

If you are in any doubt about this circular or as to the action to be taken, you should consult a stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tan Chong International Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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TAN CHONG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

DISCLOSEABLE TRANSACTION EXERCISE OF THE OPTION

Financial Advisor to Tan Chong International Limited



PLATINUM
Securities

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:-

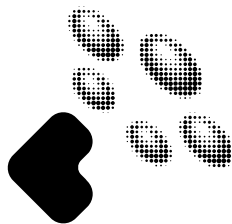
“Acquisition”	the acquisition of all outstanding issued shares of Brizay
“Board”	the board of the Directors
“Brizay”	Brizay Property Pte Limited, a property company incorporated in Singapore, a wholly-owned subsidiary of Brizay Holdings
“Brizay Holdings”	Brizay Holdings Limited, a Singapore incorporated 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
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region
“Latest Practicable Date”	2 April 2004, being the latest practicable date prior to the printing of this circular
“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 complete the Acquisition
“PRC”	the People’s Republic of China, which for the purpose of this circular excludes Hong Kong and Taiwan
“Property”	the 180 apartment units of the Wilby Residence located at 25, 29, 31, 33 Wilby Road, Singapore acquired by Brizay from TC Realty
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company with a par value of HK\$0.50 each

DEFINITIONS

“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 circular, the exchange rate used is S\$1 = HK\$4.50

TAN CHONG
International



TAN CHONG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

Executive Directors:

Dato' Tan Kim Hor (*Chairman*)

Mr. Tan Eng Soon

Mr. Joseph Ong Yong Loke

Mr. Tan Kheng Leong

Mr. Neo Ah Chap

Madam Sng Chiew Huat

Independent non-executive Directors:

Mr. Lee Han Yang

Mr. Liu Kwei Ming

Madam Jeny Lau

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

Principal Office in Singapore:

911 Bukit Timah Road

Singapore 589622

6 April 2004

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

EXERCISE OF THE OPTION

INTRODUCTION

On 16 March 2004, the Directors announced that 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).

LETTER FROM THE BOARD

Exercise of the Option constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information about the exercise of the Option and completion of the Acquisition by the Company.

THE OPTION

Parties to the agreement

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

Date of the agreement

15 September 2000

Exercise period of the Option

The Option is 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.

CONSIDERATION AND 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.

LETTER FROM THE BOARD

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 the Acquisition were funded by internal source of the Company.

INFORMATION ON 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.

INFORMATION ON BRIZAY

Brizay is a property company incorporated in Singapore and a 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 prepared by CB Richard Ellis (Pte) Ltd as at 1 March 2004, the Property has a market value of S\$157 million (approximately HK\$706.5 million).

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

LETTER FROM THE BOARD

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.

The independent professional valuation of the Property was determined on a direct comparison approach which values the Property on a unit-by-unit basis. However, it does not take into consideration the value of the redevelopment potential of the entire Wilby Residence development as a whole nor the combined redevelopment potential of the Wilby Residence with the adjacent site that the Company currently owns.

FURTHER INFORMATION

Your attention is drawn to the information set out in the appendix of this circular.

Yours faithfully,
By order of the Board
Teo Siok Ghee
Company Secretary

1. RESPONSIBILITY STATEMENTS

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of the Directors and Chief Executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Number of Shares		
	Personal interests	Family interests (Note 1)	Corporate interests (Note 2)
<i>Executive Directors:</i>			
Dato' Tan Kim Hor	9,224,502	90,972	—
Tan Eng Soon	4,200,000	—	73,800,000
Tan Kheng Leong	2,205,000	210,000	—
Joseph Ong Yong Loke	600,000	795,000	940,536
Neo Ah Chap	2,991,000	—	—
Sng Chiew Huat	384,000	—	—
<i>Independent Non-Executive Directors:</i>			
Lee Han Yang	—	—	—
Liu Kwei Ming	—	—	—
Jeny Lau	—	—	—

Note 1: These Shares are beneficially owned by the spouses of Dato' Tan Kim Hor, Tan Kheng Leong and Joseph Ong Yong Loke respectively and hence they are deemed to be interested in these Shares.

Note 2: These Shares are beneficially owned by corporations controlled by Tan Eng Soon and Joseph Ong Yong Loke respectively.

- (b) Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Chief Executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO to be entered in the register referred to therein or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

Up to the Latest Practicable Date, none of the Directors had any direct or indirect material interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2002, being the date to which the latest published audited financial statements of the Company were prepared.

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with the Company or any member of the Group (excluding contracts expiring or not determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following person (not being a Director or Chief Executive of the Company) had an interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Ordinary Share held (Note 3)	Percentage of total issued Shares
Tan Chong Consolidated Sdn. Bhd.	912,799,986	45.34%

Note 3: The share capital of Tan Chong Consolidated Sdn. Bhd. is held by Dato' Tan Kim Hor as to approximately 10.29%, by Tan Eng Soon as to approximately 16.66% and by Tan Kheng Leong as to approximately 11.21%. The remaining shareholding is held by certain members of the Tan family who are not Directors of the Company.

Saved as disclosed above, the Directors and the Chief Executive of the Company are not aware of any person (other than a Director or Chief Executive of the Company) who, as at the Latest Practicable Date, had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who was, directly or indirectly, interested in 5% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

4. SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company within one year without payment of compensation, other than normal statutory obligations.

5. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and the Directors are not aware of any litigation or claim of material importance pending or threatened by or against any such companies.

6. SECRETARY

The secretary of the Company is Ms. Teo Siok Ghee, C.P.A. (Singapore).

7. SHARE REGISTRARS AND TRANSFER OFFICE

The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited of Rooms 1901-5, 19/F, Hopewell Centre, 183 Queen's Road East, Hong Kong.

8. MISCELLANEOUS

In the event that there exists any discrepancies between the English text and Chinese text of this circular, the English text of this circular shall always prevail.