



INTERIM RESULTS

The Board of Directors (the “Board”) of Tan Chong International Limited is pleased to announce the following unaudited results of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 June 2002 together with the comparative figures for the corresponding period in 2001.

	<i>Notes</i>	Six months ended 30 June	
		2002	2001
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover		1,993,586	2,828,744
Other Revenue		21,910	19,309
Revenue	2	2,015,496	2,848,053
Cost of sales		(1,705,921)	(2,335,208)
Gross profit		309,575	512,845
Other operating income		17,845	31,420
Distribution costs		(98,656)	(128,465)
Administrative expenses		(106,958)	(113,428)
Other operating expenses		(3,232)	(35,018)
Profit from operations		118,574	267,354

Financing costs		(2,052)	(3,626)
Share of results of associates		14,862	10,745
Profit before taxation and minority interests	3	131,384	274,473
Income tax expense	4	(28,903)	(82,542)
Profit before minority interests		102,481	191,931
Minority interests		404	156
Profit attributable to shareholders		102,885	192,087
Dividends	5	(70,466)	(60,399)
Earnings per share (cents)	6	5.1	9.5

Notes:

1. **Basis of preparation**

The interim financial statements have been prepared in accordance with the requirements of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Committee.

2. **Segmental Information**

Group Revenue		Profit from operations	
Six months ended		Six months ended	
30 June		30 June	
<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>

By business segments

Motor vehicle distribution	1,802,512	2,608,310	74,484	244,130
Heavy commercial vehicle and industrial equipment distribution	112,349	143,558	10,954	17,863
Sale of telecommunication products	608	16,577	(116)	131
Property rentals	11,904	12,810	6,308	(5,948)
Other operations	88,123	66,798	26,944	11,178
	2,015,496	2,848,053	118,574	267,354

**Group Revenue
Six months ended 30 June***2002* *2001**HK\$'000* *HK\$'000***By geographical locations**

Singapore	1,945,607	2,757,600
Hong Kong	33,637	49,098
PRC	14,619	12,403
Others	21,633	28,952
	2,015,496	2,848,053

3. Profit before taxation and minority interests

	Six months ended 30 June	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation and minority interests is arrived at after charging/(crediting):		
Interest expense	2,052	3,626
Decrease in fair value of investment properties	--	15,661
Depreciation	24,276	21,869
Gain on sale of fixed assets	(1,557)	(2,130)

4. Taxation

	Six months ended 30 June	
	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Group:		
Hong Kong	Nil	Nil
Elsewhere	25,472	78,984
Associates	3,431	3,558
	28,903	82,542

Taxes on profits have been provided for at the applicable rates of taxation on the estimated assessable profits arising in the relevant jurisdictions for the period.

5. Dividends

Six months ended 30 June

2002 2001

HK\$'000 HK\$'000

Dividends paid by the Company:

Final dividend of 3.5 cents paid in respect of prior year (3.0 cents in 2000)	70,466	60,399
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6. Earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2002 is based on net profit attributed to ordinary shareholders of HK\$102,885,000 (2001: HK\$192,087,000) and divided by the weighted average number of shares of 2,013,309,000 (2001: 2,013,309,000) in issue during the period.

The amount of diluted earnings per share is not presented as there were no dilutive shares outstanding during the six months ended 30 June 2002 and 2001.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of 1.5 cents (2001: 1.5 cents) per share on the shares in issue amounting to a total of HK\$30,200,000 (2001: HK\$30,200,000), which will be payable on 24 September 2002 to shareholders whose names appear on the Register of Members on 18 September 2002. Dividend warrants will be sent to shareholders on 24 September 2002.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 16 September 2002 to 18 September 2002, both days inclusive. During this period, no transfer of shares will be effected and registered.

In order to qualify for the entitlement of the interim dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Computershare Hong Kong Investor Services Limited, Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00pm on 13 September 2002.

MANAGEMENT REVIEW

Overall Results

The Board is pleased to announce that the Group has achieved a satisfactory set of results for the half year ended 30th June 2002.

Group results were affected by several contributory factors.

Firstly, in line with the review of Group results for Year 2001 whereby the Board foresaw “that for year 2002, because of the change to open bidding for car quotas, profit margins may be squeezed even with expected increase in market size for vehicles”, profit attributable to shareholders was down 21% and 47% when compared with the second half and first half of year 2001 respectively. Market size in Singapore did not increase as expected but declined 7%.

Secondly, intense competition through new model launches and aggressive pricing has translated into lower Group revenue and unit sales volume, which declined by 7% and 6% when compared with the 2nd half of last year and by 29% and 29% half year on half year.

Thirdly, the Japanese Yen against the Singapore Dollar has appreciated 5% (from 1.41 to 1.48) during this first half year.

Financial Strength

Financially, the Group continues to grow from strength to strength. Net tangible assets were up HKD0.08 per share to HKD1.66 per share mainly due to translation gains and profit contributions. Net cash was marginally affected by taxes and dividend paid and by increase in working capital. The increase in working capital was due to higher stock and trade debtors because of a fivefold increase in supply of taxis tendered. Bank borrowings remained at around HKD 100 million and are unsecured and the Group has no contingent liabilities.

Capital Commitments

As at 30th June 2002, capital commitments in respect of two construction projects and a property purchase in Singapore at UBI Road 4 and Upper Aljunied Road and at Sixth Lok Yang Road are HKD 69.7 million and HKD 14.1 million and HKD 21.9 million respectively. Main contract work for Upper Aljunied Road is yet to be awarded.

Motor Trade

As anticipated, Nissan car sales business in Singapore was adversely impacted by intense competition through aggressive pricing, newer models of cars brought in by competitors and the

change to open bidding for car quotas. The situation was exacerbated by the appreciation of Japanese Yen against the Singapore Dollar. Profit margins were squeezed and volume declined resulting in a smaller market share. The Board is however encouraged by the sales performance of Nissan SUV and MPV, which became market leaders in their respective classes. Sales performance of our Subaru car distribution network in Singapore soared by 46% and 26% when compared to the 1st and 2nd half of Year 2001 respectively. We expect the competition to remain unabated in the second half putting continuing pressure on sales and profit.

Heavy Commercial Vehicle and Industrial Equipment

The position in the Heavy Commercial Vehicle and Industrial Equipment Division continue to move downwards because of the slow economic recovery in Singapore and the surrounding countries particularly in the logistics businesses. Revenue and profit from operations were down by 22% and 39% respectively.

Property Rentals

The property rentals market in Singapore remained soft. However, although rental revenue of our properties in Singapore was down because of soft rental rates, occupancy remains good. The encouraging occupancy level coupled with cost cutting measures has resulted in better operating profits. As for Shui On Centre in Hong Kong there is full occupancy and bottom line has improved as a result of reduction in bank borrowings. We expect overall performance of the Group's Property Division to be stable for the remaining part of the year.

Others

In July, Fuji Heavy Industries signed an exclusive distribution agreement with our wholly owned subsidiary Motor Image China Limited to market their SUBARU vehicles in Guangdong, China. Two dealers have been appointed to date and several more will be added to cater for the market. SUBARU will introduce their trademark All Wheel Drive, world renown WRX sports sedan and also Forester sports SUV. Guangdong has the highest per capita GNP of all the provinces in China and offers good prospects for the premium SUBARU products.

Our tyre distribution company, Tyre Pacific (HK) Ltd made further inroads into the China market with the expansion into motorcycle and heavy truck tyres. Our new Guangzhou tyre gallery is the first of its kind in China to showcase the full range of DUNLOP tyres, which we represent. Sales improve by 55% over the corresponding half year.

Our Hangzhou DongFeng Nissan Diesel JV is on track to achieving better sales and profit results than last year. The recognition of quality in their products is propelling better sales and acceptance in the market.

The SUBARU Guizhou JV is facing intense competition in the mini-car sector. Nevertheless, the company achieved better sales and reduced operational loss and more effort at cost rationalization will be carried out to improve contributions.

In Thailand our fledging Companies distributing SUBARU vehicles and renting Nissan Forklifts had a profitable half-year. The distribution of Nissan Forklifts in Zhejiang and Jiangsu Province and Shanghai, signed with Nissan Motor in November last year, is now operational and sales are satisfactory.

Progress and Prospects

The difficult situation in Singapore is further compounded by the overall external factors of slowing growth in United States and persisting high unemployment rates in the region.

For future prospects, we continue to look into expanding our current businesses in the region particularly in China and Thailand. For the balance of the year we will be introducing new car models in the various markets, which will stimulate sales.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There were no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the period.

CODE OF BEST PRACTICE

No director of the Company is aware of any information which would reasonably indicate that the Company is not, or was not, at any time during the six months ended 30 June 2002, acting in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules of the Stock Exchange, except that the independent non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's Bye-Laws.

By Order of the Board
Dato' Tan Kim Hor
Chairman
Hong Kong, 15 August 2002

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

Full details of the financial information required to be disclosed under paragraph 46(1) to 46(6) inclusive of Appendix 16 of the Rules Governing the Listing of Securities on the Stock Exchange will be subsequently published on the website of the Stock Exchange - www.hkex.com.hk

Tan Chong International Limited

(Incorporated in Bermuda with limited liability)

Please also refer to the published version of this announcement in the South China Morning Post.