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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 2017 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
Teo Siok Ghee
Liew Daphnie Pingyen
Joint Company Secretaries

Hong Kong, 10 November 2017

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 and. 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.

Summary of Consolidated Financial Results for the 1st quarter ending of the fiscal year June 30, 2018 [Based on IFRS]

November 10, 2017

Company name: Zero,Co.,LTD.

Stock Exchange Listing:

Tokyo

Stock code: 9028 <http://www.zero-group.co.jp/>

Representative: President

Takeo Kitamura

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Scheduled Date of Submission of Quarterly Report: November 13, 2017

Scheduled date to commence dividend payments: -

Preparation of supplementary material on quarterly financial results: No

Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the 1st quarter ending of the fiscal year June 30, 2018 (From July 1, 2017 to September 30, 2017)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Quarterly income		Profit attributable to owners of parent company		Total comprehensive income of the quarter	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
1 st Quarter ended of FY2017	19,348	4.4	1,133	Δ5.7	1,131	Δ8.7	658	Δ4.3	659	Δ4.2	710	17.0
1 st Quarter ended of FY2016	18,528	Δ4.1	1,201	Δ12.3	1,238	Δ11.7	688	Δ27.2	688	Δ27.2	607	Δ35.5

	Basic quarterly earnings per share	Diluted quarterly earnings per share
	Yen	Yen
1 st Quarter ended of FY2017	39.72	39.69
1 st Quarter ended of FY2016	41.49	41.33

(2) Consolidated financial position

	Total assets	Total capital	Equity attributable to owners of parent company	Equity ratio attributable to owners of parent company
	Millions of yen	Millions of yen	Millions of yen	%
1 st Quarter ended of FY2017	37,672	20,787	20,774	55.1
FY2016	38,007	20,672	20,661	54.4

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
FY2016	Yen ---	Yen 15.00	Yen ---	Yen 36.90	Yen 51.90
FY2017	---				
FY2017(forecast)		15.00	---	35.00	50.00

(Note) Amendment from the most recently announced dividend forecast: None

3. Forecast of consolidated financial results for the year ending June 30, 2018 (From July 1, 2017 to June 30, 2018)

(Percentages indicate year-on-year changes)

	Sales revenue		Operating income		Profit before tax		Profit attributable to owners of parent company		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	80,700	2.0	5,400	Δ4.1	5,330	Δ4.3	3,310	Δ4.2	199.94

(Note) Revisions from the most recently released business forecast: None

*(Note)

(1) Changes in significant subsidiary companies during the current quarter (Changes in the specific subsidiary companies following changes in the scope of consolidation): No

New ___ Co. (Company name), Exclusions ___ Co. (Company name)

(2) Changes in accounting policies, changes in accounting estimates

① Changes in the accounting policies required by IFRS : No
② Changes in the accounting policies due to other reasons : No
③ Changes in the accounting estimates : No

(3) Number of issued shares (common shares)

① Total number of issued shares at the end of the period (including treasury shares)

② Number of treasury shares at the end of the period

③ Average number of shares during the period (total up to this quarter)

1 st Quarter ended of FY2017	17,560,242 shares	FY2016	17,560,242 shares
1 st Quarter ended of FY2017	1,030,367 shares	FY2016	1,030,367 shares
1 st Quarter ended of FY2017	16,595,875 shares	1 st Quarter ended of FY2016	16,592,510 shares

※Earnings summary is not within the scope of the quarterly review

※Explanation of the proper use of financial results forecast and other notes

The earnings forecast, and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions that the Company considers reasonable. The actual results may differ significantly from these forecasts due to a wide range of factors such as economic status of the major domestic and international markets or exchange rates fluctuation.

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1. Qualitative information on the quarterly financial results.

(1) Discussion on the business performance

During the first quarter of the current fiscal year, as a result of gradual recovery of Japan's economy with improvements in consumer confidence there has been a steady improvement in the employment and income environment. In the automotive industry, the domestic manufacturer's domestic new car sales have been steady with 104.2% (Japan Automobile Manufacturers' Association Statistical Data) as compared with the same quarter of the previous year (hereinafter referred to as the same period of the previous year). The used car market is showing a trend of picking up from the same quarter of the previous year.

Under these circumstances, the Group has promoted strategic sales activities in response to changes in the market environment in each segment, and has worked to develop new businesses and create highly value-added services. We are also continuing to work on compliance with laws and regulations, activities to strengthen group synergies, transport reforms, and work style reforms.

In the first quarter of the current fiscal year under review, the Group's operating results were, Revenue was 19,348 million yen (104.4% compared with the same quarter of the previous year), and operating income was 1,133 million yen (94.3% of the same quarter of the previous year). Income before income taxes was 1,131 million yen (91.3% compared with the same quarter of the previous year), and net income attributable to the owner of the parent company was 659 million yen (95.8% compared with the same quarter of the previous year).

Unit sales data relating to domestically-distributed cars

Unit sales

Domestic sales	From July 2016 to September 2016	From July 2017 to September 2017	Compared to the previous year
New cars			
Domestic automakers *1 (Nissan Motor) *1	1,152,840 (121,303)	1,201,117 (152,344)	104.2% (125.6%)
Overseas automakers *2	76,195	76,926	101.0%
Total New Cars	1,229,035	1,278,043	104.0%
Used cars			
Registered car *3	893,924	917,190	102.6%
Light vehicles *4	675,307	692,570	102.6%
Total	1,569,231	1,609,760	102.6%
Cars registered for permanent deletion *3	46,786	45,722	97.7%

Exports	From July 2016 to September 2016	From July 2017 to September 2017	Compared to the previous year
Domestic automakers' new cars *1	1,175,938	1,193,933	101.5%
Used passenger vehicles *5	331,822	345,781	104.2%

*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

In vehicle transportation, which is the core business, we are reorganizing the transportation system including subsidiaries and cooperating companies with the aim of optimal operation of the nationwide distribution network. Nissan's domestic new car sales volume, the major customer, was 125.6% (Japan Automobile Manufacturers Association statistical data), compared to the same quarter of the previous year. We have promoted customer development activities to expand transactions of new cars and used car transports other than Nissan, resulting in higher sales. On the other hand, in terms of used car exports, we are reviewing our strategy, and rebuilding our structure, resulting in a decline in revenue. In addition, we continue to strive to thoroughly manage cost, while making efforts to secure our business performance.

As a result, sales revenue for the automobile-related business as a whole amounted to 13,916 million yen (102.9% compared to the same quarter of the previous year), and segment profit was 1,213 million yen (93.1% compared with the same quarter of the previous year).

(2) Human resources business

With the trend of recovery in the economy, there is a trend toward increasing manpower demand for companies, but soaring labor costs and human resources in metropolitan areas are getting worse. The Group has promoted regional shifts from large cities with high labor costs, strengthened the sales structure, and has reviewed the product portfolio through strategic sales activities. In addition to the dispatch of drivers which firmly progressed, new business entry such as welfare, nursing care and housekeeping services became successful, resulting in an increase in revenue.

As a result, sales revenue of the human resources business as a whole amounted to 4,045 million yen (110.8% compared with the same quarter of the previous year), and segment profit was 138 million yen (114.1% compared to the same quarter of the previous year).

(3) General cargo business

In addition to steadily acquiring orders from existing customers, we are promoting orders from new customers, and measures to improve profitability, such as improving operational efficiency, have been effective. In the subsidiary Kandako Kairiku Unso Co., Ltd., its business performance has been steadily growing, mainly in cargo handling and loading at the harbor, and we have promoted new business acquisition and operational efficiency improvement in Kyuso company Ltd. As a result, sales revenue was 1,386 million yen (102.8% compared with the same quarter last year), segment profit was 253 million yen (96.8% compared with the same quarter of the previous year).

Corporate expenses (expenses pertaining to the management department of the Company) not included in the segment profit / loss are described in "2. Summary of quarterly Consolidated Financial Statements (Segment Information)". As stated in "Adjustment amount", it is recorded as 471 million yen.

(2) Discussion on the financial condition

(1) Status of assets, liabilities and capital

(Assets)

Current assets decreased by 1,407 million yen (7.1%) from the end of the previous consolidated fiscal year to 18,338 million yen.

This was mainly due to a decrease of 1,537 million yen in cash and cash equivalents.

Non-current assets increased by 1,072 million yen (5.9%) from the end of the previous consolidated fiscal year to 19,334 million yen.

This was mainly due to an increase of 702 million yen in other non-current assets.

As a result, total assets decreased by 334 million yen (0.9%) from the end of the previous consolidated fiscal year to 37,672 million yen.

(Liabilities)

Current liabilities decreased by 287 million yen (2.4%) from the end of the previous consolidated fiscal year to 11,831 million yen.

This is mainly due to a decrease of 383 million yen in income tax payable, although trade liabilities and other liabilities increased by 313 million yen.

Non-current liabilities decreased by 162 million yen (3.1%) from the end of the previous consolidated fiscal year to 5,053 million yen.

As a result, total liabilities decreased by 449 million yen (2.6%) from the end of the previous consolidated fiscal year to 16,885 million yen.

(Total Equity)

Total shareholders' equity increased by 115 million yen (0.6%) from the end of the previous consolidated fiscal year to 20,787 million yen.

This was mainly due to an increase of 50 million yen in retained earnings to the owner of the parent company, due to the recording of profit for the quarter under review.

(2) Overview of cash flow

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the 1st quarter consolidated fiscal year under review amounted to 6,564 million yen, a decrease of 1,537 million yen from the end of the previous consolidated fiscal year.

The status of each cash flow for the first quarter of the current consolidated fiscal year and their factors are as follows.

(Cash flows from operating activities)

Cash provided by operating activities was 335 million yen, (as compared to Cash used 805 million yen in the same quarter of the previous year).

The main breakdown of income is net income of 658 million yen and depreciation expenses of 300 million yen; the main breakdown of expenditure is 820 million yen in income tax payments.

(Cash flows from investing activities)

Net cash used in investing activities was 1,175million yen (as compared to 144 million yen in the same quarter of the previous year).

The main components of expenditure are expenditure of 697 million yen for acquisition business, expenditure of 401 million yen for acquisition of tangible fixed assets and investment in real estate, and 79 million yen for purchase of intangible assets.

(Cash flows from financing activities)

Net cash used as a result of financing activities was 696 million yen (as compared to 659 million yen in the same quarter of the previous year).

The main components of expenditure are expenditure of 236 million yen for repayment of long-term borrowings and payment of 609 million yen for dividends.

(3) Explanation on future forecast information, such as consolidated earnings forecast

We have not made any amendments to the consolidated earnings forecast announced on 10th August 2017.

2. Summary of the consolidated quarterly financial statements and major notes

(1) Summary of the consolidated quarterly financial statement

(Unit: Million yen)

	End of previous consolidated fiscal year (30 June 2017)	End of 1 st quarter of current consolidated fiscal year (30 September 2017)
Assets		
Current assets		
Cash and cash equivalents	8,101	6,564
Trade and other receivables	10,195	10,235
Inventories	532	730
Other financial assets	195	182
Other current assets	719	625
Total current assets	19,745	18,338
Non-current assets		
Property, plant and equipment	9,064	9,399
Goodwill, Intangible assets	2,499	2,482
Investments properties	3,628	3,597
Investments accounted for using the equity method	927	939
Other financial assets	1,837	1,906
Other non-current assets	83	785
Deferred tax assets	222	222
Total non-current assets	18,262	19,334
Total assets	38,007	37,672

(Unit: Million yen)

	End of previous consolidated fiscal year (30 June 2017)	End of the 1 st quarter of the current consolidated fiscal year (30 September 2017)
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	6,320	6,634
Borrowings	1,851	1,984
Other financial liabilities	555	550
Income taxes payable	885	502
Other current liabilities	2,505	2,159
Total current liabilities	12,118	11,831
Non-current liabilities		
Borrowings	358	288
Other financial liabilities	2,339	2,283
Retirement benefits liabilities	2,078	2,021
Other non-current liabilities	331	332
Deferred tax liabilities	107	127
Total non-current liabilities	5,215	5,053
Total liabilities	17,334	16,885
Equity		
Share capital	3,390	3,390
Capital surplus	3,271	3,284
Treasury stock	△687	△687
Other components of equity	283	334
Retained earnings	14,403	14,453
Total equity attributable to owners of the parent	20,661	20,774
Non-controlling interest	11	13
Total equity	20,672	20,787
Total liabilities and equity	38,007	37,672

(2) Summary of the consolidated quarterly income statement

(Unit: Million yen)

	Previous 1 st quarter of the consolidated fiscal year (from 1 July 2016 to 30 September 2016)	Current 1 st quarter of the consolidated fiscal year (from 1 July 2017 to 30 September 2017)
Revenue	18,528	19,348
Cost of sales	△15,406	△16,172
Gross profit	3,121	3,175
Selling, general and administrative expenses	△1,990	△2,091
Other income	77	61
Other expenses	△7	△11
Operating profit	1,201	1,133
Finance income	14	16
Finance costs	△14	△19
Share of profit (loss) of investments accounted for using the equity method	37	1
Profit before tax	1,238	1,131
Income tax expense	△550	△472
Quarterly profit	688	658
Quarterly profit attributable to Owners of the parent company	688	659
Non-controlling interest:	-	△0
Quarterly profit	688	658
Quarterly earnings per share		
Basic quarterly earnings per share (yen)	41.49	39.72
Diluted quarterly earnings per share (yen)	41.33	39.69

(3) Summary of the consolidated quarterly statement of comprehensive income statement

(Unit: Million yen)

	Previous 1 st quarter of the consolidated fiscal year (from 1 July 2016 to 30 September 2016)	Current 1 st quarter of the consolidated fiscal year (from 1 July 2017 to 30 September 2017)
Quarterly profit	688	658
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Re-measurement of defined benefit pension plans	7	0
Total items that will not be reclassified to profit and loss	7	0
Items that may be reclassified to profit and loss		
Assets measured at fair value through other comprehensive income	9	40
Share of other comprehensive income of investments accounted for using the equity method	△98	10
Total items that may be reclassified to profit and loss	△88	50
Other comprehensive income for the year, net of tax	△80	51
Total quarterly comprehensive income	607	710
Total quarterly comprehensive income attributable to:		
Owners of the parent company	607	711
Non-controlling interest	—	△0
Quarterly Comprehensive income	607	710

(4) Summary of the consolidated quarterly statement of changes in equity
First quarter of the previous fiscal year (from 1 July 2016 to 30 September 2016)

(Unit: Million yen)

	Equity attributable to the owner of the parent company									No controlling interest	Total equity
	Capital	Capital surplus	Treasury stock	Components of other capital				Profit Surplus	Total Equity attributable to the owner of the parent company owner To belong Total equity		
				Conversion difference of foreign operations	Changes in fair value of available-for-sale financial assets	Remeasurement of defined benefit plan	Total of other capital components				
Balance on July 1, 2016	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
Comprehensive income for the quarter	—	—	—	△98	9	7	△80	688	607	—	607
Acquisition of treasury stock										—	
Dividend of surplus								△620	△620	—	△620
Stock compensation transaction		11							11	—	11
Transfer from other capital components to retained earnings						△7	△7	7	—	—	—
Total transaction etc. with owner	—	11	—	—	—	△7	△7	△612	△608	—	△608
Balance on 30 September 2016	3,390	3,261	△561	△152	85	—	△66	11,716	17,739	—	17,739

For the consolidated cumulative first quarter (from July 1, 2017 to September 30, 2017)

(Unit: Million yen)

	Equity attributable to the owner of the parent company									No controlling interest	Total equity
	Capital	Capital surplus	Treasury stock	Components of other capital				Profit Surplus	Total Equity attributable to the owner of the parent company owner To belong Total equity		
				Conversion difference of foreign operations	Changes in fair value of available-for-sale financial assets	Remeasurement of defined benefit plan	Total of other capital components				
Balance on July 1, 2017	3,390	3,271	△687	△81	364	—	283	14,403	20,661	11	20,672
Quarterly profit								659	659	△0	658
Other comprehensive income				10	40	0	51		51		51
Comprehensive income for the year	—	—	—	10	40	0	51	659	711	△0	710
Acquisition of treasury stock											
Dividend of surplus								△609	△609		△609
Stock compensation transaction		14							14		14
Other		△1							△1	1	—
Transfer from other capital components to retained earnings						△0	△0	0	—		—
Total transaction etc. with owner	—	12	—	—	—	△0	△0	△609	△597	1	△595
Balance at 30 September 2017	3,390	3,284	△687	△70	404	—	334	14,453	20,774	13	20,787

(5) Summary of the consolidated quarterly statement of cash flows

(Unit: Million yen)

	Previous 1 st quarter of the consolidated fiscal year (from 1 July 2016 to 30 September 2016)	Current 1 st quarter of the consolidated fiscal year (from 1 July 2017 to 30 September 2017)
Cash flows from operating activities:		
Quarterly profit	688	658
Depreciation and amortization	254	300
Interest income and dividends	△7	△6
Interest expenses	11	15
Share of (profit) loss of investments accounted for using the equity method	△37	△1
Income tax expense	550	472
(Increase) decrease in trade receivables (△ indicates increase)	△717	121
(Increase) decrease in inventories (△ indicates increase)	90	△197
Increase (decrease) in trader payables (△ indicates decrease)	111	80
Increase (decrease) in retirement benefit liabilities (△ indicates decrease)	△16	△57
Other	△115	△222
Sub total	812	1,163
Interest and dividend received	7	6
Interest paid	△11	△15
Income taxes paid	△1,613	△820
Net cash provided by (used in) operating activities	△805	335
Cash flows from investing activities:		
Payments for property, plant and equipment	△65	△401
Proceeds from sales of property, plant and equipment	57	5
Payments for intangible assets	△89	△79
Payments for loans receivable	△3	△2
Proceeds from collection of loans receivable	9	13
Expenditure for Acquisition of business	—	△697
Other	△53	△13
Net cash provided by (used in) investing activities	△144	△1,175

(Unit: Million yen)

	Previous 1 st quarter of the consolidated fiscal year (from 1 July 2016 to 30 September 2016)	Current 1 st quarter of the consolidated fiscal year (from 1 July 2017 to 30 September 2017)
Cash flows from financing activities		
Net change in short-term borrowings (Δ indicates decrease)	350	300
Proceeds from long-term borrowings	50	—
Repayment of long-term borrowings	Δ 305	Δ 236
Repayment of finance lease liabilities	Δ 132	Δ 150
Dividends paid	Δ 620	Δ 609
Net cash provided by (used in) financing activities	Δ 659	Δ 696
Increase (decrease) in cash and cash equivalents, net (Δ indicates decrease)	Δ 1,608	Δ 1,537
Cash and cash equivalents at the beginning of the quarter	7,924	8,101
Cash and cash equivalents at the end of the quarter	6,316	6,564

(6) Notes on summary consolidated quarterly financial statements

(Notes on going concern assumption)

N/A

(Segment Information)

Segment information of the group is as follows:

1st quarter of the previous consolidated fiscal year (from 1 July 2016 to 30 September 2016)

(Unit: Million yen)

	Automotive related business	Human resources business	General cargo business	Total	Adjustment amount (Note)	Amount recorded on quarterly consolidated financial statements
Sales revenue						
Revenue to external customers	13,529	3,651	1,348	18,528	—	18,528
Revenue between segments	19	97	27	144	△144	—
Total	13,549	3,748	1,375	18,672	△144	18,528
Segment Profit (Operating Income)	1,303	121	261	1,685	△484	1,201

(Note) Adjustment for segment profit △484 million includes corporate expenses △484 million yen and intersegment transaction elimination △0 million yen. Corporate expenses are expenses related to the management department of the Company not attributable to the reporting segments.

Current fiscal year (from 1 July 2017 to 30 September 2017)

(Unit: Million yen)

	Automotive related business	Human resources business	General cargo business	Total	Adjustment amount (Note)	Amount recorded on consolidated financial statements
Sales revenue						
Revenue to external customers	13,916	4,045	1,386	19,348	—	19,348
Revenue between segments	17	216	100	334	△334	—
Total	13,933	4,261	1,487	19,682	△334	19,348
Segment Profit (Operating Income)	1,213	138	253	1,604	△471	1,133

(Note) Adjustment of segment profit △471 million includes corporate expenses △471 million yen and elimination of intersegment transactions 0 million yen. Corporate expenses are expenses related to the management department of the Company not attributable to the reporting segments.