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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 2011.

Consolidated Income Statement

		For the year ended	
		31 December	
	Note	2011	2010
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3, 4	6,354,932	6,198,694
Cost of sales		<u>(5,229,825)</u>	<u>(5,324,468)</u>
Gross profit		1,125,107	874,226
Other net operating income		314,257	525,849
Distribution costs		(354,165)	(326,906)
Administrative expenses		(400,393)	(391,318)
Other operating expenses		<u>(23,339)</u>	<u>(12,391)</u>
Profit from operations		661,467	669,460
Financing costs		(51,255)	(23,865)
Share of profits less losses of associates		<u>93,403</u>	<u>73,606</u>
Profit before taxation	5	703,615	719,201
Income tax expense	6	<u>(97,638)</u>	<u>(72,394)</u>
Profit for the year		<u><u>605,977</u></u>	<u><u>646,807</u></u>
Attributable to:			
Equity shareholders of the Company		599,473	639,265
Non-controlling interests		<u>6,504</u>	<u>7,542</u>
Profit for the year		<u><u>605,977</u></u>	<u><u>646,807</u></u>
Earnings per share (cents)	8		
Basic and diluted		<u><u>29.8</u></u>	<u><u>31.8</u></u>

**Consolidated statement of comprehensive income
for the year ended 31 December 2011**

	2011 <i>HK\$ '000</i>	2010 <i>HK\$ '000</i>
Profit for the year	<u>605,977</u>	<u>646,807</u>
Other comprehensive income for the year		
Exchange differences on translation of financial statements of:		
- subsidiaries outside Hong Kong	(109,346)	534,083
- associates outside Hong Kong	<u>8,811</u>	<u>65,628</u>
	<u>(100,535)</u>	<u>599,711</u>
Available-for-sale securities:		
- changes in fair value recognised during the year	3,264	5,623
- reclassification adjustment for amounts transferred to profit or loss:		
- gain on disposal	<u>-</u>	<u>(1,287)</u>
	<u>3,264</u>	<u>4,336</u>
	<u>(97,271)</u>	<u>604,047</u>
Total comprehensive income for the year	<u><u>508,706</u></u>	<u><u>1,250,854</u></u>
Attributable to:		
Equity shareholders of the company	504,091	1,237,919
Non-controlling interests	<u>4,615</u>	<u>12,935</u>
Total comprehensive income for the year	<u><u>508,706</u></u>	<u><u>1,250,854</u></u>

Consolidated Balance Sheet

	Note	As at 31 December 2011 HK\$'000	As at 31 December 2010 HK\$'000
Non-current assets			
Investment properties		2,325,651	2,161,173
Interest in leasehold land		249,198	215,538
Other property, plant and equipment		1,892,208	1,689,066
Interest in associates		894,349	767,922
Other financial assets		163,659	159,454
Hire purchase debtors and instalments receivable		203,381	130,334
Non-current prepayments		11,796	32,041
Deferred tax assets		13,044	17,906
		<u>5,753,286</u>	<u>5,173,434</u>
Current assets			
Held-to-maturity debt securities		-	34,966
Investments designated as at fair value through profit or loss		565,535	713,645
Inventories		1,539,756	1,464,069
Properties held for sale		150,915	248,977
Trade debtors	9	413,782	409,764
Hire purchase debtors and instalments receivable		86,501	73,998
Other debtors, deposits and prepayments		294,690	165,758
Amounts due from related companies		12,678	12,832
Cash and cash equivalents		1,611,306	1,926,827
		<u>4,675,163</u>	<u>5,050,836</u>
Current liabilities			
Bank overdrafts (unsecured)		8,574	12,052
Bank loans		1,439,569	1,616,696
Trade creditors	10	366,959	402,995
Other creditors and accruals		400,041	350,607
Amounts due to related companies		4,539	3,494
Current taxation		67,305	53,702
Provisions		16,973	18,287
		<u>2,303,960</u>	<u>2,457,833</u>
Net current assets		<u>2,371,203</u>	<u>2,593,003</u>
Total assets less current liabilities		<u>8,124,489</u>	<u>7,766,437</u>
Non-current liabilities			
Deferred tax liabilities		28,115	25,226
Bank loans		12,322	25,876
Provisions		9,735	12,696
		<u>50,172</u>	<u>63,798</u>
NET ASSETS		<u>8,074,317</u>	<u>7,702,639</u>
Capital and reserves			
Share capital		1,006,655	1,006,655
Reserves		7,007,329	6,634,103
Total equity attributable to equity shareholders of the Company		<u>8,013,984</u>	<u>7,640,758</u>
Non-controlling interests		<u>60,333</u>	<u>61,881</u>
TOTAL EQUITY		<u>8,074,317</u>	<u>7,702,639</u>

Notes:

1. **Basis of consolidation**

The consolidated financial statements of the Company for the year ended 31 December 2011 comprise the Company and all its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and comply with International Financial Reporting Standards (“IFRS”).

2. **Changes in accounting policies**

The International Accounting Standards Board has issued a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)
- IFRIC 19, *Extinguishing financial liabilities with equity instruments*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRIC 19 has not yet had a material impact on the Group’s financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- IAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group’s related party disclosures in the current and previous periods. IAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.
- Improvements to IFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in IFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group’s financial instruments are consistent with the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

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	
	2011 HK\$ '000	2010 HK\$ '000
Sale of goods	5,523,128	5,503,121
Rendering of services	437,375	375,975
Hire purchase financing income	40,744	32,758
Gross rentals from investment properties	106,920	63,460
Gross proceeds from properties sold	215,561	183,561
Management service fees	1,880	3,390
Agency commission and handling fees	17,771	21,783
Warranty reimbursements	11,553	14,646
	<u>6,354,932</u>	<u>6,198,694</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. 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, the Group has presented the reportable segments as set out in note (a) below. No operating segments have been aggregated to form the reportable segments.

Business lines

(i) Motor vehicle distribution

The Group is the 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 the Association of Southeast Asia Nations ("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 forklift trucks in Singapore and Thailand, and Mitsubishi Fuso trucks in Thailand. The Group markets and distributes a wide range of both 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 mainly 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.

4 **Segment reporting (continued)**

(a) Segment results

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

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.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2011 and 2010 is set out below.

	Group revenue		EBITDA	
	<i>For the year ended</i>		<i>For the year ended</i>	
	<i>31 December</i>		<i>31 December</i>	
	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	4,861,460	4,711,320	189,844	28,117
Heavy commercial vehicle and industrial equipment distribution	688,033	799,416	100,454	116,043
Property rentals and development	319,000	251,639	321,737	300,815
Other operations	486,439	436,319	155,120	321,507
	<u>6,354,932</u>	<u>6,198,694</u>	<u>767,155</u>	<u>766,482</u>

	Group revenue	
	<i>For the year ended</i>	
	<i>31 December</i>	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Geographical areas		
Singapore	1,807,642	1,954,547
Hong Kong	70,831	81,113
PRC	3,178,950	2,872,232
Others	1,297,509	1,290,802
	<u>6,354,932</u>	<u>6,198,694</u>

4 **Segment reporting (continued)**

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

	For the year ended	
	31 December	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment EBITDA	767,155	766,482
Depreciation and amortisation	(147,459)	(125,302)
Interest income	41,771	28,280
Finance costs	(51,255)	(23,865)
Share of profits less losses of associates	93,403	73,606
	<u>93,403</u>	<u>73,606</u>
Consolidated profit before taxation	<u>703,615</u>	<u>719,201</u>

5. **Profit before taxation**

	For the year ended	
	31 December	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting):		
Cost of goods sold	4,644,681	4,732,062
Interest expense	51,255	23,865
Amortisation of interest in leasehold land	7,853	7,389
Depreciation		
- assets held for use under operating leases	53,645	44,552
- other assets	85,961	73,361
Bank and other interest income	(41,771)	(28,280)
Dividend income		
- listed investments	(9,490)	(4,603)
- unlisted investments	(1,831)	(766)
Gain on disposal of property, plant and equipment	(11,050)	(11,769)
Gain on disposal of available-for-sale securities	-	(1,287)
	<u>-</u>	<u>(1,287)</u>

6. **Taxation**

Income tax expense:

	For the year ended 31 December	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax expense		
Provision for the year	89,945	73,606
Over-provision in respect of prior years	<u>(58)</u>	<u>(6,037)</u>
	89,887	67,569
Deferred tax expense		
Origination and reversal of temporary differences	<u>7,751</u>	<u>4,825</u>
Total income tax expense in the consolidated income statement	<u><u>97,638</u></u>	<u><u>72,394</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	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of HK\$0.015 per ordinary share (2010: HK\$0.015 per ordinary share)	30,200	30,200
Final dividend proposed after the balance sheet date of HK\$0.055 per ordinary share (2010: HK\$0.05 per ordinary share)	<u>110,732</u>	<u>100,665</u>
	<u><u>140,932</u></u>	<u><u>130,865</u></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\$599,473,000 (2010: HK\$639,265,000) and the number of ordinary shares outstanding during the year of 2,013,309,000 (2010: 2,013,309,000) shares.

Diluted earnings per share for the year ended 31 December 2011 and 2010 is the same as basic earnings per share as there were no dilutive securities outstanding during the years presented.

9. **Trade debtors**

Ageing analysis of trade debtors is as follows:

	For the year ended	
	31 December	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	327,863	368,505
31-90 days	39,938	20,958
Over 90 days	45,981	20,301
	<u>413,782</u>	<u>409,764</u>

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

10. **Trade creditors**

Ageing analysis of trade creditors is as follows:

	For the year ended	
	31 December	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	258,354	315,098
31-90 days	85,648	76,450
91-180 days	12,998	2,404
Over 180 days	9,959	9,043
	<u>366,959</u>	<u>402,995</u>

FINAL DIVIDEND

The Board recommends a final dividend of HK\$0.055 per share on the shares in issue absorbing a total of HK\$110,731,995 which will be payable on 15 June 2012 to shareholders whose names appear on the Register of Members on 4 June 2012, subject to the approval of shareholders at the Annual General Meeting to be held on 30 May 2012.

MANAGEMENT REVIEW

RESULTS

The Group's profit attributable to shareholders for the financial year 2011 was HK\$599 Million. The contribution to group profit from revaluation gain on investment properties less the diminution in fair value of listed securities amounted to HK\$12 Million.

FINANCE

Dividend payment is expected to be increased from HK\$131 Million in year 2010 to HK\$141 Million for 2011. Group NTA (Net Tangible Assets) year on year rose from HK\$3.83 to HK\$4.01 per share.

SALES

The Group's revenue at HK\$6.35 Billion is a 3% improvement year on year. Overall vehicle sale units declined from 17,210 in year 2010 to 16,497 in year 2011.

For the year under review the Group managed to overcome many obstacles yet continue the rapid expansion of operating networks in the region:

1. The natural and nuclear disaster in Japan in early 2011 and countrywide floods in Thailand affected the supply of vehicles and component parts to the Asian countries where we operate.
2. The financial crises in Europe and USA had a negative effect on the demand and business sentiments in the Asia Pacific region.
3. We added more sale/service outlets in Indonesia, Thailand and China. This year we will add more sale/service outlets in Malaysia.

SINGAPORE

The reduced vehicle quota and very competitive prices from European and Korean brands caused the drastic decline of all Japanese brands, including Nissan. However in the light commercial vehicle market, Nissan achieved the Number one market share 2 years in a row despite competition from strong European and Korean brands.

In commercial truck business, major fleet customers continue to keep our workshop fully engaged. Increasingly customers are turning to rental rather than outright purchase of trucks.

In 2012, we will introduce Chinese trucks from Jianghuai Automotive Company (JAC) at competitive pricing to expand our traditional truck business.

For forklifts more units were sold despite the tsunami in Japan hindering delivery and affecting sales for the first part of the year under review.

THAILAND

The forklift operations have recovered significantly during the year despite the severe flooding in the last quarter of 2011. Implementation of improvement programs and training resulted in better service standards, higher sales growth and rental utilisation rate.

For 2012 we expect sales of trucks and forklifts to increase due to demand from the recovery after the severe flood situation in 2011.

PROSPECTS

The Board expects more volatility in the business environment for this year because of fast changing and unpredictable economic and political shifts going on in the world. Some of these geopolitical events are game changers for our existing business and at the same time opens up new opportunities. We believe Asia Pacific where we operate should have better growth prospects relative to other regions of the world. Barring unforeseen situations the group expects performance for 2012 to be satisfactory.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting (“AGM”), the register of members of the Company will be closed from 28 May 2012, Monday to 30 May 2012, Wednesday, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shop No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 25 May 2012, Friday.

For determining the entitlement to the proposed final dividend subject to the approval of the shareholders at the forthcoming AGM of the Company which is scheduled on 30 May 2012, Wednesday, the register of members of the Company will be closed from 5 June 2012, Tuesday to 7 June 2012, Thursday, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend as stated in the Announcement, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shop No. 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 4 June, 2012, Monday.

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 May 2012 at 11:00a.m.. The Notice of Annual General Meeting will be sent to shareholders on or before 19 April 2012.

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 2011.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The 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. Mr Tan Eng Soon ("Mr Tan") currently holds the offices of Chairman and Chief Executive Officer. Mr Tan 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, 23 March 2012

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. 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.