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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)

OVERSEAS REGULATORY ANNOUNCEMENT

(This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.)

The announcement of unaudited financial results of Zero Co., Ltd. for the three-month period ended 30 September 2016 is originally prepared in Japanese ("Original Announcement"). The attached announcement on the next page is a translation of the Original Announcement solely for the purpose of providing information.

By the order of the Board
Tan Chong International Limited
Joseph Ong Yong Loke
Deputy Chairman

Hong Kong, 10 November 2016

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

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

**Summary of Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending June 30, 2017 (IFRS)**

November 10, 2016
Tokyo Stock Exchange (Second Section)

Company name: ZERO CO., LTD.

Code No: 9028

URL <http://www.zero-group.co.jp/>

Representative:

Takeo Kitamura, President and COO

Contact for inquiries:

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Scheduled date for submitting quarterly report November 11, 2016

Scheduled date for starting delivery of dividend -

Creation of supporting documentation for quarterly results: N/A

Quarterly results briefing: N/A

**1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2017
(From July 1, 2016 to September 30, 2016)**

(1) Consolidated Results (total cumulative amount)

(Figures less than one million yen are rounded down.)

Percentages shown below are the rates of increase or decrease compared with the same quarter of the previous year.

	Revenue		Operating income		Profit before tax		Quarterly earnings		Quarterly profit attributable to owners of the parent		Total comprehensive quarterly income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY2016	18,528	(4.1)	1,201	(12.3)	1,238	(11.7)	688	(27.2)	688	(27.2)	607	(35.5)
1Q FY2015	19,311	-	1,370	-	1,403	-	945	-	945	-	942	-

	Quarterly earnings per share-basic	Quarterly earnings per share-diluted
	Yen	Yen
1Q FY2016	41.49	41.33
1Q FY2015	56.26	-

(2) Consolidated Financial condition

	Total assets	Total equity	Equity attributable to owners of the parent	Percentage of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
1Q FY2016	35,327	17,739	17,739	50.2
FY2015	35,852	17,741	17,741	49.5

2. Dividends

	Dividend per share				
	At end of 1Q	At end of 2Q	At end of 3Q	At end of 4Q	Annual total
	Yen	Yen	Yen	Yen	Yen
FY2015	--	13.00	--	37.40	50.40
FY2016	--				
Forecast for FY2016		15.00	--	37.70	52.70

(Note) Revision from most recently announced dividend forecast: None

3. Consolidated Forecasts for FY2016 (From July 1, 2016 to June 30, 2017)

Percentages shown below are the rates of increase or decrease compared with the previous year.

	Revenue		Operating income		Profit before tax		Profit attributable to owners of the parent		Earnings per share-basic Yen
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Whole FY2016	80,000	2.8	5,600	3.9	5,600	2.0	3,500	1.3	210.94

(Note) Revision from most recently announced earnings forecast: None

*Remarks

(1) Changes in important subsidiaries during the consolidated cumulative first quarter of the current fiscal year (transfer of a particular subsidiary which involves a change in the scope of consolidation): N/A

Included company name: , Excluded company name:

(2) Changes in accounting policies, procedure or notation method for documenting consolidated financial statements

① Changes in accordance with the revision of accounting standards and others: N/A

② Changes other than above: N/A

③ Changes in accounting estimates: N/A

(3) Number of issued shares (common shares)

① Number of issued shares (including treasury stock) at the end of each period:

1Q FY2016: 17,560,242 FY2015: 17,560,242

② Number of repurchased shares at the end of each period:

1Q FY2016: 967,732 FY2015: 967,732

③ Average number of issued shares during the fiscal year (excluding treasury stock) (quarterly total)

1Q FY2016: 16,592,510 1Q FY2015: 16,809,901

*Information regarding the implementation of quarterly review procedures

This Summary of Quarterly Financial Results is exempt from the quarterly review procedures stipulated by the Financial Instruments and Exchange Act. The review of quarterly consolidated financial statements stipulated by the Financial Instruments and Exchange Act will not have been completed by the time this Summary of Quarterly Financial Results is published.

*Information regarding the proper use of the earnings forecast and other special notes

The financial outlook and other forward-looking statements presented in this document are based on information currently available to the Company and certain assumptions that are believed to be reasonable, and are not intended to be construed as guaranteeing certain business performance outcomes. The actual business performance can vary significantly depending on various factors, including the economic conditions in the primary markets both inside and outside the country and fluctuations in the exchange rates.

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1. Qualitative Information on the Financial Results for the First Quarter of the Current Fiscal Year

(1) Business Performance Information

During the consolidated cumulative first quarter of the current fiscal year, although Japan's economy was affected by an economic slowdown in developing countries, there has been an upward trend in business confidence, with improvements in consumer confidence. On the other hand, it has become increasingly more difficult to maintain the balance of labor supply and demand. Domestic new car sales by domestic automakers have remained weak, reaching only 99.5% of the sales achieved during the consolidated cumulative first quarter of the previous year (hereafter referred to as "the same quarter of the previous year"), according to the statistics provided by the Japan Automobile Manufacturers Association. Although the used car market is showing signs of recovery when compared to the same quarter of the previous year, the export of used cars has remained weak due to the effects of the strong yen.

In view of these facts, our Group has encouraged each segment to implement strategic operating activities to adapt to the changing market environment, strengthened group synergy in our three business segments to create and deliver value-added services, and promoted activities (including cost reduction) aimed at strengthening our revenue-management system. However, a decrease in sales of new cars suffered by Nissan Motor Co., Ltd, the main client of our automobile-related business segment (which is our Group's major segment), had a significant adverse impact on our revenues, which decreased compared to the same quarter of the previous year.

During the current period, our Group achieved a revenue of 18,528 million yen (95.9% of that achieved during the same quarter of the previous year) and an operating income of 1,201 million yen (87.7% of that achieved during the same quarter of the previous year). Furthermore, our Group recorded a profit before tax of 1,238 million yen (88.3% of that achieved during the same quarter of the previous year), and the quarterly profit attributable to owners of the parent reached 688 million yen (72.8% of that achieved during the same quarter of the previous year).

Unit sales data relating to domestically-distributed cars

Unit sales

Domestic sales		From July 2015 to September 2015	From July 2016 to September 2016	Compared to the previous year
New cars				
Domestic automakers	*1	1,158,919	1,152,842	99.5%
(Nissan Motor)	*1	(144,314)	(121,303)	(84.1%)
Overseas automakers	*2	72,595	76,195	105.0%
Used cars				
Registered car	*3	864,692	893,924	103.4%
Light vehicles	*4	673,010	675,307	100.3%
Total		1,537,702	1,569,231	102.1%
Cars registered for permanent deletion	*3	51,134	46,786	91.5%

Exports		From July 2015 to September 2015	From July 2016 to September 2016	Compared to the previous year
Domestic automakers' new cars	*1	1,157,234	1,175,938	101.6%
Used passenger vehicles	*5	354,709	331,822	93.5%

*1 Calculated based on the statistics provided by the Japan Automobile Manufacturers Association

*2 Calculated based on the statistics provided by the Japan Automobile Importers Association

*3 Calculated based on the statistics provided by the Japan Automobile Dealers Association

*4 Calculated based on the statistics provided by the Japan Light Motor Vehicle and Motorcycle Association

*5 Estimated based on the number of used cars to be exported which have been registered for deletion, which is recorded in the statistics provided by the Japan Automobile Dealers Association

The business performance of each segment is summarized below.

① Automobile-related business

Nissan Motor Co., Ltd., our Company's main client, recorded domestic sales of 121,303 new cars (which is 84.1% of that recorded during the same quarter of the previous year) according to the statistics provided by the Japan Automobile Manufacturers Association. Due to this, our automobile-related business segment suffered a decrease in revenues from transportation or maintenance of new Nissan cars. Although the vehicle transport business section has promoted business building activities to bring in new clients for the new/used vehicle transport business, the used car export business suffered a decrease in orders received due to exchange rate impacts, etc. Consequently, the automobile-related business segment suffered a decrease in total sales.

Thus, the automobile-related business segment recorded a revenue of 13,529 million yen (which is 91.3% of that recorded during the same quarter of the previous year) and a segment income of 1,303 million yen (which is 90.4% of that recorded during the same quarter of the previous year).

② Human resources business

With the Japanese economy going through a phase of recovery, the demand for manpower is increasing. Soaring labor costs and difficulty in finding suitable workers in big cities, however, pose serious problems. Companies have brought in temporary employees and hired properly-skilled workers to respond to the changing needs for human resource utilization. In the face of a shrinking labor force as a result of the falling birth rate and the aging population, unique and effective approaches are needed to secure adequate human resources. In view of these facts, and in order to make up for weak business performance in urban areas, our Group has reviewed the target regions for business expansion, and shifted our business stations to rural areas where it is easier to secure the necessary personnel. As a result, the human resources business segment recorded a revenue of 3,651 million yen (which is 114.9% of that recorded during the same quarter of the previous year) and a segment income of 121 million yen (which is 113.7% of that recorded during the same quarter of the previous year).

③ General cargo transportation business

Due to steady performance of the harbor loading and unloading business, and because the storage and transportation business section successfully developed new business opportunities with existing clients, the general cargo transportation business segment achieved increased revenue. Thus, the general cargo transportation business segment recorded a revenue of 1,348 million yen (which is 102.5% of that recorded during the same quarter of the previous year), and a segment income of 261 million yen (which is 101.1% of that recorded during the same quarter of the previous year) as a result of increased revenue.

The group-wide expenses (expenses related to the Company's management division), which are not presented in the above-mentioned segment reports, are reported as "Adjustments" (484 million yen) specified under "3. Summary of Quarterly Consolidated Financial Statements (Segment Information)".

(2) Information on Financial Position

① Financial position relating to assets, liabilities and equity

(Assets)

Current assets decreased by 677 million yen (3.7%) compared to the previous consolidated fiscal year end, down to 17,669 million yen.

This is mainly due to a 1,608-million-yen decrease in cash and cash equivalents the 963-million-yen increase in trade and other receivables.

Non-current assets increased by 152 million yen (0.9%) compared to the previous consolidated fiscal year end, up to 17,658 million yen.

This is mainly due to a 161-million-yen increase in leased assets (which include property, plant and equipment).

Thus, the total assets decreased by 525 million yen (1.5%) compared to the previous consolidated fiscal year end, down to 35,327 million yen.

(Liabilities)

Current liabilities decreased by 69 million yen (0.6%) compared to the previous consolidated fiscal year end, down to 12,109 million yen.

This is mainly due to a 1,093-million-yen decrease in income taxes payable despite the 725-million-yen increase in trade and other payables.

Non-current liabilities decreased by 453 million yen (7.7%) compared to the previous consolidated fiscal year end,

down to 5,478 million yen.

Thus, the total liabilities decreased by 523 million yen (2.9%) compared to the previous consolidated fiscal year end, down to 17,587 million yen.

(Equity)

The total equity decreased by 1 million yen (0.0%) compared to the previous consolidated fiscal year end, down to 17,739 million yen.

This is mainly due to a 98-million-yen decrease in exchange differences on translation of foreign operations due to exchange-rate fluctuations, despite the 75-million-yen increase in retained earnings due to the incorporation of the profit attributable to owners of the parent, etc.

②Cash flow status

Cash and cash equivalents (hereafter referred to as "funds") at the end of the first quarter consolidated fiscal year accounting period were decreased by 1,608 million yen compared to the previous consolidated fiscal year end, down to 6,316 million yen.

The cash flow status and its underlying factors for the first quarter consolidated fiscal year are summarized below.

(Cash flows from operating activities)

The funds used in operating activities amounted to 805 million yen (as compared to 315 million yen during the same term of the previous year).

Income mainly comes from a quarterly profit of 688 million yen and depreciation and amortization of 254 million yen, whereas expenses mainly come from income taxes paid amounting to 1,613 million yen.

(Cash flows from investing activities)

The funds used in investing activities amounted to 144 million yen (as compared to 142 million yen during the same term of the previous year).

Income mainly comes from proceeds from sales of property, plant, and equipment which amounted to 57 million yen, whereas expenses mainly come from payments for intangible assets amounting to 89 million yen.

(Cash flows from financing activities)

The funds used in financing activities amounted to 659 million yen (as compared to 1,170 million yen during the same term of the previous year).

Expenses mainly come from repayment of long-term borrowings which amounted to 305 million yen and dividends paid amounting to 620 million yen.

(3) Forecast for the next consolidated fiscal year

No changes have been made to the consolidated performance forecast announced on August 10, 2016.

2. Matters Relating to Summary Information (Precautions)

(1) Changes in important subsidiaries during the consolidated cumulative first quarter of the current fiscal year

N/A

(2) Changes in accounting policies or accounting estimates

N/A

3. Summary of Quarterly Consolidated Financial Statements

(1) Summary of the quarterly consolidated statement of financial position

(Million yen)

	End of Fiscal 2015 (June 30, 2016)	End of 1Q Fiscal 2016 (September 30, 2016)
Assets		
Current assets		
Cash and cash equivalents	7,924	6,316
Trade and other receivables	9,036	9,999
Other financial assets	167	170
Inventories	779	688
Other current assets	438	493
Total current assets	18,346	17,669
Non-current assets		
Property, plant and equipment	8,447	8,630
Goodwill, Intangible assets	2,232	2,265
Investments properties	3,791	3,717
Investments accounted for using the equity method	973	912
Other financial assets	1,393	1,473
Other non-current assets	115	140
Deferred tax assets	552	518
Total non-current assets	17,506	17,658
Total assets	35,852	35,327

(Million yen)

	End of Fiscal 2015 (June 30,2016)	End of 1Q Fiscal 2016 (September 30,2016)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	5,647	6,372
Borrowings	2,235	2,522
Other financial liabilities	496	525
Income taxes payable	1,594	500
Other current liabilities	2,205	2,188
Total current liabilities	12,179	12,109
Non-current liabilities		
Borrowings	768	575
Other financial liabilities	1,943	2,117
Retirement benefits liabilities	2,476	2,448
Other non-current liabilities	741	331
Deferred tax liabilities	2	4
Total non-current liabilities	5,932	5,478
Total liabilities	18,111	17,587
Equity		
Share capital	3,390	3,390
Capital surplus	3,249	3,261
Treasury stock	(561)	(561)
Other components of equity	21	(66)
Retained earnings	11,640	11,716
Total equity attributable to owners of the parent	17,741	17,739
Total equity	17,741	17,739
Total liabilities and equity	35,852	35,327

(2) Summary of quarterly consolidated statements of income

(Million yen)

	1Q Fiscal 2015 (From July 1, 2015 to September 30, 2015)	1Q Fiscal 2016 (From July 1, 2016 to September 30, 2016)
Revenue	19,311	18,528
Cost of sales	(16,191)	(15,406)
Gross profit	3,120	3,121
Selling, general and administrative expenses	(1,827)	(1,990)
Other income	80	77
Other expenses	(2)	(7)
Operating profit	1,370	1,201
Finance income	16	14
Finance costs	(18)	(14)
Share of profit (loss) of investments accounted for using the equity method	35	37
Profit before tax	1,403	1,238
Income tax expense	(458)	(550)
Quarterly profit	945	688
Quarterly profit attributable to:		
Owners of the parent	945	688
Quarterly earnings per share attributable to owners of the parent		
Basic quarterly earnings per share (yen)	56.26	41.49
Diluted quarterly earnings per share (yen)	-	41.33

(3) Summary of quarterly consolidated statements of comprehensive income

(Million yen)

	1Q Fiscal 2015 (From July 1, 2015 to September 30, 2015)	1Q Fiscal 2016 (From July 1, 2016 to September 30, 2016)
Quarterly profit	945	688
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Remeasurement of defined benefit pension plans	5	7
Total items that will not be reclassified to profit and loss	5	7
Items that may be reclassified to profit and loss		
Assets measured at fair value through other comprehensive income	(17)	9
Share of other comprehensive income of investments accounted for using the equity method	8	(98)
Total items that may be reclassified to profit and loss	(8)	(88)
Other comprehensive income for the year, net of tax	(3)	(80)
Total quarterly comprehensive income	942	607
Total quarterly comprehensive income attributable to:		
Owners of the parent	942	607

(4) Summary of the quarterly consolidated statement of changes in equity

Consolidated cumulative first quarter of the previous fiscal year (from July 1, 2015 to September 30, 2015)

(Million yen)

	Note number	Total equity attributable to owners of the parent									Total Equity
		Share capital	Capital surplus	Treasury stock	Other components of equity				Retained earnings	Total equity attributable to owners of the parent	
					Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Remeasurement of defined benefit pension plans	Total other components of equity			
Balance at the beginning of FY2015		3,390	3,176	(152)	68	54	-	123	9,066	15,603	15,603
Quarterly profit								-	945	945	945
Other comprehensive income					7	(16)	5	(3)		(3)	(3)
Total quarterly comprehensive income		-	-	-	7	(16)	5	(3)	945	942	942
Acquisition of treasury stock				(409)				-		(409)	(409)
Dividends								-	(333)	(333)	(333)
Reclassification from other components of equity to retained earnings							(5)	(5)	5	-	-
Total comprehensive income for the year attribute to owners of the parent		-	-	(409)	-	-	(5)	(5)	(328)	(742)	(742)
Balance at the end of 1Q FY2015		3,390	3,176	(561)	76	38	-	114	9,684	15,803	15,803

Consolidated cumulative first quarter of the current fiscal year (from July 1, 2016 to September 30, 2016)

(Million yen)

	Note number	Total equity attributable to owners of the parent									Total Equity
		Share capital	Capital surplus	Treasury stock	Other components of equity				Retained earnings	Total equity attributable to owners of the parent	
					Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income	Remeasurement of defined benefit pension plans	Total other components of equity			
Balance at the beginning of FY2016		3,390	3,249	(561)	(53)	75	-	21	11,640	17,741	17,741
Quarterly profit								-	688	688	688
Other comprehensive income					(98)	9	7	(80)		(80)	(80)
Total quarterly comprehensive income		-	-	-	(98)	9	7	(80)	688	607	607
Acquisition of treasury stock								-		-	-
Dividends								-	(620)	(620)	(620)
Stock benefit contribution			11					-		11	11
Reclassification from other components of equity to retained earnings							(7)	(7)	7	-	-
Total comprehensive income for the year attribute to owners of the parent		-	11	-	-	-	(7)	(7)	(612)	(608)	(608)
Balance at the end of 1Q FY2016		3,390	3,261	(561)	(152)	85	-	(66)	11,716	17,739	17,739

(5) Summary of quarterly consolidated statements of cash flows

(Million yen)

	1Q Fiscal 2015 (From July 1, 2015 to September 30, 2015)	1Q Fiscal 2016 (From July 1, 2016 to September 30, 2016)
Cash flows from operating activities:		
Quarterly profit	945	688
Depreciation and amortization	228	254
Interest income and dividends	(1)	(7)
Interest expenses	17	11
Share of (profit) loss of investments accounted for using the equity method	(35)	(37)
Income tax expense	458	550
(Increase) decrease in trade receivables	(381)	(717)
(Increase) decrease in inventories	24	90
Increase (decrease) in trader payables	110	111
Increase (decrease) in retirement benefit liabilities	(31)	(16)
Other	(700)	(115)
Sub total	634	812
Interest received	1	7
Interest paid	(18)	(11)
Income taxes paid	(933)	(1,613)
Net cash provided by (used in) operating activities	(315)	(805)
Cash flows from investing activities:		
Payments for property, plant and equipment	(110)	(65)
Proceeds from sales of property, plant and equipment	1	57
Payments for intangible assets	(41)	(89)
Increase in loans receivable	(21)	(3)
Proceeds from collection of loans receivable	30	9
Other	(0)	(53)
Net cash provided by (used in) investing activities	(142)	(144)

(Million yen)

	1Q Fiscal 2015 (From July 1, 2015 to September 30, 2015)	1Q Fiscal 2016 (From July 1, 2016 to September 30, 2016)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings, net	(20)	350
Proceeds from long-term borrowings	80	50
Repayment of long-term borrowings	(384)	(305)
Repayment of finance lease liabilities	(103)	(132)
Dividends paid	(333)	(620)
Payment for treasury stocks	(409)	-
Net cash provided by (used in) financing activities	(1,170)	(659)
Increase (decrease) in cash and cash equivalents, net	(1,628)	(1,608)
Cash and cash equivalents at the beginning of the year	5,856	7,924
Cash and cash equivalents at the end of the quarter	4,227	6,316

(6) Notes on Summary of Quarterly Consolidated Financial Statements

(Notes on the going concern assumption)

N/A

(Segment information)

The following summarizes the information on each segment of our Group.

Consolidated cumulative first quarter of the previous fiscal year (from July 1, 2015 to September 30, 2015)

	Automobile-related business	Human resources business	General cargo transportation business	Total	Adjustments (Note)	Summary of quarterly consolidated statements of income
Revenue						
Revenue to external customers	14,817	3,178	1,315	19,311	-	19,311
Inter-segment Revenue or transfers	16	87	20	124	(124)	-
Total	14,833	3,266	1,335	19,435	(124)	19,311
Segment income	1,441	106	258	1,806	(435)	1,370

Note. The adjustment amount of (435) million yen in segment income included group-wide expenses of (435) million yen, and inter-segment eliminations of 0 million yen. Group-wide expenses are expenses related to the Company's management division that are not attributable to reportable segments.

Consolidated cumulative first quarter of the current fiscal year (from July 1, 2016 to September 30, 2016)

	Automobile-related business	Human resources business	General cargo transportation business	Total	Adjustments (Note)	Summary of quarterly consolidated statements of income
Revenue						
Revenue to external customers	13,529	3,651	1,348	18,528	-	18,528
Inter-segment Revenue or transfers	19	97	27	144	(144)	-
Total	13,549	3,748	1,375	18,672	(144)	18,528
Segment income	1,303	121	261	1,685	(484)	1,201

Note. The adjustment amount of (484) million yen in segment income included group-wide expenses of (484) million yen, and inter-segment eliminations of (0) million yen. Group-wide expenses are expenses related to the Company's management division that are not attributable to reportable segments.