TAN CHONG International

FINAL RESULTS

The Board of Directors (the "Board") of Tan Chong International Limited is pleased to announce the following results of the Group for the year ended 31 December 2001.

		For the year ended 31 December	
	Notes	**2001**	**2000**
		HK$'000	*HK$'000*
Turnover		4,969,606	5,012,123
Other Revenue		51,419	44,605
Revenue	2	5,021,025	5,056,728
Cost of sales		(4,108,233)	(4,203,764)
Gross profit		912,792	852,964
Other operating income		65,401	276,623
Distribution costs		(218,134)	(192,881)
Administrative expenses		(215,592)	(204,587)
Other operating expenses		(129,466)	(72,082)
Profit from operations		415,001	660,037

Financing costs		(6,230)	(10,431)
Share of results of associates		29,718	24,586
Profit before taxation and minority interests	3	438,489	674,192
Income tax expense	4	(119,825)	(187,655)
Profit before minority interests		318,664	486,537
Minority interests		1,479	216
Profit attributable to shareholders		320,143	486,753
Dividends	5	(90,599)	(80,600)
Earnings per share (cents)	6	15.9	24.2

Notes:

1. **Basis of consolidation**

   The consolidated accounts of the Company for the year ended 31 December 2001 comprise of 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		Contribution to Profit from operations For the year ended 31 December	
	2001	**2000**	**2001**	**2000**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
By business segments				
Motor vehicle distribution	4,581,839	4,483,035	397,780	367,209
Heavy commercial vehicle and industrial equipment distribution	288,270	360,580	31,761	42,522
Sale of telecommunication products	18,003	79,561	17	898
Properties rental	28,910	41,006	(38,308)	241,363
Other operations	104,003	92,546	23,751	8,045
	5,021,025	5,056,728	415,001	660,037

	Group Revenue For the year ended 31 December	
	2001	**2000**
	HK$'000	*HK$'000*

By geographical locations

Singapore	4,867,987	4,869,081
Hong Kong	89,685	90,907
PRC	23,418	24,690
Others	39,935	72,050
	5,021,025	5,056,728

3. Profit before taxation and minority interests

	For the year ended 31 December	
	2001	**2000**
	HK$'000	*HK$'000*
Profit before taxation and minority interests is arrived at after charging/(crediting) the following:		
Interest expense	6,230	10,431
Decrease in fair value of investment properties	82,483	19,740
Depreciation	48,289	46,772
Gain on sale of fixed assets	(4,609)	(4,551)
Gain on sale of investment properties	(4,262)	(237,856)

4. Taxation

	For the year ended 31 December	
	2001	**2000**
	HK$'000	*HK$'000*
Group:		
Hong Kong	1,842	1,188
Singapore	111,908	179,410
Elsewhere	134	362
Associates	5,941	6,695
	119,825	187,655

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	
	2001	**2000**
	HK$'000	*HK$'000*
Dividends paid by the Company:		
Final dividend of 3.0 cents proposed in 2000 (2.5 cents in 1999)	60,399	50,400
Interim dividend of 1.5 cents declared in 2001 (1.5 cents in 2000)	30,200	30,200

90,599	80,600

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$320,143,000 (2000: HK$486,753,000) and divided by the weighted average number of shares of 2,013,309,000 (2000: 2,013,450,000) in issue during the year.

The amount of diluted earnings per share is not presented as there were no dilutive shares outstanding during 2001 and 2000.

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 28 May 2002 to shareholders whose names appear on the Register of Members on 17 May 2002, subject to the approval of shareholders at the Annual General Meeting to be held on 17 May 2002.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 13 May 2002 to 17 May 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 proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Central Registration Hong Kong Limited, Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00pm on 10 May 2002.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at The Dynasty Club, 7/F South West Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong, on Friday, 17 May 2002 at 11:00am. The Notice of Annual General Meeting will be sent to our shareholders on or before 19 April 2002.

MANAGEMENT REVIEW

Overall Results

Financial performance for the Group in year 2001 was within expectations. Major events that unfolded in the year and the impact of economic slow down in various countries have affected both sales volume and margins in most industries. Group unit sales volume has however increased by 5 percent year on year.

The Group's strong revenue growth in the beginning of the year lost much of its momentum in the later half when the global economy took a sharp reversal particularly in Singapore. Nevertheless, despite 4% weakening of the SGD against HKD revenues was comparable with last year. Excluding the sale of the Wilby Residence in Singapore, turnover and operating profit were down a notch by 1% each to HKD4,970 million and HKD409 million respectively and comparable profit attributable to shareholders increased by 10.7% in spite of further provisions for the diminution in investment properties values.

Stock turnover remains steady at 39 days and trade debtors turnover improved from 14 days to 10 days year on year mainly due to stringent stock and debtor control.

In compliance with revised international accounting standards that are moving towards greater transparency and disclosures in financial reporting, the Group has adopted various changes in income recognition and reclassified certain balance sheet items. Abiding by IAS40, the HKD82 million written down on investment properties in accordance with director's valuations was netted off against earnings for the year. Likewise, the investment properties revaluation reserve was reclassified as retained earnings.

Financial Strength

Profitability has translated into a stronger balance sheet for the Group. Our bank borrowings of HKD100 million on a floating interest rate basis were from the balances on the loans for Shui On Centre and purchase of investments and on overdrafts. Net cash position has improved 83% to HKD787 million. During the year we paid Baht 64 million for the car servicing company in Thailand, HKD11 million for a further 12% stake in the Guizhou project and HKD6 million for the purchase of stocks. Currency exposures are minimized as our continual need of SGD, USD and Japanese Yen provides a natural hedge for these currencies. The Group has no contingent liabilities to-date.

Motor Trade

Although car sales business in Singapore has to contend with intense competition from pricing and newer models of cars brought in by competitors, it was partly sheltered by low interest rate environment, stable car quota premiums, favourable Japanese Yen currency in exchange for Singapore dollars. We foresee 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.

Contributions from Motor Distribution improved by 11% (5% if the loss on revaluation of Upper Aljunied Road property amounting to HKD25 million is factored in) mainly from increased vehicle sales which moved up 7% to 19,200 units, stable exchange rates and quota premiums.

Heavy Commercial and Industrial Equipment

Profit from the Heavy Commercial and Industrial Equipment Distribution Division dropped by 25%. The slow down experienced in the first half of the year carried well into the second half. Plans were put in place to move decisively into regional expansion and enlarge product lines. The division now has offices in Vietnam and Shanghai and has added the Renault VI range of trucks to complement its existing product line.

Property Rentals

Property Division performance was impacted by the soft rentals, gain on sale of two investment property (in Doncaster with a gain of HKD4.6 million and PNG with a loss of HKD0.4 million) and loss on revaluation of the remaining investment properties.

In spite of general weakness in the Singapore economy particularly in the second half, revenues from property rentals (excluding Wilby Residence) increased by 11.2\%. However the weakening occupancy in the latter half is indicative of difficulties to come but would be an opportune time to refurbish the apartments and reposition the division for an expected improvement in the future.

Others

Tyre Pacific Hong Kong Limited, our Dunlop tyre distribution company in Hong Kong had another profitable year. We have also started the distribution of locally manufactured Dunlop motorcycle tyres in China.

During the year we have acquired another 12\% of the Guizhou JV Company making us a 24\% shareholder in the manufacturing of Yun Que cars. This strengthening relationship with the Guizhou JV puts us in a position to be their OEM seat supplier from our factory facility in Jiangyin. The Xiamen seat manufacturing JV with Golden Dragon Bus Co continued to be profitable and expansion plans are being considered to match the demand of the market. Our JV Dongfeng Nissan Diesel made a maiden profit during the year stemming previous years of losses. Increasing localization of parts has reduced cost and better market awareness of its quality has allowed the company to sell its products with improved margins.

Progress and Prospects

With our expanded sales last year in Singapore, we have taken measures to strengthen the service levels for our car owners by adding service points, and retail and showroom premises. We have also introduced computerized spare parts warehousing at our Toa Payoh facility that will enable faster retrieval and dispatch of parts to customers.

The construction of our new showroom/workshop complex at Jalan Ubi is underway and on schedule for completion in 2003. This development will add capacity for sales and service to Nissan customers in Singapore where there is now a pressing need as our sales expand.

Our freehold residential development at Upper Aljunied is to press ahead and we have awarded the piling contract. We will be in a position to call for main contract works shortly.

Last year, South East Asian has been battered by slow economic growth. This has intensified the urgency to look for new revenue streams. In this regard, the Group is considering the People's Republic of China as a logical area for us to expand. Our experience in certain industries makes PRC an important place where expansion can achieve synergies.

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
Dato' Tan Kim Hor
Chairman
Hong Kong, 14 March 2002

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

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.