Tan Chong International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 693)

FINAL RESULTS

The Board of Directors ("Board") wishes to announce the following results of the Group for the year ended 31 December 2010.

Consolidated Income Statement

	Note	For the year ended 31 December 2010	2009
		HK$'000	*HK$'000*
			(restated)
Revenue	3, 4	6,198,694	4,914,396
Cost of sales		(5,324,468)	(4,213,016)
Gross profit		874,226	701,380
Other operating income		525,849	453,241
Distribution costs		(326,906)	(316,747)
Administrative expenses		(391,318)	(352,700)
Other operating expenses		(12,391)	(10,076)
Profit from operations		669,460	475,098
Financing costs		(23,865)	(18,967)
Share of profits less losses of associates		73,606	41,088
Profit before taxation	5	719,201	497,219
Income tax (expense)/credit	6	(72,394)	27,783
Profit for the year		646,807	525,002
Attributable to:			
Equity shareholders of the Company		639,265	523,488
Non-controlling interests		7,542	1,514
Profit for the year		646,807	525,002
Earnings per share (cents)	8		
Basic and diluted		31.8	26.0

Consolidated statement of comprehensive income
for the year ended 31 December 2010

	2010	2009
	HK$'000	*HK$'000*
		(restated)
Profit for the year	646,807	525,002
Other comprehensive income for the year		
Exchange differences on translation of financial statements of:		
- overseas subsidiaries	534,083	122,063
- overseas associates	65,628	4,642
	599,711	126,705
Available-for-sale securities:		
- changes in fair value recognised during the year	5,623	3,962
- reclassification adjustment for amounts transferred to profit or loss:		
- gain on disposal	(1,287)	-
	4,336	3,962
	604,047	130,667
Total comprehensive income for the year	1,250,854	655,669
Attributable to:		
Equity shareholders of the company	1,237,919	652,327
Non-controlling interests	12,935	3,342
Total comprehensive income for the year	1,250,854	655,669

Consolidated Balance Sheet

	Note	As at 31 December 2010	As at 31 December 2009	As at 1 January 2009
		HK$'000	*HK$'000*	*HK$'000*
Non-current assets			*(restated)*	*(restated)*
Investment properties		2,161,173	1,662,039	1,415,002
Interest in leasehold land		215,538	202,889	208,280
Other property, plant and equipment		1,689,066	1,510,389	1,381,216
Interest in associates		767,922	640,330	600,945
Other financial assets		159,454	194,577	179,721
Hire purchase debtors and instalments receivable		130,334	92,447	95,419
Non-current prepayments		32,041	-	-
Deferred tax assets		17,906	15,187	9,891
		5,173,434	4,317,858	3,890,474
Current assets				
Held-to-maturity debt securities		34,966	-	-
Investments designated as fair value through profit or loss		713,645	432,419	236,203
Inventories		1,464,069	1,201,709	1,538,811
Properties held for sale		248,977	317,094	309,239
Trade debtors	9	409,764	298,127	281,008
Hire purchase debtors and instalments receivable		73,998	72,967	78,152
Other debtors, deposits and prepayments		165,758	143,522	192,841
Amounts due from related companies		12,832	11,712	12,240
Cash and cash equivalents		1,926,827	1,773,876	934,204
		5,050,836	4,251,426	3,582,698
Current liabilities				
Bank overdrafts (unsecured)		12,052	14,558	13,162
Bank loans		1,616,696	783,372	372,081
Trade creditors	10	402,995	339,336	268,503
Other creditors and accruals		350,607	325,478	323,599
Amounts due to related companies		3,494	3,196	3,161
Current taxation		53,702	32,278	55,036
Provisions		18,287	16,318	9,278
		2,457,833	1,514,536	1,044,820
Net current assets		2,593,003	2,736,890	2,537,878
Total assets less current liabilities		7,766,437	7,054,748	6,428,352
Non-current liabilities				
Deferred tax liabilities		25,226	17,298	17,580
Bank loans		25,876	461,512	449,428
Provisions		12,696	11,974	12,783
		63,798	490,784	479,791
NET ASSETS		7,702,639	6,563,964	5,948,561
Capital and reserves				
Share capital		1,006,655	1,006,655	1,006,655
Reserves		6,634,103	5,506,916	4,894,855
Total equity attributable to equity shareholders of the Company		7,640,758	6,513,571	5,901,510
Non-controlling interests		61,881	50,393	47,051
TOTAL EQUITY		7,702,639	6,563,964	5,948,561

Notes:

1. **Basis of consolidation**

The consolidated financial statements of the Company for the year ended 31 December 2010 comprise the Company and all its subsidiaries (together referred to as the "Group") and the Group's interest in associates.

2. **Changes in accounting policies**

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

- IFRS 3 (revised 2008), *Business combinations*

- Amendments to IAS 27, *Consolidated and separate financial statements*

- Amendment to IAS 39, *Financial instruments: Recognition and measurement - eligible hedged items*

- Improvements to IFRSs (2009)

- IFRIC 17, *Distributions of non-cash assets to owners*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, with the exception of the amendments to IAS 12, *Income taxes*, in respect of the recognition of deferred tax on investment properties carried at fair value under IAS 40, *Investment property*. The amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group has decided to adopt the amendments early.

Early adoption of the amendments to IAS 12, Income taxes

The change in policy arising from the amendments to IAS 12 is the only change which has had a material impact on the current or comparative periods. As a result of this change in policy, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the reporting date. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the asset's value through use.

This change in policy has been applied retrospectively by restating the opening balances at 1 January 2009 and 2010, with consequential adjustments to comparatives for the year ended 31 December 2009. As the Group's properties are located in Singapore and in Hong Kong, this has resulted in a reduction in the amount of deferred tax provided on valuation gain as follows:

	As previously reported $'000	Effect of adoption of amendments to IAS 12 $'000	As restated $'000
Consolidated income statement for the year ended 31 December 2009:			
Income tax expense/(credit)	3,028	(30,811)	(27,783)
Profit for the year	494,191	30,811	525,002
Basic and diluted earnings per share (cents)	24.5 cents	1.5 cents	26.0 cents
Consolidated balance sheet as at 31 December 2009:			
Deferred tax liabilities	76,109	(58,811)	17,298
Reserves	5,448,105	58,811	5,506,916

2. **Changes in accounting policies (continued)**

Consolidated balance sheet as at 1 January 2009:			
Deferred tax liabilities	44,886	(27,306)	17,580
Reserves	4,867,549	27,306	4,894,855

Other changes in accounting policies as a result of developments in IFRSs

The amendment to IAS 39 has had no material impact on the Group's financial statements as the amendment was consistent with policies already adopted by the Group. The other developments resulted in changes in accounting policy but none of these changes in policy have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to IFRS 3, IAS 27 and IFRIC 17 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination, a disposal of a subsidiary or a non-cash distribution) and there is no requirement to restate the amounts recorded in respect of previous such transactions.

- The impact of the amendments to IFRS 3 (in respect of recognition of acquiree's deferred tax assets) and IAS 27 (in respect of allocation of losses to non-controlling interests (previously known as minority interests) in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

- The amendment introduced by the Improvements to IFRSs (2009) omnibus standard in respect of IAS 17, *Leases*, resulted in a change of classification of certain of the Group's leasehold land interests, but this had no material impact on the amounts recognised in respect of these leases as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

Further details of these changes in accounting policy are as follows:

- As a result of the adoption of IFRS 3 (revised 2008), any business combination acquired on or after 1 January 2010 will be recognised in accordance with the new requirements and detailed guidance contained in IFRS 3 (revised 2008). These include the following changes in accounting policies:

    - Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees, will be expensed as incurred, whereas previously they were accounted for as part of the cost of the business combination and therefore impacted the amount of goodwill recognised.

    - If the Group holds interests in the acquiree immediately prior to obtaining control, these interests will be treated as if disposed of and re-acquired at fair value on the date of obtaining control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

    - Contingent consideration will be measured at fair value at the acquisition date. Subsequent changes in the measurement of that contingent consideration unrelated to facts and circumstances that existed at the acquisition date will be recognised in profit or loss, whereas previously these changes were recognised as an adjustment to the cost of the business combination and therefore impacted the amount of goodwill recognised.

    - If the acquiree has accumulated tax losses or other temporary deductible differences and these fail to meet the recognition criteria for deferred tax assets at the date of acquisition, then any subsequent recognition of these assets will be recognised in profit or loss, rather than as an adjustment to goodwill as was previously the policy.

2. **Changes in accounting policies (continued)**

Other changes in accounting policies as a result of developments in IFRSs (continued)

- In addition to the Group's existing policy of measuring the non-controlling interests (previously known as "minority interests") in the acquiree at the non-controlling interest's proportionate share of the acquiree's net identifiable assets, in future the Group may elect, on a transaction by transaction basis, to measure the non-controlling interest at fair value.

In accordance with the transitional provisions in IFRS 3 (revised 2008), these new accounting policies will be applied prospectively to any business combinations in the current or future periods. The new policy in respect of recognition in the movement of deferred tax assets will also be applied prospectively to accumulated tax losses and other temporary deductible differences acquired in previous business combinations. No adjustments have been made to the carrying values of assets and liabilities that arose from business combinations whose acquisition dates preceded the application of this revised standard.

- As a result of the adoption of IAS 27 (amended 2008), the following change in policies will be applied as from 1 January 2010:

  - If the Group acquires an additional interest in a non-wholly owned subsidiary, the transaction will be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no goodwill will be recognised as a result of such transactions. Similarly, if the Group disposes of part of its interest in a subsidiary but still retains control, this transaction will also be accounted for as a transaction with equity shareholders (the non-controlling interests) in their capacity as owners and therefore no profit or loss will be recognised as a result of such transactions. Previously the Group treated such transactions as step-up transactions and partial disposals, respectively.

  - If the Group loses control of a subsidiary, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value as if reacquired. In addition, as a result of the adoption of the amendment to IFRS 5, if at the balance sheet date the Group has the intention to dispose of a controlling interest in a subsidiary, the entire interest in that subsidiary will be classified as held for sale (assuming that the held for sale criteria in IFRS 5 are met) irrespective of the extent to which the Group will retain an interest. Previously such transactions were treated as partial disposals.

  In accordance with the transitional provisions in IAS 27, this new accounting policy will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

- In order to be consistent with the above amendments to IFRS 3 and IAS 27, and as a result of amendments to IAS 28, *Investments in associates*, and IAS 31, *Interests in joint ventures*, the following policies will be applied as from 1 January 2010:

  - If the Group holds interests in the acquiree immediately prior to obtaining significant influence or joint control, these interests will be treated as if disposed of and reacquired at fair value on the date of obtaining significant influence or joint control. Previously, the step-up approach would have been applied, whereby goodwill was computed as if accumulated at each stage of the acquisition.

  - If the Group loses significant influence or joint control, the transaction will be accounted for as a disposal of the entire interest in that investee, with any remaining interest being recognised at fair value as if reacquired. Previously such transactions were treated as partial disposals.

  Consistent with the transitional provisions in IFRS 3 and IAS 27, these new accounting policies will be applied prospectively to transactions in current or future periods and therefore previous periods have not been restated.

Other changes in accounting policies which are relevant to the Group's financial statements are as follows:

2. **Changes in accounting policies (continued)**

Other changes in accounting policies as a result of developments in IFRSs (continued)

- As a result of the amendments to IAS 27, as from 1 January 2010 any losses incurred by a non-wholly owned subsidiary will be allocated between the controlling and non-controlling interests in proportion to their interests in that entity, even if this results in a deficit balance within consolidated equity being attributed to the non-controlling interests. Previously, if the allocation of losses to the non-controlling interests would have resulted in a deficit balance, the losses were only allocated to the non-controlling interests if the non-controlling interests were under a binding obligation to make good the losses. In accordance with the transitional provisions in IAS 27, this new accounting policy is being applied prospectively and therefore previous periods have not been restated.

- As a result of the amendment to IAS 17, *Leases*, arising from the "Improvements to IFRSs (2009)" omnibus standard, the Group has re-evaluated the classification of its interests in leasehold land as to whether, in the Group's judgement, the lease transfers substantially all the risks and rewards of ownership of the land such that the Group is in a position economically similar to that of a purchaser. The Group has concluded that the classification of such leases as operating leases continues to be appropriate, with the exception of interests which are registered and transferable ownership interests in land subject to the government's land policy of renewal without payment of additional land premium. These leasehold interests will no longer be classified by the Group as operating leases as the Group considers that it is in a position economically similar to that of a purchaser. This change in accounting policy has no material impact on the current or previous periods as the lease premiums in respect of all such leases are fully paid and are being amortised over the remaining length of the lease term.

3. **Revenue**

Revenue represents the sales value of goods sold, services supplied to customers, hire purchase financing income, rental income, income from sale of properties, management service fees, agency commission and handling fees and warranty reimbursements, net of goods and services taxes where applicable, analysed as follows:

	For the year ended 31 December	
	2010	**2009**
	HK$'000	*HK$'000*
Sale of goods	5,503,121	4,434,995
Rendering of services	375,975	328,765
Hire purchase financing income	32,758	36,861
Gross rentals from investment properties	63,460	64,973
Gross proceeds from properties sold	183,561	-
Management service fees received from associate	3,390	3,390
Agency commission and handling fees	21,783	27,811
Warranty reimbursements	14,646	17,601
	6,198,694	4,914,396

4 **Segment reporting**

The Group manages its business by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the reportable segments as set out in note (a) below. No operating segments have been aggregated to form the reportable segments.

4 **Segment reporting (continued)**

Business lines

(i) Motor vehicle distribution

The Group is the exclusive distributor for Nissan vehicles in Singapore and for Subaru vehicles in Singapore, Hong Kong, certain provinces of the People's Republic of China ("PRC") and some countries in the Association of Southeast Asia Nations ("ASEAN"). The Group distributes all models of Nissan and Subaru passenger and Nissan light commercial vehicles.

(ii) Heavy commercial vehicle and industrial equipment distribution

The Group is the sole distributor for Nissan Diesel heavy commercial vehicles and Nissan forklift trucks in Singapore and Thailand, and the non-exclusive distributor for Mitsubishi Fuso trucks in 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 and is engaged in the gradual developments of various operating and investment properties in order to meet the property needs of the Group as well as for sales and rental income. Currently the Group's activities in this regard are mainly carried out in Singapore and Hong Kong.

(iv) Other operations

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

(a) Segment results

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

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

The measure used for reporting segment profit is "EBITDA" i.e. "earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including bank and other interest income.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2010 and 2009 is set out below.

	Group revenue *For the year ended 31 December*		**EBITDA** *For the year ended 31 December*	
	2010	**2009**	**2010**	**2009**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Business lines				
Motor vehicle distribution	4,711,320	3,960,657	28,117	(25,273)
Heavy commercial vehicle and industrial equipment distribution	799,416	589,380	116,043	83,833
Property rentals and development	251,639	70,150	300,815	228,468
Other operations	436,319	294,209	321,507	272,735
	6,198,694	4,914,396	766,482	559,763

4 **Segment reporting (continued)**

(a) Segment results (continued)

	Group revenue *For the year ended 31 December*	
	2010	**2009**
	HK$'000	*HK$'000*
Geographical areas		
Singapore	1,954,547	2,477,803
Hong Kong	81,113	81,882
PRC	2,872,232	1,578,336
Others	1,290,802	776,375
	6,198,694	4,914,396

(b) Reconciliation of reportable segment profit or loss

	For the year ended 31 December	
	2010	**2009**
	HK$'000	*HK$'000*
Total segment EBITDA	766,482	559,763
Depreciation and amortisation	(125,302)	(105,773)
Interest income	28,280	21,108
Finance costs	(23,865)	(18,967)
Share of profits less losses of associates	73,606	41,088
Consolidated profit before taxation	719,201	497,219

5. **Profit before taxation**

	For the year ended 31 December	
	2010	**2009**
	HK$'000	*HK$'000*
Profit before taxation is arrived at after charging/(crediting):		
Cost of goods sold	4,732,062	3,387,225
Interest expense	23,865	18,967
Amortisation of interest in leasehold land	7,389	6,795
Depreciation		
- assets held for use under operating leases	44,552	37,538
- other assets	73,361	61,440
Bank and other interest income	(28,280)	(21,108)
Dividend income		
- listed investments	(4,603)	(41)
- unlisted investments	(766)	(1,650)
Gain on disposal of property, plant and equipment	(11,769)	(11,349)
Gain on disposal of available-for-sale securities	(1,287)	-

6. **Taxation**

Income tax expense/(credit):

	For the year ended 31 December	
	2010	**2009**
	HK$'000	*HK$'000*
Current tax expense/(credit)		*(restated)*
Provision for the year	73,606	48,742
Over-provision in prior years	(6,037)	(70,831)
	67,569	(22,089)
Deferred tax expense		
Origination and reversal of temporary differences	4,825	(5,275)
Effects resulting from a change in tax rate on deferred tax balances at 1 January	-	(419)
	4,825	(5,694)
Total income tax expense/(credit) in the consolidated income statement	72,394	(27,783)

An analysis of the income tax expense/(credit) is as follows:

	For the year ended 31 December	
	2010	**2009**
	HK$'000	*HK$'000*
		(restated)
Hong Kong	8,998	8,073
Singapore	29,413	(47,930)
Elsewhere	33,983	12,074
	72,394	(27,783)

Taxes on profits have been provided for at the applicable rates of taxation on the estimated assessable profits arising in the relevant jurisdictions for the year.

7. **Dividends**

Dividends payable to equity shareholders of the Company attributable to the year:

	For the year ended 31 December	
	2010	**2009**
	HK$'000	*HK$'000*
Interim dividend paid of HK$0.015 per ordinary share (2009: HK$0.01 per ordinary share)	30,200	20,133
Final dividend proposed after the balance sheet date of HK$0.05 per ordinary share (2009: HK$0.04 per ordinary share)	100,665	80,532
	130,865	100,665

8. **Earnings per share**

The calculation of basic earnings per share is based on net profit for the year attributable to equity shareholders of the Company of HK$639,265,000 (2009 (restated): HK$523,488,000) and the number of ordinary shares outstanding during the year of 2,013,309,000 (2009: 2,013,309,000) shares.

Diluted earnings per share for the year ended 31 December 2010 and 2009 is the same as basic earnings per share as there were no dilutive securities outstanding during the years presented.

9. **Trade debtors**

Aging analysis of trade debtors is as follows:

	For the year ended 31 December	
	2010	**2009**
	HK$'000	*HK$'000*
0-30 days	368,505	265,495
31-90 days	20,958	21,774
Over 90 days	20,301	10,858
	409,764	298,127

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

10. **Trade creditors**

Aging analysis of trade creditors is as follows:

	For the year ended 31 December	
	2010	**2009**
	HK$'000	*HK$'000*
0-30 days	315,098	242,540
31-90 days	76,450	57,242
91-180 days	2,404	20,604
Over 180 days	9,043	18,950
	402,995	339,336

FINAL DIVIDEND

The Board recommends a final dividend of HK$0.05 per share on the shares in issue absorbing a total of HK$100,665,450 which will be payable on 18 May 2011 to shareholders whose names appear on the Register of Members on 6 May 2011, subject to the approval of shareholders at the Annual General Meeting to be held on 6 May 2011.

MANAGEMENT REVIEW

RESULTS

Group profit attributable to shareholders for the financial year 2010 was a record HK$639.3 million. Contribution to group profit attributable to shareholders from the increase in fair values of listed securities and revaluation gain on investment properties amounted to HK$255.0 million and HK$200.7 million respectively. Accordingly dividend payments (both paid and declared) is expected to be increased from HK$100.7 million in year 2009 to HK$130.9 million for year 2010.

FINANCE

Group NTA year on year rose from HK$3.26 to HK$3.83 per share. Net cash was down to HK$272 million because of increased capital investments, refurbishment of Tan Chong Tower and additional sale and service outlets in China and Taiwan. Capital commitments increased to HK$156 million compared to HK$31 million for year 2009.

SALES

Group revenue is HK$6.2 billion a 26% improvement year on year. Profit margins from better sale revenue was adversely affected by the continuing increase in our purchasing cost from the rapid appreciation of Japanese Yen against the local currencies of the countries where our business operations are situated. If the Japanese yen stabilizes this year our profit margins should slowly adjust to a satisfactory level.

The Group experienced the most impressive sales growth in China, Taiwan and Thailand of 76%, 190% and 57% respectively. We expect our business in these three countries to continue to grow this year.

In Singapore, the reduced vehicle quota and intense price competition from European and Korean brands saw further sale reduction. However in the light commercial vehicle market, Nissan achieved the number one market share despite strong competition from European, Japanese and Korean brands.

NANJING TAN CHONG AUTOMOTIVE CO., LIMITED

The new Nanjing automotive seat plant is expected to be completed and start production in the 3rd quarter of 2011. It will have an annual capacity of one million car and bus seats and will complement our existing Wuxi and Xiamen factories to double our total seat production capacity in China.

This new seat plant is anticipated to cater for the expanding market for automobiles, trucks and buses in China. This will expand the customer base, which currently includes major truck, bus and car manufacturers such as Xiamen Golden Dragon Bus Company, and Suzhou Golden Dragon Bus Company, Hua Lin Truck Company and Changan Automobile group.

PROSPECTS

The Board expects more volatility in the business environment this year because of fast changing and unpredictable geopolitical shifts going on in the world. But Asia, where the Group operates, should continue to have better growth relative to Europe and North America. Barring unforeseen situation the Group expects performance for this year to be satisfactory.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 3 May 2011 to 6 May 2011, both days inclusive. During this period, no transfer of shares will be effected and registered.

In order to qualify for the entitlement of the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30pm on 29 April 2011.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong, on 6 May 2011 at 11:00a.m. The Notice of Annual General Meeting will be sent to shareholders on or before 1 April 2011.

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

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the results of the Group for the year ended 31 December 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year with the Code on Corporate Governance Practices as set out by the Stock Exchange of Hong Kong Limited ("Stock Exchange") in Appendix 14 of the Listing Rules. The independent non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's Bye-Laws. The Chairman had been instrumental in listing the Group. He has in-depth professional knowledge of, and extensive experience in the automobile industry and full cognizance of the workings of the business operations of the Group. In view of this, the Board would like him to continue with some executive functions. The balance of power and authority is ensured by the participation and input of the other Board members who are highly qualified and experienced professionals. The roles of the respective executive directors and senior management who are in charge of different disciplinary functions complement the role of the Chairman and Chief Executive Officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to make and implement decisions promptly and efficiently.

By Order of the Board
Sng Chiew Huat
Finance Director

Hong Kong, 11 March 2011

Website: http://www.tanchong.com

As at the date of this announcement, the directors are Mr. Tan Eng Soon, Mr. Joseph Ong Yong Loke, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat and Mr. Glenn Tan Chun Hong. Independent non-executive directors are Mr. Lee Han Yang, Mr. Masatoshi Matsuo and Mr. Tan Ngiap Joo. The Honorary Life Counsellor of the Company is Dato' Tan Kim Hor.