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TAN CHONG INTERNATIONAL LIMITED

陳唱國際有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 693)

**INSIDE INFORMATION AND
PROFIT WARNING
ANNOUNCEMENT**

This announcement is made by Tan Chong International Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Investments designated at fair value through other comprehensive income

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary review of and assessment on information currently available to the Company, the Group is expected to record an unaudited unrealised loss on its investments designated as at fair value through other comprehensive income for the six months ended 30 June 2020 (the "**Period**"). The loss is due to share price changes of its listed investments, which are marked to market and therefore unrealised. The expected unrealised loss amounts to HK\$398 million as compared to the unrealised gain of HK\$255 million for the corresponding six months period in 2019. The unrealised loss will be reported in the Group's other comprehensive income statement for the Period. It is not expected to be reclassified to the Group's consolidated statement of profit or loss.

Profit Warning

The outbreak of the coronavirus disease (the "**COVID-19**") in the beginning of 2020 triggered sudden introductions of many extraordinary measures, including anti-pandemic lockdown of social and economic activities by governments of 11 countries in the Asia Pacific region where the Company operates in. The measures curbed and, in some instances, caused almost total suspension of the Group's business activities and operations. The abrupt austerity resulted in weak economic outcomes and poor sentiments across the region, severely impacting the Group's business and performance for the Period.

In the interest of disclosure, the Board wishes to inform the Shareholders and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts, the Group expects to record an estimated after tax loss of HK\$60 million for the Period as compared to a profit of HK\$143 million for the corresponding period ended 30 June 2019. The Group is continuously evaluating the myriad of fiscal supports and monetary incentives given by various regional governments to help businesses mitigate the effects of COVID-19 pandemic. All other evolving factors have yet to be crystallized to determine conclusively the full financial impact to the Group for the Period.

The overall financial health and operational readiness of the Group remain stable and robust, despite the very challenging circumstances.

In tandem with regional countries taking active steps to soften the social effects of COVID-19 while starting to intensify economic activities in second half of 2020 and beyond, the Group is cautiously optimistic that resumption of economic activities in the Asia Pacific region in the coming months will have a positive impact on the Group's future profitability.

The Group is in the process of preparing its consolidated interim results for the Period to include other comprehensive income items. Financial information of the Group's subsidiary, Zero Co., Limited which is listed on the Second Section of Tokyo Stock Exchange, is not conclusive at the moment. It is still under review by its management.

As such, this announcement is made solely on the basis of an assessment by the Board with reference to the information currently available to the Company for the time being. The information in it has not been confirmed or audited by the Company's auditors.

Details of the Group's financial performance will be contained in the interim results announcement of the Group for the Period, which is expected to be published before the end of August 2020.

Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

By the order of the Board
Tan Chong International Limited
Teo Siok Ghee
Liew Daphnie Pingyen
Joint Company Secretaries

Hong Kong, 3 July 2020

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

As at the date of this announcement, the executive Directors are Mr. Tan Eng Soon, Mr. Glenn Tan Chun Hong, Mr. Tan Kheng Leong and Mdm. Sng Chiew Huat. The non-executive Director is Mr. Joseph Ong Yong Loke. The independent non-executive Directors are Mr. Ng Kim Tuck, Mr. Azman Bin Badrillah, Mr. Prechaya Ebrahim and Mr. Teo Ek Kee.