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

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 01828)**

**CONNECTED TRANSACTIONS**  
**SUBSCRIPTION TO TAMAR ALLIANCE FUND**

**INTRODUCTION**

On 23 October 2017, DCH LP and the General Partner (on behalf of the Fund) entered into the DCH Fund Subscription Agreement, pursuant to which DCH LP as a Limited Partner has agreed to make a capital commitment of US\$35,000,000 (equivalent to approximately HK\$273,000,000) to a new fund called Tamar Alliance Fund.

Tamar Alliance Fund is established by the General Partner in the Cayman Islands as an exempted limited partnership, with the investment objective to seek long term capital appreciation through investments in companies in the consumer and healthcare sectors positioned to benefit from the growth in consumption driven by the rising middle classes and ageing populations of Greater China and Southeast Asia.

The General Partner is wholly-owned by GP Holdco. The shareholding interests of GP Holdco is held as to 50% by DCH Holdco and 50% by CP Holdco. On 23 October 2017, DCH Holdco, CP Holdco and GP Holdco entered into the GP Holdco Shareholders' Agreement, whereby each of DCH Holdco and CP Holdco undertakes to provide to the GP Holdco further capital or financing of up to US\$5,000,000 (equivalent to approximately HK\$39,000,000) on a 50:50 basis to meet the funding requirements of GP Holdco or the General Partner for its capital commitment to the Tamar Alliance Fund.

**LISTING RULES IMPLICATION**

Each of CP Holdco and the General Partner is an indirect subsidiary of CITIC Limited, a controlling shareholder of the Company, and each of CP Holdco and the General Partner is therefore a connected person of the Company. Accordingly, the entering into of the DCH Fund Subscription Agreement (where the General Partner is a party) and the GP Holdco Shareholders' Agreement (where each of CP Holdco and GP Holdco is a party) constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the entering into of the DCH Fund Subscription Agreement and the GP Holdco Shareholders' Agreement is 0.1% or more but is less than 5%, the entering into of the DCH Fund Subscription Agreement and the GP Holdco Shareholders' Agreement constitute connected transactions for the Company and are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE FUND SUBSCRIPTION**

### **DCH's initial subscription to the Fund**

On 23 October 2017, DCH LP and the General Partner (on behalf of the Fund) entered into the DCH Fund Subscription Agreement, pursuant to which DCH LP as a Limited Partner has agreed to make a capital commitment of US\$35,000,000 (equivalent to approximately HK\$273,000,000) to a new fund called Tamar Alliance Fund.

The capital commitment under the DCH Fund Subscription Agreement shall be payable in cash on such date as determined by the General Partner, and was determined after arm's length negotiation between DCH LP and the General Partner (on behalf of the Fund) with reference to the capital requirement of the Fund.

### **Other initial subscription to the Fund**

CP LP, an indirect wholly-owned subsidiary of CITIC Limited, as a Limited Partner shall make a capital commitment of US\$35,000,000 (equivalent to approximately HK\$273,000,000) to the Fund on the same terms as DCH LP's subscription to the Fund. The GP Holdco (through its wholly-owned subsidiary) shall also make a capital commitment of US\$10,000,000 (equivalent to approximately HK\$78,000,000) to the Fund.

Tamar Alliance Fund will seek for further Limited Partners to contribute to the total commitments of the Fund.

Tamar Alliance Fund is established by the General Partner in the Cayman Islands as an exempted limited partnership, with the investment objective to seek long term capital appreciation through investments in companies that in the consumer and healthcare sectors positioned to benefit from the growth in consumption driven by the rising middle classes and ageing populations of Greater China and Southeast Asia.

## **THE GP HOLDCO SHAREHOLDERS' AGREEMENT**

The General Partner is wholly-owned by GP Holdco. The shareholding interests of GP Holdco is held as to 50% by DCH Holdco and 50% by CP Holdco. On 23 October 2017, DCH Holdco, CP Holdco and GP Holdco entered into the GP Holdco Shareholders' Agreement, whereby each of DCH Holdco and CP Holdco undertakes to provide to the GP Holdco further capital or financing of up to US\$5,000,000 (equivalent to approximately HK\$39,000,000) on a 50:50 basis to meet the funding requirements of GP Holdco or the General Partner for its capital commitment to Tamar Alliance Fund. The capital commitment under the GP Holdco Shareholders' Agreement was determined after arm's length negotiation between DCH Holdco and CP Holdco with reference to the capital requirement of the GP Holdco.

## **INFORMATION ON THE PARTIES**

DCH is an integrated motor and consumer products distribution company operating in Asia with an extensive logistics network. DCH is a leading distributor and dealer of motor vehicles in Greater China and provides of a full range of motor related services including maintenance, rental, repair and financing. DCH's consumer products business includes the distribution of food and fast moving consumer goods, healthcare and electronic products as well as food processing, trading and retail.

CITIC Pacific is a wholly-owned subsidiary of CITIC Limited, the largest conglomerate in China. CITIC Pacific's key businesses include special steel manufacturing, power generation and real estate development. It is also the majority shareholder of two Hong Kong listed companies, DCH and CITIC Telecom International Holdings Limited.

Each of CP Holdco, CP LP and the General Partner is an investment holding company and an indirect subsidiary of CITIC Limited.

Each of DCH Holdco and DCH LP is an investment holding company and an indirect wholly-owned subsidiary of the Company.

The sole business of GP Holdco is to act as the holding company of the General Partner, whose sole business is to act as the general partner of the Tamar Alliance Fund.

## **LISTING RULES IMPLICATION**

Each of CP Holdco and the General Partner is an indirect subsidiary of CITIC Limited, a controlling shareholder of the Company, and each of CP Holdco and the General Partner is therefore a connected person of the Company. Accordingly, the entering into of the DCH Fund Subscription Agreement (where the General Partner is a party) and the GP Holdco Shareholders' Agreement (where each of CP Holdco and GP Holdco is a party) constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the entering into of the DCH Fund Subscription Agreement and the GP Holdco Shareholders' Agreement is 0.1% or more but is less than 5%, the entering into of the DCH Fund Subscription Agreement and the GP Holdco Shareholders' Agreement constitute connected transactions for the Company and are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE DCH FUND SUBSCRIPTION AGREEMENT AND THE GP HOLDCO SHAREHOLDERS' AGREEMENT**

The Directors believe that the entering into of the DCH Fund Subscription Agreement and the GP Holdco Shareholders' Agreement is strategically beneficial and will enable DCH to:

### **Increase exposure to growing market opportunity**

The Asian market for consumer goods and healthcare products is large and growing rapidly, driven by rising demand from an increasingly affluent middle class across Greater China and Southeast Asia. It is also at the beginning of a long and rich development path. By combining resources with CITIC Pacific and other potential Tamar Alliance Fund participants, DCH is positioning itself to secure greater exposure to this significant market opportunity.

## **Build a more sustainable business**

With nearly 70 years of experience working alongside over 1,000 brands, DCH is a leading player in the distribution of consumer and healthcare products in Asia. By establishing the Fund to invest directly into companies in this space, DCH will not only increase its exposure to the overall market, but build a virtuous circle into its existing distribution business.

Target companies that receive investment from Tamar Alliance Fund will benefit from more than additional capital. They will gain access to DCH's market knowledge and expertise. These target companies, in turn, will enjoy fully aligned interests when choosing DCH, their investor, as their distribution partner. As they grow, DCH's distribution business will accordingly expand in step, strengthening the Company's business in the long-term.

## **Capture more value**

In addition to reinforcing the competitiveness of DCH's distribution business, the establishment of the Fund will open up new revenue streams and opportunities for the Company. It enables DCH to capture investment return from the target companies themselves, as well as enjoy strategic access to a sustainable pool of distribution relationships.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the entering into of the DCH Fund Subscription Agreement and the GP Holdco Shareholders' Agreement are in the ordinary and usual course of business of DCH, the terms and conditions of the DCH Fund Subscription Agreement and the GP Holdco Shareholders' Agreement are on normal commercial terms or better, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **GENERAL**

None of the Directors has a material interest in the entering into of the DCH Fund Subscription Agreement and the GP Holdco Shareholders' Agreement or is required to abstain from voting on the Board resolutions to approve the entering into of the DCH Fund Subscription Agreement and the GP Holdco Shareholders' Agreement.

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

<b>“CITIC Limited”</b>	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong with limited liability with its shares listed on the Stock Exchange (Stock Code: 00267)
<b>“CITIC Pacific”</b>	CITIC Pacific Limited (中信泰富有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of CITIC Limited
<b>“Company” or “DCH”</b>	Dah Chong Hong Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 01828)

<b>“connected person(s)”</b> , <b>“percentage ratio(s)”</b> , <b>“subsidiary(ies)”</b>	each has the meaning ascribed to it under the Listing Rules
<b>“CP Holdco”</b>	City Victory Company Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of CITIC Limited
<b>“CP LP”</b>	Sky Glory Company Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of CITIC Limited
<b>“DCH Fund Subscription Agreement”</b>	the subscription agreement entered into between DCH LP and the General Partner (on behalf of the Fund) on 23 October 2017 in relation to the subscription and investment in the Fund
<b>“DCH Holdco”</b>	DCH Tamar Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company
<b>“DCH LP”</b>	DCH Tamar LP 1 Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Fund” or “Tamar Alliance Fund”</b>	Tamar Alliance Partners Fund I, L.P., an exempted limited partnership registered under the laws of the Cayman Islands
<b>“General Partner”</b>	Tamar Alliance GP 1 Limited, an exempted company incorporated in the Cayman Islands with limited liability
<b>“GP Holdco”</b>	Tamar Alliance Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability
<b>“GP Holdco Shareholders’ Agreement”</b>	the shareholders’ agreement entered into between DCH Holdco, CP Holdco and GP Holdco on 23 October 2017 regulating the management of GP Holdco and the relationship between its shareholders
<b>“HK\$”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Limited Partner(s)”</b>	the limited partner(s) of the Fund

“ <b>Listing Rules</b> ”	The Rules Governing the Listing of Securities on the Stock Exchange
“ <b>Stock Exchange</b> ”	The Stock Exchange of Hong Kong Limited
“ <b>US\$</b> ”	United States dollars, the lawful currency of the United States of America
“ <b>%</b> ”	per cent

*Unless otherwise specified in this announcement and for the purpose of illustration only, US\$ is translated into HK\$ at the rate of US\$1.00 = HK\$7.8. No representation is made that any amounts in US\$ have been or could be converted at the above rate or at any other rates or at all.*

For and on behalf of  
**Dah Chong Hong Holdings Limited**  
**Lai Ni Hium**  
*Executive Director and Chief Executive Officer*

Hong Kong, 23 October 2017

*As at the date of this announcement, the Directors are:-*

*Executive Directors: Lai Ni Hium, Lau Sei Keung, Lee Tak Wah and Fung Kit Yi, Kitty*

*Non-executive Directors: Zhang Jijing (Chairman), Kwok Man Leung and Fei Yiping*

*Independent non-executive Directors: Hsu Hsung, Adolf, Yeung Yue Man, Chan Kay Cheung, Chan Hui Dor Lam, Doreen and Woo Chin Wan, Raymond*