



Tan Chong International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 693)

FINAL RESULTS

The Board of Directors (“Board”) wishes to announce the following results of the Group for the year ended 31 December 2007.

Consolidated Income Statement

	Notes	For the year ended	
		2007	2006
		HK\$'000	HK\$'000
Revenue	3, 4	5,599,504	5,853,032
Cost of sales		<u>(4,501,810)</u>	<u>(4,777,190)</u>
Gross profit		1,097,694	1,075,842
Other operating income		233,013	224,398
Distribution costs		(307,696)	(293,754)
Administrative expenses		(346,576)	(297,581)
Other operating expenses		<u>(40,566)</u>	<u>(17,548)</u>
Profit from operations		635,869	691,357
Financing costs		(9,606)	(19,710)
Share of profit less losses of associates		<u>63,813</u>	<u>39,731</u>
Profit before taxation	5	690,076	711,378
Income tax expense	6	<u>(150,657)</u>	<u>(136,775)</u>
Profit for the year		<u><u>539,419</u></u>	<u><u>574,603</u></u>
Attributable to:			
Equity shareholders of the Company		532,948	573,932
Minority interests		<u>6,471</u>	<u>671</u>
Profit for the year		<u><u>539,419</u></u>	<u><u>574,603</u></u>
Dividends	7	<u><u>130,865</u></u>	<u><u>130,865</u></u>
Earnings per share (cents)	8	<u><u>26.5</u></u>	<u><u>28.5</u></u>

Consolidated Balance Sheet

	Notes	At 31 December 2007 HK\$'000	At 31 December 2006 HK\$'000
Non-current assets			
Investment properties		1,493,555	1,248,800
Property, plant and equipment		1,215,421	1,089,616
Lease prepayments		214,693	207,440
Interest in associates		510,276	438,821
Investments		25,540	25,976
Hire purchase debtors and instalments receivable		89,294	142,352
Deferred tax assets		20,200	19,094
		<u>3,568,979</u>	<u>3,172,099</u>
Current assets			
Trading equity securities – listed outside Hong Kong		418,298	85,805
Inventories		939,056	746,536
Properties held for sale		311,588	454,906
Trade debtors	9	740,350	348,095
Hire purchase debtors and instalments receivable		81,287	101,869
Other debtors, deposits and prepayments		169,239	128,448
Amount due from related companies		684	-
Cash and cash equivalents		766,980	1,259,330
		<u>3,427,482</u>	<u>3,124,989</u>
Current liabilities			
Bank overdrafts (unsecured)		29,757	29,884
Bank loans (unsecured)		151,031	332,160
Trade creditors	10	244,955	235,506
Other creditors and accruals		354,858	224,856
Amounts due to related companies		-	613
Taxation		103,336	163,634
Provisions		7,506	10,356
		<u>891,443</u>	<u>997,009</u>
Net current assets		<u>2,536,039</u>	<u>2,127,980</u>
Total assets less current liabilities		<u>6,105,018</u>	<u>5,300,079</u>
Non-current liabilities			
Deferred tax liabilities		55,761	31,624
Bank loan (unsecured)		51,521	49,072
Provisions		8,904	15,125
		<u>116,186</u>	<u>95,821</u>
NET ASSETS		<u>5,988,832</u>	<u>5,204,258</u>
Capital and reserve			
Share capital		1,006,655	1,006,655
Reserves		4,933,668	4,163,237
Total equity attributable to equity shareholders of the Company		<u>5,940,323</u>	<u>5,169,892</u>
Minority interests		<u>48,509</u>	<u>34,366</u>
TOTAL EQUITY		<u>5,988,832</u>	<u>5,204,258</u>

Notes:

1. **Basis of consolidation**

The consolidated accounts of the Company for the year ended 31 December 2007 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 IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in the financial statements for the years presented as a result of these developments. However, as a result of the adoption of IFRS 7, Financial instruments: Disclosures and the amendment to IAS 1, Presentation of financial statements: Capital disclosures, there have been some additional disclosures provided as follows:

With the adoption of IFRS 7, the financial statements include expanded disclosure about the significance of the Group’s financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by IAS 32, Financial instruments: Disclosure and presentation.

The amendment to IAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group’s and the Company’s objectives, policies and processes for managing capital.

Both IFRS 7 and the amendment to IAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. **Revenue**

Revenue represents the sales value of goods sold, services supplied to customers, hire purchase financing income, rental income, income from sale of properties, management service fees, agency commission and handling fees and warranty reimbursements, net of goods and services tax where applicable, analysed as follows:

	For the year ended	
	31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of goods	4,889,977	5,403,085
Rendering of services	286,975	250,866
Hire purchase financing income	44,643	44,607
Gross rentals from investment properties	60,717	42,991
Gross proceeds from properties sold	248,929	37,501
Management service fees received from associate	3,390	3,390
Agency commission and handling fees	44,695	44,870
Warranty reimbursements	20,178	25,722
	<u>5,599,504</u>	<u>5,853,032</u>

4 **Segmental Information**

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

(i) **Motor vehicle distribution**

The Group is the exclusive distributor for Nissan vehicles in Singapore and for Subaru vehicles in Singapore, Hong Kong, the Philippines, certain provinces of the People's Republic of China ("PRC") and some countries in ASEAN. It distributes all models of Nissan and Subaru passenger and Nissan light commercial vehicles.

(ii) **Heavy commercial vehicle and industrial equipment distribution**

The Group is the sole distributor for Nissan Diesel heavy commercial vehicles and Nissan forklift trucks in Singapore, Thailand and Brunei. The Group markets and distributes a wide range of both Nissan Diesel heavy commercial vehicles and industrial equipment.

(ii) **Property rentals and development**

The Group has significant property interests located in Singapore and is engaged in the gradual development of various operating and investment properties in order to meet the property needs of the Group as well as for sales and rental income.

(iii) **Other operations**

Other operations include investment holding and hire-purchase financing.

4 **Segmental Information (Continued)**

Geographical segments

The business segments detailed above operate in three principal geographical areas. Singapore is a major market for the Group's businesses. In Hong Kong, the Group is engaged in the distribution of Subaru vehicles, the provision of workshop services and investment in property in return for rental income and in the PRC, the Group is engaged in the distribution of Subaru vehicles, the manufacture of vehicle seats and shock absorbers.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Group Revenue		Profit from operations	
	<i>For the year ended</i>		<i>For the year ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By business segments				
Motor vehicle distribution	4,013,022	4,818,439	184,025	390,058
Heavy commercial vehicle and industrial equipment distribution	1,047,589	777,820	166,473	103,472
Property rentals and development	315,246	89,763	237,984	140,035
Other operations	223,647	167,010	47,387	57,792
	<u>5,599,504</u>	<u>5,853,032</u>	<u>635,869</u>	<u>691,357</u>

	Group Revenue	
	<i>For the year ended</i>	
	<i>31 December</i>	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
By geographical locations		
Singapore	4,221,491	4,998,003
Hong Kong	87,290	60,711
PRC	439,302	248,653
Others	851,421	545,665
	<u>5,599,504</u>	<u>5,853,032</u>

5. **Profit before taxation**

	For the year ended 31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting) the following:		
Cost of goods sold	4,539,077	4,603,705
Interest expense	9,606	19,710
Amortisation of lease prepayments	5,030	4,773
Depreciation		
- assets held for use under operating leases	41,538	35,786
- other assets	43,460	37,144
Bank and other interest income	(33,966)	(42,781)
Dividend income		
- listed equity securities	(5,550)	(801)
- unlisted investments	(923)	(20,264)
Gain on disposal of property, plant and equipment	(13,372)	(11,600)
Loss on sale of investment properties	-	1,018
	<u> </u>	<u> </u>

6. **Taxation**

Income tax expense:

	For the year ended 31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax expense		
Provision for the year	108,343	116,068
Under/(over)-provision in prior years	19,283	(3,641)
	<u>127,626</u>	<u>112,427</u>
Deferred tax expense		
Origination and reversal of temporary differences	25,792	22,012
Benefits of tax losses recognised	(1,510)	2,336
Effects of decrease in tax rate on deferred tax balances at 1 January	(1,251)	-
	<u>23,031</u>	<u>24,348</u>
Total income tax expense in the consolidated income statement	<u>150,657</u>	<u>136,775</u>

An analysis of the income tax expense is as follows:

	For the year ended 31 December	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	3,652	697
Singapore	113,044	124,985
Elsewhere	33,961	11,093
	<u>150,657</u>	<u>136,775</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.

7. **Dividends**

	For the year ended 31 December	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interim dividend paid of 2.0 cents per ordinary share (2006: 2.0 cents per ordinary share)	40,266	40,266
Final dividend proposed after the balance sheet date of 4.5 cents per ordinary share (2006: 4.5 cents per ordinary share)	90,599	90,599
	<u>130,865</u>	<u>130,865</u>

8. **Earnings per share**

The calculation of basic earnings per share is based on net profit for the year attributed to ordinary shareholders of HK\$532,948,000 (2006: HK\$573,932,000) and number of ordinary shares outstanding during the year of 2,013,309,000 (2006: 2,013,309,000) shares.

Diluted earnings per share is not presented as there were no dilutive securities outstanding during the years presented.

9. **Trade debtors**

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

	For the year ended 31 December	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0-30 days	663,695	308,887
31-90 days	59,412	33,922
Over 90 days	17,243	5,286
	<u>740,350</u>	<u>348,095</u>

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

10. **Trade creditors**

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

	For the year ended 31 December	
	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
0-30 days	103,220	124,867
31-90 days	132,684	98,097
91-180 days	3,658	6,969
Over 180 days	5,393	5,573
	<u>244,955</u>	<u>235,506</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 28 May 2008 to shareholders whose names appear on the Register of Members on 30 April 2008, subject to the approval of shareholders at the Annual General Meeting to be held on 30 April 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 25 April 2008 to 30 April 2008, 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 24 April 2008.

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 30 April 2008 at 11:00a.m.. The Notice of Annual General Meeting will be sent to shareholders on or before 7 April 2008.

MANAGEMENT REVIEW

The Group recorded a marginal drop in revenue and profit for the year. Drop in Nissan vehicle sales was cushioned by increased sale of Subaru cars, diesel trucks, forklifts and terraced houses; improved income from car and apartment rentals; and increased contributions from associates. The major contributors to group performance are:

VEHICLE SALES

Overall Nissan sales were down for the year as there were no supply of Euro 4 Emission compliant medium and light commercial vehicles. Traditionally, this commercial vehicle sector contributed to a significant portion of the Company unit sales. The supply resumed in early 2008 for a limited range of models. Passenger car sales were similarly down from a lack of fresh model launches that are usually the drivers of new demand. A substantial year on year decline of 42.8% was recorded for the Nissan overall sales.

Nissan Diesel truck sales were strong in 2007, registering increases in both Singapore and Thailand of 33% that reversed the decline in 2006. The introduction of Euro 3 Emission Standards in Thailand will increase prices of trucks with likely reduction in total sales for the new year. In preparation for the expansion of sales we have opened new full service outlets in Nakhon Sawan and Chiangmai.

Motorimage Group's effort to expand Subaru vehicle distribution regionally is starting to make an impact with sales increasing over 56% in each of the past two years. Fuji Heavy Industries has also appointed Motorimage Group to lead the distribution in Taiwan. We have therefore started construction of a new full service hub in Taipei City that will be operational by the end of 2008. The Bangkok flagship showroom and service centre was opened in March 2007.

CENTRAL PROVIDENT FUND

An industry-wide review by the Singapore Central Provident Fund ("CPF") Board last year raised an issue of whether payment to sale personnel from third party sources dated back several years constituted income for which the company was deemed liable for CPF contribution. We have consulted various relevant professionals and the Board considered it prudent to provide for a potential CPF shortfall of some HKD42.5 million.

FINANCE

Gain on revaluation of investment properties stood at HKD108 million in 2007 compared to HKD94 million gain in 2006. Translation gain of HKD368 million boosted NTA to HKD2.95 from HKD2.57 per share. Net cash declined to HKD535 million from HKD848 million because of additional capital commitment on new projects and regional expansion.

PROSPECTS

With its sound financial standing, the Group is confident that it can ride the waves of challenges from geopolitical risk, global financial turmoil, recessionary threats and reduced car quota certificates in Singapore.

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 2007.

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, 6 March 2008

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.