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TAN CHONG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION Exercise of the Option

Reference is made to the announcement issued by the Company on 5 September 2000 in relation to the sale of the Property by TC Realty to Brizay. On 15 September 2000, TC Services entered into an Option agreement with Brizay Holdings whereby the Company acquired the right to the Acquisition. On 15 March 2004, TC Services exercised the Option and completed the Acquisition. The total consideration in relation to the exercise of the Option is approximately S\$184.9 million (approximately HK\$831.9 million), which exceeds 15% of the audited consolidated net asset value of the Company as at 31 December 2003. As such the exercise of the Option constitutes a discloseable transaction and is subject to the disclosure requirements under the Listing Rules. A circular in relation to the exercise of the Option will be despatched to the Shareholders shortly.

Reference is made to the announcement issued by the Company on 5 September 2000 in relation to the sale of the Property by TC Realty to Brizay. On 15 September 2000, TC Services entered into an Option agreement with Brizay Holdings whereby the Company acquired the right to the Acquisition. The main terms of the Option are as follows:

PARTIES TO THE AGREEMENT

Issuer of Option: Brizay Holdings
Purchaser of Option: TC Services

DATE OF AGREEMENT

15 September 2000

EXERCISE PERIOD OF THE OPTION

The Option will be exercisable from 15 September 2003 to 15 September 2004, both dates inclusive.

OPTION PREMIUM AND EXERCISE PRICE

The Option premium is S\$1 million (approximately HK\$4.5 million) paid by TC Services to Brizay Holdings at the time of the issue of the Option. The exercise price of the Option is S\$5 million (approximately HK\$22.5 million) payable by TC Services to Brizay Holdings at the time the Option is exercised.

THE OPTION

Under the Option, TC Services will have the right to the Acquisition.

As part of exercising the Option and completing the Acquisition, the Company is required to repay the Loan due from Brizay to Brizay Holdings together with accrued interest on the Loan.

EXERCISE OF THE OPTION

On 15 March 2004, TC Services exercised the Option and completed the Acquisition.

FINANCIAL IMPACT

The Company has paid S\$1 million (approximately HK\$4.5 million) at the time of the issue of the Option. At the time of exercising the Option, the Company paid Brizay Holdings S\$5 million (approximately HK\$22.5 million) as the exercise price of the Option.

Upon completion of the Acquisition, the Company further paid S\$171 million (approximately HK\$769.5 million) to repay the Loan and approximately S\$7.9 million (approximately HK\$35.4 million) for the accrued interest on the Loan. Except for the Loan and the related accrued interest, Brizay does not have any other major liabilities.

The total consideration in relation to the exercise of the Option, including the initial purchase price of the Option and the completion of the Acquisition, is approximately S\$184.9 million (approximately HK\$831.9 million).

SOURCE OF THE FUNDS

The proceeds for the exercise of the Option and completion of Acquisition were funded by internal sources of the Company.

REASONS FOR THE EXERCISE OF THE OPTION

As the property market in Singapore recovers, the Directors, in the interest of the Shareholders, have decided to exercise the Option, thereby acquiring the Property in anticipation of further improvement and appreciation in the property market in Singapore. The consideration in relation to the exercise of the Option and the Acquisition was agreed on commercial terms at the time of acquiring the Option. The Directors view the Property as a prime development which they believe the Company may not be able to acquire without taking advantage of the Option.

The Company owns a site of similar size adjacent to the Property. It is currently being used as a car showroom, and a car repair and maintenance centre. It is through the exercise of the Option that the Company can ensure the completion of the Acquisition so that the redevelopment potential of this site adjacent to the Property can be maximised. In exercising the Option, the Directors have taken into consideration the development potential of both sites combined together and under these circumstances believe that it is fair and reasonable to all Shareholders taken as a whole.

BUSINESS OF THE COMPANY

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries of the Company consist of the distribution of motor vehicles and property investment and development in Singapore. Other businesses include motor vehicle distribution in Hong Kong, China and Thailand, industrial equipment distribution in Singapore, China, Vietnam and Thailand, and the manufacturing of auto parts in China.

BUSINESS OF BRIZAY

Brizay is a property company incorporated in Singapore and wholly-owned subsidiary of Brizay Holdings. Its sole business is to hold and operate the Property. The Property consists of 180 apartment units of the Wilby Residence located at 25, 29, 31, 33 Wilby Road, Singapore acquired by Brizay from TC Realty in 2000 for S\$146 million (approximately HK\$657 million). The unaudited net loss for the year ended 31 December 2003 and the audited net loss for the year ended 31 December 2002 attributable to Brizay were approximately S\$11.9 million (approximately HK\$53.6 million) and S\$9.6 million (approximately HK\$43.0 million) respectively. The unaudited net liability of Brizay was approximately S\$32.6 million (approximately HK\$146.9 million) as at 31 December 2003.

Subsequent to the repayment of the Loan by the Company, the balance sheet of Brizay will consist mainly of the Property. Based on an independent professional valuation of the Property as at 1 March 2004, the Property has a market value of S\$157 million (approximately HK\$706.5 million).

DISCLOSEABLE TRANSACTION AND DESPATCH OF CIRCULAR

The total consideration in relation to the exercise of the Option is approximately S\$184.9 million (approximately HK\$831.9 million), which exceeds 15% of the audited consolidated net asset value of the Company as at 31 December 2003. As such the exercise of the Option constitutes a discloseable transaction and is subject to the disclosure requirements under the Listing Rules.

A circular in relation to the exercise of the Option will be despatched to the Shareholders shortly.

DEFINITIONS

“Acquisition”	the acquisition of all outstanding issued shares of Brizay
“Brizay”	Brizay Property Pte Limited, a property company incorporated in Singapore, a wholly-owned subsidiary of Brizay Holdings
“Brizay Holdings”	Brizay Holdings Limited, a Singapore incorporated investment holding company, the parent company of Brizay

“Company”	Tan Chong International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	The inter-company loan due from Brizay to Brizay Holdings of S\$171 million (approximately HK\$769.5 million) secured by the Property
“Option”	a call option issued by Brizay Holdings to the Company whereby the Company has the right to the Acquisition
“Property”	the 180 apartment units of the Wilby Residence located at 25, 29, 31, 33 Wilby Road, Singapore acquired by Brizay from TC Realty
“Shareholders”	the Shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TC Realty”	Tan Chong Realty (Pte) Ltd., a wholly-owned subsidiary of the Company
“TC Services”	TC Services @ Wilby Pte Ltd, a company incorporated in Singapore, a wholly-owned subsidiary of the Company
“Wilby Residence”	a 181-unit luxurious up-market condominium development situated at 25, 29, 31, 33 Wilby Road, Singapore. The development has a total floor area of 27,000 square metres
“HK\$”	Hong Kong dollar, the legal currency in Hong Kong
“S\$”	Singapore dollar, the legal currency in Singapore
“%”	per cent.

Note: For the purpose of this announcement, the exchange rate used is S\$1 = HK\$4.50

By Order of the Board
Teo Siok Ghee
Company Secretary

Hong Kong, 16 March 2004

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