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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. ("Zero") for the nine-month period ended 31 March 2016 is originally prepared in Japanese. The attached announcement on the next page is a translation of the official announcement solely for the purpose of providing information.

By the order of the Board  
**Tan Chong International Limited**  
**Tan Eng Soon**  
*Chairman*

Hong Kong, 13 May 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 and Mr. Prechaya Ebrahim.*



## 2. Dividends

(Record date)	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
FY2014	-	8.00	-	19.50	27.50
FY2015	-	13.00	-	-	-
Forecast for FY2015	-	-	-	30.40	43.40

(Note) Revision from the latest dividend forecast: N/A

## 3. Consolidated Forecasts for FY2015 (From July 1, 2015 to June 30, 2016)

Percentages shown below for whole FY2015 are the rates of increase or decrease compared with the previous year.

	Sales		Operating income		Ordinary income		Net income attributable to owners of parent company		Earnings per share -basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Whole FY2015	77,800	0.7	4,750	29.7	5,000	32.6	2,900	54.4	174.01

(Note) Revision from the latest dividend forecast: N/A

### \*Remarks

- (1) Changes in important subsidiaries during period (Transfer of particular subsidiary which involves the change of scope of consolidation): N/A
- (2) Application of particular accounting methods for quarterly consolidated financial statements: N/A
- (3) Changes in accounting policies, procedure or notation method for documenting consolidated financial statements
  - ①Changes in accordance with the revision of accounting standards and others: Yes
  - ②Changes other than above: N/A
  - ③Changes in accounting estimates: N/A
  - ④Restatement of corrections: N/A
- (4) Number of issued shares (common shares)
  - ①Number of issued shares (including treasury stock) at the end of each period:
 

As of March 31, 2016: 17,560,242	As of June 30, 2015: 17,560,242
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  - ②Number of treasury stock:
 

As of March 31, 2016: 967,732	As of June 30, 2015: 467,732
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  - ③Average number of issued shares issued during the fiscal year (excluding treasury stock)
 

3Q FY2015: 16,665,237	3Q FY2014: 17,092,518
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#### ※Implementation status review procedure

This financial report is exempt from the review procedure based upon the Financial Instruments and Exchange Act. The financial statements are under the review procedure at the time of disclosure of this report.

#### ※Explanation regarding appropriate use of forecasts

Statements in this report relating to future matters such as earnings forecasts are based on the information presently available. Actual results may differ from those forecasts depending on various factors.

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## 1. Qualitative Information

### (1) Analysis of business performance

While affected by the economic downturn in emerging countries, the nation's economy during the first nine months of fiscal 2015 (referred to as the "current term") continues to improve gradually. On the other hand, against the backdrop of a sluggish growth in individual consumption, consumer confidence continues to remain weakened. With pressure on labor supply and demand, the nation's business environment remains severe.

In the automobile industry, Japanese automakers' new vehicle sales in the domestic market turned out to be 92.7% of that in the corresponding quarter from the previous year (hereinafter referred as "year-on-year") (Japan Automobile Manufacturers Association's statistical data), being affected by the hike in vehicle taxes on mini-cars. On the other hand, with the yen continued to be weak the situation remained favorable to exports to overseas markets, recording a year-on-year increase.

Whereas the used car market as a general had been showing signs of recovery on a year-on-year basis from the term ended September 30, 2015, mini-cars are exhibiting sluggishness in the domestic market and the export of used cars is also weakening.

Under these circumstances, our Group promoted strategic sales activities matching the changes in the market environment in each of its segments, created higher added-value services by strengthening the group synergy of its three businesses, and worked to strengthen cost reduction and other profit administration systems.

Our Group's financial results for the nine-month of fiscal 2015 recorded sales of 59,235 million yen (106.6% year-on-year) and operating income of 4,388 million yen (190.6% year-on-year), thus posting year-on-year increase in sales and operating income. Upon taking non-operating gains and losses into account, ordinary income was 4,647 million yen (191.6% year-on-year), and net income attributable to owners of parent company was 2,904 million yen (207.4% year-on-year).

#### 【No. of Motor Vehicles Related to Domestic Distribution】

Unit : Units

Domestic Sales		July 2014-March 2015	July 2015-March 2016	Year-on-year Change (%)
New Vehicles				
Domestic automakers	*1	3,909,394	3,622,203	92.7%
(Nissan Motor Co. only)	*1	(489,551)	(452,115)	(92.4%)
Foreign automakers	*2	226,568	217,777	96.1%
Used Cars				
Passenger cars	*3	2,799,978	2,831,462	101.1%
Mini-cars	*4	2,336,176	2,295,992	98.3%
Total used cars		5,136,154	5,127,454	99.8%
Deregistered vehicles	*3	199,546	170,181	85.3%

Exports		July 2014-March 2015	July 2015-March 2016	Year-on-year Change (%)
Domestic automakers' new vehicles	*1	3,402,287	3,509,411	103.1%
Used passenger cars	*5	1,134,230	1,082,430	95.4%

\*1: Calculated using the Japan Automobile Manufacturers Association's statistics

\*2: Calculated using the Japan Automobile Importers Association's statistics

\*3: Calculated using the Japan Automobile Dealers Association's statistics

\*4: Calculated using the Japan Light Motor Vehicle and Motorcycle Association's statistics

\*5: Calculated using the number of deregistered used cars for export listed in the Japan Automobile Dealers Association's statistics

① Automobile-related Business

In this business segment, domestic sales of Nissan Motor Company, our major customer, was affected by a downturn in consumer confidence, and posted sales of 452,115 units (92.4% year-on-year) of new vehicles in Japan (Japan Automobile Manufacturers Association's statistical data). Due to the above reasons, sales from Nissan's new cars transportation and maintenance decreased. However, efforts were made to increase used car exports and transportation of non-Nissan new cars, and by the effect from higher added-value transportation-related business and rate revision, the automobile-related business posted an overall increase year on year as a result.

As a result, this segment's sales rose to 45,690 million yen (105.8% year-on-year) and profit was 4,909 million yen (181.3% year-on-year)

② Human Resources Business

Though the economy is on a recovery trend in this segment, the situation of labor supply and demand has been continuously tight. As a result, a shortage of truck drivers in major metropolitan areas became chronic and their labor costs elevated. Under these circumstances, including our corporate clients' severe situation to be very strict in terms of employee dispatch and labor costs, we actively worked on developing new customers through strategic sales activities and enhanced sales operations, and posted sales of 10,070 million yen (110.8% year on year) but due to increase in future looking management costs and recruitment costs, etc., profits in this segment were 347 million yen (91.6% year-on-year).

③ General Cargo Transportation Business

Sales of 3,890 million yen (102.8% year-on-year) was recorded in this business segment, the growth being attributable to steady movement in the port cargo handling and other businesses. As a result of improvements in the business efficiency from the cost aspect, this segment posted profit of 638 million yen (116.3% year-on-year).

Incidentally, concerning unclassifiable group-wide expenses (expenses concerning the company's administrative departments) and the amortization of goodwill, etc., which are not included in the above profit and loss by segment, they are recognized as "Adjustments" items as listed in "Segment Information" in "3. Consolidated Financial Statements" and amounted to 1,507 million yen.

(2) Analysis of the financial condition

(Assets)

Compared to the end of the previous term, current assets increased by 1,602 million yen (9.5%) to 18,492 million yen. This is chiefly due, despite the decrease of cash and deposits by 320 million yen, to the increase of notes and accounts receivable - trade by 1,862 million yen.

Compared to the end of the previous term, fixed assets increased by 144 million yen (0.8%) to 18,400 million yen. This is chiefly due, despite the decrease of goodwill by 260 million yen, to the increase of intangible assets by 103 million yen, buildings and structures by 102 million yen, and investment securities by 90 million yen.

As a result of the foregoing, compared to the end of the previous term, total assets increased by 1,747 million yen (5.0%) to 36,893 million yen.

(Liabilities)

Compared to the end of the previous term, current liabilities increased by 753 million yen (6.8%) to 11,859 million yen. This is chiefly due to the increase of notes and accounts payable by 855 million yen.

Compared to the end of the previous term, long-term liabilities decreased by 846 million yen (11.4%) to 6,587 million yen. This is chiefly due to the decrease of long-term loans payable by 826 million yen.

As a result of the foregoing, compared to the end of the previous term, total liabilities increased by 92 million yen (0.5%) to 18,447 million yen.

(Net Assets)

Compared to the end of the previous term, net assets increased by 1,840 million yen (11.1%) to 18,446 million yen. This is chiefly due, despite the increase of treasury stock by 701 million yen, to the increase of retained earnings by 2,351 million yen.

(3) Forecast for the next consolidated fiscal year

The forecast has not changed from the consolidated forecast published on February 12, 2016.

2. Summary Information (Notes)

(1) Changes in important subsidiaries during period: N/A

(2) Application of particular accounting methods for quarterly consolidated financial statements: N/A

(3) Changes in accounting policies, accounting estimates and restatement of corrections

(Application of the ASBJ Statement)

The Company has applied “Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013) (hereinafter referred to as the “Business Combinations Accounting Standard”), “Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013) hereinafter referred to as the “Consolidation Accounting Standard”), “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) (hereinafter referred to as the “Business Divestitures Accounting Standard”) and other standards from the term ended September 30, 2015. Accordingly, the accounting methods have been changed to record the difference arising from changes in equity in subsidiaries which the Company continues to control as capital surplus, and to record business acquisition costs as expenses for the fiscal year in which incurred. In addition, regarding business combinations occurring on or after the start of the term ended September 30, 2015, the accounting method has been changed to retroactively reflect adjustments to the amount allocated to acquisition costs arising from the finalization of the provisional accounting treatment on the consolidated financial statements of the period in which the business combination occurs. Furthermore, presentation of Net income has been changed. In order to reflect the changes in presentation of financial statements, reclassification was made accordingly in the quarterly consolidated financial statements for the nine months ended March 31, 2015 and the consolidated financial statements for the previous fiscal year.

The Business Combinations Accounting Standard and other standards have been applied from the start of the term ended September 30, 2015 in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combinations Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard. Incidentally, there is no effect on the profits and losses in the quarterly consolidated financial statements for the current term and on the capital surplus at the end of the current accounting period.

(4) Additional Information

(Abolition of Retirement Benefits for Directors)

At the ordinary general meeting of shareholders convened on September 29, 2015, a resolution was passed to make final payment pursuant to abolition of the directorate retirement benefits system. Pursuant to the foregoing, the Company reversed the full amount of “Provision for retirement benefits for directors” and included the outstanding balance under “Others” of Long-term liabilities as long-term accounts payable in order to continue to be prepared to pay retirement benefits for directors.

Incidentally, in some of the consolidated subsidiaries, in order to prepare for payment of retirement benefits to directors, the amounts to be paid based on internal regulations have been recognized under “Provision for retirement benefits for directors”.

(Introduction of a Performance-based Stock Compensation Program)

At the ordinary general meeting of shareholders convened on September 29, 2015, a resolution was passed to newly introduce a new stock compensation program ‘Board Benefit Trust (BBT)’ (hereinafter referred to as the “Program”) for the Company’s directors, auditors and executive officers (excluding those serving concurrently as officers of the Company’s parent company, outside directors and outside auditors) (hereinafter referred to as the “Directors and Others”), with the purpose of increasing the awareness of the Directors and Others of their contribution to improving medium to long-term performance and increasing corporate value.

The Trust is accounted according to “Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts” (Practical Issue Task Force No. 30, March 26, 2015).

(1) Overview of the transaction

This is a performance-based stock compensation program whereby shares of the Company are acquired by the Trust using money contributed as funds by the Company, and distributed by the Trust in accordance with the Rules on Distributions of Board Benefits based on points given to each of the Directors and Others in view of their positions and performance. Incidentally, the shares of the Company shall be distributed to the Directors and Others as a general rule when they leave their positions.

(2) Treasury stock remaining in the Trust

Stock remaining in the Trust is recognized as treasury stock under assets section of the quarterly consolidated balance sheet by book value of the Trust (excluding ancillary expenses). The book value of the relevant treasury shares was 499 million yen at the end of the current term. The number of shares at the end of the term was 357,100 shares at the end of the current term.

(Effect of changes in corporation tax rates, etc.)

The Act on Partial Revision of the Income Tax Act, etc. (Act No. 15 of 2016) and the Act on Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016) were promulgated on March 31, 2016, and corporation tax rates, etc. are to be lowered from the consolidated fiscal periods commencing on and after April 1, 2016. Pursuant to the foregoing, the normal effective statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities would be changed from 32.0% to 30.9%with respect to the temporary difference expected to be eliminated in the consolidated fiscal year commencing on and after July 1, 2016, and from 32.0% to 30.7%with respect to the temporary difference expected to be eliminated in the consolidated fiscal year commencing on and after July 1, 2018. Incidentally, this change has no material effect on quarterly consolidated financial statements.



### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheet

(Unit: million yen)

	As of June 30, 2015	As of March 31, 2016
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,051	5,730
Notes and accounts receivable - trade	8,448	10,310
Merchandise	812	911
Supplies	82	86
Deferred tax assets	262	273
Others	1,320	1,253
Allowance for doubtful accounts	(87)	(74)
<b>Total current assets</b>	<b>16,890</b>	<b>18,492</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	3,288	3,390
Machinery, equipment and vehicles, net	218	271
Tools, furniture and fixtures, net	67	66
Land	7,939	7,881
Lease assets, net	2,059	2,128
Construction in progress	73	32
<b>Total property, plant and equipment</b>	<b>13,647</b>	<b>13,771</b>
<b>Intangible assets</b>		
Goodwill	1,227	966
Others	535	639
<b>Total intangible assets</b>	<b>1,763</b>	<b>1,606</b>
<b>Investments and other assets</b>		
Investment securities	1,468	1,559
Long-term loans receivable	85	93
Deferred tax assets	406	375
Others	1,004	1,074
Allowance for doubtful accounts	(120)	(79)
<b>Total investments and other assets</b>	<b>2,844</b>	<b>3,022</b>
<b>Total fixed assets</b>	<b>18,255</b>	<b>18,400</b>
<b>Total assets</b>	<b>35,145</b>	<b>36,893</b>

	As of June 30, 2015	As of March 31, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	3,212	4,067
Short-term loans payable	880	1,045
Current portion of long-term loans payable	1,335	1,250
Income taxes payable	948	1,071
Accrued consumption taxes	649	482
Allowance for bonuses	435	262
Allowance for sub-lease loss	15	15
Others	3,629	3,664
<b>Total current liabilities</b>	<b>11,106</b>	<b>11,859</b>
Long-term liabilities		
Long-term loans payable	1,823	997
Provision for retirement benefits for directors	496	105
Provision for stock contribution	—	36
Allowance for sub-lease loss	28	17
Provision for retirement benefits	2,155	2,036
Deferred tax liabilities	14	5
Deferred tax liabilities for land revaluation	987	946
Asset retirement obligation	84	84
Others	1,842	2,359
<b>Total long-term liabilities</b>	<b>7,433</b>	<b>6,587</b>
<b>Total liabilities</b>	<b>18,540</b>	<b>18,447</b>
Net assets		
Shareholders' equity		
Capital stock	3,390	3,390
Capital surplus	3,204	3,497
Retained earnings	10,317	12,668
Treasury stock	(152)	(854)
<b>Total shareholders' equity</b>	<b>16,759</b>	<b>18,702</b>
Accumulated other comprehensive income		
Unrealized gains (losses) on securities	54	101
Revaluation reserve for land	(603)	(562)
Foreign currency translation adjustment	147	75
Accumulated retirement benefits adjustment	247	129
<b>Total accumulated other comprehensive income</b>	<b>(154)</b>	<b>(256)</b>
<b>Total net assets</b>	<b>16,605</b>	<b>18,446</b>
<b>Total liabilities and net assets</b>	<b>35,145</b>	<b>36,893</b>

## (2) Consolidated Income Statement and Consolidated Comprehensive Income Statement

(Consolidated Income Statement)  
(First nine months)

(Unit: million yen)

	First nine months of FY14 (from July 1, 2014 to March 31, 2015)	First nine months of FY15 (from July 1, 2015 to March 31, 2016)
Sales	55,589	59,235
Cost of sales	48,078	49,244
Gross profit	7,510	9,990
Selling, general and administrative expenses	5,208	5,602
Operating income	2,302	4,388
Non-operating income		
Interest income	2	2
Dividend income	1	1
Commission fee	45	47
Equity in earnings of affiliates	35	102
Others	95	163
Total non-operating income	180	317
Non-operating expenses		
Interest expenses	53	51
Others	3	6
Total non-operating expenses	57	58
Ordinary income	2,425	4,647
Extraordinary income		
Gain on sale of fixed assets	1	2
Compensation receivable	62	—
Gain on sales of investments in securities	—	17
Total extraordinary income	64	20
Extraordinary loss		
Loss on sales of fixed assets	0	2
Loss on disposal of fixed assets	4	25
Total extraordinary losses	5	28
Net income before tax adjustments	2,485	4,640
Income taxes	1,084	1,735
Income before minority interests	1,400	2,904
Net income attributable to owners of parent company	1,400	2,904

(Consolidated Comprehensive Income Statement)  
(First nine months)

(Unit: million yen)

	First nine months of FY14(from July 1, 2014 to March 31, 2015)	First nine months of FY15 (from July 1, 2015 to March 31, 2016)
Net income	1,400	2,904
Other comprehensive income		
Unrealized gains (losses) on securities	22	46
Accumulated retirement benefits adjustment	(59)	(118)
Equity of equity-method affiliate	64	(71)
Land revaluation difference	101	41
Total other comprehensive income (loss)	129	(101)
Comprehensive income	1,530	2,803
(Breakdown)		
Parent company portion of comprehensive income	1,530	2,803

(3) Notes to Consolidated Financial Statements

(Note for the assumption of going concern)  
None.

(Note concerning major changes in shareholders' equity)  
None.

Segment Information

**1. Sales and profit for each reportable segment for the first nine months of FY2014 (from July 1, 2014 to March 31, 2015)**

(Unit: million yen)

	Automobile transportation-related	Human resources	General cargo transportation	Total	Elimination and corporate (Note 1)	Consolidated (Note 2)
Sales						
(1) Sales of external customers	43,136	8,737	3,714	55,589	—	55,589
(2) Internal sales between business segments or transfer	45	350	70	466	(466)	—
Total	43,182	9,088	3,785	56,055	(466)	55,589
Operating income	2,707	378	549	3,635	(1,333)	2,302

(Notes)

1. Elimination of -1,333 million yen includes corporate expense of -1,079 million yen, goodwill amortization of -256 million yen and elimination among the segments of 2 million yen. The corporate expense is the expense of the administrative departments which do not belong to any reported segment.
2. The segment profit is adjusted according to the operating profit in the quarterly consolidated profit and loss statement.

**2. Sales and profit for each reportable segment for the first nine months of FY2015 (from July 1, 2015 to March 31, 2016)**

(Unit: million yen)

	Automobile transportation-related	Human resources	General cargo transportation	Total	Elimination and corporate (Note 1)	Consolidated (Note 2)
Sales						
(1) Sales for external customers	45,641	9,768	3,824	59,235	—	59,235
(2) Internal sales between business segments or transfer	48	301	65	415	(415)	—
Total	45,690	10,070	3,890	59,651	(415)	59,235
Operating income	4,909	347	638	5,895	(1,507)	4,388

(Notes)

1. Elimination of -1,507 million yen includes corporate expense of -1,246 million yen, goodwill amortization of -260 million yen and elimination among the segments of 0 million yen. The corporate expense is the expense of the administrative departments which do not belong to any reported segment.
2. The segment profit is adjusted according to the operating profit in the quarterly consolidated profit and loss statement.