



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 2008.

Consolidated Income Statement

	Notes	Six months ended 30 June	
		2008 HK\$'000	2007 HK\$'000
Revenue	2	2,691,595	3,097,291
Cost of sales		<u>(2,075,651)</u>	<u>(2,489,467)</u>
Gross profit		615,944	607,824
Other operating income		41,493	37,269
Distribution costs		(220,971)	(157,294)
Administrative expenses		(212,953)	(177,697)
Other operating expenses		<u>(9,766)</u>	<u>(37,925)</u>
Profit from operations		213,747	272,177
Financing costs		(13,381)	(6,118)
Share of profit less losses of associates		<u>31,405</u>	<u>28,424</u>
Profit before taxation	3	231,771	294,483
Income tax expense	4	<u>(41,806)</u>	<u>(51,317)</u>
Profit for the period		<u><u>189,965</u></u>	<u><u>243,166</u></u>
Attributable to:			
Equity shareholders of the Company		187,255	239,346
Minority interests		<u>2,710</u>	<u>3,820</u>
Profit for the period		<u><u>189,965</u></u>	<u><u>243,166</u></u>
Dividends	5	<u><u>40,266</u></u>	<u><u>40,266</u></u>
Earnings per share (cents)	6	<u><u>9.3</u></u>	<u><u>11.9</u></u>

Consolidated Balance Sheet

	Notes	At 30 June 2008 HK\$'000	At 31 December 2007 HK\$'000
Non-current assets			
Investment properties		1,569,696	1,493,555
Property, plant and equipment		1,656,042	1,215,421
Lease prepayments		224,117	214,693
Interest in associates		556,030	510,276
Investments		26,983	25,540
Hire purchase debtors and instalments receivable		103,588	89,294
Deferred tax assets		21,687	20,200
		<u>4,158,143</u>	<u>3,568,979</u>
Current assets			
Trading equity securities – listed outside Hong Kong		442,574	418,298
Inventories		1,124,189	939,056
Properties held for sale		366,855	311,588
Trade debtors	7	449,833	740,350
Hire purchase debtors and instalments receivable		88,124	81,287
Other debtors, deposits and prepayments		192,448	169,239
Amount due from related companies		8,217	684
Cash and cash equivalents		1,162,714	766,980
		<u>3,834,954</u>	<u>3,427,482</u>
Current liabilities			
Bank overdrafts (unsecured)		32,271	29,757
Bank loans (unsecured)		63,492	151,031
Trade creditors	8	451,507	244,955
Other creditors and accruals		422,807	354,858
Amounts due to related companies		3,402	-
Taxation		71,381	103,336
Provisions		5,714	7,506
		<u>1,050,574</u>	<u>891,443</u>
Net current assets		<u>2,784,380</u>	<u>2,536,039</u>
Total assets less current liabilities		<u>6,942,523</u>	<u>6,105,018</u>
Non-current liabilities			
Deferred tax liabilities		17,064	55,761
Bank loan (unsecured)		225,164	51,521
Provisions		15,462	8,904
		<u>257,690</u>	<u>116,186</u>
NET ASSETS		<u>6,684,833</u>	<u>5,988,832</u>
Representing:			
Capital and Reserve			
Share capital		1,006,655	1,006,655
Reserves		5,626,952	4,933,668
Total equity attributable to equity shareholders of the Company		6,633,607	5,940,323
Minority interests		51,226	48,509
TOTAL EQUITY		<u>6,684,833</u>	<u>5,988,832</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**

	Group Revenue		Profit from operations	
	<i>Six months ended 30 June</i>		<i>Six months ended 30 June</i>	
	2008	2007	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By business segments				
Motor vehicle distribution	1,971,892	2,317,395	81,830	136,617
Heavy commercial vehicle and industrial equipment distribution	502,362	434,361	52,496	65,364
Property rentals and development	39,854	209,741	27,062	60,514
Other operations	177,487	135,794	52,359	9,682
	<u>2,691,595</u>	<u>3,097,291</u>	<u>213,747</u>	<u>272,177</u>

	Group Revenue	
	<i>Six months ended 30 June</i>	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
By geographical locations		
Singapore	1,838,601	2,471,438
Hong Kong	56,031	45,862
PRC	375,632	195,325
Others	421,331	384,666
	<u>2,691,595</u>	<u>3,097,291</u>

3. **Profit before taxation**

	<i>Six months ended 30 June</i>	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting) the following:		
Interest expense	13,381	6,118
Amortisation of lease prepayments	2,523	1,667
Depreciation of property, plant and equipment	44,695	41,453
Gain on sale of property, plant and equipment	(5,473)	(4,420)
Decrease in fair value of listed equity securities	2,967	34,464
	<u>2,967</u>	<u>34,464</u>

4. **Taxation**

	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	-	-
Elsewhere	41,806	51,317
	<u>41,806</u>	<u>51,317</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**

	Six months ended 30 June	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of 2.0 cents (2007: 2.0 cents) per ordinary share	40,266	40,266

6. **Earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2008 is based on net profit attributable to equity shareholders of the Company of HK\$187,255,000 (2007: HK\$239,346,000) and the weighted average number of shares of 2,013,309,000 (2007: 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 2008 and 2007.

7. **Trade debtors**

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

	At 30 June	At 31 December
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	384,127	663,695
31 to 90 days	44,494	59,412
Over 90 days	21,212	17,243
	449,833	740,350

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

8. **Trade creditors**

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

	At 30 June	At 31 December
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	292,220	103,220
31-90 days	147,686	132,684
91-180 days	2,453	3,658
Over 180 days	9,148	5,393
	451,507	244,955

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of 2.0 cents (2007: 2.0 cents) per ordinary share on the shares in issue amounting to a total of HK\$40,266,000 (2007: HK\$40,266,000), which will be payable on 5 September 2008 to shareholders whose names appear on the Register of Members on 1 September 2008. Dividend warrants will be sent to shareholders on 5 September 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 28 August 2008 to 1 September 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 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, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30pm on 27 August 2008.

MANAGEMENT REVIEW

For the half year ended 30th June 2008, although Group Revenue eased 13%, Gross Margin remained steady. Increasing sale of cars region-wide helped to cushion declining sale of cars in Singapore. Generally, Net Profit took a drop of 21% mainly because of the following factors:

- High start up and infrastructural costs from the continuing expansion of regional network which includes increased distribution and administrative costs to promote the business
- Retrofitting costs to existing rental properties to attract better tenancy and higher returns
- Declining interest income
- Slow sale of remaining units of terraced housing at Oasis @ Mulberry

Continuing world wide geopolitical uncertainties, unpredictable interest rate trend and high fuel prices will continue to dampen financial performance. However, the Group believes that the introduction of several new Nissan and Subaru models for the rest of the year should improve sales for the second half of year 2008. Sales outside of Singapore are now expected to contribute more to the company's overall performance in the future.

Group unit vehicle sales were down 17 % half year on half year largely mitigated by gaining Subaru unit sales from the launching of new model Forester and Impreza.

The difficult global economic climate has also dampened truck sales volume which dropped 9%. Likewise improving performance from the property rental and after sales service divisions in the previous reporting period has started to taper. The situation is not expected to improve for the rest of the year.

Capital commitment dropped to HK\$ 168 million from HK\$ 224 million as at end of last year. This is mainly attributable to 2 projects namely, the Automobile Warehouse at Lokyang in Singapore and the Subaru 3S Centre in Taiwan.

For its expansion into the region, the Group has borrowed HK\$ 430 million 3-years loan of which HK\$ 287 million was booked in July 2008. Net cash stood at HK\$ 842 million.

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 2008.

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 2008, 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 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.

Tan Chong International Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 693)