Tan Chong International Limited

Annual Report 2008

Tan Chong International Limited (Stock Code 693),

listed on the Stock Exchange of Hong Kong Limited in 1998,

is a major motor distribution, property and trading group.

Contents

Enclosures

Management Discussion and Analysis

In line with the profit warning announcement on 8 December 2008, Group profit attributable to shareholders for the financial year 2008 declined to HKD61.5 million after taking in the write downs on listed securities of HKD182.1 million and investment properties of HKD69 million. Vehicle sales volume tapered marginally but profitability was adversely affected by the appreciating Japanese Yen against Singapore Dollar, reduced vehicle quota and intense price competition. The world financial and economic crisis also led to lower contributions from the other business sectors such as truck and forklift sales, vehicle and apartment rentals.

VEHICLE SALES

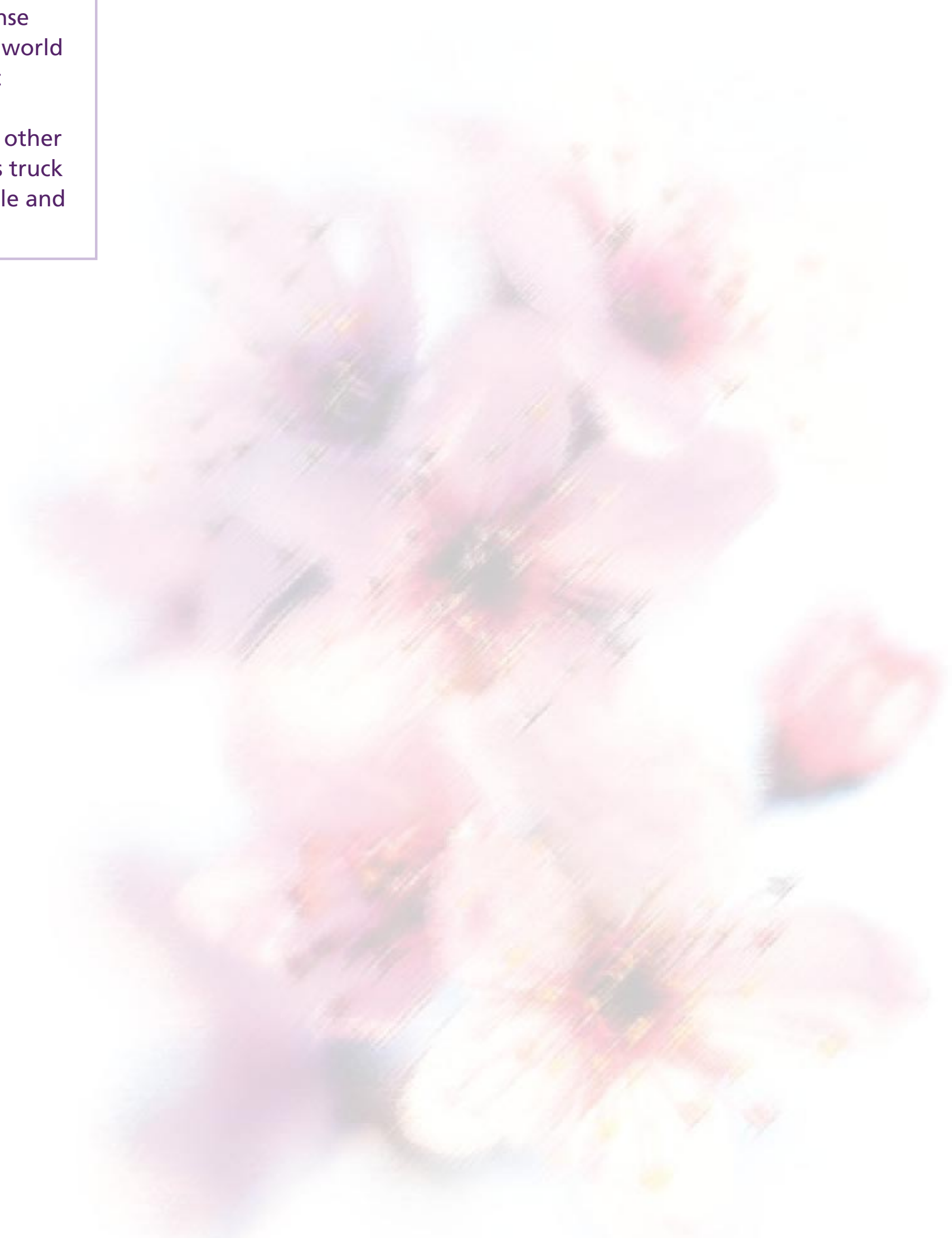
Subaru regional sales volume, year on year, improved 30%. However, Nissan overall sales declined 27%. Nissan forklift and diesel truck sales also dropped 14% and 36% respectively.

FINANCE

Group NTA eased after netting off translation gains and dividends. Capital commitments as at 31 December 2008 consolidated to HKD67 million from HKD224 million.

PROSPECTS

The Board anticipates that the worsening financial and economic crisis will further curtail consumer and corporate demand for goods and services thereby pulling down sales volume and profits for year 2009. However, the Board believes that with its strong balance sheet the Group is able to implement the necessary adjustments to ride through the crisis.



Corporate Governance Report

The Board of Directors ("the Board") is committed to the observance of good corporate governance to protect and enhance shareholders value and the financial performance of the Group. The Board has adopted the Code on Corporate Governance Practices ("CG Code") that forms part of the disclosure requirement under the Listing Rules of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted and implemented the Model Code set out in Appendix 10 of the Listing Rules on dealing in securities. This has been made known to all the directors of the Company and each director has confirmed in writing that he or she has observed the Model Code for year 2008. The Group has its own in-house mechanism to guide its directors and relevant employees regarding dealing in the Company's securities including reminders on the law regarding insider trading.

BOARD OF DIRECTORS

The Board comprises seven directors, consisting of four executive directors and three independent non-executive directors. As the independent non-executive directors made up at least one-third of the Board, the current Board size is considered appropriate with regard to the nature and scope of the Group's operations. The Board members bring with them a wealth of knowledge, expertise and experience to contribute valuable direction and insight to the Group.

The Company has received annual confirmation from each of the independent non-executive directors concerning their independence.

The Board, which meets at least four times a year, manages the business and affairs of the Group, approves the Group's corporate and strategic direction, appoints directors and key personnel, approves annual budgets and major funding and investment proposals, and reviews the financial performance of the Group.

For effective management, certain functions have been delegated to various board committees, each of which has its own written terms of reference and whose actions are reported to and monitored by the Board.

The Company has internal guidelines in regard to matters that require Board approval. Material transactions that need Board approval are as follows:

a. approval of interim results announcement;
b. approval of annual results and accounts;
c. declaration of interim dividends and proposal of final dividends;
d. convening of shareholders' meeting;
e. approval of corporate strategy;
f. authorization of merger and acquisition transactions; and
g. authorization of major transactions

BOARD MEETING

The Board meets at approximately quarterly intervals. Ad hoc meetings are also convened to deliberate on urgent substantive matters. Telephonic attendance and conference via audio-visual communication at board meetings are allowed under the Company's Bye-laws. The number of board meetings held in the year as well as the attendance of each Board member at those meetings and meetings of the various Board committees are disclosed below:

	Board of Directors Meetings			Remuneration Committee Meetings			Nomination Committee Meetings			Audit Committee Meetings			Independent Non-Executive Directors Meetings		
	Position	No. held	No. attended	Position	No. held	No. attended	Position	No. held	No. attended	Position	No. held	No. attended	Position	No. held	No. attended
Executive Director															
Mr. Tan Eng Soon	C	4	4	-	-	-	-	-	-	-	-	-	C	1	1
Mr. Joseph Ong Yong Loke	M	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Tan Kheng Leong	M	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Neo Ah Chap [(1)]	M	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Mdm. Sng Chiew Huat	M	4	4	-	-	-	-	-	-	-	-	-	-	-	-
Independent Non-Executive Director															
Mr. Lee Han Yang	M	4	3	C	2	2	C	2	2	C	2	2	M	1	1
Mdm. Jeny Lau	M	4	4	M	2	2	-	-	-	M	2	2	M	1	1
Mr. Masatoshi Matsuo	M	4	4	-	-	-	M	2	2	M	2	2	M	1	1

Denotes:
C-Chairman, M-Member
Number of meetings held/attended during the financial year/period from 1 January 2008 (or date of appointment, where applicable) to 31 December 2008
[(1)] Retired on 30 December 2008

Corporate Governance Report

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Tan Eng Soon 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.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

There is no service contract between the Company and the directors and they have no fixed term of service 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.

REMUNERATION COMMITTEE ("RC")

The RC comprises two independent non-executive directors, namely, Mr. Lee Han Yang (Chairman of the Committee) and Mdm. Jeny Lau.

Members of the RC carried out their duties according to the following terms of reference:

a. to review and determine the employment terms and remuneration packages of the executive directors and senior management staff ;

b. to decide on annual incentives and bonuses to be paid to the said key executives in (a) in regard to the Group's performance and individual's contribution;

c. to approve employment contracts and other related contracts entered into with key executives; and

d. to determine the terms of any compensation package for early termination of the contract of key executives.

The RC has reviewed the remuneration packages of the key executives for the year under review. The remuneration of the directors will be determined by the Board with reference to job responsibility, prevailing market conditions and the Company's operating performance and profitability.

NOMINATION COMMITTEE ("NC")

The NC comprises two independent non-executive directors, namely, Mr. Lee Han Yang (Chairman of the Committee) and Mr. Masatoshi Matsuo. The NC, which has written term of reference, is responsible for making recommendations to the Board on all board appointments and re-appointments. The NC's responsibilities include the following:

a. to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

b. to identify suitable individuals qualified to become Board members and make recommendations to the Board on suitable candidates to be nominated for directorships;

c. to establish a mechanism for formal assessment and to perform periodic assessment on the effectiveness of the Board;

d. to assess the independence of independent non-executive directors on its appointment or when their independence is called into question;

e. to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors.

EXTERNAL AUDITORS AND AUDITORS REMUNERATION

The external auditors' reporting responsibilities on the financial statements are stated in the company's Annual Report.

The Auditors' remuneration (excluding out of pocket and miscellaneous expenses) for audit services for year 2008 is HK$3,334,000. There were no non-audit services.

Corporate Governance Report

AUDIT COMMITTEE ("AC")

The AC comprises three board members, namely Mr. Lee Han Yang, Mdm. Jeny Lau and Mr. Masatoshi Matsuo, all of whom are independent non-executive directors.

The chairman of the AC, Mr. Lee Han Yang, is a lawyer by profession. The other members of the AC have years of experience in business management, finance and legal services. The Board is of the view that the members of the AC have sufficient financial management, expertise and experience to discharge the AC functions.

The AC convened two meetings during the year for reviewing the Company's annual results and annual report for the year ended 31 December 2007 and interim results and interim report for the six months ended 30 June 2008. The AC also met up with both internal and external auditors, without the presence of the Company's management, at least once a year. Details of members and their attendance are provided in the above table.

The AC carries out its functions under the following terms of reference:

a. to review the audit plans of the internal auditors of the Company and ensures the adequacy of company's system of accounting controls and co-operation of the Company's management with the external and internal auditors;

b. to review the interim and annual financial statements and the auditors' report on the annual financial statements of the Company before their submission to the Board;

c. to review effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management through reviews conducted by the internal auditors;

d. to meet with the external auditors, other committees, and management in separate executive sessions regarding matters that these parties believe should be discussed privately with the AC;

e. to review the cost effectiveness and the independence and objectivity of the external auditors;

f. to recommend to the Board the compensation of the external auditors, and reviews the scope and results of the audit;

g. to review connected transactions in accordance with the requirements of the Stock Exchange's Listing Rules.

The AC has the power to conduct or authorize investigations into any matters within the AC's scope of responsibility.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The senior management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company.

INTERNAL CONTROLS

The Company's internal auditors continually review the effectiveness of the Company's material internal controls, including financial, operational and compliance controls, and risk management according to their audit plans. Any material non-compliance or failures in internal controls together with recommendations for improvements were reported accordingly.

The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group and that was in place throughout the financial year and up to the date of this report, provides reasonable assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

COMMUNICATIONS WITH SHAREHOLDERS

The Board is obliged to provide regular, effective and fair communication with shareholders. Information is conveyed to the shareholders on a timely basis. The Company's Annual Report is sent to all shareholders and/or its nominees and accessible on the Company's website.

Shareholders' views on matters that affect the Company are welcomed by the Board at shareholders' meetings. Shareholders are notified of shareholders' meetings through notices published in the newspapers and reports or circulars sent to them. Each item of special business in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The chairman of the Audit and Remuneration Committee are normally available at the meeting to answer those questions in regard to the work of these committees. The external auditors are also present to assist the directors to address any relevant queries from the shareholders.

Corporate Information

BOARD OF DIRECTORS

Chairman
Mr. Tan Eng Soon

Managing Director
Mr. Joseph Ong Yong Loke

Executive Director
Mr. Tan Kheng Leong

Executive Director - Finance
Mdm. Sng Chiew Huat

Independent Non-Executive Directors
Mr. Lee Han Yang *+♦
Mdm. Jeny Lau *♦
Mr. Masatoshi Matsuo *+

* Audit Committee Members
\+ Nomination Committee Members
♦ Remuneration Committee Members

HONORARY LIFE COUNSELLOR

Dato' Tan Kim Hor

COMPANY SECRETARY

Mr. Navin Aggarwal

AUDITORS

KPMG
8/F, Prince's Building
10 Chater Road
Central, Hong Kong

SOLICITORS

Kirkpatrick & Lockhart Preston Gates Ellis
35/F Two International Finance Centre,
8 Finance Street,
Central, Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

PRINCIPAL PLACES OF BUSINESS

Hong Kong
Unit 3001, 30th Floor,
Shui On Centre,
6-8 Harbour Road, Wanchai
Hong Kong

Singapore
Tan Chong Motor Centre
911 Bukit Timah Road
Singapore 589622

BERMUDA RESIDENT REPRESENTATIVES

Mr. John C R Collis
Mr. Anthony D Whaley (Deputy)

PRINCIPAL BANKERS

Bank of America NA
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre,
11 Bermudiana Road,
Pembroke HM08, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Hopewell Centre, 46th Floor
183 Queen's Road East,
Wanchai, Hong Kong

STOCK CODE

693

Directors and Senior Management Profile

CHAIRMAN

Mr. Tan Eng Soon, age 60, is the Chairman of the Company and is a Director of certain subsidiaries of the Group. He is also the Managing Director of Tan Chong Motor Holdings Berhad ("TCMH") and a Director of APM Automotive Holdings Berhad. Mr. Tan joined TCMH after qualifying as an Engineer from the University of New South Wales, Australia, in 1971.

MANAGING DIRECTOR

Mr. Joseph Ong Yong Loke, age 60, is the Managing Director of the Company. He joined the Group in 1981 and has served in a number of senior capacities in Singapore before his posting to Hong Kong in 1992. Mr. Ong, a Chartered Surveyor, graduated with a BSc. (Building Economics) from the University of Reading in the United Kingdom in 1971. His previous work experience includes appointments with the Singapore Ministry of Defence and Straits Steamship Co Limited from 1976 to 1980.

EXECUTIVE DIRECTORS

Mr. Tan Kheng Leong, age 66, is the Deputy Managing Director of the Nissan motor operations in Singapore and a Director of several subsidiaries of the Group. Mr. Tan joined TCMH soon after completing his education in 1962. Over the past 46 years, Mr. Tan has worked in all areas of the Group's motor business, specializing in marketing and after-sales service.

Mdm. Sng Chiew Huat, age 61, is the Finance Director of the Company. Mdm. Sng, who joined the Group in 1977, completed her degree in Accountancy from the University of Singapore in 1970. She commenced her working career in the same year with Chartered Industries Pte Ltd where she rose to the position of Deputy Chief Accountant before leaving to become the Chief Accountant of Singapore Ceramics Limited in 1974. Mdm. Sng obtained a Master of Business Administration degree from the Oklahoma City University in 1993. She is a Fellow of the Institute of Certified Public Accountants of Singapore as well as CPA Australia, and a member of the Association of Chartered Certified Accountants (ACCA).

Directors and Senior Management Profile

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Han Yang, age 77, B.A (S'pore) of Lincoln's Inn, Barrister-at-law. He was appointed as an independent director of the Company in April 1998. Mr. Lee is a consultant in the law firm of Messrs Belinda Ang, Tang and Partners. He sits on the board of directors of two other public companies in Singapore, Wing Tai Holdings Limited and Low Keng Huat Holdings Ltd. Mr. Lee was until recently a member of the Board of National Council of Social Service. For many years he also chaired a Criminal Law Appeals Committee. Mr. Lee is an active member of the Law Society of Singapore and is a member of the Inquiry Panel. In August 2006 he was awarded the Public Service Star (BBM) by the President of the Republic of Singapore.

Mdm. Jeny Lau, age 50, was appointed as a Director of the Company in August 2003. She is currently the Executive Director and Chief Financial Officer of Shui On Construction and Materials Limited. Prior to that, she was Director of Corporate Finance of Shun Tak Holdings Limited. She has over ten years of investment banking experience and another ten years of commercial banking and major international accounting firm experience. Mdm. Lau holds a Master of Science degree in Accountancy and Systems and also a Bachelor of Science degree in Accounting. She is a Certified Public Accountant and is a member of the American Institute of Certified Public Accountants, Hong Kong Society of Accountants and Hong Kong Securities Institute.

Mr. Masatoshi Matsuo, age 65, has over 18 years' experience in manufacturing and technical activities and another 18 years' experience in corporate and commercial activities in Overseas Market and was the Senior Managing Director of Nissan Diesel Motor Co Ltd, until his retirement in 2001. Mr. Matsuo was appointed as a Director of the Company on 6 December 2004.

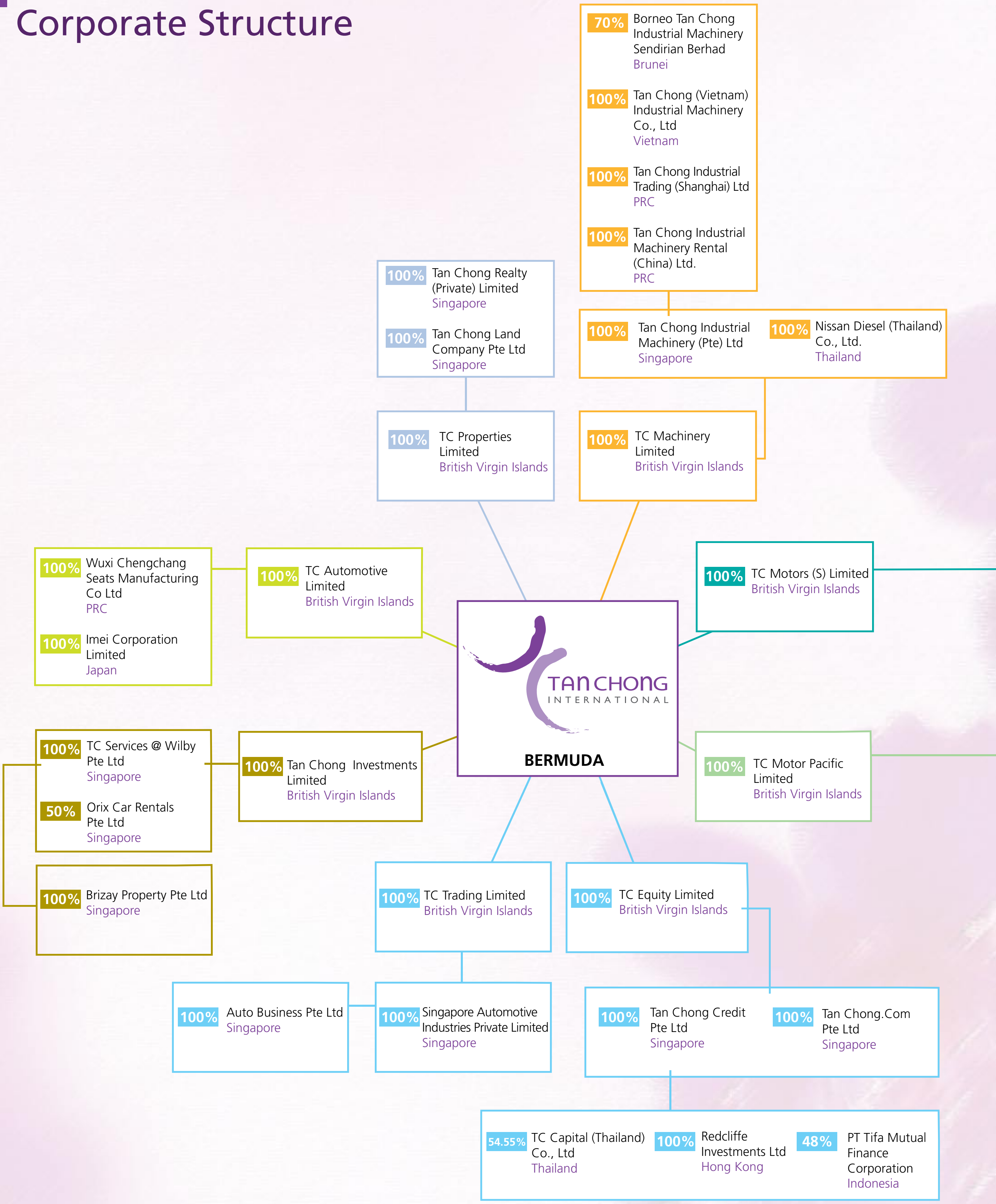
SENIOR MANAGEMENT

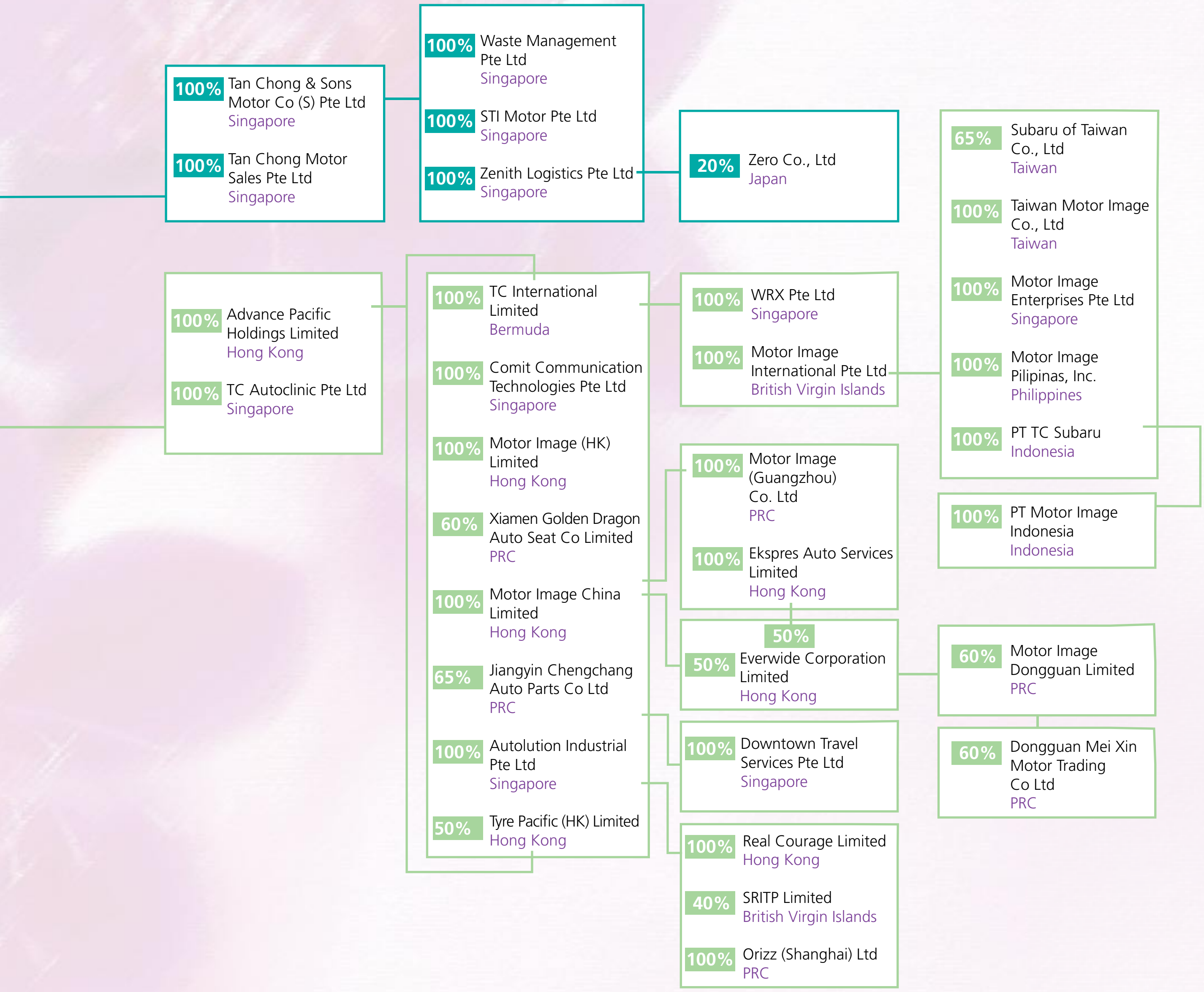
Mr. Glenn Tan Chun Hong, age 31, is the Chief Executive Officer of the Group's Subaru motor distribution businesses that cover Singapore, Hong Kong, China, Philippines, Indonesia, Malaysia, Thailand and Taiwan. Mr. Glenn Tan holds a Bachelor of Science in Commerce, Management degree from the Santa Clara University in the USA since 1998. He joined the Group in September 2001 as Manager of Tan Chong Realty (Private) Limited and was promoted to General Manager of Motor Image Enterprises Pte Ltd in January 2004. Prior to September 2001, he received on the job exposure to the property and trading businesses of the Group companies in Singapore. Mr. Glenn Tan is the only son of Mr. Tan Eng Soon the Chairman of the Group.

Mr. Chow Sheng Choy, age 61, is a Director of the heavy commercial vehicles and industrial equipment division of the Group. Mr. Chow joined the Group in 1989. He holds a Bachelor of Engineering degree from the University of Singapore.

Mr. Yeong Yue Sun, age 55, is the President of Nissan Diesel (Thailand) Co., Ltd.. Mr. Yeong is a trained Automotive Engineer and a Member of the Institute of Motor Industry in the United Kingdom. He also holds a Bachelor of Business Administration degree from the Royal Melbourne Institute of Technology in Australia.

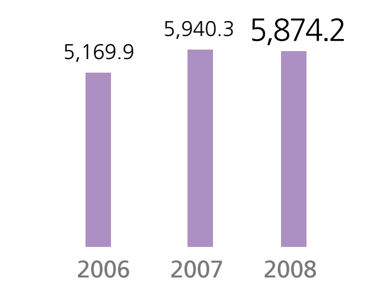
Corporate Structure



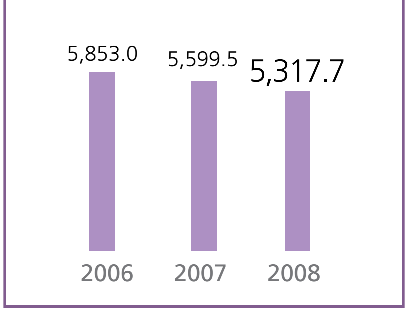

100% Tan Chong & Sons Motor Co (S) Pte Ltd
Singapore
100% Tan Chong Motor Sales Pte Ltd
Singapore
100% Waste Management Pte Ltd
Singapore
100% STI Motor Pte Ltd
Singapore
100% Zenith Logistics Pte Ltd
Singapore
20% Zero Co., Ltd
Japan
65% Subaru of Taiwan Co., Ltd
Taiwan
100% Taiwan Motor Image Co., Ltd
Taiwan
100% Motor Image Enterprises Pte Ltd
Singapore
100% Motor Image Pilipinas, Inc.
Philippines
100% PT TC Subaru
Indonesia
100% PT Motor Image Indonesia
Indonesia
100% Advance Pacific Holdings Limited
Hong Kong
100% TC Autoclinic Pte Ltd
Singapore
100% TC International Limited
Bermuda
100% Comit Communication Technologies Pte Ltd
Singapore
100% Motor Image (HK) Limited
Hong Kong
60% Xiamen Golden Dragon Auto Seat Co Limited
PRC
100% Motor Image China Limited
Hong Kong
65% Jiangyin Chengchang Auto Parts Co Ltd
PRC
100% Autolution Industrial Pte Ltd
Singapore
50% Tyre Pacific (HK) Limited
Hong Kong
100% WRX Pte Ltd
Singapore
100% Motor Image International Pte Ltd
British Virgin Islands
100% Motor Image (Guangzhou) Co. Ltd
PRC
100% Ekspres Auto Services Limited
Hong Kong
50%
50% Everwide Corporation Limited
Hong Kong
100% Downtown Travel Services Pte Ltd
Singapore
100% Real Courage Limited
Hong Kong
40% SRITP Limited
British Virgin Islands
100% Orizz (Shanghai) Ltd
PRC
60% Motor Image Dongguan Limited
PRC
60% Dongguan Mei Xin Motor Trading Co Ltd
PRC

Financial Highlights

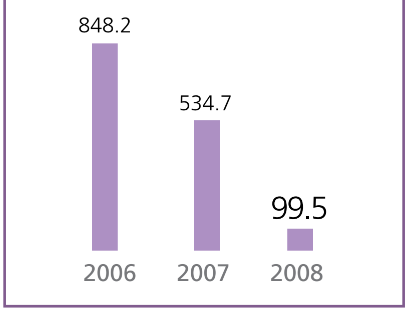
SHAREHOLDERS' FUND
(HK$ Millions)



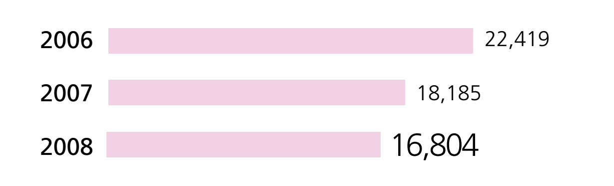
REVENUE
(HK$ Millions)



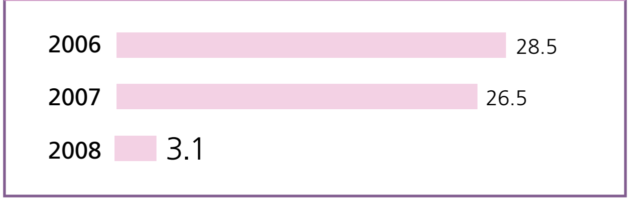
NET CASH
(HK$ Millions)



UNITS SOLD

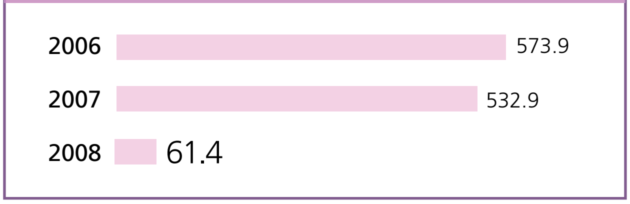


EARNINGS PER SHARE (HK Cents)

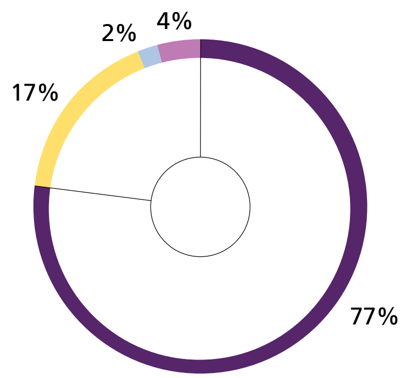


NET ASSET VALUE PER SHARE (HK$)

PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(HK$ Millions)

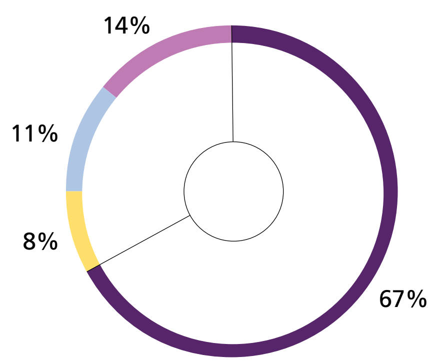


REVENUE BY BUSINESS TYPE



- Motor Vehicle Distribution
- Heavy Coml. Vehicle & Indl. Equipt. Distrib.
- Property Rentals
- Others

SEGMENT ASSETS BY LOCATION



- Singapore
- Hong Kong
- PRC
- Others

Directors' Report

The directors herein submit their annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2008.

Principal activities

The principal activity of the Company is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in note 16 to the financial statements.

The analysis of the types of businesses and geographical areas of the operations of the Company and its subsidiaries during the financial year are set out in note 33 to the financial statements.

Financial statements

The profit of the Group for the year ended 31 December 2008 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 23 to 72.

Transfer to reserves

Profits attributable to shareholders, before dividends, of HK$61,461,000 (2007: HK$532,948,000) have been transferred to reserves. Other movements in reserves are set out in note 29 to the financial statements.

An interim dividend of HK2.0 cents (2007: HK2.0 cents) per share was paid on 5 September 2008. The directors now recommend the payment of a final dividend of HK1.0 cent (2007: HK4.5 cents) per share in respect of the year ended 31 December 2008.

Major suppliers and customers

The percentages of purchases of inventories for sale attributable to the Group's major suppliers during the financial year are as follows:

Purchases	
- the largest supplier	52%
- five largest suppliers in aggregate	91%

At no time during the year have the directors, their associates or any shareholder of the Company (which to the knowledge of the directors owns more than 5% of the Company's share capital) had any interest in these major suppliers.

The aggregate percentage of sales attributable to the Group's five largest customers is less than 10% of total sales during the year and therefore no additional disclosures with regard to major customers are made.

Property, plant and equipment

Movements in property, plant and equipment during the year are set out in note 14 to the financial statements.

Share capital

Details of share capital of the Company are set out in note 29(c) to the financial statements. There were no movements during the year.

Directors' Report (continued)

Directors

The directors during the financial year were:

Executive directors

Tan Eng Soon	(Chairman)
Joseph Ong Yong Loke	(Managing Director)
Tan Kheng Leong	
Sng Chiew Huat	
Neo Ah Chap	(resigned on 30 December 2008)

Independent non-executive directors

Lee Han Yang
Jeny Lau
Masatoshi Matsuo

In accordance with Bye-law 87, Tan Eng Soon, Sng Chiew Huat, and Lee Han Yang retire from the board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' service contracts

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Connected transactions

During the year, the Group entered into continuing connected transactions as defined under Chapter 14A of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited ("Listing Rules") with the Tan Chong Motor Holdings Berhad ("TCMH") Group, APM Automotive Holdings Berhad ("APM") Group and Motor Ultima Pte Ltd ("Ultima") Group. Tan Eng Soon is the managing director of TCMH and a director of APM. The Ultima Group is controlled by members of the Tan family and Tan Chong Consolidated Sdn Bhd is a substantial shareholder of the TCMH Group and the APM Group.

A summary of the significant related party transactions undertaken by the Group during the year is set out in note 32 to the financial statements.

The Company has complied with the disclosure requirements, where applicable, in accordance with Chapter 14A of the Listing Rules.

The independent non-executive directors have reviewed the continuing connected transactions and confirmed that they were conducted in the following manner:

(1) entered into by the Company in the ordinary and usual course of its business;

(2) entered into on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

(3) entered into either in accordance with the relevant agreements governing them or where there are no such agreements, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The directors have received the auditors' confirmation as required under Rule 14A.38 of Chapter 14A of the Listing Rules.

Directors' interests and short positions in shares

The directors who held office at 31 December 2008 had the following interests in the issued share capital of the Company at that date as recorded in the register of directors' interests and short positions required to be kept under section 352 of the Securities and Futures Ordinance ("SFO"):

	Ordinary shares of HK$0.50 each				
	Personal interests	Family interests (Note 1)	Corporate interests (Note 2)	Percentage of total issued shares	Total
Executive Directors:					
Tan Eng Soon	-	-	125,163,000	6.22%	125,163,000
Joseph Ong Yong Loke	684,000	795,000	940,536	0.12%	2,419,536
Tan Kheng Leong	2,205,000	210,000	-	0.12%	2,415,000
Sng Chiew Huat	729,000	-	-	0.04%	729,000

Notes:

(1) These shares are beneficially owned by the spouses of Joseph Ong Yong Loke and Tan Kheng Leong, respectively, and hence they are deemed to be interested in these shares.

(2) These shares are beneficially owned by corporations controlled by Tan Eng Soon and Joseph Ong Yong Loke, respectively.

Save as disclosed above, none of the directors or chief executives, or any of their spouses or children under eighteen years of age, had any beneficial or non beneficial interests or short positions in shares of the Company or any of its subsidiaries or associates (within the meaning of the SFO) as at 31 December 2008, and there was no right granted to or exercised by any directors or chief executives of the Company, or any of their spouses or children under eighteen years of age, during the year to subscribe for shares, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

At no time during the year was the Company, any of its subsidiaries or any of its fellow subsidiaries a party to any arrangement to enable the directors of the Company or any of their spouses or children under eighteen years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Directors' Report (continued)

Substantial interests in the share capital of the Company

The Company has been notified of the following interests (other than a director of the Company) in the Company's issued shares at 31 December 2008 amounting to 5% or more of the ordinary shares in issue:

Name	Note	Ordinary shares held	Percentage of total issued shares
Tan Chong Consolidated Sdn. Bhd.	(1)	912,799,986	45.34
Guoco Group Limited	(2)	322,822,068	16.03
Nissan Motor Co., Ltd		111,999,972	5.56

Notes:

(1) The share capital of Tan Chong Consolidated Sdn. Bhd. is held by Tan Eng Soon as to approximately 16.66 per cent and Tan Kheng Leong as to approximately 11.21 per cent. The remaining shareholding is held by certain members of the Tan family who are not directors of the Company.

(2) Pursuant to the SFO, certain corporations/individuals namely Quek Leng Chan, HL Holdings Sdn Bhd, Kwek Leng Kee, Davos Investment Holdings Private Limited, Hong Leong Investment Holdings Pte Ltd and Hong Leong Company (Malaysia) Berhad, are deemed to be interested in all the shares in which Guoco Group Limited has an interest because of their direct/indirect interest in the entire/partial share capital of Guoco Group Limited. However, according to the Company's register, Capital Intelligence Limited, Guoline Capital Assets Limited and Guoline Overseas Limited reported interest is only 5.04%.

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

Emolument policy

The emolument policy of the employees of the Group is based on their merit, qualification and experience, having regard to their individual performance and the Group's operating results.

The emolument policy of the directors and senior management is decided by the Remuneration Committee ("RC"), taking into account the Group's performance and individual contribution. Details of the functions of the RC are mentioned in the Corporate Governance Report.

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float required by the Listing Rules.

Directors' interests in contracts

Save as disclosed in Connected Transactions above, no contract of significance to which the Company, any of its subsidiaries or any of its fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda.

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.

Bank loans and other borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2008 are set out in notes 24 and 25 to the financial statements.

Financial summary

A summary of the results of the Group and of the Group's assets and liabilities for the last five financial years is set out on page 73 of the annual report.

Properties

Particulars of the Group's properties are shown on pages 74 to 76 of the annual report.

Retirement schemes

Details of retirement schemes to which the Group contributes are set out in note 8 to the financial statements.

Confirmation of independence

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive directors to be independent.

For and on behalf of the Board

Tan Eng Soon
Chairman
Hong Kong,
27 February, 2009

Independent Auditor's Report

to the shareholders of Tan Chong International Limited

(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Tan Chong International Limited (the "Company") set out on pages 23 to 72, which comprise the consolidated and company balance sheets as at 31 December 2008, the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2008 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
27 February, 2009

Consolidated Income Statement

for the year ended 31 December 2008
(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Revenue	3	5,317,670	5,599,504
Cost of sales		(4,333,761)	(4,501,810)
Gross profit		983,909	1,097,694
Other operating income	4	68,327	233,013
Distribution costs		(314,898)	(307,696)
Administrative expenses		(383,975)	(346,576)
Other operating expenses	5	(266,889)	(40,566)
Profit from operations		86,474	635,869
Financing costs	6	(11,960)	(9,606)
Share of profits less losses of associates		57,766	63,813
Profit before taxation	7	132,280	690,076
Income tax expense	10(a)	(70,118)	(150,657)
Profit for the year		62,162	539,419
Attributable to:			
Equity shareholders of the Company		61,461	532,948
Minority interests		701	6,471
Profit for the year	29(a)	62,162	539,419
Dividends payable to equity shareholders of the Company attributable to the year:	11		
Interim dividend declared during the year		40,266	40,266
Final dividend proposed after the balance sheet date		20,133	90,599
		60,399	130,865
Earnings per share (cents)	12		
Basic and diluted		3.1	26.5

The notes on pages 30 to 72 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2008
(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Total equity at 1 January		5,988,832	5,204,258
Net income recognised directly in equity:			
Exchange differences on translation of financial statements of overseas operations	29(a)	3,684	376,020
Net income recognised directly in equity		3,684	376,020
Net profit for the year	29(a)	62,162	539,419
Total recognised income for the year		65,846	915,439
Attributable to			
- Equity shareholders of the Company		64,746	901,296
- Minority interests		1,100	14,143
		65,846	915,439
Dividends paid by non-wholly owned subsidiaries to minority shareholders	29(a)	(2,558)	-
Dividends declared and approved during the year	29(a)	(130,865)	(130,865)
Total equity at 31 December		5,921,255	5,988,832

The notes on pages 30 to 72 form part of these financial statements.

Consolidated Balance Sheet

at 31 December 2008
(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Non-current assets			
Investment properties	13	1,415,002	1,493,555
Property, plant and equipment	14(a)	1,381,216	1,215,421
Lease prepayments	15	208,280	214,693
Interest in associates	17	600,945	510,276
Other financial assets	18	179,721	25,540
Hire purchase debtors and instalments receivable	23	95,419	89,294
Deferred tax assets	10(b)	9,891	20,200
		3,890,474	3,568,979
Current assets			
Investments	19	236,203	418,298
Inventories	20	1,538,811	939,056
Properties held for sale	21	309,239	311,588
Trade debtors	22	281,008	740,350
Hire purchase debtors and instalments receivable	23	78,152	81,287
Other debtors, deposits and prepayments		192,841	169,239
Amounts due from related companies	27	12,240	684
Cash and cash equivalents	24	934,204	766,980
		3,582,698	3,427,482
Current liabilities			
Bank overdrafts (unsecured)	25	13,162	29,757
Bank loans (unsecured)	25	372,081	151,031
Trade creditors	26	268,503	244,955
Other creditors and accruals		323,599	354,858
Amounts due to related companies	27	3,161	-
Taxation		55,036	103,336
Provisions	28	9,278	7,506
		1,044,820	891,443
Net current assets		2,537,878	2,536,039
Total assets less current liabilities		6,428,352	6,105,018

Consolidated Balance Sheet (continued)

at 31 December 2008
(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Non-current liabilities			
Deferred tax liabilities	10(b)	44,886	55,761
Bank loans (unsecured)	25	449,428	51,521
Provisions	28	12,783	8,904
		507,097	116,186
NET ASSETS		5,921,255	5,988,832
Capital and reserves	29(a)		
Share capital		1,006,655	1,006,655
Reserves		4,867,549	4,933,668
Total equity attributable to equity shareholders of the Company		5,874,204	5,940,323
Minority interests		47,051	48,509
TOTAL EQUITY		5,921,255	5,988,832

Approved and authorised for issue by the board of directors on 27 February 2009.

Tan Eng Soon
Chairman

Sng Chiew Huat
Finance Director

The notes on pages 30 to 72 form part of these financial statements.

Balance Sheet
at 31 December 2008
(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Non-current assets			
Property, plant and equipment	14(b)	520	130
Interest in subsidiaries	16	2,339,080	2,339,080
		2,339,600	2,339,210
Current assets			
Amounts due from subsidiaries	16	32,476	32,377
Other debtors, deposits and prepayments		695	680
Cash and cash equivalents	24	9,344	8,760
		42,515	41,817
Current liabilities			
Other creditors and accruals		6,033	5,912
Amounts due to subsidiaries	16	38,472	36,251
		44,505	42,163
Net current liabilities		(1,990)	(346)
NET ASSETS		2,337,610	2,338,864
Capital and reserves	29(b)		
Share capital		1,006,655	1,006,655
Reserves		1,330,955	1,332,209
TOTAL EQUITY		2,337,610	2,338,864

Approved and authorised for issue by the board of directors on 27 February 2009.

Tan Eng Soon
Chairman

Sng Chiew Huat
Finance Director

The notes on pages 30 to 72 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2008
(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Operating activities			
Profit from operations		86,474	635,869
Adjustments for:			
- Depreciation	14(a)	98,355	84,998
- Amortisation of lease prepayments	15	5,485	5,030
- Gain on sale of property, plant and equipment	4	(13,113)	(13,372)
- Loss on disposal of listed investments	5	-	1,468
- Valuation losses/(gains) on investment properties	4/5	69,049	(131,472)
- Decrease in fair value of listed investments	5	182,095	30,423
- Interest income	4	(21,982)	(33,966)
- Dividend income	4	(10,783)	(6,473)
- Net foreign exchange loss		11,985	42,320
Operating profit before changes in working capital		407,565	614,825
Decrease in amounts due from associates		-	57
(Increase)/decrease in hire purchase debtors and instalments receivable		(6,727)	91,666
Increase in inventories		(611,344)	(143,161)
Decrease in properties held for sale		-	168,341
Decrease/(increase) in trade debtors		449,092	(368,478)
Increase in other debtors, deposits and prepayments		(25,066)	(33,586)
Increase in amounts due from related companies		(11,556)	(684)
Increase/(decrease) in trade creditors		26,483	(5,188)
(Decrease)/increase in other creditors and accruals		(27,305)	117,953
Increase/(decrease) in amounts due to related companies		3,161	(618)
Increase/(decrease) in provisions		5,651	(9,071)
Cash generated from operations		209,954	432,056
Interest paid		(11,960)	(12,763)
Taxes paid		(117,815)	(199,038)
Net cash generated from operating activities		80,179	220,255

Consolidated Cash Flow Statement (continued)

for the year ended 31 December 2008
(Expressed in Hong Kong dollars)

	Note	2008 $'000	2007 $'000
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		47,124	40,021
Payment for purchase of:			
- held-to-maturity securities		(98,825)	-
- available-for-sale securities		(56,543)	-
- listed investments		-	(382,919)
Proceeds from sale of listed investments		-	18,535
Dividends received from associates		7,843	20,670
Dividends received from listed investments		7,598	5,550
Dividends received from unlisted investments		3,185	923
Purchase of property, plant and equipment		(321,346)	(161,958)
Purchase of investment property		-	(25,219)
Interest received		21,982	33,939
Net cash used in investing activities		(388,982)	(450,458)
Cash flows from financing activities			
Repayment of borrowings		(783,749)	(501,099)
Proceeds from drawdown of borrowings		1,407,759	294,577
Dividends paid to shareholders		(130,865)	(130,865)
Dividends paid to minority shareholders of subsidiaries		(2,558)	-
Net cash generated from/(used in) financing activities		490,587	(337,387)
Net increase/(decrease) in cash and cash equivalents		181,784	(567,590)
Cash and cash equivalents at 1 January		737,223	1,229,446
Effect of foreign exchange rate changes		2,035	75,367
Cash and cash equivalents at 31 December	24	921,042	737,223

The notes on pages 30 to 72 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies

Tan Chong International Limited (the "Company") is a company incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company was listed on The Stock Exchange of Hong Kong Limited ("HKSE") on 7 July 1998. The place of business of its principal subsidiaries is Singapore.

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The consolidated financial statements were authorised for issue by the Directors on 27 February 2009.

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). Although it is not required to do so under the Bye-laws of the Company, the financial statements of the Company and the Group have been prepared so as to comply with the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The financial statements are presented in Hong Kong dollars, rounded to the nearest thousand, because the Company is listed in Hong Kong although its principal activities are domiciled in Singapore.

The consolidated financial statements are prepared on the historical cost basis except as otherwise explained in the accounting policies set out below.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 34.

(c) Basis of consolidation

(i) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

1 Significant accounting policies (continued)

(c) Basis of consolidation (continued)

(i) Subsidiaries and minority interests (continued)

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and are presented in the consolidated balance sheet within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

An investment in a subsidiary in the Company's balance sheet is stated at cost less impairment losses (see note 1(u)).

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over its management, including participating in the financial and operating policy decisions. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounting basis, from the date that significant influence effectively commences. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate in the Company's balance sheet is stated at cost less impairment losses (see note 1(u)).

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(d) Translation of foreign currencies

(i) Individual companies

Transactions in foreign currencies during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Foreign exchange differences arising on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies (continued)

(d) Translation of foreign currencies (continued)

(ii) On consolidation

The results of overseas subsidiaries and associates are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The exchange differences are dealt with as a movement in reserves.

(e) Investment properties

Investment properties are held for their investment potential and rental income. Rental income from investment properties is accounted for as described in accounting policy 1(t)(iv). Investment properties are stated in the balance sheet at their fair value determined annually. Fair value is based on current prices in an active market for similar properties in the same location and condition. It is the Group's policy to undertake valuations at intervals of not more than three years by independent professional valuers on an open market value basis. In the intervening years, investment properties are valued by appropriately qualified persons within the Group on an annual basis. Any gain or loss arising from a change in fair value is recognised in the income statement.

(f) Completed property held for sale

Completed property held for sale is carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of properties sold is determined by the apportionment of the total development cost of the project. The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present condition.

(g) Property, plant and equipment

Land and buildings other than investment properties are carried at purchase price or at 1984 revalued amount, less accumulated depreciation and impairment losses (see note 1(u)).

The surplus which arose on the 1984 valuation was taken to capital reserve and may only be transferred to retained profits as and when the relevant property is disposed of.

Freehold land is not amortised.

All other property, plant and equipment is carried at purchase price less accumulated depreciation and impairment losses (see note 1(u)) and is depreciated on a straight-line basis to write off the cost, less estimated residual value, if any, of these assets over their estimated useful lives at the following annual rates:

Buildings	2% - 4%
Plant, machinery and equipment	
- engines, construction equipment and forklifts for hire	20% on cost less residual value
- others	10%
Furniture, fixtures, fittings and office equipment	10% - 20%
Motor vehicles	$12^1/_2$% - 40%

1 Significant accounting policies (continued)

(g) Property, plant and equipment (continued)

The useful life and the amount of residual value of an asset are reviewed annually.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

Construction in progress

Construction in progress represents buildings under construction and is stated at cost less impairment losses (see note 1(u)). Cost comprises direct costs of construction as well as borrowing costs and professional fees incurred during the periods of construction and installation.

The asset concerned is transferred to property, plant and equipment when substantially all the activities necessary to prepare the asset for its intended use are completed, at which time it commences to be depreciated in accordance with the Group's depreciation policies.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of leased assets

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except for property held under operating leases that would otherwise meet the definition of an investment property which is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease as set out in note 1(e).

(ii) Assets held for rental

Where the Group rents out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 1(g). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(u).

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(iv) Lease prepayments

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 1(e)).

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies (continued)

(i) Investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in debt and equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs. These investments are subsequently accounted for as follows, depending on their classification:

Investment in equity securities are designated at fair value through profit or loss upon initial recognition when these financial instruments are managed, evaluated and reported on a fair value basis.

Changes in the fair value are included in the income statement in the period in which they have arisen. Upon disposal, the difference between the net sale proceeds and the carrying value is included in the income statement.

Debt securities that the Group has the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated in the balance sheet at amortised cost less impairment losses (see note 1(u)).

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(u)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities and are carried at fair value, with any resultant gain or loss being recognised in equity. Dividend income from these investments is recognised in the income statement in accordance with the policy set out in note 1(t)(vi) and, where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the income statement in accordance with the policy set out in note 1(t)(iii). When these investments are disposed or impaired (see note 1(u)), the gain or loss is reclassified from equity to the income statement.

Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(j) Borrowing costs

Borrowing costs are expensed in the income statement in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(k) Hire purchase contracts

The amounts due from hirers in respect of hire purchase contracts are recorded in the balance sheet as hire purchase debtors which represent the total rentals receivable under hire purchase contracts less unearned interest income and impairment losses (see note 1(u)).

(l) Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in the income statement, except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

1 Significant accounting policies (continued)

(l) Income tax (continued)

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No temporary differences are recognised on initial recognition of goodwill and assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they related to income taxes levied by the same taxation authority on the same taxable entity.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of motor vehicles is determined primarily on an actual cost basis while cost of inventories other than motor vehicles is accounted for on an average cost basis. Cost comprises the purchase price including import duties (where applicable) and other directly attributable costs of acquisition.

Net realisable value is determined by reference to the sales proceeds of items sold in the ordinary course of business after the balance sheet date or to management estimates based on prevailing market conditions.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(n) Trade and other debtors

Trade and other debtors are initially recognised at fair value and thereafter stated at amortised cost less allowance for impairment of doubtful debts (see note 1(u)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies (continued)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and deposits with maturity of less than three months when placed. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(p) Trade and other creditors

Trade and other creditors are initially recognised at fair value and thereafter stated at cost as the effect of discounting is immaterial.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in the income statement over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(r) Provisions

A provision is recognised in the balance sheet when the Group or the Company has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value at the expenditure expected to settle the obligation.

At 31 December 2008 and 2007, the Group and the Company have no contingent liabilities.

(s) Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(t) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and cost, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) Revenue arising from the sale of goods is recognised when the customer has accepted the goods and the related risks and rewards of ownership.

(ii) Services fee, agency commission and handling fees are recognised upon the conclusion of the related services provided.

(iii) Interest and hire purchase financing income is recognised as it accrues using the effective interest method.

(iv) Rental income from investment properties is recognised in the income statement on a straight-line basis over the periods of the respective leases. Lease incentives granted are recognised as an integral part of the total rental income.

(v) Revenue arising from the sale of properties held for sale is recognised upon the exercising of the option to purchase by the buyer which is the time when the risks and rewards of ownership have been transferred. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under other creditors and accruals.

1 Significant accounting policies (continued)

(t) Revenue recognition (continued)

(vi) Dividend income from investments is recognised when the Group's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(u) Impairment

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities (other than investments in subsidiaries and associates: see note 1(u)(ii)) and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes but not limited to the following events:

- significant financial difficulty of the debtor;

- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities and current receivables carried at cost, the impairment loss is measured as the difference between the carrying amount and its estimated recoverable amount. Impairment losses for equity securities are not reversed.

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate, where the effect of discounting is material.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through the income statement. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years.

- For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in the income statement. The amount of the cumulative loss that is recognised in the income statement is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the income statement.

  Impairment losses recognised in the income statement in respect of available-for-sale equity securities are not reversed through the income statement. Any subsequent increase in the fair value of such assets is recognised directly in equity.

  Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversals of impairment losses in such circumstances are recognised in the income statement.

Impairment losses are written off against the corresponding assets directly, except for impairment losses in respect of hire purchase debtors and trade debtors, whose recovery is considered doubtful. In this case, the impairment losses are recorded using an allowance account. Recovery of amounts previously charged to the allowance account is reversed against the allowance account. Recovery of amounts previously written off is recognised in the income statement.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

1 Significant accounting policies (continued)

(u) Impairment (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired:

- property, plant and equipment (other than properties carried at revalued amounts);
- lease prepayments; and
- investments in subsidiaries and associates.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset.

- Recognition of impairment losses

  An impairment loss is recognised in the income statement whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

  A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

No impairment losses were recognised in the interim period for the six months ended 30 June 2008 and 2007 in respect of unquoted equity securities and available-for-sale equity securities.

(v) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

1 Significant accounting policies (continued)

(x) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(y) Related parties

For the purposes of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

2 Changes in accounting policies

The IASB has issued the following new Interpretations and an amendment to IFRSs that are first effective for the current accounting period of the Group and the Company:

- IFRIC 11, IFRS 2 - Group and treasury share transactions;
- IFRIC 12, Service concession arrangements;
- IFRIC 14, IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction;
- Amendment to IAS 39, Financial instruments: Recognition and measurement, and IFRS 7, Financial instruments: Disclosures - Reclassification of financial assets.

These IFRSs developments have had no material impact on the Group's financial statements as either they are consistent with accounting policies already adopted by the Group or they are not relevant to the Group's and the Company's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 35).

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

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 tax where applicable, analysed as follows:

	2008 $'000	2007 $'000
Sale of goods	4,800,840	4,889,977
Rendering of services	330,075	286,975
Hire purchase financing income	41,212	44,643
Gross rentals from investment properties	81,263	60,717
Gross proceeds from properties sold	-	248,929
Management service fees	3,390	3,390
Agency commission and handling fees	44,428	44,695
Warranty reimbursements	16,462	20,178
	5,317,670	5,599,504

4 Other operating income

	2008 $'000	2007 $'000
Bank and other interest income	21,982	33,966
Dividend income		
- listed investments	7,598	5,550
- unlisted investments	3,185	923
Gain on sale of property, plant and equipment	13,113	13,372
Valuation gains on investment properties	-	131,472
Others	22,449	47,730
	68,327	233,013

5 Other operating expenses

	2008 $'000	2007 $'000
Decrease in fair value of listed investments	182,095	30,423
Bank charges	9,524	6,852
Loss on disposal of listed investments	-	1,468
Valuation losses on investment properties	69,049	-
Others	6,221	1,823
	266,889	40,566

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

6 Financing costs

	2008 $'000	2007 $'000
Interest expense		
- on bank loans wholly repayable within five years	11,366	9,238
- on bank overdrafts	594	368
	11,960	9,606

7 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2008 $'000	2007 $'000
Cost of goods sold	3,231,702	3,370,855
Depreciation		
- assets held for use under operating leases	46,292	41,538
- other assets	52,063	43,460
Amortisation of lease prepayments	5,485	5,030
(Reversal of impairment losses)/impairment losses on		
- trade debtors	(1,930)	2,234
- hire purchase debtors and instalments receivable	-	(13,854)
Auditors' remuneration	3,334	2,633
Net increase/(decrease) in provision for warranties	8,880	(8,794)
Net foreign exchange losses	12,486	19,722
Operating lease rental expenses in respect of properties	22,824	18,550
Rentals receivable from investment properties less direct outgoings of $10,339,000 (2007: $9,629,000)	(70,924)	(51,088)

8 Personnel expenses

	2008 $'000	2007 $'000
Wages and salaries	193,944	193,506
Retirement benefit costs	16,382	65,489
Others	18,407	9,809
	228,733	268,804

The number of employees at the end of 2008 was 1,711 (2007: 1,629).

The Group makes contributions to defined contribution retirement plans pursuant to the rules and regulations applicable to the Group in the countries where the Group operates. The Group has no obligation for the payment of retirement benefits beyond the contributions.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

9 Directors' and senior executives' remuneration

(a) Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	$'000	$'000	$'000	$'000	$'000
2008					
Executive directors					
Tan Eng Soon	120	7,139	6,003	29	13,291
Joseph Ong Yong Loke	390	2,696	1,660	32	4,778
Tan Kheng Leong	60	2,609	640	21	3,330
Neo Ah Chap	80	4,543	1,893	21	6,537
Sng Chiew Huat	80	2,193	1,367	21	3,661
Independent non-executive directors					
Lee Han Yang	111	-	-	-	111
Jeny Lau	85	-	-	-	85
Masatoshi Matsuo	66	-	-	-	66
	992	19,180	11,563	124	31,859
2007					
Executive directors					
Tan Eng Soon	100	6,089	5,626	26	11,841
Joseph Ong Yong Loke	390	2,376	1,587	26	4,379
Tan Kheng Leong	80	2,377	1,069	16	3,542
Neo Ah Chap	80	4,262	3,131	16	7,489
Sng Chiew Huat	80	1,905	1,346	25	3,356
Independent non-executive directors					
Lee Han Yang	105	-	-	-	105
Jeny Lau	85	-	-	-	85
Masatoshi Matsuo	60	-	-	-	60
	980	17,009	12,759	109	30,857

(b) Of the five individuals with the highest emoluments, all are directors whose emoluments are disclosed in note 9(a) above.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Taxation

(a) Income tax expense:

	2008 $'000	2007 $'000
Current tax expense		
Provision for the year	76,393	108,343
(Over)/under-provision in prior years	(5,709)	19,283
	70,684	127,626
Deferred tax expense		
Origination and reversal of temporary differences	(566)	24,282
Effects on deferred tax balances at 1 January resulting from a change in tax rate	-	(1,251)
	(566)	23,031
Total income tax expense in the consolidated income statement	70,118	150,657

An analysis of the income tax expense is as follows:

	2008 $'000	2007 $'000
Hong Kong	2,724	3,652
Singapore	58,214	113,044
Elsewhere	9,180	33,961
	70,118	150,657

The provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year and the opening balance of deferred tax has been re-estimated accordingly.

The statutory corporate income tax rate for the Group's operations in Singapore is 18% (2007: 18%). Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

10 Taxation (continued)

(a) Income tax expense: (continued)

The following is a reconciliation of income taxes calculated at the applicable tax rates to the income tax expense:

	2008 $'000	2007 $'000
Profit before tax	132,280	690,076
Computed tax using the applicable corporation tax rate		
- in Hong Kong	3,954	1,774
- in Singapore	48,674	97,636
- in other jurisdictions	7,339	31,380
Adjustments resulting from:		
- Non-deductible expenses	8,920	8,549
- Non-taxable income	(1,790)	(5,957)
- Effect of tax losses not recognised	12,123	4,770
- Unrecognised tax losses/deductible temporary differences utilised	(3,393)	(5,527)
- Effect on deferred tax balances at 1 January resulting from a change in tax rate	-	(1,251)
- (Over)/under-provision in respect of prior years	(5,709)	19,283
Income tax expense	70,118	150,657

(b) Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at 31 December 2008 and 2007 are attributable to the items detailed in the table below:

		2008			2007	
	Assets $'000	Liabilities $'000	Net $'000	Assets $'000	Liabilities $'000	Net $'000
Property, plant and equipment	788	(20,913)	(20,125)	949	(19,721)	(18,772)
Investment properties	-	(30,226)	(30,226)	-	(42,361)	(42,361)
Inventories	5,973	-	5,973	5,821	-	5,821
Trade debtors	400	-	400	5,335	-	5,335
Creditors and accruals	3,075	-	3,075	6,148	-	6,148
Provisions	2,412	-	2,412	4,330	-	4,330
Tax losses carried-forward	3,496	-	3,496	3,938	-	3,938
Tax assets/(liabilities)	16,144	(51,139)	(34,995)	26,521	(62,082)	(35,561)
Set-off within legal tax units and jurisdictions	(6,253)	6,253	-	(6,321)	6,321	-
Net tax assets/ (liabilities)	9,891	(44,886)	(34,995)	20,200	(55,761)	(35,561)

Potential deferred tax assets of approximately $45,485,000 (2007: $36,442,000) relating to the future benefits of tax losses and deductible temporary differences have not been recognised in the financial statements as it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom before the ability to realise such potential benefits expires.

10 Taxation (continued) (continued)

(b) Deferred tax assets and liabilities (continued)

In addition, distributions of dividends from certain subsidiaries are subject to withholding taxes according to the relevant tax jurisdictions. No provision has been made for the potential deferred tax arising on the future distribution of retained profits of these subsidiaries as the Company controls the dividend policy of these subsidiaries and it is of the opinion that the profits will not be distributed in the foreseeable future.

(c) Movement in deferred tax assets/(liabilities) during the year:

	Balance at 1 January 2007 $'000	Effect of change in tax rate on deferred tax balances at 1 January $'000	Recognised in the income statement $'000	Balance at 31 December 2007 $'000
Property, plant and equipment	(19,204)	1,920	(1,488)	(18,772)
Investment properties	(17,582)	1,570	(26,349)	(42,361)
Inventories	6,295	(630)	156	5,821
Trade debtors	4,867	(487)	955	5,335
Creditors and accruals	6,217	(622)	553	6,148
Provisions	4,388	(439)	381	4,330
Tax losses carried-forward	2,489	(61)	1,510	3,938
	(12,530)	1,251	(24,282)	(35,561)

	Balance at 1 January 2008 $'000	Effect of change in tax rate on deferred tax balances at 1 January $'000	Recognised in the income statement $'000	Balance at 31 December 2008 $'000
Property, plant and equipment	(18,772)	-	(1,353)	(20,125)
Investment properties	(42,361)	147	11,988	(30,226)
Inventories	5,821	-	152	5,973
Trade debtors	5,335	-	(4,935)	400
Creditors and accruals	6,148	-	(3,073)	3,075
Provisions	4,330	-	(1,918)	2,412
Tax losses carried-forward	3,938	(147)	(295)	3,496
	(35,561)	-	566	(34,995)

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

11 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2008 $'000	2007 $'000
Interim dividend paid of 2.0 cents per ordinary share (2007: 2.0 cents per ordinary share)	40,266	40,266
Final dividend proposed after the balance sheet date of 1.0 cent per ordinary share (2007: 4.5 cents per ordinary share)	20,133	90,599
	60,399	130,865

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends paid to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2008 $'000	2007 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 4.5 cents per ordinary share (2007: 4.5 cents per ordinary share)	90,599	90,599

12 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 $61,461,000 (2007: $532,948,000) and the number of ordinary shares outstanding during the year of 2,013,309,000 (2007: 2,013,309,000) shares.

Diluted earnings per share for the years ended 31 December 2008 and 2007 is the same as the basic earnings per share as there were no dilutive securities outstanding during the years presented.

13 Investment properties

The Group

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Total $'000
At 1 January 2007	1,104,973	143,827	1,248,800
Exchange adjustments	85,902	2,162	88,064
Additions	-	25,219	25,219
Valuation adjustment	124,363	7,109	131,472
At 31 December 2007	1,315,238	178,317	1,493,555
At 1 January 2008	1,315,238	178,317	1,493,555
Exchange adjustments	(9,194)	(310)	(9,504)
Valuation adjustment	(67,494)	(1,555)	(69,049)
At 31 December 2008	1,238,550	176,452	1,415,002

13 Investment properties (continued)

The Group (continued)

An analysis of the valuation of freehold and leasehold land and buildings is as follows:

	Freehold land and buildings		Leasehold land and buildings	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
In Hong Kong				
- Long lease	-	-	135,219	135,219
Outside Hong Kong				
- Freehold	1,238,550	1,315,238	-	-
- Long lease	-	-	31,233	33,098
- Short term lease	-	-	10,000	10,000
	1,238,550	1,315,238	176,452	178,317

The investment properties of the Group were revalued at 31 December 2008 by a director of the Company, who is an Associate of The Royal Institution of Chartered Surveyors, on an open market value basis in their existing state and use by reference to comparable market transactions.

At 31 December 2008, a decrease in fair value of $69,049,000 was dealt with in the income statement for the year ended 31 December 2008 (2007: increase in fair value of $131,472,000).

Investment properties comprise a number of commercial and residential properties that are leased to external customers. Certain leases contain an initial lease period of two years. Subsequent renewals are negotiated with the respective lessees. No contingent rents are charged.

14 Property, plant and equipment

(a) The Group

	Freehold land $'000	Buildings $'000	Plant, machinery and equipment $'000	Furniture, fixtures, fittings and office equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Cost or valuation:							
At 1 January 2008	393,151	653,668	204,017	113,737	246,491	35,133	1,646,197
Exchange adjustments	(4,679)	(11,666)	(3,613)	(2,532)	(2,314)	(4,135)	(28,939)
Additions	-	3,122	54,544	21,590	62,234	179,856	321,346
Disposals	-	(9,821)	(28,917)	(5,646)	(60,764)	-	(105,148)
Transfer	-	91,258	-	-	-	(91,258)	-
At 31 December 2008	388,472	726,561	226,031	127,149	245,647	119,596	1,833,456

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Property, plant and equipment (continued)

(a) The Group (continued)

	Freehold land $'000	Buildings $'000	Plant, machinery and equipment $'000	Furniture, fixtures, fittings and office equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Representing:							
Cost	176,631	668,823	226,031	127,149	245,647	119,596	1,563,877
Valuation - 1984	211,841	57,738	-	-	-	-	269,579
	388,472	726,561	226,031	127,149	245,647	119,596	1,833,456
Accumulated depreciation:							
At 1 January 2008	-	165,296	100,700	79,253	85,527	-	430,776
Exchange adjustments	-	(1,225)	(2,524)	(1,149)	(856)	-	(5,754)
Charge for the year	-	19,764	32,455	15,206	30,930	-	98,355
Written back on disposals	-	(7,658)	(23,733)	(5,231)	(34,515)	-	(71,137)
At 31 December 2008	-	176,177	106,898	88,079	81,086	-	452,240
Net book value:							
At 31 December 2008	388,472	550,384	119,133	39,070	164,561	119,596	1,381,216
Cost or valuation:							
At 1 January 2007	367,860	575,975	182,751	100,852	200,363	27,209	1,455,010
Exchange adjustments	25,291	40,816	18,074	5,709	13,818	2,087	105,795
Additions	-	19,221	32,377	13,784	61,443	35,133	161,958
Disposals	-	(11,640)	(29,185)	(6,608)	(29,133)	-	(76,566)
Transfer	-	29,296	-	-	-	(29,296)	-
At 31 December 2007	393,151	653,668	204,017	113,737	246,491	35,133	1,646,197
Representing:							
Cost	179,702	595,492	204,017	113,737	246,491	35,133	1,374,572
Valuation - 1984	213,449	58,176	-	-	-	-	271,625
	393,151	653,668	204,017	113,737	246,491	35,133	1,646,197

14 Property, plant and equipment (continued)

(a) The Group (continued)

	Freehold land $'000	Buildings $'000	Plant, machinery and equipment $'000	Furniture, fixtures, fittings and office equipment $'000	Motor vehicles $'000	Construction in progress $'000	Total $'000
Accumulated depreciation:							
At 1 January 2007	-	139,779	86,283	70,023	69,309	-	365,394
Exchange adjustments	-	9,232	9,574	4,615	6,880	-	30,301
Charge for the year	-	20,674	27,376	10,955	25,993	-	84,998
Written back on disposals	-	(4,389)	(22,533)	(6,340)	(16,655)	-	(49,917)
At 31 December 2007	-	165,296	100,700	79,253	85,527	-	430,776
Net book value:							
At 31 December 2007	393,151	488,372	103,317	34,484	160,964	35,133	1,215,421

(i) An analysis of net book value of land and buildings is as follows:

	Land		Buildings	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
In Hong Kong				
- Medium term lease	-	-	856	1,346
Outside Hong Kong				
- Freehold	388,472	393,151	205,014	123,394
- Long lease	-	-	181,974	190,947
- Medium term lease	-	-	159,236	166,612
- Short term lease	-	-	3,304	6,073
	388,472	393,151	550,384	488,372

(ii) Certain land and buildings were revalued by the directors based on independent professional valuations in 1984. These properties are carried at the respective revalued amounts (or deemed cost) totalling $269,579,000 (2007: $271,625,000) as the amount of the adjustments relating to prior periods could not be reasonably determined when International Financial Reporting Standards were adopted for the purpose of preparing financial statements prior to listing. The requirements of IAS 16 "Property, plant and equipment" with respect to carrying assets at amounts other than cost less accumulated depreciation are therefore not applicable.

(iii) The Group rents out certain motor vehicles, machinery and equipment. The rental period typically runs for an initial period of one to three years, with an option to renew after that date at which time all terms are renegotiated. None of the rental agreements includes contingent rentals.

The gross carrying amounts of motor vehicles, machinery and equipment of the Group held for rental were $331,731,000 (2007: $326,692,000) and the related accumulated depreciation charges were $113,134,000 (2007: $114,949,000).

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

14 Property, plant and equipment (continued)

(b) The Company

	Office equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Total $'000
Cost:				
At 1 January 2008	191	396	239	826
Additions	3	88	380	471
At 31 December 2008	194	484	619	1,297
Accumulated depreciation:				
At 1 January 2008	181	276	239	696
Charge for the year	2	35	44	81
At 31 December 2008	183	311	283	777
Net book value:				
At 31 December 2008	11	173	336	520
Cost:				
At 1 January 2007	184	288	239	711
Additions	10	110	-	120
Disposals	(3)	(2)	-	(5)
At 31 December 2007	191	396	239	826
Accumulated depreciation:				
At 1 January 2007	179	265	191	635
Charge for the year	4	11	48	63
Written back on disposals	(2)	-	-	(2)
At 31 December 2007	181	276	239	696
Net book value:				
At 31 December 2007	10	120	-	130

15 Lease prepayments

	The Group	
	2008 $'000	2007 $'000
At 1 January	214,693	207,440
Exchange adjustments	(928)	12,283
Amortisation	(5,485)	(5,030)
At 31 December	208,280	214,693

All lease prepayments relate to owner-occupied properties. An analysis of lease prepayments is as follows:

	2008 $'000	2007 $'000
Outside Hong Kong		
- Long lease	162,600	165,635
- Medium term lease	45,680	49,058
	208,280	214,693

16 Interest in subsidiaries

	The Company	
	2008 $'000	2007 $'000
Unlisted shares, at cost	2,292,080	2,292,080
Loan to a subsidiary	47,000	47,000
	2,339,080	2,339,080

The loan to a subsidiary is unsecured, interest free and has no fixed repayment terms.

The amounts due from/to subsidiaries are unsecured, interest free and have no fixed repayment terms.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Interest in subsidiaries (continued)

The following list contains particulars of the subsidiaries as at 31 December 2008 which principally affected the results or assets of the Group:

Name	Place of incorporation and operation	Particulars of issued and paid up capital (All being ordinary unless otherwise stated)	Percentage of equity indirectly held through subsidiaries	Principal activities
Tan Chong & Sons Motor Company (Singapore) Private Limited	Republic of Singapore ("Singapore")	SGD150,000,000 Redeemable preference SGD50,000,000	100%	Treasury management
Tan Chong Motor Sales Pte Ltd	Singapore	SGD10,000,000	100%	Distribution of motor vehicles
Singapore Automotive Industries Private Limited	Singapore	SGD2,000,000	100%	Distribution of auto spare parts
Tan Chong Industrial Machinery (Pte) Ltd	Singapore	SGD16,500,000 Redeemable preference SGD12,500,000	100%	Distribution of heavy commercial vehicles and industrial equipment, rental of machinery and provision of workshop services
Motor Image Enterprises Pte Ltd	Singapore	SGD8	100%	Distribution of motor vehicles
Tan Chong Credit Private Ltd	Singapore	SGD46,600,000 Redeemable preference SGD12,500,000	100%	Hire-purchase financing and insurance agency
Tan Chong Realty (Private) Limited	Singapore	SGD57,900,000 Redeemable preference SGD25,000,000	100%	Property holding
Brizay Property Pte Ltd	Singapore	SGD2	100%	Property holding and letting
Tan Chong Land Company Pte Ltd	Singapore	SGD1,000,000	100%	Sales of properties and property development
Advance Pacific Holdings Limited	Hong Kong	HK$8,500,000	100%	Investment holding
Motor Image China Limited	Hong Kong	HK$10,000,000	100%	Distribution of motor vehicles
Motor Image (HK) Limited	Hong Kong	HK$8,000,000	100%	Distribution of motor vehicles
Nissan Diesel (Thailand) Company Limited	Thailand	BAHT 1,646,456,000 Redeemable preference BAHT 250,000,000	100%	Distribution of heavy commercial vehicles and related products and provision of workshop services

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

17 Interest in associates

	The Group	
	2008	2007
	$'000	$'000
Share of net assets	600,945	510,276
Associate listed outside Hong Kong	208,477	162,544
Unlisted associates	392,468	347,732
	600,945	510,276
Market value of listed associates	58,284	145,095

Details of the major associates are as follows:

Name of company	Place of incorporation and operation	Percentage of equity held by the Group	Principal activities
Orix Car Rentals Pte Ltd	Singapore	50%	Car rental
Tyre Pacific (HK) Limited	Hong Kong	50%	Distribution of tyres
Zero Co., Ltd	Japan	20%	Provision of logistic services

Summary of financial information on associates:

	Assets	Liabilities	Equity	Revenue	Profit
	$'000	$'000	$'000	$'000	$'000
2008					
100 per cent	5,692,315	3,888,924	1,803,391	4,726,375	131,463
Group's effective interest	2,068,651	1,467,706	600,945	1,132,517	57,766
2007					
100 per cent	4,626,830	3,137,041	1,489,789	4,138,596	164,052
Group's effective interest	1,771,440	1,261,164	510,276	1,010,874	63,813

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

18 Other financial assets

	The Group	
	2008	2007
	$'000	$'000
Held-to-maturity debt securities		
Listed outside Hong Kong	93,389	-
Unlisted debt securities	5,436	-
	98,825	-
Available-for-sale equity securities		
Listed outside Hong Kong	56,543	-
Unlisted equity securities	24,353	25,540
	80,896	25,540
	179,721	25,540

The held-to-maturity debt securities are not past due or impaired.

	The Group	
	2008	2007
	$'000	$'000
Market value of listed securities	154,744	-
Fair value of individually impaired available-for-sale equity securities	629	634

The unlisted available-for-sale equity securities are stated at cost less impairment losses because their fair values cannot be measured reliably. As at 31 December 2008, certain of the Group's available-for-sale equity securities were individually determined to be impaired on the basis of a decline in their recoverable amount below cost and adverse changes in the market in which these investees operated which indicated that the cost of the Group's investment in them may not be recovered. Impairment losses in these investments were recognised in the income statement in accordance with the policy set out in note 1(u)(i).

19 Investments

	The Group	
	2008	2007
	$'000	$'000
Equity securities listed outside Hong Kong, designated at fair value through profit or loss	236,203	418,298

20 Inventories

(a) Inventories in the balance sheet comprise:

	The Group 2008 $'000	The Group 2007 $'000
Raw materials	148,955	58,971
Work-in-progress	13,057	14,108
Spare parts and others	178,421	157,262
Finished goods	1,156,647	682,633
Goods in transit	41,731	26,082
	1,538,811	939,056

(b) The analysis of the amount of inventories recognised as an expense is as follows:

	The Group 2008 $'000	The Group 2007 $'000
Carrying amount of inventories sold	3,234,024	3,196,178
(Write-back)/write-down of inventories	(2,322)	6,336
	3,231,702	3,202,514

The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of certain goods as a result of changes in market conditions.

21 Properties held for sale

	The Group 2008 $'000	The Group 2007 $'000
Completed properties held for sale	309,239	311,588

The analysis of the amount completed properties held for sale recognised as an expense is as follows:

	The Group 2008 $'000	The Group 2007 $'000
Carrying amount of completed properties sold	-	168,341

22 Trade debtors

	The Group 2008 $'000	The Group 2007 $'000
Trade debtors	296,945	764,312
Less: allowance for doubtful debts (note 22(b))	(15,937)	(23,962)
	281,008	740,350

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

22 Trade debtors (continued)

(a) Ageing analysis

Included in trade debtors are debtors (net of impairment losses) with the following ageing analysis:

	The Group	
	2008	2007
	$'000	$'000
0 - 30 days	220,390	663,695
31 - 90 days	37,060	59,412
Over 90 days	23,558	17,243
	281,008	740,350

The Group allows credit periods ranging from seven days to six months. Further details on the Group's credit policy are set out in note 30(b).

(b) Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 1(u)(i)).

The movement in the allowance for doubtful debts during the year is as follows:

	The Group	
	2008	2007
	$'000	$'000
At 1 January	23,962	24,169
Exchange adjustment	(68)	1,713
(Reversal of impairment loss)/impairment loss recognised	(1,930)	2,234
Uncollectible amounts written off	(6,027)	(4,154)
At 31 December	15,937	23,962

(c) Trade debtors that are not impaired

The ageing analysis of trade debtors that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2008	2007
	$'000	$'000
Neither past due nor impaired	147,051	570,028
1 - 30 days past due	73,339	93,667
31 - 90 days past due	37,060	59,412
Over 90 days past due	23,558	17,243
	133,957	170,322
	281,008	740,350

22 Trade debtors (continued)

(c) Trade debtors that are not impaired (continued)

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

23 Hire purchase debtors and instalments receivable

	The Group	
	2008 $'000	2007 $'000
Balance due		
- within one year	108,478	119,294
- between one year and five years	128,038	127,835
- more than five years	5,339	738
Hire purchase debtors and instalments receivable	241,855	247,867
Unearned interest charges	(34,474)	(33,223)
	207,381	214,644
Less: allowance for doubtful debts	(33,810)	(44,063)
	173,571	170,581
Balance due		
- within one year	78,152	81,287
- between one year and five years	91,032	88,730
- more than five years	4,387	564
	95,419	89,294
	173,571	170,581

Impairment of hire purchase debtors and instalment receivable

Impairment losses in respect of hire purchase debtors and instalment receivables are recorded using an allowance method unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against hire purchase debtors directly (see note 1(u)(i)).

The movement in the allowance for doubtful debts during the year is as follows:

	The Group	
	2008 $'000	2007 $'000
At 1 January	44,063	58,344
Exchange adjustment	(864)	3,932
Reversal of impairment loss	-	(13,854)
Uncollectible amounts written off	(9,389)	(4,359)
At 31 December	33,810	44,063

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

24 Cash and cash equivalents

	The Group		The Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Bank deposits	733,548	600,933	5,327	5,342
Cash at bank	195,753	165,373	4,017	3,418
Cash in hand	4,903	674	-	-
Cash and cash equivalents in the balance sheet	934,204	766,980	9,344	8,760
Bank overdrafts (unsecured) (note 25)	(13,162)	(29,757)		
Cash and cash equivalents in the consolidated statement of cash flows	921,042	737,223		

The Group's effective interest rate of deposits ranged from 0.01% to 5.00% (2007: 0.25% to 7.15%) per annum.

The tenor of such deposits placed ranges from one day to three months.

Bank overdrafts bear interest at rates ranging from 4.25% to 16.00% (2007: 2.93% to 8.00%) per annum.

25 Bank loans and overdrafts (unsecured)

At 31 December 2008, the bank loans and overdrafts were payable as follows:

	The Group	
	2008	2007
	$'000	$'000
Within one year		
- bank overdrafts (note 24)	13,162	29,757
- bank loans	372,081	151,031
	385,243	180,788
Bank loans:		
After one year but within two years	5,380	48,694
After two years but within five years	444,048	2,827
	449,428	51,521
	834,671	232,309

At 31 December 2008, the bank loans bear interest at floating rates which ranged from 1.61% to 6.43% (2007: 2.93% to 8.00%) per annum.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

26 Trade creditors

Included in trade creditors are creditors with the following ageing analysis:

	The Group 2008 $'000	The Group 2007 $'000
0 - 30 days	137,109	103,220
31 - 90 days	77,472	132,684
91 - 180 days	26,842	3,658
Over 180 days	27,080	5,393
	268,503	244,955

27 Amounts due from/to related companies

The amounts due from/to related companies are unsecured, and recoverable/repayable on demand.

28 Provisions

	The Group 2008 $'000	The Group 2007 $'000
Provisions for warranties		
Balance at 1 January	16,410	25,481
Provisions made/(reversed)	8,880	(8,794)
Provisions used	(3,229)	(277)
Balance at 31 December	22,061	16,410
Current	9,278	7,506
Non-current	12,783	8,904
	22,061	16,410

Provisions for warranties relate mainly to motor vehicles sold and are calculated based on estimates made from historical warranty data associated with similar products and services.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

29 Capital and reserves

(a) The Group

	Attributable to equity shareholders of the Company		
	Share capital $'000	Share premium $'000	Capital reserve $'000
Balance at 1 January 2007	1,006,655	550,547	9,549
Exchange differences on translation of financial statements of overseas			
- subsidiaries	-	-	-
- associates	-	-	-
Profit for the year	-	-	-
Dividends to shareholders	-	-	-
Balance at 31 December 2007	1,006,655	550,547	9,549
Balance at 1 January 2008	1,006,655	550,547	9,549
Exchange differences on translation of financial statements of overseas			
- subsidiaries	-	-	-
- associates	-	-	-
Profit for the year	-	-	-
Dividends to shareholders	-	-	-
Dividends paid to minority shareholders of subsidiaries	-	-	-
Balance at 31 December 2008	1,006,655	550,547	9,549

Share premium

The application of the share premium account is governed by sections 150 and 157 of the Company's Bye-Laws and Companies Act 1981 of Bermuda.

Capital reserve

The capital reserve mainly comprises a revaluation surplus arising on revaluation in 1984 of land and buildings other than investment properties.

Translation reserve

The translation reserve mainly comprises foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries and associates.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

Attributable to equity shareholders of the Company					
Translation reserve $'000	Contributed surplus $'000	Retained profits $'000	Total $'000	Minority interests $'000	Total equity $'000
32,072	377,690	3,193,379	5,169,892	34,366	5,204,258
339,979	-	-	339,979	7,672	347,651
28,369	-	-	28,369	-	28,369
-	-	532,948	532,948	6,471	539,419
-	-	(130,865)	(130,865)	-	(130,865)
400,420	377,690	3,595,462	5,940,323	48,509	5,988,832
400,420	377,690	3,595,462	5,940,323	48,509	5,988,832
(37,461)	-	-	(37,461)	399	(37,062)
40,746	-	-	40,746	-	40,746
-	-	61,461	61,461	701	62,162
-	-	(130,865)	(130,865)	-	(130,865)
-	-	-	-	(2,558)	(2,558)
403,705	377,690	3,526,058	5,874,204	47,051	5,921,255

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

29 Capital and reserves (continued)

(b) The Company

	Share capital $'000	Share premium $'000	Contributed surplus $'000	Retained profits $'000	Total $'000
Balance at 1 January 2007	1,006,655	550,547	623,313	160,923	2,341,438
Profit for the year	-	-	-	128,291	128,291
Dividends to shareholders	-	-	-	(130,865)	(130,865)
At 31 December 2007	1,006,655	550,547	623,313	158,349	2,338,864
Balance at 1 January 2008	1,006,655	550,547	623,313	158,349	2,338,864
Profit for the year	-	-	-	129,611	129,611
Dividends to shareholders	-	-	-	(130,865)	(130,865)
At 31 December 2008	1,006,655	550,547	623,313	157,095	2,337,610

Contributed surplus

The excess of the value of the consolidated net assets represented by the shares acquired over the nominal value of the shares issued by the Company in exchange was credited to the contributed surplus. Under the Companies Act of Bermuda, the contributed surplus is available for distribution to shareholders, except if there are reasonable grounds for believing that:

(a) the Company is, or would after the payment, be unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

The Company's reserves available for distribution to shareholders at 31 December 2008 are as follows:

	2008 $'000	2007 $'000
Contributed surplus	623,313	623,313
Retained profits	157,095	158,349
	780,408	781,662

The consolidated profit attributable to equity shareholders of the Company includes the Company's profit of $96,920,000 (2007: $55,936,000) which has been dealt with in the financial statements of the Company.

Reconciliation of profit attributable to equity shareholders of the Company to the Company's profit for the year

	2008 $'000	2007 $'000
Amount of consolidated profit attributable to equity shareholders dealt with in the Company's financial statements	96,920	55,936
Dividends from subsidiaries attributable to the profits of the previous financial year, approved and paid during the year	32,691	72,355
Company's profit for the year	129,611	128,291

29 Capital and reserves (continued)

(c) Share capital

	The Group and the Company	
	2008	2007
	$'000	$'000
Authorised:		
3,000,000,000 ordinary shares of $0.50 each	1,500,000	1,500,000
Issued and fully paid:		
2,013,309,000 ordinary shares of $0.50 each	1,006,655	1,006,655

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(d) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

At 31 December 2008 and 2007, the Group was in net cash position. For this purpose, the Group defines net cash as cash and cash equivalents less bank overdrafts and bank loans.

30 Financial risk management and fair values

Financial assets of the Group include cash and cash equivalents, debt and equity securities, trade, hire purchase and other debtors and amounts due from related companies. Financial liabilities of the Group include bank overdrafts and loans, trade and other creditors and amounts due to related companies. Accounting policies for financial assets and liabilities are set out in note 1. Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

(a) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. Borrowings with variable rates expose the Group to cash flow interest rate risk. The Group has no fair value interest rate risk as there are no borrowings which bear fixed interest rates as at 31 December 2008 and 2007. The Group historically has not used any financial instruments to hedge potential fluctuations in interest rates.

The interest rates and terms of repayment of bank overdrafts and loans of the Group are disclosed in notes 24 and 25.

Sensitivity analysis

At 31 December 2008, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately $6,158,000 (2007: $1,728,000). Other components of consolidated equity would not have been affected (2007: $Nil) by the changes in interest rates.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

30 Financial risk management and fair values (continued)

(a) Interest rate risk (continued)

Sensitivity analysis (continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date. The analysis has been performed on the same basis for 2007.

(b) Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The Group does not have a significant exposure to any individual customer. The Group invests available cash and cash equivalents with various banks with high credit ratings and in liquid securities quoted on recognised stock exchanges.

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(c) Currency risk

The Group is exposed to currency risk primarily through purchases that are denominated in a currency other than the functional currency of the operations to which they relate, which is the Japanese Yen ("¥").

The following table details the Group's exposure at the balance sheet date to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of overseas subsidiaries into the Group's presentation currency are excluded.

The Group

	Exposure to foreign currencies	
	2008	2007
	¥'000	¥'000
Trade creditors	1,809,540	469,146

The Group's operating subsidiaries regularly monitor their exchange exposure and may hedge their position discriminately, depending on the size of the exposure and the future outlook of the particular currency unit. There were no material forward exchange contracts outstanding as at 31 December 2008 and 2007.

(d) Liquidity management

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the balance sheet date of the Group and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

30 Financial risk management and fair values (continued)

(d) Liquidity management (continued)

The Group

2008

	Contractual undiscounted cash outflow				
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Balance sheet carrying amount $'000
Bank overdrafts	13,162	-	-	13,162	13,162
Bank loans	395,355	10,430	466,407	872,192	821,509
Trade creditors	268,503	-	-	268,503	268,503
Other creditors and accruals	323,599	-	-	323,599	323,599
Amounts due to related companies	3,161	-	-	3,161	3,161
	1,003,780	10,430	466,407	1,480,617	1,429,934

2007

	Contractual undiscounted cash outflow				
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Total $'000	Balance sheet carrying amount $'000
Bank overdrafts	29,757	-	-	29,757	29,757
Bank loans	159,632	50,871	3,157	213,660	202,552
Trade creditors	244,955	-	-	244,955	244,955
Other creditors and accruals	354,858	-	-	354,858	354,858
	789,202	50,871	3,157	843,230	832,122

30 Financial risk management and fair values (continued)

(d) Liquidity management (continued)

The Company

2008

	Contractual undiscounted cash outflow Within 1 year or on demand $'000	Balance sheet carrying amount $'000
Other creditors and accruals	6,033	6,033
Amounts due to subsidiaries	38,472	38,472
	44,505	44,505

2007

	Contractual undiscounted cash outflow Within 1 year or on demand $'000	Balance sheet carrying amount $'000
Other creditors and accruals	5,912	5,912
Amounts due to subsidiaries	36,251	36,251
	42,163	42,163

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets designated at fair value through profit or loss (see note 19) and available-for-sale equity securities (see note 18) which are listed.

Listed investments held in the financial assets designated at fair value through profit or loss and available-for-sale portfolio have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations. The portfolio is diversified in terms of industry distribution, in accordance with the limits set by the Group.

All of the Group's unquoted investments are held for long term strategic purposes. Their performance is assessed at least bi-annually against performance of similar listed entities, together with an assessment of their relevance to the Group's long term strategic plans.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

30 Financial risk management and fair values (continued)

(e) Equity price risk (continued)

At 31 December 2008, it is estimated that an increase/(decrease) of 10% (2007: 10%) in the relevant stock market index (for listed equity securities), with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

The Group

	2008			2007		
		Effect on profit after tax and retained profits $'000	Effect on other components of equity $'000		Effect on profit after tax and retained profits $'000	Effect on other components of equity $'000
Change in the relevant equity price risk variable:						
Increase	10%	23,620	5,654	10%	41,822	-
Decrease	(10)%	(23,620)	(5,654)	(10)%	(41,822)	-

The sensitivity analysis has been determined assuming that the changes in the stock market index had occurred at the balance sheet date and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index and that all other variables remain constant. The analysis has been performed on the same basis for 2007.

(f) Fair value

The fair values of listed investments are shown in notes 17, 18 and 19.

The fair values of cash and cash equivalents, trade, hire purchase and other debtors, amounts due from related companies, trade and other creditors, amounts due to related companies, bank overdrafts are not materially different from their carrying amounts because of the immediate or short term maturity of these financial instruments.

The fair values of interest bearing bank loans is estimated at the present value of future cash flows, discounted at current market interest rates.

31 Commitments

(a) Capital commitments outstanding at 31 December 2008 not provided for in the financial statements were as follows:

	The Group	
	2008 $'000	2007 $'000
Authorised and contracted for	67,232	224,018

31 Commitments (continued)

(b) Operating lease commitments

Non-cancellable operating lease rentals are payable as follows:

	The Group	
	2008 $'000	2007 $'000
Less than one year	15,425	14,834
Between one and five years	30,866	30,997
More than five years	70,487	67,129
	116,778	112,960

The Group is the lessee in respect of a number of properties held under operating leases. The leases typically run for an initial period of between one and six years, with an option to renew the lease after that date at which point all terms will be re-negotiated. None of the leases includes contingent rentals.

32 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel represents amounts paid to the Company's directors as disclosed in note 9.

(b) Transactions with related companies

	2008 $'000	2007 $'000
Sales of goods and services to the TCMH Group (Note)	8,218	7,102
Sales of goods and services to the Ultima Group (Note)	-	219
Services rendered by the Ultima Group (Note)	-	2,885
Purchase of inventories from the TCMH Group (Note)	1,259	2,275
Purchase of inventories from the APM Group (Note)	145	301

Note: Tan Eng Soon is the managing director of Tan Chong Motor Holdings Berhad ("TCMH") and a director of APM Automotive Holdings Berhad ("APM"). The Motor Ultima Pte Ltd ("Ultima") Group is controlled by members of the Tan family and Tan Chong Consolidated Sdn. Bhd. is a substantial shareholder of the TCMH Group and the APM Group.

(c) Transaction with an associate

Management service fees received from an associate of the Group amounted to $3,390,000 (2007: $3,390,000).

33 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

33 Segment reporting (continued)

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

(i) Motor vehicle distribution

The Group is the exclusive distributor for Nissan vehicles in Singapore and for Subaru vehicles in Singapore, Hong Kong, the Philippines and certain provinces of the People's Republic of China ("PRC") and some countries in ASEAN. It 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 Diesel heavy commercial vehicles and Nissan forklift trucks in Singapore and Thailand. The Group markets and distributes a wide range of both Nissan Diesel heavy commercial vehicles and industrial equipment.

(iii) Property rentals and development

The Group has significant property interests located in Singapore and is engaged in the gradual development of various operating and investment properties in order to meet the property needs of the Group as well as for sales and rental income.

(iv) Other operations

Other operations include investment holding and hire-purchase financing.

Geographical segments

The business segments detailed above operate in three principal geographical areas. Singapore is a major market for the Group's businesses. In Hong Kong, the Group is engaged in the distribution of Subaru vehicles, the provision of workshop services and investment in property in return for rental income and in the PRC, the Group is engaged in the distribution of Subaru vehicles, the manufacture of vehicle seats and shock absorbers.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Segment reporting (continued)

Business segments

	Motor vehicle distribution		Heavy commercial vehicle and industrial equipment distribution	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue from external customers:				
- sales	3,884,110	3,843,200	794,149	960,968
- services	137,233	105,130	95,204	82,211
- hire purchase financing	-	-	-	-
- rentals	1,690	2,497	-	1,733
- others	57,419	62,195	1,886	2,677
Total revenue	4,080,452	4,013,022	891,239	1,047,589
Segment result:				
Profit from operations	136,597	184,025	97,400	166,473
Net financing (cost)/ income	(3,233)	(24,298)	(554)	(3,838)
Share of profits less losses of associates	46,406	37,705	-	-
Income tax expense	(40,312)	(36,264)	(23,233)	(38,558)
Net profit for the year	139,458	161,168	73,613	124,077
Segment assets	3,067,433	2,139,488	848,415	911,186
Interest in associates	317,446	278,536	-	-
Consolidated total assets	3,384,879	2,418,024	848,415	911,186
Consolidated total liabilities	1,105,116	474,642	219,272	272,606
Capital expenditure	94,739	47,806	52,043	68,219
Depreciation and amortisation expense	27,279	21,719	42,200	37,625
Significant non-cash (expenses)/ income	-	-	-	-

Geographical segments

In addition to the information on business segments based on the structure of the Group, the figures below present information for geographical segments.

	Singapore		Hong Kong	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Revenue from external customers	3,504,219	4,221,491	104,771	87,290
Segment assets	4,576,552	4,786,391	552,007	657,480
Capital expenditure	218,836	98,551	1,556	28,755

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

Property rentals and development		Other operations		Consolidated	
2008	2007	2008	2007	2008	2007
$'000	$'000	$'000	$'000	$'000	$'000
-	248,929	122,581	85,809	4,800,840	5,138,906
5,154	9,830	92,484	89,804	330,075	286,975
-	-	41,212	44,643	41,212	44,643
79,573	56,487	-	-	81,263	60,717
-	-	4,975	3,391	64,280	68,263
84,727	315,246	261,252	223,647	5,317,670	5,599,504
(19,427)	237,984	(128,096)	47,387	86,474	635,869
(20,688)	(20,498)	12,515	39,028	(11,960)	(9,606)
-	-	11,360	26,108	57,766	63,813
7,700	(49,330)	(14,273)	(26,505)	(70,118)	(150,657)
(32,415)	168,156	(118,494)	86,018	62,162	539,419
1,903,564	2,284,200	1,052,815	1,151,311	6,872,227	6,486,185
-	-	283,499	231,740	600,945	510,276
1,903,564	2,284,200	1,336,314	1,383,051	7,473,172	6,996,461
68,673	90,671	158,856	169,710	1,551,917	1,007,629
1,513	26,825	173,051	44,327	321,346	187,177
3,058	3,648	31,303	27,036	103,840	90,028
(69,049)	131,472	(182,095)	(30,423)	(251,144)	101,049

PRC		Others		Consolidated	
2008	2007	2008	2007	2008	2007
$'000	$'000	$'000	$'000	$'000	$'000
874,198	439,302	834,482	851,421	5,317,670	5,599,504
740,285	143,461	1,003,383	898,853	6,872,227	6,486,185
12,144	14,830	88,810	45,041	321,346	187,177

Notes to the financial statements (continued)

(Expressed in Hong Kong dollars unless otherwise indicated)

34 Significant accounting estimates and judgements

(i) Impairment of hire purchase and trade debtors

Hire purchase and trade debtors are reviewed periodically to assess whether impairment losses exist and if they exist, impairment losses are recognised. The estimate is based on historical loss experience for debtors with similar credit risk. The methodology and assumptions used are reviewed regularly to reduce any difference between the loss estimates and actual amounts.

(ii) Recognition of deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised. They are reviewed constantly and adjusted if necessary.

(iii) Warranty provisions

As explained in note 28, the Group makes provisions for the warranties it gives on sale of its motor vehicles taking into account the Group's historical claims experience which might not be indicative of future claims. Any increase or decrease in the provision would affect profit or loss in future years.

(iv) Valuation of investment properties

As described in note 13, investment properties are stated at fair value based on the valuation performed by a director of the Company. In determining the fair value, the director has used a method of valuation which involves certain estimates including current market rental rates for similar properties, appropriate discount rates and expected future rental rates.

(v) Allowances for obsolescence of inventories

The Group determines the allowances for obsolescence of inventories based on the current market condition and the historical experience of selling goods of similar nature.

35 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2008

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2008 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application.

So far it has concluded that the adoption of them is unlikely to result in a restatement of the Group's or the Company's results of operations and financial position.

In addition, the following developments are expected to result in amended disclosures in the financial statements, including restatement of comparative amounts in the first period of adoption:

	Effective for accounting periods beginning on or after
HKFRS 8, Operating segments	1 January 2009
HKAS 1 (revised 2007), Presentation of financial statements	1 January 2009

Financial summary
(Expressed in Hong Kong dollars)

	Year ended 31 December				
	2004	2005	2006	2007	2008
	$'000	$'000	$'000	$'000	$'000
Results					
Turnover	5,196,338	5,927,959	5,779,050	5,531,241	5,253,390
Profit from operations	391,646	545,919	691,357	635,869	86,474
Financing costs	(9,119)	(15,637)	(19,710)	(9,606)	(11,960)
Share of profit less losses of associates	28,230	30,239	39,731	63,813	57,766
Profit before taxation	410,757	560,521	711,378	690,076	132,280
Taxation	(72,465)	(115,586)	(136,775)	(150,657)	(70,118)
Profit for the year	338,292	444,935	574,603	539,419	62,162
Attributable to:					
Equity shareholders of the Company	340,774	444,918	573,932	532,948	61,461
Minority interests	(2,482)	17	671	6,471	701
Profit for the year	338,292	444,935	574,603	539,419	62,162
Assets and liabilities					
Investment properties, construction in progress, property, plant and equipment and lease prepayments	2,520,232	2,122,746	2,545,856	2,923,669	3,004,498
Interest in associates	407,616	401,282	438,821	510,276	600,945
Other assets	306,752	258,767	187,422	135,034	285,031
Net current assets	1,258,843	1,791,803	2,127,980	2,536,039	2,537,878
Total assets less current liabilities	4,493,443	4,574,598	5,300,079	6,105,018	6,428,352
Non-current liabilities	(318,595)	(169,764)	(95,821)	(116,186)	(507,097)
Total equity	4,174,848	4,404,834	5,204,258	5,988,832	5,921,255
Earnings per share -					
basic (cents)	16.9	22.1	28.5	26.5	3.1
diluted (cents)	16.9	22.1	28.5	26.5	3.1

Notes:

(1) Turnover of $5,253,390,000 (2007: $5,531,241,000) represents sale of goods, rendering of services, hire purchase financing income, gross rentals from investment properties and gross proceeds from properties sold.

(2) The amount of diluted earnings per share is the same as the basic earnings per share as there were no dilutive securities outstanding during the years presented.

Group properties

Location	Description	Land area (sq. feet)	Tenure	Expiry date	Age of building (years)
Unit A on Ground Floor, Phase 1 Nan Fung Industrial Building 431-487 Avenida do Dr Francisco Vieira Machado and 354-408 Rua dos Pescadores Macau	Showroom and workshop (investment)	8,805	Leasehold	29 November 2012	36
30/F Shui On Centre 6-8 Harbour Road Wanchai Hong Kong	Offices (own use and investment)	13,770	Leasehold	20 May 2060	23
12/F Unit B4, Shui On Centre 6-8 Harbour Road Wanchai Hong Kong	Offices (investment)	4,250	Leasehold	20 May 2060	23
Xijin Minor District Qingyang Town Jiangyin Jiangsu Province China	Residential terraced house (own use)	1,744	Leasehold	unspecified term	11
911 and 913 Bukit Timah Road Tan Chong Motor Centre Singapore 589622	Showroom, workshop and office (own use)	198,606	Freehold	-	26
14 Upper Aljunied Road Singapore 367843	Property held for sale	222,876	Freehold	-	N/A
700 Woodlands Road Singapore 738664	Workshop and office (own use)	233,188	Freehold	-	23
8 Kung Chong Road Singapore 159145	Workshop and office (own use)	23,990	Leasehold	15 December 2058	49
25 Leng Kee Road Singapore 159097	Showroom, workshop and office (own use)	23,998	Leasehold	10 April 2059	13
15 Queen Street Tan Chong Tower Singapore 188537	Office, showroom and apartments for rental (investment)	22,193	Freehold	-	26

Group properties (continued)

Location	Description	Land area (sq. feet)	Tenure	Expiry date	Age of building (years)
798 & 800 Upper Bukit Timah Road Singapore 678138/139	Factory and warehouse (own use)	44,794 1,141 168,046	Freehold Leasehold Leasehold	- 16 April 2874 6 April 2082	18
210 New Upper Changi Road #01-703 Singapore 460210	Showroom and office (investment)	4,058	Leasehold	1 July 2078	29
23 Jalan Buroh Singapore 619479	Showroom, workshop, office and warehouse (own use)	161,631	Leasehold	1 October 2027	24
The Wilby Residence 25, 27, 29, 31 and 33 Wilby Road Singapore 276300 - 276304	Condominiums for rental (investment)	200,991	Freehold	-	11
15 Tuas Avenue 3 Singapore 639412	Workshop and office (own use)	110,790	Leasehold	16 November 2013	25
17 Lorong 8, Toa Payoh Singapore 319254	Showroom, workshop and office (own use)	58,737	Leasehold	28 February 2023	13
19 Lorong 8, Toa Payoh Singapore 319255	Showroom, workshop and office (own use)	58,715	Leasehold	28 February 2092	5
19 Ubi Road 4 Singapore 408623	Showroom, workshop and office (own use)	59,379	Leasehold	1 October 2030	6
1 Sixth Lok Yang Road Singapore 628099	Workshop and office (own use)	223,908	Leasehold	15 April 2033	35

Group properties (continued)

Location	Description	Land area (sq. feet)	Tenure	Expiry date	Age of building (years)
59 Moo 1, Rangsit-Pathumthani Road, Banklang, Muang District, Pathumthani Province, Thailand	Showroom, workshop, office and warehouse (own use)	557,754	Freehold	-	21
No. 10, Jalan 51A/223 46109 Petaling Jaya Selangor Darul Ehsan Malaysia	Showroom, workshop and office (own use)	43,575	Leasehold	19 January 2062	5
118 Moo 5, T. Bangsamak A, Bangpakong Chachoengsao 24180 Thailand	Showroom, workshop and office (own use)	31,579	Freehold	-	4
No. 33, Lane 250, Xinhu 2nd Road, Neihu District, Taipei City, Taiwan	Showroom, workshop and office (own use)	23,290	Freehold	-	1
187 Edsa North Greenhills San Juan Metro Manila 1503 Philippines	Showroom, workshop office and warehouse (own use)	18,891	Freehold	-	3
12/17 Moo 2, Seri Thai Road Khlong Kum Sub-District Bueng Kum District Bangkok 10240, Thailand	Showroom, workshop and office (own use)	94,722	Freehold	-	2
59/3 Moo 10, Nongkrod Muang District, Nakhon Sawan Thailand 60240	Showroom, workshop, office and warehouse (own use)	58,620	Freehold	-	16
388, Moo 5 Chiangmai-Lampang Road Yangnueng, Sarapee District Chiangmai, Thailand 50140	Showroom, workshop, office and warehouse (own use)	66,936	Freehold	-	2
Qinyang Town Nan Huan Road 10 Jiangyin Jiangyin Province China	Residential terraced house (own use)	48,753	Leasehold	20 November 2048	24