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Tan Chong International Limited

陳唱國際有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 693)

FINAL RESULTS

The Board of Directors (the “Board”) of Tan Chong International Limited (the “Company”) wishes to announce the following results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2016.

Consolidated statement of profit or loss for the year ended 31 December 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenue	3, 4	16,736,332	14,818,639
Cost of sales		<u>(13,858,480)</u>	<u>(12,016,230)</u>
Gross profit		2,877,852	2,802,409
Other net income		288,666	138,665
Distribution costs		(1,404,704)	(1,154,116)
Administrative expenses		(1,039,903)	(975,527)
Other operating expenses		<u>(32,344)</u>	<u>(36,172)</u>
Profit from operations		689,567	775,259
Financing costs		(88,604)	(82,659)
Share of profits less losses of associates		<u>68,197</u>	<u>76,179</u>
Profit before taxation	5	669,160	768,779
Income tax expense	6	<u>(335,074)</u>	<u>(319,138)</u>
Profit for the year		<u><u>334,086</u></u>	<u><u>449,641</u></u>
Attributable to:			
Equity shareholders of the Company		191,073	308,215
Non-controlling interests		<u>143,013</u>	<u>141,426</u>
Profit for the year		<u><u>334,086</u></u>	<u><u>449,641</u></u>
Earnings per share	8		
Basic and diluted		<u><u>\$0.09</u></u>	<u><u>\$0.15</u></u>

**Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2016**

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Profit for the year	<u>334,086</u>	<u>449,641</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit liability	(14,429)	201
Investments designated as at fair value through other comprehensive income: - changes in fair value recognised during the year	<u>(81,875)</u> <u>(96,304)</u>	<u>498,187</u> <u>498,388</u>
Items that may be reclassified to profit or loss:		
Exchange differences on translation of financial statements of:		
- subsidiaries outside Hong Kong	(74,506)	(441,311)
- associates outside Hong Kong	<u>(33,268)</u>	<u>(59,795)</u>
	<u>(107,774)</u>	<u>(501,106)</u>
Other comprehensive income for the year	<u>(204,078)</u>	<u>(2,718)</u>
Total comprehensive income for the year	<u><u>130,008</u></u>	<u><u>446,923</u></u>
Attributable to:		
Equity shareholders of the Company	(11,599)	314,781
Non-controlling interests	<u>141,607</u>	<u>132,142</u>
Total comprehensive income for the year	<u><u>130,008</u></u>	<u><u>446,923</u></u>

**Consolidated statement of financial position
at 31 December 2016**

	Note	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Non-current assets			
Investment properties		3,106,105	3,150,381
Other property, plant and equipment		3,539,999	3,393,880
Interest in leasehold land		76,428	85,128
Intangible assets		108,315	100,093
Goodwill		23,375	5,498
Interest in associates		752,203	728,678
Other financial assets		106,906	109,224
Hire purchase debtors and instalments receivable		253,223	258,992
Non-current prepayments		151,419	157,370
Deferred tax assets		36,631	39,920
		<u>8,154,604</u>	<u>8,029,164</u>
Current assets			
Investments designated as at fair value through other comprehensive income		3,529,207	3,637,821
Inventories		2,923,136	2,180,032
Properties held for sale		53,523	54,760
Trade debtors	9	1,271,548	1,311,272
Hire purchase debtors and instalments receivable		138,022	122,172
Other debtors, deposits and prepayments		526,292	464,802
Amounts due from related companies		620	1,465
Fixed deposits at banks with maturity over three months		9,413	-
Cash and cash equivalents		2,891,325	3,166,150
		<u>11,343,086</u>	<u>10,938,474</u>
Current liabilities			
Unsecured bank overdrafts		85,205	60,545
Bank loans		3,377,341	2,157,495
Trade creditors	10	1,243,402	1,043,459
Other creditors and accruals		1,160,712	980,241
Amounts due to related companies		23,538	8,068
Obligations under finance leases		37,207	29,240
Unsecured medium term note		632,538	-
Current taxation		150,120	174,397
Provisions		68,256	55,264
		<u>6,778,319</u>	<u>4,508,709</u>
Net current assets		<u>4,564,767</u>	<u>6,429,765</u>
Total assets less current liabilities		<u>12,719,371</u>	<u>14,458,929</u>
Non-current liabilities			
Bank loans		36,234	1,047,609
Unsecured medium term note		-	646,935
Obligations under finance leases		152,826	112,262
Net defined benefit retirement obligations		151,924	136,804
Deferred tax liabilities		68,968	62,879
Provisions		20,719	30,448
		<u>430,671</u>	<u>2,036,937</u>
NET ASSETS		<u>12,288,700</u>	<u>12,421,992</u>

**Consolidated statement of financial position
at 31 December 2016 (continued)**

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	1,006,655	1,006,655
Reserves	<u>10,521,040</u>	<u>10,731,010</u>
Total equity attributable to equity shareholders of the Company	11,527,695	11,737,665
Non-controlling interests	<u>761,005</u>	<u>684,327</u>
TOTAL EQUITY	<u><u>12,288,700</u></u>	<u><u>12,421,992</u></u>

Notes:

1. Basis of consolidation

The financial information relating to the year ended 31 December 2016 included in this preliminary announcement of annual results is extracted from the Company's consolidated financial statements for the year ended 31 December 2016.

The consolidated financial statements of the Company for the year ended 31 December 2016 comprise the Company and all its subsidiaries and the Group's interest in associates and comply with International Financial Reporting Standards ("IFRSs"), the disclosure requirement of the Hong Kong Companies Ordinance and the applicable disclosure provision of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

2. Changes in accounting policies

The International Accounting Standards Board has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

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 provided to customers, hire purchase financing income, rental income, management service fees, agency commission and handling fees and warranty reimbursements, net of goods and services taxes where applicable, is analysed as follows:

	For the year ended 31 December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of goods	10,531,624	9,088,115
Rendering of services	5,875,039	5,459,602
Hire purchase financing income	53,518	43,278
Gross rentals from investment properties	100,456	97,715
Management service fees	1,000	1,433
Agency commission and handling fees	161,257	114,023
Warranty reimbursements	<u>13,438</u>	<u>14,473</u>
	<u><u>16,736,332</u></u>	<u><u>14,818,639</u></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 geographical areas. 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 and dealership business

The Group is the distributor for Nissan vehicles in Singapore and distributor or dealer for Subaru vehicles in Singapore, Guangdong Province of the PRC, Hong Kong, Taiwan, Thailand and certain other Southeast Asia countries. The Group distributes various models of Nissan and Subaru passenger cars and Nissan light commercial vehicles.

(ii) Heavy commercial vehicle and industrial equipment distribution business

The Group is the sole distributor for Nissan forklift trucks in Singapore. The Group markets and distributes a wide range of heavy commercial vehicles and industrial equipment.

(iii) Property rentals and development

The Group has a number of property interests and is engaged in the development of various investment properties for sales and rental income. At present, the Group's activities in this segment are mainly carried out in Singapore and Hong Kong.

(iv) Transportation

The Group mainly carries out the vehicle logistics services to vehicles manufacturers in Japan. The Group also provides human resource management service in relation to transportation business in Japan.

(v) Other operations

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

(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 2016 and 2015 is set out below.

4. Segment reporting (continued)

(a) Segment results (continued)

	Group revenue from external customers		EBITDA	
	For the year ended 31 December		For the year ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Business lines				
Motor vehicle distribution and dealership business	9,828,886	8,525,512	382,445	627,160
Heavy commercial vehicle and industrial equipment distribution and dealership business	518,889	670,331	(45,692)	(15,500)
Property rentals and development	96,594	91,588	94,119	(46,339)
Transportation	5,470,662	5,007,128	484,638	357,811
Other operations	821,301	524,080	44,338	91,854
	<u>16,736,332</u>	<u>14,818,639</u>	<u>959,848</u>	<u>1,014,986</u>

	Group revenue from external customers	
	For the year ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
Geographical areas		
Singapore	4,593,304	3,684,841
Hong Kong	124,676	111,103
PRC	1,655,870	1,620,105
Thailand	1,138,104	1,165,163
Japan	5,470,662	5,007,128
Others	3,753,716	3,230,299
	<u>16,736,332</u>	<u>14,818,639</u>

(b) Reconciliation of reportable segment profit or loss

	For the year ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
Total segment EBITDA	959,848	1,014,986
Depreciation and amortisation	(297,227)	(269,996)
Interest income	26,946	30,269
Finance costs	(88,604)	(82,659)
Share of profits less losses of associates	68,197	76,179
Consolidated profit before taxation	<u>669,160</u>	<u>768,779</u>

5. Profit before taxation

	For the year ended 31 December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting):		
Cost of goods sold	7,265,595	7,796,204
Interest expense	88,604	82,659
Amortisation		
- interest in leasehold land	7,995	8,048
- intangible assets	19,523	15,143
Depreciation		
- assets held for use under operating leases	34,578	40,766
- other assets	235,131	206,039
Bank and other interest income	(26,946)	(30,269)
Dividend income		
- listed investments	(101,313)	(67,366)
- unlisted investments	(586)	(616)
Gain on disposal of property, plant and equipment	(7,557)	(14,105)
Net gain on disposal of investment properties	(45,153)	-
Net valuation (gains) /losses on investment properties	(19,725)	53,093

6. Taxation**Income tax expense:**

	For the year ended 31 December	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax expense		
Provision for the year	325,815	321,358
Under/(over)-provision in respect of prior years	895	(1,627)
	<u>326,710</u>	<u>319,731</u>
Deferred tax expense		
Origination and reversal of temporary differences	<u>8,364</u>	<u>(593)</u>
Total income tax expense in the consolidated statement of profit or loss	<u><u>335,074</u></u>	<u><u>319,138</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	
	2016 HK\$'000	2015 HK\$'000
Interim dividend paid of HK\$0.02 per ordinary share (2015: HK\$0.025 per ordinary share)	40,266	50,332
Final dividend proposed after the end of the reporting period of HK\$0.07 per ordinary share (2015: HK\$0.08 per ordinary share)	140,932	161,065
	<u>181,198</u>	<u>211,397</u>

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$191,073,000 (2015: HK\$308,215,000) and the number of 2,013,309,000 ordinary shares (2015: 2,013,309,000) in issue during the year.

Diluted earnings per share for the years ended 31 December 2016 and 2015 is the same as basic earnings per share as there were no dilutive securities outstanding during the years presented.

9. Trade debtors

As of the end of the reporting period, the ageing analysis of trade debtors (net of impairment losses), based on the invoice date, is as follows:

	As at 31 December	
	2016 HK\$'000	2015 HK\$'000
0-30 days	970,868	983,218
31-90 days	199,256	223,410
Over 90 days	101,424	104,644
	<u>1,271,548</u>	<u>1,311,272</u>

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

10. Trade creditors

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	As at 31 December	
	2016 HK\$'000	2015 HK\$'000
0-30 days	823,501	732,319
31-90 days	269,195	186,102
91-180 days	94,343	49,226
Over 180 days	56,363	75,812
	<u>1,243,402</u>	<u>1,043,459</u>

FINAL DIVIDEND

The Board recommends a final dividend of HK\$0.07 per share on the shares in issue absorbing a total of HK\$140,931,630 which will be payable on 22 June 2017 to shareholders whose names appear on the Register of Members on 6 June 2017, subject to the approval of shareholders at the Annual General Meeting to be held on 26 May 2017.

MANAGEMENT REVIEW

RESULTS

The Group achieved another year of record revenue of HK\$16.7 billion, a 12.9% increase from the previous year. This was principally derived from the growth of our motor vehicle distribution and retail operations in Singapore and Taiwan, as well as from our complete knocked-down (“CKD”) business in Thailand and Malaysia. 2016 was however, a challenging year. Global uncertainties and the strength of the Japanese Yen negatively impacted our cost of sales and consequently, reduced our gross profit margins. The Japanese Yen had appreciated 11% on average against the operating currencies of our motor vehicle distribution and dealership business.

Operating profit margin decreased to 4.1% down from 5.2% in the previous year. This is caused by a substantial increase of 22% in distribution cost as a result of sales increase in the complete built-up (“CBU”) markets, rapid expansion of our regional distribution and retail network in the CKD markets of Malaysia and Thailand, as well as sizeable operational restructuring cost of our truck business in Thailand. Profit from operations decreased to HK\$689.6 million, a 11% decrease from 2015. Profit attributable to shareholders was HK\$191.1 million, a 38% decrease from the previous year.

The Group’s return on capital employed (ROCE), computed by dividing earnings before interest and taxes (EBIT) by total equity and non-current liabilities, was 5.75% as compared to 5.68% in the previous year.

The Group’s net gearing ratio, computed by dividing the net debt by total equity, was 10.0% as compared to 6.0% in the previous year. The net debt of HK\$1.231 billion comprised total borrowing of HK\$4.046 billion plus unsecured overdrafts of HK\$0.085 billion less cash and cash equivalents of HK\$2.891 billion and deposits of HK\$0.009 billion.

In compliance to the regulatory, environmental and emission standard requirements in the countries that the Group operates, we take positive efforts to participate in programs and incentives that encourage sustainability, conservation and reduced environmental impact.

The Group recognises its human resources as valuable assets and maintains its commitment to training, developing and retaining talented employees. The number of employees at the end of 2016 was 6,131 as compared to 6,059 in 2015.

SIGNIFICANT INVESTMENTS

As at 31 December 2016, the Group had investments designated as at fair value through other comprehensive income of HK\$3.5 billion representing listed and unlisted equity securities. The vast majority of these investments are equity securities listed on the Tokyo Stock Exchange, and have been accumulated over the years as strategic long-term investments. Fair value loss of HK\$82 million was recognised in other comprehensive income during the year ended 31 December 2016. The loss is primarily due to share price changes of its listed investments, which are marked to market and therefore unrealised, as compared to an audited unrealised gain for the corresponding period in 2015. Such unrealised fair value loss on its investments will not be reclassified to the Group’s consolidated statement of profit or loss.

FINANCE

Dividend payment will be HK\$181 million for 2016 with the final dividend being HK7.0 cents per share (interim HK2.0 cents per share). Consolidated net assets year-on-year change from HK\$6.17 to HK\$6.10 per share primarily due to foreign exchange translation differences and changes in fair value of our listed equity securities.

SINGAPORE

Our Nissan and Subaru brands performed strongly in 2016, recording double-digit growth in unit sales and revenue. New car registration cycle continued to drive passenger vehicle market growth in 2016. The Group launched its new Subaru Impreza in January 2017. This is the first Subaru model launched on the Subaru Global Platform, and had won the 2016-2017 Japan Car of the Year award.

With the slowdown in economic growth and soft economic climate, the property division continued to weaken in 2016. It has, however, achieved modest revenue growth.

CHINA

The Group experienced a contraction in Subaru sales in China. In the light of severe competition from domestic Chinese brands and tighter government automotive policies, our Subaru passenger vehicle sale is expected to continue to face challenges in 2017. Our Nanjing seat manufacturing division has rebounded from the flooding that was experienced in 2015, and showing growth in both revenue and seat volume.

CKD MARKETS OF THAILAND AND MALAYSIA

With the launch of the CKD Subaru Forester in March 2016, the Group experienced a step-up in sales volume in Malaysia and Thailand, both recording sharp increases in sales. In supporting the step-up in sales volume and to grow our market share, the Group continued to invest in its sales and service infrastructure through an enhanced dealer and retail network so as to attain higher distribution scale and efficiencies. Consequently, the Group incurred higher sales, marketing, distribution, administrative and infrastructure costs in these territories.

The Group's truck distribution business recorded a decline in sales and reduced business scale in 2016. In May 2016, the Group commenced arbitration proceedings against Mitsubishi Fuso Truck and Bus Corporation. The Group has since restructured and downsized its truck operations, and has re-allocated resources to existing and new businesses with the view of creating opportunities for long term growth of our other truck and industrial machinery business. We have pared down overheads and reduced headcount. Total headcount in our Thailand truck operations has been reduced by approximately 40% in 2016.

Even though the Group has a relatively short period of market presence as compared to established industry players, it holds a positive long-term view of the business opportunities within the CKD territories of Thailand and Malaysia. As such, the Group is deploying additional investments to drive long-term growth in the CKD markets and the Subaru brand into the future. On schedule is a planned joint venture investment of HK\$1.1 billion between Fuji Heavy Industries Japan and the Group to produce Subaru vehicles in Thailand. Fuji Heavy Industries Japan will own 25.1% and the Group will own 74.9% of the joint venture. The group portion of the total investment will be HK\$824 million. HK\$470 million will be invested in March 2017 and the balance of HK\$354 million by January 2018.

TAIWAN AND PHILIPPINES

Taiwan continued on its growth path, expanding sales and unit volumes, outperforming the industry. Taiwan has developed into one of the key markets and major contributors to the Group's revenue. In first quarter of 2017, the Group completed and started to operate from its new vehicle distribution center in Zhongli, Taoyuan City, Taiwan. This augments the Group's effort to integrate vertically its vehicle operations fully from import to final retail to customers.

Philippines sales units grew 12% in 2016, reflecting the enlarged market and the Group's enhanced sales and marketing efforts in the country. Profitability at both Taiwan and Philippines were however, negatively impacted by strength of the Japanese Yen.

JAPAN

Zero Co., Ltd (Zero), the Group's vehicle transportation and logistics division that is listed on the Second Section of Tokyo Stock Exchange, recorded annual revenue of HK\$5.5 billion. This accounts for 32% of consolidated revenue of the Group. The vehicle transportation business was impacted by weakness in both the Japanese new car and used car markets, which were further compounded by issues related to automotive manufacturers' fuel economy and vehicle emissions testing in Japan.

PROSPECTS

The operating environment in 2017 will remain challenging. With heightened uncertainties from global geopolitical changes and a rising interest rates environment impacting consumer and business sentiment, the Group remains cautious regarding the outlook for 2017. The Group continues to focus on the long-term opportunities in developing the nascent CKD territories and building upon the market traction gained thus far in our CBU markets. In February 2017, the Group established a joint venture with Fuji Heavy Industries to commence Subaru vehicle production in Thailand. Production is scheduled to start in first half of 2019 and vehicles produced are expected to be more competitive because of our scale and the advantages offered by the huge parts supply base in Thailand. Fuji Heavy Industries and the Group will own 25.1% and 74.9% of the joint venture company respectively. The Group intends to work closely with Fuji Heavy Industries to expand CKD production of Subaru vehicles for distribution in the Southeast Asian region. The Group will distribute the vehicles produced by the joint venture through its Subaru retail and dealer network in the region. The Group anticipates increased investment cost in the build-up of the marketing, infrastructure and network expansion to further develop our motor and commercial vehicle business segments, in particular the Subaru brand in our CKD markets. This new production centre demonstrates our Group's commitment and confidence in the future of the ASEAN market. Barring unforeseen circumstances, we expect to perform satisfactorily in 2017.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting (“AGM”) which is scheduled on Friday, 26 May 2017, the register of members of the Company will be closed from Tuesday, 23 May 2017 to Friday, 26 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, 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 17th Floor, Shop No. 1712-1716, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 22 May 2017.

For determining the entitlement to the proposed final dividend (subject to the approval of the shareholders at the forthcoming AGM of the Company), the register of members of the Company will be closed from Friday, 2 June 2017 to Tuesday, 6 June 2017, 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 17th Floor, Shop No. 1712-1716, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 1 June 2017.

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 26 May 2017 at 11:00a.m.. The Notice of Annual General Meeting will be sent to shareholders on or before 21 April 2017.

RETIREMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lee Han Yang (“**Mr. Lee**”), an independent non-executive director of the Company, will retire by rotation at the forthcoming annual general meeting according to the bye-laws of the Company. Mr. Lee will not offer himself for re-election. Mr. Lee has confirmed that there is no matter in respect of his retirement that needs to be brought to the attention of the shareholders of the Company.

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 2016.

CORPORATE GOVERNANCE

The Board of Directors (the “Board”) of Tan Chong International Limited (the “Company”) is committed to the observance of good corporate governance to protect the interests and rights of shareholders and the financial performance of the Company and its subsidiaries (collectively the “Group”). The Board has adopted the “Corporate Governance Code and Corporate Governance Report” (the “CG Code”) set out in Appendix 14 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) that form part of the disclosure requirements under the Listing Rules. Throughout the year under review, the Company has complied with most of the code provisions set out in the CG Code. Where applicable various self-regulatory and monitoring measures were adopted for effective corporate governance practice.

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 has 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.

The nomination committee of the Company currently comprises one member only. The Board is currently carrying out the responsibilities of the nomination committee until it appoints additional suitable member/s to this committee.

By Order of the Board
Sng Chiew Huat
Finance Director

Hong Kong, 29 March 2017

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

As at the date of this announcement, the directors are Mr. Tan Eng Soon, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat and Mr. Glenn Tan Chun Hong. Non-executive director is Mr. Joseph Ong Yong Loke. Independent non-executive directors are Mr. Lee Han Yang, Mr. Ng Kim Tuck, Mr. Azman Bin Badrillah, Mr. Prechaya Ebrahim and Mr. Teo Ek Kee.