Mr. Charles Tseng Chia Chun.