

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



TAN CHONG INTERNATIONAL LIMITED
 陳唱國際有限公司
 (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 2013.

Consolidated Income Statement

	Notes	Six months ended 30 June	
		2013	2012
		<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	4,725,285	3,081,012
Cost of sales		<u>(3,778,440)</u>	<u>(2,509,370)</u>
Gross profit		946,845	571,642
Other operating income		1,294,579	220,599
Distribution costs		(340,221)	(184,968)
Administrative expenses		(308,926)	(246,597)
Other operating expenses		<u>(5,169)</u>	<u>(8,187)</u>
Profit from operations		1,587,108	352,489
Financing costs		(13,112)	(16,400)
Share of profits less losses of associates		<u>33,925</u>	<u>126,574</u>
Profit before taxation	3	1,607,921	462,663
Income tax expense	4	<u>(62,831)</u>	<u>(41,448)</u>
Profit for the period		<u><u>1,545,090</u></u>	<u><u>421,215</u></u>
Attributable to:			
Equity shareholders of the Company		1,531,570	415,544
Non-controlling interests		<u>13,520</u>	<u>5,671</u>
Profit for the period		<u><u>1,545,090</u></u>	<u><u>421,215</u></u>
Earnings per share (cents)	6		
Basic and diluted		<u><u>76.1</u></u>	<u><u>20.6</u></u>

Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	<u>1,545,090</u>	<u>421,215</u>
Other comprehensive income for the period		
Exchange differences on translation of financial statements of:		
- overseas subsidiaries	(192,816)	131,484
- associates	<u>(46,774)</u>	<u>(8,599)</u>
	(239,590)	122,885
Available-for-sale securities:		
- changes in fair value recognised during the period	<u>(3,674)</u>	<u>(2,245)</u>
	<u>(243,264)</u>	<u>120,640</u>
Total comprehensive income for the period	<u>1,301,826</u>	<u>541,855</u>
Attributable to:		
Equity shareholders of the company	1,289,053	536,702
Non-controlling interests	<u>12,773</u>	<u>5,153</u>
Total comprehensive income for the period	<u>1,301,826</u>	<u>541,855</u>

Consolidated Balance Sheet

	Notes	At 30 June 2013 HK\$'000	At 31 December 2012 HK\$'000
Non-current assets			
Investment properties		2,658,491	2,736,092
Other property, plant and equipment		2,260,061	2,155,422
Interest in leasehold land		268,487	254,997
Interest in associates		892,945	924,694
Other financial assets		163,017	172,163
Hire purchase debtors and instalments receivable		204,989	200,055
Non-current prepayments		22,845	13,651
Deferred tax assets		26,385	26,342
		<u>6,497,220</u>	<u>6,483,416</u>
Current assets			
Investments designated at fair value through profit or loss		2,228,775	1,150,456
Inventories		1,969,016	2,150,811
Properties held for sale		61,345	80,299
Trade debtors	7	977,824	712,395
Hire purchase debtors and instalments receivable		102,543	94,679
Other debtors, deposits and prepayments		414,039	387,062
Amount due from related companies		1,409	912
Cash and cash equivalents		1,520,119	1,357,680
		<u>7,275,070</u>	<u>5,934,294</u>
Current liabilities			
Unsecured bank overdrafts		12,346	7,737
Bank loans		1,362,274	1,272,961
Trade creditors	8	406,176	651,538
Other creditors and accruals		696,694	481,475
Amounts due to related companies		68,700	7,074
Current taxation		75,707	80,681
Provisions		29,853	25,203
		<u>2,651,750</u>	<u>2,526,669</u>
Net current assets		<u>4,623,320</u>	<u>3,407,625</u>
Total assets less current liabilities		<u>11,120,540</u>	<u>9,891,041</u>
Non-current liabilities			
Bank loans		495,651	456,563
Deferred tax liabilities		25,869	28,491
Provisions		36,049	22,472
		<u>557,569</u>	<u>507,526</u>
NET ASSETS		<u>10,562,971</u>	<u>9,383,515</u>
Capital and Reserves			
Share capital		1,006,655	1,006,655
Reserves		9,453,866	8,305,745
Total equity attributable to equity shareholders of the Company		<u>10,460,521</u>	<u>9,312,400</u>
Non-controlling interests		<u>102,450</u>	<u>71,115</u>
TOTAL EQUITY		<u>10,562,971</u>	<u>9,383,515</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**

<i>(a) Segment results</i>	Group Revenue		EBITDA	
	Six months ended 30 June		Six months ended 30 June	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Business lines				
Motor vehicle distribution	3,419,495	2,071,745	335,855	25,875
Heavy commercial vehicle and industrial equipment distribution	931,346	587,953	143,397	83,823
Property rentals and development	105,777	187,440	49,051	91,589
Other operations	268,667	233,874	1,140,208	214,160
	<u>4,725,285</u>	<u>3,081,012</u>	<u>1,668,511</u>	<u>415,447</u>

	Group Revenue	
	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Geographical areas		
Singapore	687,195	828,807
Hong Kong	63,993	38,371
PRC	1,586,645	1,235,407
Others	2,387,452	978,427
	<u>4,725,285</u>	<u>3,081,012</u>

(b) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment EBITDA	1,668,511	415,447
Depreciation and amortisation	(91,698)	(77,261)
Interest income	10,295	14,303
Finance costs	(13,112)	(16,400)
Share of profits less losses of associates	33,925	126,574
Consolidated profit before taxation	<u>1,607,921</u>	<u>462,663</u>

3. **Profit before taxation**

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging/(crediting):		
Interest expense	13,112	16,400
Amortisation of interest in leasehold land	4,146	3,798
Depreciation of property, plant and equipment	87,552	73,463
Gain on disposal of property, plant and equipment	(6,720)	(4,974)
Increase in fair value of listed investments	(1,080,169)	(175,703)
	<u>(1,080,169)</u>	<u>(175,703)</u>

4. **Taxation**

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	-	-
Singapore	12,720	19,709
Elsewhere	50,111	21,739
	<u>62,831</u>	<u>41,448</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	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend declared of HK\$0.025 (2012: HK\$0.02) per ordinary share	50,333	40,266
	<u>50,333</u>	<u>40,266</u>

6. **Earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on net profit attributable to equity shareholders of the Company of HK\$1,531,570,000 (2012: HK\$415,544,000) and the weighted average number of shares of 2,013,309,000 (2012: 2,013,309,000) in issue during the period.

Diluted earnings per share for the periods ended 30 June 2013 and 2012 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
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	803,411	546,999
31- 90 days	126,834	97,321
Over 90 days	47,579	68,075
	<u>977,824</u>	<u>712,395</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
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
0-30 days	171,987	384,278
31-90 days	165,868	216,241
91-180 days	30,706	21,358
Over 180 days	37,615	29,661
	<u>406,176</u>	<u>651,538</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\$0.025 (2012: HK\$0.02) per ordinary share on the shares in issue amounting to a total of HK\$50,333,000 (2012: HK\$40,266,000), which will be payable on 12 September 2013 to shareholders whose names appear on the Register of Members on 6 September 2013. Dividend warrants will be sent to shareholders on 12 September 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 4 September 2013 to 6 September 2013, 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 3 September 2013.

MANAGEMENT REVIEW

Results

The 1st half of 2013 witnessed the start of production of Subaru XV in Malaysia and active sale activities in Thailand, Malaysia and Indonesia. Consequently the sales in these 3 territories increased substantially. While sales in Taiwan and Philippines recorded major improvement, China recovered with strong sales momentum. Concurrent to this strong sales increase, we initiated an active expansionary capital investment program enabling rapid start-up of operations at all our sale/service networks and personnel re-deployment.

Revenue and vehicle sales units increased to HK\$4,725 million (53%) and 12,114 (62%) respectively for the 1st half of 2013 compared to HK\$3,081 million and 7,495 for the corresponding period of 2012.

Thus profit attributable to shareholders increased to HK\$ 1,532 million for the 1st half of 2013 compared to HK\$416 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, Malaysia, Taiwan, Philippines and China.
- A one time capital compensation of HK\$176 million for a change in the fundamental structure of business introduced by a principal.
- A revaluation gain on our listed investment of HK\$1,080 million.

Group NTA per share at the end of June 2013 rose to HK\$5.25 from HK\$4.66 at the end of December 2012. The Directors have declared an interim dividend of HK0.025 per share for the 1st half of 2013.

Thailand Trucks Business

We continue to make rapid progress in production, sales volume and range of products in the first half of 2013. Barring unforeseen circumstances, we should make further progress in the second half of the year.

China Vehicle Distribution

Our Subaru distribution in Southern China saw a strong increase of 30% compared with the same period last year. The distribution model in China has been reorganized with the manufacturer now performing the sole distributorship role. However we remain as primary dealers for several key cities in Southern China. Our sales volume is expected to be lower in the foreseeable future as a consequence of this distribution model reorganization. We will need to add more retail points and improve throughput to existing outlets to make up for the growth in sales.

China Manufacturing

The Xiamen Seat Factory is at full production. However, the manufacturers to whom we supply are now prolonging their payment periods, reflecting the cash-tightening situation in China. Financing costs are therefore likely to increase for the year. Even as Nanjing factory has started full supply to the car assembler, we have now received an advisory to adjust production due to weak market response for their vehicles.

Prospects

Barring unforeseen circumstances, the group expects better revenue growth in the second half and financial performance is expected to 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 2013.

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 2013, 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, 1 August 2013

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 Tan Sri Dato' Tan Kim Hor.