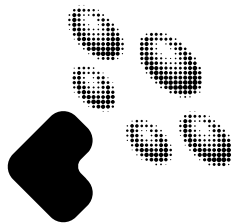

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in 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 advisor.

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 conducted for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, make no representation as to the accuracy or completeness and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon the whole or any part of the contents of this circular.

TAN CHONG
International



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

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DEFINITIONS

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

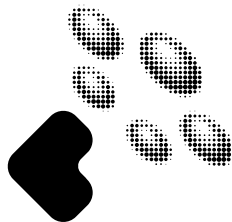
“Acquisition”	The acquisition of 20.7% of the issued share capital of Zero
“Agreement”	Stock Purchase Agreement entered into between the Vendors and the purchasers on 6 August 2004
“Closing Date”	26 August 2004 or any other day which may be agreed by the Vendors and purchasers
“Completion”	Completion of the Acquisition under the Agreement
“Directors”	Board of Directors of TCIL
“Group”	TCIL and its subsidiaries
“Latest Practicable Date”	31 August 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 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” or “Company”	Tan Chong International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shareholders”	the Shareholders of TCIL
“Vendors”	Vendor 1 and Vendor 2
“Vendor 1”	TMCAP2000 Investment Limited Partnership, a limited liability partnership incorporated in Japan
“Vendor 2”	AIG Japan Opportunity Fund, L.P., a limited liability partnership incorporated in Japan
“Zenith Logistics”	Zenith Logistics Pte. Ltd., a wholly owned subsidiary of TCIL, incorporated in Singapore

DEFINITIONS

“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 circular, the exchange rate used is JPY/HK\$=14.4231

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
Mdm. Sng Chiew Huat

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent non-executive Directors:

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

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

4 September 2004

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF 20.7% OF THE ISSUED SHARE CAPITAL OF ZERO

INTRODUCTION

On 6 August 2004, the Directors announced that Zenith Logistics has entered into the Agreement to acquire 20.7% (1,180,000 shares) of Zero. The total consideration for the Acquisition was JPY2,478,000,000 (approximately HK\$171,808,000) and will be funded internally by the Group.

LETTER FROM THE BOARD

The Acquisition constitutes a discloseable transaction of TCIL under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with further information about the Acquisition and other information as prescribed by the Listing Rules.

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 in Zero (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 JPY882 million (approximately HK\$61,152,000) and JPY1,680 million (approximately HK\$116,480,000) respectively and upon completion will have 420,000 and 800,000 shares in Zero 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 1,000 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.

LETTER FROM THE BOARD

Turnover in 2003 improved 6.5% to JPY47.5 billion compared to JPY44.6 billion in 2002, registering a JPY2.4 billion profit in 2003 compared to a JPY2.5 billion loss in 2002.

Consideration

The consideration for the Acquisition was JPY2,478,000,000 (approximately HK\$171,808,000), of which JPY1,722,000,000 (approximately HK\$119,392,000) was paid to Vendor 1 and JPY756,000,000 (approximately HK\$52,416,000) was paid to Vendor 2. The consideration was paid on the Closing Date and was 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 JPY5,934 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 as at 30th June 2003 and 4.81 times of 20.7% of its earnings as at 30th June 2003 which in the Directors' opinion reflect fair and reasonable value for purchase. Based on the net asset value at 30th June 2003, the consideration translated to a goodwill of approximately HK\$86,643,000 which will be recognized in the accounts according to International Accounting Standards for full year 2004. 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 took place on the Closing Date when all the conditions precedents were fulfilled and as stated in the Agreement.

LETTER FROM THE BOARD

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 as a whole.

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.

FURTHER INFORMATION

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.

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 STATEMENT

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 enquires, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

- (a) As at the Latest Practicable Date, the interest 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:

Long positions in the Shares of the Company:

Name of Director	Number of Shares			Total	Percentage of total issued shares
	Personal interests	Family interests (Note 1)	Corporate interests (Note 2)		
<i>Executive Directors:</i>					
Dato' Tan Kim Hor	9,224,502	90,972	—	9,315,474	0.46%
Tan Eng Soon	4,200,000	—	101,580,000	105,780,000	5.25%
Tan Kheng Leong	2,205,000	210,000	—	2,415,000	0.12%
Joseph Ong Yong Loke	600,000	795,000	940,536	2,335,536	0.12%
Neo Ah Chap	2,991,000	—	—	2,991,000	0.15%
Sng Chiew Huat	504,000	—	—	504,000	0.03%
<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 contracts or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

Up to the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2003, being the date of 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. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had an interest in any business that competes or may compete with the business of the Group.

4. SUBSTANTIAL SHAREHOLDERS

So far as is known to the Directors, as at the Latest Practicable Date, the persons (other than a Director or chief executive) who were, directly or indirectly, interested or had short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or, were directly or indirectly, interested in 10% or more of the nominal value of issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group were as follows:

Long position in the Shares of the Company:

Name	Nature of interest	Ordinary share held (Note 3)	Percentage of total issued shares
Tan Chong Consolidated Sdn. Bhd.	Corporate	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.

Save as disclosed herein, as at the Latest Practicable Date, the Directors are not aware of any other person who was, directly or indirectly, interested or had short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO or, was, directly or indirectly, interested in 10% or more of the nominal value of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

5. SERVICE CONTRACTS

None of the Directors has any existing and proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than normal statutory obligations).

6. LITIGATION

As at the Latest Practicable Date 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 the Company or any of its subsidiaries.

7. SECRETARY

The Company Secretary is Ms. Teo Siok Ghee, C.P.A. (Singapore).

8. 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.

9. MISCELLANEOUS

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