

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**TAN CHONG INTERNATIONAL LIMITED**  
陳唱國際有限公司  
(incorporated in Bermuda with limited liability)  
(Stock Code: 693)

#### **MAJOR TRANSACTION**

#### **IN RELATION TO THE TENDER OFFER TO PURCHASE COMMON SHARES IN ZERO CO., LTD.**

##### **THE TENDER OFFER**

The Board is pleased to announce that on 15 May 2014, the board of directors of the Offeror, an indirect wholly-owned subsidiary of the Company, has resolved to file the Tender Offer Notification with the Director General of Kanto Local Finance Bureau of Japan on 16 May 2014. Upon such filing, the Tender Offer would be launched and commence on 16 May 2014.

The minimum number of Common Shares that have to be purchased under the Tender Offer is 1,896,000 Common Shares (representing approximately 11.09% of the total issued Common Shares). The maximum number of Common Shares that the Offeror proposes to purchase under the Tender Offer is 4,802,000 Common Shares (representing approximately 28.09% of the total issued Common Shares). If the total number of Tendering Shares is less than the above minimum number of Common Shares (i.e. 1,896,000 Common Shares), none of such Tendering Shares will be purchased. If the total number of Tendering Shares exceeds the above maximum number of Common Shares (i.e. 4,802,000 Common Shares), the number of Tendering Shares to be purchased from each Tendering Shareholder would be calculated on a pro-rata basis in the proportion equal to the above maximum number of Common Shares (i.e. 4,802,000 Common Shares) divided by such total number of Tendering Shares, as set forth in the Cabinet Office Order.

On the basis of the Offer Price, the aggregate amount payable by the Offeror pursuant to the Tender Offer ranges from approximately 1,573,680,000 yen (equivalent to approximately HK\$121,052,308) if the minimum number of Common Shares are offered and purchased, to 3,985,660,000 yen (equivalent to approximately HK\$306,589,231) if the maximum number of Common Shares are offered and purchased. Such amount is payable in cash and will be financed by the internal resources of the Group.

On 15 May 2014, the Company has also entered into the CBA Agreement with Zero whose Common Shares are listed on the Second Section of TSE.

Zenith Logistics, an indirect wholly-owned subsidiary of the Company, is interested in approximately 22.91% of the issued share capital of Zero as at the date of this announcement.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Proposed Acquisition exceed 25% but are less than 100%, the Proposed Acquisition will constitute a major transaction of the Company for the purposes of, and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Tender Offer and the Company has obtained a written approval of the Tender Offer from each of TCC, Promenade and Time Strategy, which together hold an aggregate of 1,105,215,720 Shares representing approximately 54.89% of the total issued share capital of the Company as at the date of this announcement, the Shareholders' approval requirement under Rule 14.40 of the Listing Rules has therefore been satisfied by means of written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules. Accordingly, a general meeting of the Company will not be held for approving the Tender Offer.

#### **DESPATCH OF CIRCULAR**

A circular containing, inter alia, further details of the Tender Offer will be despatched to Shareholders in compliance with the Listing Rules.

In order to allow sufficient time to prepare and finalise certain financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which requires the circular to be despatched to the Shareholders within 15 business days after the publication of the announcement. The Board currently expects the Company to be in a position to despatch the circular to its Shareholders on or before 30 June 2014.

**Shareholders and potential investors should note that the Tender Offer is subject to withdrawal during the Tender Offer Period. There is therefore no assurance that the Tender Offer will be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

#### **THE TENDER OFFER**

The Board is pleased to announce that on 15 May 2014, the board of directors of the Offeror, an indirect wholly-owned subsidiary of the Company, has resolved to file the Tender Offer Notification with the Director General of Kanto Local Finance Bureau of Japan on 16 May 2014. Upon such filing, the Tender Offer would be launched and commence on 16 May 2014.

On 15 May 2014, the Company has also entered into the CBA Agreement with Zero whose Common Shares are listed on the Second Section of TSE.

Zenith Logistics, an indirect wholly-owned subsidiary of the Company, is interested in approximately 22.91% of the issued share capital of Zero as at the date of this announcement. Each of Zenith Logistics and Advanced Pacific Holdings Limited, an indirect wholly-owned

subsidiary of the Company, is interested in approximately 20% and 80% of the issued share capital of the Offeror respectively.

### **Tender Offer conditions pursuant to the CBA Agreement**

Pursuant to the CBA Agreement, the Company will cause the Offeror to commence the Tender Offer upon satisfaction of the following conditions, provided however that the Company may elect at its discretion to waive any or all of the conditions:

- (a) Zero has adopted a resolution by its board of directors to approve, inter alia, the Tender Offer, and Zero has not adopted any resolution contrary to such resolution or withdrawn such resolution;
- (b) all the representations and warranties of Zero given under the CBA Agreement are true and correct in all material respects, and any additional representations and warranties that the Company may reasonably request between the date of the CBA Agreement and the day immediately prior to the Tender Offer commencement date, are true and correct in all respects as of the day immediately prior to the Tender Offer commencement date;
- (c) Zero has performed in all material respects all obligations required to be performed by it under the CBA Agreement and Zero is not in material breach of any of these obligations under the CBA Agreement to be performed by it prior to the Tender Offer commencement date;
- (d) there is no applicable law, judgment, order or determination of a court or governmental body prohibiting or otherwise restricting the commencement of the Tender Offer, in effect or pending, in and outside of Japan;
- (e) there are no undisclosed material facts (as provided under the Financial Instruments and Exchange Act);
- (f) Zero and the Offeror shall not have reached an agreement that the Tender Offer or the CBA Agreement be terminated, and the CBA Agreement shall not have been terminated in accordance with its terms;
- (g) a material adverse effect has not occurred and is not continuing with respect to Zero's operations, assets, liabilities, consolidated financial position, consolidated financial results, consolidated cash flow or its profit projections since the date of the CBA Agreement other than the items listed in the Tender Offer Notification; and
- (h) Zero shall have delivered to the Offeror a certificate, signed by an executive officer of Zero, confirming the satisfaction of the conditions set forth above.

The above conditions have been satisfied in full as of the date of this announcement.

### **Commencement of the Tender Offer**

The Offeror is expected to file the Tender Offer Notification with the Director General of Kanto Local Finance Bureau of Japan regarding the Tender Offer on 16 May 2014. Upon such filing, the Tender Offer would be launched and commence on 16 May 2014.

### **Terms of the Tender Offer**

The Tender Offer is to be made in accordance with the terms and conditions set forth in the Tender Offer Notification. The main terms and conditions of it are as follows:

The Offeror intends to purchase 4,802,000 Common Shares (representing approximately 28.09% of the total issued Common Shares) from the Tendering Shareholders. The minimum number of Common Shares that have to be purchased is 1,896,000 Common Shares

(representing approximately 11.09% of the total issued Common Shares). The maximum number of Common Shares that the Offeror proposes to purchase is 4,802,000 Common Shares (representing approximately 28.09% of the total issued Common Shares). If the total number of the Tendering Shares is less than the above minimum number of Common Shares (i.e. 1,896,000 Common Shares), none of such Tendering Shares will be purchased. If the total number of the Tendering Shares exceeds the above maximum number of Common Shares (i.e. 4,802,000 Common Shares), the number of Tendering Shares to be purchased from each Tendering Shareholder would be calculated on a pro-rata basis in the proportion equal to the above maximum number of Common Shares (i.e. 4,802,000 Common Shares) divided by such total number of Tendering Shares, as set forth in the Cabinet Office Order.

The Offer Price is 830 yen (equivalent to approximately HK\$64) in cash.

The Offer Price represents:

- (a) a premium of approximately 36.07% over the closing price of 610 yen (equivalent to approximately HK\$46.92) per Common Share as quoted on TSE on 13 May 2014, the transaction closing date immediately preceding the date of this announcement;
- (b) a premium of approximately 35.40% over the average of the closing price of 613 yen (equivalent to approximately HK\$47.15) per Common Share as quoted on TSE during the five (5) Business Days immediately before 14 May 2014;
- (c) a premium of approximately 33.44% over the average of the closing price of 622 yen (equivalent to approximately HK\$47.85) per Common Share as quoted on TSE during the one (1) month's period immediately before 14 May 2014;
- (d) a premium of approximately 28.88% over the average of the closing price of 644 yen (equivalent to approximately HK\$49.54) per Common Share as quoted on TSE during the three (3) months' period immediately before 14 May, 2014; and
- (e) a premium of approximately 39.03% over the average of the closing price of 597 yen (equivalent to approximately HK\$45.92) per Common Share as quoted on TSE during the six (6) months' period immediately before 14 May 2014.

#### **Basis of the Consideration**

The Offer Price was determined with reference to various factors, including, but not limited to,

- (a) the results of due diligence conducted on Zero;
- (b) the percentages of premiums in tender offers of a similar nature by other companies;
- (c) market trend of the price of the Common Shares as quoted on TSE during the 12 months before the date of this announcement; and
- (d) the estimated number of Common Shares to be tendered in the Tender Offer.

The Offer Price has been determined solely on the basis of the above evaluation made by the Offeror. In conjunction thereto, the Offeror has also made reference to the appraisal conducted by a third party appraiser independent from the Offeror and Zero, solely for checking purposes (and not constituting a primary factor in forming the basis for determining the Consideration).

#### **Consideration of the Tender Offer**

On the basis of the Offer Price, the aggregate amount payable by the Offeror pursuant to the Tender Offer ranges from approximately 1,573,680,000 yen (equivalent to approximately HK\$121,052,308) if the minimum number of Common Shares are offered and purchased (i.e. 1,896,000 Common Shares), to 3,985,660,000 yen (equivalent to approximately HK\$306,589,231) if the maximum number of Common Shares are offered and purchased (i.e.

4,802,000 Common Shares). Such amount is payable in cash and will be financed by the internal resources of the Group.

### **Tender Offer Period**

The Tender Offer Period is expected to commence on 16 May 2014 and would remain open for 20 Business Days, ending on 12 June 2014, which is the final day of the Tender Offer Period. Unless extended, the Tender Offer will be closed on 19 June 2014, which is the Consideration settlement date. Completion of the Tender Offer would take place on 19 June 2014.

Pursuant to the Tender Offer Notification and in accordance with the Financial Instruments and Exchange Act, if Zero files a position statement requesting an extension of the Tender Offer Period, the Tender Offer Period will extend from 20 Business Days to 30 Business Days, ending on 26 June 2014. If this is the case, the Consideration settlement date and the Tender Offer completion date would be 3 July 2014.

### **Withdrawal**

Pursuant to the Tender Offer Notification, the Offeror may withdraw the Tender Offer to the extent permissible under the Order for Enforcement of the Financial Instruments and Exchange Act of Japan (Cabinet Order No. 321 of 1965, as amended) during the Tender Offer Period. Under such order, events allowing the withdrawal of a tender offer are limited. This would include events such as:-

- a) if Zero has decided to conduct corporate activities such as stock swap, stock transfer, company split, merger, etc. which has been publicly announced on or after 15 May 2014;
- b) if certain events occur on Zero on or after 15 May 2014, such as the petition of a provisional disposition order seeking business prohibition or any other equivalent action; imposition of administrative punishment such as license revocation, business suspension, or any other equivalent action imposed by government ministries and agencies pursuant to applicable laws and regulations; the filing for commencement of bankruptcy proceedings, rehabilitation proceedings, reorganization proceedings, or notice of exercise of enterprise mortgage has been given by a person other than Zero; and
- c) if certain events occur on the Offeror, such as dissolution, commencement of bankruptcy proceedings and rehabilitation proceedings or reorganization proceedings.

### **Approval in relation to the acquisition of Common Shares**

Save and except the permission required under the Foreign Exchange and Foreign Trade Act (Act No. 228 of December 1, 1949) of Japan which has been obtained by the Offeror, no approval from the Japanese government or any Japanese regulatory bodies is required for the acquisition by the Offeror of the Common Shares under the Tender Offer.

### **CBA AGREEMENT**

On 15 May 2014, the Company and Zero entered into the CBA Agreement to establish a closer capital and business alliance in order to expand the automobile-related business in the ASEAN region.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Zero is a third party independent of the connected persons of the Company. Zenith Logistics is interested in approximately 22.91% of the issued share capital of Zero as at the date of this announcement.

Upon successful completion of the Tender Offer, the Group and Zero Group will operate their businesses in accordance with the CBA Agreement. The details of the business alliance

include the following:

(a) Proposed business alliance projects

The Group and Zero Group contemplate the following proposed projects as part of their capital and business alliance, details of which shall be discussed and determined between the parties from time to time:

- i) development of an automobile value chain aimed to support the automobile industry from the manufacturing level and down to scrapping in the ASEAN market;
- ii) promotion of the joint business regarding body repair, painting and transportation of automobiles, to contemplate an entry into the auction business, to plan the establishment of the functions concerning the total after-sales of automobiles;
- iii) joint development of an education and fostering program in order to provide talented personnel to Japan by utilizing the Group's broad business network in ASEAN region; and
- iv) the entering into of the truck body building business in Thailand.

(b) Alliance committee

The parties intend to establish a committee which would comprise of the members of the senior management of the Group and Zero Group.

(c) Board member

The Company and Zero shall discuss the appropriate number of individuals to serve as directors of Zero as nominated by the Company with the aim of enhancing the corporate value of Zero.

As at the date of this announcement, the board of directors of Zero comprises of eight directors. Mr. Tan, the Chairman and an executive Director of the Company, is also an outside director of Zero.

### **Other provisions in the CBA Agreement**

#### ***Competing Tender Offer***

Without the prior written consent of the Company, Zero shall not approve a tender offer by any third party other than the Offeror ("**Competing Tender Offer**"). If during the period from the date of the CBA Agreement through to the completion date of the Tender Offer, Zero receives an offer from a third party regarding the purchase of Common Shares, including a Competing Tender Offer or an acquisition of Common Shares, Zero shall report such offer to the Company in detail. Zero and the Company shall then promptly and in good faith discuss necessary countermeasures and revisions to the conditions of the Tender Offer. Notwithstanding the foregoing, Zero shall be exempt from the foregoing obligations in the event that Zero reasonably determines that there will be a considerable risk of violating the duty of care and the fiduciary duty of Zero's directors if Zero is to maintain and continue its opinion of approving the Tender Offer and to oppose the Competing Tender Offer.

#### ***Termination***

The CBA Agreement shall terminate in the event that the Tender Offer has not been commenced by 31 May 2014, provided however that the Company and Zero may agree to delay such deadline. The CBA Agreement shall also be immediately terminated if the Tender Offer is not completed by 31 July 2014 (provided however that the Company and Zero may agree to delay such deadline) or the total number of Tendering Shares falls below the minimum number of Common Shares to be purchased (i.e. 1,896,000 Common Shares).

## INFORMATION ON THE COMPANY AND THE OFFEROR

The principal business of the Group includes (a) distribution of motor vehicles in Singapore, Hong Kong, PRC, Thailand, Taiwan, the Philippines, Malaysia, Indonesia, Vietnam and Cambodia; (b) distribution of industrial equipment in Singapore, PRC, Vietnam and Thailand; (c) property development and rental in Singapore, Macao and Hong Kong; and (d) vehicle seat manufacturing in the PRC.

The Offeror is a limited liability company incorporated in Hong Kong on 8 April 2014 and is a wholly-owned subsidiary of the Company. The principal business activity of the Offeror is investment holding.

## INFORMATION ON ZERO

Zero is a company incorporated in Japan in October 1961. Its Common Shares are listed on the Second Section of TSE under the securities code "9028". The principle business of Zero Group includes (a) automobile-related business providing vehicle transportation services to auto makers and dealers, auto leasing business operators, house-moving business operators and relevant business operators; (b) general cargo business such as transportation, cargo-handling, storage of products and raw material; and (c) human resource business providing private automobile dispatcher services to hospitals and kindergartens etc.

The following table sets out the audited net income (both before and after taxation) of Zero Group for the two financial years immediately preceding the date of this announcement:

	<b>For the financial year ended 30 June</b>			
	<b>2012</b>		<b>2013</b>	
	<i>Yen</i>	<i>HK\$ Equivalent</i>	<i>Yen</i>	<i>HK\$ Equivalent</i>
Net income before taxation	2,127 million	164 million	1,507 million	116 million
Net income after taxation	940 million	72 million	716 million	55 million

As at 30 June 2013, Zero Group had an audited total asset value of approximately 31,096 million yen (equivalent to approximately HK\$2,392 million).

The financial information of Zero Group as set out above is derived from Zero Group's financial statements prepared in accordance with the Japanese Generally Accepted Accounting Principles (JGAAP), as extracted from published financial information of Zero disclosed on its website.

## REASONS AND BENEFITS OF THE TENDER OFFER

The Directors considered the Tender Offer to be in line with the Group's business strategy and expansion plans. Zenith Logistics first became a shareholder of Zero in 2004. It was interested in approximately 20.7% of the then issued share capital of Zero. After a series of subsequent acquisitions, Zenith Logistics is now interested in approximately 22.91% of the issued share capital of Zero.

The Company wishes to further increase its shareholding in Zero to a maximum of 51% through acquisition of the Common Shares under the Tender Offer as it wishes to further strengthen its existing co-operation with Zero. In addition, the CBA Agreement has been entered into to establish a closer capital and business alliance in order to expand the automobile-related business in the ASEAN region, details of which are set out in the section headed "CBA Agreement". Upon successful completion of the Tender Offer, the Group and Zero Group will operate their businesses in accordance with the CBA Agreement.

As the Tender Offer limits the maximum number of Common Shares to be offered, the number of Common Shares to be held by the Group after the successful completion of the Tender Offer will not exceed 8,717,400 Common Shares, representing 51% of the issued share capital of Zero. Zero will remain listed on the Second Section of TSE after the successful completion of the Tender Offer. Currently, the Offeror does not intend to acquire additional Common Shares after the successful completion of the Tender Offer and further intends to maintain Zero's listing status at the Second Section of the TSE. Given that the maximum shareholding interests of the Company in Zero after the completion of the Tender Offer would be 51%, it would not trigger a mandatory tender offer obligation on the part of the Company to all shareholders of Zero to purchase their shares, as the voting right threshold triggering a mandatory tender offer to all shareholders of the target company to purchase their shares under the Financial Instruments and Exchange Act is 2/3 or more.

If the total number of Tendering Shares offered and purchased results in the Offeror's shareholding interests in Zero (on its own or when aggregated with Zenith Logistics' interests in Zero) being more than 50%, Zero would become a subsidiary of the Company.

Having considered the above, the Directors (including the independent non-executive Directors) consider that the terms of the Tender Offer are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

#### **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratios calculated under Chapter 14 of the Listing Rules in respect of the Proposed Acquisition exceed 25% but are less than 100%, the Proposed Acquisition will constitute a major transaction of the Company for the purposes of, and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, each of TCC, Promenade and Time Strategy holds 705,819,720 Shares, 302,067,000 Shares and 97,329,000 Shares respectively, representing approximately 35.06%, 15.00% and 4.83% of the total issued share capital of the Company respectively. TCC is held by Mr. Tan as to approximately 22.85% and Mr. Tan Kheng Leong, an executive Director, as to approximately 15.38%. The remaining shareholding is held by certain members of the Tan family who are not directors of the Company. Promenade is held by Mr. Tan as to 60% and Mr. Glenn Tan Chun Hong, an executive Director, as to 20%. Time Strategy is held by Mr. Tan as to 51%.

TCC has been a Shareholder for over 15 years since the Company was listed on the Stock Exchange on 7 July 1998, Promenade has been a Shareholder since June 2012 and Time Strategy has been a Shareholder since May 2000. TCC, Promenade and Time Strategy have been closely allied and coordinated so far as the Tender Offer is concerned and they have shown support to the Tender Offer on the same basis (i.e. they agreed with the Company's strategic business co-operation with Zero by conducting the Tender Offer and the Company's entering into of the CBA Agreement) through the involvement of their senior management which are also members of the Board in considering and approving the Tender Offer. Therefore, TCC, Promenade and Time Strategy could be viewed as a closely allied group of Shareholders for the purpose of approving the Tender Offer.

Mr. Tan is the Chairman and an executive Director of the Company and an outside director of Zero. The Board considered that even if Mr. Tan is considered as having an interest in the Tender Offer, such interest would be immaterial due to the reasons that (a) although Mr. Tan is a common director of both the Company and Zero, under Japanese law, Mr. Tan is considered as an outside director of Zero who is not engaged in the executive affairs of Zero; (b) Mr. Tan receives no remuneration or directors' fee or any kind of payment for being an outside director of Zero; (c) save for his indirect interest in the shares of Zero for being a shareholder of the Company, Mr. Tan does not hold any shares in Zero; (d) Mr. Tan is not a director or a shareholder of any of the shareholders of Zero other than being a director of Zenith Logistics; (e) Mr. Tan is not a party to the Tender Offer or an associate of such a party; (f) the Tender Offer does not confer upon Mr. Tan or his associate(s) a benefit (whether economic and

otherwise) not available to the other Shareholders; and (g) Mr. Tan has abstained from voting at the board meeting of Zero in approving the Tender Offer and the transactions contemplated thereunder.

Since no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Tender Offer and the Company has obtained a written approval of the Tender Offer from each of TCC, Promenade and Time Strategy, which together hold an aggregate of 1,105,215,720 Shares representing approximately 54.89% of the total issued share capital of the Company as at the date of this announcement, the Shareholders' approval requirement under Rule 14.40 of the Listing Rules has therefore been satisfied by means of written Shareholders' approval pursuant to Rule 14.44 of the Listing Rules. Accordingly, a general meeting of the Company will not be held for approving the Tender Offer.

**Shareholders and potential investors should note that the Tender Offer is subject to withdrawal during the Tender Offer Period. There is therefore no assurance that the Tender Offer will be completed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### **DESPATCH OF CIRCULAR**

A circular containing, inter alia, further details of the Tender Offer will be despatched to Shareholders in compliance with the Listing Rules.

In order to allow sufficient time to prepare and finalise certain financial information to be included in the circular, the Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules, which requires the circular to be despatched to the Shareholders within 15 business days after the publication of the announcement. The Board currently expects the Company to be in a position to despatch the circular to its Shareholders on or before 30 June 2014.

### **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

<b>"ASEAN"</b>	the Association of Southeast Asia Nations whose current member states are Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam
<b>"associates"</b>	has the meaning ascribed to it under the Listing Rules
<b>"Board"</b>	the board of Directors
<b>"Business Days"</b>	a day other than a Saturday, Sunday or other day on which commercial banks in Japan are authorized or required to close
<b>"Cabinet Office Order"</b>	Cabinet Office Order Regarding Disclosure of Tender Offers for Share Certificates, etc., by Non-Issuers (Ministry of Finance Order No. 38 of 1990, as amended) of Japan
<b>"CBA Agreement "</b>	the capital and business alliance agreement dated 15 May 2014 and entered into between the Company and Zero

<b>"Common Share(s)"</b>	the common share(s) in the share capital of Zero (not including treasury stock held by Zero)
<b>"Company"</b>	Tan Chong International Limited, a company incorporated in Bermuda with limited liability
<b>"Connected Person(s)"</b>	has the meaning ascribed to it under the Listing Rules
<b>"Consideration"</b>	the consideration of the Tender Offer
<b>"Directors"</b>	the directors of the Company
<b>"Financial Instruments and Exchange Act"</b>	Financial Instruments and Exchange Act (Law No. 25 of 1948, as amended) of Japan
<b>"Group"</b>	the Company and its subsidiaries
<b>"HK\$"</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>"Hong Kong"</b>	the Hong Kong Special Administrative Region of the PRC
<b>"Listing Rules "</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>"Mr. Tan"</b>	Mr. Tan Eng Soon, the Chairman and an executive director of the Company
<b>"Offeror "</b>	Zenith Logistics Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
<b>"Offer Price "</b>	the offer price of 830 yen (equivalent to approximately HK\$64) for each Common Share pursuant to the Tender Offer
<b>"PRC"</b>	the People's Republic of China
<b>"Promenade"</b>	Promenade Group Limited, a company incorporated in British West Indies with limited liability, being a Shareholder
<b>"Proposed Acquisition"</b>	the acquisition of the Common Shares under the Tender Offer by the Offeror
<b>"Shareholder(s)"</b>	shareholder(s) of the Company
<b>"Shares"</b>	the ordinary shares of HK\$0.50 each in the share capital of the Company

<b>"Stock Exchange"</b>	The Stock Exchange of Hong Kong Limited
<b>"TCC"</b>	Tan Chong Consolidated Sdn. Bhd., a company incorporated in Malaysia with limited liability, being a Shareholder
<b>"Tendering Shares"</b>	the Common Shares offered to be sold in response to the Tender Offer by the Tendering Shareholders
<b>"Tender Offer"</b>	the tender offer for the Common Shares to be made by the Offeror to all the shareholders of Zero in accordance with Japanese law
<b>"Tender Offer Notification"</b>	the tender offer notification regarding the Tender Offer expected to be filed by the Offeror with the Director General of Kanto Local Finance Bureau of Japan on 16 May 2014
<b>"Tender Offer Period "</b>	the period during which the Tender Offer will remain open
<b>"Time Strategy"</b>	Time Strategy Group Limited, a company incorporated in the British Virgin Islands with limited liability, being a Shareholder
<b>"TSE"</b>	Tokyo Stock Exchange, Inc.
<b>"yen"</b>	the lawful currency of Japan
<b>"Zenith Logistics"</b>	Zenith Logistics Pte Ltd, a company incorporated in Singapore with limited liability, an indirect wholly-owned subsidiary of the Company
<b>"Zero"</b>	Zero Co., Ltd, a company incorporated in Japan, the Common Shares of which are listed on the Second Section of TSE under the securities code "9028"
<b>"Zero Group"</b>	Zero and its subsidiaries

*For the purpose of illustration only, the amount denominated in yen has been translated into HK\$ at the exchange rate of 13 yen to HK\$1.*

By the order of the Board  
**Tan Chong International Limited**  
**Joseph Ong Yong Loke**  
*Deputy Chairman and Managing Director*

Hong Kong, 15 May 2014

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

*As at the date of this announcement, the executive 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. The independent non-executive Directors are Mr. Lee Han Yang, Mr. Tan Ngiap Joo and Mr. Ng Kim Tuck.*