



## INTERIM RESULTS

The Board of Directors (the "Board") wishes to announce the following unaudited results of the Group for the six months ended 30 June 2007.

### Consolidated Income Statement

	Notes	Six months ended 30 June	
		2007 HK\$'000	2006 HK\$'000
Revenue	2	3,097,291	3,175,205
Cost of sales		<u>(2,489,467)</u>	<u>(2,579,320)</u>
Gross profit		607,824	595,885
Other operating income		37,269	50,480
Distribution costs		(157,294)	(161,175)
Administrative expenses		(177,697)	(157,063)
Other operating expenses		<u>(37,925)</u>	<u>(13,786)</u>
Profit from operations		272,177	314,341
Financing costs		(6,118)	(9,156)
Share of profit less losses of associates		<u>28,424</u>	<u>20,526</u>
Profit before taxation	3	294,483	325,711
Income tax expense	4	<u>(51,317)</u>	<u>(64,577)</u>
<b>Profit for the period</b>		<u><u>243,166</u></u>	<u><u>261,134</u></u>
Attributable to:			
Equity shareholders of the Company		239,346	260,563
Minority interests		<u>3,820</u>	<u>571</u>
<b>Profit for the period</b>		<u><u>243,166</u></u>	<u><u>261,134</u></u>
<b>Dividends</b>	5	<u><u>40,266</u></u>	<u><u>40,266</u></u>
<b>Earnings per share (cents)</b>	6	<u><u>11.9</u></u>	<u><u>12.9</u></u>

## Consolidated Balance Sheet

	Notes	At 30 June 2007 HK\$'000	At 31 December 2006 HK\$'000
<b>Non-current assets</b>			
Investment properties		1,258,337	1,248,800
Property, plant and equipment		1,118,838	1,089,616
Lease prepayments		207,730	207,440
Interest in associates		459,663	438,821
Investments		343,631	111,781
Hire purchase debtors and instalments receivable		113,760	142,352
Deferred tax assets		19,295	19,094
		<u>3,521,254</u>	<u>3,257,904</u>
<b>Current assets</b>			
Inventories		712,194	746,536
Properties held for sale		333,911	454,906
Trade debtors	7	535,909	348,095
Hire purchase debtors and instalments receivable		89,788	101,869
Other debtors, deposits and prepayments		127,348	128,448
Cash and cash equivalents		999,167	1,259,330
		<u>2,798,317</u>	<u>3,039,184</u>
<b>Current liabilities</b>			
Bank overdrafts (unsecured)		48,693	29,884
Bank loans (unsecured)		79,730	332,160
Trade creditors	8	264,029	235,506
Other creditors and accruals		265,449	224,856
Amounts due to related companies		181	613
Taxation		141,258	163,634
Provisions		10,518	10,356
		<u>809,858</u>	<u>997,009</u>
<b>Net current assets</b>		<u>1,988,459</u>	<u>2,042,175</u>
<b>Total assets less current liabilities</b>		<u>5,509,713</u>	<u>5,300,079</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		31,938	31,624
Bank loan (unsecured)		51,254	49,072
Provisions		15,677	15,125
		<u>98,869</u>	<u>95,821</u>
<b>NET ASSETS</b>		<u>5,410,844</u>	<u>5,204,258</u>
Representing:			
<b>Capital and Reserve</b>			
Share capital		1,006,655	1,006,655
Reserves		4,359,314	4,163,237
<b>Total equity attributable to equity shareholders of the Company</b>		5,365,969	5,169,892
<b>Minority interests</b>		44,875	34,366
<b>TOTAL EQUITY</b>		<u>5,410,844</u>	<u>5,204,258</u>

Notes:

1. **Basis of preparation**

The unaudited interim financial statements have been prepared in accordance with the requirements of the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board.

2. **Segmental Information**

	<b>Group Revenue</b>		<b>Profit from operations</b>	
	<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>By business segments</b>				
Motor vehicle distribution	2,317,395	2,661,339	136,617	238,762
Heavy commercial vehicle and industrial equipment distribution	434,361	373,913	65,364	43,838
Property rentals and development	209,741	39,803	60,514	9,140
Other operations	135,794	100,150	9,682	22,601
	<u>3,097,291</u>	<u>3,175,205</u>	<u>272,177</u>	<u>314,341</u>

	<b>Group Revenue</b>	
	<i>Six months ended 30 June</i>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>By geographical locations</b>		
Singapore	2,471,438	2,759,149
Hong Kong	45,862	32,515
PRC	195,325	114,340
Others	384,666	269,201
	<u>3,097,291</u>	<u>3,175,205</u>

3. **Profit before taxation**

	<i>Six months ended 30 June</i>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting) the following:		
Interest expense	6,118	9,156
Amortisation of lease prepayments	1,667	1,474
Depreciation of property, plant and equipment	41,453	34,908
Gain on sale of property, plant and equipment	(4,420)	(7,419)
Loss on sale of investment properties	-	1,018
Decrease in fair value of listed equity securities	34,464	-
Share of associates' taxation	8,321	6,308
	<u>8,321</u>	<u>6,308</u>

4. **Taxation**

	<b>Six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Group:		
Hong Kong	-	-
Elsewhere	51,317	64,577
	<u>51,317</u>	<u>64,577</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 period.

5. **Dividends**

	<b>Six months ended 30 June</b>	
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of 2.0 cents (2006: 2.0 cents) per ordinary share	<u>40,266</u>	<u>40,266</u>

6. **Earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2007 is based on net profit attributable to equity shareholders of the Company of HK\$239,346,000 (2006: HK\$260,563,000) and the weighted average number of shares of 2,013,309,000 (2006: 2,013,309,000) in issue during the period.

The amount of diluted earnings per share is not presented as there were no dilutive securities outstanding during the six months ended 30 June 2007 and 2006.

7. **Trade debtors**

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

	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	485,777	308,887
31 to 90 days	45,865	33,922
Over 90 days	4,267	5,286
	<u>535,909</u>	<u>348,095</u>

The Group allows credit periods from 7 days to 12 months.

8. **Trade creditors**

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

	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2007</b>	<b>2006</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	171,645	124,867
31-90 days	81,261	98,097
91-180 days	10,187	6,969
Over 180 days	936	5,573
	<u>264,029</u>	<u>235,506</u>

**INTERIM DIVIDEND**

The Board is pleased to declare an interim dividend of 2.0 cents (2006: 2.0 cents) per ordinary share on the shares in issue amounting to a total of HK\$40,266,000 (2006: HK\$40,266,000), which will be payable on 6 September 2007 to shareholders whose names appear on the Register of Members on 30 August 2007. Dividend warrants will be sent to shareholders on 6 September 2007.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from 28 August 2007 to 30 August 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 interim 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, 17<sup>th</sup> floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30pm on 27 August 2007.

## **MANAGEMENT REVIEW**

Group results for the half year ended 30<sup>th</sup> June 2007 were satisfactory despite the changing dynamics of the car and property businesses in Singapore. Group profit attributable to shareholders of HK\$239 million this first half year is 8% lower than that of HK\$261 million in the first half 2006 and 9% better than that of HK\$220 million in the second half 2006 if the HK\$94 million revaluation gain in investment properties is excluded. Likewise, Group Revenue declined 2% and improved 16% to HK \$3.097 billion when compared with the first and second half 2006 respectively.

Revenue and profit contributions for the first half 2007 were affected by the following factors:

1. Lower unit Nissan car sales in Singapore
2. Increased contributions from better unit Subaru car, truck and forklift sales in Singapore and the region
3. Sale of additional units in properties held for sales
4. Better returns from car and apartment rental businesses.
5. Improved contributions from our associates.

Unit Nissan vehicle sales in Singapore declined 39% from 10045 in first half 2006, 6746 in second half 2006 to 6106 in first half 2007 because of 16% reduction in car quota certificates, invasion of parallel importers who brought in newer and cheaper models, increased pricing by the Principal and no commercial vehicle sales. Unit Subaru car sales in Singapore however rose 67% from 1011 in first half 2006, 1399 in second half 2006 to 1686 in first half 2007. Regionally, unit Subaru car sales escalated 73% from 1836, 2323 to 3185 respectively.

The sale of additional units in properties held for sales accounted for 5.7% of Group Revenue and 13.8% of Profit before Tax. As at 30<sup>th</sup> June 2007, 28 units were sold leaving a balance of 49 units in stock.

The influx of expatriates and new investments into Singapore led to not only a boom in property prices but also higher returns and take up rates of apartments and rental cars. Margins for truck and forklift sales in Singapore were boosted by improved sentiments in the logistics and construction sectors that are riding on the sizzling property market. Share of results of associates were up 48% and 38% respectively when compared to the 2<sup>nd</sup> half 2006 and 1<sup>st</sup> half 2006.

Capital commitment for 3 uncompleted projects in Thailand, Taiwan and car parking system in Singapore stood at HK\$45 million up from HK\$38 million as at end of last year. Head count moved up 11.8% to 1581 from 1414 as at end 2006 mainly due to regional expansion of the Subaru business and increased numbers at the seat manufacturing plant in China to cater to increased production. This is the first time we are including the seat manufacturing plant in Group head count.

Group net cash was reduced to HK\$ 819 million from HK\$ 848 million. Cash outflows were mainly for the purchase of additional shares in Japanese securities as strategic investment; increase in car rental fleet size; project costs; and payment of dividends and income taxes.

The Group will continue to tap on its financial strength to expand regionally and to look for new businesses that are synergistic and compatible with Group strategy.

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

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

## **AUDIT COMMITTEE**

The Audit Committee has reviewed with management the results of the Group for the period ended 30 June 2007.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

No director of the Company is aware of any information which would reasonably indicate that the Company is not, or was not, at any time during the six months ended 30 June 2007, acting in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules of the Stock Exchange. 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, 31 July 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)**