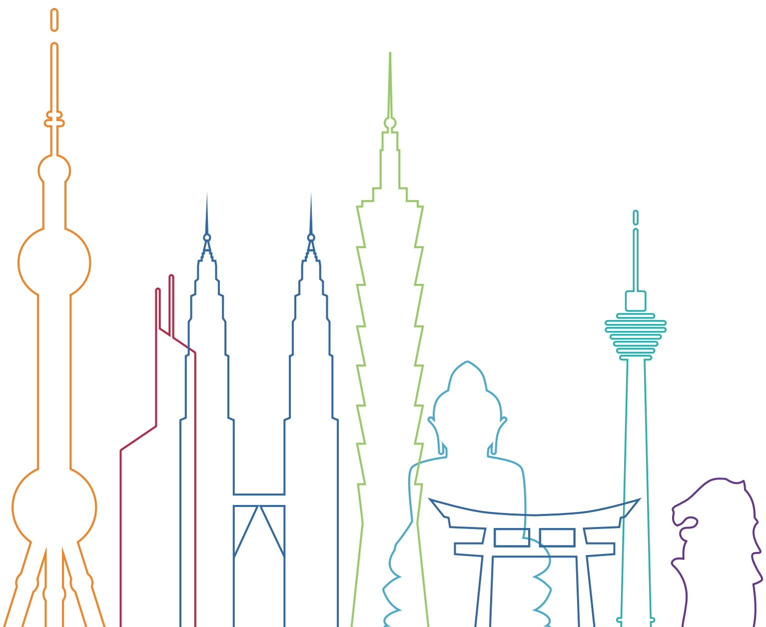
大昌行集團有限公司
DAH CHONG HONG HOLDINGS LIMITED

Stock Code: 01828

Vitality & Professionalism

Our China Momentum



Interim Report 2016


DCH 1828


大昌行食品加工及物流中心


NIVEA

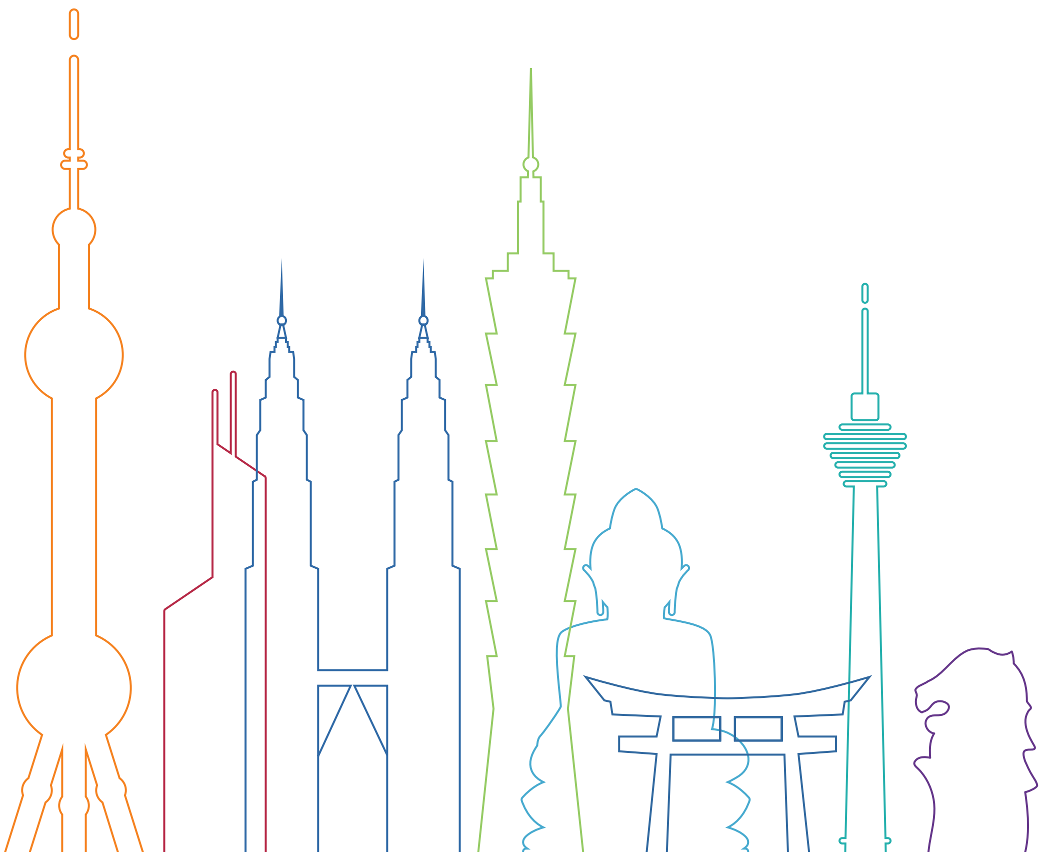

Eat well,
Live well,
Be well
DCH FOODS


Cheer
FRESH BROWN EGGS


Vitality & Professionalism

Our China Momentum

Dah Chong Hong Holdings Limited ("DCH" or "the Group") is an integrated trading and distribution company operating in Asia with a focus on Greater China, supported by an extensive logistics network. The Group is a leading distributor and dealer of motor vehicles in Greater China, and it also provides a full range of motor-related services. DCH's consumer business distributes food, personal care, lifestyle and healthcare products. Established in 1949, DCH has business operations in Hong Kong, mainland China, Taiwan, Macao, Singapore, Japan, Myanmar, Thailand, Malaysia, Indonesia, the Philippines and Brunei. We will capitalise on our solid foundations and extensive distribution networks to sustain our business growth, generating remarkable contributions to the Group and our shareholders.



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Financial Highlights

HK$ million	Six months ended 30 June **2016**	 2015
Turnover	**20,121**	21,840
Profit from operations	**521**	549
Profit attributable to shareholders	**220**	280
Segment profit after taxation		
Motor and Motor Related Business	**417**	455
Food and Consumer Products Business	**30**	45
Other Business	**34**	42

HK$ million	**30 June** **2016**	31 December 2015
Total debt	**8,305**	6,550
Cash and bank deposits	**2,068**	1,110
Net debt	**6,237**	5,440
Shareholders' funds	**9,018**	9,047
Total capital	**15,255**	14,487
Capital employed	**17,323**	15,597
Net gearing ratio	**40.9%**	37.6%

HK cents	Six months ended 30 June **2016**	 2015
Earnings per share	**12.01**	15.28
Interim dividend per share	**4.75**	6.10

Chairman's Letter to Shareholders

Dear Shareholders,

The first half of 2016 continued to be very challenging as a result of the economic downturn in most countries due to political instability and regional conflicts which, in turn, caused volatile fluctuations across major currencies. The Japanese yen strengthened from the beginning of 2016, and the Brexit vote in June weakened the pound sterling and euro against the US dollar. At the same time, oil and commodity prices started to recover after sliding in 2015. All of these factors contributed to the slowdown of economic growth in most developing countries and our markets, which affected our businesses in these territories.

For the Hong Kong motor business of Dah Chong Hong Holdings Limited ("DCH" or "the Group"), the economic slowdown caused a drop in new vehicle sales and weakening demand for commercial vehicles. The China motor business continued to grow, and the imbalance between supply and demand began to narrow as car manufacturers took steps to rectify problems. The commercial vehicle business in the overseas market was also encouraging, with outstanding sales in Singapore and satisfactory sales in Taiwan despite the weak local economy. On the other hand, the strong Japanese yen weakened the competitiveness of Japanese-made vehicles during the review period.

For the Food and Consumer Products Business, we note that the slowdown of economic growth in mainland China over the last few years has negatively impacted the industry. Gross margins have been hurt by high inventory levels caused by the imbalance of supply and demand, similar to the situation we have seen in the motor sector. All players in the value chain, from brand owners to importers and retailers, were affected. This resulted in high accounts receivables and inventory levels, as well as stock write-offs due to shelf life expiries. Consequently, this segment's results deteriorated over the previous year. In Hong Kong — a mature and relatively stable market — retail sales were hit hard by lower spending among the local population and mainland China tourists.

FINANCIAL PERFORMANCE

In the first half of 2016, the Group recorded a turnover of HK$20,121 million, a decrease of 7.9% compared with the same period last year. Profit attributable to shareholders declined by 21.4% to HK$220 million. Earnings per share decreased by 21.4% to 12.01 HK cents. The board of directors (the "Board") has proposed the payment of an interim dividend of 4.75 HK cents per share (2015 first half: 6.10 HK cents per share).

Our net gearing ratio increased to 40.9% mainly due to the financing of the acquisition of LF Distribution Holding Limited ("LFA"). The Group continued to generate steady cashflow from operations to cover our capital expenditures, new investment and working capital requirements, while maintaining a stable dividend policy.

ACQUISITION OF LFA

The acquisition of LFA was completed at the end of June this year. Operations were transferred to DCH, with all key management staff remaining in their posts. The business will be managed as an independent unit in our Food and Consumer Products segment, with full support from DCH, CITIC Limited, our major shareholder, and other collaborative partners. Following the acquisition, we will be able to enhance this business by providing adequate resources in finance, product sourcing, market development and logistics. We also anticipate savings from synergies and economies of scale, which in the present competitive environment is a key factor for success.

Our overall business performance is, so far, on track although it is expected that the food business may be affected by the global economic downturn. The strong healthcare sector, however, should compensate for this shortfall.

As we stated in the announcement of the acquisition deal to our shareholders, we are now able to expand the Food and Consumer Products Business to achieve a more balanced portfolio, increase profitability for our shareholders, expand to new markets in South East Asia, and enter the fast-growing healthcare products business. We are confident that these objectives are achievable and will bring the Group's successful distribution and marketing business to a new level.

BUSINESS STRATEGY

China Momentum and "One Belt One Road" Opportunities

Mainland China remains an important market for us as its economy transitions to a more consumption led one. More stringent consumer protection policies, increased attention to food safety and higher consumer expectations all present opportunities for companies like ours that offer our customers with quality products and excellent services.

For the mainland China motor business, after a few years of keeping a low profile for our dealership network, we see that the market has gradually stabilised and that the motor business is rebounding from the bottom of the trading cycle. As such, we are looking for opportunities to collaborate with our strategic car manufacturing partners to set up new 4S shops and expand their dealership networks. We are also seeking to develop our motor related businesses. Finance lease, which we started in mid-2015, grew significantly in the first half of this year. With the Group's solid financial background and support from our major shareholders, this business could become a good profit contributor for the Group in the years ahead.

The Food and Consumer Products Business is undergoing a challenging period similar to that in the motor sector a few years ago. However, we expect that this phase will be shorter. With the integration of LFA's operations into our existing platform, we are poised to become one of the strongest imported food and consumer products distributors in China. The Group shall continue to invest in the development of our sales and distribution network and logistics operations, especially the cold chain, while collaborating with modern retailers, including large e-commerce platforms, to offer services such as marketing, sourcing, importation, warehousing, product management and after-sales support.

Healthcare is a fast-growing industry in mainland China because of the country's ageing population, the improved public healthcare system and increased disposable income. The acquisition of LFA, one of the leading distributors of reputable, hi-tech healthcare products in Asia, will allow the Group to explore opportunities for introducing cutting edge medicines and treatment options in China's sizable and growing market.

Leveraging mainland China's "One Belt One Road" policy, the Group has also begun exploring business opportunities in South East Asian countries from our base in Singapore. In Myanmar, we have commenced the business of importing commercial vehicles into the country and exporting agricultural products to Hong Kong. With LFA joining the Group, we have extended our geographic coverage to other Asian countries as well. We believe that under the "One Belt One Road" policy, these countries will experience fast economic growth that will benefit our business.

Enhancing Shareholder Value

The mainland China motor business recovered from the difficult second half of 2015 to record a year-on-year increase in segment results. This was achieved through close cooperation with car manufacturers to ensure a balance between supply and demand, more cost-effective sales management, and stronger controls on inventory levels and incidental costs. In addition, we introduced new income streams with the launch of our finance lease business and the increased value-added service. To benchmark our service and performance, we hired a management consultant in the first half of 2016 to review our China motor business. From this exercise, we believe there is room for further enhancement of our profitability in this business.

The unexpected impact of slow economic growth on the overall Food and Consumer Products Business in mainland China caught the industry by surprise. Excess supply over the past years has caused losses for the Group, especially from food products that have finite shelf lives and limit the saleability of our ageing inventories. We intend to clear these inventories in 2016, although they will continue to affect the profitability of this segment in the second half of the year. However, as mentioned earlier, unlike the motor business the cycle for this segment will likely be short and business will return to normal in the years ahead.

The recent acquisition of LFA allows the Group to accelerate the restructuring of our business organisation through the streamlining of our two major businesses: motor and non-motor. A new management structure is now being established, and we believe that greater focus on each sector will bring additional value for our shareholders.

The business process re-engineering we implemented during the period has begun to yield positive results, including the consolidation of certain services and increased synergies within the Group. We will continue to look at areas where we can make operational improvements.

CLOSING

Looking forward to the second half of 2016, we believe negative factors such as Brexit, issues with the European Union, interest hikes by the US Fed, and currency fluctuations will continue to linger and affect the global economy. Mainland China and Hong Kong are not immune from these factors, and we will likely continue to face severe challenges. Fortunately, we anticipate that the motor business in mainland China will gradually emerge from the bottom of the current cycle and again make a positive contribution to the Group's revenue.

Finally, I am pleased to have Mr Frank Lai join the Group as Deputy Chief Executive Officer and Executive Director overseeing the non-motor business and Ms Kitty Fung as Chief Financial Officer. Together with our team of professional staff, they will play a significant role in helping our business flourish in the years to come.

On behalf of the Board, I would like to welcome Mr Raymond Woo who has kindly consented to join our Board as an Independent Non-Executive Director ("INED") and Chairman of the Audit Committee, as well as Mrs Doreen Chan who joins as an INED this year. They offer the Group a wealth of experience, and I am looking forward to their advice and counsel for improving the Group's operations. At the same time, I would also like to thank Mr Valiant Cheung, former INED and Chairman of the Audit Committee, and Mr Francis Wai, former Chief Financial Officer and Executive Director, for their contributions to the Group over the last nine and eight years respectively.

Zhang Jijing
Chairman

Hong Kong, 22 August 2016

Business Review and Outlook

OPERATING RESULTS

For the six months ended 30 June 2016, the Group recorded turnover of HK$20,121 million, representing a decline of 7.9% against last year (2015 first half: HK$21,840 million). Profit attributable to shareholders decreased by 21.4% to HK$220 million (2015 first half: HK$280 million). During the period, the Group incurred exceptional expenses of HK$21 million of professional fees for the acquisition of LFA and HK$38 million of additional tax assessments on certain commission income for prior years, whilst the results and their comparison against same period last year were affected by the depreciation of RMB in the past twelve months.

MOTOR AND MOTOR RELATED BUSINESS

In the first half of 2016, the Group's motor business in mainland China saw a resurgence in profitability, and the motor business in other markets maintained constant profit growth. The Hong Kong and Macao motor business recorded reasonable results amidst a decline in the overall market.

- Segment turnover of Motor and Motor Related Business was HK$15,328 million, down 7.7%.
- Segment result from operations was HK$546 million, decreased by 5.9%.
- Segment margin was 3.6%, increased by 0.1-percentage-point.

Mainland China

In the first half of 2016, the China motor market grew by a moderate 8.1% and the sales momentum from the end of 2015 continued. The operating environment for dealership improved compared to last year, which was mainly due to positive steps taken by car manufacturers to narrow the imbalance of supply and demand as well as the stablisation of car sales margin.

The Group's China motor business experienced a profit rebound in the first half. The profit improvement was the result of better control of gross margin for new car sales, enhanced after-sales business profitability, additional income from more value-added services, and lower operating costs with stringent controls on inventory and overheads. The losses caused by new shops that opened a few years ago decreased and their businesses were greatly enhanced. We also continued developing motor related business by expanding the car rental and finance lease operations.

- Segment turnover of the PRC motor business was HK$11,264 million, decreased by 7.0%.
- Segment result from operations was HK$141 million, increased by 101.4%.
- Segment margin was 1.3%, increased by 0.7-percentage-point.
- Overall motor market: 12.8 million units sold, grew by 8.1%.
  - Passenger car market: 11.0 million units sold, increased by 9.2%.
  - Commercial vehicle market: 1.8 million units sold, increased by 1.9%.

- DCH unit sales was around 46,400 units sold, increased by 5.8%.
  - Passenger cars: around 44,200 units sold, up 6.3%.
  - Commercial vehicles: around 2,200 units sold, down 3.5%.
- The total number of 4S shops remained at 78 while the number of showrooms decreased to 15 (four unprofitable shops closed and one newly added).
- Same-store new car unit sales increased by 4.3%.
- Same-store service volume remained at a similar level to last year but revenue increased by 5.9% due to higher spending per car.
- Incomes from auto finance and insurance commission surged by 44.1% and 18.3% respectively.
- Car rental network expanded to Zhengzhou（鄭州）and Shijiazhuang（石家莊）, covering a total of 20 cities.
- Finance lease business has expanded its penetration rate since its launch in mid-2015. Total portfolio was around 1,400 cars and approximately RMB250 million as at 30 June 2016, an approximately fourfold increase from end of 2015.
- A strategic partnership agreement was signed with FDG Electric Vehicles Limited to jointly develop electric vehicle business. The Group is in preparation to distribute electric vehicles in Guangdong, Shanghai and Yunnan.

Outlook

- The overall China motor market is expected to grow at a moderate level as the Government continues to support the domestic spending.
- Our dealership business is expected to improve further with better margin as a result of stable new car prices, increased after-sales services, tighter control on expenses and higher income from value-added services.
- We will continue the collaboration with our strategic car manufacturing partners to expand their dealership network by adding new greenfield shops. We will also expand our network through active M&A activities. Currently, three greenfield shops are under construction and will commence business in the coming months.
- We will further explore opportunities in new energy and electric vehicles and expand motor related businesses such as finance lease and accessories together with our strategic partners.

Hong Kong and Macao

Overall, the Hong Kong motor market declined in the first half of 2016 compared to the same period last year, due to the uncertain economic outlook and the narrow down of tax incentives scheme for environment-friendly vehicles. In addition, the delay in infrastructure projects and the slowdown in tourism has suppressed demand for commercial vehicles. In Macao, the motor market contracted because of the sudden increase in the motor vehicle tax at the end of 2015.

Our new car sales business followed the market trend but performed better. Our market share in Hong Kong increased slightly by 0.9-percentage-point in the first half of 2016. Our after-sales business improved due to enhanced efficiency and the contribution from motor related business also increased. As a whole, the segment continued to make a valuable contribution, and segment margin remained relatively high.

- Segment turnover was HK$2,873 million, decreased by 16.0%.
- Segment result from operations was HK$306 million, decreased by 27.1%.
- Segment margin was 10.7%, decreased by 1.6-percentage-point.
- DCH sold around 5,700 units in Hong Kong and Macao, decreased by 23.0% (units sold in Hong Kong: decreased by 17.4%).
  - Passenger cars: around 3,400 units sold, decreased by 22.7%.
  - Commercial vehicles: around 2,300 units sold, decreased by 23.5%.
- Overall Hong Kong motor market: around 23,900 units sold, declined by 20.6%.
  - Passenger car market: around 16,100 units sold, decreased by 18.9%.
  - Commercial vehicle market: around 7,800 units sold, decreased by 24.1%.
- DCH's Hong Kong market share expanded by 0.9-percentage-point to 22.4% due to the successful launch of new models in our passenger car business.
- Motor related business reported higher profit with increase in parts sales and income from engineering projects. Further contracts in the areas of air-conditioning engineering, airport services and special purpose vehicles were awarded in the period.
- *Yutong* sales and service centre commenced business in March, allowing the Group to provide a full range of services to *Yutong* customers in Hong Kong.
- The Group continued to make progress in the bus segment by introducing electric mini-bus to the market and delivering electric single-decker to one more franchise bus operator.

Outlook

- The replacement demand for diesel commercial vehicles would remain stable as the Hong Kong government subsidy programme continues but the passenger car business is expected to decline because of the unclear economic environment in Hong Kong. The softening of motor market and the strong Japanese yen will adversely affect our new car business and profit in the second half. However, contributions from after-sales service and motor related businesses would remain healthy.
- For the whole segment, the Group will continue the strategy of controlling operating costs and enhancing efficiency.
- DCH will continue to develop electric vehicle distribution business and explore new projects to broaden our earning base.

Other Markets

Revenue from motor business in other markets continued to increase in the first half. Taiwan commercial vehicle business maintained satisfactory volume growth as a result of our successful marketing strategy. In Singapore, our commercial vehicle business reported solid growth due to the government's environmental policy to replace aged diesel vehicles. Meanwhile, our Taiwan passenger car business was impacted by the slow economic growth and keen market competition.

- Segment turnover increased by 10.8% to HK$1,191 million.
- Segment result from operations increased by 10.0% to HK$99 million.
- Segment margin remained stable at 8.3%.
- The Group's unit sales:
  - Taiwan: increased by 4.4%
  - Singapore: increased by 72.4%

Outlook

- The demand from diesel trucks in Singapore would continue in the second half of 2016, but the market in Taiwan would be affected by the economic downturn in the territory.
- The strengthening of Japanese yen would affect the business' margin. The Group will proactively manage its currency risk to protect the profitability of the commercial vehicle business.
- The business in Myanmar is progressing well, and a positive contribution is expected to be made through the sales of vehicles into the country.

Pleasure Boat Business

- A total of five units of *Princess* motor yachts were delivered in the first half of 2016 and four more are expected to be delivered in the coming months.
- The Group will scale up the sales network in mainland China through dealers and brokers.

FOOD AND CONSUMER PRODUCTS BUSINESS

This segment includes businesses such as upstream food manufacturing and processing, midstream distribution of fast moving consumer goods ("FMCG"), food commodity, consumer products as well as home electrical appliances, and downstream retail business supported by logistics business. The segment result has deteriorated due to the poor market conditions affecting our China food business and the prolonged decline of retail sales in Hong Kong. However, contributions to the Group from our Hong Kong FMCG and consumer products businesses remained stable.

- Segment turnover decreased by 8.6% to HK$4,778 million.
- Segment result from operations increased by 1.8% to HK$57 million.
- Segment margin grew by 0.1-percentage-point to 1.2%.

Mainland China

China's consumer sentiments remained weak due to the prolonged period of slow growth and uncertainties clouding the economic outlooks. The over-optimistic sales targets set by most overseas principals in the last few years became unattainable, causing an imbalance of supply and demand and build-up of inventories in the value chain. Eventually this ended in mass discounts for disposal of aged stock and write-off of inventories with expiring shelf life. Operators at all levels of the value chain, from brand owners and importers to retailers were affected. The only exception was the e-commerce business, which was still growing with success limited to several key platforms.

The Group's FMCG business has yet to recover from these problems afflicting the industry with low gross margin, high receivables and inventories, plus stock write-off due to expiry of shelf life. These problems would likely to be resolved in the coming months. The acquisition of LFA will substantially enhance our economies of scale, which is an important competitive factor to help us regain momentum in the China market after the current correction cycle.

- Segment turnover dropped by 9.5% to HK$1,932 million.
- Segment result from operations was a loss of HK$56 million.
- Segment margin dropped by 0.3-percentage-point to –2.9%.

Food Business

A. *FMCG*

- Our overall turnover decreased by 18.8% year-on-year, largely due to the soft macroeconomic conditions and challenging retail environment. This also adversely impacted the sales to our modern trade customers and made our principals more reluctant to support marketing and advertising spending. In order to maintain our business resilience, we have dropped certain unprofitable brands and reallocated the resources to those with higher potential.
- Confectionery: turnover dropped by 16.5% due to the continuously sluggish gifting market and poor consumption sentiment.
- Dairy: turnover decreased by 29.1%, which was mainly due to the intense competition in infant milk formula brought by e-channel operators and the change of strategy by major retailers to launch their own low-price OEM UHT milk as a substitute for imported brand products. We had strategically shifted our focus to develop other potential categories such as butter, cheese and ice-cream products, achieving strong sales growth during the period as a result.
- Snacks: turnover decreased by 5.7%, which was caused by the delayed shipment of Japanese products that affected the sales during the peak Chinese New Year season.
- Beverages: turnover decreased by 11.4% due to market slowdown and reduction in advertising and promotional spending.

B. *Food Commodity*

- The commodity business in mainland China enjoyed substantial sales growth of 30.7% mainly driven by the growth of frozen meat, poultry and seafood. Following the implementation of stricter import regulations, customers now tend to purchase products from proper and reliable sources with better quality.
- Meanwhile, we continue to expand our distribution and leverage our house brand – "*DCH Food*" to capture the rising demand for quality products from the food service sector for sustainable business growth.

C. *Supply Chain Logistics Management*

- By leveraging our global sourcing capacities and our integrated logistics services, we are able to provide one-stop trading and logistics solutions to our core customers, especially national key account retailers and leading e-commerce operators. Such arrangement is a win-win solution for all parties.

- The Group will explore synergy with the newly acquired LFA business to enrich our supply chain logistics solution for the enlarged customer base.

Logistics Business

- Turnover decreased by 10.0% owing to a decline in the fruit importation business in Xinhui.

- In June 2016, we commenced a new food service delivery business in Wuxi dedicated to the hypermarket network in Jiangsu Province. We will continue to expand our cold chain logistics network in strategic locations in mainland China, such as Beijing, Chengdu and Wuhan.

- In early June, there was an accidental ammonia leakage at our cold storage facility in Shanghai that occurred during maintenance. No injury was reported but it caused an interruption of services which would impact the business and profitability of our cold chain operation there.

E-commerce Business

- Our cross-border e-commerce platform yielded little results because of the uncertainties regarding government policy and regulations. As such, we decided to shift our resources to focus more on building sales to e-channel operators. As a result, e-business channel sales increased when compared to the same period last year.

Outlook

- The gloomy economic outlook might slowdown the market growth and the problems the industry experienced may still linger, but the situation is expected to be resolved soon. We will focus on business integration with LFA in mainland China to optimise our regional structure, sales channels and service offerings in order to enjoy a better economies of scale and increased market penetration overall.

- Many international brand principals are restructuring their China operations due to the problems experienced by the industry. This could benefit the Group, which has become one of the strongest distributors after the acquisition of LFA, if they decide to contract their in-house presence in the country and to appoint a national distributor instead of running their own operation at high cost. DCH is well-positioned to benefit from this market trend.

- In light of consumer's rising awareness of health and food safety, the demand for cold chain logistics services in mainland China is accelerating. We will continue to expand our foothold in cold chain logistics and build close collaboration with anchor customers and business partners.

- Apart from expanding warehouse coverage at strategic locations, we will seize opportunities to develop new route to strengthen our long haul coverage to increase our competitiveness.

Hong Kong and Macao

Total retail sales in Hong Kong have decreased significantly, reflecting the impact of continuous slowdown in tourist arrival from mainland China and cautious local consumer sentiment amid the sluggish economic conditions.

- Segment turnover was HK$2,574 million, down 9.6%.

- Segment result from operations was HK$119 million, up 0.8%.

- Segment margin was 4.6%, increased by 0.5-percentage-point.

Food Business

A. FMCG

- Turnover of FMCG business decreased by 4.4%.
- Confectionery: turnover dropped by 13.2%, attributable to lacklustre gifting item sales during Chinese New Year.
- Dairy: turnover improved by 7.1% due to improved sales of milk powder.
- Healthcare: turnover decreased by 12.4% due to the declining number of Chinese visitors.
- Wines & beverages: turnover decreased by 8.9% due to soft demand for functional drinks under the relatively cold and rainy weather in the first few months of the year, as well as poor wine sales resulting from a sluggish catering market.

B. Food Commodity

- Turnover declined by 19.8% owing to poor market sentiment.
- However, profit margin improved on the back of a gradual recovery in global commodity prices to normal levels.

C. Food Manufacturing

- Food processing business sales decreased by 19.9% compared to the same period last year due to the sluggish food service market, especially in the hotel segment.
- Coffee and tea manufacturing business registered 1.3% growth in turnover, contributed by stable sales to tea houses in Hong Kong and the introduction of OEM service to retailers.

D. Retail

- Retail business turnover dropped by 12.7% as a result of poor consumer sentiment and reduced number of shops. The profitability of the segment was also seriously affected and recovery measures are being implemented.
- The repositioned "*DCH Foods Deluxe*" retail concept, with an uplifted shopping experience, widened product offering and improved store service, has successfully improved brand image and sales performance for the 10 refurbished stores. We will continue to roll out the effective store strategy of making "*DCH Foods Deluxe*" a lifestyle choice focused on satisfying our consumers' needs.

E. House Brand

- DCH's house brand "*Cheer*" continued to register encouraging sales growth of 32.0%.
- "*Cheer*" recently launched quality juice products from Spain and Japan with a modern and healthy positioning. "*Cheer*" now spans five product categories including fresh milk, fresh egg, healthy rice, nuts and juice.
- DCH will continue to support building the "*Cheer*" brand and expanding distribution coverage to further grow the house brand business.

Consumer Products Business

- Turnover of the consumer products business exceeded that of last year by 7.8% as the acquisition of *Gilman Group* enabled us to enjoy economies of scale, a wider brand and product portfolio and deeper market penetration.
- The improved gross profit margin of the built-in appliance business, cost saving and favourable currency exchange also positively impacted the performance of consumer products business.

Logistics Business

- Result of logistics business fell short of last year, mainly due to the market slowdown.
- The addition of an ambient warehouse of around 5,500 square metres to the Yuen Long Logistics Centre is expected to be completed by the third quarter of 2016.

Other Markets

- Performance of Singapore food business improved over last year due to the recovery in commodity margin and increased sales of pork.
- Japan business was adversely affected by keen market competition, especially in the nuts and beans categories.

Outlook

- For the upstream food processing and manufacturing operations, production capabilities and operational efficiencies will be much improved in the second half of the year after the merge of production facilities.
- With commodity price stabilised, our midstream trading and distribution business is expected to contribute solid results.
- We will continue to revamp our downstream retail business in view of the challenging retail environment.
- The contribution from the consumer products business will be well sustained by increased sales of built-in electrical appliances and air conditioning products to major property developers in Hong Kong. We will explore new opportunities such as new brands, regional expansion in South East Asia, and supplying electrical appliances for property related projects in mainland China and Macao.
- Our logistics business will leverage the additional demand from LFA to further improve its operations in Hong Kong and Macao. In addition, the extension of our Yuen Long Logistics Centre will increase our income in the future. The construction of a new logistics centre in the Hengqin Special Region is also progressing well.

LFA

On 3 May 2016, DCH announced the acquisition of LFA. The transaction was successfully completed on 30 June 2016. The business has operations in 10 major markets, including mainland China, Hong Kong, Macao, Taiwan, Thailand, Malaysia, Singapore, the Philippines, Indonesia and Brunei.

As a result of the rising middle class and ageing population in Asia, there has been an increasing demand for higher quality consumer, health and wellness, and pharmaceutical products. We see this opportunity as an important driver to grow our overall business portfolio in the years to come. Geographically, the Group is well-positioned to capture opportunities in the high-growth markets of Greater China and South East Asia, and to benefit from the “One Belt One Road” initiative.

In the near term, we will focus on consolidating and integrating the acquired business in order to streamline operational processes, create synergy and achieve economies of scale. Looking forward, we will continue to invest in and develop both the consumer and healthcare distribution businesses to become a market leader serving all strategic markets across Asia.

Financial Review

TURNOVER

Turnover for the first six months of 2016 was HK$20,121 million, decreased by 7.9% compared with HK$21,840 million for the same period of 2015.

- ### Motor and Motor Related Business

  Turnover of Motor and Motor Related Business segment dropped by 7.7% to HK$15,326 million (1-6/2015: HK$16,597 million), attributed to 7.0% drop in turnover in mainland China and 15.7% drop in Hong Kong and Macao, partly compensated by 10.8% increase in turnover in other markets largely from Singapore and Taiwan.

- ### Food and Consumer Products Business

  Turnover of Food and Consumer Products Business segment decreased by 8.6% to HK$4,777 million (1-6/2015: HK$5,227 million), resulting from the turnover drop in mainland China by 9.5% as well as the drop in Hong Kong and Macao by 9.6%, partly offset by turnover increase of 10.6% in other markets mainly attributable to the improvement in Singapore food business.

SEGMENT PROFIT AFTER TAXATION

Segment profit after taxation for the first six months of 2016 was HK$481 million, decreased by 11.3% compared with HK$542 million for the same period of 2015.

- ### Motor and Motor Related Business

  Segment profit after taxation dropped by 8.4% to HK$417 million (1-6/2015: HK$455 million), mainly caused by the drop in segment profit after taxation in Hong Kong and Macao by 29.1%, partly offset by the improvement in profitability of the mainland China motor business as well as the encouraging increase in profit from Taiwan and Singapore.

- ### Food and Consumer Products Business

  Segment profit after taxation dropped significantly by 33.3% to HK$30 million (1-6/2015: HK$45 million), primarily caused by the segment loss after taxation from mainland China and other markets, partly compensated by the mild improvement in segment profit after taxation in Hong Kong, Macao and Singapore.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders of the Company for the first six months of 2016 was HK$220 million, decreased by 21.4% as compared with HK$280 million for the same period of 2015. The performance was mainly affected by the drop in profit for the motor business in Hong Kong and the losses incurred in the FMCG distribution business in mainland China. The impact was partly offset by the recovery in China motor business as well as encouraging growth in the motor business in Taiwan and Singapore markets.

EARNINGS PER SHARE

Calculation of basic earnings per share for the six months ended 30 June 2016 was based on the profit attributable to shareholders of the Company and the weighted average number of 1,832,133,000 (2015: 1,832,029,685) ordinary shares in issue during the period. Basic earnings per share was 12.01 HK cents for the first half of 2016, a decrease of 21.4% as compared with 15.28 HK cents for the same period of 2015.

The diluted earnings per share for the period ended 30 June 2015 and 2016 was the same as basic earnings per share as the potential ordinary shares in respect of outstanding share options are anti-dilutive.

DIVIDEND PER SHARE

An interim dividend of 4.75 HK cents (2015: 6.10 HK cents) per share was declared after the end of the reporting period representing a dividend payout ratio of around 40% of the adjusted net profit for the first half year of 2016.

FINANCE COSTS

The Group's finance costs reduced significantly by 28.9% to HK$91 million (1-6/2015: HK$128 million) mainly due to the repayment of RMB bank loans as the Group managed down the auto inventory in mainland China, as well as through effective use of fund via various RMB cash pools in mainland China and the cross-border RMB cash pool with Hong Kong.

INCOME TAX

Income tax was HK$201 million (1-6/2015: HK$147 million). The effective tax rate for the period was 45.0% (1-6/2015: 32.5%) mainly due to a one-off tax settlement with the Hong Kong Inland Revenue Department, as well as the loss making units in mainland China reduced the profit before taxation and there is no group relief in the PRC.

NET ASSET VALUE PER SHARE

Calculation of net asset value per share was based on the net asset value of the Group of HK$9,476 million (31 December 2015: HK$9,488 million) and the 1,832,133,000 ordinary shares issued at 30 June 2016 (31 December 2015: 1,832,133,000 ordinary shares). The decrease in net asset value was mainly caused by fluctuation of RMB and Japanese Yen. Net asset value per share at 30 June 2016 was HK$5.17 (31 December 2015: HK$5.18).

CAPITAL EXPENDITURE

In the first half year of 2016, the Group's total capital expenditure on property, plant and equipment and lease prepayments was HK$286 million (1-6/2015: HK$328 million) and major usages are summarised as follows:

Motor and Motor Related Business	–	For renovating 4S dealerships in mainland China and acquisition of motor vehicles for demo cars and leasing businesses in Hong Kong and mainland China
Food and Consumer Products Business	–	Fixtures and fittings, plant and equipment and motor vehicles for logistics service fleet

HK$ million	**1-6/2016**	1-6/2015	Change
Motor and Motor Related Business	**202**	193	9
Food and Consumer Products Business	**45**	106	(61)
Other Business	**30**	19	11
Corporate Office	**9**	10	(1)
Total	**286**	328	(42)

CAPITAL COMMITMENTS

Please refer to note 19 to the condensed financial statements for details of capital commitments outstanding at 30 June 2016.

CONTINGENT LIABILITIES

Please refer to note 21 to the condensed financial statements for details of contingent liabilities at 30 June 2016.

TREASURY POLICY

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. Cash pooling is applied in Hong Kong and mainland China for more efficient utilisation of cash.

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.

CASH FLOW

Summary of Consolidated Cash Flow Statement

HK$ million	**1-6/2016**	1-6/2015	Change
Operating profit before changes in working capital	**814**	847	(33)
Decrease in working capital	**1,083**	2,403	(1,320)
Cash generated from operations	**1,897**	3,250	(1,353)
Income tax paid	**(109)**	(156)	47
Net cash generated from operating activities	**1,788**	3,094	(1,306)
Net cash used in investing activities	**(2,232)**	(584)	(1,648)
Dividends paid to shareholders of the Company	**(117)**	(121)	4
Net cash generated from / (used in) financing activities	**1,324**	(2,648)	3,972
Net increase / (decrease) in cash and cash equivalents	**763**	(259)	1,022

Operating profit before changes in working capital

Profit before taxation was HK$447 million for the six months ended 30 June 2016 (1-6/2015: HK$453 million). After adding back the finance costs and non-cash items like depreciation and amortisation and impairment losses, and excluding the non-cash exceptional items like net gain on remeasurement of investment properties and foreign exchange gain / loss, operating profit before changes in working capital was HK$814 million (1-6/2015: HK$847 million).

Decrease in working capital

For the six months ended 30 June 2016, working capital decreased by HK$1,083 million which included the decrease in inventories of HK$191 million; the decrease in trade debtors and other receivables of HK$878 million mainly due to food and consumer products business in the PRC was in low season, and the increase in trade creditors and other payables of HK$14 million.

For the six months ended 30 June 2015, working capital decreased by HK$2,403 million which included the decrease in inventories of HK$1,597 million mainly for motor vehicles in the PRC; and the decrease in trade debtors and other receivables of HK$876 million with decrease in deposits paid to the OEMs for the purchase of motor vehicles, partly offset by the decrease in trade creditors and other payables of HK$70 million.

Net cash generated from operating activities

For the six months ended 30 June 2016, cash generated from operations, after taking into account the decrease in working capital, was HK$1,897 million. Together with the tax paid of HK$109 million, net cash generated from operating activities was HK$1,788 million.

For the six months ended 30 June 2015, cash generated from operations, after taking into account the decrease in working capital, was HK$3,250 million. Together with the tax paid of HK$156 million, net cash generated from operating activities was HK$3,094 million.

Net cash used in investing activities

For the six months ended 30 June 2016, payment for purchase of property, plant and equipment were HK$284 million and net cash outflow for acquisitions of subsidiaries was HK$2,085 million, after netting off the net proceeds from disposal of property, plant and equipment of HK$108 million and net cash generated from other investing activities of HK$29 million, net cash used in investing activities was HK$2,232 million.

For the six months ended 30 June 2015, payment for purchase of property, plant and equipment and lease prepayments were HK$332 million and net cash outflow for acquisitions of subsidiaries was HK$280 million, after netting off the net proceeds from disposal of property, plant and equipment of HK$74 million and net cash used in other investing activities of HK$46 million, net cash used in investing activities was HK$584 million.

Net cash generated from / (used in) financing activities

For the six months ended 30 June 2016, net cash generated from financing activities was HK$1,207 million. This was mainly due to the net proceeds from bank loans and other loans of HK$1,435 million, partly offset by net cash outflow to holders of non-controlling interests of HK$21 million, interest paid of HK$90 million and dividends paid to shareholders of the Company of HK$117 million.

For the six months ended 30 June 2015, net cash used in financing activities was HK$2,769 million. This was mainly due to the net repayment of bank loans and other loans of HK$2,462 million, net cash outflow to holders of non-controlling interests of HK$64 million, interest paid of HK$123 million and dividends paid to shareholders of the Company of HK$121 million, partly offset by proceeds from shares issued under share option schemes of HK$1 million.

GROUP DEBT AND LIQUIDITY

The financial position of the Group at 30 June 2016 is summarised as follows:

HK$ million	**30 June 2016**	31 December 2015	Change
Total debt	**8,305**	6,550	1,755
Cash and bank deposits	**2,068**	1,110	958
Net debt	**6,237**	5,440	797

The Group has established various RMB cash pools for more effective use of cash in the PRC and the RMB cash balance has been reduced.

The original denomination of the Group's borrowings as well as cash and bank deposits by currency at 30 June 2016 is summarised as follows:

HK$ million equivalent	HKD	RMB	JPY	USD	SGD	NTD	MYR	MOP	THB	Others	**Total**
Total debt	4,476	433	360	2,661	37	287	36	–	–	15	**8,305**
Cash and bank deposits	523	998	38	34	67	28	38	148	143	51	**2,068**
Net debt / (cash)	3,953	(565)	322	2,627	(30)	259	(2)	(148)	(143)	(36)	**6,237**

Leverage

The Group closely monitors its net 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 2016, the Group's net gearing ratio was 40.9%, compared to 37.6% at 31 December 2015.

HK$ million	**30 June 2016**	31 December 2015	Change
Net debt	**6,237**	5,440	797
Shareholders' funds	**9,018**	9,047	(29)
Total capital	**15,255**	14,487	768
Net gearing ratio	**40.9%**	37.6%	3.3%

Net debt increased in first half of 2016 mainly due to the financing of the acquisition of Li & Fung's Asia Consumer and Healthcare Distribution business.

The effective interest rate of the Group's borrowings at 30 June 2016 was 2.4% (31 December 2015: 2.8%) with the increase in HKD and USD bank borrowings which carries a lower interest rate versus RMB bank borrowings.

Maturity Profile of Outstanding Debt

The Group manages its debt maturity profile actively based on its cash flow and refinancing ability upon debt maturity. At 30 June 2016, the borrowings were repayable as follows:

	HK$ million	% of total
Within 1 year or on demand	**1,988**	24%
After 1 year but within 2 years	**2,182**	26%
After 2 years but within 5 years	**4,135**	50%
Total	**8,305**	100%

Available Sources of Financing

In addition to cash and bank deposits of HK$2,068 million at 30 June 2016 (31 December 2015: HK$1,110 million), the Group had undrawn available loan facilities of HK$9,346 million (31 December 2015: HK$7,510 million), of which HK$1,022 million (31 December 2015: HK$300 million) was committed term loans and HK$8,324 million (31 December 2015: HK$7,210 million) was uncommitted money market lines. The Group also had available trade facilities amounting to HK$4,835 million (31 December 2015: HK$3,917 million). Borrowings by sources of financing at 30 June 2016 are summarised as follows:

HK$ million	**Total**	Utilised	Available
Committed facilities:			
Term loans and revolving loans	**7,832**	6,810	1,022
Uncommitted facilities:			
Money market lines	**9,466**	1,142	8,324
Trading facilities	**6,500**	1,665	4,835

These could be reconciled to the total debt at 30 June 2016 as follows:

HK$ million	**30 June 2016**	31 December 2015	Change
Utilised term loans and revolving loans	**6,810**	4,474	2,336
Utilised money market lines	**1,142**	2,004	(862)
Discounted bills and trade loans	**95**	90	5
Others	**258**	(18)	276
Total	**8,305**	6,550	1,755

PLEDGED ASSETS

At 30 June 2016, the Group's assets of HK$424 million (31 December 2015: HK$399 million) were pledged in relation to financing of issuance of bank acceptance drafts and purchase of vehicle stock in mainland China, discounted bills in Japan and discounted bankers acceptance draft in Malaysia.

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 2016, the Group had complied with all of the above financial covenants.

FINANCIAL RISK

(1) Interest rate risk

The Group's committed bank borrowings are on a floating rate basis.

In the first half of 2016, the Group had entered into a number of interest rate swaps with a total notional contract amount of HK$468 million (1-6/2015: HK$620 million) to reduce the impact of interest rate fluctuation on its unsecured bank borrowings. These interest rate swaps will be expired in 2019.

At 30 June 2016, together with the interest rate swaps entered in previous years, the Group had total outstanding interest rate swaps with a total notional contract amount of HK$2,188 million (31 December 2015: HK$1,720 million).

At 30 June 2016, the Group recognised interest rate swaps with a fair value of HK$7 million liabilities (31 December 2015: HK$6 million liabilities) as derivative financial instruments.

At 30 June 2016, interest rates of 32% of committed bank borrowings were fixed by interest rate swaps and the coverage was in appropriate level.

(2) Currency risk

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 2016, the Group recognised foreign currency forward contracts with a fair value of HK$3 million liabilities (31 December 2015: HK$1 million liabilities) as derivative financial instruments.

UK referendum to leave the EU in June 2016 caused short term fluctuation in foreign exchange market. At 30 June 2016, the Group has reviewed its foreign exchange hedging position and it was in appropriate level.

Besides, certain bank borrowings denominated in Japanese Yen are designated as a hedge of the net investment in a subsidiary in Japan. The carrying amount and the fair value of these bank borrowings at 30 June 2016 was HK$242 million (31 December 2015: HK$206 million).

(3) Counterparty risk

The Group's counterparty risk in treasury primarily related to the deposits placed with banks and the delivery ability of banks on foreign exchange and other derivatives transactions for hedging purpose.

The Group has set up limits for banks in order to ensure the Group to deal with appropriate counterparties which their ability has been evaluated and concentration risk is addressed. The limits should be correlated to the bank's credit rating, loan limit granted to the Group and business relationship.

OPERATIONAL RISK

(1) Discontinuation of distributorship / dealership rights

The core business of the Group is to act as the distributors or dealers for motor, food, healthcare, and other consumer products. In case the distributorship / dealership rights are discontinued, it may have a significant impact on the business. The Group has adopted a multi-brand and diversified market exposure approach to avoid over reliance on one particular brand or one single market.

(2) Credit Risk

The Group mainly confronted with credit risk resulting from trade debtors that arising from sale of goods and rendering of services to customers. Due to the Group's diversified business nature, the Group maintained a relatively low customer concentration risk.

The Group and relevant subsidiaries established credit policies and procedures to analyse and identify the credit risks, set appropriate credit limits and controls, monitor the risks on timely basis by means of reliable management information systems. The Group performs regular updates to enhance the credit policies in order to cope with the changes in markets, products and practice of credit risk management.

Individual credit assessments are performed on customers to determine the applicable credit limits and terms. Regular review on credit limits and terms are performed in order to ensure those are comparable to the credit standing of customers and the latest business environments.

(3) Accidental losses

The logistics business operates in a high risk environment, which is exposed to loss due to product damage and loss at the warehouses or during transportation, or industrial and occupational accidents due to the large number of machinery and equipment which require manual operation by individuals.

The Group has purchased various insurance policies to cover such risk of losses for its logistics operations. However, the Group may not be fully indemnified from severe or exceptional accidents not included in its standard insurance policies. In such an event, such losses will be borne by the Group, which could materially and adversely impact on the Group's business, financial position and results of operation.

(4) Inventory obsolescence risk

The range of products that the Group sells includes perishable food commodities and FMCG products which have a limited shelf life. These products may require specific storage conditions to maintain the quality of these products. In addition, as the age of the products increases, it increases the risk of obsolescence and reduces the value of the products.

In situations where the Group purchases the products from its principals and then distributes such products to wholesalers, retail outlets and food service industry, the Group faces inventory obsolescence risk since changes in consumers' tastes and trends may lead to substantial changes in demand. Overstocking, poor demand or returned goods from customers will create the conditions resulting in inventory obsolescence.

In addition, the models for motor vehicles and electrical appliances distributed by the Group are constantly changing, depending on the research and development of the principals or manufacturers of these products. Any release of new models to these products will increase the risk of obsolescence for existing products and models. Accordingly, any unpredicted and unusual change in consumer demand could adversely affect the Group's revenue.

The Group had established policies and guidelines to ensure every business unit to review its problem stocks with action plans for stock clearance on a monthly basis, such as aged stocks, stock close to expiry dates and slow moving stocks. Progress on stock clearance is monitored and followed up closely by both financial control and business units. Stock count policies had been set up to control the accuracy of the stock record including full count and cycle count. In addition, proper authorisation hierarchy and limits had been implemented to manage stock purchase function within the group.

HUMAN RESOURCES

As at 30 June 2016, the Group had a total of 17,856 employees, with 11,302 in mainland China, 4,872 in Hong Kong and Macao, and 1,682 in other locations, namely, Japan, Taiwan, Singapore, Myanmar, Indonesia, Malaysia, Brunei and Thailand.

Location	**June 2016**	December 2015	June 2015	June 2016 vs December 2015	June 2016 vs June 2015
Mainland China	**11,302**	11,631	11,944	–2.8%	–5.4%
Hong Kong & Macao	**4,872**	3,962	3,982	23.0%	22.4%
Other Locations	**1,682**	614	589	173.9%	185.6%
Total	**17,856**	16,207	16,515	10.2%	8.1%

The number of employees increased by 10.2% over December 2015 and increased by 8.1% over June 2015. The increase on headcount is due to the acquisition of LFA.

The Group offers competitive compensation and benefits to attract, motivate and retain talents. Annual review of these programmes is conducted to ensure their market competitiveness; mid-year reviews are also implemented for selected functions and individuals in response to market and labour situations. "Pay for performance" is the key principle adopted to link rewards to the achievement of key performance indicators to motivate employees to work towards meeting company goals and objectives.

Employee wellness also contributes to employee engagement. The Group continues its efforts in organising different social, recreational and health activities for the employees and their family members to enrich their work and family lives.

The Group is also committed to employee safety and health. Regular reviews and audits are performed in accordance with the statutory and industry requirements.

People development and staff retention are the keys to continued success. To support the business development, we have provided a wide range of internal and external training courses to our employees. As at 30 June 2016, more than 25,689 participants have attended different training programmes, including leadership and management, technical and soft skills training. Moreover, in order to strengthen DCH corporate culture, we have propelled a world-class training programme: "The 7 Habits of Highly Effective People". By launching the programme, we could build a common language among ourselves and foster a win-win mindset for continuous improvement. Besides, to be a responsible corporate citizen, we ensure we comply with a high standard of business ethics while achieving our business goals. And hence, compliance trainings like "Competition Ordinance" and "Anti-money Laundering" were arranged for our managerial staff to attend.

ENVIRONMENT

DCH actively implements environment-friendly measures in its business and office operations. In the first half of 2016, DCH took the initiative to sign the inaugural Charter on External Lighting launched by The Environment Bureau. In this charter, DCH pledged to switch off the external lightings of more than 79 of its business operations from 11pm to 7am, including signages and billboards, aiming to reduce the light nuisance and energy wastage brought to the nearby residents. To recognise DCH's support in this Charter, the Group was awarded the Platinum Award by the Environment Bureau.

In addition, DCH continued to receive recognitions from various green organisations. In the first half of 2016, we continued to garner the 'Class of Excellence' in both Wastewi$e Label and Energywi$e Label, 'Class of Good' in IAQwi$e Label, and the 'Carbon Less 3% Certificate' held by the Hong Kong Awards for Environmental Excellence. We also continued to obtain the World Green Organisation's 'Green Office Label' in the Green Office Awards Labelling Scheme, and received the 'Gold Label' in WWF's Low Carbon Office Operation Programme (LOOP) Labelling Scheme. These awards well demonstrated the Group's dedication in environmental protection.

COMMUNITY

"Giving back to the Community" is one of the most important values of DCH. In the first half of 2016, voluntary activities have been organised regularly to serve the elderly, children and underprivileged, spreading love and care in the cities where our business has presence in.

Our five DCH volunteer teams in Hong Kong and mainland China inherited the spirit of 'For a Better Living', and organised various community services within their own territory in the first half of 2016. Apart from these community services, we continued our cooperation with YMCA on the Mobile Classroom project – three mini-vans donated by DCH that serves children and villagers in remote areas in Sichuan and Yunnan. Eight volunteers from different regions joined the Mobile Classroom service trip in May and spent eight days in the villagers' families and schools in mountainous regions of Yunnan. Apart from bringing love and care to the children during this meaningful visit, the volunteers also helped to raise fund to support the operation of Mobile Classroom.

NEW ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDELINE

Nowadays, the public is getting concerned about listed companies' social responsibility and sustainability and The Stock Exchange of Hong Kong Limited ("HKEX") has also announced that all listed companies need to prepare an ESG report covering different aspects of 'environment', 'social' and 'corporate governance' starting from January 2016. As a responsible corporate citizen, DCH has taken an early step and included an ESG report in its financial report since the financial year of 2012, reporting our efforts and achievements in areas suggested by the HKEX, and we will definitely carry on this practice in the future.

Apart from the requirement above with effective from 2016, as one step further, the HKEX also requires issuers to report on the environment key performance index ("KPI") in the ESG report for the financial year of 2017. There are several environment KPIs suggested by the HKEX including emission, water consumption, electricity consumption etc. To get prepared for this new ESG reporting requirement which will be effective from 2017, we have already started to lay down internal policy, to form a designated committee, and to identify procedures to collect data for composing environment KPIs. We believe that new ESG report, which will be released in the first quarter of 2018, will contain more quantifiable disclosures which provides investors and stakeholders with a more transparent and comprehensive overview of the environmental impact of DCH's business.

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

DCH is committed to maintaining high standards of corporate governance. The board of directors of DCH (the "Board") believes that good corporate governance practices are important to promote investor confidence and protect the interest of our shareholders. Looking ahead, we will keep our corporate governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments. Details of our corporate governance practices can be found in the Annual Report 2015 and on DCH's website at www.dch.com.hk.

DCH has applied the principles and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the six months ended 30 June 2016.

Review of Interim Report

The Audit Committee of the Board, consisting of five independent non-executive directors, has reviewed the Interim Report 2016 with the management and DCH's internal and external auditors and recommended its adoption by the Board.

The interim financial report is prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". It has been reviewed by DCH's independent auditor KPMG in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Compliance with the Mode Code for Securities Transactions by Directors

DCH has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2016.

Consolidated Statement of Profit or Loss

		Unaudited	
		Six months ended 30 June	
HK$ million	Note	**2016**	2015
Turnover	2(a)	**20,121**	21,840
Cost of sales		**(17,727)**	(19,219)
Gross profit		**2,394**	2,621
Other income	3	**378**	389
Selling and distribution expenses		**(1,412)**	(1,538)
Administrative expenses		**(839)**	(923)
Profit from operations		**521**	549
Net gain on remeasurement of investment properties	9	**5**	15
Finance costs	4(a)	**(91)**	(128)
Share of profit after tax of associates		**3**	10
Share of profit after tax of joint ventures		**9**	7
Profit before taxation	4	**447**	453
Income tax	5	**(201)**	(147)
Profit for the period		**246**	306
Attributable to:			
Shareholders of the Company		**220**	280
Non-controlling interests		**26**	26
		246	306
Basic and diluted earnings per share (HK cents)	7	**12.01**	15.28

Consolidated Statement of Comprehensive Income

HK$ million	Note	Unaudited Six months ended 30 June **2016**	 2015
Profit for the period		**246**	306
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of entities outside Hong Kong:			
– subsidiaries		**(128)**	(1)
– associates and joint ventures		**(13)**	–
Exchange differences on translation of hedged borrowings		**(36)**	–
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gain recognised upon transfer from property, plant and equipment and lease prepayments to investment properties, net of tax	9	**10**	–
Other comprehensive loss for the period, net of tax		**(167)**	(1)
Total comprehensive income for the period		**79**	305
Attributable to:			
Shareholders of the Company		**65**	279
Non-controlling interests		**14**	26
		79	305

Consolidated Statement of Financial Position

HK$ million	Note	**Unaudited 30 June 2016**	Audited 31 December 2015
Non-current assets			
Property, plant and equipment	8	**3,613**	3,485
Investment properties	9	**466**	384
Lease prepayments	10	**614**	568
Intangible assets	11	**1,223**	861
Goodwill	12	**2,404**	636
Interests in associates		**336**	350
Interests in joint ventures		**384**	411
Available-for-sale investments		**–**	7
Finance lease receivables	14	**160**	48
Deferred tax assets		**109**	115
		9,309	6,865
Current assets			
Inventories	13	**8,231**	6,811
Trade debtors and other receivables	14	**7,479**	6,348
Current tax recoverable		**10**	24
Cash and bank deposits		**2,068**	1,110
		17,788	14,293
Current liabilities			
Borrowings	15	**1,988**	2,455
Trade creditors and other payables	16	**8,546**	4,575
Current tax payable		**221**	127
		10,755	7,157
Net current assets		**7,033**	7,136
Total assets less current liabilities		**16,342**	14,001
Non-current liabilities			
Borrowings	15	**6,317**	4,095
Put option written on non-controlling interest		**161**	158
Deferred tax liabilities		**388**	260
		6,866	4,513
Net assets		**9,476**	9,488
Capital and reserves			
Share capital	17(a)	**1,477**	1,477
Other reserves		**7,541**	7,570
Total equity attributable to shareholders of the Company		**9,018**	9,047
Non-controlling interests		**458**	441
Total equity		**9,476**	9,488

Consolidated Statement of Changes in Equity

HK$ million **Unaudited** **Six months ended 30 June 2016**	Note	**Share capital** (17(a))	**General reserve** (17(b))	**Capital reserve**	**Statutory surplus reserve**	**Merger reserve**	**Share option reserve**	**Exchange fluctuation reserve**	**Asset revaluation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
		Attributable to shareholders of the Company											
At 1 January 2016		**1,477**	**67**	**143**	**82**	**(43)**	**78**	**179**	**26**	**7,038**	**9,047**	**441**	**9,488**
Profit for the period		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**220**	**220**	**21**	**241**
Other comprehensive (loss) / income		**–**	**–**	**–**	**–**	**–**	**–**	**(165)**	**10**	**–**	**(155)**	**(12)**	**(167)**
Total comprehensive (loss) / income for the period		**–**	**–**	**–**	**–**	**–**	**–**	**(165)**	**10**	**220**	**65**	**9**	**74**
Tax indemnity from an intermediate holding company	5	**–**	**22**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**22**	**–**	**22**
Fair value adjustment on put option written on non-controlling interest	20(b)	**–**	**(3)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3)**	**–**	**(3)**
Capital injection from non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**2**	**2**
Acquisition of subsidiaries	18	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**33**	**33**
Share-based payments	4(b)	**–**	**–**	**–**	**–**	**–**	**4**	**–**	**–**	**–**	**4**	**–**	**4**
Lapse of share options		**–**	**–**	**–**	**–**	**–**	**(1)**	**–**	**–**	**1**	**–**	**–**	**–**
Dividends	6(b)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(117)**	**(117)**	**–**	**(117)**
Dividends to holders of non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(27)**	**(27)**
At 30 June 2016		**1,477**	**86**	**143**	**82**	**(43)**	**81**	**14**	**36**	**7,142**	**9,018**	**458**	**9,476**

HK$ million Unaudited Six months ended 30 June 2015	Note	Share capital (17(a))	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
		Attributable to shareholders of the Company											
At 1 January 2015		1,477	(47)	143	82	(43)	72	795	26	6,817	9,322	441	9,763
Profit for the period		–	–	–	–	–	–	–	–	280	280	21	301
Other comprehensive loss		–	–	–	–	–	–	(1)	–	–	(1)	–	(1)
Total comprehensive (loss) / income for the period		–	–	–	–	–	–	(1)	–	280	279	21	300
Reclassification	17(b)	–	4	–	(4)	–	–	–	–	–	–	–	–
Share-based payments	4(b)	–	–	–	–	–	12	–	–	–	12	–	12
Lapse of share options		–	–	–	–	–	(1)	–	–	1	–	–	–
Dividends	6(b)	–	–	–	–	–	–	–	–	(121)	(121)	–	(121)
Dividends to holders of non-controlling interests		–	–	–	–	–	–	–	–	–	–	(28)	(28)
At 30 June 2015		1,477	(43)	143	78	(43)	83	794	26	6,977	9,492	434	9,926

Condensed Consolidated Cash Flow Statement

HK$ million	Note	Unaudited Six months ended 30 June **2016**	 2015
Profit before taxation		**447**	453
Adjustment for non-cash and non-operating items		**367**	394
Operating profit before changes in working capital		**814**	847
Changes in working capital			
– Decrease in inventories		**191**	1,597
– Decrease in trade debtors and other receivables		**878**	876
– Increase / (decrease) in trade creditors and other payables		**14**	(70)
Cash generated from operations		**1,897**	3,250
Income tax paid		**(109)**	(156)
Net cash generated from operating activities		**1,788**	3,094
Net cash used in investing activities			
– Net cash outflow for business combination	18	**(2,085)**	(280)
– Other investing activities		**(147)**	(304)
Net cash generated from / (used in) financing activities			
– Dividends paid to shareholders of the Company		**(117)**	(121)
– Interest paid		**(90)**	(123)
– Net proceeds from drawdown / (repayment) of bank borrowings and other loans		**1,435**	(2,462)
– Other financing activities		**(21)**	(63)
Net increase / (decrease) in cash and cash equivalents		**763**	(259)
Cash and cash equivalents at 1 January		**909**	1,236
Effect of foreign exchange rates changes		**(5)**	(2)
Cash and cash equivalents at 30 June		**1,667**	975
Analysis of the balances of cash and cash equivalents			
Cash and bank deposits		**2,068**	1,270
Less:			
Pledged bank deposits	15	**(99)**	(279)
Bank overdrafts	15	**(302)**	(16)
		1,667	975

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 ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They should be read in conjunction with the annual financial statements for the year ended 31 December 2015.

The accounting policies used in preparation of these interim financial statements are consistent with those adopted in the annual financial statements for the year ended 31 December 2015, except for the adoption of all relevant revised Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs, amendments and interpretations ("revised standards"), which are effective for the current accounting period.

Adoption of the new accounting policy and revised standards does not result in a significant impact on the Group's results of operations and financial position for the current or comparative periods nor any significant change in the Group's accounting policies.

Up to the date of issue of these financial statements, the HKICPA has issued a number of new and revised standards which are not yet effective for the current accounting period. The Group has not early adopted them for the current accounting period and is in the process of making an assessment of the impact of the new and revised standards in the period of initial application.

The financial information relating to the financial year ended 31 December 2015 that is included in these interim financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by the Hong Kong Companies Ordinance. The Company's auditor has reported on those financial statements. The auditor's report was unqualified and did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report.

2. SEGMENT REPORTING

(a) Segment results

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						
Unaudited Six months ended 30 June 2016	**Hong Kong & Macao**	**Mainland China**	**Other Markets**	**Sub-total**	**Hong Kong & Macao**	**Mainland China**	**Other Markets**	**Sub-total**	**Other Business**	**Inter-segment elimination**	**Total**
Turnover from external customers	2,871	11,264	1,191	15,326	2,574	1,931	272	4,777	18	–	20,121
Inter-segment turnover	2	–	–	2	–	1	–	1	57	(60)	–
Segment turnover	2,873	11,264	1,191	15,328	2,574	1,932	272	4,778	75	(60)	20,121
Segment result from operations	306	141	99	546	119	(56)	(6)	57	35	–	638
Share of profit after tax of associates	–	2	–	2	–	1	–	1	–	–	3
Share of profit after tax of joint ventures	–	6	–	6	–	–	–	–	3	–	9
Segment profit / (loss) before taxation	306	149	99	554	119	(55)	(6)	58	38	–	650
Segment income tax	(53)	(64)	(20)	(137)	(19)	(9)	–	(28)	(4)	–	(169)
Segment profit / (loss) after taxation	253	85	79	417	100	(64)	(6)	30	34	–	481

HK$ million	Motor and Motor Related Business				Food and Consumer Products Business						
Unaudited Six months ended 30 June 2015	Hong Kong & Macao	Mainland China	Other Markets	Sub-total	Hong Kong & Macao	Mainland China	Other Markets	Sub-total	Other Business	Inter-segment elimination	Total
Turnover from external customers	3,407	12,115	1,075	16,597	2,847	2,134	246	5,227	16	–	21,840
Inter-segment turnover	13	–	–	13	1	–	–	1	52	(66)	–
Segment turnover	3,420	12,115	1,075	16,610	2,848	2,134	246	5,228	68	(66)	21,840
Segment result from operations	420	70	90	580	118	(56)	(6)	56	41	–	677
Share of profit / (loss) after tax of associates	–	(1)	–	(1)	–	11	–	11	–	–	10
Share of profit after tax of joint ventures	–	3	–	3	–	–	–	–	4	–	7
Segment profit / (loss) before taxation	420	72	90	582	118	(45)	(6)	67	45	–	694
Segment income tax	(63)	(45)	(19)	(127)	(20)	(1)	(1)	(22)	(3)	–	(152)
Segment profit / (loss) after taxation	357	27	71	455	98	(46)	(7)	45	42	–	542

2. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation between segment profit after taxation and profit for the period

HK$ million	Note	Unaudited Six months ended 30 June **2016**	2015
Segment profit after taxation		**481**	542
Net gain on			
– remeasurement of investment properties	9	**5**	15
– disposal of subsidiaries	3	**5**	–
Net fair value (loss) / gain on foreign currency forward contracts	3	**(4)**	1
Net fair value loss on interest rate swaps and cross currency swap		**(1)**	(6)
Net provision of impairment loss on			
– intangible assets	11	**(3)**	–
– goodwill	12	**(2)**	–
Share-based payments	4(b)	**(4)**	(12)
Amortisation and depreciation of fair value adjustments on assets arising from business combinations		**(32)**	(32)
Direct costs incurred for business combination	*(i)*	**(21)**	–
Reversal of over-accrued supplier rebates	4(b)	**–**	(41)
Unallocated corporate expenses		**(146)**	(166)
Reconciliation items before taxation		**(203)**	(241)
Tax impact:			
Additional assessments on certain commission income for prior years	5	**(38)**	–
Net tax effect on the above reconciliation items		**6**	5
Reconciliation items net of taxation		**(235)**	(236)
Profit for the period		**246**	306

Note:

(i) These costs are included in "administrative expenses" in the consolidated statement of profit or loss.

3. OTHER INCOME

HK$ million	Unaudited Six months ended 30 June 2016	2015
Commission income	**189**	167
Handling and service charge income	**82**	77
Advertising and other subsidies from suppliers	**52**	73
Forfeited deposit from customers	**4**	21
Government subsidies	**3**	4
Interest income from bank deposits	**5**	6
Net gain on disposal of subsidiaries	**5**	–
Net gain on disposal of property, plant and equipment	**3**	4
Net fair value (loss) / gain on foreign currency forward contracts	**(4)**	1
Net exchange gain	**8**	7
Others	**31**	29
Total	**378**	389

4. PROFIT BEFORE TAXATION

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

HK$ million	Unaudited Six months ended 30 June 2016	2015
(a) Finance costs		
Interest on bank advances and other borrowings	**91**	128
(b) Other items		
Amortisation		
– lease prepayments	**7**	8
– intangible assets	**27**	26
Depreciation	**239**	269
Share-based payments	**4**	12
Write-down of inventories	**39**	49
Reversal of write-down of inventories	**(9)**	(13)
Reversal of over-accrued supplier rebates	**–**	41
Net provision of impairment losses on		
– intangible assets	**3**	–
– goodwill	**2**	–
– trade debtors and other receivables	**7**	2

5. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% (2015: 16.5%) based on the estimated assessable profit for the period. Taxation outside Hong Kong is calculated based 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 2016**	2015
Current income tax		
– Hong Kong Profits Tax (Note)	**109**	90
– Outside Hong Kong	**76**	62
	185	152
Deferred tax		
– Origination and reversal of temporary differences	**(13)**	29
– Utilisation / (recognition) of deferred tax assets on tax losses	**18**	(35)
	5	(6)
Withholding tax	**11**	1
Total	**201**	147

Note:

The Hong Kong Inland Revenue Department has raised additional assessments on certain commission income for prior years. This tax case has been settled during the period with additional tax charge of HK$38 million. In accordance with a Deed of Indemnity dated 28 September 2007, CITIC Limited agreed to indemnify the Group in respect of taxation claims if such claims subsisted prior to the listing of the Company on 17 October 2007. In this respect, HK$22 million is recoverable from CITIC Limited and such amount was credited to general reserve (Note 17(b)).

6. DIVIDEND

(a) Dividend attributable to the period is as follows:

HK$ million	**Unaudited Six months ended 30 June 2016**	2015
Interim dividend declared after the end of the reporting period of 4.75 HK cents (2015: 6.10 HK cents) per share	**87**	112

The above interim dividend declared after the end of the reporting period has not been recognised as a liability at 30 June 2015 and 2016.

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

HK$ million	**Unaudited Six months ended 30 June 2016**	2015
Final dividend approved and paid of 6.40 HK cents (2015: 6.60 HK cents) per share	**117**	121

7. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the six months ended 30 June 2016 is based on the profit attributable to shareholders of the Company of HK$220 million (2015: HK$280 million) and the weighted average number of 1,832,133,000 (2015: 1,832,029,685) ordinary shares in issue during the period.

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2015 and 2016 are the same as basic earnings per share as the potential ordinary shares in respect of outstanding share options are anti-dilutive.

8. PROPERTY, PLANT AND EQUIPMENT

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Opening net book value	**3,485**	3,821
Exchange adjustments	**(39)**	(174)
Additions	**286**	582
Transfer to inventories	**(4)**	(9)
Transfer to investment properties	**(14)**	–
Amortisation capitalised in construction in progress (Note 10)	**–**	1
Disposals	**(105)**	(201)
Disposal of a subsidiary	**–**	(13)
Depreciation	**(239)**	(529)
Impairment loss	**–**	(3)
Business combination (Note 18)	**243**	10
Closing net book value	**3,613**	3,485

9. INVESTMENT PROPERTIES

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Opening net book value	**384**	374
Exchange adjustments	**40**	(8)
Net gain on remeasurement	**5**	18
Transfer from property, plant and equipment and lease prepayments	**37**	–
Closing net book value	**466**	384

Note:

During the six months ended 30 June 2016, a property and the underlying lease prepayments with carrying amount of HK$14 million and HK$6 million respectively, were transferred from property, plant and equipment and lease prepayments to investment properties as the property was leased out to a third party. The difference between its fair value and carrying amount at the date of transfer (net of taxation) of HK$10 million had been credited to asset revaluation reserve.

10. LEASE PREPAYMENTS

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Opening net book value	**568**	551
Exchange adjustments	**(10)**	(36)
Additions	**–**	69
Amortisation	**(7)**	(15)
Amortisation capitalised in construction in progress (Note 8)	**–**	(1)
Transfer to investment properties	**(6)**	–
Business combination (Note 18)	**69**	–
Closing net book value	**614**	568

11. INTANGIBLE ASSETS

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Opening net book value	**861**	799
Exchange adjustments	**(12)**	(39)
Additions	**5**	–
Amortisation	**(27)**	(54)
Business combination (Note 18)	**399**	155
Impairment loss	**(3)**	–
Closing net book value	**1,223**	861

12. GOODWILL

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Opening net book value	**636**	358
Exchange adjustments	**(1)**	(4)
Business combination (Note 18)	**1,771**	282
Impairment loss	**(2)**	–
Closing net book value	**2,404**	636

13. INVENTORIES

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Finished goods	**8,148**	6,763
Raw materials	**82**	47
Work-in-progress	**1**	1
Total	**8,231**	6,811

14. TRADE DEBTORS AND OTHER RECEIVABLES

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Trade debtors and bills receivable	**4,039**	3,023
Less: provision for impairment of trade debtors	**(104)**	(50)
	3,935	2,973
Other receivables, deposits and prepayments	**3,364**	3,337
Finance lease receivables	**261**	75
Gross amount due from customers for contract work	**9**	2
Amount due from an intermediate holding company	**22**	–
Amounts due from fellow subsidiaries	**1**	1
Amounts due from associates	**29**	6
Amounts due from joint ventures	**15**	–
Derivative financial instruments	**3**	2
	7,639	6,396
Less: non-current finance lease receivables	**(160)**	(48)
Total	**7,479**	6,348

14. TRADE DEBTORS AND OTHER RECEIVABLES (CONTINUED)

The ageing analysis of trade debtors and bills receivable based on the invoice date (net of provision for impairment of trade debtors) is as follows:

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Within 3 months	**3,369**	2,785
More than 3 months but within 1 year	**511**	141
Over 1 year	**55**	47
Total	**3,935**	2,973

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	7 to 180 days

15. BORROWINGS

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Bank loans	**7,777**	6,190
Bank overdrafts	**302**	76
Other loans	**226**	284
Total	**8,305**	6,550

Certain assets of the Group are pledged to secure loans and banking facilities granted to certain subsidiaries and are as follows:

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Inventories	**181**	195
Bank deposits	**99**	125
Trade debtors and other receivables	**70**	76
Property, plant and equipment	**30**	3
Lease prepayments	**44**	–
Total	**424**	399

16. TRADE CREDITORS AND OTHER PAYABLES

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Trade creditors and bills payable	**4,067**	1,389
Other payables and accrued charges	**3,992**	2,764
Gross amount due to customers for contract work	**5**	9
Amount due to a fellow subsidiary	**–**	1
Amounts due to associates	**73**	42
Amounts due to joint ventures	**11**	10
Amounts due to holders of non-controlling interests	**310**	290
Provision for product rectification	**75**	61
Derivative financial instruments	**13**	9
Total	**8,546**	4,575

The ageing analysis of trade creditors and bills payable based on due date is as follows:

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Current or within 1 month	**3,643**	1,343
More than 1 month but within 3 months	**285**	23
More than 3 months but within 6 months	**95**	5
Over 6 months	**44**	18
Total	**4,067**	1,389

17. CAPITAL AND RESERVES

(a) Share capital

	Unaudited 30 June 2016 Number of shares (in million)	Unaudited 30 June 2016 HK$ million	Audited 31 December 2015 Number of shares (in million)	Audited 31 December 2015 HK$ million
Ordinary shares, issued and fully paid:				
At 1 January / 30 June / 31 December	**1,832**	**1,477**	1,832	1,477

(b) General reserve and statutory surplus reserve

During the period ended 30 June 2016, the general reserve was credited by HK$22 million in respect of tax indemnity from an intermediate holding company (Note 5) and was debited by HK$3 million for the fair value adjustment on put option written on non-controlling interest (Note 20(b)).

During the period ended 30 June 2015, statutory surplus reserve of HK$4 million was transferred to general reserve following a subsidiary of the Group changed from a domestic enterprise to a wholly foreign owned enterprise.

18. BUSINESS COMBINATION

On 3 May 2016, the Group entered into a sale and purchase agreement to acquire 100% equity interest in LF Distribution Holding Limited and its subsidiaries (collectively known as "LF Distribution Group") at a total cash consideration of US$350 million which is subject to customary closing adjustments to net working capital, cash and indebtedness. LF Distribution Group is principally engaged in distribution of consumer and healthcare products across Asia. LF Distribution Group has been operating in geographical areas including China, Hong Kong, Macao, Taiwan, Thailand, Malaysia, Singapore, the Philippines, Indonesia and Brunei.

The acquisition was completed on 30 June 2016 and there is no turnover or profit after tax attributable by LF Distribution Group for the period ended 30 June 2016.

If the acquisition of LF Distribution Group had occurred on 1 January 2016, the Group's turnover and profit after tax for the period would have been approximately HK$24,338 million and HK$156 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 2016, together with the consequential tax effects.

18. BUSINESS COMBINATION (CONTINUED)

The goodwill is attributable mainly to the benefit of skills and technical talents of the acquired businesses' 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 purpose.

The provisional fair values of the assets and liabilities of LF Distribution Group recognised at the acquisition date are as follows (Note *(i)*):

HK$ million	**Food and Consumer Products Business**
Property, plant and equipment (Note 8)	243
Lease prepayments (Note 10)	69
Intangible assets (Note 11)	399
Inventories	1,645
Trade debtors and other receivables (Note *(ii)*)	2,134
Cash and bank deposits	723
Borrowings	(331)
Trade creditors and other payables	(3,947)
Current tax payable	(22)
Deferred tax liabilities	(113)
Fair value of net assets acquired	**800**
Goodwill (Note 12)	1,771
Non-controlling interests arising from acquisition of subsidiaries	(33)
Total consideration	2,538
Less: consideration payable	(25)
Less: cash and cash equivalents acquired	(428)
Net cash outflow	**2,085**

Notes:

(i) The amounts of assets and liabilities arising from the acquisition of LF Distribution Group as at 30 June 2016 and the related consideration are currently determined provisionally. At the date of this interim financial report, the necessary valuations and other calculations for the net assets acquired and liabilities assumed had not been finalised and therefore have been provisionally determined based on the latest information available to the management. Any adjustments to these provisional values upon finalisation will be recognised within 12 months of the acquisition date. The adjustments will be calculated as if the fair values had been recognised on the acquisition date. Goodwill will also be adjusted to the amount that would have been recognised if the fair value had been used at the acquisition date.

(ii) The fair value of trade debtors and other receivables is HK$2,134 million which includes trade debtors with a fair value of HK$1,509 million. The gross contractual amount for trade debtors and other receivables is HK$2,208 million, and provision for impairment loss is HK$74 million.

19. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the financial statements are as follows:

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Contracted for		
– Capital expenditures	**75**	95
– Others	**–**	1
Total	**75**	96
Authorised but not contracted for		
– Capital expenditures	**211**	241

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instrument carried at fair value

The fair value of each financial instrument is categorised across three levels of the "fair value hierarchy" defined in HKFRS 13, *"Fair Value Measurement"* with the fair value categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

– Level 1 (highest level): fair values measured using unadjusted quoted prices in active markets for identical financial instruments.

– Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

– Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 31 December 2015 and 30 June 2016, the outstanding foreign currency forward contracts and interest rate swaps of the Group fall into Level 2, while the put option written on non-controlling interest arising from acquisition of equity interest in Gilman Group Limited and Leader Synergy Limited (collectively known as "Gilman Group") falls into Level 3 and there was no transfer between levels during the period.

20. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value measurements

The fair values of financial instruments are estimated as the present value of future cash flows, discounted at current market interest rates for similar interest bearing bank borrowings, except for foreign currency forward contracts, interest rate swaps and put option written on non-controlling interest.

Foreign currency forward contracts are marked to market using the foreign exchange forward rates ruling at the end of the reporting period.

The fair values of interest rate swaps are the estimated amounts that the Group would receive or pay to terminate the swaps at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counter parties.

The fair value of put option written on non-controlling interest is an estimated amount of the put option exercise price which is calculated pursuant to the terms of the share purchase agreement for acquisition of Gilman Group. The fair value measurement requires estimation of post-acquisition profits of Gilman Group and judgement on time value of money. The estimated sales growth rates and change in gross profit margin are the significant unobservable inputs used in fair value measurement. The estimated sales growth rates range from 12.3% to 14.3% per annum and no material change is expected on the gross profit margin. The fair value measurement is positively correlated to the sales growth rates and the change in gross profit margin of Gilman Group. During the period ended 30 June 2016, the fair value of the put option liability increased by HK$3 million with reference to the attributes mentioned above.

21. CONTINGENT LIABILITIES

(a) At the end of the reporting period, the Group has issued guarantees to a bank in respect of banking facilities of HK$75 million (31 December 2015: HK$75 million) granted to and utilised by an associate of HK$39 million (31 December 2015: HK$26 million).

(b) The Group has issued a guarantee of EUR1.2 million at 30 June 2016 and 31 December 2015 to a trade creditor of an associate.

(c) In June 2016, an incident of ammonia emission occurred in a logistics centre of the Group located in Shanghai. Certain inventories owned by the Group and third parties may have been damaged as a result. The Group has engaged independent parties who are in the process of assessing the damages and claims arising from the incident. At the time of the interim reporting, the Group does not have sufficient information to reasonably estimate the liabilities related to this incident and will actively monitor the progress in the second half of 2016.

22. MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Recurring transactions

HK$ million	Unaudited Six months ended 30 June **2016**	2015
Purchases from associates	**135**	167
Rental expenses to fellow subsidiaries	**107**	91

(b) Operating lease commitments with fellow subsidiaries

At the end of the reporting period, the Group's total future minimum lease payments on properties under non-cancellable operating leases with fellow subsidiaries are payable as follows:

HK$ million	**Unaudited 30 June 2016**	Audited 31 December 2015
Within 1 year	**211**	210
After 1 year but within 5 years	**188**	290
Total	**399**	500

(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 material related party transactions.

23. HOLDING COMPANIES

At 30 June 2016, the directors considered the ultimate holding company of the Group to be CITIC Group Corporation, a wholly state-owned company established in the People's Republic of China. The intermediate holding company of the Group, CITIC Limited, which is incorporated and listed in Hong Kong, produces financial statements available for public use.

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 26 to 45 which comprises the consolidated statement of financial position of Dah Chong Hong Holdings Limited as of 30 June 2016 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month 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 2016 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

22 August 2016

DIVIDEND AND CLOSURE OF REGISTER

The board of directors of DCH (the "Board") has declared an interim dividend of 4.75 HK cents per share for the year ending 31 December 2016 payable on Friday, 30 September 2016 to shareholders whose names appear on the Register of Members of DCH on Wednesday, 21 September 2016. The Register of Members of DCH will be closed from Monday, 19 September 2016 to Wednesday, 21 September 2016, both days inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, all transfer documents, accompanied by the relevant share certificates, must be lodged for registration with DCH's Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 15 September 2016.

SHARE OPTION SCHEME

DCH adopted the Share Option Scheme (the "Scheme") on 28 September 2007. Under the Scheme, the Board may offer to grant an option over DCH's shares to any person employed by DCH or any of its subsidiaries and any person who is an officer or director (whether executive or non-executive) of DCH or any of its subsidiaries as the Board may, in its absolute discretion, select. A consideration of HK$1.00 is payable by each grantee to DCH on acceptance of the offer of the option. The subscription price determined by the Board will not be less than the higher of (i) the closing price of DCH's shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant; and (ii) the average closing price of DCH's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. The maximum number of shares over which options may be granted under the Scheme and any other schemes of DCH shall not in aggregate exceed 10% of (i) the shares of DCH in issue immediately following the commencement of dealings in DCH's shares on the Stock Exchange; or (ii) the shares of DCH in issue from time to time, whichever is the lower.

Since the adoption of the Scheme, DCH has granted the following share options:

Date of grant	Number of share options	Exercise period	Exercise price per share HK$
7.7.2010	23,400,000	7.7.2010 – 6.7.2015	4.766
8.6.2012	24,450,000	8.6.2013 – 7.6.2017*	7.400
30.4.2014	28,200,000	30.4.2015 – 29.4.2019*	4.930

* Subject to a vesting scale

The share options granted on 7 July 2010 had expired by the close of business on 6 July 2015.

Of the share options granted on 8 June 2012, 24,250,000 were accepted and 200,000 were not as at the latest date of acceptance pursuant to the scheme rules (i.e. 5 July 2012). The share options granted are subject to a vesting scale. 25% of the options granted will vest on the first anniversary of the date of grant. A further 25% will vest on the second anniversary of the date of grant and the remaining 50% of the share options granted will vest on the third anniversary of the date of grant. The vested options are exercisable in whole or in part within 5 years from the date of grant. The closing price of the shares of DCH immediately before the grant on 8 June 2012 was HK$7.49 per share.

Of the share options granted on 30 April 2014, 27,850,000 were accepted and 350,000 were not as at the latest date of acceptance pursuant to the scheme rules (i.e. 28 May 2014). The share options granted are subject to a vesting scale. 25% of the options granted will vest on the first anniversary of the date of grant. A further 25% will vest on the second anniversary of the date of grant and the remaining 50% of the share options granted will vest on the third anniversary of the date of grant. The vested options are exercisable in whole or in part within 5 years from the date of grant. The closing price of the shares of DCH immediately before the grant on 30 April 2014 was HK$4.91 per share.

During the six months ended 30 June 2016, 900,000 share options lapsed and none of the share options under the Scheme were exercised and cancelled.

A summary of the movements of the share options under the Scheme during the six months ended 30 June 2016 is as follows:

(a) DCH directors

Name of director	Date of grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2016	Granted during the 6 months ended 30.6.2016	Lapsed/ cancelled during the 6 months ended 30.6.2016	Exercised during the 6 months ended 30.6.2016	Balance as at 30.6.2016	Approximate percentage to the number of issued shares
Yip Moon Tong	8.6.2012	8.6.2013 – 7.6.2017	7.40	1,800,000	–	–	–	1,800,000	
	30.4.2014	30.4.2015 – 29.4.2019	4.93	1,800,000	–	–	–	1,800,000	
				3,600,000				3,600,000	0.196%
Lau Sei Keung	8.6.2012	8.6.2013 – 7.6.2017	7.40	1,450,000	–	–	–	1,450,000	
	30.4.2014	30.4.2015 – 29.4.2019	4.93	1,450,000	–	–	–	1,450,000	
				2,900,000				2,900,000	0.158%
Glenn Robert Sturrock Smith	8.6.2012	8.6.2013 – 7.6.2017	7.40	1,100,000	–	–	–	1,100,000	
	30.4.2014	30.4.2015 – 29.4.2019	4.93	1,100,000	–	–	–	1,100,000	
				2,200,000				2,200,000	0.120%
Wai King Fai, Francis (Note 1)	8.6.2012	8.6.2013 – 7.6.2017	7.40	900,000	–	–	–	(Note 1)	
	30.4.2014	30.4.2015 – 29.4.2019	4.93	900,000	–	–	–	(Note 1)	
				1,800,000				N/A	N/A

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

Date of grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2016	Granted during the 6 months ended 30.6.2016	Lapsed/ cancelled during the 6 months ended 30.6.2016	Exercised during the 6 months ended 30.6.2016	Balance as at 30.6.2016	Approximate percentage to the number of issued shares
8.6.2012	8.6.2013 – 7.6.2017	7.40	13,000,000 (Note 2)	–	400,000	–	12,300,000 (Note 2)	0.671%
30.4.2014	30.4.2015 – 29.4.2019	4.93	18,050,000 (Note 3)	–	500,000	–	17,250,000 (Note 3)	0.942%

(c) Others (Note 4)

Date of grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2016	Granted during the 6 months ended 30.6.2016	Lapsed/ cancelled during the 6 months ended 30.6.2016	Exercised during the 6 months ended 30.6.2016	Balance as at 30.6.2016	Approximate percentage to the number of issued shares
8.6.2012	8.6.2013 – 7.6.2017	7.40	3,950,000 (Note 2)	–	–	–	5,150,000 (Notes 1 and 2)	0.281%
30.4.2014	30.4.2015 – 29.4.2019	4.93	2,600,000 (Note 3)	–	–	–	3,800,000 (Notes 1 and 3)	0.207%

Notes:

1. Subsequent to Mr. Wai King Fai, Francis, retirement as an executive director of DCH on 10 May 2016, 900,000 share options (granted on 8 June 2012) and 900,000 share options (granted on 30 April 2014) were reclassified and added to the closing balance of the period end in "Others".

2. 800,000 share options (granted on 8 June 2012) were reclassified in "Others", of which 500,000 share options were added to the opening balance and 300,000 share options were added to the closing balance of the period end, subsequent to certain employees having retired on 1 January 2016 and during the six months ended 30 June 2016, respectively.

3. 1,400,000 share options (granted on 30 April 2014) were reclassified in "Others", of which 1,100,000 share options were added to the opening balance and 300,000 share options were added to the closing balance of the period end, subsequent to certain employees having retired on 1 January 2016 and during the six months ended 30 June 2016, respectively.

4. These are in respect of share options granted to former employees whose employment was terminated other than for cause or misconduct.

DIRECTORS' INTERESTS IN SECURITIES

The interests of the directors in shares of DCH or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as at 30 June 2016 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. Shares in DCH

Name of director	Number of shares Personal interests unless otherwise stated	Approximate percentage to the number of issued shares
Yip Moon Tong	1,300,000 (Note)	0.071%
Lai Ni Hium	200,000	0.011%
Lau Sei Keung	180,000	0.010%
Glenn Robert Sturrock Smith	50,000	0.003%

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 Limited

Name of director	Number of shares Personal interests	Approximate percentage to the number of issued shares
Lau Sei Keung	1,000	0.000003%

(b) CITIC Telecom International Holdings Limited

Name of director	Number of shares Personal interests	Approximate percentage to the number of issued shares
Kwok Man Leung	150,000	0.004%

(c) China CITIC Bank Corporation Limited

Name of director	Number of shares Personal interests	Approximate percentage to the number of issued shares
Cheung Kin Piu, Valiant (Note)	1,094,400	0.007%

Note: Mr. Cheung Kin Piu, Valiant has resigned as independent non-executive director with effect from 1 July 2016.

3. Share Options in DCH

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

Save as disclosed above, as at 30 June 2016, none of the directors of DCH 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 DCH or its associated corporations or any interests which were required to be entered into the register kept by DCH pursuant to section 352 of the SFO or any interests which were required to be notified to DCH and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules").

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, the interests of the substantial shareholders, other than the directors of DCH or their respective associate(s), in the shares of DCH 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 DCH	Approximate percentage to the number of issued shares
CITIC Group Corporation	1,027,307,000	56.07%
CITIC Limited	1,027,307,000	56.07%
CITIC Pacific Limited	1,027,307,000	56.07%
Davenmore Limited	1,018,800,000	55.61%
Colton Pacific Limited	800,922,200	43.72%
Chadacre Developments Limited	245,102,000	13.38%
Ascari Holdings Ltd.	217,877,800	11.89%
Cornaldi Enterprises Limited	95,317,400	5.20%

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 1,027,307,000 shares through its direct wholly-owned subsidiary, Davenmore Limited as to 1,018,800,000 shares and its indirect wholly-owned subsidiary, Hainsworth Limited as to 8,507,000 shares.

CITIC Limited was deemed to be interested in 1,027,307,000 shares through its direct wholly-owned subsidiary, CITIC Pacific Limited.

CITIC Group Corporation was deemed to be interested in 1,027,307,000 shares through its wholly-owned subsidiaries, with CITIC Polaris Limited and CITIC Glory Limited respectively interested in 32.53% and 25.60% of the issued shares of CITIC Limited.

PURCHASE, SALE OR REDEMPTION OF SHARES

DCH has not redeemed any of its shares during the six months ended 30 June 2016.

Neither DCH nor any of its subsidiaries has purchased or sold any of DCH's shares during the six months ended 30 June 2016.

UPDATE ON DIRECTORS' INFORMATION

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

Mr. Fei Yiping, a non-executive director, was appointed as a non-executive director of CITIC Telecom International Holdings Limited with effect from 1 June 2016.

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

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

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

Net 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
Level 22, Hopewell Centre
183 Queen's Road East
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:	19 September 2016 to 21 September 2016
Interim Dividend payable:	30 September 2016

Interim Report 2016

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

Shareholders may choose to rely on the Interim Report posted on the Group's website and change their preference 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: 2756 5167 or by email: contact@dch.com.hk.

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