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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 2011.

Consolidated Income Statement

	Notes	Six months ended 30 June	
		2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(restated)</i>
Revenue	2	3,295,508	3,041,749
Cost of sales		<u>(2,806,718)</u>	<u>(2,580,300)</u>
Gross profit		488,790	461,449
Other operating income		34,277	95,751
Distribution costs		(173,116)	(172,762)
Administrative expenses		(204,577)	(204,570)
Other operating expenses		<u>(6,551)</u>	<u>(6,597)</u>
Profit from operations		138,823	173,271
Financing costs		(21,951)	(13,371)
Share of profit less losses of associates		<u>33,351</u>	<u>31,873</u>
Profit before taxation	3	150,223	191,773
Income tax expense	4	<u>(40,252)</u>	<u>(31,308)</u>
Profit for the period		<u><u>109,971</u></u>	<u><u>160,465</u></u>
Attributable to:			
Equity shareholders of the Company		99,901	152,471
Non-controlling interests		<u>10,070</u>	<u>7,994</u>
Profit for the period		<u><u>109,971</u></u>	<u><u>160,465</u></u>
Earnings per share (cents)	6		
Basic and diluted		<u><u>5.0</u></u>	<u><u>7.6</u></u>

Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2011	2010
	HK\$'000	HK\$'000
Profit for the period	<u>109,971</u>	<u>160,465</u>
Other comprehensive income for the period		
Exchange differences on translation of financial statements of:		
- overseas subsidiaries	247,695	47,139
- overseas associates	<u>21,149</u>	<u>11,118</u>
	268,844	58,257
Available-for-sale securities:		
- changes in fair value recognised during the period	<u>3,048</u>	<u>4,390</u>
	<u>271,892</u>	<u>62,647</u>
Total comprehensive income for the period	<u>381,863</u>	<u>223,112</u>
Attributable to:		
Equity shareholders of the company	374,858	213,980
Non-controlling interests	<u>7,005</u>	<u>9,132</u>
Total comprehensive income for the period	<u>381,863</u>	<u>223,112</u>

Consolidated Balance Sheet

		At 30 June 2011 HK\$'000	At 31 December 2010 HK\$'000
Non-current assets			
Investment properties		2,266,341	2,161,173
Other property, plant and equipment		1,869,646	1,689,066
Interest in leasehold land		222,039	215,538
Interest in associates		802,859	767,922
Other financial assets		170,198	159,454
Hire purchase debtors and instalments receivable		185,094	130,334
Non-current prepayments		51,349	32,041
Deferred tax assets		17,267	17,906
		<u>5,584,793</u>	<u>5,173,434</u>
Current assets			
Held-to-maturity debt securities		28,864	34,966
Investments designated at fair value through profit or loss		716,568	713,645
Inventories		1,175,109	1,464,069
Properties held for sale		219,684	248,977
Trade debtors	7	470,033	409,764
Hire purchase debtors and instalments receivable		83,243	73,998
Other debtors, deposits and prepayments		219,266	165,758
Amount due from related companies		13,275	12,832
Cash and cash equivalents		2,197,263	1,926,827
		<u>5,123,305</u>	<u>5,050,836</u>
Current liabilities			
Bank overdrafts (unsecured)		25,718	12,052
Bank loans		1,838,574	1,616,696
Trade creditors	8	241,942	402,995
Other creditors and accruals		480,469	350,607
Amounts due to related companies		4,364	3,494
Current taxation		51,327	53,702
Provisions		19,976	18,287
		<u>2,662,370</u>	<u>2,457,833</u>
Net current assets		<u>2,460,935</u>	<u>2,593,003</u>
Total assets less current liabilities		<u>8,045,728</u>	<u>7,766,437</u>
Non-current liabilities			
Deferred tax liabilities		26,110	25,226
Bank loans		25,310	25,876
Provisions		15,242	12,696
		<u>66,662</u>	<u>63,798</u>
NET ASSETS		<u>7,979,066</u>	<u>7,702,639</u>
Capital and Reserve			
Share capital		1,006,655	1,006,655
Reserves		6,908,296	6,634,103
Total equity attributable to equity shareholders of the Company		<u>7,914,951</u>	<u>7,640,758</u>
Non-controlling interests		<u>64,115</u>	<u>61,881</u>
TOTAL EQUITY		<u>7,979,066</u>	<u>7,702,639</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. **Segment Reporting**

(a) *Segment results*

	Group Revenue		EBITDA	
	Six months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Business lines				
Motor vehicle distribution	2,509,033	2,430,980	50,296	57,464
Heavy commercial vehicle and industrial equipment distribution	395,790	349,211	53,238	62,388
Property rentals and development	90,838	42,888	44,491	9,272
Other operations	299,847	218,670	51,149	90,684
	<u>3,295,508</u>	<u>3,041,749</u>	<u>199,174</u>	<u>219,808</u>

	Group Revenue	
	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Geographical areas		
Singapore	857,537	1,053,124
Hong Kong	36,682	38,561
PRC	1,676,121	1,353,788
Others	725,168	596,276
	<u>3,295,508</u>	<u>3,041,749</u>

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

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment EBITDA	199,174	219,808
Depreciation and amortisation	(71,348)	(59,239)
Interest income	10,997	12,702
Finance costs	(21,951)	(13,371)
Share of profits less losses of associates	33,351	31,873
Consolidated profit before taxation	<u>150,223</u>	<u>191,773</u>

3. **Profit before taxation**

	Six months ended 30 June	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting):		
Interest expense	21,951	13,371
Amortisation of interest in leasehold land	3,830	3,262
Depreciation of property, plant and equipment	67,518	55,977
Gain on disposal of property, plant and equipment	(5,511)	(6,001)
Decrease/(increase) in fair value of listed investments	685	(50,153)
	<u>685</u>	<u>(50,153)</u>

4. **Taxation**

	Six months ended 30 June	
	2011	2010
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Hong Kong	-	-
Singapore	16,427	8,368
Elsewhere	23,825	22,940
	<u>40,252</u>	<u>31,308</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	
	2011	2010
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
Interim dividend declared of HK\$0.015 (2010: HK\$0.015) per ordinary share	30,200	30,200
	<u>30,200</u>	<u>30,200</u>

6. **Earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on net profit attributable to equity shareholders of the Company of HK\$99,901,000 (2010: HK\$152,471,000) and the weighted average number of shares of 2,013,309,000 (2010: 2,013,309,000) in issue during the period.

Diluted earnings per share for the periods ended 30 June 2011 and 2010 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
	2011	2010
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
0-30 days	439,479	368,505
31- 90 days	14,057	20,958
Over 90 days	16,497	20,301
	<u>470,033</u>	<u>409,764</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
	2011	2010
	<i>HK\$ '000</i>	<i>HK\$ '000</i>
0-30 days	83,819	315,098
31-90 days	118,283	76,450
91-180 days	31,318	2,404
Over 180 days	8,522	9,043
	<u>241,942</u>	<u>402,995</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 HK\$0.015 (2010: HK\$0.015) per ordinary share on the shares in issue amounting to a total of HK\$30,200,000 (2010: HK\$30,200,000), which will be payable on 6 September 2011 to shareholders whose names appear on the Register of Members on 31 August 2011. Dividend warrants will be sent to shareholders on 6 September 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 29 August 2011 to 31 August 2011, 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 2011.

MANAGEMENT REVIEW

Results

The first half of 2011 was a challenging period, marked by the earthquake and tsunami in Japan which affected the supply of products to our region of operation. A rapidly appreciating Yen also affected our cost, and together with the limited supply of COEs in Singapore coupled with higher bid prices made our business more difficult.

Compared to the same period last year, revenue increased from HK\$3,042 million to HK\$3,296 million but group profit decreased from HK\$160 million to HK\$110 million. Although revenue in Singapore dropped almost 19% it was more than compensated by increase overseas of more than 20% particularly in China, Taiwan and Philippines. Of the total revenue, Singapore contribution dropped to 26% whilst overseas portion rose to 74% of the group total revenue.

The profit drop was due to our equity securities making no contribution when compared to the corresponding period of 2010. In addition, vehicles supply was disrupted due to earthquake & the tsunami in Japan. Further, the exchange rate of our vehicle import cost in Japanese yen rose faster than the Chinese Renminbi aggravating the difficulties.

Net Cash, Cash & Cash Equivalent (net of bank overdraft) improved by \$35 million and \$257 million respectively. These improvements were due to profit contribution and decrease in net working capital.

Group NTA per share at the end of June 2011 rose to \$3.96 from \$3.83. We propose an interim dividend of \$0.015 per share for the first half of 2011.

Fuso Trucks Business in Thailand

In the 1st half of 2011 Fuso trucks business sold 412 units. Unfortunately the earthquake and tsunami in Japan had resulted in supply disruption of CKD parts for 3 months. In July 2011 the factory temporary ceased operation due to a shortage of components parts. The management utilized this downtime to carry out repairs and maintenance of the whole assembly plant. We expect supply to normalize by November 2011.

Nanjing Project in China

Our Nanjing Tan Chong automotive Co., Ltd (NJTC) specializes in providing professional design solution for the interior of vehicles and the design and manufacturing of automotive seats. The first phase of manufacturing program will start production in September 2011 with an annual production capacity of 2 million units of passenger- car seats. As an ongoing second phase, the Company will strengthen development of interior design solution for automobile. The main customers of NJTC are China domestic car and bus manufacturers. The factory has a production area of 33,000 square meters, and is the largest facility of its kind in Nanjing which is important centre for several major car and bus manufacturers in China.

Prospects

Barring unforeseen circumstances, the group expects better revenue growth in the second half as supply of many of the group products from Japan should normalize by the last quarter of 2011.

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 2011.

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 2011, acting in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 of 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, 28 July 2011

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

As at the date of this announcement, the executive 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. Non-Executive Director is Mr. Ng Kim Tuck and Independent Non-Executive Directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo and Mr. Tan Ngiap Joo. The Honorary Life Counsellor of the Company is Dato' Tan Kim Hor.