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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)

CONTINUING CONNECTED TRANSACTIONS

(1) OUTSOURCING OF GSE SERVICES BY DAS TO DSL

**(2) OUTSOURCING OF ULD MAINTENANCE SERVICES
BY DAS NORDISK TO DAS**

**(3) PURCHASE OF ULD SPARE PARTS
BY DAS NORDISK FROM NORDISK ASIA PACIFIC GROUP**

The Directors announce that on 26 January 2010:

- (1) DAS and DSL entered into the DAS Outsourcing Master Agreement to outsource part of the GSE maintenance services and vehicle repair services by DAS to the DSL Group for a term of three years from 1 January 2010 to 31 December 2012. The annual cap for each of the financial years ending 31 December 2010, 2011 and 2012 is expected to be HK\$24.4 million, HK\$35.7 million and HK\$44.6 million respectively;
- (2) DAS Nordisk and DAS entered into the DNL Outsourcing Master Agreement to outsource part of the ULD maintenance services by DAS Nordisk to DAS for a term of three years from 1 January 2010 to 31 December 2012. The annual cap for each of the financial years ending 31 December 2010, 2011 and 2012 is expected to be HK\$30.0 million, HK\$37.5 million and HK\$46.8 million respectively; and
- (3) DAS Nordisk and Nordisk Asia Pacific Limited entered into the Sale and Purchase Master Agreement regarding the purchase of ULD spare parts by DAS Nordisk from the Nordisk Asia Pacific Group for a term of three years from 1 January 2010 to 31 December 2012. The annual cap for each of the financial years ending 31 December 2010, 2011 and 2012 is expected to be HK\$8.7 million, HK\$10.9 million and HK\$13.6 million respectively.

The transactions contemplated under each of (i) the DAS Outsourcing Master Agreement; (ii) the DNL Outsourcing Master Agreement; and (iii) the Sale and Purchase Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios calculated with reference to each of the above continuing connected transactions and the annual caps exceed 0.1% but are below 2.5% on an annual basis, each of the above continuing connected transactions is only subject to the announcement and reporting requirements, but is exempt from the independent shareholders' approval requirements under the Listing Rules.

1. INTRODUCTION

The Directors announce that on 26 January 2010, (i) DAS and DSL entered into the DAS Outsourcing Master Agreement to outsource part of the GSE maintenance services and vehicle repair services by DAS to the DSL Group; (ii) DAS Nordisk and DAS entered into the DNL Outsourcing Master Agreement to outsource part of the ULD maintenance services by DAS Nordisk to DAS; and (iii) DAS Nordisk and Nordisk Asia Pacific Limited entered into the Sale and Purchase Master Agreement regarding the purchase of ULD spare parts by DAS Nordisk from the Nordisk Asia Pacific Group, all for a term of three years from 1 January 2010 to 31 December 2012.

2. OUTSOURCING OF GSE SERVICES BY DAS TO DSL

The DAS Outsourcing Master Agreement

Date: 26 January 2010

Parties:

- (1) DAS
- (2) DSL

Background and general terms

Reference is made to the Prospectus disclosing, among other things, the information in relation to the outsourcing master agreement dated 28 September 2007 between DAS and DSL (with a term expired on 31 December 2009) to outsource part of the GSE maintenance services and vehicle repair services by DAS to DSL (the "**Old DAS Outsourcing Master Agreement**").

For the purpose of renewing the arrangements contemplated under the Old DAS Outsourcing Master Agreement, on 26 January 2010, DAS and DSL entered into the DAS Outsourcing Master Agreement, under which DAS agreed to outsource part of the GSE maintenance services and vehicle repair services to the DSL Group for a term of three years from 1 January 2010 to 31 December 2012.

Pricing principles and annual caps

The pricing for the outsourcing services is determined with reference to the relevant costs associated with the frequency and amount of usage of, and the parts/equipments required for, the relevant GSE concerned. The total amount of outsourcing fees paid by DAS to DSL under the Old DAS Outsourcing Master Agreement for the financial years ended 31 December 2007, 2008 and 2009 were approximately HK\$21.3 million, HK\$20.9 million and HK\$17.3 million respectively. Pursuant to the DAS Outsourcing Master Agreement, the annual cap for each of the financial years ending 31 December 2010, 2011 and 2012 is expected to be HK\$24.4 million, HK\$35.7 million and HK\$44.6 million respectively.

The above annual caps, being the expected maximum annual transaction amount, have been determined on the basis of estimated volume of services required by DAS with reference to historical transaction values with DSL at market price, the expected increase in business volume and the expected increase in labour cost.

Reasons for the transactions

DSL supplies the necessary parts/equipments for GSE in the aviation services business, which are necessary for DAS' business in GSE maintenance services and vehicle repair services. DSL, being a 70% owned subsidiary of the Company, is regarded by DAS as a reliable GSE maintenance service provider at competitive market terms.

3. OUTSOURCING OF ULD MAINTENANCE SERVICES BY DAS NORDISK TO DAS

The DNL Outsourcing Master Agreement

Date: 26 January 2010

Parties:

- (1) DAS Nordisk
- (2) DAS

Background and general terms

Reference is made to the Prospectus and the Company's announcement dated 17 September 2008 disclosing, among other things, the information in relation to the outsourcing master agreement dated 28 September 2007 between DAS Nordisk and DAS (with a term expired on 31 December 2009) to outsource part of the ULD maintenance services by DAS Nordisk to DAS (the "**Old DNL Outsourcing Master Agreement**").

For the purpose of renewing the arrangements contemplated under the Old DNL Outsourcing Master Agreement, on 26 January 2010, DAS Nordisk and DAS entered into the DNL Outsourcing Master Agreement, under which DAS Nordisk agreed to outsource part of the ULD maintenance services to DAS for a term of three years from 1 January 2010 to 31 December 2012.

Pricing principles and annual caps

The pricing for the outsourcing services is determined with reference to labour time and volume of services as estimated with reference to previous years' level. The total amount of outsourcing fees paid by DAS Nordisk to DAS under the Old DNL Outsourcing Master Agreement for the financial years ended 31 December 2007, 2008 and 2009 were approximately HK\$20.6 million, HK\$26.3 million and HK\$25.1 million respectively. Pursuant to the DNL Outsourcing Master Agreement, the annual cap for each of the financial years ending 31 December 2010, 2011 and 2012 is expected to be HK\$30.0 million, HK\$37.5 million and HK\$46.8 million respectively.

The above annual caps, being the expected maximum annual transaction amount, have been determined on the basis of estimated volume of services required by DAS Nordisk with reference to historical transaction values with DAS at market price, the expected increase in business volume, in particular with reference to the ULD Maintenance Services Agreement, and the expected increase in labour cost.

Reasons for the transactions

DAS is one of the only two ULD repairers who possess the appropriate airworthiness approvals at the Hong Kong International Airport. DAS, being a 70% owned subsidiary of the Company, is regarded by DAS Nordisk as a reliable ULD maintenance service provider at competitive market terms.

4. PURCHASE OF ULD SPARE PARTS BY DAS NORDISK FROM NORDISK ASIA PACIFIC GROUP

The Sale and Purchase Master Agreement

Date: 26 January 2010

Parties:

- (1) DAS Nordisk
- (2) Nordisk Asia Pacific Limited

Background and general terms

Reference is made to the Prospectus and the Company's announcement dated 17 September 2008 disclosing, among other things, the information in relation to the sale and purchase master agreement dated 24 September 2007 between DAS Nordisk and Nordisk Asia Pacific Limited (with a term expired on 31 December 2009) regarding the purchase of ULD spare parts by DAS Nordisk from the Nordisk Asia Pacific Group (the "**Old Sale and Purchase Master Agreement**").

For the purpose of renewing the arrangements contemplated under the Old Sale and Purchase Master Agreement, on 26 January 2010, DAS Nordisk and Nordisk Asia Pacific Limited entered into the Sale and Purchase Master Agreement, under which DAS Nordisk agreed to purchase ULD spare parts from the Nordisk Asia Pacific Group for a term of three years from 1 January 2010 to 31 December 2012.

Pricing principles and annual caps

The pricing for the sales and purchases is determined by the market price for the relevant ULD spare parts offered to other customers of the Nordisk Asia Pacific Group, generally in the open market in Hong Kong. The total amount of payment made by DAS Nordisk to the Nordisk Asia Pacific Group under the Old Sale and Purchase Master Agreement for the financial years ended 31 December 2007, 2008 and 2009 were approximately HK\$5.8 million, HK\$5.9 million and HK\$4.1 million respectively. Pursuant to the Sale and Purchase Master Agreement, the annual cap for each of the financial years ending 31 December 2010, 2011 and 2012 is expected to be HK\$8.7 million, HK\$10.9 million and HK\$13.6 million respectively.

The above annual caps, being the expected maximum transaction amount, have been determined with reference to historical transaction values with the Nordisk Asia Pacific Group at market price, the expected increase in ULD maintenance volume, in particular with reference to the ULD Maintenance Services Agreement, and the expected appreciation of Norwegian Krone against Hong Kong dollar that partly leads to increase in material costs.

Reasons for the transactions

As the ULD is manufactured by the Nordisk Asia Pacific Group, the purchases of the ULD spare parts could only be made from the manufacturer, i.e. the Nordisk Asia Pacific Group. The Nordisk Asia Pacific Group has provided the relevant ULD spare parts necessary for DAS Nordisk's business in ULD maintenance services at competitive market terms.

5. OPINION OF DIRECTORS

The Directors (including the independent non-executive directors of the Company) consider that the transactions contemplated and annual caps under each of the DAS Outsourcing Master Agreement, the DNL Outsourcing Master Agreement and the Sale and Purchase Master Agreement are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the shareholders of the Company as a whole.

6. GENERAL

DAS is a 70% owned subsidiary of the Company engaging in the provision of airport ground support equipment maintenance services.

DAS Nordisk is a 49% owned subsidiary of the Company engaging in the provision of maintenance services for air cargo containers, sale of related spare parts and letting of air cargo equipment.

DSL is a 70% owned subsidiary of the Company. The principal activities of DSL are investment holding and distribution of air cargo equipment and related spare parts.

Nordisk Asia Pacific Limited is a subsidiary of Teleflex Incorporated which is listed on the New York Stock Exchange. According to the website of NYSE Euronext, Teleflex Incorporated is a diversified company engaged in the design, manufacturing and distribution of engineered products. Nordisk Asia Pacific Limited is one of the companies operated under the aerospace business segment of Teleflex Incorporated, which business includes the development, manufacturing and servicing containers and pallets for air cargo.

The Group is a diversified business conglomerate in motor vehicles sales, motor vehicle related business and services, sales of food and consumer products, as well as logistics services, supported by integrated distribution platforms and a well-established base and network in the PRC, Hong Kong and Macao.

7. LISTING RULES IMPLICATIONS

DSL and DAS are held as to 70% by the Group and 30% by KA. Therefore, DSL and DAS are associates of KA and thus connected persons of the Company. Accordingly, the transactions contemplated under each of the DAS Outsourcing Master Agreement and the DNL Outstanding Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Nordisk Asia Pacific Limited is a subsidiary of NAP Singapore which is a substantial shareholder of DAS Nordisk (a 49% owned subsidiary of the Company). Therefore, Nordisk Asia Pacific Limited is a connected person of the Company. Accordingly, the transactions contemplated under the Sale and Purchase Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios calculated with reference to each of the above continuing connected transactions and the annual caps exceed 0.1% but are below 2.5% on an annual basis, each of the above continuing connected transactions is subject to the announcement and reporting requirements, but is exempt from the independent shareholders' approval requirements under the Listing Rules.

8. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“associate”	has the meaning given to it by the Listing Rules;
“Company”	Dah Chong Hong Holdings Limited 大昌行集團有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited;
“connected person”	has the meaning given to it by the Listing Rules;
“DAS”	Dah Chong Hong – Dragonair Airport GSE Service Limited 大昌 – 港龍機場地勤設備服務有限公司, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company;
“DAS Nordisk”	DAS Nordisk Limited 大昌 – 港龍空運設備有限公司, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company;
“DAS Outsourcing Master Agreement”	the outsourcing master agreement dated 26 January 2010 entered into between DAS and DSL;
“Directors” or “Board”	the directors of the Company;
“DNL Outsourcing Master Agreement”	the outsourcing master agreement dated 26 January 2010 entered into between DAS Nordisk and DAS;
“DSL”	DAS Aviation Support Limited 大昌 – 港龍航材支援有限公司, a company incorporated in Hong Kong with limited liability and a non-wholly owned subsidiary of the Company;
“DSL Group”	DSL and its subsidiaries;
“Group”	the Company and its subsidiaries, or, where the context so requires, any of them (as defined under the Listing Rules);
“GSE”	ground support equipment;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“KA”	Hong Kong Dragon Airlines Limited 港龍航空有限公司, a company incorporated in Hong Kong with limited liability;

“ Listing Rules ”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“ NAP Singapore ”	Nordisk Asia Pacific Pte. Ltd., a company incorporated in Singapore with limited liability;
“ Nordisk Asia Pacific Group ”	Nordisk Asia Pacific Limited and its associates (including NAP Singapore);
“ percentage ratio ”	has the meaning given to it by the Listing Rules;
“ PRC ”	the People’s Republic of China;
“ Prospectus ”	the prospectus of the Company dated 4 October 2007;
“ Sale and Purchase Master Agreement ”	the sale and purchase agreement dated 26 January 2010 entered into between DAS Nordisk and Nordisk Asia Pacific Limited;
“ subsidiary ”	has the meaning given to it by the Listing Rules;
“ substantial shareholder ”	has the meaning given to it by the Listing Rules;
“ ULD ”	unit load device, which includes all unit load device types currently being operated by Cathay Pacific Airways Limited, the holding company of KA;
“ ULD Maintenance Services Agreement ”	the ULD maintenance and repair services agreement dated 17 September 2008 entered into between Cathay Pacific Airways Limited and DAS Nordisk under which, among other things, Cathay Pacific Airways Limited agreed to appoint DAS Nordisk to provide ULD maintenance and repair services for a term of three years from 1 July 2008 to 30 June 2011; and
“ % ”	per cent.

By order of the Board
Dah Chong Hong Holdings Limited
Tso Mun Wai
Company Secretary

Hong Kong, 28 January 2010

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

Executive directors: Hui Ying Bun (Chairman), Chu Hon Fai, Yip Moon Tong, Mak Kwing Tim, Lau Sei Keung, Tsoi Tai Kwan, Arthur, Glenn Robert Sturrock Smith and Wai King Fai, Francis

Non-executive directors: Kwok Man Leung, Yin Ke and Fei Yiping

Independent non-executive directors: Cheung Kin Piu, Valiant, Hsu Hsung, Adolf and Yeung Yue Man