



FINAL RESULTS

The Board of Directors ("Board") wishes to announce the following audited results of the Group for the year ended 31 December 2006.

Consolidated Income Statement

	Notes	For the year ended 31 December	
		2006 HK\$'000	2005 HK\$'000
Revenue	3	5,853,032	6,002,371
Cost of sales		<u>(4,777,190)</u>	<u>(5,023,810)</u>
Gross profit		1,075,842	978,561
Other operating income		224,398	132,215
Distribution costs		(293,754)	(281,004)
Administrative expenses		(297,581)	(252,042)
Other operating expenses		<u>(17,548)</u>	<u>(31,811)</u>
Profit from operations		691,357	545,919
Financing costs		(19,710)	(15,637)
Share of profit less losses of associates		<u>39,731</u>	<u>30,239</u>
Profit before taxation	4	711,378	560,521
Income tax expense	5	<u>(136,775)</u>	<u>(115,586)</u>
Profit for the year		<u><u>574,603</u></u>	<u><u>444,935</u></u>
Attributable to:			
Equity shareholders of the Company		573,932	444,918
Minority interests		<u>671</u>	<u>17</u>
Profit for the year		<u><u>574,603</u></u>	<u><u>444,935</u></u>
Dividends	6	<u><u>130,865</u></u>	<u><u>130,865</u></u>
Earnings per share (cents)	7	<u><u>28.5</u></u>	<u><u>22.1</u></u>

Consolidated Balance Sheet

	Notes	At 31 December 2006 HK\$'000	At 31 December 2005 HK\$'000
Non-current assets			
Investment properties		1,248,800	1,220,013
Property, plant and equipment		1,089,616	831,167
Lease prepayments		207,440	71,566
Interest in associates		438,821	401,282
Investments		111,781	76,339
Hire purchase debtors and instalments receivable		142,352	158,731
Deferred tax assets		19,094	23,697
		<u>3,257,904</u>	<u>2,782,795</u>
Current assets			
Inventories		746,536	760,718
Properties held for sale		454,906	447,164
Trade debtors	8	348,095	321,549
Hire purchase debtors and instalments receivable		101,869	102,711
Other debtors, deposits and prepayments		128,448	205,159
Cash and cash equivalents		<u>1,259,330</u>	<u>1,016,406</u>
		<u>3,039,184</u>	<u>2,853,707</u>
Current liabilities			
Bank overdrafts (unsecured)		29,884	44,058
Bank loans (unsecured)		332,160	301,034
Trade creditors	9	235,506	284,727
Other creditors and accruals		224,856	266,154
Amounts due to related companies		613	1,825
Taxation		163,634	154,809
Provisions		10,356	9,297
		<u>997,009</u>	<u>1,061,904</u>
Net current assets		<u>2,042,175</u>	<u>1,791,803</u>
Total assets less current liabilities		<u>5,300,079</u>	<u>4,574,598</u>
Non-current liabilities			
Deferred tax liabilities		31,624	11,879
Bank loan (unsecured)		49,072	143,568
Provisions		15,125	14,317
		<u>95,821</u>	<u>169,764</u>
NET ASSETS		<u>5,204,258</u>	<u>4,404,834</u>
Representing:			
Capital and Reserve			
Share capital		1,006,655	1,006,655
Reserves		<u>4,163,237</u>	<u>3,368,083</u>
Total equity attributable to equity shareholders of the Company		5,169,892	4,374,738
Minority interests		34,366	30,096
TOTAL EQUITY		<u>5,204,258</u>	<u>4,404,834</u>

Notes:

1. **Basis of consolidation**

The consolidated accounts of the Company for the year ended 31 December 2006 comprise the Company and all its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates.

2. **Changes in accounting policies**

The International Accounting Standards Board has issued a number of new and revised International Financial Reporting Standards (“IFRS”) that are effective for accounting periods beginning on or after 1 January 2006.

The adoption of the new and revised IFRSs did not result in significant changes to the Group and/or Company’s accounting policies. The changes are detailed in note 2 of the financial statements in the annual report.

3. **Segmental Information**

	Group Revenue		Profit from operations	
	<i>For the year ended</i>		<i>For the year ended</i>	
	31 December		31 December	
	2006	2005	2006	2005
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
By business segments				
Motor vehicle distribution	4,818,439	5,020,581	390,058	413,785
Heavy commercial vehicle and industrial equipment distribution	777,820	764,251	103,472	82,886
Property rentals and development	89,763	56,475	140,035	(7,093)
Other operations	167,010	161,064	57,792	56,341
	<u>5,853,032</u>	<u>6,002,371</u>	<u>691,357</u>	<u>545,919</u>
			Group Revenue	
			<i>For the year ended</i>	
			31 December	
			2006	2005
			<i>HK\$’000</i>	<i>HK\$’000</i>
By geographical locations				
Singapore			4,998,003	5,252,629
Hong Kong			60,711	57,533
PRC			248,653	153,856
Others			545,665	538,353
			<u>5,853,032</u>	<u>6,002,371</u>

4. **Profit before taxation**

	For the year ended	
	31 December	
	2006	2005
	<i>HK\$’000</i>	<i>HK\$’000</i>
Profit before taxation is arrived at after charging/(crediting) the following:		
Cost of goods sold	4,603,705	4,835,673
Interest expense	19,710	15,637
Amortisation of lease prepayments	4,773	2,913
Depreciation of property, plant and equipment	72,930	61,638
Gain on sale of property, plant and equipment	(11,600)	(7,597)
Gain on sale of unlisted equity securities	-	(37,646)
Loss on sale of investment properties	1,018	921
Share of associates’ taxation	14,835	16,095
	<u>14,835</u>	<u>16,095</u>

5. **Taxation**

	For the year ended 31 December	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Group:		
Hong Kong	697	1,785
Singapore	124,985	104,953
Elsewhere	11,093	8,848
	<u>136,775</u>	<u>115,586</u>

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.

6. **Dividends**

	For the year ended 31 December	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Interim dividend paid of 2.0 cents (2005: 2.0 cents)	40,266	40,266
Final proposed dividend of 4.5 cents (2005: 4.5 cents)	90,599	90,599
	<u>130,865</u>	<u>130,865</u>

7. **Earnings per share**

The calculation of basic earnings per share is based on net profit for the year attributed to ordinary shareholders of HK\$573,932,000 (2005: HK\$444,918,000) and divided by the weighted average number of shares of 2,013,309,000 (2005: 2,013,309,000) in issue during the year.

The amount of diluted earnings per share is not presented as there were no dilutive securities outstanding during 2006 and 2005.

8. **Trade debtors**

Included in trade debtors are debtors (net of impairment losses) with the following ageing analysis:

	For the year ended 31 December	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
0-30 days	308,887	285,623
31 to 90 days	33,922	32,805
Over 90 days	5,286	3,121
	<u>348,095</u>	<u>321,549</u>

The Group allows credit periods from 7 days to 6 months.

9. Trade creditors

Included in trade creditors are creditors with the following ageing analysis:

	For the year ended 31 December	
	2006	2005
	HK\$'000	HK\$'000
0-30 days	124,867	122,124
31-90 days	98,097	119,576
91-180 days	6,969	42,251
Over 180 days	5,573	776
	<u>235,506</u>	<u>284,727</u>

FINAL DIVIDEND

The Board recommends a final dividend of 4.5 cents per share on the shares in issue absorbing a total of HK\$90,599,000 which will be payable on 31 May 2007 to shareholders whose names appear on the Register of Members on 3 May 2007, subject to the approval of shareholders at the Annual General Meeting to be held on 3 May 2007.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 19 April 2007 to 3 May 2007, 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, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30pm on 18 April 2007.

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, 3 May 2007 at 11:00a.m.. The Notice of Annual General Meeting will be sent to shareholders on or before 10 April 2007.

MANAGEMENT REVIEW

The Group faced many challenges in year 2006. New cars and new models were introduced in Singapore. Nissan's share of the market was however reduced because of:

- Keen competition from new entrants and existing parallel importers and cheaper cars from the regional countries
- No new models to bring in more customers
- With the introduction of the Euro 4 Emission Standard in Singapore that took effect from the last quarter 2006 there were no sales of commercial vehicles.

On the other hand bottom line has been cushioned by cheaper car quota prices, the strengthening of the Singapore dollar and Asian currencies and the relative weakness of the Japanese Yen against the US dollar. Continuing world wide geopolitical uncertainties, unpredictable interest rate trend and high fuel prices will likely dampen financial performance. Consumers' confidence is still trending towards smaller and cheaper cars. Sales volumes of Subaru cars in Singapore, China and Hong Kong improved year on year but bottom line was thinner. After-sales servicing of vehicles strengthened in volume and profitability.

Group Revenue year on year dropped 2.5% to HKD5.853 billion dampened by reduced Nissan and Nissan Diesel unit sales volumes which dipped 18.9% and 20.5% to 16,796 and 1,412 respectively although cushioned somewhat by the 64.3% increased unit sales volume to 4,082 from Subaru sales in Singapore, PRC, Hong Kong and the region.

Group profits attributable to shareholders year on year would have dropped 7.6% if they were not boosted by the HKD163 million bonus from increased value of investment properties, write-backs, higher net interest income and dividend received and higher foreign exchange gain. Overall group profits attributable to shareholders were up 29.0% year on year. Expenses from Singapore Motor Show 2006 had resulted in higher distribution and administrative costs but other overheads and financing costs were well contained. Share of earnings of associates moved up 31.4%.

Other than increased value of investment properties, financial performance of the Property Division improved over last year with better occupancy and rental rates helped by the influx of expatriates into Singapore. The situation is expected to improve further. Nevertheless continuing high interest costs may override the better revenue.

Over at the Industrial Machinery Division, truck sales in Singapore declined despite better sentiments in the logistics and construction sectors. With the introduction of the Euro 4 Emission Standard in Singapore since the last quarter of 2006 there were no medium-sized truck sales. Margins rose because of contributions from the first three quarters of the year. Although truck sales volume in Thailand declined, profits improved because of better margins and foreign exchange gain.

Capital commitments dropped to HKD38 million from HKD69 million as at end of last year. These commitments are the balances from various completed and completing projects. Continuing expansion in sales activities regionally increased head count to 1,180.

During the year our Vantone offices in Beijing China were sold and our property at Tan Chong Industrial Park was reclassified from investment property to fixed assets because it was used within the Group. The number of investment properties is therefore reduced from 7 to 5.

With its solid financial standing the Group will continue its expansion into the region. It will proceed to borrow more long term debt to meet infrastructural and investment needs if interest rates are conducive.

The Group has adopted the changes in reporting standards as required by the Stock Exchange of Hong Kong and the International Accounting Standards Board.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the results of the Group for the year ended 31 December 2006.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year with the Code on Corporate Governance Practices as set out by the Stock Exchange of Hong Kong Limited ("Stock Exchange") in Appendix 14 of the Listing Rules. 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. The Chairman had been instrumental in listing the Group. He has in-depth professional knowledge of, and extensive experience in the automobile industry and full cognizance of the workings of the business operations of the Group. In view of this, the Board would like him to continue with some executive functions. The balance of power and authority is ensured by the participation and input of the other Board members who are highly qualified and experienced professionals. The roles of the respective executive directors and senior management who are in charge of different disciplinary functions complement the role of the Chairman and Chief Executive Officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to make and implement decisions promptly and efficiently.

By Order of the Board
Sng Chiew Huat
Finance Director

Hong Kong, 27 February 2007

Website: <http://www.tanchonginternational.com>

As at the date of this announcement, the directors are Mr. Tan Eng Soon, Mr. Joseph Ong Yong Loke, Mr. Tan Kheng Leong, Mr. Neo Ah Chap and Mdm. Sng Chiew Huat. Independent non-executive directors are Mr. Lee Han Yang, Ms Jeny Lau and Mr Masatoshi Matsuo. The Honorary Life Counsellor of the Company is Dato' Tan Kim Hor.

Tan Chong International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 693)

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