



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 2008.

Consolidated Income Statement

	Note	For the year ended 31 December	
		2008 HK\$'000	2007 HK\$'000
Revenue	3, 4	5,317,670	5,599,504
Cost of sales		<u>(4,333,761)</u>	<u>(4,501,810)</u>
Gross profit		983,909	1,097,694
Other operating income		68,327	233,013
Distribution costs		(314,898)	(307,696)
Administrative expenses		(383,975)	(346,576)
Other operating expenses		<u>(266,889)</u>	<u>(40,566)</u>
Profit from operations		86,474	635,869
Financing costs		(11,960)	(9,606)
Share of profits less losses of associates		<u>57,766</u>	<u>63,813</u>
Profit before taxation	5	132,280	690,076
Income tax expense	6	<u>(70,118)</u>	<u>(150,657)</u>
Profit for the year		<u><u>62,162</u></u>	<u><u>539,419</u></u>
Attributable to:			
Equity shareholders of the Company		61,461	532,948
Minority interests		<u>701</u>	<u>6,471</u>
Profit for the year		<u><u>62,162</u></u>	<u><u>539,419</u></u>
Dividends	7	<u><u>60,399</u></u>	<u><u>130,865</u></u>
Earnings per share (cents)	8		
Basic		3.1	26.5
Diluted		<u>3.1</u>	<u>26.5</u>

Consolidated Balance Sheet

		At 31 December 2008 <i>HK\$'000</i>	At 31 December 2007 <i>HK\$'000</i>
	Note		
Non-current assets			
Investment properties		1,415,002	1,493,555
Property, plant and equipment		1,381,216	1,215,421
Lease prepayments		208,280	214,693
Interest in associates		600,945	510,276
Other financial assets		179,721	25,540
Hire purchase debtors and instalments receivable		95,419	89,294
Deferred tax assets		9,891	20,200
		<u>3,890,474</u>	<u>3,568,979</u>
Current assets			
Investments		236,203	418,298
Inventories		1,538,811	939,056
Properties held for sale		309,239	311,588
Trade debtors	9	281,008	740,350
Hire purchase debtors and instalments receivable		78,152	81,287
Other debtors, deposits and prepayments		192,841	169,239
Amounts due from related companies		12,240	684
Cash and cash equivalents		934,204	766,980
		<u>3,582,698</u>	<u>3,427,482</u>
Current liabilities			
Bank overdrafts (unsecured)		13,162	29,757
Bank loans (unsecured)		372,081	151,031
Trade creditors	10	268,503	244,955
Other creditors and accruals		323,599	354,858
Amounts due to related companies		3,161	-
Taxation		55,036	103,336
Provisions		9,278	7,506
		<u>1,044,820</u>	<u>891,443</u>
Net current assets		<u>2,537,878</u>	<u>2,536,039</u>
Total assets less current liabilities		<u>6,428,352</u>	<u>6,105,018</u>
Non-current liabilities			
Deferred tax liabilities		44,886	55,761
Bank loans (unsecured)		449,428	51,521
Provisions		12,783	8,904
		<u>507,097</u>	<u>116,186</u>
NET ASSETS		<u>5,921,255</u>	<u>5,988,832</u>
Capital and reserves			
Share capital		1,006,655	1,006,655
Reserves		4,867,549	4,933,668
Total equity attributable to equity shareholders of the Company		5,874,204	5,940,323
Minority interests		47,051	48,509
TOTAL EQUITY		<u>5,921,255</u>	<u>5,988,832</u>

Notes:

1. **Basis of consolidation**

The consolidated accounts of the Company for the year ended 31 December 2008 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 the following new Interpretations and an amendment to IFRSs that are first effective for the current accounting period of the Group and the Company:

- IFRIC 11, IFRS 2 - Group and treasury share transactions;
- IFRIC 12, Service concession arrangements;
- IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction;
- Amendment to IAS 39, Financial instruments: Recognition and measurement, and IFRS 7, Financial instruments: Disclosures - Reclassification of financial assets.

These IFRSs developments have had no material impact on the Group’s financial statements as either they are consistent with accounting policies already adopted by the Group or they are not relevant to the Group’s and the Company’s operations.

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	
	2008	2007
	<i>HK\$’000</i>	<i>HK\$’000</i>
Sale of goods	4,800,840	4,889,977
Rendering of services	330,075	286,975
Hire purchase financing income	41,212	44,643
Gross rentals from investment properties	81,263	60,717
Gross proceeds from properties sold	-	248,929
Management service fees received from associate	3,390	3,390
Agency commission and handling fees	44,428	44,695
Warranty reimbursements	16,462	20,178
	<u>5,317,670</u>	<u>5,599,504</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 and 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 and Thailand. The Group markets and distributes a wide range of both Nissan Diesel heavy commercial vehicles and industrial equipment.

(iii) 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.

(iv) Other operations

Other operations include investment holding and hire-purchase financing.

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>	
	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	4,080,452	4,013,022	136,597	184,025
Heavy commercial vehicle and industrial equipment distribution	891,239	1,047,589	97,400	166,473
Property rentals and development	84,727	315,246	(19,427)	237,984
Other operations	261,252	223,647	(128,096)	47,387
	<u>5,317,670</u>	<u>5,599,504</u>	<u>86,474</u>	<u>635,869</u>

	Group Revenue	
	<i>For the year ended</i>	
	<i>31 December</i>	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
By geographical locations		
Singapore	3,504,219	4,221,491
Hong Kong	104,771	87,290
PRC	874,198	439,302
Others	834,482	851,421
	<u>5,317,670</u>	<u>5,599,504</u>

5. **Profit before taxation**

	For the year ended 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting):		
Cost of goods sold	3,231,702	3,370,855
Interest expense	11,960	9,606
Amortisation of lease prepayments	5,485	5,030
Depreciation		
- assets held for use under operating leases	46,292	41,538
- other assets	52,063	43,460
Bank and other interest income	(21,982)	(33,966)
Dividend income		
- listed investments	(7,598)	(5,550)
- unlisted investments	(3,185)	(923)
Gain on sale of property, plant and equipment	(13,113)	(13,372)
	<u><u> </u></u>	<u><u> </u></u>

6. **Taxation**

Income tax expense:

	For the year ended 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax expense		
Provision for the year	76,393	108,343
(Over)/under-provision in prior years	<u>(5,709)</u>	<u>19,283</u>
	<u>70,684</u>	<u>127,626</u>
Deferred tax expense		
Origination and reversal of temporary differences	(566)	24,282
Effects resulting from a change in tax rate on deferred tax balances at 1 January	<u>-</u>	<u>(1,251)</u>
	<u>(566)</u>	<u>23,031</u>
Total income tax expense in the consolidated income statement	<u><u>70,118</u></u>	<u><u>150,657</u></u>

An analysis of the income tax expense is as follows:

	For the year ended 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	2,724	3,652
Singapore	58,214	113,044
Elsewhere	<u>9,180</u>	<u>33,961</u>
	<u><u>70,118</u></u>	<u><u>150,657</u></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**

Dividends payable to equity shareholders of the Company attributable to the year.

	For the year ended 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of 2.0 cents per ordinary share (2007: 2.0 cents per ordinary share)	40,266	40,266
Final dividend proposed after the balance sheet date of 1.0 cent per ordinary share (2007: 4.5 cents per ordinary share)	20,133	90,599
	<u>60,399</u>	<u>130,865</u>

8. **Earnings per share**

The calculation of basic earnings per share is based on net profit for the year attributable to equity shareholders of the Company of HK\$61,461,000 (2007: HK\$532,948,000) and the number of ordinary shares outstanding during the year of 2,013,309,000 (2007: 2,013,309,000) shares.

Diluted earnings per share for the year ended 31 December 2008 and 2007 is the same as the basic earnings per share 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	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	220,390	663,695
31-90 days	37,060	59,412
Over 90 days	23,558	17,243
	<u>281,008</u>	<u>740,350</u>

The Group allows credit periods ranging from seven days to six months.

10. **Trade creditors**

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

	For the year ended 31 December	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	137,109	103,220
31-90 days	77,472	132,684
91-180 days	26,842	3,658
Over 180 days	27,080	5,393
	<u>268,503</u>	<u>244,955</u>

FINAL DIVIDEND

The Board recommends a final dividend of 1.0 cent per share on the shares in issue absorbing a total of HK\$20,133,000 which will be payable on 03 June 2009 to shareholders whose names appear on the Register of Members on 30 April 2009, subject to the approval of shareholders at the Annual General Meeting to be held on 30 April 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 27 April 2009 to 30 April 2009, 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 2009.

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 2009 at 11:00a.m.. The Notice of Annual General Meeting will be sent to shareholders on or before 27 March 2009.

MANAGEMENT REVIEW

In line with the profit warning announcement on 8 December 2008, Group profit attributable to shareholders for the financial year 2008 declined to HKD61.5 million after taking in the write downs on listed securities of HKD182.1 million and investment properties of HKD69 million. Vehicle sales volume tapered marginally but profitability was adversely affected by the appreciating Japanese Yen against Singapore Dollar, reduced vehicle quota and intense price competition. The world financial and economic crisis also led to lower contributions from the other business sectors such as truck and forklift sales, vehicle and apartment rentals.

VEHICLE SALES

Subaru regional sales volume, year on year, improved 30%. However, Nissan overall sales declined 27%. Nissan forklift and diesel truck sales also dropped 14% and 36% respectively.

FINANCE

Group NTA eased after netting off translation gains and dividends. Capital commitments as at 31 December 2008 consolidated to HKD67 million from HKD224 million.

PROSPECTS

The Board anticipates that the worsening financial and economic crisis will further curtail consumer and corporate demand for goods and services thereby pulling down sales volume and profits for year 2009. However, the Board believes that with its strong balance sheet the Group is able to implement the necessary adjustments to ride through the crisis.

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 2008.

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 2009

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 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.