

Zero Announces Going into Used Car Market in China by Joint Venture Agreement with Tan Chong International Group

August 6, 2010

Company name: ZERO CO., LTD.

Code No: 9028

Tokyo Stock Exchange (Second Section)

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

Representative: CEO & President

Yoshi Iwashita

Contact for Inquiries:

Takeo Kitamura

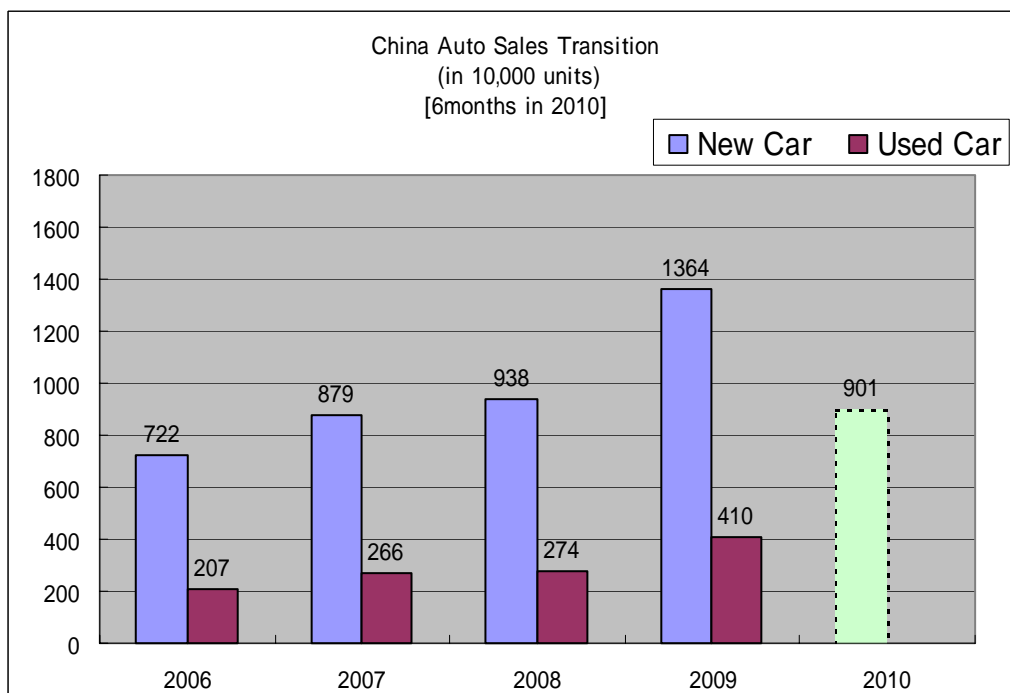
Director, General Manager, Corporate Planning Department

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Tan Chong International Limited (TCIL) and Zero reached an agreement to form Joint Venture in Hong Kong. It has been resolved at the Board of Directors' Meeting held on August 6, 2010 as below.

1. Purpose of Joint Venture

In 2009, China became the world's largest car market with over 13.6 million new car sales. Most of world leading automaker has got into new car market; however, used car market (4.1 million sales records in 2009) has been almost untouched due to laws and regulations. It is no doubt to say that there are tremendous potential business opportunities in used car market in China. Therefore, we concluded to establish the Joint Venture Company in Hong Kong, and to get ready for used car related business in Guangdong province People's Republic of China.



*Source: The China Association of Automobile Manufacturers

2. Outline of Joint Venture

Company name	八菱有限公司 Eight Zero Limited
Address	Unit 3001 Shui On Centre 6-8 Harbour Road, Wanchai, Hong Kong
Capital	HK\$ 10million
Investment ratio	Zero 51%, Advance Pacific Holdings Limited (AP*) 49% * AP is TCIL 's 100% subsidiary and located in Hong Kong.
Directors	Takeo Kitamura
Financial year end	31 st of December
Business description	Trading and distribution of used vehicles, auction, valuation, repair, and maintenance services and other ancillary services relating to vehicles in the PRC

3. History of partnership between TCIL and Zero

Tan Chong International Limited (TCIL) headquartered in Singapore is a major motor distribution, property and trading group in China and Asian countries. Zero and TCIL have a good relationship as strategic partners since before listed. The Chairman of TCIL, Mr. Tan Eng Soon is our external director. TCIL's network and experience of its automotive business in China and Zero's know-how and experience of its used car auction and workshop business in Japan will be optimized and it will bring us big advantage for the business.

The new vehicle transport Joint Venture company formed in August 2004, named ZERO SCM LOGISTICS (BEIJING) CO., LTD. also will bring us more business opportunities.



* JV agreement signing ceremony.

Left: Mr. Yoshi Iwashita (Zero) Right: Mr. Tan Eng Soon (TCIL)

Company name	Tan Chong International Limited 陳唱國際有限公司
Business description	Distribution of Japanese automobile Manufacturing and distribution of Auto parts Developing and leasing property
Revenue (in 2009)	HK\$ 4,914 million
Profit (in 2009)	HK\$ 494 million
Stock Market	Listed on The Stock Exchange of Hong Kong Limited
Subsidiaries	67 (Singapore, China, Hong Kong, etc.)

4 . Future outlook

With the signing of the Joint Venture Agreement, we will dispatch the preparation working team comprising of selected members from TCIL and Zero to China as soon as possible.

The targeted operation is expected to start in January of 2011. More detailed information will be announced as considered appropriate.

Impact on the consolidated financial results for the year ending June, 2011 is expected to be minor.

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