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TAN CHONG INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 693)

DISCLOSEABLE TRANSACTION Acquisition of 20.7% of the issued share capital of ZERO

The Directors are pleased to announce that on 6 August 2004, Zenith Logistics has entered into the Agreement to acquire 20.7% (1,180,000 shares) of the issued share capital of Zero. The total consideration for the Acquisition was JPY 2,478,000,000 (approximately HK\$ 171,808,000) and will be funded internally by the Group.

The Acquisition constitutes a discloseable transaction of TCIL under the Listing Rules. A circular containing further information on the Acquisition will be despatched to the shareholders within twenty-one days from the date of publication of this announcement.

AGREEMENT DATED 6 AUGUST 2004

PARTIES TO THE AGREEMENT

Vendor 1 : TMCAP2000 Investment Limited Partnership, a limited liability partnership incorporated in Japan that handles mainly fund management activities

Vendor 2 : AIG Japan Opportunity Fund, L.P, a limited liability partnership incorporated in Japan that handles mainly fund management activities.

(Herein collectively referred to as the Vendors)

Purchasers : Zenith Logistics, Japan Break-Through and SBS

INTEREST TO BE ACQUIRED

Purchaser has agreed to acquire 1,180,000 shares (20.7% of the issued share capital of Zero) from the Vendors: 820,000 shares (14.4% of the issued share capital of Zero) from Vendor 1 and 360,000 shares (6.3% of the issued share capital of Zero) from Vendor 2. Japan Break-Through and SBS have agreed to acquire the remaining portions of the shares from Vendor 1 and Vendor 2 for the considerations of JPY 882 million and JPY 1,680 million

respectively and upon completion will have 420,000 and 800,000 shares respectively. Upon completion the shareholdings of Vendor 1 and Vendor 2 in Zero will be nil, nil respectively. The completion of the Acquisition is conditional upon the due performance of all three Purchasers.

ZERO

Zero, established in October 1961 and formally known as Nissan Transportation Co., Ltd, was a subsidiary of Nissan Motor Co., Ltd until May 2001 where a management buy-out took place. Zero is now currently owned by several major corporations.

Zero, a logistics company whose main business is to transport new, used and privately owned vehicles throughout Japan, has a current workforce of over 1000 employees. Their principal clients are Nissan Motors and other motor vehicles manufacturers in Japan, Orix Car Leasing and Sumitomo Corporation. In turnover terms, Zero is No. 2 for the number of vehicles moved in Japan, with 35 physical distribution centres, 26 sales centres, and 13 pre-delivery, maintenance and repair centres nationwide. Other businesses of Zero include car auctions and the transportation of electrical appliances for chain store operators. Zero is also looking into ways to provide better client service through software development. Tie-ups with other transport logistics companies to improve cost efficiencies are in the pipeline and plans are in place to expand its logistics capabilities into China.

Turnover in 2003 improved 6.5% to JPY 47.5 billion compared to JPY 44.6 billion in 2002, registering a JPY 2.4 billion profit in 2003 compared to a JPY2.5 billion loss in 2002.

CONSIDERATION

The total consideration for the Acquisition is JPY 2,478,000,000 (approximately HK\$ 171,808,000), of which JPY 1,722,000,000 (approximately HK\$ 119,392,000) will be paid to Vendor 1 and JPY756,000,000 (approximately HK\$ 52,416,000) will be paid to Vendor 2. The consideration will be payable on or before Closing Date. The consideration is funded internally by the Group.

BASIS OF DETERMINING THE CONSIDERATION

The consideration was agreed between the Vendors and Purchaser on normal commercial terms, having regard to the relevant factors including the strategic value of the business, the financial standing of Zero which reported a net asset value of JPY 5,934 million as at 30 June 2003 and the extensive network developed by Zero and the expansion plans by Zero in the near future as explained in the 2nd paragraph of the section on Zero above. The consideration was based on Zero's financial results as at 30th June 2003 which puts the consideration at 2.02 times of 20.7% of its net asset value and 4.81 times of 20.7% of its earnings which in the Directors' opinion reflect fair and reasonable value for purchase. Zero's net asset value and profit for the financial year ending 30th June 2003 were HK\$ 411,423,000 and HK\$ 172,709,000 respectively.

CONDITIONS PRECEDENT

Completion of the Acquisition is conditional upon the fulfillment of the following conditions:

- 1) the representations and warranties of the Vendors and the Purchasers must be true as of the Closing Date.
- 2) any party must not terminate the Agreement before the Closing Date through the non-performance of its obligations under the Agreement.
- 3) the consideration must be paid on or before the Closing Date.

COMPLETION

Completion shall take place on the Closing Date when all the conditions precedents are fulfilled and as stated in the Agreement.

REASONS FOR THE ACQUISITION

The Directors considered the Acquisition to be in line with the Group's business strategy and expansion plans. The businesses of Zero are complementary to those of the Group, particularly in the area of motor vehicle distribution. The Acquisition is expected to further strengthen the Group's presence in Asia.

The Directors are of the view that the Acquisition terms are fair and reasonable and in the best interests of TCIL and its shareholders.

BUSINESS OF TCIL

The principal activity of TCIL is investment holding. The principal activities of its principal subsidiaries consist of the distribution of motor vehicles 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.

GENERAL

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendors and the other 2 purchasers are independent third parties not connected with the Directors, chief executive, substantial shareholders of TCIL or its subsidiaries or any of their associates. Board representation, if any, will be dependent on Zero's forthcoming Annual General Meeting ("the Meeting"). No information is available on the date or Agenda of the Meeting. A circular containing further information on the Acquisition will be dispatched to the shareholders within twenty-one days from the date of publication of this announcement.

As at the date of this announcement, the Board of Directors of TCIL comprises:

Executive Directors

Dato' Tan Kim Hor (*Chairman*)
Mr. Tan Eng Soon
Mr. Joseph Ong Yong Loke
Mr. Tan Kheng Leong
Mr. Neo Ah Chap
Mdm. Sng Chiew Huat

Independent non-executive Directors

Mr. Lee Han Yang
Mr. Liu Kwei Ming
Mdm. Jeny Lau

DEFINITIONS

“Acquisition”	the acquisition of 20.7% of the issued share capital of Zero
“Agreement”	Stock Purchase Agreement entered into between the Vendors and the Purchasers on 6 August 2004
“Closing Date”	26 August 2004 or any other day which may be agreed by the Vendors and Purchasers
“Completion”	Completion of the Acquisition under the Agreement
“Directors”	Board of Directors of TCIL
“Group”	TCIL and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Purchaser”	Zenith Logistics
“Japan Break-Through”	Japan Break-Through 2004 Investment Limited Partnership, incorporated in Japan
“SBS”	K. K. SBS, incorporated in Japan
“TCIL”	Tan Chong International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange.
“Shareholders”	the Shareholders of TCIL
“Vendors”	Vendor 1 and Vendor 2
“Vendor 1”	TMCAP2000 Investment Limited Partnership, a limited liability partnership incorporated in Japan that handles mainly fund management activities

“Vendor 2”	AIG Japan Opportunity Fund, L.P, a limited liability partnership incorporated in Japan that handles mainly fund management activities
“Zenith Logistics”	Zenith Logistics Pte. Ltd., a wholly owned subsidiary of TCIL, incorporated in Singapore.
“Zero”	K. K. Zero (Zero Co., Ltd), incorporated in Japan
“HK\$”	Hong Kong dollar, the legal currency in Hong Kong
“JPY”	Japanese Yen, the legal currency in Japan
“%”	per cent.

Note: For the purpose of this announcement, the exchange rate used is JPY/HK\$ =14.4231

By Order of the Board
Teo Siok Ghee
Company Secretary

Hong Kong, 13 August 2004

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