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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 2009.

Consolidated Income Statement

	Note	For the year ended 31 December	
		2009 HK\$'000	2008 HK\$'000
Revenue	3, 4	4,914,396	5,317,670
Cost of sales		(4,213,016)	(4,333,761)
Gross profit		701,380	983,909
Other operating income		453,241	68,327
Distribution costs		(316,747)	(314,898)
Administrative expenses		(352,700)	(383,975)
Other operating expenses		(10,076)	(266,889)
Profit from operations		475,098	86,474
Financing costs		(18,967)	(11,960)
Share of profits less losses of associates		41,088	57,766
Profit before taxation	5	497,219	132,280
Income tax expense	6	(3,028)	(70,118)
Profit for the year		494,191	62,162
Attributable to:			
Equity shareholders of the Company		492,677	61,461
Minority interests		1,514	701
Profit for the year		494,191	62,162
Earnings per share (cents)	8		
Basic and diluted		24.5	3.1

**Consolidated statement of comprehensive income
for the year ended 31 December 2009**

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the year	<u>494,191</u>	<u>62,162</u>
Other comprehensive income for the year		
Exchange differences on translation of financial statements of:		
- overseas subsidiaries	121,369	(37,062)
- overseas associates	<u>4,642</u>	<u>40,746</u>
	126,011	3,684
Available-for-sale securities:		
- net movement in the fair value reserve	<u>3,962</u>	<u>-</u>
	<u>129,973</u>	<u>3,684</u>
Total comprehensive income for the year	<u>624,164</u>	<u>65,846</u>
Attributable to:		
Equity shareholders of the company	620,822	64,746
Minority interests	<u>3,342</u>	<u>1,100</u>
Total comprehensive income for the year	<u>624,164</u>	<u>65,846</u>

Consolidated Balance Sheet

	At 31 December 2009 <i>HK\$'000</i>	At 31 December 2008 <i>HK\$'000</i>
Non-current assets		
Investment properties	1,662,039	1,415,002
Property, plant and equipment	1,510,389	1,381,216
Lease prepayments	202,889	208,280
Interest in associates	640,330	600,945
Other financial assets	194,577	179,721
Hire purchase debtors and instalments receivable	92,447	95,419
Deferred tax assets	15,187	9,891
	<u>4,317,858</u>	<u>3,890,474</u>
Current assets		
Investments	432,419	236,203
Inventories	1,201,709	1,538,811
Properties held for sale	317,094	309,239
Trade debtors	298,127	281,008
Hire purchase debtors and instalments receivable	72,967	78,152
Other debtors, deposits and prepayments	143,522	192,841
Amounts due from related companies	11,712	12,240
Cash and cash equivalents	1,773,876	934,204
	<u>4,251,426</u>	<u>3,582,698</u>
Current liabilities		
Bank overdrafts (unsecured)	14,558	13,162
Bank loans (unsecured)	783,372	372,081
Trade creditors	339,336	268,503
Other creditors and accruals	325,478	323,599
Amounts due to related companies	3,196	3,161
Taxation	32,278	55,036
Provisions	16,318	9,278
	<u>1,514,536</u>	<u>1,044,820</u>
Net current assets	<u>2,736,890</u>	<u>2,537,878</u>
Total assets less current liabilities	<u>7,054,748</u>	<u>6,428,352</u>
Non-current liabilities		
Deferred tax liabilities	76,109	44,886
Bank loans (unsecured)	461,512	449,428
Provisions	11,974	12,783
	<u>549,595</u>	<u>507,097</u>
NET ASSETS	<u>6,505,153</u>	<u>5,921,255</u>
Capital and reserves		
Share capital	1,006,655	1,006,655
Reserves	5,448,105	4,867,549
Total equity attributable to equity shareholders of the Company	<u>6,454,760</u>	<u>5,874,204</u>
Minority interests	50,393	47,051
TOTAL EQUITY	<u>6,505,153</u>	<u>5,921,255</u>

Notes:

1. **Basis of consolidation**

The consolidated financial statements of the Company for the year ended 31 December 2009 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 one new IFRS, a number of amendments to IFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

- IFRS 8, *Operating segments*
- IAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to IFRS 7, *Financial instruments: Disclosures - improving disclosures about financial instruments*
- Improvements to IFRSs (2008)
- IAS 23 (revised 2007), *Borrowing costs*

The amendments to IAS 23 have had no material impact on the Group’s financial statements as the amendments were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

- IFRS 8 requires segment disclosure to be based on the way that the Group’s chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group’s financial statements into segments based on related products and services and on geographical areas. The adoption of IFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group’s most senior executive management, and has resulted in additional reportable segments being identified and presented. Corresponding amounts have been provided on a basis consistent with the revised segment information.
- In addition, the Group has early adopted the amendments to IFRS 8, *Operating segments*, in respect of disclosures of financial information on segment assets and liabilities for each reportable segment. As a result of early adoption of amendments to IFRS 8, an entity is only required to adopt a measure of total assets and liabilities for each reportable segment if such amounts are regularly provided to the chief operating decision maker. As no information on segment assets and liabilities is prepared for review by the Group’s chief operating decision maker, no such information is disclosed in this announcement.
- As a result of the adoption to IAS 1 (revised 2007), details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- As a result of the adoption of the amendments to IFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has adopted advantage of the transitional provisions set out in the amendments to IFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been revised.

- The "Improvements to IFRSs (2008)" comprise a number of minor and non-urgent amendments to a range of IFRSs which the IASB has issued as an omnibus batch of amendments. Of these, the following amendment has resulted in changes to the Group's accounting policies:
 - As a result of amendments to IAS 40, *Investment property*, investment property which is under construction will be carried at fair value at the earlier of when the fair value first becomes reliably measurable and the date of completion of the property. Any gain or loss will be recognised in profit or loss, consistent with the policy adopted for all other investment properties carried at fair value. Previously such property was carried at cost until the construction was completed, at which time it was fair valued with any gain or loss being recognised in profit or loss. As the Group does not currently have any investment property under construction, this change in policy has no impact on net assets or profit or loss for any of the periods presented.

Apart from early adopting the amendments to IFRS 8, *Operating segments*, as discussed above, 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 taxes where applicable, analysed as follows:

	For the year ended 31 December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of goods	4,434,995	4,800,840
Rendering of services	328,765	330,075
Hire purchase financing income	36,861	41,212
Gross rentals from investment properties	64,973	81,263
Management service fees received from associate	3,390	3,390
Agency commission and handling fees	27,811	44,428
Warranty reimbursements	17,601	16,462
	<u>4,914,396</u>	<u>5,317,670</u>

4 **Segment reporting**

The Group manages its business by divisions, which are organised by a mixture of both business lines (products and services) and geography. Segment information is presented in a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment.

Business lines

(i) Motor vehicle distribution

The Group is the exclusive distributor for Nissan vehicles in Singapore and for Subaru vehicles in Singapore, Hong Kong, certain provinces of the People's Republic of China ("PRC") and some countries in ASEAN. The Group 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 and is engaged in the gradual developments of various operating and investment properties in order to meet the property needs of the Group as well as for sales and rental income. Currently the Group's activities in this regard are carried out in Singapore and Hong Kong.

(iv) Other operations

Other operations mainly include investment holding, hire-purchase financing, provision of workshop services and the manufacturing of vehicles seats and shock absorbers.

(a) Segment results

The measure used for reporting segment profit is "EBITDA" i.e. "earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including bank and other interest income.

The financial information disclosed below is the subtotal of the reportable segments under each of the business lines for the years ended 31 December 2009 and 2008.

4 **Segment reporting (continued)**

(a) *Segment results (continued)*

	Group revenue		EBITDA	
	<i>For the year ended</i>		<i>For the year ended</i>	
	31 December		31 December	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Business lines				
Motor vehicle distribution	3,960,657	4,080,452	(25,273)	153,650
Heavy commercial vehicle and industrial equipment distribution	589,380	891,239	83,833	138,254
Property rentals and development	70,150	84,727	228,468	(37,285)
Other operations	294,209	261,252	272,735	(86,287)
	<u>4,914,396</u>	<u>5,317,670</u>	<u>559,763</u>	<u>168,332</u>

	Group revenue	
	<i>For the year ended</i>	
	31 December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Geographical areas		
Singapore	2,477,803	3,504,219
Hong Kong	81,882	104,771
PRC	1,578,336	874,198
Others	776,375	834,482
	<u>4,914,396</u>	<u>5,317,670</u>

(b) *Reconciliation of reportable segment profit or loss*

	For the year ended	
	31 December	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
EBITDA	559,763	168,332
Depreciation and amortisation	(105,773)	(103,840)
Interest income	21,108	21,982
Finance costs	(18,967)	(11,960)
Share of profits less losses of associates	41,088	57,766
Consolidated profit before taxation	<u>497,219</u>	<u>132,280</u>

5. **Profit before taxation**

	For the year ended 31 December	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting):		
Cost of goods sold	3,387,225	3,231,702
Interest expense	18,967	11,960
Amortisation of lease prepayments	6,795	5,485
Depreciation		
- assets held for use under operating leases	37,538	46,292
- other assets	61,440	52,063
Bank and other interest income	(21,108)	(21,982)
Dividend income		
- listed investments	(41)	(7,598)
- unlisted investments	(1,650)	(3,185)
Gain on disposal of property, plant and equipment	(11,349)	(13,113)
	<u><u> </u></u>	<u><u> </u></u>

6. **Taxation**

Income tax expense:

	For the year ended 31 December	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current tax expense		
Provision for the year	48,742	76,393
Over provision in prior years	(70,831)	(5,709)
	<u> </u>	<u> </u>
	(22,089)	70,684
	<u><u> </u></u>	<u><u> </u></u>
Deferred tax expense		
Origination and reversal of temporary differences	27,053	(566)
Effects resulting from a change in tax rate on deferred tax balances at 1 January	(1,936)	-
	<u> </u>	<u> </u>
	25,117	(566)
	<u><u> </u></u>	<u><u> </u></u>
Total income tax expense in the consolidated income statement	<u><u> </u></u>	<u><u> </u></u>
	3,028	70,118

An analysis of the income tax expense is as follows:

	For the year ended 31 December	
	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Hong Kong	9,624	2,724
Singapore	(18,670)	58,214
Elsewhere	12,074	9,180
	<u> </u>	<u> </u>
	3,028	70,118
	<u><u> </u></u>	<u><u> </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	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of 1.0 cent per ordinary share (2008: 2.0 cents per ordinary share)	20,133	40,266
Final dividend proposed after the balance sheet date of 4.0 cents per ordinary share (2008: 1.0 cent per ordinary share)	80,532	20,133
	<u>100,665</u>	<u>60,399</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\$492,677,000 (2008: HK\$61,461,000) and the number of ordinary shares outstanding during the year of 2,013,309,000 (2008: 2,013,309,000) shares.

Diluted earnings per share for the year ended 31 December 2009 and 2008 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	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	265,495	220,390
31-90 days	21,774	37,060
Over 90 days	10,858	23,558
	<u>298,127</u>	<u>281,008</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	
	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	242,540	137,109
31-90 days	57,242	77,472
91-180 days	20,604	26,842
Over 180 days	18,950	27,080
	<u>339,336</u>	<u>268,503</u>

FINAL DIVIDEND

The Board recommends a final dividend of 4.0 cents per share on the shares in issue absorbing a total of HK\$80,532,360 which will be payable on 27 May 2010 to shareholders whose names appear on the Register of Members on 11 May 2010, subject to the approval of shareholders at the Annual General Meeting to be held on 11 May 2010.

MANAGEMENT REVIEW

RESULTS

The Group's profit attributable to shareholders for the financial year 2009 was HK\$492.7 million after taking in the write back on and revaluation gain from listed securities and investment properties of HK\$196.2 million and HK\$209.0 million respectively. In line with the better results, dividend payments (both paid and declared) for year 2009 when compared to year 2008 are expected to be raised to HK\$101 million from HK\$60 million.

SALES

Vehicle sales improvements in the PRC cushioned the reduced sales volume in Singapore. Overall vehicle sales units were however down 13% year on year. Profitability and volume sales were undermined by reduced vehicle quota, intense price competition and the strong Japanese Yen. Regional sales volume contributions outside Singapore have been moving up from 12% in year 2006 to 55% in year 2009 and are expected to exceed 60% in year 2010 and beyond. In line with the gradual improvement in world financial and economic climate contributions from the other business sectors such as truck and forklift sales, vehicle and apartment rentals are picking up steadily.

FINANCE

The Group's NTA year on year improved from HK\$2.94 to HK\$3.23 per share. Net cash increased to HK\$514 million. Capital commitments eased to HK\$31 million from HK\$67 million.

MITSUBISHI FUSO TRUCKS IN THAILAND

On 7 December 2009, the Company announced that the Company and its subsidiaries TC Manufacturing and Assembly (Thailand) Co., Ltd and Fuso Truck (Thailand) Co., Ltd concurrently entered into an asset purchase agreement and a series of distribution related agreements in each case with Mitsubishi Fuso Truck and Bus Corporation of Japan and its wholly owned subsidiary, Mitsubishi Fuso Truck (Thailand) Co., Ltd.. The agreements were to acquire their truck production plant at Lardkrabang Thailand and subsequently with effect from April 2010 to proceed with the production and distribution of Mitsubishi Fuso Trucks.

The proposed production and distribution of the Mitsubishi Fuso trucks is a distinct business of the Group in addition to the business of assembly and distribution of Nissan Diesel Trucks in Thailand presently carried on by Nissan Diesel Thailand, Co. Ltd, another subsidiary of the Company.

NANJING TAN CHONG AUTOMOTIVE CO., LIMITED

In August 2009 the Company entered into an agreement with the Nanjing Lukou Airport Investment & Development Co, Ltd., to acquire approximately 50,000 square meters of land to build an automotive components factory to supply the region's growing vehicle manufacturers. The new factory which will be completed in 2010 will have an annual capacity of one million cars and bus seats. In the near future, the Nanjing factory will contribute to doubling our total seat production capacity in China. Existing facilities in Xiamen and Wuxi are now operating at full capacity.

With the rapidly expanding market for automobiles, trucks and buses this production expansion is necessary to keep pace with our customers demand projections. Currently the Group's seat manufacturing facilities supply to major truck, bus and car manufacturers such as Xiamen Golden Dragon Bus Company, Suzhou Golden Dragon Bus Company, Hua Lin Truck Company, and Changan Automobile Group.

PROSPECTS

The Board expects world financial and economic situation to continue improving and anticipate that sales performance will strengthen in the coming year and regional sales outside Singapore especially in the PRC are expected to occupy a bigger percentage of Group revenue.

APPOINTMENT OF DEPUTY CHAIRMAN

The Board is pleased to announce that Mr. Joseph Ong Yong Loke, an Executive Director and the Managing Director of the Company, has also been appointed the Deputy Chairman with effect from 20 November 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 6 May 2010 to 11 May 2010, 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 5 May 2010.

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 11 May 2010 at 11:00a.m.. The Notice of Annual General Meeting will be sent to shareholders on or before 9 April 2010.

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 2009.

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, 18 March 2010

Website: <http://www.tanchong.com>

As at the date of this announcement, the directors are Mr. Tan Eng Soon, Mr. Joseph Ong Yong Loke, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat and Mr. Glenn Tan Chun Hong. Independent non-executive directors are Mr. Lee Han Yang, Mdm. Jeny Lau and Mr. Masatoshi Matsuo. The Honorary Life Counsellor of the Company is Dato’ Tan Kim Hor.