



FINAL RESULTS

The Board of Directors (the “Board”) of Tan Chong International Limited is pleased to announce the following audited results of the Group for the year ended 31 December 2002.

	<i>Notes</i>	For the year ended 31 December	2002	2001
			HK\$'000	HK\$'000
Turnover			3,856,099	4,969,606
Other Revenue			<u>55,733</u>	<u>51,419</u>
Revenue	2		3,911,832	5,021,025
Cost of sales			<u>(3,268,925)</u>	<u>(4,108,233)</u>
Gross profit			642,907	912,792
Other operating income			71,992	65,401
Distribution costs			<u>(194,247)</u>	<u>(218,134)</u>
Administrative expenses			<u>(211,268)</u>	<u>(215,592)</u>
Other operating expenses			<u>(26,865)</u>	<u>(129,466)</u>
Profit from operations			282,519	415,001
Financing costs			<u>(5,980)</u>	<u>(6,230)</u>
Share of results of associates			<u>30,546</u>	<u>29,718</u>
Profit before taxation and minority interests	3		307,085	438,489
Income tax expense	4		<u>(69,271)</u>	<u>(119,825)</u>
Profit before minority interests			237,814	318,664
Minority interests			<u>424</u>	<u>1,479</u>
Profit attributable to shareholders			<u>238,238</u>	<u>320,143</u>
Dividends paid during the year	5		<u>100,666</u>	<u>90,599</u>
Earnings per share (cents)	6		<u>11.8</u>	<u>15.9</u>

Notes:

1. Basis of consolidation

The consolidated accounts of the Company for the year ended 31 December 2002 comprise the Company and all its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

2. Segmental Information

	Group Revenue For the year ended 31 December		Profit from operations For the year ended 31 December	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
By business segments				
Motor vehicle distribution	3,422,732	4,581,839	220,844	397,780
Heavy commercial vehicle and industrial equipment distribution	344,612	288,270	32,831	31,761
Property rentals	25,181	28,910	(11,511)	(38,308)
Other operations	119,307	122,006	40,355	23,768
	<u>3,911,832</u>	<u>5,021,025</u>	<u>282,519</u>	<u>415,001</u>
By geographical locations				
Singapore	3,691,145		4,867,987	
Hong Kong	64,471		89,685	
PRC	62,784		23,418	
Others	93,432		39,935	
	<u>3,911,832</u>		<u>5,021,025</u>	

3. Profit before taxation and minority interests

	For the year ended 31 December	
	2002 HK\$'000	2001 HK\$'000
Profit before taxation and minority interests is arrived at after charging/(crediting) the following:		
Cost of goods sold	3,046,001	3,834,316
Interest expense	5,980	6,230
Decrease in fair value of investment properties	11,140	82,483
Amortisation of lease prepayments	3,253	4,584
Depreciation of property, plant and equipment	47,679	45,430
Gain on sale of property, plant and equipment	(4,521)	(4,609)
Gain on sale of investment properties	<u>—</u>	<u>(4,262)</u>

4. Taxation

	For the year ended 31 December	
	2002 HK\$'000	2001 HK\$'000
Group:		
Hong Kong	614	1,842
Singapore	62,704	111,908
Elsewhere	312	134
Associates	5,641	5,941
	<u>69,271</u>	<u>119,825</u>

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 year.

5. **Dividends**

	For the year ended 31 December	
	2002 HK\$'000	2001 HK\$'000
Dividends paid by the Company:		
Final dividend of 3.5 cents proposed in 2001 (3.0 cents in 2000)	70,466	60,399
Interim dividend of 1.5 cents declared in 2002 (1.5 cents in 2001)	<u>30,200</u>	<u>30,200</u>
	<u>100,666</u>	<u>90,599</u>

6. **Earnings per share**

The calculation of basic earnings per share is based on net profit for the year attributed to ordinary shareholders of HK\$238,238,000 (2001: HK\$320,143,000) and divided by the weighted average number of shares of 2,013,309,000 (2001: 2,013,309,000) in issue during the year.

The amount of diluted earnings per share is not presented as there were no dilutive securities outstanding during 2002 and 2001.

FINAL DIVIDEND

The Board recommends a final dividend of 3.5 cents per share on the shares in issue absorbing a total of HK\$70,466,000, which will be payable on 23 May 2003 to shareholders whose names appear on the Register of Members on 9 May 2003, subject to the approval of shareholders at the Annual General Meeting to be held on 9 May 2003.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 30 April 2003 to 9 May 2003, both days inclusive. During this period, no transfer of shares will be effected and registered.

In order to qualify for the entitlement of the proposed final 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 29 April 2003.

MANAGEMENT REVIEW

SUMMARY

The Group has done well in the face of adverse impact from the economic slow down throughout the region.

Although revenue and profit attributable to shareholders declined 22% and 25.6% year on year to HK\$3,912 million and HK\$238 million respectively, we are encouraged that contributions to bottom line from the second half year is stronger than from the first half and we therefore expect 2003's performance to stabilize.

As at end of the year bank borrowings on floating interest rates were HK\$143 million. The increase of HK\$43 million year on year was mainly from Nissan Diesel Thailand (NDT) a newly acquired company and from China projects. Net cash position has eased marginally to

HK\$775 million after netting off HK\$204 million used for the cash injection to acquire NDT and for the purchase and development costs of ongoing projects at newly acquired Sixth Lok Yang Road (Jurong) and at Upper Aljunied Road and Ubi Road. Capital commitment for unfinished projects stood at HK\$257 million. The Group has no contingent liabilities.

The increase in trade debtors was mainly due to a sudden surge in car registrations for the Christmas season. Setting aside this one-off surge, stock and debtors turnovers were stable. Regional activities and added facilities have increased the head count to 915.

The reclassification of certain balance sheet items and changes in recognition of income and expenses are on going as more changes and revisions in international accounting standards come into effect.

VEHICLES

Unit car sales eased to 13066 from 16969. There were several contributory factors. Firstly, it is the reduction in the number of Certificates of Entitlement (car quota) and changes in other regulatory measures in Singapore. Secondly, the Japanese Yen against the Singapore Dollars was more costly. Thirdly, market share was eroded by the intense price competition and the introduction of new models by other car distributors. The number of Subaru cars sold in Singapore, however, jumped 55% to 1018. This was achieved through innovative niche marketing and the successful launch of the XT Forester.

OTHERS

The Industrial Machinery Division in Singapore saw turnover ease marginally on the back of declining activity both in the construction and logistic sectors. Seeking to increase sales, the plan is to expand regionally. We now have a network in Shanghai that covers the distribution of imported Nissan forklifts for Zhejiang and Jiangsu Provinces. We have also acquired distributorship and assembly rights for Nissan diesel trucks in Thailand.

Property rental revenue remained steady in Singapore but were lower in Hong Kong. Performance in 2003 will depend on geo-political stability in and around the region.

The new terraced housing development at Upper Aljunied Road is progressing as scheduled and completion is expected by end of 2004. Launching for sale will depend on the strength of the property market. The construction of the new multi-storey showroom at Jalan Ubi is also expected to complete on schedule by mid 2004.

Contributions from the Xiamen seat manufacturing JV and our JV truck factory in Hangzhou have reached new levels with improved productions and profits. The Group has also been appointed the distributor for Subaru cars for Guangdong Province.

Car rental businesses are doing well and the opening of an Apple Centre enhances our involvement in information technology.

PROSPECTS

Whilst regional moves are progressing well with more investments in Thailand and additional distribution rights in China, the single most important focus for the Group remains the servicing of customers at the highest level. In this regard we continue to expand our servicing facilities everywhere. Last year we acquired a new 20,000 square metre site in Jurong and built TC AutoClinic, a service outlet that is capable of increasing our body repair and painting capacity significantly to bring added convenience to our customers.

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 year.

CODE OF BEST PRACTICE

The Company has complied throughout the year with the Code of Best Practice as set out by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") in Appendix 14 to the Listing Rules, 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
Teo Siok Ghee
Company Secretary

Hong Kong, 11 March 2003

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

Full details of the financial information required to be disclosed under paragraph 45(1) to 45(3) 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

Notice of Annual General Meeting

We invite our shareholders to the Sixth 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 Friday, 9 May 2003 at 11:00 a.m.

AGENDA

As ordinary business

1. To receive and adopt the audited consolidated financial statements for the year ended 31 December 2002 and the reports of the Directors and Auditors thereon.
2. To declare a final dividend.
3. To re-elect Directors.
4. To authorise Directors to fix Directors Fees.
5. To re-appoint KPMG as Auditors and authorise the Directors to fix their remuneration.

As special business

6. To consider and, if thought fit, pass the following resolutions:-

(A) As Ordinary Resolution No. 1

“That:-

- (i) Subject to paragraph (iii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with any unissued shares in the capital of the Company and to make or grant offers, agreements and/or options which may require the exercise of such powers be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) above shall be in addition to any other authorisation given to the Directors of the Company and shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and/or options which may require the exercise of such power after the end of the Relevant Period;
- (iii) the aggregate nominal amount of unissued shares in the capital of the Company which may be allotted, issued or otherwise dealt with by the Directors of the Company during the Relevant Period pursuant to paragraph (i) above, otherwise than pursuant to a Rights Issue or the exercise of subscription rights attaching to any warrants issued by the Company, shall not exceed the aggregate of 20 per cent of the aggregate nominal amount of shares in the capital of the Company in issue as at the date of passing this Resolution;

(iv) for the purpose of this Resolution:-

- (a) “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:-
 - (1) the conclusion of the next annual general meeting of the Company;
 - (2) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; and
 - (3) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting; and
- (b) “Rights Issue” means an offer of shares in the capital of the Company open for a period fixed by the Directors of the Company to holders of shares in the capital of the Company whose names appear on the Register of Members on a fixed record date in proportion to their holdings of shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

(B) As Ordinary Resolution No. 2

“That:-

- (i) Subject to paragraph (ii) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited or on any other stock exchange on which the shares may be listed and recognised for this purpose by the Securities and Futures Commission and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases and, subject to and in accordance with all applicable laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, be and is hereby generally and unconditionally approved;
- (ii) the aggregate nominal amount of the Shares which may be repurchased pursuant to the approval in paragraph (i) above shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution, and the said approval shall be limited accordingly;
- (iii) subject to the passing of each of the paragraphs (i) and (ii) of this Resolution, any prior approvals of the kind referred to in paragraphs (i) and (ii) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and

(iv) for the purpose of this Resolution:-

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:-

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by law or the bye-laws of the Company to be held; and
- (c) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting.”

(C) As Ordinary Resolution No. 3

“That conditional upon the passing of the Ordinary Resolutions numbered 1 and 2 as set out in the notice of this meeting, the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and otherwise deal with additional shares of the Company pursuant to the Ordinary Resolution numbered 1 set out in the notice convening this meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted by the Directors pursuant to such general mandate an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution numbered 2 above, provided that such amount shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution.”

By Order of the Board
Teo Siok Ghee
Company Secretary

Hong Kong, 11 March 2003

Registered Office: Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda

Principal Office in Hong Kong: Unit 3001, 30th Floor, Shui On Centre, 6-8 Harbour Road,
Wanchai, Hong Kong

Notes:

- (i) A member entitled to attend and vote at the above meeting is entitled to appoint a proxy or proxies to attend and vote for him in accordance with the bye-laws of the Company; a proxy need not be a shareholder of the Company.
- (ii) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members in respect of the joint holding.

- (iii) In order to be valid, a form of proxy must be deposited at Unit 3001, 30th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof) not less than 48 hours before the time appointed for the holding of the above meeting or any adjournment thereof.
- (iv) The Transfer Books and Register of Members will be closed from 30 April 2003 to 9 May 2003, both days inclusive, during which period no share transfers can be registered.

Tan Chong International Limited
(Incorporated in Bermuda with limited liability)

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