



Tan Chong International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 693)

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 2009.

Consolidated Income Statement

	Notes	Six months ended 30 June	
		2009 HK\$'000	2008 HK\$'000
Revenue	2	2,312,949	2,691,595
Cost of sales		<u>(2,008,115)</u>	<u>(2,157,935)</u>
Gross profit		304,834	533,660
Other operating income		170,915	41,493
Distribution costs		(132,634)	(138,687)
Administrative expenses		(175,968)	(212,953)
Other operating expenses		<u>(6,396)</u>	<u>(9,766)</u>
Profit from operations		160,751	213,747
Financing costs		(22,149)	(13,381)
Share of profit less losses of associates		<u>24,692</u>	<u>31,405</u>
Profit before taxation	3	163,294	231,771
Income tax expense	4	<u>(15,879)</u>	<u>(41,806)</u>
Profit for the period		<u><u>147,415</u></u>	<u><u>189,965</u></u>
Attributable to:			
Equity shareholders of the Company		147,962	187,255
Minority interests		<u>(547)</u>	<u>2,710</u>
Profit for the period		<u><u>147,415</u></u>	<u><u>189,965</u></u>
Dividends	5	<u><u>20,133</u></u>	<u><u>40,266</u></u>
Earnings per share (cents)	6		
Basic		7.3	9.3
Diluted		<u>7.3</u>	<u>9.3</u>

Consolidated Balance Sheet

	Notes	At 30 June 2009 HK\$'000	At 31 December 2008 HK\$'000
Non-current assets			
Investment properties		1,408,211	1,415,002
Property, plant and equipment		1,388,153	1,381,216
Lease prepayments		204,570	208,280
Interest in associates		612,266	600,945
Other financial assets		176,005	179,721
Hire purchase debtors and instalments receivable		95,348	95,419
Deferred tax assets		10,652	9,891
		<u>3,895,205</u>	<u>3,890,474</u>
Current assets			
Investments		364,028	236,203
Inventories		1,268,127	1,538,811
Properties held for sale		307,584	309,239
Trade debtors	7	202,251	281,008
Hire purchase debtors and instalments receivable		73,999	78,152
Other debtors, deposits and prepayments		149,790	192,841
Amount due from related companies		11,674	12,240
Cash and cash equivalents		1,253,417	934,204
		<u>3,630,870</u>	<u>3,582,698</u>
Current liabilities			
Bank overdrafts (unsecured)		33,632	13,162
Bank loans (unsecured)		388,455	372,081
Trade creditors	8	209,425	268,503
Other creditors and accruals		316,464	323,599
Amounts due to related companies		3,156	3,161
Taxation		36,933	55,036
Provisions		18,895	9,278
		<u>1,006,960</u>	<u>1,044,820</u>
Net current assets		<u>2,623,910</u>	<u>2,537,878</u>
Total assets less current liabilities		<u>6,519,115</u>	<u>6,428,352</u>
Non-current liabilities			
Deferred tax liabilities		45,687	44,886
Bank loans (unsecured)		448,096	449,428
Provisions		10,137	12,783
		<u>503,920</u>	<u>507,097</u>
NET ASSETS		<u>6,015,195</u>	<u>5,921,255</u>
Capital and Reserve			
Share capital		1,006,655	1,006,655
Reserves		4,960,631	4,867,549
Total equity attributable to equity shareholders of the Company		<u>5,967,286</u>	<u>5,874,204</u>
Minority interests		<u>47,909</u>	<u>47,051</u>
TOTAL EQUITY		<u>6,015,195</u>	<u>5,921,255</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>	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
By business segments				
Motor vehicle distribution	1,878,071	1,971,892	(28,951)	81,830
Heavy commercial vehicle and industrial equipment distribution	260,798	502,362	18,523	52,496
Property rentals and development	36,433	39,854	19,154	27,062
Other operations	137,647	177,487	152,025	52,359
	<u>2,312,949</u>	<u>2,691,595</u>	<u>160,751</u>	<u>213,747</u>

	Group Revenue	
	<i>Six months ended 30 June</i>	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
By geographical locations		
Singapore	1,299,015	1,838,601
Hong Kong	41,590	56,031
PRC	664,617	375,632
Others	307,727	421,331
	<u>2,312,949</u>	<u>2,691,595</u>

3. **Profit before taxation**

	<i>Six months ended 30 June</i>	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting) the following:		
Interest expense	22,150	13,381
Amortisation of lease prepayments	3,197	2,523
Depreciation of property, plant and equipment	51,097	44,695
Gain on sale of property, plant and equipment	(4,318)	(5,473)
(Increase) /decrease in fair value of listed equity securities	(127,900)	2,967
	<u>(127,900)</u>	<u>2,967</u>

4. **Taxation**

	Six months ended 30 June	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	1,200	-
Elsewhere	14,679	41,806
	<u>15,879</u>	<u>41,806</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	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of 1.0 cents (2008: 2.0 cents) per ordinary share	<u>20,133</u>	<u>40,266</u>

6. **Earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2009 is based on net profit attributable to equity shareholders of the Company of HK\$147,962,000 (2008: HK\$187,255,000) and the weighted average number of shares of 2,013,309,000 (2008: 2,013,309,000) in issue during the period.

Diluted earnings per share for the periods ended 30 June 2009 and 2008 is the same as the basic earnings per share as there were no dilutive securities outstanding during the periods presented.

7. **Trade debtors**

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

	At 30 June	At 31 December
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	158,980	220,390
31- 90 days	28,851	37,060
Over 90 days	<u>14,420</u>	<u>23,558</u>
	<u>202,251</u>	<u>281,008</u>

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

8. **Trade creditors**

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

	At 30 June	At 31 December
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	91,318	137,109
31-90 days	62,367	77,472
91-180 days	21,239	26,842
Over 180 days	<u>34,501</u>	<u>27,080</u>
	<u>209,425</u>	<u>268,503</u>

9. **Comparative figures**

Certain comparative figures have been reclassified to conform with current period's presentation.

INTERIM DIVIDEND

The Board is pleased to declare an interim dividend of 1.0 cents (2008: 2.0 cents) per ordinary share on the shares in issue amounting to a total of HK\$20,133,000 (2008: HK\$40,266,000), which will be payable on 9 September 2009 to shareholders whose names appear on the Register of Members on 31 August 2009. Dividend warrants will be sent to shareholders on 9 September 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 27 August 2009 to 31 August 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 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 26 August 2009.

MANAGEMENT REVIEW

The Board is pleased to report that when compared to the second half of last year, the following were contributing factors to Group results for the half year ended 30th June 2009:

1. Group Revenue eased 13%.
2. Gross Margin contribution declined due to steep competition.
3. Interest income declined because market was flushed with liquidity.
4. Distribution and administrative expenses eased.
5. Increasing sale of cars region-wide helped to cushion declining car sales in Singapore.
6. Continuing retrofitting of existing rental properties to attract better tenancy and higher returns.
7. Lower contributions from Associates.
8. Equity portfolio was the main contributor to Net Profit.

The ongoing worldwide geopolitical uncertainties, currency risks, unpredictable interest rate trend and volatile fuel prices will continue to dampen financial performance. Car sales in Singapore are expected to decline further due to declining car quota and intense competition. The Group is relying on regional sales to beef up overall performance for the remaining half of the year and will continue to add more regional sales outlets and improve regional networking.

Group unit vehicle sales were down 22 % half year on half year largely mitigated by gaining Subaru unit sales from new models Forester and Impreza.

The difficult global economic climate further dampened truck sales and the performance of the property rental and after sales service divisions. However, riding on improving economic sentiment and barring unforeseen circumstances, the prospects are expected to be better for the rest of the year.

Capital commitments were reduced to HK\$ 29 million from HK\$ 67 million at the end of last year. They were for two projects in Singapore namely, continuing retrofitting work at Tan Chong Tower and the delivery facility at Lokyang.

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 period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the results of the Group for the period ended 30 June 2009.

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 2009, 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, 29 July 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.