大昌行集團有限公司
DAH CHONG HONG HOLDINGS LIMITED

Vitality and Professionalism

OUR CHINA MOMENTUM

Interim Report 2009

Stock Code : 01828

CONTENTS

FINANCIAL HIGHLIGHTS

HK$ million	Unaudited Six months ended 30 June 2009	2008
Turnover	**9,470**	9,519
Profit from operations	**431**	443
Profit attributable to shareholders	**270**	289
Major business segment profit after taxation		
Motor and Motor Related Business	**250**	255
Food and Consumer Products Business	**56**	42
Logistics Business	**10**	9
Other Business	**27**	35

HK$ million	**Unaudited** **30 June** **2009**	Audited 31 December 2008
Total debt	**2,372**	2,909
Cash and bank deposits	**1,715**	1,643
Net debt	**657**	1,266
Shareholders' funds	**5,104**	4,865
Total capital	**5,761**	6,131
Capital employed	**7,476**	7,774

HK cents	Unaudited Six months ended 30 June 2009	2008
Earnings per share	**15.02**	16.06
Interim dividend per share	**4.51**	6.43

CHAIRMAN'S LETTER TO SHAREHOLDERS

RESULTS

Amid the adverse business climate around the world including in Hong Kong, we are pleased to report that with the concerted efforts of all staff, businesses of the Group in the first half year of 2009 were maintained at the level of the same period last year. In particular, we achieved significant growth in mainland China where it was less affected by the financial tsunami.

The Group recorded a total turnover of HK$9,470 million for the period compared to HK$9,519 million in the same period last year. Profit from operations stood at HK$431 million, compared to HK$443 million last year. Profit attributable to shareholders of the Company dropped by a slight 6.6% to HK$270 million from last year's HK$289 million. Basic earnings per share were 15.02 HK cents versus 16.06 HK cents for the first six months last year.

The Board resolved to declare an interim dividend of 4.51 HK cents per share.

Business Mix

For the first six months of 2009, Motor and Motor Related Business accounted for 68.2% of total turnover of the Group, whereas Food and Consumer Products Business made up 30.3% and the remaining 1.5% was derived from Logistics and Other Business.

Geographically, mainland China accounted for 61.2% of the Group's total turnover, Hong Kong and Macao constituted 30.6% and the remaining 8.2% was from Other Markets.

BUSINESS REVIEW

Motor and Motor Related Business

This business segment recorded a modest growth of 1.2% in turnover to HK$6,462 million, compared to HK$6,387 million for the corresponding period last year. Sales of motor vehicles dropped by 40.3% in Hong Kong and Macao which was more than offset by the 34.2% growth in mainland China benefiting from strong market sentiment and increased contributions from 4S shops added in 2008. Segment results improved slightly by 2.8% to reach HK$336 million with segment margin at 5.2% compared to last year's 5.1%.

Motor Business

Mainland China

The vehicle market in mainland China saw significant growth, spurred by the stimulus package of the Chinese government, which included tax cuts and vehicle replacement subsidies. As a result, mainland China overtook the U.S.A. and became the world's biggest automobile market in the first half of 2009. For the six months ended 30 June 2009, approximately 6.1 million vehicles were sold in mainland China, representing a year-on-year rise of 17.7%. During the same period the total number of passenger vehicles sold rose by 25.6% to 4.5 million units while commercial vehicle sales dipped by 0.5% to 1.6 million units.

We benefited from the healthy automobile market in mainland China and recorded turnover of HK$4,834 million, up by 34.2% against the same period last year and sold a total of 16,337 vehicles in the reporting period, representing year-on-year growth of 41.7%.

The Group sold 13,884 units of passenger vehicles in the first six months, up by 65.1% from a year earlier following the Group's expansion of 4S shops network in 2008. However, the Group only sold a total of 2,453 units of commercial vehicles during the same period, down by 21.5%, mainly because of the reduced sales of imported heavy duty trucks under the weak market sentiment. We have since then started to see demand for commercial vehicles returning.

The Group opened one 4S shop during the first half of 2009. Currently, we operate 41 4S shops and represent 19 automobile brands in mainland China, compared with 33 shops in the same period last year. Thanks to the continuous growth of customer base as our shops are getting more mature, the same store car sales unit and service unit have increased by 7.9% and 16.3% respectively in the first six months this year as compared with last year.

Service excellence is always the strength of the Group. We strive to deliver the best service to our customers and our efforts have been recognised by the principals. Recently, *Mercedes-Benz* rated our 4S shop in Jiangmen (Jiangmen Heli) the best customer service shop in southern China and No. 2 nationally, while *Dongfeng Honda* ranked our shop in Jiangmen (Jiangmen Yicheng) with the highest customer satisfaction in the reporting period. In addition, we also received a commending letter from *FAW Audi* on our high quality services.

Hong Kong and Macao

Affected by the economic downturn, the Hong Kong automobile market contracted by 45.9% compared with the same period last year. European cars gained further share in the market as the Japanese models suffered from the appreciation of Japanese Yen against Euro and the contracted buying power of the middle-income earners.

The Group had 26.8% share of Hong Kong automobile market, down from 30.4% in the first half of 2008. Sales of commercial vehicles were hit even harder by the slow commercial activities in the Pearl River Delta region. Turnover of Motor and Motor Related Business in Hong Kong and Macao was down by 40.3% to HK$1,323 million.

One of the brands that was able to buck the downward trend was *Audi*. Sales volume increased by a significant 11.5% thanks to successful product launches and effective business strategies.

Environment-friendly vehicles, *Honda Stepwgn* and *Nissan Serena* continued to sell well and other new models launched in the first half of 2009 including *Audi A3*, *Nissan Tiida* and *Murano* attracted full attention in the market.

As at 30 June 2009, the Group operated 12 showrooms and represented 10 brands in Hong Kong and Macao.

Other Markets

Taiwan

Aspiring to become a leading motor conglomerate in the Greater China region, we have been active in exploring new business opportunities in the region. We expanded our automobile dealership network to Taiwan by opening an *Audi* showroom in Taipei in April 2009. The move marked an important first step for the Group in expanding presence in the new market.

Singapore and Canada

Both Singapore and Canada were severely affected by the economic downturn. In Singapore, the commercial vehicle market contracted by 28.8% and our market share slipped by 6.5 percentage points when compared with the same period last year.

Motor Related Business

The Group's motor leasing operations in Hong Kong, Beijing and Tianjin reported steady business during the review period. The lubrication oil blending plant project was approved by the relevant authorities in mainland China and the joint venture company between the Group and UMW in Xinhui was established. In Hong Kong, the Group started to deliver diesel particulate filters to bus operators during the reporting period.

Food and Consumer Products Business

The business achieved turnover of HK$2,868 million in the reporting period, down by 4.4% year-on-year as a result of global decline of raw material price and the weak consumption sentiment in the wake of the economic downturn. Segment results decreased to HK$31 million and segment margin dipped from 2.4% to 1.1% due to the unsatisfactory performance of the business in Other Markets.

Mainland China

In spite of the satisfactory sales of fast moving consumer goods ("FMCG") and frozen foods, the turnover from Food and Consumer Products Business in mainland China was down by 16.4% to HK$959 million owing mainly to the sales decline of edible oil business attributable to volatile market price.

Our key FMCG brands, such as *Pocari Sweat*, managed encouraging performances. In addition, our newly taken dairy products, such as *Lurpak* and *Arla*, had also contributed profits to the Group.

The newly acquired companies in Shanghai expanded our distribution network and product range as well as made contribution to the profit of the Group. As for the food commodities, we managed to sell about the same quantity of frozen foods as in the corresponding period last year and were able to improve profit margin by adjusting the product mix.

Hong Kong and Macao

For the first six months of 2009, turnover of Food and Consumer Products Business from Hong Kong and Macao declined by 4.4% to HK$1,466 million.

Our key retail agencies, in particular *Pocari Sweat and Ovaltine*, as well as the new addition *Mr. Brown* achieved strong sales in the first half of 2009 whilst frozen foods recorded a slight drop.

As at 30 June 2009, the Group operated 70 retail outlets, including 58 DCH Food Mart and 12 DCH Food Mart Deluxe. The Group added one DCH Food Mart in the first half of 2009. Due to reduced sales of the high value items in the wake of financial tsunami, same store sales per square foot decreased by 13.8% when compared with the same period last year.

Sales of cosmetics products were maintained whereas sales of electrical appliances slightly dropped as compared with the same period last year. Overall, this business segment continued to bring in satisfactory contribution, mainly attributable to effective marketing campaigns and adjusted product mix to meet market demand. To broaden our distribution channels, we joined hands with CLP to promote electrical appliance products in their shops.

Other Markets

Guangdong Victory Electrical Appliances Manufacturing Co. Ltd., which was acquired by the Group in 2008, recorded a drop in revenue because the demand for small electrical home appliances in Europe was dampened by weak consumption sentiment. In Japan, our performance remained stable with food and textiles as the key sale drivers. However, in Singapore, turnover and margin were both down because of volatile food prices and low market demand.

Logistics Business

Despite weak market demand and a tough operating environment, logistics business reported a 6.5% increase in turnover to HK$98 million compared with HK$92 million in the same period last year. Segment results was HK$12 million as compared to HK$11 million for the corresponding period last year and segment margin was 8.2%, compared to 7.9% in the first half of 2008.

We continued to expand our logistics facilities in Xinhui, which are scheduled for completion in the fourth quarter of 2009. In Hong Kong, our Yuen Long Logistics Centre has started operation in phases since the first quarter of 2009 and is expected to be fully operational by the end of this year.

OUTLOOK

The world economy is showing signs of gradual recovery led by mainland China boasting a 7.9% GDP growth in the second quarter of 2009, but there will still be tough times to get through in the coming months. We shall continue to implement our cost saving plans and shall take a bolder step to execute our strategic plans to expand our business both vertically and horizontally to enhance our profitability and return to our shareholders.

Motor and Motor Related Business

Motor Business

Mainland China

The mainland China automobile market, the largest in the world in the first half of 2009, is expected to continue expanding. In 2009, driven by the Chinese government's stimulus package and a recovering economy, more than 12 million vehicles* are expected to be sold in mainland China. The Group believes that with the increased number of 4S shops and the expanding market size, we shall be able to maintain the growth in the Motor and Motor Related Business.

New 4S shops in Shanghai, Nanjing, Cixi, Nansha, Yulin and Maoming are scheduled to open by the end of 2009 and early next year. We shall strengthen the Group's presence in the motor dealership network by adding 6 to 10 4S shops per year via M&A and greenfield investments.

As for the distributorship, the Group renewed the importer agreement with *Bentley* for five years commencing from June 2009, and is planning to increase the number of *Bentley* dealerships from 8 to 20 in mainland China by 2014 to meet the rising demand for super luxury cars in mainland China.

Note* source: The China Association of Automobile Manufacturers

Hong Kong and Macao

The Group believes the motor business in Hong Kong and Macao will improve in the second half year as signs of recovery have been seen. To meet the growing demand for environment-friendly vehicles, we shall launch new models in second half of 2009, including the *Audi Q7 3.0 TDI* clean diesel quattro, which is the first diesel engine driven passenger car introduced to Hong Kong, for some years since the implementation of stringent vehicle emission regulations.

The Hong Kong SAR Government has recently announced its intention to facilitate aggressively the introduction of electric vehicles to Hong Kong and has signed Memorandum of Understanding with several car manufacturers, including *Nissan*, which we are representing as distributor in Hong Kong. As such, we believe we shall benefit from this development and shall explore further opportunities in this area.

Other Markets

In Singapore, the Group has successfully acquired the distributorship of *Foton*, a well known vehicle manufacturer in China comprising of both passenger cars and commercial vehicles to meet the market demand in the country. We have scheduled to launch the new vehicles in the second half of 2009. Furthermore, the Group is planning to open the second *Audi* 4S shop in Taiwan in the first quarter of 2010.

Motor Related Business

On 2 July 2009, we opened our retail shop and began our motor leasing business in Shanghai. With the forthcoming international events like World Expo in Shanghai, we believe motor leasing business would be flourishing in the city and the Group will capture this opportunity to rapidly establish the business there. With the strong foothold in northern China and the establishment of Shanghai business, we shall further explore the motor leasing business in mainland China which is still in the development stage.

For the lubrication oil blending plant in Xinhui, it is under design stage and site work will commence in the last quarter of 2009. Production is scheduled in the second half of 2010.

Food and Consumer Products Business

The Group is planning to expand the food business both horizontally and vertically. We have been strong in the distribution and marketing of both FMCG and frozen foods and are determined to aggressively expand our distribution network and to acquire more FMCG agencies to boost our sales. At the same time, we shall explore further the upstream business after having gained the experience through the newly acquired food processing company in Hong Kong.

In mainland China, we are planning to establish food processing plants in eastern China. On the midstream business front, we shall seek to expand our FMCG portfolio. For example, we have commenced nationwide distribution of *Fonterra's Anlene* and *Anmum* brand milk powder products in July 2009. The Group has also been granted the national distribution rights of *Brand's* starting in July. At the same time, comprehensive marketing plans to expand the sales of our well known products such as *Ferrero*, *Pocari Sweat*, *Lurpak* and *Arla* would be formulated to capture more market shares.

In Hong Kong, the acquisition of Polyfood in September 2008 has given our food processing business a strong foundation to further develop the upstream business in Hong Kong and mainland China. For the mid-stream, drawing on our additional processing capabilities and the established distribution network, we shall strengthen our efforts to work with catering operators for satisfying their requirements. As regards the retail operations in Hong Kong, we shall continue to expand our Food Mart network in the territory.

Turning to consumer products business, with the rising property market in Hong Kong, we expect the home appliances market will improve and we could benefit from it. In mainland China, the demand for professional audio equipment remains stable and we shall further expand our network to grow the business. For cosmetics business, we believe the demand is still strong and the business will remain stable.

Logistics Business

The Group sees great opportunity in the business and will continue to develop its logistics infrastructure in mainland China to meet the demand in the Pearl River Delta. Capitalising on our regional logistics platform covering Hong Kong, Macau and Xinhui, we shall attract local and overseas customers with our efficient facilities. The new Xinhui import and export bonded warehouse and cold storage facilities are on target for completion in the fourth quarter of this year. The addition of cold storage facilities at Xinhui will significantly enhance the service offer within our total supply chain management solution. We expect that demand for international standard third party logistics facilities and services will resume its strong growth in the resilient Guangdong market once the impact of the financial crisis has subsided.

In Hong Kong the new Yuen Long Logistics Centre will progressively become operational providing the Group and its customers with more multi-temperature warehousing, repacking and processing facilities enhancing the earnings potential for the business.

APPRECIATION

While we continue our hard work in the second half year, I would like to take this opportunity to thank the management team and our staff members for their contributions to the Group in the past six months. My gratitude also goes to our shareholders, business partners and customers for their support.

Hui Ying Bun
Chairman
Hong Kong, 24 August 2009

FINANCIAL REVIEW

INTRODUCTION

The Group's 2009 Interim Report includes a letter from the Chairman to shareholders, the condensed consolidated interim financial statements and other information required by accounting standards, legislation, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This Financial Review is designed to assist the reader in understanding the Group's financial information by discussing the contribution of each business segment and the financial position of the Group as a whole.

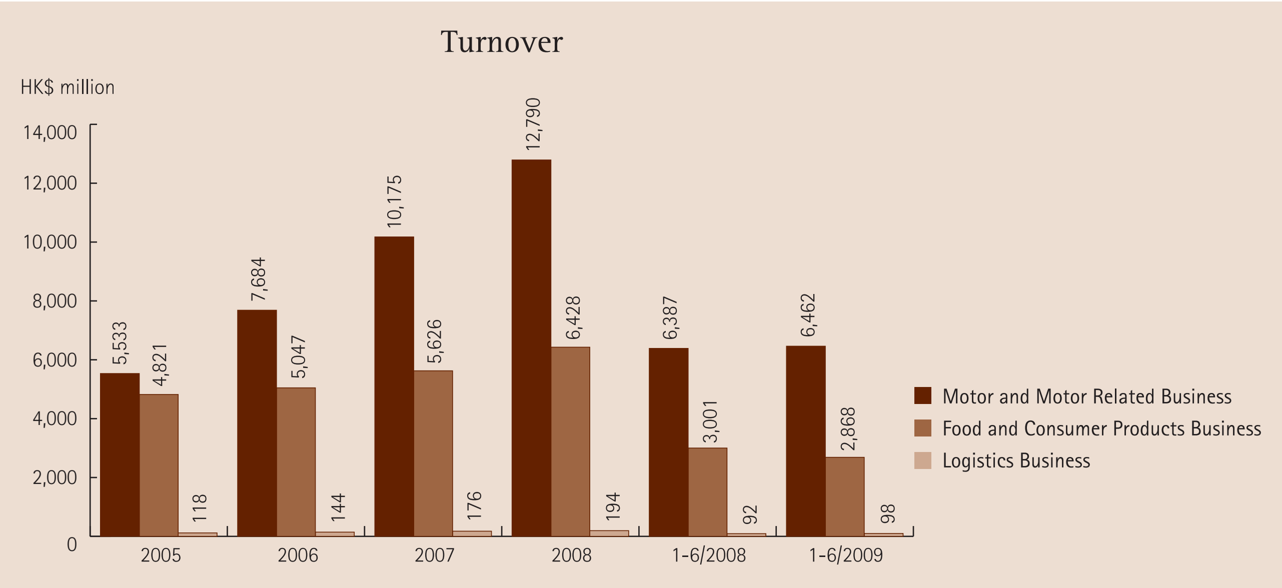
TURNOVER

Turnover for the first six months of 2009 was HK$9,470 million, slightly decreased by 0.5% compared with HK$9,519 million in the same period of 2008, which was mainly attributable to the followings:

- **Motor and Motor Related Business**
  The turnover of Motor and Motor Related Business slightly increased by 1.2% from HK$6,387 million for the first six months of 2008 to HK$6,462 million for the same period of 2009. The increase was mainly attributable to the strong market sentiment in mainland China and increased contributions from 4S shops added in 2008, offset by the drop of motor vehicles sales in Hong Kong which was adversely affected by the economic downturn.

- **Food and Consumer Products Business**
  The turnover of Food and Consumer Products Business decreased by 4.4% from HK$3,001 million for the first six months of 2008 to HK$2,868 million for the same period of 2009. This was mainly due to the global decline of raw material price and the weak consumption sentiment in the wake of economic downturn.

- **Logistics Business**
  The turnover of Logistics Business grew steadily by 6.5% from HK$92 million for the first six months of 2008 to HK$98 million for the same period of 2009, in line with the expansion of logistic facilities in Xinhui and Yuen Long.



BUSINESS SEGMENT PROFIT AFTER TAXATION

The segment profit after taxation by major business segments for the first six months of 2009, compared with the same period of 2008, were as follows:

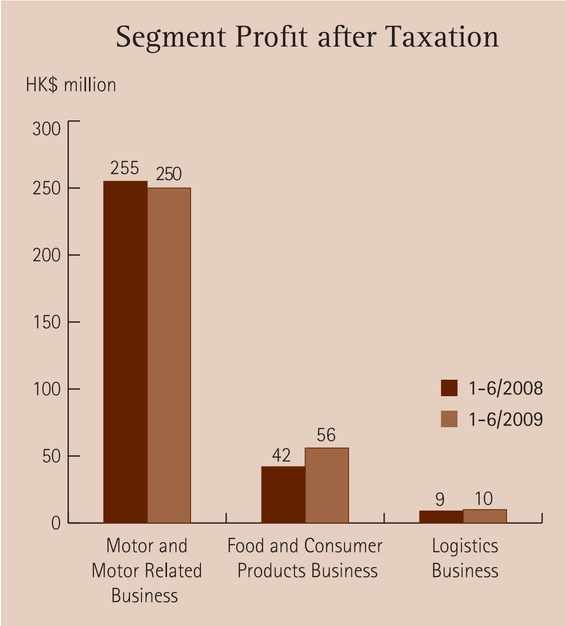
HK$ million	**1-6/2009**	1-6/2008	Change
Motor and Motor Related Business	**250**	255	(5)
Food and Consumer Products Business	**56**	42	14
Logistics Business	**10**	9	1

Note: Business segment profit after taxation represents profit after taxation from each business segment including share of profits less losses of associates and jointly controlled entities. Items not specifically attributable to individual segments, such as corporate expenses are not allocated to the reportable segments.

Comparing the segment profit after taxation for the first six months of 2009 with the same period of 2008:

- ### Motor and Motor Related Business
  Segment profit after taxation decreased slightly by 2.0% to HK$250 million. This is attributable to the significant decrease in sales and segment profit in Hong Kong market which was adversely affected by the economic downturn, largely offset by the encouraging growth in sales and segment profit in mainland China market, spurred by the stimulus package of the Chinese government and increased contribution from 4S shops added in 2008.

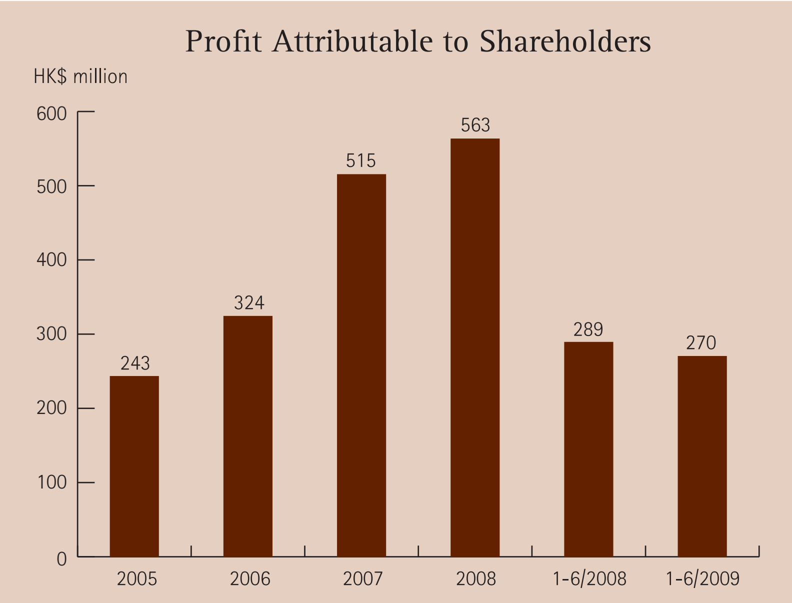
- ### Food and Consumer Products Business
  Despite the drop in turnover, both Hong Kong and mainland China market contributed higher segment profit than last year owing to better gross margin for new FMCG products and effective cost control measures. This was partly offset by the unsatisfactory performance of the business in Other Markets.



- ### Logistics Business
  Segment profit after taxation increased by 11.1% to HK$10 million. The Group continued to invest in infrastructure to support development of the business in both mainland China and Hong Kong. It is expected that the expanded facilities will boost the Group's competitiveness in the market and to improve the profitability of this segment in future.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders of the Company for the first six months of 2009 was HK$270 million, a drop of 6.6% as compared with HK$289 million for the same period of 2008.



EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of the Company and the weighted average of 1,797,833,000 ordinary shares (30 June 2008: 1,799,381,011 ordinary shares; 31 December 2008: 1,798,610,109 ordinary shares; 31 December 2007: 1,657,479,452 ordinary shares; years ended 31 December 2005 and 2006: 1,620,000,000 ordinary shares after adjusting for the capitalisation issue in 2007). Earnings per share was 15.02 HK cents for the first half of 2009, a decrease of 6.5% as compared with 16.06 HK cents for the same period of 2008. The drop in earnings per share was mainly attributable to the decrease in profit.

DIVIDEND PER SHARE

An interim dividend of 4.51 HK cents per share was declared after the balance sheet date for the first half year of 2009.

FINANCE COSTS

The Group's finance costs increased by 18.5% from HK$54 million for the first six months of 2008 to HK$64 million for the same period of 2009 mainly due to additional borrowings to finance business expansion in both mainland China and Hong Kong.

INCOME TAX

Income tax increased by 37.9% from HK$95 million for the first half year of 2008 to HK$131 million for the same period of 2009 mainly due to de-recognition of deferred tax assets of HK$51 million as utilisation of certain prior years' tax losses may not be probable.

SHAREHOLDERS' FUNDS PER SHARE

The calculation of shareholders' funds per share is based on the total equity attributable to shareholders of the Company of HK$5,104 million and the total of 1,798 million shares issued at 30 June 2009. Shareholders' funds per share at 30 June 2009 was HK$2.84 (31 December 2008: HK$2.71 for 1,798 million shares).

CAPITAL EXPENDITURE

During the first half year of 2009, the Group's capital expenditure was HK$193 million and major usages were summarised as follows:

Motor and Motor Related Business:	For developing new city dealerships in mainland China and acquisition of motor vehicles for leasing businesses in Hong Kong
Food and Consumer Products Business:	Fixtures and fittings
Logistics Business:	For construction of logistics centres in mainland China and Hong Kong
Others:	Properties, fixture and fittings

HK$ million	**1-6/2009**	1-6/2008	Change
Motor and Motor Related Business	**117**	119	(2)
Food and Consumer Products Business	**41**	22	19
Logistics Business	**24**	50	(26)
Other Business	**2**	1	1
Corporate Function	**9**	2	7
Total	**193**	194	(1)

USE OF PROCEEDS

The net proceeds of the Global Offering of the Group on 17 October 2007 amounted to approximately HK$1,003 million. Up to the end of June 2009, HK$472 million was used by Motor and Motor Related Business for investment and acquisition of 4S shops in mainland China and acquisition of motor vehicles for leasing businesses in Hong Kong; HK$109 million was used by Food and Consumer Products Business for investment in new businesses and new shops for Foodmart; HK$183 million was used by Logistics Business for development of logistics centres in mainland China and Hong Kong; and HK$40 million was used as funding for general working capital and general corporate uses.

TREASURY POLICY AND RISK MANAGEMENT

General Policies

The Group remains committed to a high degree of financial control, a prudent risk management and the best utilisation of financial resources.

Cash management and financing activities of operating entities in Hong Kong are centralised at head office level to facilitate control and efficiency.

Operating entities outside Hong Kong are responsible for their own cash management and risk management which are closely monitored by the head office. Overseas financing activities are reviewed and approved by the head office before execution.

Foreign Currency Exposure

For bank borrowings, functional currency of each operating entity is generally matched with its liabilities. Given this, management does not expect any significant foreign currency risk for the Group in association with borrowings.

The Group enters into foreign exchange contracts primarily for hedging its sales and purchases that are denominated in currencies other than the functional currency of its operations. As at 30 June 2009, the Group recognised foreign exchange forward contracts with a fair value of HK$33 million asset (31 December 2008: HK$4 million liability).

Interest Rate Exposure

The Group's long-term bank borrowings are on a floating rate basis.

In June and July 2008, the Group had entered into a number of interest rate swaps with a notional contract amount of HK$300 million to reduce the impact of interest rate fluctuation on its unsecured bank borrowings.

Employment of Derivative Products

The Group has made use of derivative products to hedge its interest rate and foreign currency exposures. Derivative products are for hedging purpose only and speculative trading is strictly prohibited. Counterparties' credit risks are also carefully reviewed.

CASH FLOW

Summary of Consolidated Cash Flow Statement

HK$ million	1-6/2009	1-6/2008	Change
Net cash generated from operating activities	**797**	90	707
Net cash used in investing activities	**(24)**	(155)	131
Net cash (used in)/generated from financing activities	**(651)**	28	(679)
Net increase/(decrease) in cash and cash equivalents	**122**	(37)	159

Net Cash Generated from Operating Activities

Net cash generated from operating activities was HK$797 million for the six months ended 30 June 2009 as compared to HK$90 million for the same period of 2008. This was mainly due to decrease in inventories of HK$382 million (1-6/2008: increase in inventories of HK$398 million); and decrease in trade and other receivables of HK$217 million (1-6/2008: increase in trade and other receivables of HK$35 million).

Net Cash Used in Investing Activities

Net cash used in investing activities was HK$24 million for the six months ended 30 June 2009 as compared to HK$155 million for the same period of 2008. This was mainly due to payments for purchase of fixed assets of HK$193 million (1-6/2008: HK$194 million), partly offset by proceeds from disposal of an investment property and other fixed assets of HK$138 million (1-6/2008: HK$14 million).

Net Cash (Used in)/Generated from Financing Activities

Net cash used in financing activities was HK$651 million for the six months ended 30 June 2009 as compared to HK$28 million generated from financing activities for the same period of 2008. The difference was mainly due to net repayment of bank loans and other loans of HK$534 million in the first half of 2009 as compared to net proceeds from new bank loans and other loans of HK$100 million for the same period of 2008.

GROUP DEBT AND LIQUIDITY

The financial position of the Group as at 30 June 2009, as compared to 31 December 2008, is summarised as follows:

HK$ million	30 June 2009	31 December 2008	Change
Total debt	**2,372**	2,909	(537)
Cash and bank deposits	**1,715**	1,643	72
Net debt	**657**	1,266	(609)

The original denomination of the Group's borrowings as well as cash and deposit balances by currency as at 30 June 2009 is summarised as follows:

HK$ million equivalent	HKD	RMB	JPY	USD	CAD	SGD	Others	Total
Total debt	654	1,353	281	18	66	–	–	2,372
Cash and bank deposits	535	848	212	68	5	14	33	1,715
Net debt/(cash)	119	505	69	(50)	61	(14)	(33)	657

Leverage

The Group closely monitors its gearing ratio to optimise its capital structure so as to ensure solvency and the Group's ability to continue as a going concern.

As at 30 June 2009, the Group's gearing ratio was 11.4%, as compared to 20.6% at 31 December 2008.

HK$ million	**30 June 2009**	31 December 2008	Change
Net debt	**657**	1,266	(609)
Shareholders' funds	**5,104**	4,865	239
Total capital	**5,761**	6,131	(370)
Gearing ratio	**11.4%**	20.6%	(9.2%)

Total debt decreased in the first six months of 2009 was mainly due to reduction of RMB debt in mainland China. The effective interest rate of the Group's borrowings as at 30 June 2009 was 4.0% as compared to 5.6% as at 31 December 2008.

Maturity Profile of Outstanding Debt

The Group manages its debt maturity profile actively based on its cash flow and refinancing ability during debt maturity.

	HK$ million	% of total
Maturity within 1 year	1,844	78%
Maturity 1–2 years	528	22%
Total	2,372	100%

Available Sources of Financing

In addition to cash and bank deposits of HK$1,715 million as at 30 June 2009, the Group had undrawn available loan facilities totalling HK$1,782 million, of which HK$342 million was committed term loans and revolving loans and HK$1,440 million was money market lines. It also had available trade facilities amounting to HK$2,928 million. Borrowings by sources of financing as at 30 June 2009 is summarised as follows:

HK$ million	**Total**	**Utilised**	**Available**
Committed Facilities:			
Term Loans and Revolving Loans	1,005	663	342
Uncommitted Facilities:			
Money Market Lines	2,858	1,418	1,440
Trading Facilities	4,563	1,635	2,928

Pledged Assets

As at 30 June 2009, the Group's assets of HK$934 million (31 December 2008: HK$609 million) were pledged in relation to financing of discounted bills in Japan, leasing of vehicles in Canada, issuance of bank acceptance drafts in mainland China, and the mortgage of land and buildings and inventories upon the acquisition of subsidiaries in mainland China.

Loan Covenants

Major financial covenants for the committed banking facilities are as follows:

Shareholders' funds	> or = HK$2,500 million
Net debt	< Shareholders' funds
Current assets	> Current liabilities

As at 30 June 2009, the Group had complied with all of the above covenants.

CAPITAL COMMITMENTS

Capital commitments outstanding at 30 June 2009 not provided for in the financial statements were as follows:

HK$ million	**30 June 2009**	31 December 2008	Change
Contracted for			
– Capital expenditure	**82**	50	32
– Investment in an associate	**41**	51	(10)
– Others	**14**	–	14
	137	101	36
Authorised but not contracted for			
– Capital expenditure	**248**	249	(1)
– Others	**–**	14	(14)
	248	263	(15)

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2009.

HUMAN RESOURCES

As at 30 June 2009, the Group had a total of 11,347 employees, including 1,907 employees of our associates and jointly controlled entities. The Group continued its business expansion in mainland China and hired 7,057 employees there, representing 62% of the Group's total work force. For the rest, 4,050 were based in Hong Kong and 240 in other locations including Taiwan, Singapore, Japan and Canada.

The Group offers competitive remuneration schemes to attract, motivate and retain talent. To reward performance, discretionary bonuses are also granted to employees based on individual and Group performance.

The Group is committed to nurturing a learning culture. Heavy emphasis is placed on training and development; besides offering in-house training programs, sponsoring the participation of external programs are also provided. With the expansion of our business in mainland China, frequent exchange and sharing of experience events are organized between Hong Kong and PRC employees to promote experience sharing and skill transfer between employees in the two territories. These events help to align their goal and to raise the standard of management and professionalism among the employees.

CONSOLIDATED INCOME STATEMENT

HK$ million	Note	Unaudited Six months ended 30 June 2009	 2008
Turnover	3	**9,470**	9,519
Cost of sales		**(8,146)**	(8,176)
Gross profit		**1,324**	1,343
Net valuation (loss)/gain on investment properties		**(24)**	27
Other income		**193**	130
Selling and distribution expenses		**(585)**	(618)
Administrative expenses		**(477)**	(439)
Profit from operations		**431**	443
Finance costs	4	**(64)**	(54)
Share of profits/(losses) of associates		**15**	(29)
Share of profits of jointly controlled entities		**32**	29
Profit before taxation	5	**414**	389
Income tax	6	**(131)**	(95)
Profit for the period		**283**	294
Attributable to:			
Shareholders of the Company		**270**	289
Minority interests		**13**	5
		283	294
Basic and diluted earnings per share (HK cents)	8	**15.02**	16.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK$ million	Unaudited Six months ended 30 June 2009	 2008
Profit for the period	**283**	294
Exchange differences on translation of entities outside Hong Kong:		
– subsidiaries	**(28)**	94
– associates and jointly controlled entities	**–**	12
Revaluation gain recognised upon transfer from property held for own use to investment properties	**49**	–
Other comprehensive income for the period, net of tax	**21**	106
Total comprehensive income for the period	**304**	400
Attributable to:		
Shareholders of the Company	**290**	388
Minority interests	**14**	12
	304	400

CONSOLIDATED BALANCE SHEET

HK$ million	Note	Unaudited 30 June 2009	Audited 31 December 2008
Non-current assets			
Fixed assets			
— Property, plant and equipment	9	**1,635**	1,634
— Investment properties	10	**839**	910
		2,474	2,544
Lease prepayments	11	**313**	270
Intangible assets		**234**	241
Goodwill		**282**	282
Interest in associates		**172**	148
Interest in jointly controlled entities		**262**	234
Other financial assets		**5**	5
Deferred tax assets		**37**	58
		3,779	3,782
Current assets			
Inventories		**2,312**	2,691
Trade and other receivables	12	**2,815**	3,047
Current tax recoverable		**25**	14
Cash and bank deposits	13	**1,715**	1,643
		6,867	7,395
Current liabilities			
Borrowings			
— Secured		**524**	475
— Unsecured		**1,320**	1,914
Trade and other payables	14	**2,555**	2,826
Current tax payable		**92**	82
		4,491	5,297
Net current assets		**2,376**	2,098
Total assets less current liabilities		**6,155**	5,880
Non-current liabilities			
Borrowings			
— Secured		**28**	—
— Unsecured		**500**	520
Deferred tax liabilities		**213**	200
		741	720
Net assets		**5,414**	5,160
Capital and reserves			
Share capital	15	**270**	270
Reserves		**4,834**	4,595
Total equity attributable to shareholders of the Company		**5,104**	4,865
Minority interests		**310**	295
Total equity		**5,414**	5,160

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Unaudited
For the six months ended 30 June 2008
Attributable to shareholders of the Company

HK$ million	Share capital	Share premium	General reserve	Capital reserve	Statutory surplus reserve	Merger reserve	Share option reserve	Exchange fluctuation reserve	Asset revaluation reserve	Retained profits	Total	Minority interests	Total equity
	(Note 15)												
At 1 January 2008	270	976	237	143	20	1	27	257	2	2,349	4,282	109	4,391
Profit for the period	–	–	–	–	–	–	–	–	–	289	289	5	294
Other comprehensive income, net of tax:													
Exchange differences on translation of entities outside Hong Kong:													
– subsidiaries	–	–	–	–	–	–	–	87	–	–	87	7	94
– associates and jointly controlled entities	–	–	–	–	–	–	–	12	–	–	12	–	12
Total comprehensive income for the period ended 30 June 2008	–	–	–	–	–	–	–	99	–	289	388	12	400
Acquisition of interests from minority shareholders	–	–	–	–	–	–	–	–	–	–	–	(2)	(2)
Capital injection by minority shareholders	–	–	–	–	–	–	–	–	–	–	–	14	14
Repurchase of own shares	–	–	–	–	–	–	–	–	–	(2)	(2)	–	(2)
Dividends (Note 7(b))	–	–	–	–	–	–	–	–	–	(38)	(38)	–	(38)
	–	–	–	–	–	–	–	–	–	(40)	(40)	12	(28)
At 30 June 2008	270	976	237	143	20	1	27	356	2	2,598	4,630	133	4,763

	Unaudited For the six months ended 30 June 2009 Attributable to shareholders of the Company												
HK$ million	Share capital (Note 15)	Share premium	General reserve	Capital reserve	Statutory surplus reserve	Merger reserve	Share option reserve	Exchange fluctuation reserve	Asset revaluation reserve	Retained profits	Total	Minority interests	Total equity
At 1 January 2009	270	976	239	143	26	1	26	436	2	2,746	4,865	295	5,160
Profit for the period	–	–	–	–	–	–	–	–	–	270	270	13	283
Other comprehensive income, net of tax:													
Exchange differences on translation of entities outside Hong Kong:													
– subsidiaries	–	–	–	–	–	–	–	(29)	–	–	(29)	1	(28)
Revaluation gain recognised upon transfer from property held for own use to investment properties	–	–	–	–	–	–	–	–	49	–	49	–	49
Total comprehensive income for the period ended 30 June 2009	–	–	–	–	–	–	–	(29)	49	270	290	14	304
Acquisition of interests from minority shareholders	–	–	–	–	–	–	–	–	–	–	–	(1)	(1)
Capital injection by minority shareholders	–	–	–	–	–	–	–	–	–	–	–	2	2
Disposal of subsidiaries	–	–	–	–	–	–	–	2	–	–	2	–	2
Transfer from retained profits	–	–	–	–	1	–	–	–	–	(1)	–	–	–
Dividends (Note 7(b))	–	–	–	–	–	–	–	–	–	(53)	(53)	–	(53)
	–	–	–	–	1	–	–	2	–	(54)	(51)	1	(50)
At 30 June 2009	270	976	239	143	27	1	26	409	51	2,962	5,104	310	5,414

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

		Unaudited Six months ended 30 June	
HK$ million	Note	**2009**	2008
Net cash generated from operating activities		**797**	90
Net cash used in investing activities		**(24)**	(155)
Net cash (used in)/generated from financing activities		**(651)**	28
Net increase/(decrease) in cash and cash equivalents		**122**	(37)
Cash and cash equivalents at 1 January		**1,464**	1,618
Effect of foreign exchange rates changes		**(8)**	31
Cash and cash equivalents at 30 June	13	**1,578**	1,612

1. Basis of preparation

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The accounting policies used in preparation of these condensed consolidated interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2008 except for the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs which are effective for accounting periods beginning on or after 1 January 2009 as set out in note 2 below.

2. Impact of new and revised HKFRSs and HKASs

Adoption of new and revised HKFRSs and HKASs

(a) HKAS 1 (Revised) "Presentation of Financial Statements"

The adoption of HKAS 1 (Revised) changes certain presentation of the financial statements. Under the revised standard, details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in the consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in the consolidated statement of comprehensive income. The new presentation for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this consolidated interim financial statements and the comparative figures have been restated to conform to the new presentation. This change in presentation has no effect on the Group's net assets and profit or loss for any period presented.

(b) HKAS 23 (Revised) "Borrowing Costs"

The adoption of HKAS 23 (Revised) "Borrowing Costs" has resulted in a change in the accounting policy relating to the recognition of borrowing costs. HKAS 23 (Revised) requires an entity to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualified asset as part of the cost of that asset. The option of immediate recognition of such borrowing cost as an expense is removed. The Group has applied this revised standard to borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after the effective date from 1 January 2009.

(c) HKFRS 8 "Operating Segments"

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's senior executive management, and has resulted in additional reportable segments being identified and presented. As this is the first period in which the Group has presented segment information in accordance with HKFRS 8, additional explanation has been included in note 3 which explains the basis of preparation of the information. Comparative figures have been restated to conform to the requirements of HKFRS 8.

2. Impact of new and revised HKFRSs and HKASs (continued)

Adoption of new and revised HKFRSs and HKASs (continued)

(d) The adoption of the following new or amended standards and interpretations does not have a significant impact on the Group's results of operations and financial position:

Amendments to HKAS 27	Consolidated and Separate Financial Statements — Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HK(IFRIC) — Interpretation 13	Customer Loyalty Programmes
Improvements to HKFRSs (2008)	Improvements to HKFRSs (including amendments to HKAS 19, 27, 28, 31, 36, 38, 39 and 40)

Possible impact of amendments, new standards and interpretations issued but not yet effective for the period ended 30 June 2009

The Group has not early adopted the following new or amended standards and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these new or amended standards and interpretations will have no material impact on the financial statements of the Group.

HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
Improvements to HKFRSs (2009)	Improvements to HKFRSs (including amendments to HKFRS 8, HKAS 1, 7, 18, 36 and 38)

3. Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geography. On first-time adoption of HKFRS 8 "Operating segments" and in a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments:

(i) Motor and Motor Related Business (Hong Kong & Macao/Mainland China/Others)

The motor and motor related business mainly consists of the operations of (i) motor vehicle distribution and dealership business, which includes sales of motor vehicles and provision of after-sales services; and (ii) other motor vehicle related business, which includes operation of independent service outlets, original equipment parts trading, used car trading, motor leasing, environmental and engineering businesses, as well as airport and aviation support businesses. The "Others" geographical segment mainly covers business operations in Japan, Singapore and Canada.

(ii) Food and Consumer Products Business (Hong Kong & Macao/Mainland China/Others)

The food and consumer products business primarily consists of the operations of (i) trading and distribution of food commodities, distribution of fast moving consumer goods, and retail of food products under DCH Food Mart/DCH Food Mart Deluxe; (ii) distribution of electrical appliance products; and (iii) trading and distribution of other consumer products. The "Others" geographical segment mainly covers business operations in Japan, Singapore and the European market.

(iii) Logistics Business

The logistics business includes the provision of a wide range of integrated professional logistics and supply chain management solutions and cold chain management services to customers in Hong Kong, Macao and mainland China.

(iv) Other Business

Other business includes the revenues from segments below the quantitative thresholds, which are attributable to four small operating segments. These segments include property business, advertising business, insurance business and other investments. None of these segments has ever exceeded the quantitative thresholds for determining a reportable segment.

Segment assets information is not reported or used by the Group's senior executive management.

The Group's senior executive management monitors the results attributable to each reportable segment on the following basis:

The segment turnover of the Group is based on business lines and geographical location of customers. Income and expenses are allocated to the reportable segments with reference to sales generated by those segments and expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. The inter-segment transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices and in the ordinary course of business.

Performance is measured based on segment profit after taxation and include the Group's share of profits less losses of associates and jointly controlled entities. Items not specifically attributable to individual segments, such as corporate expenses (mainly costs of supporting functions that are centrally provided by head office to all operating segments), are not allocated to the reportable segments.

3. Segment reporting (continued)

An analysis of the Group's reportable segment result for the period by operating segment is as follows:

HK$ million	Motor and Motor Related Business				Food and Consumer Products Business							
Unaudited Six months ended 30 June 2009	**Hong Kong & Macao**	**Mainland China**	**Others**	**Sub-total**	**Hong Kong & Macao**	**Mainland China**	**Others**	**Sub-total**	**Logistics Business**	**Other Business**	**Inter-segment elimination**	**Total**
Revenue from external customers	1,323	4,834	305	6,462	1,466	959	443	2,868	98	42	–	9,470
Inter-segment turnover	3	–	–	3	–	–	–	–	49	14	(66)	–
Segment turnover	1,326	4,834	305	6,465	1,466	959	443	2,868	147	56	(66)	9,470
Segment result from operations	107	223	6	336	51	13	(33)	31	12	26		405
Share of profits/(losses) of associates	–	(1)	–	(1)	–	16	–	16	–	–		15
Share of profits of jointly controlled entities	1	2	–	3	27	–	–	27	–	2		32
Segment profit/(loss) before taxation	108	224	6	338	78	29	(33)	74	12	28		452
Segment income tax	(14)	(75)	1	(88)	(9)	(6)	(3)	(18)	(2)	(1)		(109)
Segment profit/(loss) after taxation	94	149	7	250	69	23	(36)	56	10	27		343
Reconciliation of reportable segment profit/(loss), net of tax:												
Net valuation loss on investment properties												(11)
Net gain on disposal of an investment property												35
De-recognition of deferred tax assets (note 6(iii))												(51)
Net loss on disposal of subsidiaries												(1)
Amortisation of fair value adjustment on tangible and intangible assets arising from business combinations												(12)
Unrealised exchange gain arising from forward contracts												37
Unallocated corporate expenses												(57)
Profit for the period												283

3. Segment reporting (continued)

An analysis of the Group's reportable segment result for the period by operating segment is as follows: (continued)

HK$ million	Motor and Motor Related Business				Food and Consumer Products Business							
Unaudited Six months ended 30 June 2008	Hong Kong & Macao	Mainland China	Others	Sub-total	Hong Kong & Macao	Mainland China	Others	Sub-total	Logistics Business	Other Business	Inter-segment elimination	Total
Revenue from external customers	2,216	3,601	570	6,387	1,534	1,147	320	3,001	92	39	–	9,519
Inter-segment turnover	2	–	–	2	–	–	–	–	47	22	(71)	–
Segment turnover	2,218	3,601	570	6,389	1,534	1,147	320	3,001	139	61	(71)	9,519
Segment result from operations	170	142	15	327	36	21	14	71	11	28		437
Share of profits/(losses) of associates	1	–	–	1	–	(30)	–	(30)	–	–		(29)
Share of profits/(losses) of jointly controlled entities	1	2	–	3	25	(1)	–	24	–	2		29
Segment profit/(loss) before taxation	172	144	15	331	61	(10)	14	65	11	30		437
Segment income tax	(29)	(45)	(2)	(76)	(6)	(10)	(7)	(23)	(2)	5		(96)
Segment profit/(loss) after taxation	143	99	13	255	55	(20)	7	42	9	35		341
Reconciliation of reportable segment profit/(loss), net of tax:												
Net valuation gain on investment properties												23
Amortisation of fair value adjustment on tangible and intangible assets arising from business combinations												(3)
Unrealised exchange loss arising from forward contracts												(6)
Unallocated corporate expenses												(61)
Profit for the period												294

4. Finance costs

HK$ million	Unaudited Six months ended 30 June 2009	2008
Interest on bank loans and other borrowings wholly repayable within five years	**64**	54

5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

HK$ million	Unaudited Six months ended 30 June 2009	2008
Amortisation:		
– lease prepayments	**3**	2
– intangible assets	**7**	3
Depreciation	**117**	73
Net (reversal)/write down of inventories	**(22)**	2
Impairment losses provided		
– property, plant and equipment	**2**	4
– trade and other receivables	**32**	5
Net gain on disposal of property, plant and equipment	**(2)**	(1)
Net gain on disposal of an investment property	**(23)**	–
Net gain on disposal of unlisted available-for-sale equity securities	**–**	(1)
Net loss on disposal of subsidiaries	**1**	–
Interest income	**(5)**	(13)

6. Income tax

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) on the estimated assessable profit for the period. Overseas taxation is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates. Tax provisions are reviewed regularly to take into account changes in legislation, practice and status of negotiations.

Income tax charge represents:

	Unaudited Six months ended 30 June	
HK$ million	**2009**	2008
Current income tax – Hong Kong Profits Tax		
– Provision for the period	**27**	31
– Under-provision in previous years	**3**	1
	30	32
Current income tax – Outside Hong Kong		
– Provision for the period	**68**	75
– Under-provision in previous years	**3**	5
	71	80
Deferred tax		
– Origination and reversal of temporary differences	**(22)**	(15)
– De-recognition of deferred tax assets (note 6(iii))	**51**	–
– Effect of change in tax rate	**–**	(2)
	29	(17)
Withholding tax	**1**	–
Total	**131**	95

(i) Share of associates' income tax for the six months ended 30 June 2009 of HK$2 million (2008: Nil) is included in the share of profits/(losses) of associates.

(ii) Share of jointly controlled entities' income tax for the six months ended 30 June 2009 of HK$7 million (2008: HK$6 million) is included in the share of profits of jointly controlled entities.

(iii) The Group had deferred tax assets of HK$51 million arising from prior years' tax losses yet to be agreed by the relevant tax authorities. Based on the latest available information, the directors are of the opinion that the utilisation of these tax losses may not be probable. Accordingly, such deferred tax assets were derecognised during the six months ended 30 June 2009.

7. Dividends

(a) Dividends attributable to the period are as follows:

	Unaudited Six months ended 30 June	
HK$ million	**2009**	2008
Interim dividend declared after the balance sheet date of 4.51 HK cents per share (2008: 6.43 HK cents per share)	**81**	116

The above interim dividend declared after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous year, approved and paid during the period are as follows:

	Unaudited Six months ended 30 June	
HK$ million	**2009**	2008
2008 final dividend approved and paid of 2.95 HK cents per share (2007: 2.13 HK cents per share)	**53**	38

8. Basic and diluted earnings per share

(a) Basic earnings per share

(i) The calculation of basic earnings per share for the six months ended 30 June 2009 is based on the profit attributable to shareholders of the Company of HK$270 million (2008: HK$289 million) and the weighted average of 1,797,833,000 ordinary shares (2008: 1,799,381,011 ordinary shares) in issue during the period calculated as set out in note 8(a)(ii).

(ii) Weighted average number of ordinary shares

	Unaudited Number of ordinary shares	
	2009	2008
Issued ordinary shares at 1 January	**1,797,833,000**	1,800,000,000
Effect of shares repurchased	**–**	(618,989)
Weighted average number of ordinary shares at 30 June	**1,797,833,000**	1,799,381,011

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2008 and 2009 are not presented as the potential ordinary shares are anti-dilutive.

9. Property, plant and equipment

HK$ million	**Unaudited 30 June 2009**	Audited 31 December 2008
Opening net book value	**1,634**	810
Exchange adjustments	**2**	14
Additions	**147**	464
Acquisition of subsidiaries	**–**	567
Fair value adjustment upon transfer to investment properties	**59**	–
Transfer to investment properties	**(60)**	–
Disposals	**(28)**	(40)
Disposal of subsidiaries	**–**	(1)
Depreciation	**(117)**	(178)
Impairment loss	**(2)**	(2)
Closing net book value	**1,635**	1,634

10. Investment properties

HK$ million	**Unaudited 30 June 2009**	Audited 31 December 2008
Opening net book value	**910**	786
Exchange adjustments	**(22)**	88
Additions	**1**	2
Acquisition of subsidiaries	**–**	37
Transfer from property, plant and equipment	**60**	–
Disposals	**(86)**	–
Fair value adjustment	**(24)**	(3)
Closing net book value	**839**	910

11. Lease prepayments

HK$ million	**Unaudited 30 June 2009**	Audited 31 December 2008
Opening net book value	**270**	160
Exchange adjustments	**1**	9
Additions	**45**	14
Acquisition of subsidiaries	**–**	93
Amortisation	**(3)**	(6)
Closing net book value	**313**	270

12. Trade and other receivables

HK$ million	**Unaudited 30 June 2009**	Audited 31 December 2008
Trade debtors and bills receivable	**1,461**	1,509
Less: impairment loss for doubtful debts	**(62)**	(45)
	1,399	1,464
Other receivables, deposits and prepayments	**1,181**	1,373
Amounts due from fellow subsidiaries	**—**	1
Amounts due from associates	**58**	27
Amounts due from jointly controlled entities	**144**	181
Derivative financial instruments	**33**	1
Total	**2,815**	3,047

At the balance sheet date, the ageing analysis of trade debtors and bills receivable based on the invoice date (net of impairment loss for doubtful debts) is as follows:

HK$ million	**Unaudited 30 June 2009**	Audited 31 December 2008
Within 3 months	**1,325**	1,323
More than 3 months but within 1 year	**58**	106
Over 1 year	**16**	35
Total	**1,399**	1,464

The Group grants credit to its customers of the major business segments as below:

Business segments	**Credit terms in general**
Motor and Motor Related Business	Cash on delivery to 90 days
Food and Consumer Products Business	15 to 90 days
Logistics Business	30 to 60 days

13. Cash and cash equivalents

HK$ million	Unaudited 30 June 2009	Audited 31 December 2008
Cash and bank deposits	**1,715**	1,643
Less:		
Bank deposits with maturity over three months from date of deposit	**(1)**	–
Pledged deposits	**(135)**	(173)
Bank overdrafts	**(1)**	(6)
Cash and cash equivalents	**1,578**	1,464

14. Trade and other payables

HK$ million	Unaudited 30 June 2009	Audited 31 December 2008
Trade creditors and bills payable	**1,060**	1,254
Other payables and accrued charges	**1,285**	1,321
Provision for warranties	**118**	125
Amount due to immediate holding company	**–**	7
Amounts due to associates	**–**	8
Amounts due to jointly controlled entities	**8**	23
Amounts due to minority shareholders	**84**	83
Derivative financial instruments	**–**	5
Total	**2,555**	2,826

At the balance sheet date, the ageing analysis of trade creditors and bills payable based on due date is as follows:

HK$ million	Unaudited 30 June 2009	Audited 31 December 2008
Current or within 1 month	**872**	1,048
More than 1 month but within 3 months	**138**	170
More than 3 months but within 6 months	**22**	18
Over 6 months	**28**	18
Total	**1,060**	1,254

15. Share capital

Authorised and issued share capital

	Unaudited 30 June 2009		Audited 31 December 2008	
	Number of shares (in million)	HK$ million	Number of shares (in million)	HK$ million
Authorised:				
Ordinary shares of HK$0.15 each	**4,000**	**600**	4,000	600
Ordinary shares, issued and fully paid:				
At 1 January	**1,798**	**270**	1,800	270
Repurchase of own shares (Note)	**–**	**–**	(2)	–
At 30 June/31 December	**1,798**	**270**	1,798	270

Note: During the year ended 31 December 2008, the Company repurchased a total of 2,167,000 of its own shares on the Stock Exchange, all of which have been cancelled.

16. Capital commitments

Capital commitments outstanding at the balance sheet date not provided for in the financial statements were as follows:

HK$ million	Unaudited 30 June 2009	Audited 31 December 2008
Contracted for		
– Capital expenditure	**82**	50
– Investment in an associate	**41**	51
– Others	**14**	–
Total	**137**	101
Authorised but not contracted for		
– Capital expenditure	**248**	249
– Others	**–**	14
Total	**248**	263

17. Material related party transactions

During the period, the Group had the following material related party transactions:

HK$ million	Note	Unaudited Six months ended 30 June 2009	2008
(a) Recurring transactions			
Transactions with associates			
Sales	(i)	**5**	82
Purchases	(i)	**7**	24
Transactions with jointly controlled entities			
Sales	(i)	**13**	16
Transactions with fellow subsidiaries			
Rental expenses	(i)	**46**	46
Transactions with affiliates	(ii)		
Service income	(i)	**26**	32
Sales	(i)	**8**	5

(b) Transactions with state-owned enterprises

On 24 December 2008, CITIC Group, a state-owned enterprise incorporated in the People's Republic of China, became the ultimate holding company of the Group. Other than those transactions as disclosed above, the Group has certain transactions with other state-owned enterprises include but are not limited to sales and purchases of goods and services, use of utilities, depositing and borrowing money.

The sales and purchases transactions are conducted in the ordinary course of the Group's businesses on terms comparable to those with other entities that are not state controlled. The terms and conditions of deposits and loans were set out in the respective agreements or as mutually agreed with the concerned financial institutions at commercial terms similar to those with independent third parties.

Having considered the potential transactions to be impacted by related party relationships, the entity's pricing strategy, purchasing and approval processes, and relevant information that would be necessary for an understanding of the potential effect of the relationship on the financial statements, there are no transactions with other state-owned enterprises that require disclosure as related party transactions.

Notes:

(i) The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business.

(ii) Affiliates represent associates and jointly controlled entities of the immediate, intermediate and ultimate holding company.

18. Ultimate holding company

At 30 June 2009, the directors consider the ultimate holding company of the Group to be CITIC Group, a state-owned enterprise incorporated in the People's Republic of China.

19. Comparative figures

As a result of the adoption of HKAS 1 (Revised) "Presentation of financial statements" and HKFRS 8 "Operating segments", certain comparative figures have been adjusted to conform to the current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these changes are disclosed in note 2. In addition, certain comparative figures have been reclassified to conform to the current period's presentation.

REVIEW REPORT TO THE BOARD OF DIRECTORS OF DAH CHONG HONG HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 19 to 37 which comprises the consolidated balance sheet of Dah Chong Hong Holdings Limited as of 30 June 2009 and the related consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months period then ended and the explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2009 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

24 August 2009

DIVIDEND AND CLOSURE OF REGISTER

The Directors have declared an interim dividend of 4.51 HK cents per share for the year ending 31 December 2009 payable on Wednesday, 23 September 2009 to shareholders whose names appear on the Register of Members of the Company on Thursday, 17 September 2009. The Register of Members of the Company will be closed from Friday, 11 September 2009 to Thursday, 17 September 2009, both days inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 10 September 2009.

SHARE OPTION PLANS

1. PRE-IPO SHARE OPTION SCHEME

The Company adopted the Pre-IPO Share Option Scheme ("Pre-IPO Scheme") on 28 September 2007. Under the Pre-IPO Scheme, the Company has granted 18,000,000 options before the listing of the Company. No further options can be, or have been, offered or granted under the Pre-IPO Scheme as from 17 October 2007, the date of the commencement of dealings in the Company's shares on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

All options granted and accepted fully vested on the date of grant but have a lock-up period of 6 months from the listing of the Company and are then exercisable in whole or in part within 5 years from the date of grant. None of the options granted under the Pre-IPO Scheme were exercised, cancelled or lapsed during the six months ended 30 June 2009. A summary of the movements of the options during the six months ended 30 June 2009 is as follows:

(a) Directors of the Company

Name of director	Date of grant	Exercise period	Exercise price per share HK$	Number of options: Balance as at 1.1.09	Granted during the 6 months ended 30.6.09	Lapsed/ Cancelled/ Exercised during the 6 months ended 30.6.09	Balance as at 30.6.09	Percentage to the issued share capital
Hui Ying Bun	3.10.07	17.4.08 – 2.10.12	5.88	1,700,000	–	–	1,700,000	0.095%
Chu Hon Fai	3.10.07	17.4.08 – 2.10.12	5.88	1,200,000	–	–	1,200,000	0.067%
Yip Moon Tong	3.10.07	17.4.08 – 2.10.12	5.88	1,000,000	–	–	1,000,000	0.056%
Mak Kwing Tim	3.10.07	17.4.08 – 2.10.12	5.88	800,000	–	–	800,000	0.044%
Lau Sei Keung	3.10.07	17.4.08 – 2.10.12	5.88	800,000	–	–	800,000	0.044%
Tsoi Tai Kwan, Arthur	3.10.07	17.4.08 – 2.10.12	5.88	800,000	–	–	800,000	0.044%
Glenn Robert Sturrock Smith	3.10.07	17.4.08 – 2.10.12	5.88	500,000	–	–	500,000	0.028%

(b) Employees of the Company working under continuous contracts (as defined in the Employment Ordinance), other than the Directors

Date of grant	Exercise period	Exercise price per share HK$	Number of options: Balance as at 1.1.09	Granted during the 6 months ended 30.6.09	Lapsed/ Cancelled/ Exercised during the 6 months ended 30.6.09	Balance as at 30.6.09	Percentage to the issued share capital
3.10.07	17.4.08 – 2.10.12	5.88	10,600,000	–	–	10,600,000	0.590%

2. POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme ("Post-IPO Scheme") on 28 September 2007. The Company has not granted any options under the Post-IPO Scheme.

DIRECTORS' INTERESTS IN SECURITIES

The interests of the Directors in shares of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as at 30 June 2009 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. SHARES IN THE COMPANY

Name of director	Number of shares Personal interests unless otherwise stated	Percentage to the issued share capital
Hui Ying Bun	716,000	0.040%
Chu Hon Fai	250,000	0.014%
Yip Moon Tong	300,000 (Note 1)	0.017%
Mak Kwing Tim	200,000	0.011%
Lau Sei Keung	500,000	0.028%
Tsoi Tai Kwan, Arthur	121,000 (Note 2)	0.007%
Glenn Robert Sturrock Smith	50,000	0.003%

Notes:

1. Jointly held with his spouse.

2. Interest by attribution in respect of 1,000 shares and personal interest in respect of 120,000 shares.

2. SHARES IN AN ASSOCIATED CORPORATION, CITIC PACIFIC LIMITED

Name of director	Number of shares Personal interests	Percentage to the issued share capital
Hui Ying Bun	337,000	0.00924%
Chu Hon Fai	193,000	0.00529%
Mak Kwing Tim	5,000	0.00014%
Lau Sei Keung	1,000	0.00003%
Tsoi Tai Kwan, Arthur	18,000	0.00049%
Chan Chui Sheung, Stella	5,000	0.00014%

3. SHARES IN AN ASSOCIATED CORPORATION, CHINA CITIC BANK CORPORATION LIMITED

Name of director	Number of shares Personal interests	Percentage to the issued share capital
Cheung Kin Piu, Valiant	912,000	0.007%

4. OPTIONS IN THE COMPANY

The interests of the Directors in the options (being regarded as unlisted physically settled equity derivatives) of the Company are stated in detail in the preceding section of Share Option Plans.

5. OPTIONS IN AN ASSOCIATED CORPORATION, CITIC PACIFIC LIMITED

				Number of options				
Name of director	Date of grant	Exercise period	Exercise price per share HK$	Balance as at 1.1.09	Granted during the 6 months ended 30.6.09	Lapsed/ Cancelled/ Exercised during the 6 months ended 30.6.09	Balance as at 30.6.09	Percentage to the issued share capital
Hui Ying Bun	1.11.04	1.11.04 – 31.10.09	19.90	300,000	–	–	300,000	
	20.6.06	20.6.06 – 19.6.11	22.10	300,000	–	–	300,000	
							600,000	0.016%
Chu Hon Fai	1.11.04	1.11.04 – 31.10.09	19.90	200,000	–	–	200,000	
	20.6.06	20.6.06 – 19.6.11	22.10	200,000	–	–	200,000	
							400,000	0.011%
Chan Chui Sheung, Stella	16.10.07	16.10.07 – 15.10.12	47.32	600,000	–	–	600,000	0.016%
Kwok Man Leung	16.10.07	16.10.07 – 15.10.12	47.32	600,000	–	–	600,000	0.016%

Note: The options were granted by CITIC Pacific Limited, a holding company of the Company.

Save as disclosed above, as at 30 June 2009, none of the Directors of the Company had nor were they taken to or deemed to have, under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations or any interests which are required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") contained in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, the interests of the substantial shareholders in the shares of the Company as recorded in the register of interests in shares and short positions required to be kept under section 336 of the SFO were as follows:

Name	Number of shares of the Company	Percentage to the issued share capital
CITIC Group	1,054,800,000	58.67%
CITIC Pacific Limited	1,018,800,000	56.67%
Davenmore Limited	1,018,800,000	56.67%
Colton Pacific Limited	800,922,200	44.55%
Chadacre Developments Limited	245,102,000	13.63%
Ascari Holdings Ltd.	217,877,800	12.12%
Cornaldi Enterprises Limited	95,317,400	5.30%

Ascari Holdings Ltd. was deemed to be interested in 217,877,800 shares through Silver Ray Enterprises Inc. as to 55,877,800 shares, Grogan Inc. as to 81,000,000 shares, Greenlane International Holdings Inc. as to 81,000,000 shares.

Colton Pacific Limited beneficially held 378,802,200 shares and was deemed to be interested in 422,120,000 additional shares held by Chadacre Developments Limited as to 245,102,000 shares, Cornaldi Enterprises Limited as to 95,317,400 shares, Corton Enterprises Limited as to 54,467,000 shares, Dashing Investments Limited as to 13,616,800 shares and Karaganda Limited as to 13,616,800 shares.

Davenmore Limited was deemed to be interested in 1,018,800,000 shares as Colton Pacific Limited and Ascari Holdings Ltd. were its wholly-owned subsidiary companies.

CITIC Pacific Limited was deemed to be interested in 1,018,800,000 shares as Davenmore Limited was its wholly-owned subsidiary company.

CITIC Group was deemed to be interested in 1,054,800,000 shares through its non-wholly owned subsidiary CITIC Pacific Limited as to 1,018,800,000 shares and its wholly-owned subsidiary Hainsworth Limited as to 36,000,000 shares.

SHARE BUYBACK

The Company has not redeemed any of its shares during the six months ended 30 June 2009.

Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the six months ended 30 June 2009.

CORPORATE GOVERNANCE

The Company is committed to ensuring high standards of corporate governance and first class business practices. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Details of our corporate governance practices can be found on page 38 of the 2008 Annual Report and the Company's website www.dch.com.hk.

Throughout the six months ended 30 June 2009, the Company has complied with all code provisions of the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules.

The Audit Committee of the Board, consisting of all the three independent non-executive directors, has reviewed the 2009 Interim Report with the management and the Company's internal and external auditors and recommended its adoption by the Board.

The interim financial statements, which have been prepared in accordance with HKAS 34 "Interim Financial Reporting", have been reviewed by the Company's independent auditors, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The Company has adopted the Model Code. Having made specific enquiry, all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2009.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules:

1. Mr Kwok Man Leung, a non-executive director of the Company, has been appointed as a member of the Remuneration Committee of the Company with effect from 21 May 2009.

2. Mr. Kwok Man Leung was formerly a director of Adaltis Inc. (a company listed on the Toronto Stock Exchange) until his resignation on 31 December 2008. Adaltis Inc. made a voluntary assignment in bankruptcy under the Bankruptcy and Insolvency Act (Canada) on 4 August 2009.

DEFINITION OF TERMS

TERMS

Capital employed	Shareholders' funds plus total debt
Total debt	Short term and long term loans, plus bank overdrafts
Net debt	Total debt less cash and bank deposits
Total capital	Shareholders' funds plus net debt

RATIOS

Earnings per share $= \dfrac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares (by days) in issue for the period}}$

Shareholders' funds per share $= \dfrac{\text{Shareholders' funds}}{\text{Total issued and fully paid shares at the end of the period}}$

Gearing ratio $= \dfrac{\text{Net debt}}{\text{Total capital}}$

CORPORATE INFORMATION

Headquarters and Registered Office
8th Floor, DCH Building,
20 Kai Cheung Road,
Kowloon Bay, Hong Kong
Telephone: 2768 3388
Fax: 2796 8838

Website
www.dch.com.hk contains a description of the Company's business, copies of interim and annual reports to shareholders, announcements, press releases and other information

Stock Codes
The Stock Exchange of Hong Kong Limited: 01828
Bloomberg: 1828:HK
Reuters: 1828.HK

Share Registrars
Shareholders should contact our Registrars on matters such as transfer of shares, change of name or address, or loss of share certificates:
Tricor Investor Services Limited
26th Floor, Tesbury Centre,
28 Queen's Road East, Wanchai,
Hong Kong
Telephone: 2980 1333
Fax: 2810 8185

Investor Relations
Investors, shareholders and research analysts may contact the Investor Relations Department
Telephone: 2768 3110
Fax: 2758 1117
Email: ir@ir.dch.com.hk

Financial Calendar

Closure of Register:	11 September 2009 to 17 September 2009
Interim Dividend payable:	23 September 2009

Interim Report 2009
Our Interim Report is printed in English and Chinese language and is also available on our website at www.dch.com.hk under the 'Investor Relations' section.

Shareholders may choose to rely on the Interim Report posted on the Company's website. Shareholders may change their choice on this matter by writing to the Company's Share Registrars.

Shareholders having difficulty in gaining access to the document will promptly be sent printed copies free of charge upon request to the Company's Share Registrars.

Non-shareholders are requested to write to the Corporate Communications Department, Dah Chong Hong Holdings Limited, 8th Floor, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong, or by fax: 2562 6751 or by email: contact@dch.com.hk.

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大 昌 行 集 團 有 限 公 司
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