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CONNECTED TRANSACTION
JOINT VENTURE INVESTMENT IN
AUTOMOTIVE HIRE PURCHASE BUSINESS IN THAILAND

Tan Chong International Limited (“the Company”) through its wholly owned subsidiary, Nissan Diesel (Thailand) Co Ltd (“NDTL”), and Tan Chong Motor Holdings Berhad (“TCMH”), a public company listed on Kuala Lumpur Stock Exchange (“KLSE”) and has the same major shareholder (TCC) as the Company, will jointly subscribe in equal (50/50) proportions in the capital of TC Capital (Thailand) Co Ltd (“TCCT”), a limited liability company to be established in Thailand, to undertake automotive hire purchase business.

Tan Chong Consolidated Sdn Bhd (“TCC”) is a direct major shareholder of both TCMH and the Company. This investment by the Company is therefore deemed to be a connected transaction under Chapter 14 of the Listing Rules. As the investment amount does not exceed the higher of HK\$10 million or 3% of the net tangible assets of the Company as disclosed in the latest Company’s published accounts as at 31 December 2002, it is required to be disclosed by way of a press announcement. Relevant details will be included in the next published annual report and accounts of the Company in accordance with Rule 14.25 (1) of the Listing Rules.

The set up of this joint venture company is subject to the approval of Thai authorities which may or may not be granted. Investors are therefore advised to exercise caution when dealing in the shares of the Company.

**JOINT VENTURE INVESTMENT IN AUTOMOTIVE HIRE PURCHASE BUSINESS
IN THAILAND**

Parties

1. Nissan Diesel (Thailand) Co Ltd (“NDTL”), a wholly owned subsidiary of the Company
2. Tan Chong Motor Holdings Berhad (“TCMH”), a public company listed on KLSE and has the same major shareholder (TCC) as the Company.

Joint Venture Company

TC Capital (Thailand) Co Ltd (“TCCT”), a limited liability company to be established in Thailand, subject to the approval of the relevant authorities of Thailand.

Scope of Business

To undertake automotive hire purchase business in Thailand.

Information on TCCT

TCCT, upon incorporation, will have an initial registered share capital of Baht50,000,000 (equivalent to approximately HK\$9,750,000 at exchange rate HK\$1.95 to 10 Baht) comprising 5,000,000 shares of Baht10 each.

Its share capital may increase progressively as business expands. TCCT is also expected to raise additional funds through borrowings in Thailand to fund its lending activities.

The board of directors of TCCT comprises of five (5) directors all nominated by NDTL. The operation and business will be managed by NDTL. As the Company has effective control of the board of TCCT, the results of TCCT will be consolidated under the Company’s accounts.

TCMH has no objection in letting NDTL, who has the knowledge and expertise to manage the joint venture business in Thailand, and also agreeable to leave the nomination of the board members to NDTL.

Both TCMH and the Company have been involved in automotive business as well as automotive financing activities and each party will contribute Baht25,000,000 approximately HK\$4,875,000 in this investment under the M&A.. The joint venture would allow both companies to diversify its business base in the rapidly expanding economy of Thailand. This investment is not expected to contribute significantly to the Company’s revenue and profit in the immediate term during the initial start up of the joint venture business but is expected to produce reasonable rates of return over the medium term.

The relationship between TCCT’s shareholders is governed by the provisions in the Memorandum and Articles of Association (“M&A”) of TCCT which has been submitted to the Thai authorities for approval on 26 November 2003. Bearing unforeseen circumstances, it is expected that the approval by the Thai authorities is the only condition precedent to the set up of the joint venture company. The complete registration of TCCT after due approval by the Thai authorities is expected to be about 2 months from the date of submission of the M&A.

Information of the Company

The Company and its group of companies have been involved in the automotive business and automotive financing activities. In addition to the disclosures made in relation to TCC, Dato’ Tan Kim Hor, Mr Tan Kheng Leong and Mr Tan Eng Soon, are directors of TCC and the Company, none of the other directors of the Company and the persons connected with such directors has any interest direct or indirect in the above arrangement.

NDTL is the sole distributor for Nissan Diesel Commercial Vehicles in Thailand.

Connection Transaction

Tan Chong Consolidated Sdn Bhd (“TCC”) is a direct major shareholder of both TCMH (45.41%) and the Company (45.43%). This investment by the Company is therefore deemed to be a connected transaction under Chapter 14 of the Listing Rules. As the investment amount does not exceed the higher of HK\$10 million or 3% of the net tangible assets of the Company as disclosed in the latest Company’s published accounts as at 31 December 2002, it is required to be disclosed by way of a press announcement. Relevant details will be included in the next published annual report and accounts of the Company in accordance with Rule 14.25 (1) of the Listing Rules.

Directors’ Recommendation

The Board of Directors of the Company is of the opinion that the investment in TCCT to be undertaken is in the best interest of the Company and its shareholders as a whole.

The set up of this joint venture company is subject to the approval of Thai authorities which may or may not be granted. Investors are therefore advised to exercise caution when dealing in the shares of the Company.

By order of the Board
TAN CHONG INTERNATIONAL LIMITED
Teo Siok Ghee
Company Secretary

Hong Kong, 1 December 2003.

TAN CHONG INTERNATIONAL LIMITED
(Incorporated in Bermuda with limited liability)

Please also refer to the published version of this announcement in The Standard.