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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 2012.

**Consolidated Income Statement**

	Notes	<b>Six months ended 30 June</b>	
		<b>2012</b>	<b>2011</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	3,081,012	3,295,508
Cost of sales		<u>(2,509,370)</u>	<u>(2,806,718)</u>
Gross profit		571,642	488,790
Other operating income		220,599	34,277
Distribution costs		(184,968)	(173,116)
Administrative expenses		(246,597)	(204,577)
Other operating expenses		<u>(8,187)</u>	<u>(6,551)</u>
Profit from operations		352,489	138,823
Financing costs		(16,400)	(21,951)
Share of profit less losses of associates		<u>126,574</u>	<u>33,351</u>
Profit before taxation	3	462,663	150,223
Income tax expense	4	<u>(41,448)</u>	<u>(40,252)</u>
<b>Profit for the period</b>		<u><u>421,215</u></u>	<u><u>109,971</u></u>
Attributable to:			
Equity shareholders of the Company		415,544	99,901
Non-controlling interests		<u>5,671</u>	<u>10,070</u>
<b>Profit for the period</b>		<u><u>421,215</u></u>	<u><u>109,971</u></u>
<b>Earnings per share (cents)</b>	6		
Basic and diluted		<u><u>20.6</u></u>	<u><u>5.0</u></u>

## Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2012	2011
	HK\$'000	HK\$'000
<b>Profit for the period</b>	<u>421,215</u>	<u>109,971</u>
<b>Other comprehensive income for the period</b>		
Exchange differences on translation of financial statements of:		
- overseas subsidiaries	131,484	247,695
- associates	<u>(8,599)</u>	<u>21,149</u>
	122,885	268,844
Available-for-sale securities:		
- changes in fair value recognised during the period	<u>(2,245)</u>	<u>3,048</u>
	<u>120,640</u>	<u>271,892</u>
<b>Total comprehensive income for the period</b>	<u>541,855</u>	<u>381,863</u>
<b>Attributable to:</b>		
Equity shareholders of the company	536,702	374,858
Non-controlling interests	<u>5,153</u>	<u>7,005</u>
<b>Total comprehensive income for the period</b>	<u>541,855</u>	<u>381,863</u>

## Consolidated Balance Sheet

	Notes	At 30 June 2012 HK\$'000	At 31 December 2011 HK\$'000
<b>Non-current assets</b>			
Investment properties		2,368,414	2,325,651
Other property, plant and equipment		1,969,436	1,892,208
Interest in leasehold land		248,697	249,198
Interest in associates		905,489	894,349
Other financial assets		164,832	163,659
Hire purchase debtors and instalments receivable		206,217	203,381
Non-current prepayments		11,615	11,796
Deferred tax assets		13,436	13,044
		<u>5,888,136</u>	<u>5,753,286</u>
<b>Current assets</b>			
Investments designated at fair value through profit or loss		741,428	565,535
Inventories		1,675,541	1,539,756
Properties held for sale		95,799	150,915
Trade debtors	7	534,388	413,782
Hire purchase debtors and instalments receivable		87,864	86,501
Other debtors, deposits and prepayments		375,060	294,690
Amount due from related companies		12,941	12,678
Cash and cash equivalents		1,389,921	1,611,306
		<u>4,912,942</u>	<u>4,675,163</u>
<b>Current liabilities</b>			
Bank overdrafts (unsecured)		33,207	8,574
Bank loans		880,075	1,008,944
Trade creditors	8	332,644	366,959
Other creditors and accruals		467,550	400,041
Amounts due to related companies		7,715	4,539
Current taxation		64,592	67,305
Provisions		17,935	16,973
		<u>1,803,718</u>	<u>1,873,335</u>
<b>Net current assets</b>		<u>3,109,224</u>	<u>2,801,828</u>
<b>Total assets less current liabilities</b>		<u>8,997,360</u>	<u>8,555,114</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities		28,805	28,115
Bank loans		451,625	442,947
Provisions		11,490	9,735
		<u>491,920</u>	<u>480,797</u>
<b>NET ASSETS</b>		<u>8,505,440</u>	<u>8,074,317</u>
<b>Capital and Reserve</b>			
Share capital		1,006,655	1,006,655
Reserves		7,433,299	7,007,329
<b>Total equity attributable to equity shareholders of the Company</b>		<u>8,439,954</u>	<u>8,013,984</u>
<b>Non-controlling interests</b>		<u>65,486</u>	<u>60,333</u>
<b>TOTAL EQUITY</b>		<u>8,505,440</u>	<u>8,074,317</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*

	<b>Group Revenue</b>		<b>EBITDA</b>	
	<b>Six months ended 30 June</b>		<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Business lines</b>				
Motor vehicle distribution	2,071,745	2,509,033	25,875	50,296
Heavy commercial vehicle and industrial equipment distribution	587,953	395,790	83,823	53,238
Property rentals and development	187,440	90,838	91,589	44,491
Other operations	233,874	299,847	214,160	51,149
	<u>3,081,012</u>	<u>3,295,508</u>	<u>415,447</u>	<u>199,174</u>

	<b>Group Revenue</b>	
	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Geographical areas</b>		
Singapore	828,807	857,537
Hong Kong	38,371	36,682
PRC	1,235,407	1,676,121
Others	978,427	725,168
	<u>3,081,012</u>	<u>3,295,508</u>

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

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment EBITDA	415,447	199,174
Depreciation and amortisation	(77,261)	(71,348)
Interest income	14,303	10,997
Finance costs	(16,400)	(21,951)
Share of profits less losses of associates	126,574	33,351
<b>Consolidated profit before taxation</b>	<u>462,663</u>	<u>150,223</u>

3. **Profit before taxation**

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting):		
Interest expense	16,400	21,951
Amortisation of interest in leasehold land	3,798	3,830
Depreciation of property, plant and equipment	73,463	67,518
Gain on disposal of property, plant and equipment	(4,974)	(5,511)
(Increase)/decrease in fair value of listed investments	<u>(175,703)</u>	<u>685</u>

4. **Taxation**

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	-	-
Singapore	19,709	16,427
Elsewhere	21,739	23,825
	<u>41,448</u>	<u>40,252</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**

	<b>Six months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of HK\$0.02 (2011: HK\$0.015) per ordinary share	40,266	30,200
	<u>40,266</u>	<u>30,200</u>

6. **Earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2012 is based on net profit attributable to equity shareholders of the Company of HK\$415,544,000 (2011: HK\$99,901,000) and the weighted average number of shares of 2,013,309,000 (2011: 2,013,309,000) in issue during the period.

Diluted earnings per share for the periods ended 30 June 2012 and 2011 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:

	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	435,652	327,863
31- 90 days	58,296	39,938
Over 90 days	40,440	45,981
	<u>534,388</u>	<u>413,782</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:

	<b>At 30 June</b>	<b>At 31 December</b>
	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	145,839	258,354
31-90 days	141,837	85,648
91-180 days	27,512	12,998
Over 180 days	17,456	9,959
	<u>332,644</u>	<u>366,959</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\$0.02 (2011: HK\$0.015) per ordinary share on the shares in issue amounting to a total of HK\$40,266,000 (2011: HK\$30,200,000), which will be payable on 13 September 2012 to shareholders whose names appear on the Register of Members on 5 September 2012. Dividend warrants will be sent to shareholders on 13 September 2012.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from 3 September 2012 to 5 September 2012, 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 31 August 2012.

### **MANAGEMENT REVIEW**

#### **Results**

The first half of 2012 was a challenging period, marked by the Euro crisis that affected business and consumer confidence in our area of operation, the Asia Pacific Region. A rapidly appreciating Yen affected our cost and together with a limited supply of Certificates of Entitlement in Singapore made our earnings more tenuous.

Revenue and vehicle sales units decreased to HK\$3,081 million and 7,495 respectively for first half of 2012 compared to HK\$3,296 million and 8,799 for the corresponding period of 2011.

However, profit attributable to shareholders increased to HK\$416 million for the first half of 2012 compared to HK\$100 million for the corresponding period of last year.

This exceptional increase is due to the following factors:

- Profit margin improvement from our automotive businesses in Thailand, Taiwan and Philippines.
- Additional property unit sales at our Oasis @Mulberry project.
- A one time gain of HK\$74million from the sale of our tyre joint venture in China.
- A revaluation gain of our listed investment of HK\$176 million.

Group NTA (Net Tangible Assets) per share at the end of June 2012 rose to HK\$4.22 from HK\$4.01 at the end of December 2011. We declare an interim dividend of HK\$0.02 per share for the first half of 2012.

#### **Thailand Trucks Business**

We continue to make progress in production, sales and profit in the first half of 2012, and barring unforeseen circumstances we should make further progress in the second half of the year.

## **China Distribution**

The China auto industry is currently facing high inventories with weaker growth as customers maintain cautiousness in making purchase decisions. The Subaru vehicle sales for China in the first half-year were further affected by a recall of Legacy and Outback models. A shortage in supply of the popular new XV did not help augment sale performance. Consequently Motor Image experienced a sales decline of about 29% compared to the same period in 2011. The City Government recently implemented a vehicle registration quota in Guangzhou City, but we remain optimistic that the introduction of the new fuel efficient Legacy, Outback and all new Forester slated for introduction in November will improve Subaru sales. The general sales outlook for the remainder of the year is expected to remain flat.

## **China Manufacturing**

Full-scale production of automotive seats from the Nanjing factory was delayed in tandem with the general slowdown in the China automotive industry. However, prototype seats developed in conjunction with our customers who are one of the largest automotive manufacturers are on going in preparation for full-scale start of production early next year. The Xiamen factory continues to produce at full capacity due to customer's consolidating supply through fewer factories.

## **Prospects**

Barring unforeseen circumstances, the group expects better revenue growth in the second half and financial performance should be satisfactory.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

There were 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 2012.

## CORPORATE GOVERNANCE CODE

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 2012, acting in compliance with the Corporate Governance Code 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, 6 August 2012

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. Independent Non-Executive Directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo, Mr. Tan Ngiap Joo and Mr. Ng Kim Tuck. The Honorary Life Counselor of the Company is Dato' Tan Kim Hor.*