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

Vitality ▪ Professionalism
·Our China Momentum

Interim Report **2011**

Stock Code: 01828

Dah Chong Hong Holdings Limited ("DCH" or "the Group") is a business conglomerate with key interest in the consumer market and has gained strong foothold in the Greater China, Singapore, Japan and Canada. It has a diversified business portfolio with three core businesses: Motor and Motor Related Business, Food and Consumer Products Business, and Logistics Business. In recent years, mainland China has been and will continue to be the focus of growth for the Group. We will capitalise on our solid foundations and extensive distribution network to continue to expand our business, generating remarkable contributions to the Group as well as our shareholders.

Contents

2 Business Profile
4 Financial Highlights
5 Chairman's Letter to Shareholders
8 Business Review and Outlook
12 Financial Review
20 Human Resources
21 Corporate Social Responsibility
22 Consolidated Income Statement
23 Consolidated Statement of Comprehensive Income
24 Consolidated Balance Sheet
25 Consolidated Statement of Changes in Equity
27 Condensed Consolidated Cash Flow Statement
28 Notes to the Condensed Financial Statements
42 Review Report
43 Dividend and Closure of Register
44 Share Option Schemes
46 Directors' Interests in Securities
48 Substantial Shareholders
49 Share Buyback
49 Update on Directors' Information
50 Corporate Governance
51 Definition of Terms
52 Corporate Information

Our Three Core Businesses

Motor & Motor Related Business

DCH is a prominent company in the automotive industry in the Greater China, operating a diversified portfolio of motor and motor related business. DCH is one of the leading vehicle distributors and dealers in the region representing 19 renowned international brands in mainland China including Audi, Bentley, Buick, Isuzu, Lexus, Mercedes Benz, and 11 brands in Hong Kong and Macao, covering Audi, Bentley, Honda, Isuzu, Nissan, etc.

We also engage in an extensive range of motor related business including motor leasing, independent service outlets, used car trading, special purpose vehicle engineering, as well as auto parts and vehicle environmental products distribution in Hong Kong and mainland China.

Food & Consumer Products Business

With over 50 years of experience in food trading and distribution, DCH has expanded into food manufacturing, distribution and retailing, forging a total food supply chain in the Greater China region. In upstream food manufacturing, we offer a wide range of frozen and chilled food products as well as tea and coffee. In midstream food trading, we distribute a variety of food commodities and represent hundreds of international fast moving consumer goods ("FMCG") brands and have developed an extensive distribution network throughout Hong Kong and mainland China. In retailing, we operate 82 DCH Food Mart outlets in Hong Kong.

Our Electrical Appliances Division is dedicated for distributing internationally-renowned home appliances and high-end audio-visual products in the PRC and Hong Kong.

Logistics Business

DCH offers modern logistics solutions with full spectrum of services, including packing and repacking, multi-temperature cold storage, bonded warehousing, supply chain management solution, customs clearance and declaration for third parties as well as the Group's food business. Synergised with our FMCG business, we have developed nation-wide distribution capabilities in mainland China. With a strong base in the Pearl River Delta covering Hong Kong, Macao and Xinhui, we are expanding to Eastern China. With the new facilities in Shanghai, Xiamen complementing to the set-ups in Guangdong, a seamless cold-chain logistics network along the coastal area of mainland China is formed.

Financial Highlights

HK$ million	Six months ended 30 June 2011	2010
Turnover	**19,814**	14,194
Profit attributable to shareholders	**801**	490
Segment profit after taxation		
Motor and Motor Related Business	**705**	487
Food and Consumer Products Business	**33**	78
Logistics Business	**5**	11
Other Business	**32**	33

HK$ million	30 June 2011	31 December 2010
Total debt	**3,841**	3,302
Cash and bank deposits	**2,349**	1,991
Net debt	**1,492**	1,311
Shareholders' funds	**7,509**	6,848
Total capital	**9,001**	8,159
Capital employed	**11,350**	10,150

HK cents	Six months ended 30 June 2011	2010
Basic earnings per share	**44.06**	27.26
Diluted earnings per share	**43.87**	27.26
Interim dividend per share	**14.30**	10.68

Group Turnover

39.6%

Profit attributable to Shareholders

63.5%

FAST EXPANSION ON TRACK

I am pleased to report that Dah Chong Hong Holdings Limited ("DCH" or "the Group") has achieved significant growth in the interim results for the first six months ended 30 June 2011. The Group's total turnover rose by 39.6% to HK$19,814 million, compared with HK$14,194 million in the same period last year. Profit attributable to shareholders increased by 63.5% to HK$801 million. Basic earnings per share were up 61.6% to 44.06 HK cents.

These earnings have enabled the Board to approve an interim dividend for 2011 of 14.30 HK cents per share compared with 10.68 HK cents in 2010. The financial results that we have achieved reflect the effective management of our diversified business portfolio and our strategy to focus on the high growth Greater China markets. In this letter, I would like to highlight some key developments that the Group has achieved in the first half of 2011.

MOTOR BUSINESS OUTPERFORMS THE MARKET

Our Motor Business delivered a segment turnover of HK$15,929 million, an increase of 48.4% from HK$10,737 million in the same period last year.

In mainland China, the overall auto market grew by only 3.4% amid the credit tightening and the impact of the 311 earthquake in Japan while the Group's unit sales rose by 48.2% after consolidating the results of the dealerships acquired in 2010. The segment turnover in the PRC market was HK$12,965 million, up 57.6% in the first six months of 2011, representing 81.4% of motor business segment turnover. This astounding result was attributable to our strategic focus on offering mid-to-high-end vehicles and continued expansion of 4S shops. As of today, the number of our 4S shops expanded from 55 to 59 and 11 more dealerships including FAW Audi and Lexus were secured.

In Hong Kong and Macao, our turnover from Motor Business grew by 10.3% in the first six months of 2011, mainly attributable to the European brands such as Audi and Bentley continuing their strong growth momentum during the period. Besides, Nissan and Isuzu managed to maintain sales growth.

In Taiwan, our Audi dealerships are expanding as planned with the commencement of Hsinchu Audi Terminal following the successful opening of the Taipei dealership and achieved excellent results in the first half of 2011.

Outlook of Motor Business

In mainland China, the overall market for the rest of the year is expected to grow at a similar pace as in the past six months. However, we are confident that we can maintain our growth momentum and achieve the target of adding 10 to 15 4S shops each year through greenfield development as well as mergers and acquisitions ("M&A"), in the course of which we may add two more international premium car brands to our portfolio before the end of the year. In Motor Related Business, we are continuing to set up more independent service outlets and expand our motor leasing business into different cities in the PRC.

In Hong Kong, we anticipate that our European brands and commercial vehicles will continue to grow under a stable economic environment. Japanese passenger cars, however, may continue to face the challenge of strong Japanese currency. We are introducing more environment-friendly vehicles, including electric cars and buses, as part of our contribution to a sustainable society.

In Taiwan, expectations on economic growth and personal spending are on the rise, creating a positive outlook for our motor business. We are actively expanding our Audi and commercial vehicle businesses for the market.

REMARKABLE GROWTH IN FOOD AND CONSUMER PRODUCTS BUSINESS

In Food and Consumer Products segment, our food trading and distribution businesses have been growing steadily in Hong Kong and mainland China. In particular, sales of Fast Moving Consumer Goods ("FMCG") food products in the PRC increased by 35.5% in the first six months of 2011, attributable to introduction of more new products, penetration into different distribution channels and expanded geographic coverage to more cities.

In the past few months, we have made substantial progress in forging the Total Food Supply Chain strategy. In particular, we have completed the following ventures in our upstream food manufacturing business:

- Set up a joint-venture food manufacturing company in the PRC with CJ CheilJedang Corporation, a leading Korean conglomerate in food production
- Signed a Letter of Intent with Brasil Foods S.A., one of the world's largest food companies, to jointly develop the frozen and chilled branded food products in Hong Kong, Macao and China markets
- Acquired Tai Luen Coffee, one of the leading suppliers of tea and coffee in Hong Kong
- Acquired Bayern Gourmet, a leading manufacturer specialising in western delicatessen in Hong Kong

These acquisitions are important milestones in building up our total food supply chain capacity in Hong Kong and enhancing our capabilities in tapping the PRC market.

In retailing, we have strived to enhance our competitiveness by upgrading the shops and expanding the network to reach more target customers. By the end of June, we had a total of 82 DCH Food Mart and Food Mart Deluxe outlets throughout Hong Kong. Same store sales growth was up 7.1% compared with the same period last year.

The trading and distribution of electrical appliances businesses continued to perform well in both the Hong Kong and the PRC markets with the introduction of Monster headphones as well as other audio-visual equipment. The home appliances manufacturing business, however, remained very challenging with the increase in labour costs in the PRC, rising raw material prices and the weak consumer market in Europe. The management is taking all the required measures to turn around the business.

Outlook of Food and Consumer Products Business

A Total Food Supply Chain will remain the Group's key strategy for business development. We will capitalise on the favourable environment in mainland China brought by the relaxation of custom duties, higher per capita income and increasing concern over food safety to speed up the expansion of imported FMCG food products. The new M&A and initiatives in the past few months will take our Food Business to a new horizon. We will further penetrate into food service distribution channels and broaden our coverage to more second- and third-tier cities in the PRC. At the same time, we will introduce a wider product range such as dairy and baking products to reach more customers.

We expect that home appliances and the audio-visual ("AV") business will continue its stable growth in Hong Kong and high-end audio products will grow strongly in mainland China. To strengthen our positioning and brand presence in mainland China, we are setting up more DCH AV counters in nationwide electrical appliances chain stores.

EXPANDING LOGISTICS BUSINESS

The segment turnover was HK$188 million in the first six months of 2011, mainly attributable to the 106.3% growth of logistics business in mainland China as the Xinhui Logistics Centre started full operation. Businesses in Hong Kong and Macao also maintained stable growth.

In the past few months, we have made substantial progress in the development of the cold-chain and network expansion for the logistics business in mainland China. We are in the process of acquiring a 25,000-tonne capacity multi-temperature cold storage facility in Shanghai which will become our strategic logistics hub in Eastern China. When fully operational, this centre will create enormous value to the logistics business and synergise the growth of our food business in the region.

Outlook of Logistics Business

Our strategic investment in building a network of logistics centres has been in line with the 12th Five-Year Plan of China's Central Government which specified that logistics and cold-chain are core industries to support economic development in mainland China. We will continue to strengthen our capabilities in Hong Kong, Macao, and Southern and Eastern China to form a seamless cold-chain network to expand our logistics business.

ASSET DISPOSAL

As announced in June 2011, the Group has entered into an agreement for the disposal of an investment property in Hong Kong at a consideration of HK$195 million. The transaction is expected to be completed by the end of this year and a net gain of HK$81 million has been recognised in the 2011 interim results.

THE GROWTH VISION

DCH is in the high growth phase of business development with financial results on an upward trend. We continue to look for high potential M&A opportunities to fast track our expansion in all core businesses and maintain the China Momentum despite the short term volatility in the market. In the next six months, we expect that Motor Business will continue its growth momentum; and Food and Logistics Businesses will grow at a faster pace with all the new developments in place, creating high economic value for our shareholders.

Hui Ying Bun
Chairman

Hong Kong, 17 August 2011

Business Review and Outlook

OPERATING RESULTS

For the first six months of 2011, the Group recorded a turnover of HK$19,814 million, an increase of 39.6% against the same period last year. Profit attributable to shareholders grew by 63.5% to HK$801 million. The adjusted net profit for the period, after excluding the net gain on remeasurement of investment properties and other non-operating items, amounted to HK$652 million, a growth of 29.1% when compared with HK$505 million in the same period last year.

MOTOR AND MOTOR RELATED BUSINESS

This business segment continued to record a robust growth of 48.4% in turnover to HK$15,929 million, compared to HK$10,737 million for the corresponding period last year amid credit tightening in the PRC and supply disruption after the 311 Japan earthquake. Segment result from operations leaped by 47.4% to reach HK$927 million with the segment margin at 5.8% compared with 5.9% in the same period last year. Segment profit after taxation also grew by 44.8% to HK$705 million attributable to the continued expansion of our 4S shop network and the rising demand for mid-to-high-end cars in mainland China, the continued economic recovery in Hong Kong and Macao, and the expansion of the car dealership business in Taiwan.

Mainland China

- Segment turnover grew by 57.6% to HK$12,965 million. Unit sales increased by 48.2% to 36,122 units, outperforming the 3.4% overall growth of the market.

- Bentley achieved a 65.7% unit sales increase to 623 units, boosting mainland China to the second largest market for Bentley worldwide. Five more dealerships were appointed in Wenzhou (already in operation), Xian, Taiyuan, Zhengzhou and Ordos.

- The Isuzu commercial vehicles distribution business recorded 11.6% growth in unit sales. The outlook of this business is positive with the increase in infrastructure development in the PRC.

- Four more new dealerships have commenced business including FAW Audi in Liuzhou, GQ Honda in Maoming and FAW Toyota in Guigang and Qingling in Shenzhen, taking the total number of 4S dealerships to 59. Same store unit sales and service units grew by 10.3% and 16.5% respectively.

- 11 additional dealerships were secured, including Chevrolet, FAW Audi, FAW Toyota and Lexus in Guangdong, Hubei, Hunan, Jiangxi, Yunnan and Zhejiang provinces.

- One more motor leasing outlet will be added in Hefei soon.

- Four MotorMech independent service outlets were established and six are to be added before the end of 2011.

- The joint-venture lubrication oil blending plant in Xinhui commenced operation as planned and started selling in the PRC market. An export licence for the products has been obtained.

- Bentley will maintain its growth momentum for the rest of 2011. Isuzu will perform even better than the first six months in which supply was affected by the 311 Japan earthquake.

- Expansion target of adding 10 to 15 4S shops in 2011 will be achieved through greenfield development as well as M&A, including the possibility of adding two more international premium car brands.

Hong Kong and Macao

- Segment turnover grew by 10.3% despite the number of vehicles sold having dropped by 3.4% to 5,177 units. Our market share in Hong Kong stood at around 22.0%.
- Audi recorded 10.2% unit growth.
- Isuzu posted 18.6% unit growth.
- Bentley's unit sales grew by 8.8% to 37 units.
- The Nissan LEAF electric car was successfully launched in May 2011.
- The first batch of electric buses from mainland China will be available by the end of the year.
- A contract for trial installation of Selective Catalytic Reduction Devices onto franchise buses was secured and progressed well.
- The fifth MotorMech service centre will be opened in Sha Tin, New Territories in the second half of 2011.

Other markets

- In the Taiwan market, unit sales grew by 85.6% upon the successful opening of the second Audi dealership in Hsinchu.
- In view of the positive outlook of the Taiwan economy, we are actively looking at expanding our Audi business and commercial vehicle distributorship business.
- The Singapore and Canada markets remained stable during the period. However, our Foton vehicle business in Singapore is still in the start-up stage.

FOOD AND CONSUMER PRODUCTS BUSINESS

The segment turnover from the Food and Consumer Products Business recorded a 12.0% rise to HK$3,691 million compared to HK$3,296 million in the same period in 2010, mainly driven by the strong growth of FMCG business partially offset by the drop in sales from the low margin food commodity business. Segment result from operations in the PRC grew by 25.0% to HK$25 million and in Hong Kong and Macao grew by 11.3% to HK$69 million. However, the home appliances manufacturing business continued to be challenging and incurred a loss during the period.

Mainland China

- Segment turnover increased by 13.4% to HK$1,412 million, attributed to the strong sales growth in FMCG food (35.5%) and audio products (63.6%) but partially offset by the drop in sales of low margin food commodities.
- Cooperation with CJ CheilJedang Corporation in food processing has begun with the dumpling production plant in Xinhui Logistics Centre under construction.
- A Letter of Intent with Brasil Foods S.A. was signed to jointly develop the frozen and chilled branded food products business in Hong Kong, Macao and China.

Business Review and Outlook

- In food trading and distribution, FMCG food products has become our focus and accounted for 66.6% of the segment turnover in the PRC. New brands such as Welch's grape juice (beverage) and DLA (bakery) were added. The distribution network has been expanded into more second- and third-tier cities in the PRC.

- In March 2011, a joint-venture was established in Xiamen to focus on food distribution business in Fujian province.

- In the Consumer Products Business, sales of audio products were up 63.6%. Riding on the extensive distribution network of major nationwide electrical appliances retail chains, we have set up DCH AV counters in selected locations to establish our brand presence.

Hong Kong and Macao

- The overall local sales in Hong Kong and Macao continued to expand faster than the market with segment turnover grew by 15.4%.

- The 311 Japan earthquake had little impact on our food business as we have alternative supplies from different regions.

- In upstream food manufacturing, we have acquired Tai Luen Coffee (engaged in tea and coffee production and distribution) in April and Bayern Gourmet (specialised in western delicatessen food manufacturing and distribution) in July, enriching our product offerings as well as strengthening our manufacturing capabilities for future development into mainland China.

- In midstream food trading and distribution, we have added Hero (Jam) and Porthos (canned fish) in our product portfolio and will introduce a house brand 'Brio', initially in healthy cookies.

- In retail business, we have set up four new DCH Food Mart stores, closed down one and upgraded 10 shops to DCH Food Mart Deluxe. By the end of June, we have grown our retail network to 82 outlets. Same store sales growth reached 7.1%.

- Sales of home electrical appliances are growing steadily except for the decrease in sales of washing machines due to seasonal factors.

Other markets

- Food business in Singapore improved gradually upon the strengthening of our product portfolio and customer base whilst trading business in Japan remained stable.

- The home appliances manufacturing business for export to the European market reported a loss of HK$48 million. The uncertain European economy, along with rising labour and raw material costs will continue to make our home appliances manufacturing business challenging. The management is taking all the required measures to turn around the business.

LOGISTICS BUSINESS

The segment turnover of our Logistics Business increased by 13.3% to HK$188 million mainly contributed by the increase in third-party logistics business from the Xinhui Logistics Centre. However, segment result from operations was HK$7 million and the segment margin decreased to 3.7% compared to 9.0% in the same period in 2010. This was mainly attributable to the increase in labour cost in Hong Kong with the introduction of a minimum wage and the start up expenses of the new logistics facilities. Nevertheless, the new logistics facilities, including the cold storage facility to be acquired in Shanghai, will boost our third-party logistics business as well as synergise with our total food supply chain initiative.

Mainland China

- Segment turnover in mainland China reached HK$33 million, more than double against the same period of 2010 with the increase in third-party logistics services.

- In Eastern China, we have entered into a conditional sales and purchase agreement to acquire a 25,000-tonne capacity multi-temperature cold storage facility located nearby downtown Shanghai. This new facility will provide seamless cold chain services to third parties, synergise with DCH's current food and logistics businesses, and facilitate the distribution of frozen and chilled branded food products in Eastern China.

- In Guangzhou, we have scheduled to set up a self-managed multi-temperature logistics centre in the second half of the year.

- In Xiamen, we have established a joint-venture to provide modern logistics services to complement our logistics set-ups in Xinhui, Guangzhou, and Shanghai which will form a strong cold chain platform for the coastal areas of mainland China and this network will be extended to inland areas in future.

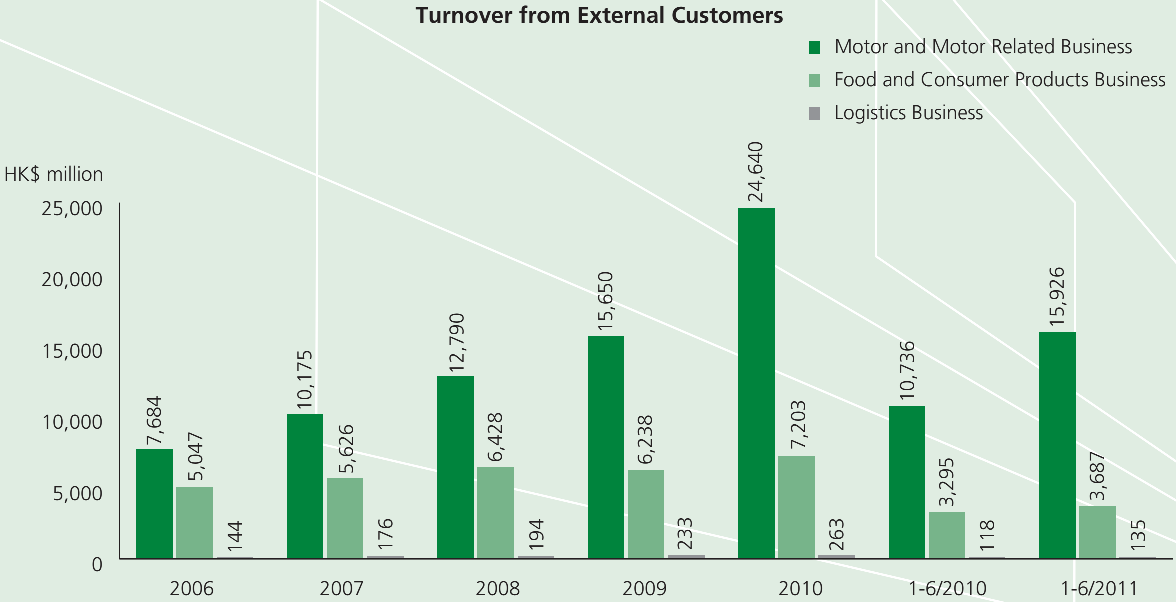
Hong Kong and Macao

- Segment turnover in Hong Kong remained stable while there was a sales growth of 59.7% in Macao mainly attributable to the increasing demand from hotels and gaming resorts.

INTRODUCTION

The Group's 2011 Interim Report includes the Chairman's letter 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 2011 was HK$19,814 million, increased by 39.6% compared with HK$14,194 million for the same period of 2010, which was mainly attributable to the followings:

- **Motor and Motor Related Business**

  Turnover of Motor and Motor Related Business Segment increased by 48.4% mainly attributable to the strong growth of the PRC segment turnover by 57.6% with the continued expansion of our 4S shop network and the strong demand for mid-to-high-end vehicles in mainland China. The Hong Kong and Macao segment turnover grew by 10.3% mainly contributed by the European brands. Segment turnover in other markets grew by 49.1% with the expansion of the Audi dealership in Taiwan.

- **Food and Consumer Products Business**

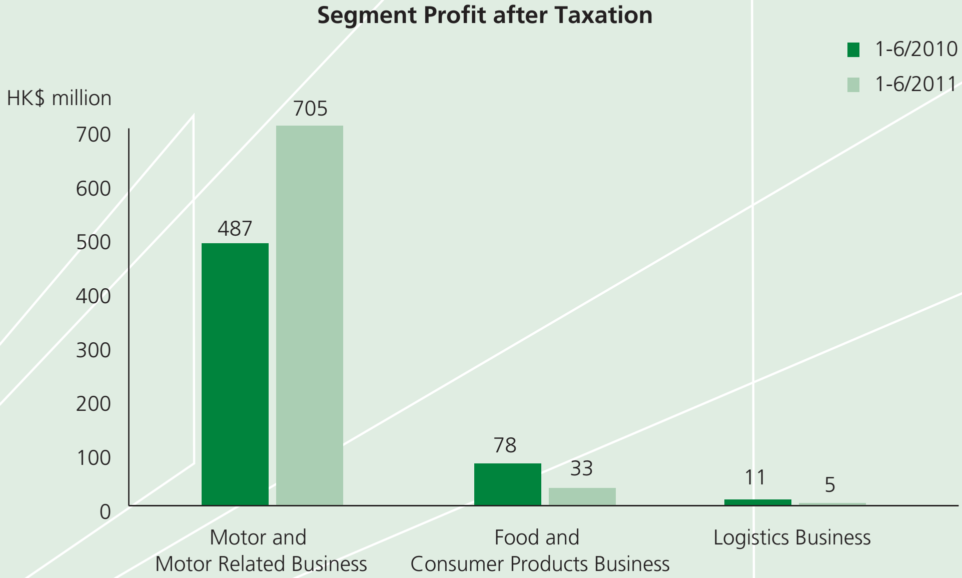
  Turnover of Food and Consumer Products Business Segment increased by 12.0% from the same period last year. This was mainly due to the 13.4% increase in segment turnover in the PRC with strong growth of FMCG business partially offset by the drop in sales from low margin food commodity business in mainland China. Sales in Hong Kong and Macao is also growing faster than the market with segment turnover grew by 15.4%.

- **Logistics Business**

  Turnover of Logistics Business Segment grew by 13.3% with the increase in third party logistics business as Xinhui Logistics Centre started full operation.

SEGMENT PROFIT AFTER TAXATION

Segment profit after taxation by major reportable segments for the first six months of 2011, compared with the same period of 2010, were as follows:



- **Motor and Motor Related Business**

  Segment profit after taxation increased sharply by 44.8% to HK$705 million. This was attributable to the significant increase in segment profit in mainland China market with the continued expansion of our 4S shop network and the growth of the distribution of Bentley super luxury vehicles and Isuzu heavy duty trucks in the PRC market. The segment profit in Hong Kong and Macao is also growing in line with the increase in sales.

- **Food and Consumer Products Business**

  Segment profit after taxation in Hong Kong and Macao was HK$55 million compared with HK$80 million same period last year. The 2010 comparative included our share of profit after tax from a jointly controlled entity which was disposed of in July 2010. Segment profit after taxation in the PRC was HK$20 million compared with HK$24 million last year mainly attributable to drop in share of profit after tax from associates. For other markets, the home appliances manufacturing business for sales to the European market continued to be challenging and incurred a loss of HK$48 million during the period. Excluding this, segment profit after taxation from other markets was HK$6 million.

- **Logistics Business**

  Segment profit after taxation decreased by 54.5% to HK$5 million mainly attributable to the increase in labour cost in Hong Kong with the introduction of minimum wages and the start up expenses of the new logistics facilities.

Note: Segment profit after taxation represents profit after taxation from each reportable segment including share of profit after tax of associates and jointly controlled entities. Items not specifically attributable to individual segment are not allocated to the reportable segments.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

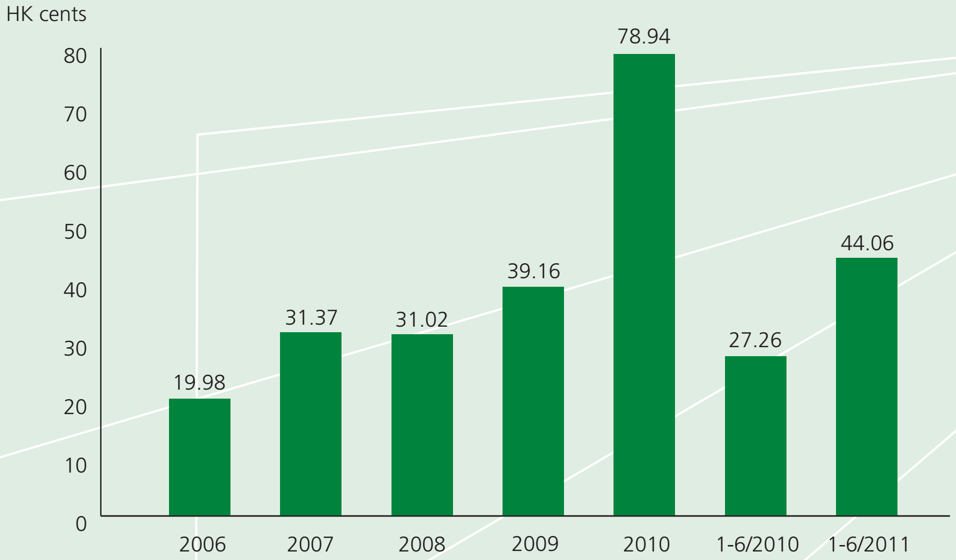
Profit attributable to shareholders of the Company for the first six months of 2011 was HK$801 million, an increase of 63.5% as compared with HK$490 million for the same period of 2010.

Profit Attributable to Shareholders

BASIC EARNINGS PER SHARE

Calculation of basic earnings per share for the six months ended 30 June 2011 was based on the profit attributable to shareholders of the Company and the weighted average of 1,817,970,099 ordinary shares in issue during the period (2010: 1,797,833,000 ordinary shares). Basic earnings per share was 44.06 HK cents for the first half of 2011, an increase of 61.6% as compared with 27.26 HK cents for the same period of 2010.

Basic Earnings per Share



DIVIDEND PER SHARE

An interim dividend of 14.30 HK cents (2010: 10.68 HK cents) per share was declared after the balance sheet date representing a dividend payout ratio of around 40% of the adjusted net profit for the first half year of 2011 of HK$652 million (2010: HK$505 million) which was arrived at after excluding net gain on remeasurement of investment properties and other non-operating items.

FINANCE COSTS

The Group's finance costs increased by 41.1% to HK$79 million mainly due to increase of borrowings to finance the expanded operation and increase in interest rate for borrowings in both Hong Kong and mainland China.

INCOME TAX

Income tax increased by 57.9% to HK$289 million. Included under deferred tax charge for the first six months of 2011 was a recognition of deferred tax liabilities of HK$46 million in respect of the tax payable upon the eventual distribution of the undistributed profits from a subsidiary in Japan; while for the first six months of 2010, there was a de-recognition of deferred tax assets of HK$21 million. Excluding these two exceptional items, the effective tax rate for the period was 21.7% (2010: 23.3%).

NET ASSET VALUE PER SHARE

Calculation of net asset value per share was based on the net asset value of the Group of HK$7,946 million (31 December 2010: HK$7,155 million) and the 1,819,343,000 ordinary shares issued at 30 June 2011 (31 December 2010: 1,814,508,000 ordinary shares). Net asset value per share at 30 June 2011 was HK$4.37 (31 December 2010: HK$3.94 per share).

CAPITAL EXPENDITURE

During the first half year of 2011, the Group's capital expenditure was HK$346 million (1-6/2010: HK$227 million) and major usages were summarised as follows:

Motor and Motor Related Business	– For developing new 4S dealerships in mainland China and acquisition of motor vehicles for leasing businesses in Hong Kong and mainland China
Food and Consumer Products Business	– Fixtures and fittings, plant and equipment
Logistics Business	– For construction of logistics facilities in mainland China and Hong Kong
Other Business	– Properties, fixture and fittings
Corporate Office	– Fixtures and fittings

HK$ million	**1-6/2011**	1-6/2010	Change
Motor and Motor Related Business	**242**	150	92
Food and Consumer Products Business	**22**	30	(8)
Logistics Business	**49**	28	21
Other Business	**29**	12	17
Corporate Office	**4**	7	(3)
Total	**346**	227	119

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.

Due to market limitation and regulatory constraints, operating entities outside Hong Kong are responsible for their own cash management and risk management which are closely monitored by head office. Financing activities outside Hong Kong are reviewed and approved by 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 associated with the Group's borrowings.

The Group enters into foreign currency forward contracts primarily for hedging its sales and purchases that are denominated in currencies other than the functional currency of the operations to which they related. At 30 June 2011, the Group recognised foreign currency forward contracts with a fair value of HK$11 million liabilities (31 December 2010: HK$7 million liabilities) as derivative financial instruments.

Interest Rate Exposure

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

In March and May 2011, the Group had entered into a number of interest rate swaps with a notional contract amount of HK$400 million to reduce the impact of interest rate fluctuation on its unsecured bank borrowings. These interest rate swaps will be expired in July 2012 and May 2013.

At 30 June 2011, the Group had total outstanding interest rate swaps with a notional contract amount of HK$625 million.

Employment of Derivative Financial Instruments

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

CASH FLOW

Summary of Consolidated Cash Flow Statement

HK$ million	**1-6/2011**	1-6/2010	Change
Operating profit before change in working capital	**1,161**	820	341
Increase in working capital	**(20)**	(738)	718
Cash generated from operations	**1,141**	82	1,059
Income tax paid	**(187)**	(142)	(45)
Net cash generated from / (used in) operating activities	**954**	(60)	1,014
Net cash used in investing activities	**(539)**	(282)	(257)
Net cash used in financing activities	**(73)**	(66)	(7)
Net increase / (decrease) in cash and cash equivalents	**342**	(408)	750

Operating profit before change in working capital

Profit before taxation was HK$1,119 million for the six months ended 30 June 2011 as compared to HK$695 million for the same period in 2010. After adding back the non-cash items like depreciation and amortisation and impairment losses and excluding the net gain on remeasurement of investment properties, gain on disposal of other fixed assets, etc., operating profit before change in working capital was HK$1,161 million (1-6/2010: HK$820 million).

Increase in working capital

For the six months ended 2011, working capital increased by HK$20 million which included increase in inventories of HK$903 million, partly offset by decrease in trade and other receivables of HK$382 million and increase in trade and other payables of HK$501 million.

For the same period in 2010, working capital increased by HK$738 million owing to the increase in inventories by HK$792 million and increase in trade and other receivables of HK$457 million, partly offset by increase in trade and other payables of HK$511 million.

Net cash generated from / (used in) operating activities

Cash generated from operations, after taking into account the changes in working capital, was HK$1,141 million for the six months ended 2011 (1-6/2010: HK$82 million).

After taking into account the tax paid of HK$187 million (1-6/2010: HK$142 million), net cash generated from operating activities for the six months ended 2011 was HK$954 million (1-6/2010: net cash used in operating activities HK$60 million).

Net cash used in investing activities

Payments for purchase of fixed assets and lease prepayments for the six months ended 2011 were HK$346 million (1-6/2010: HK$227 million) and net cash outflow for investments in subsidiaries, associates, jointly controlled entities and other investments during the period was HK$223 million (1-6/2010: HK$77 million). After netting off the net proceeds from disposal of fixed assets and lease prepayments of HK$30 million (1-6/2010: HK$22 million), net cash used in investing activities was HK$539 million (1-6/2010: HK$282 million).

Net cash used in financing activities

Net cash used in financing activities was HK$73 million for the six months ended 2011 (1-6/2010: HK$66 million). This was mainly attributable to the net proceeds from new bank loans and other loans of HK$242 million (1-6/2010: HK$130 million), net cash inflow from non-controlling interests of HK$25 million (1-6/2010: HK$78 million), and proceeds from shares issued under share option schemes of HK$26 million (1-6/2010: nil), offset by interest paid of HK$79 million (1-6/2010: HK$56 million), dividends paid to shareholders of the Company of HK$232 million (1-6/2010: HK$203 million) and dividends paid to holders of non-controlling interests of HK$55 million (1-6/2010: HK$15 million).

GROUP DEBT AND LIQUIDITY

The financial position of the Group at 30 June 2011, as compared to 31 December 2010, is summarised as follows:

HK$ million	**30 June 2011**	31 December 2010	Change
Total debt	**3,841**	3,302	539
Cash and bank deposits	**2,349**	1,991	358
Net debt	**1,492**	1,311	181

The original denomination of the Group's borrowings as well as cash and bank deposit balances by currency at 30 June 2011 is summarised as follows:

HK$ million equivalent	**HKD**	**RMB**	**JPY**	**USD**	**CAD**	**SGD**	**NTD**	**Others**	**Total**
Total debt	1,599	1,895	235	27	2	15	68	–	3,841
Cash and bank deposits	206	1,745	288	59	4	16	12	19	2,349
Net debt / (cash)	1,393	150	(53)	(32)	(2)	(1)	56	(19)	1,492

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.

At 30 June 2011, the Group's gearing ratio was 16.6%, compared to 16.1% at 31 December 2010.

HK$ million	**30 June 2011**	31 December 2010	Change
Net debt	**1,492**	1,311	181
Shareholders' funds	**7,509**	6,848	661
Total capital	**9,001**	8,159	842
Gearing ratio	**16.6%**	16.1%	0.5%

Net debt increased in the first six months of 2011 mainly to finance the increase of investments and capital expenditures and increase in dividends paid to shareholders of the Company.

The effective interest rate of the Group's borrowings at 30 June 2011 was 4.3% (31 December 2010: 3.8%).

Maturity Profile of Outstanding Debt

The Group manages its debt maturity profile actively based on its cash flow and refinancing ability during debt maturity. The borrowings as at 30 June 2011 were repayable as follows:

	HK$ million	% of total
Within 1 year or on demand	2,511	65%
After 1 year but within 2 years	305	8%
After 2 years but within 5 years	1,025	27%
Total	3,841	100%

Available Sources of Financing

In addition to cash and bank deposits of HK$2,349 million at 30 June 2011 (31 December 2010: HK$1,991 million), the Group had undrawn available loan facilities totaling HK$2,721 million (31 December 2010: HK$1,533 million), of which HK$100 million (31 December 2010: HK$100 million) was committed term loans and HK$2,621 million was money market lines (31 December 2010: HK$1,433 million). The Group also had available trading facilities amounting to HK$4,696 million (31 December 2010: HK$4,121 million). Borrowings by sources of financing at 30 June 2011 is summarised as follows:

HK$ million	Total	Utilised	Available
Committed Facilities:			
Term Loans and Revolving Loans	1,425	1,325	100
Uncommitted Facilities:			
Money Market Lines	4,847	2,226	2,621
Trading Facilities	7,404	2,708	4,696

PLEDGED ASSETS

At 30 June 2011, the Group's assets of HK$1,087 million (31 December 2010: HK$1,155 million) were pledged in relation to financing of discounted bills in Japan, vehicle stocks in Canada and mainland China, and issuance of bank acceptance drafts in mainland China.

CAPITAL COMMITMENTS

Please refer to note 18 to the condensed financial statements for details of capital commitments outstanding at 30 June 2011.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as at 30 June 2011.

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

At 30 June 2011, the Group had complied with all of the above financial covenants.

Human Resources

As at 30 June 2011, the Group had a total of 14,290 employees, with 3,491 in Hong Kong, 10,465 in mainland China and 334 in other locations, namely, Taiwan, Singapore, Japan and Canada. Among them, 782 were employees of the Group's associates and jointly controlled entities, with 6 in Hong Kong and 776 in mainland China. The higher number of employees was mainly from mainland China, corresponding with our business growth in this region.

Human resources development and retention are priorities for the Group. Training programmes, both in-house and external, are frequently organised to serve these needs. Concurrently, to ensure the continuous supply of new talent to the organisation, the Group arranges a variety of traineeship programs, including management traineeship, at the Group as well as the business unit levels. The Group continues to organise frequent exchange and experience-sharing events between the Hong Kong and China business units to enable all to mutually benefit from best practices.

Competitive compensation and benefits are offered to attract, motivate and retain talent. The Group conducts regular reviews of these programmes to ensure their market competitiveness. Responding to the recent competitive labour situation, the Group also implements off-cycle reviews for selected functions and individuals to ensure their competitiveness for retention purposes.

The Group continues its efforts in employee wellness and organises various social, recreational and health activities for its employees and their family members to enrich their work and family lives. The Group also collaborates with its employees to contribute to local communities through donations and volunteer work.

Corporate Social Responsibility

As a good corporate citizen, DCH realises the importance of the social and environmental issues in the community where we work and live.

In the community, we have been a long-time supporter of many charitable organisations. The Community Chest Walk for Millions, Oxfam Rice Selling and Oxfam Trailwalker are some of the annual charitable fund raising events in which we have sponsored and participated for years. In addition to philanthropic donations in cash or in kind, we have a team of staff volunteers who actively participates in our own community outreach programmes targeting children, the elderly and underprivileged families. This year, we have planned to double the number of charitable activities to support more non-profit organisations and encourage more staff volunteers to join our activities.

Outside Hong Kong, we have also extended our help in the countries where we have operations. A donation has been made for the relief effort of 311 Japan earthquakes in March. In July, DCH sent a pioneer group of staff volunteers to visit remote villages of Sichuan as part of the mobile classroom project that we sponsored, extending our caring efforts to communities in mainland China.

To minimise the impact on the environment from our businesses, we encourage our employees to embrace principles of Reduce, Reuse, Recycle and Replace in our daily operations. In our product portfolio, we pioneered the introduction of green vehicles and have been introducing a number of energy-saving home appliances to our customers. Externally, we support many environmental groups through various levels of involvement, from sponsorship to co-organising field trips. In February, we participated in the WWF Earth Hour and in July, we organised an environmental day trip for children with learning disabilities.

As a responsible corporation, we care for the communities where we conduct business and we will continue to support those in need.

Consolidated Income Statement

HK$ million	Note	Unaudited Six months ended 30 June **2011**	 2010 (restated)
Turnover	3	**19,814**	14,194
Cost of sales		**(17,324)**	(12,395)
Gross profit		**2,490**	1,799
Other income		**233**	154
Selling and distribution expenses		**(1,034)**	(725)
Administrative expenses		**(696)**	(531)
Profit from operations		**993**	697
Net gain on remeasurement of			
– an investment property classified as asset held for sale pending contemplation of disposal	4(c)	**81**	–
– other investment properties		**131**	36
Impairment losses on property, plant and equipment, intangible assets and goodwill	4(b)	**(17)**	(34)
Finance costs	4(a)	**(79)**	(56)
Share of profit after tax of associates		**–**	9
Share of profit after tax of jointly controlled entities		**10**	43
Profit before taxation	4	**1,119**	695
Income tax	5	**(289)**	(183)
Profit for the period		**830**	512
Attributable to:			
Shareholders of the Company		**801**	490
Non-controlling interests		**29**	22
		830	512
Basic earnings per share (HK cents)	7(a)	**44.06**	27.26
Diluted earnings per share (HK cents)	7(b)	**43.87**	27.26

Consolidated Statement of Comprehensive Income

HK$ million	Unaudited Six months ended 30 June **2011**	 2010 (restated)
Profit for the period	**830**	512
Exchange differences on translation of entities outside Hong Kong:		
– subsidiaries	**72**	60
– associates and jointly controlled entities	**6**	5
Realisation of exchange reserve upon disposal of jointly controlled entities	**(2)**	–
Other comprehensive income for the period	**76**	65
Total comprehensive income for the period	**906**	577
Attributable to:		
Shareholders of the Company	**869**	552
Non-controlling interests	**37**	25
	906	577

Consolidated Balance Sheet

HK$ million	Note	Unaudited 30 June 2011	Audited 31 December 2010 (restated)
Non-current assets			
Fixed assets			
– Property, plant and equipment	8	**2,405**	2,115
– Investment properties	9	**917**	704
		3,322	2,819
Lease prepayments	10	**305**	299
Intangible assets	11	**400**	270
Goodwill		**284**	260
Interest in associates		**206**	203
Interest in jointly controlled entities		**235**	356
Available-for-sale investments		**8**	8
Deferred tax assets		**43**	46
		4,803	4,261
Current assets			
Inventories		**4,798**	3,642
Asset held for sale	12	**193**	189
Trade and other receivables	13	**4,818**	4,634
Current tax recoverable		**28**	27
Cash and bank deposits	14	**2,349**	1,991
		12,186	10,483
Current liabilities			
Borrowings		**2,511**	2,577
Trade and other payables	15	**4,814**	4,004
Current tax payable		**157**	104
		7,482	6,685
Net current assets		**4,704**	3,798
Total assets less current liabilities		**9,507**	8,059
Non-current liabilities			
Borrowings		**1,330**	725
Deferred tax liabilities		**231**	179
		1,561	904
Net assets		**7,946**	7,155
Capital and reserves			
Share capital	16	**273**	272
Reserves		**7,236**	6,576
Total equity attributable to shareholders of the Company		**7,509**	6,848
Non-controlling interests		**437**	307
Total equity		**7,946**	7,155

Consolidated Statement of Changes in Equity

Unaudited
For the six months ended 30 June 2011
Attributable to shareholders of the Company

HK$ million	Share capital (note 16)	Share premium	General reserve	Capital reserve	Statutory surplus reserve	Merger reserve	Share option reserve	Exchange fluctuation reserve	Asset revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
At 1 January 2011, as previously reported	272	1,087	261	143	37	1	32	656	2	4,313	6,804	307	7,111
Effect of adoption of amendments to HKAS 12 (note 2)	–	–	–	–	–	–	–	–	–	44	44	–	44
At 1 January 2011, restated	272	1,087	261	143	37	1	32	656	2	4,357	6,848	307	7,155
Profit for the period	–	–	–	–	–	–	–	–	–	801	801	29	830
Other comprehensive income	–	–	–	–	–	–	–	68	–	–	68	8	76
Total comprehensive income for the period	–	–	–	–	–	–	–	68	–	801	869	37	906
Acquisition of non-controlling interests	–	–	(1)	–	–	–	–	–	–	–	(1)	(3)	(4)
Capital injection from holders of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	1	1
Non-controlling interests arising from acquisition of subsidiaries (note 17(c))	–	–	–	–	–	–	–	–	–	–	–	145	145
Partial disposal of interest in subsidiaries	–	–	(1)	–	–	–	–	–	–	–	(1)	5	4
Exercise of share options	1	32	–	–	–	–	(7)	–	–	–	26	–	26
Disposal of jointly controlled entities	–	–	–	–	(2)	–	–	–	–	2	–	–	–
Dividends (note 6(b))	–	–	–	–	–	–	–	–	–	(232)	(232)	–	(232)
Dividends paid to holders of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(55)	(55)
At 30 June 2011	273	1,119	259	143	35	1	25	724	2	4,928	7,509	437	7,946

Consolidated Statement of Changes in Equity

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	Non-controlling interests	Total equity
	Unaudited For the six months ended 30 June 2010 Attributable to shareholders of the Company												
At 1 January 2010, as previously reported	270	976	248	143	35	1	25	444	2	3,313	5,457	299	5,756
Effect of adoption of amendments to HKAS 12 (note 2)	–	–	–	–	–	–	–	–	–	33	33	–	33
At 1 January 2010, restated	270	976	248	143	35	1	25	444	2	3,346	5,490	299	5,789
Profit for the period (restated)	–	–	–	–	–	–	–	–	–	490	490	22	512
Other comprehensive income	–	–	–	–	–	–	–	62	–	–	62	3	65
Total comprehensive income for the period	–	–	–	–	–	–	–	62	–	490	552	25	577
Acquisition of non-controlling interests	–	–	1	–	–	–	–	–	–	–	1	(20)	(19)
Dividends (note 6(b))	–	–	–	–	–	–	–	–	–	(203)	(203)	–	(203)
Dividends paid to holders of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	(15)	(15)
At 30 June 2010, restated	270	976	249	143	35	1	25	506	2	3,633	5,840	289	6,129

Condensed Consolidated Cash Flow Statement

HK$ million	Note	Unaudited Six months ended 30 June 2011	2010
Net cash generated from / (used in) operating activities		**954**	(60)
Net cash used in investing activities		**(539)**	(282)
Net cash used in financing activities		**(73)**	(66)
Net increase / (decrease) in cash and cash equivalents		**342**	(408)
Cash and cash equivalents at 1 January		**1,672**	1,647
Effect of foreign exchange rates changes		**21**	15
Cash and cash equivalents at 30 June	14	**2,035**	1,254

1. BASIS OF PREPARATION

These 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 the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the same accounting policies adopted in the annual financial statements for the year ended 31 December 2010, except as set out in note 2 below. They should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

2. CHANGES IN ACCOUNTING POLICIES

The Group has adopted all relevant new and revised Hong Kong Financial Reporting Standards and HKASs, amendments and interpretations ("new and revised standards"), which are effective for the current accounting period.

The Group has not applied any new and revised standards that are not yet effective for the current accounting period with the exception of the amendments to HKAS 12, "Income Taxes". As a result of the early adoption of these amendments, the Group measures deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the balance sheet date. Previously, deferred tax of these properties was generally measured using the tax rates that would apply as a result of recovery of the assets' value through use.

This change in accounting policy has been applied retrospectively and certain comparative figures have been restated. Effect of early adoption of amendments to HKAS 12 is as follows:

	HK$ million
Consolidated income statement for the period ended 30 June 2010:	
Decrease in income tax	10
Increase in profit for the period attributable to shareholders of the Company	10
Increase in basic and diluted earnings per share (HK cents)	0.56
Consolidated balance sheet at 31 December 2010:	
Decrease in deferred tax liabilities	44
Increase in retained profits	44
Consolidated balance sheet at 1 January 2010:	
Decrease in deferred tax liabilities	33
Increase in retained profits	33

The adoption of other new and revised standards has no significant impact on the Group's results of operations and financial position for the current or comparative periods nor any significant changes in the Group's accounting policies.

3. SEGMENT REPORTING

An analysis of the Group's segment results by reportable segment is as follows:

HK$ million	Motor and Motor Related Business				Food and Consumer Products Business				Logistics Business					
Unaudited Six months ended 30 June 2011	**Hong Kong & Macao**	**Mainland China**	**Other Markets**	**Sub-total**	**Hong Kong & Macao**	**Mainland China**	**Other Markets**	**Sub-total**	**Hong Kong & Macao**	**Mainland China**	**Sub-total**	**Other Business**	**Inter-segment elimination**	**Total**
Turnover from external customers	2,226	12,965	735	15,926	1,883	1,410	394	3,687	106	29	135	66	–	19,814
Inter-segment turnover	3	–	–	3	2	2	–	4	49	4	53	22	(82)	–
Segment turnover	2,229	12,965	735	15,929	1,885	1,412	394	3,691	155	33	188	88	(82)	19,814
Segment result from operations	183	731	13	927	69	25	(38)	56	10	(3)	7	32	–	1,022
Share of profit / (loss) after tax of associates	–	(2)	–	(2)	–	2	–	2	–	–	–	–	–	–
Share of profit after tax of jointly controlled entities	4	3	–	7	–	–	–	–	–	–	–	3	–	10
Segment profit / (loss) before taxation	187	732	13	932	69	27	(38)	58	10	(3)	7	35	–	1,032
Segment income tax	(31)	(192)	(4)	(227)	(14)	(7)	(4)	(25)	(1)	(1)	(2)	(3)	–	(257)
Segment profit / (loss) after taxation	156	540	9	705	55	20	(42)	33	9	(4)	5	32	–	775
Reconciliation:														
Net gain on remeasurement of:														
– an investment property classified as asset held for sale pending contemplation of disposal (note 4(c))														81
– other investment properties														131
Net loss on disposal of jointly controlled entities (note 4(b))														(2)
Amortisation of fair value adjustment on property, plant and equipment and intangible assets arising from business combinations														(16)
Impairment losses on property, plant and equipment, intangible assets and goodwill (note 4(b))														(17)
Net fair value loss on derivative financial instruments														(6)
Unallocated corporate expenses														(84)
Reconciliation items before taxation														87
Tax impact:														
Recognition of deferred tax liabilities of undistributed profits (note 5(i))														(46)
Tax effect on the above reconciliation items														14
Reconciliation items net of taxation														55
Profit for the period														830

3. SEGMENT REPORTING (CONTINUED)

HK$ million	Motor and Motor Related Business				Food and Consumer Products Business				Logistics Business					
Unaudited Six months ended 30 June 2010 (restated)	Hong Kong & Macao	Mainland China	Other Markets	Sub-total	Hong Kong & Macao	Mainland China	Other Markets	Sub-total	Hong Kong & Macao	Mainland China	Sub-total	Other Business	Inter-segment elimination	Total
Turnover from external customers	2,019	8,224	493	10,736	1,632	1,245	418	3,295	105	13	118	45	–	14,194
Inter-segment turnover	1	–	–	1	1	–	–	1	45	3	48	22	(72)	–
Segment turnover	2,020	8,224	493	10,737	1,633	1,245	418	3,296	150	16	166	67	(72)	14,194
Segment result from operations	166	451	12	629	62	20	(23)	59	17	(2)	15	33	–	736
Share of profit / (loss) after tax of associates	–	(1)	–	(1)	–	10	–	10	–	–	–	–	–	9
Share of profit after tax of jointly controlled entities	4	6	–	10	30	1	–	31	–	–	–	2	–	43
Segment profit / (loss) before taxation	170	456	12	638	92	31	(23)	100	17	(2)	15	35	–	788
Segment income tax	(27)	(122)	(2)	(151)	(12)	(7)	(3)	(22)	(4)	–	(4)	(2)	–	(179)
Segment profit / (loss) after taxation	143	334	10	487	80	24	(26)	78	13	(2)	11	33	–	609
Reconciliation:														
Net gain on remeasurement of investment properties														36
Net loss on disposal of a subsidiary (note 4(b))														(1)
Amortisation of fair value adjustment on property, plant and equipment and intangible assets arising from business combinations														(15)
Impairment losses on property, plant and equipment, intangible assets and goodwill (note 4(b))														(34)
Net fair value gain on derivative financial instruments														1
Unallocated corporate expenses														(80)
Reconciliation items before taxation														(93)
Tax impact:														
De-recognition of deferred tax assets (note 5(ii))														(21)
Tax effect on the above reconciliation items														17
Reconciliation items net of taxation														(97)
Profit for the period														512

4. PROFIT BEFORE TAXATION

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

HK$ million	Unaudited Six months ended 30 June 2011	2010
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years	**79**	56
(b) Other items		
Amortisation:		
– lease prepayments	**4**	5
– intangible assets	**12**	9
Depreciation	**161**	116
Net write-down of inventories	**5**	5
Net impairment losses on:		
– property, plant and equipment	**17**	2
– intangible assets	**–**	3
– goodwill	**–**	29
– trade and other receivables	**8**	1
Net gain on disposal of property, plant and equipment	**(5)**	(4)
Net loss on disposal of jointly controlled entities (note 17(c))	**2**	–
Net loss on disposal of a subsidiary	**–**	1
Interest income	**(9)**	(5)

(c) On 28 June 2011, the Group entered into a provisional agreement with an independent third party to dispose of an investment property situated in Hong Kong at a consideration of HK$195 million. It is contemplated that the disposal would be completed on or before 28 December 2011. In accordance with prevailing accounting standards, the Group has classified the relevant investment property as held for sale and has included this in the consolidated balance sheet as at 30 June 2011 at the disposal value net of related selling expenses. A gain of HK$81 million was recognised in the consolidated income statement for the six months ended 30 June 2011.

5. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) on the estimated assessable profit for the period. Taxation outside Hong Kong is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Income tax charge represents:

HK$ million	Unaudited Six months ended 30 June **2011**	2010 (restated)
Current income tax		
– Hong Kong Profits Tax	**42**	40
– Outside Hong Kong	**181**	133
	223	173
Deferred tax		
– Origination and reversal of temporary differences	**6**	(11)
– Recognition of deferred tax liabilities of undistributed profits (note (i))	**46**	–
– De-recognition of deferred tax assets (note (ii))	**–**	21
	52	10
Withholding tax	**14**	–
Total	**289**	183

Notes:

(i) During the period ended 30 June 2011, the directors have determined that the undistributed profits of a subsidiary in Japan will be repatriated to Hong Kong in the foreseeable future. Accordingly, deferred tax liabilities of HK$46 million have been recognised as at 30 June 2011 in respect of the tax payable upon the eventual distribution of the undistributed profits.

(ii) Based on the latest available information as at 30 June 2010, the directors were of the opinion that the utilisation of the tax losses of a subsidiary brought forward from previous years might not be probable. Accordingly, all the corresponding deferred tax assets of HK$21 million were derecognised during the period ended 30 June 2010.

6. DIVIDENDS

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

HK$ million	Unaudited Six months ended 30 June 2011	2010
Interim dividend declared after the balance sheet date of 14.30 HK cents (2010: 10.68 HK cents) per share	**260**	192

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:

HK$ million	Unaudited Six months ended 30 June 2011	2010
Final dividend approved and paid of 12.77 HK cents (2009: 11.29 HK cents) per share	**232**	203

7. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to shareholders of the Company of HK$801 million (restated 2010: HK$490 million) and the weighted average number of 1,817,970,099 ordinary shares (2010: 1,797,833,000 ordinary shares) in issue during the period.

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2011 is based on the profit attributable to shareholders of the Company of HK$801 million and the weighted average number of 1,825,874,975 ordinary shares (diluted) after adjusting the effect of deemed issue of shares under the Company's share option schemes.

The diluted earnings per share for the six months ended 30 June 2010 was the same as basic earnings per share as the potential ordinary shares in respect of outstanding share options were anti-dilutive.

8. PROPERTY, PLANT AND EQUIPMENT

HK$ million	**Unaudited 30 June 2011**	Audited 31 December 2010
Opening net book value	**2,115**	1,763
Exchange adjustments	**28**	64
Additions	**363**	654
Acquisition of subsidiaries	**103**	–
Transfer to inventories	**(3)**	(4)
Disposals	**(23)**	(39)
Depreciation	**(161)**	(249)
Impairment losses	**(17)**	(74)
Closing net book value	**2,405**	2,115

9. INVESTMENT PROPERTIES

HK$ million	**Unaudited 30 June 2011**	Audited 31 December 2010
Opening net book value	**704**	808
Exchange adjustments	**5**	55
Transfer to asset held for sale (note 12)	**(112)**	(189)
Transfer from asset held for sale (note)	**300**	–
Net gain on remeasurement	**20**	30
Closing net book value	**917**	704

Note:

During the six months ended 30 June 2011, a property situated in Hong Kong with carrying amount of HK$300 million was transferred from asset held for sale to investment properties following the change of the Group's plan to dispose of the property. Gain on remeasurement of this property of HK$111 million was recognised in the current period.

10. LEASE PREPAYMENTS

HK$ million	**Unaudited 30 June 2011**	Audited 31 December 2010
Opening net book value	**299**	315
Exchange adjustments	**5**	15
Disposals	**(1)**	(21)
Acquisition of subsidiaries (note 17(c))	**6**	–
Amortisation	**(4)**	(9)
Impairment loss	**–**	(1)
Closing net book value	**305**	299

11. INTANGIBLE ASSETS

HK$ million	Unaudited 30 June 2011	Audited 31 December 2010
Opening net book value	**270**	263
Exchange adjustments	**6**	11
Acquisition of subsidiaries (note 17(c))	**136**	17
Amortisation	**(12)**	(18)
Impairment loss	**–**	(3)
Closing net book value	**400**	270

12. ASSET HELD FOR SALE

An investment property situated in Hong Kong with a carrying amount of HK$112 million as at 31 December 2010 is classified as asset held for sale with a carrying value of HK$193 million at 30 June 2011 following the Group's plan to dispose of the property (note 4(c)).

13. TRADE AND OTHER RECEIVABLES

HK$ million	Unaudited 30 June 2011	Audited 31 December 2010
Trade debtors and bills receivable	**1,956**	2,107
Less: provision for impairment of doubtful debts	**(73)**	(64)
	1,883	2,043
Other receivables, deposits and prepayments	**2,600**	2,290
Amounts due from fellow subsidiaries	**2**	2
Amounts due from associates	**7**	7
Amounts due from jointly controlled entities	**173**	176
Amounts due from holders of non-controlling interests	**38**	2
Loan to a holder of non-controlling interests	**108**	–
Loan to a shareholder of a jointly controlled entity	**–**	106
Derivative financial instruments	**7**	8
Total	**4,818**	4,634

13. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

HK$ million	**Unaudited 30 June 2011**	Audited 31 December 2010
Within 3 months	**1,804**	1,968
More than 3 months but within 1 year	**73**	70
Over 1 year	**6**	5
Total	**1,883**	2,043

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

Reportable 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

14. CASH AND CASH EQUIVALENTS

HK$ million	**Unaudited 30 June 2011**	Audited 31 December 2010
Cash and bank deposits	**2,349**	1,991
Less:		
Bank deposits with maturity over three months from date of deposit	**(3)**	(3)
Pledged deposits	**(302)**	(314)
Bank overdrafts	**(9)**	(2)
Cash and cash equivalents	**2,035**	1,672

15. TRADE AND OTHER PAYABLES

HK$ million	**Unaudited 30 June 2011**	Audited 31 December 2010
Trade creditors and bills payable	**2,091**	1,793
Other payables and accrued charges	**2,477**	2,009
Provision for product rectification	**60**	56
Amounts due to associates	**–**	1
Amounts due to jointly controlled entities	**21**	15
Amounts due to holders of non-controlling interests	**143**	112
Derivative financial instruments	**22**	18
Total	**4,814**	4,004

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 2011**	Audited 31 December 2010
Current or within 1 month	**2,013**	1,721
More than 1 month but within 3 months	**60**	55
More than 3 months but within 6 months	**8**	9
Over 6 months	**10**	8
Total	**2,091**	1,793

16. SHARE CAPITAL

	Unaudited 30 June 2011		Audited 31 December 2010	
	Number of shares (in million)	**HK$ million**	Number of shares (in million)	HK$ million
Ordinary shares, issued and fully paid:				
At 1 January	**1,815**	**272**	1,798	270
Shares issued under share option schemes	**4**	**1**	17	2
Total	**1,819**	**273**	1,815	272

17. BUSINESS COMBINATIONS

(a) During the period ended 30 June 2011, the Group has completed several business acquisitions as follows:

(i) On 1 January 2011, the Group gained control over 深圳市深業實業有限公司 (Shenzhen Shenye Shiye Limited) ("Shenye") through obtaining a casting vote in all shareholders' meetings as stated in the equity transfer agreement with no further transfer of consideration. As a result, Shenye and its subsidiaries ("Shenye Group") changed from jointly controlled entities to subsidiaries of the Group. Shenye Group is engaged in sales of motor vehicles and spare parts, provision of after-sales services and conducting customer surveys for the manufacturers or suppliers.

(ii) In April 2011, the Group acquired a 100% interest in Tai Luen Coffee Company Limited ("Tai Luen"). Tai Luen is engaged in coffee roasting, brewing and distribution of coffee, tea and grocery products to tea houses and restaurants in Hong Kong.

(iii) The Group has completed several other acquisitions during the year. Since they are relatively immaterial to both the Group's financial position and results, both individually and in aggregate, details of these acquisitions are not disclosed.

(b) The total turnover and net profit for the period contributed by Shenye Group, Tai Luen and others from their respective dates of acquisition to 30 June 2011 were HK$1,304 million and HK$3 million respectively.

If these business combinations had occurred on 1 January 2011, the Group's turnover and net profit for the period would have been approximately HK$19,832 million and approximately HK$855 million respectively. These amounts have been calculated by adopting the Group's accounting policies and adjusting the results of the relevant subsidiaries to reflect the additional amortisation and depreciation that would have been charged assuming the fair value adjustments to intangible assets, property, plant and equipment and lease prepayments had been applied from 1 January 2011, together with the consequential tax effects.

17. BUSINESS COMBINATIONS (CONTINUED)

(c) The acquisitions of Shenye Group, Tai Luen and others had the following effect on the Group's assets and liabilities on their respective dates of acquisition:

HK$ million	Shenye Group	Tai Luen	Others	Total
Property, plant and equipment	82	9	16	107
Lease prepayments (note 10)	–	–	6	6
Intangible assets (note 11)	126	10	–	136
Inventories	196	8	–	204
Trade and other receivables	253	9	–	262
Cash and bank deposits	110	4	–	114
Trade and other payables	(228)	(9)	–	(237)
Borrowings	(249)	–	–	(249)
Deferred tax liabilities	–	(1)	–	(1)
Less: interest in jointly controlled entities	(155)	–	(9)	(164)
Less: loss / (gain) on disposal of jointly controlled entities (note 4(b))	5	–	(3)	2
Fair value of net assets acquired	**140**	**30**	**10**	**180**
Goodwill	5	17	1	23
Non-controlling interests arising from acquisition of subsidiaries	(145)	–	–	(145)
Total consideration	–	47	11	58
Less: consideration payable	–	(4)	–	(4)
Less: consideration satisfied by property, plant and equipment	–	–	(4)	(4)
Consideration paid, satisfied in cash	–	43	7	50
Less: cash acquired	(110)	(4)	–	(114)
Net cash (inflow) / outflow	**(110)**	**39**	**7**	**(64)**

The goodwill is attributable mainly to the benefit of skills and technical talents of the acquired business's work force and the synergies expected to be achieved from integrating the entities into the Group's existing businesses. None of the goodwill recognised is expected to be deductible for income tax purposes.

18. 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 2011**	Audited 31 December 2010
Contracted for		
– Capital expenditure	**222**	129
– Others	**98**	–
Total	**320**	129
Authorised but not contracted for		
– Capital expenditure	**303**	245
– Others	**–**	46
Total	**303**	291

19. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Recurring transactions

	Unaudited Six months ended 30 June	
HK$ million	**2011**	2010
Transactions with jointly controlled entities		
Sales	**69**	48
Transactions with fellow subsidiaries		
Rental expenses	**45**	45

(b) Bank balances and bills payable with a fellow subsidiary

As at 30 June 2011, the Group had bank balances with and bills payable to a fellow subsidiary of HK$36 million (31 December 2010: HK$48 million) and HK$57 million (31 December 2010: HK$91 million) respectively.

19. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with state-owned enterprises

Other than those transactions as disclosed above, the Group has certain transactions with other state-owned enterprises including but not limited to sales and purchase of goods and services, use of utilities, bank deposits and borrowings.

These transactions are conducted in the ordinary course of the Group's businesses on terms comparable to those with independent third parties or other entities that are not state-owned.

Having considered the potential transactions to be impacted by related party relationships, the entity's pricing strategy, purchasing and approval processes, and the 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.

20. ULTIMATE HOLDING COMPANY

At 30 June 2011, the directors consider the ultimate holding company of the Group to be CITIC Group, a state-owned enterprise established in the People's Republic of China.

21. POST BALANCE SHEET EVENTS

(a) In April 2011, the Group entered into certain agreements to acquire a multi-temperature controlled logistics centre in Shanghai and the related machineries and equipment at a consideration of RMB205 million. The acquisition is expected to be completed subsequent to the balance sheet date subject to satisfaction of the conditions as set out in the agreements.

(b) In June 2011, the Group entered into a share purchase agreement (the "Agreement") to acquire 100% interest of Bayern Gourmet Food Company Limited ("Bayern Gourmet") at a consideration of HK$72 million subject to adjustment in accordance with certain clauses in the Agreement. Bayern Gourmet is engaged in manufacturing and trading of food products in Hong Kong and Macao. The acquisition was completed in July 2011. The Group has engaged an independent professional qualified valuer to identify and measure the assets acquired and the liabilities assumed for this acquisition and such exercise has not been completed. Accordingly, the fair value of interest in Bayern Gourmet, the amounts of goodwill and intangible assets arising from this business combination are not yet available.

(c) In June 2011, the Group entered into a provisional agreement to dispose of an investment property situated in Hong Kong at a consideration of HK$195 million. It is contemplated that the disposal would be completed on or before 28 December 2011 (note 4(c)).

22. COMPARATIVE FIGURES

(a) As a result of the early adoption of amendments to HKAS 12, certain comparative figures have been restated (note 2).

(b) In prior years, income from sales of accessories was presented on a net basis and included within other income. Since the financial year ended 31 December 2010, the Group has changed the basis to better reflect the nature of these transactions. Comparative figures have been restated to conform to the new presentation, the Group's turnover and cost of sales for the period ended 30 June 2010 had been increased by HK$77 million and HK$42 million respectively.

Review Report

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 22 to 41 which comprises the consolidated balance sheet of Dah Chong Hong Holdings Limited as of 30 June 2011 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and 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 2011 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

17 August 2011

Dividend and Closure of Register

The Directors have declared an interim dividend of 14.30 HK cents per share for the year ending 31 December 2011 payable on Wednesday, 21 September 2011 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 14 September 2011. The Register of Members of the Company will be closed from Thursday, 8 September 2011 to Wednesday, 14 September 2011, 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 Registrar, 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 Wednesday, 7 September 2011.

Share Option Schemes

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 share options before the listing of the Company. No further share 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 share options granted and accepted were 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. During the six months ended 30 June 2011, none of the share options granted under the Pre-IPO Scheme were cancelled or lapsed, and 2,485,000 share options were exercised. A summary of the movements of the share options during the six months ended 30 June 2011 is as follows:

(a) Directors of the Company

				Number of share options					
Name of Director	Date of grant	Exercise period	Exercise price per share HK$	Balance as at 1.1.2011	Granted during the 6 months ended 30.6.2011	Lapsed/ cancelled during the 6 months ended 30.6.2011	Exercised during the 6 months ended 30.6.2011	Balance as at 30.6.2011	Approximate percentage to the issued share capital
Hui Ying Bun	3.10.2007	17.4.2008 – 2.10.2012	5.880	500,000	–	–	–	500,000	0.027%
Chu Hon Fai	3.10.2007	17.4.2008 – 2.10.2012	5.880	200,000	–	–	200,000	–	–
Mak Kwing Tim	3.10.2007	17.4.2008 – 2.10.2012	5.880	400,000	–	–	400,000	–	–
Lau Sei Keung	3.10.2007	17.4.2008 – 2.10.2012	5.880	400,000	–	–	400,000	–	–
Tsoi Tai Kwan, Arthur	3.10.2007	17.4.2008 – 2.10.2012	5.880	300,000	–	–	–	300,000	0.016%
Glenn Robert Sturrock Smith	3.10.2007	17.4.2008 – 2.10.2012	5.880	300,000	–	–	–	300,000	0.016%

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

			Number of share options					
Date of grant	Exercise period	Exercise price per share HK$	Balance as at 1.1.2011	Granted during the 6 months ended 30.6.2011	Lapsed/ cancelled during the 6 months ended 30.6.2011	Exercised during the 6 months ended 30.6.2011	Balance as at 30.6.2011	Approximate percentage to the issued share capital
3.10.2007	17.4.2008 – 2.10.2012	5.880	5,325,000	–	–	1,485,000	3,840,000	0.211%

The weighted average closing price of the shares of the Company immediately before the dates on which the shares options were exercised was HK$8.47.

2. POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme ("Post-IPO Scheme") on 28 September 2007. Under the Post-IPO Scheme, the Company has granted 23,400,000 share options. All share options granted and accepted were fully vested on the date of grant and are then exercisable in whole or in part within 5 years from the date of grant. During the six months ended 30 June 2011, none of the share options under the Post-IPO Scheme were cancelled or lapsed, and 2,350,000 share options were exercised. A summary of the movements of the share options during the six months ended 30 June 2011 is as follows:

(a) Directors of the Company

Name of Director	Date of grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2011	Granted during the 6 months ended 30.6.2011	Lapsed/ cancelled during the 6 months ended 30.6.2011	Exercised during the 6 months ended 30.6.2011	Balance as at 30.6.2011	Approximate percentage to the issued share capital
Hui Ying Bun	7.7.2010	7.7.2010 – 6.7.2015	4.766	1,800,000	–	–	–	1,800,000	0.099%
Chu Hon Fai	7.7.2010	7.7.2010 – 6.7.2015	4.766	1,450,000	–	–	–	1,450,000	0.080%
Yip Moon Tong	7.7.2010	7.7.2010 – 6.7.2015	4.766	1,450,000	–	–	–	1,450,000	0.080%
Mak Kwing Tim	7.7.2010	7.7.2010 – 6.7.2015	4.766	1,100,000	–	–	–	1,100,000	0.060%
Lau Sei Keung	7.7.2010	7.7.2010 – 6.7.2015	4.766	1,100,000	–	–	1,100,000	–	–
Tsoi Tai Kwan, Arthur	7.7.2010	7.7.2010 – 6.7.2015	4.766	1,100,000	–	–	–	1,100,000	0.060%
Glenn Robert Sturrock Smith	7.7.2010	7.7.2010 – 6.7.2015	4.766	1,100,000	–	–	–	1,100,000	0.060%
Wai King Fai, Francis	7.7.2010	7.7.2010 – 6.7.2015	4.766	900,000	–	–	100,000	800,000	0.044%

(b) Employees of the Group 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 share options: Balance as at 1.1.2011	Granted during the 6 months ended 30.6.2011	Lapsed/ cancelled during the 6 months ended 30.6.2011	Exercised during the 6 months ended 30.6.2011	Balance as at 30.6.2011	Approximate percentage to the issued share capital
7.7.2010	7.7.2010 – 6.7.2015	4.766	6,100,000	–	–	1,150,000	4,950,000	0.272%

The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK$8.35.

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 2011 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	Approximate percentage to the issued share capital
Hui Ying Bun	2,216,000	0.122%
Chu Hon Fai	1,100,000	0.060%
Yip Moon Tong	1,300,000 (Note)	0.071%
Mak Kwing Tim	200,000	0.011%
Lau Sei Keung	2,080,000	0.114%
Tsoi Tai Kwan, Arthur	420,000	0.023%
Glenn Robert Sturrock Smith	250,000	0.014%
Wai King Fai, Francis	100,000	0.005%

Note: Interest jointly held with his spouse in respect of 300,000 shares and personal interest in respect of 1,000,000 shares.

2. SHARES IN ASSOCIATED CORPORATIONS

(a) CITIC Pacific Limited

Name of Director	Number of shares Personal interests	Approximate percentage to the issued share capital
Hui Ying Bun	837,000	0.02293%
Chu Hon Fai	300,000	0.00822%
Lau Sei Keung	1,000	0.00003%
Tsoi Tai Kwan, Arthur	18,000	0.00049%

(b) CITIC Telecom International Holdings Limited

Name of Director	Number of shares Personal interests	Approximate percentage to the issued share capital
Kwok Man Leung	150,000	0.006%

(c) China CITIC Bank Corporation Limited

Name of Director	Number of shares Personal interests	Approximate percentage to the issued share capital in the class
Cheung Kin Piu, Valiant	912,000	0.007%

3. SHARE OPTIONS IN THE COMPANY

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

4. SHARE OPTIONS IN ASSOCIATED CORPORATIONS

(a) CITIC Pacific Limited

Name of Director	Date of grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2011	Granted during the 6 months ended 30.6.2011	Lapsed/ cancelled during the 6 months ended 30.6.2011	Exercised during the 6 months ended 30.6.2011	Balance as at 30.6.2011	Approximate percentage to the issued share capital
Hui Ying Bun	20.6.2006	20.6.2006 – 19.6.2011	22.10	300,000	–	–	300,000	–	–
Chu Hon Fai	20.6.2006	20.6.2006 – 19.6.2011	22.10	200,000	–	–	200,000	–	–
Kwok Man Leung	16.10.2007	16.10.2007 – 15.10.2012	47.32	600,000	–	–	–	600,000	
	19.11.2009	19.11.2009 – 18.11.2014	22.00	500,000	–	–	–	500,000	
								1,100,000	0.030%
Fei Yiping	19.11.2009	19.11.2009 – 18.11.2014	22.00	300,000	–	–	–	300,000	0.008%

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

(b) CITIC Telecom International Holdings Limited

Name of Director	Date of grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2011	Granted during the 6 months ended 30.6.2011	Lapsed/ cancelled during the 6 months ended 30.6.2011	Exercised during the 6 months ended 30.6.2011	Balance as at 30.6.2011	Approximate percentage to the issued share capital
Kwok Man Leung	17.9.2009	17.9.2010 – 16.9.2015	2.10	150,000	–	–	150,000	–	–
	17.9.2009	17.9.2011 – 16.9.2016	2.10	150,000	–	150,000	–	–	–

Note: The share options were granted by CITIC Telecom International Holdings Limited, a fellow subsidiary of the Company.

Save as disclosed above, as at 30 June 2011, 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 were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which were 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 ("Listing Rules").

Substantial Shareholders

As at 30 June 2011, 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	Approximate percentage to the issued share capital
CITIC Group	1,032,550,000	56.75%
CITIC Pacific Limited	1,018,800,000	56.00%
Davenmore Limited	1,018,800,000	56.00%
Colton Pacific Limited	800,922,200	44.02%
Chadacre Developments Limited	245,102,000	13.47%
Ascari Holdings Ltd.	217,877,800	11.98%
Cornaldi Enterprises Limited	95,317,400	5.24%

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 and 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 subsidiaries.

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

CITIC Group was deemed to be interested in 1,032,550,000 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 13,750,000 shares.

Share Buyback

The Company has not redeemed any of its shares during the six months ended 30 June 2011.

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 June 2011.

Update on Directors' Information

The following disclosure is made pursuant to Rule 13.51B(1) of the Listing Rules.

Mr. Yin Ke, a non-executive Director of the Company, has been appointed as a non-executive director of Hui Xian Asset Management Limited (the manager of Hui Xian Real Estate Investment Trust which was listed on the Stock Exchange in April, 2011) with effect from 21 December 2010. Mr. Yin is also appointed as a director of Hui Xian Investment Limited with effect from 29 April 2011.

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 important to maintain and promote investor confidence, protect the interests of shareholders and enhance shareholders' value. Details of our corporate governance practices can be found on pages 42 to 47 of the 2010 Annual Report and the Company's website at www.dch.com.hk.

Throughout the six months ended 30 June 2011, the Company applied the principles of and 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 2011 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 2011.

Definition of Terms

Terms

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
Capital employed	Shareholders' funds plus total debt
Segment turnover	Segment turnover from external customers plus inter-segment turnover

Ratios

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

Diluted earnings per share $= \dfrac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares (diluted)}}$

Net asset value per share $= \dfrac{\text{Net assets}}{\text{Number of shares in issue at the end of the period}}$

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

Segment margin $= \dfrac{\text{Segment result from operations}}{\text{Segment turnover}}$

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 Dah Chong Hong Holdings Limited'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 Registrar

Shareholders should contact our Share Registrar 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: 8 September 2011 to 14 September 2011

Interim Dividend payable: 21 September 2011

Interim Report 2011

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

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

Non-registered shareholders wish to receive a printed copy of our Interim Report 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.

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

8/F, DCH Building, 20 Kai Cheung Road,
Kowloon Bay, Hong Kong
Tel: (852) 2768 3388 www.dch.com.hk