大昌行集團有限公司

DAH CHONG HONG HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01828)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

- Group Turnover up 13.5% to HK$22,131 million
- Profit from operations increased by 17.5% to HK$1,000 million
- Profit attributable to shareholders increased by 26.1% to HK$710 million
- Basic earnings per share were 39.49 HK cents
- Proposed final dividend of 11.29 HK cents per share
- Net asset value per share of HK$3.20

CHAIRMAN'S LETTER TO SHAREHOLDERS

The global financial crisis that erupted around the world in late 2008 has dealt an unprecedented blow to economies worldwide. Being a major trading conglomerate in Hong Kong, Dah Chong Hong Holdings Limited ("DCH") was inevitably affected by the economic turmoil. However, with a firm foundation in the mainland China market, we have been able to capitalise on the burgeoning economy to expand our businesses and were well-positioned to benefit from the economic stimulus package introduced by the Central Government to boost domestic consumption. Our mainland operations increased by 43% and made up over 63% of our turnover in 2009 and their strong performances more than offset the drop in business in the Hong Kong market.

The Group attributes its good performance for the year to the management's foresight of starting business in mainland China since the early 1980s and the resilience of the Chinese economy during the year. We are happy that, despite the financial tsunami, we achieved satisfactory growth in our 2009 results and have cemented our business foundation for delivering an even stronger performance in the future. I, as Chairman of the Group, am proud of the achievements the Group made at the hard work and concerted effort of the management and all staff.

Operating Results

For the year ended 31 December 2009, the Group recorded a total turnover of HK$22,131 million, an increase of 13.5% against the previous year (2008: HK$19,496 million). Profit attributable to shareholders grew by 26.1% to HK$710 million compared to HK$563 million in 2008. Basic earnings per share were 39.49 HK cents for the year. The Board of Directors proposed payment of a final dividend of 11.29 HK cents per share for the year ended 31 December 2009. Together with the interim dividend of 4.51 HK cents per share already paid during the year, total dividend for the year ended 31 December 2009 amounted to 15.80 HK cents per share.

In the two years since DCH was listed on The Hong Kong Stock Exchange Limited ("the Stock Exchange"), it has grown the scale of all its major businesses, namely motor, food and logistics, meeting its expectations despite the challenges in the past years. This is attributable to the Group's diversified business portfolio, its strong brand name and goodwill in the industry, long-term customer relationships, and most importantly, its ability to capture golden opportunities in the consistently robust mainland China economy.

For the Motor and Motor Related Business, the booming Chinese economy has presented it with ample room for development. We started with 29 4S shops and were dealers for 17 automobile brands before our listing in October 2007. And since listing, the coverage of this business segment has continued to expand and, as of today, it has 48 4S shops in mainland China and is serving 19 automobile brands. With a business platform built over the past three decades, we have become one of the major players in the mainland automobile market and this solid platform will allow us to take the businesses to new heights.

In Hong Kong, however, our Motor Business experienced a sales slump during the first half of 2009. But fortunately, sales gradually recovered in the second half year. We monitored the market trend closely and responded accordingly and this allowed us to maintain a substantial market share of 26% of new vehicle sales in 2009.

During the year, we expanded our business to Taiwan and in Singapore. We started Audi dealership operations in Taiwan and added distributorship of the famous Chinese motor brand Foton in Singapore.

Food and Consumer Products Business is another important business segment for us. In recent years, the management has strived to expand this segment vertically and horizontally, shaping it into a "total food supply chain" with food production and processing operations upstream, food distribution midstream and food retailing downstream. In 2009, our FMCG business achieved strong sales growth, thanks to the increasing demand for quality imported goods in mainland China and the addition of business from the operations acquired in 2008. These encouraging results partially offset the lower turnover of food commodities because of volatile market prices.

As for the Logistics Business, other than supporting and presenting synergies to our food and consumer business, its third-party logistics business has been growing continuously. By investing in logistics infrastructure, including bonded warehouse and cold storage facilities in Xinhui, and the logistics centre in Hong Kong, we have assured fast growth of our logistics business in the long run.

Prospects

The commendable operational and business results of the Group achieved amid the harsh economic circumstances attest to the capability of DCH's management. This strong management team is fundamental to ensuring steady development of the Group in the future. Looking ahead to 2010, the Group will adopt more aggressive strategies in steering its three major businesses towards more robust growth.

For our Motor Business, according to industry forecasts, a total of 15 million automobiles will be sold in mainland China in 2010. To meet the needs of increasingly affluent consumers and demand bred by booming business activities in the market, we shall expand coverage of our 4S shops network to different cities and add six to ten 4S shops each year.

Anticipating moderate and steady growth for the Hong Kong market, we shall strive to improve profitability of our motor business in the market. We will actively promote vehicles that are friendly to the environment including electric vehicles in due course.

In 2010, DCH will also put more effort into developing and optimizing the motor related business in mainland China which has promising growth prospects.

Regarding the Food and Consumer Products Business, the Group has substantial experience and an extensive network to support development of trading of food and consumer products. On this solid business platform, we shall enhance the competitive advantages of all our operations along the "total food supply chain". Seeing continuous high demand for quality imported food, we shall continue to expand the distribution networks and product portfolio of the FMCG segment in mainland China. With comprehensive support from our logistics business which will allow us to save costs and improve operational efficiency throughout the FMCG supply chain, we plan to tighten the relationship with our principals who would become our collaborative partners in the FMCG distribution business with long term prospects.

Logistics is another business area with growth potential. We are confident that, apart from bringing synergies to our food business, demand for international quality third party logistics services in mainland China which we are apt to provide will keep increasing as the economy continues to grow.

Looking forward, building on our extensive experience and solid financial position as well as a strong professional management team, DCH will seek to tap the huge opportunities in mainland China.

Our Motor Business has a well-established business model and proven track record. We shall continue to ride on this model to build the business and are confident that it would flourish and remain the major contributor of the Group in coming years.

Furthermore, DCH will move on to realise the full potential of each part of its "total food supply chain", adding values and competitive advantages to the entire segment. We shall dedicate more efforts to expanding the scale of our FMCG sector and with strong logistics support and forge long-term collaborative partnerships with our principals in FMCG distribution in mainland China. We expect these expansion efforts to help the food business to assume a larger share in our portfolio.

As for our Logistics Business, we shall invest in infrastructure in order to become one of the leaders in the Pearl River Delta and, at the same time, maximise the synergies it brings to food business.

The impacts of the global financial crisis are subsiding. As the navigator of the enterprise, I have learned valuable lessons from steering the businesses of the Group through turbulent waters in the past year. What underscores the success of DCH and its safe passage through different challenges are the clear development direction, healthy financial position and professional management team, and last but not least a united workforce. These strengths and attributes will enable us to advance in strides and achieve higher goals in the coming year and beyond.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to thank all members of the DCH workforce for their efforts in the past year. I wish to also extend my appreciation to customers and business partners for their support. We will remain committed to building DCH and delivering promising returns to shareholders.

Hui Ying Bun

Chairman
Hong Kong, 8 March 2010

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

HK$ million	Note	**2009**	2008
Turnover	2	**22,131**	19,496
Cost of sales		**(19,250)**	(16,785)
Gross profit		**2,881**	2,711
Net valuation loss on investment properties		**(12)**	(3)
Other income		**405**	263
Selling and distribution expenses		**(1,275)**	(1,237)
Administrative expenses		**(999)**	(883)
Profit from operations		**1,000**	851
Finance costs	3	**(112)**	(132)
Share of profits/(losses) of associates		**28**	(11)
Share of profits of jointly controlled entities		**73**	64
Profit before taxation	4	**989**	772
Income tax	5	**(239)**	(190)
Profit for the year		**750**	582
Attributable to:			
Shareholders of the Company		**710**	563
Minority interests		**40**	19
		750	582
Basic and diluted earnings per share (HK cents)	7	**39.49**	31.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

HK$ million	**2009**	2008
Profit for the year	**750**	582
Exchange differences on translation of entities outside Hong Kong:		
- subsidiaries	**10**	176
- associates and jointly controlled entities	**-**	8
Other comprehensive income for the year, net of tax	**10**	184
Total comprehensive income for the year	**760**	766
Attributable to:		
Shareholders of the Company	**718**	742
Minority interests	**42**	24
	760	766

CONSOLIDATED BALANCE SHEET
AT 31 DECEMBER 2009

HK$ million	Note	**2009**	2008
Non-current assets			
Fixed assets			
- Property, plant and equipment		**1,701**	1,634
- Investment properties		**808**	910
		2,509	2,544
Lease prepayments		**377**	270
Intangible assets		**263**	241
Goodwill		**287**	282
Interest in associates		**130**	148
Interest in jointly controlled entities		**258**	234
Other financial assets		**5**	5
Deferred tax assets		**40**	58
		3,869	3,782
Current assets			
Inventories		**2,621**	2,691
Trade and other receivables	8	**3,075**	3,047
Current tax recoverable		**15**	14
Cash and bank deposits		**1,895**	1,643
		7,606	7,395
Current liabilities			
Borrowings		**2,041**	2,389
Trade and other payables	9	**3,002**	2,826
Current tax payable		**77**	82
		5,120	5,297
Net current assets		**2,486**	2,098
Total assets less current liabilities		**6,355**	5,880
Non-current liabilities			
Borrowings		**395**	520
Deferred tax liabilities		**204**	200
		599	720
Net assets		**5,756**	5,160
Capital and reserves			
Share capital		**270**	270
Reserves		**5,187**	4,595
Total equity attributable to shareholders of the Company		**5,457**	4,865
Minority interests		**299**	295
Total equity		**5,756**	5,160

NOTES

1. Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The Group has adopted certain relevant new and revised HKFRSs and HKASs which are effective for accounting period beginning on or after 1 January 2009 as set out below.

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

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

(ii) Amendments to HKFRS 7 "Financial instruments: Disclosure – Improving Disclosures about Financial Instruments"

As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.

(iii) HKFRS 8 "Operating Segments"

HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group's senior executive management, and has resulted in additional reportable segments being identified and presented (see note 2). Comparative figures have been restated to conform to the requirements of HKFRS 8.

The Group has early adopted the amendments to HKFRS 8, which is effective for accounting periods beginning on or after 1 January 2010. As a result of the early adoption of the amendments, segment assets are not disclosed as such information is not reported or used by the Group's senior executive management.

NOTES

1. Basis of preparation (continued)

(iv) The adoption of the following new or amended standards and interpretations, which are effective for accounting period beginning on or after 1 January 2009, does not have a significant impact on the Group's results of operations and financial position:

- HKAS 23 (Revised)	Borrowing Costs
- HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes
- Improvements to HKFRSs (2008)	Improvements to HKFRSs (including amendments to HKAS 19, 27, 28, 31, 36, 38, 39 and 40)

Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2009

The Group has not early adopted the following new or revised standards that have been issued but are not effective for accounting periods beginning on or after 1 January 2009. The directors of the Company anticipate that the application of these new or revised standards will have no material impact on the financial statements of the Group.

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

2. Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines and geographical locations. In a manner consistent with the way in which information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments:

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

(ii) Food and Consumer Products Business (Hong Kong & Macao/Mainland China/Others)
The food and consumer products business primarily consists of the operations of (i) trading and distribution of food commodities, distribution of fast moving consumer goods, and retail of food products under DCH Food Mart/DCH Food Mart Deluxe; (ii) distribution of electrical appliances products; and (iii) trading and distribution of other consumer products. The "Others" geographical segment mainly covers business operations in Japan, Singapore, Canada and the European market.

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

NOTES

2. Segment reporting (continued)

(iv) Other Business

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

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

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

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

2. Segment reporting (continued)

Segment results

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

HK$ million Year ended 31 December 2009	Motor and Motor Related Business Hong Kong & Macao	 Mainland China	 Others	 Sub-total	Food and Consumer Products Business Hong Kong & Macao	 Mainland China	 Others	 Sub-total	Logistics Business	Other Business	Inter-segment elimination	Total
Turnover from external customers	3,186	11,677	709	15,572	3,026	2,272	940	6,238	233	88	-	22,131
Inter-segment turnover	2	-	-	2	1	1	-	2	93	37	(134)	-
Segment Turnover	3,188	11,677	709	15,574	3,027	2,273	940	6,240	326	125	(134)	22,131
Segment result from operations	227	573	7	807	133	51	(79)	105	25	58	-	995
Share of (losses)/profits of associates	-	(2)	-	(2)	-	30	-	30	-	-	-	28
Share of profits of jointly controlled entities	4	3	-	7	61	-	-	61	-	5	-	73
Segment profit/(loss) before taxation	231	574	7	812	194	81	(79)	196	25	63	-	1,096
Segment income tax	(35)	(140)	(3)	(178)	(28)	(13)	(11)	(52)	-	(4)	-	(234)
Segment profit/(loss) after taxation	**196**	**434**	**4**	**634**	**166**	**68**	**(90)**	**144**	**25**	**59**	**-**	**862**
Reconciliation:												
Net valuation loss on investment properties												(12)
Net gain on disposal of an investment property and land and buildings held for own use												78
Net loss on disposal of subsidiaries												(1)
Net gain on disposal of jointly controlled entities												5
Amortisation of fair value adjustment on property, plant and equipment and intangible assets arising from business combinations												(25)
Net fair value loss on foreign currency forward contracts												(11)
Unallocated corporate expenses												(141)
Reconciliation items before tax												**(107)**
Tax impact:												
- De-recognition of deferred tax assets (Note 5)												(51)
- Tax effect on the above reconciliation items												46
Reconciliation items net of tax												**(112)**
Profit for the year												**750**

NOTES

2. Segment reporting (continued)

Segment results (continued)

HK$ million Year ended 31 December 2008	Motor and Motor Related Business Hong Kong & Macao	 Mainland China	 Others	 Sub-total	Food and Consumer Products Business Hong Kong & Macao	 Mainland China	 Others	 Sub-total	Logistics Business	Other Business	Inter-segment elimination	Total
Turnover from external customers	4,407	7,400	983	12,790	3,162	2,357	909	6,428	194	84	-	19,496
Inter-segment turnover	10	-	-	10	-	-	-	-	101	53	(164)	-
Segment Turnover	4,417	7,400	983	12,800	3,162	2,357	909	6,428	295	137	(164)	19,496
Segment result from operations	324	280	37	641	74	70	6	150	17	51	-	859
Share of profits/(losses) of associates	2	(3)	-	(1)	-	(10)	-	(10)	-	-	-	(11)
Share of profits/(losses) of jointly controlled entities	1	5	-	6	54	(1)	-	53	-	5	-	64
Segment profit before taxation	327	282	37	646	128	59	6	193	17	56	-	912
Segment income tax	(63)	(92)	(6)	(161)	(14)	(24)	(11)	(49)	(1)	6	-	(205)
Segment profit/(loss) after taxation	**264**	**190**	**31**	**485**	**114**	**35**	**(5)**	**144**	**16**	**62**	**-**	**707**
Reconciliation:												
Net valuation loss on investment properties												(3)
Net gain on disposal of jointly controlled entities												9
Amortisation of fair value adjustment on property, plant and equipment and intangible assets arising from business combinations												(11)
Net fair value loss on foreign currency forward contracts												(16)
Unallocated corporate expenses												(119)
Reconciliation items before tax												(140)
Tax impact:												
- Tax effect on the above reconciliation items												15
Reconciliation items net of tax												(125)
Profit for the year												**582**

NOTES

2. Segment reporting (continued)

Other segment information

The following table set out information about the Group's depreciation and amortisation, interest income and interest expense by reportable segments:

HK$ million Year ended 31 December 2009	Motor and Motor Related Business Hong Kong & Macao	 Mainland China	 Others	 Sub-total	Food and Consumer Products Business Hong Kong & Macao	 Mainland China	 Others	 Sub-total	Logistics Business	Other Business	Total
Segmental depreciation and amortisation	69	60	6	135	20	3	31	54	20	6	215
Segmental interest income	-	9	1	10	-	2	-	2	-	-	12
Segmental interest expense	-	62	1	63	1	15	18	34	-	-	97

HK$ million Year ended 31 December 2008	Motor and Motor Related Business Hong Kong & Macao	 Mainland China	 Others	 Sub-total	Food and Consumer Products Business Hong Kong & Macao	 Mainland China	 Others	 Sub-total	Logistics Business	Other Business	Total
Segmental depreciation and amortisation	69	41	5	115	22	7	9	38	15	1	169
Segmental interest income	3	12	1	16	1	3	1	5	1	2	24
Segmental interest expense	3	84	2	89	9	19	11	39	2	-	130

NOTES

2. Segment reporting (continued)

Geographic information

The Group operates in three major geographical segments: Hong Kong and Macao, mainland China and others. Others mainly represent Japan, Canada and Singapore. The geographical segment of turnover from external customers is based on the geographical location of customers. The geographical segment of non-current assets is based on the geographical location of the assets. An analysis of the Group's turnover from external customers and non-current assets (excluding other financial assets and deferred tax assets) by geographical segment is as follows:

	Turnover from external customers		**Non-current assets**	
HK$ million	**2009**	2008	**2009**	2008
Hong Kong and Macao	**6,455**	7,785	**1,165**	1,115
Mainland China	**13,977**	9,770	**2,114**	2,044
Others	**1,699**	1,941	**545**	560
Total	**22,131**	19,496	**3,824**	3,719

3. Finance costs

HK$ million	**2009**	2008
Interest on bank advances and other borrowings wholly repayable within five years	**112**	132

NOTES

4. Profit before taxation

Profit before taxation is arrived at after crediting and charging:

HK$ million	**2009**	2008
Crediting:		
Interest income	**12**	27
Net gain on disposal of fixed assets:		
- land and buildings held for own use	**56**	-
- an investment property	**22**	-
- others	**14**	-
Net gain on changes in interests of minority shareholders	**1**	-
Net gain on disposal of jointly controlled entities	**5**	9
Net gain on disposal of certain assets and novation of certain business contracts	**-**	16
Net gain on disposal of unlisted investments	**-**	1
Net gain on acquisition of subsidiaries	**-**	3
Net reversal of write-down/(write-down) of inventories	**41**	(3)
Charging:		
Amortisation of lease prepayments	**8**	6
Amortisation of intangible assets	**15**	5
Depreciation	**227**	178
Impairment losses provided on trade and other receivables	**32**	22
Impairment losses provided on fixed assets	**12**	2
Net loss on disposal of subsidiaries	**1**	-
Net loss/(gain) on realised and unrealised foreign currency forward contracts	**2**	(8)

NOTES

5. Income tax

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

Income tax charge represents:

HK$ million	**2009**	2008
Current income tax - Hong Kong Profits Tax		
- Provision for the year	**63**	63
- Under-provision in previous years	**3**	2
	66	65
Current income tax - Outside Hong Kong		
- Provision for the year	**148**	144
- Under-provision in previous years	**1**	4
	149	148
Deferred tax		
- Origination and reversal of temporary differences	**(30)**	(20)
- De-recognition of deferred tax assets (Note (iii))	**51**	-
- Effect of change in tax rate (Note (iv))	**1**	(3)
	22	(23)
Withholding tax	**2**	-
Total	**239**	190

Note:

(i) Share of associates’ income tax for the year ended 31 December 2009 of HK$5 million (2008: Nil) is included in the share of profits/(losses) of associates.

(ii) Share of jointly controlled entities’ income tax for the year ended 31 December 2009 of HK$16 million (2008: HK$14 million) is included in the share of profits of jointly controlled entities.

(iii) The Group had deferred tax assets of HK$51 million arising from prior years’ tax losses of a subsidiary yet to be agreed by the relevant tax authorities. Based on the latest available information, the directors are of the opinion that the utilisation of these tax losses may not be probable. Accordingly, such deferred tax assets were derecognised during the year ended 31 December 2009.

(iv) In 2009, the Singapore Government enacted a change in the corporate tax rate from 18% to 17% with effect from the year of assessment 2010. In 2008, the Government of the Hong Kong Special Administrative Region enacted a change in the profits tax rate from 17.5% to 16.5% for the fiscal year 2007/2008.

NOTES

6. Dividends

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

HK$ million	**2009**	2008
Interim dividend declared and paid of 4.51 HK cents (2008: 6.43 HK cents) per share	**81**	116
Final dividend proposed after the balance sheet date of 11.29 HK cents (2008: 2.95 HK cents) per share	**203**	53
Total	**284**	169

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

HK$ million	**2009**	2008
Final dividend approved and paid of 2.95 HK cents (2008: 2.13 HK cents) per share	**53**	38

7. Basic and diluted earnings per share

The basic earnings per share is based on the profit attributable to shareholders of the Company of HK$710 million (2008: HK$563 million) and the weighted average of 1,797,833,000 ordinary shares (2008: 1,798,610,109 ordinary shares) in issue during the year which is calculated as follows:

	Number of ordinary shares	
	2009	2008
Issued ordinary shares at 1 January	**1,797,833,000**	1,800,000,000
Effect of shares repurchased	-	(1,389,891)
Weighted average number of ordinary shares	**1,797,833,000**	1,798,610,109

The diluted earnings per share for the years ended 31 December 2008 and 2009 are not presented as the potential ordinary shares in respect of outstanding share options are anti-dilutive.

NOTES

8. Trade and other receivables

HK$ million	**2009**	2008
Trade debtors and bills receivable		
Within 3 months	**1,357**	1,323
More than 3 months but within 1 year	**61**	106
Over 1 year	**10**	35
	1,428	1,464
Other receivables, deposits and prepayments	**1,436**	1,373
Amounts due from fellow subsidiaries	**1**	1
Amounts due from associates	**27**	27
Amounts due from jointly controlled entities	**181**	181
Derivative financial instruments	**2**	1
Total	**3,075**	3,047

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

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

9. Trade and other payables

HK$ million	**2009**	2008
Trade creditors and bills payable		
Current or within 1 month	**1,392**	1,048
More than 1 but within 3 months	**49**	170
More than 3 but within 6 months	**5**	18
Over 6 months	**14**	18
	1,460	1,254
Other payables and accrued charges	**1,320**	1,321
Provision for warranties	**113**	125
Amount due to immediate holding company	**-**	7
Amounts due to associates	**-**	8
Amounts due to jointly controlled entities	**9**	23
Amounts due to minority shareholders	**83**	83
Derivative financial instruments	**17**	5
Total	**3,002**	2,826

NOTES

10. Comparative figures

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review & Prospects

Operating Results

For the year ended 31 December 2009, the Group recorded total turnover of HK$22,131 million, an increase of 13.5% against the previous year (2008: HK$19,496 million). Profit attributable to shareholders grew by 26.1% to HK$710 million compared to HK$563 million in 2008. Excluding non-operating items, such as net valuation loss/gain from investment properties etc., the Group's adjusted net profit for the year amounted to HK$669 million, representing growth of 18.2% when compared to last year's HK$566 million. The adjusted net profit margin was 3.0% versus 2.9% in 2008. Basic earnings per share grew by 26.2% to 39.49 HK cents for the year. The Board of Directors proposed payment of a final dividend of 11.29 HK cents per share for the year ended 31 December 2009. Together with the interim dividend of 4.51 HK cents per share already paid during the year, total dividend for the year ended 31 December 2009 amounted to 15.80 HK cents per share.

Motor and Motor Related Business

Operating Results

Benefiting from the growing number of affluent consumers and commercial activities in mainland China, Motor and Motor Related Business achieved encouraging results. The strong performance of the mainland operation offset the unfavourable performance of other markets including Hong Kong with a slack business environment especially in the first half year. Fortunately, the Hong Kong and Macao market made modest improvements in the second half year as the economies began to gradually show signs of recovery.

Segment turnover was HK$15,572 million (2008: HK$12,790 million), an increase of 21.8%, despite the challenging environment. The business segment accounted for 70.4% of the Group's total turnover and remained the largest revenue source for the Group (2008: 65.6%).

Motor Business

Mainland China

At the Central Government's efforts including a RMB4 trillion stimulus package to promote economic activities in the wake of the global financial crisis, the mainland economy has remained relatively stable and resilient. Bolstered by strong domestic consumption, DCH's motor business enjoyed consistent growth during the year, reporting a 71.2% increase in number of vehicles sold.

Turnover of HK$11,677 million was achieved by the business in mainland China, representing a year-on-year increase of 57.8%. This was attributed to the outstanding sales of imported vehicles, Bentley and Isuzu, and the increased sales through our expanded 4S dealership network in mainland China.

The strategic alliance formed with Shenzhen Shenye Shiye Limited ("Shenye Shiye") after the Group acquired 50% interest in the company contributed to the growth of DCH's 4S dealership business in mainland China. Shenye Shiye holds eight 4S dealerships, seven in Shenzhen and one in Meizhou and among them are national leading 4S shops of the brands they represent. The acquisition immediately expanded DCH's footprint in Shenzhen, one of the major motor markets in Southern China. Riding on the scale of the operation and leading presence of Shenye Shiye, the alliance is expected to see more development and expansion opportunities in the future.

The Group now operates 48 4S shops (40 4S shops as at 31 December, 2009) (2008: 40) and represents 19 brands, including *Bentley, BJ Hyundai, Bugatti, Chevrolet, DongFeng Honda, DongFeng Nissan, FAW Audi, FAW Jilin, FAW Mazda, FAW Toyota, GAC Toyota, Guangqi Honda, Haima, Isuzu, Lexus, Mercedes-Benz, Qingling, Renault* and *SGM Buick*.

Serving a growing customer base, our 4S shops reported rise in same store car sales and service units by 25.4% and 19.3% respectively as compared with last year.

Hong Kong and Macao

The Motor Business in Hong Kong and Macao suffered in the economic downturn that swept the globe. The Hong Kong automobile market began to recover towards the second half year but the market size was still 29.3% lower than last year's and the Japanese car market share was overtaken by European cars because of the strong Yen and the growing share of the premium car segment. Sales of commercial vehicles fell even more sharply as a result of slow commercial activities in the Pearl River Delta region.

However, the Group was encouraged by the gradual recovery of the business during the second half year and captured 26% share of the market. Overall turnover from the Hong Kong and Macao motor business amounted to HK$3,186 million for the year (2008: HK$4,407 million). Of all the brands represented by the Group, Audi stood out in sales, overcoming the glooming economic climate to achieve a significant 21.1% increase in unit sales.

Although the market was relatively weak, the Group continued to look for ways and means to stimulate sales. In the environment-friendly vehicle sector, we have a wide range of models to offer, including Audi Q7 TDI clean diesel Quattro and A3, Nissan Tiida, Murano and Serena as well as Honda Stepwgn, and sold over 1900 units in 2009, with a market share of 50%.

As for the commercial vehicles market, DCH has obtained the distributorship of Xiamen King Long in Hong Kong to meet the rising needs for cross-border bus services.

As at 31 December 2009, the Group operated 12 showrooms and represented 11 brands in Hong Kong.

Other Markets

Taiwan

DCH entered the Taiwan market and started operation for the new Audi dealership in Taipei in April 2009. On 1st December, the first flagship "Audi Terminal" showroom in Taipei was opened, representing our efforts to build the Group's presence and the enhanced brand image of Audi on the island.

Singapore and Canada

As Singapore and Canada were both severely affected by the economic downturn, our business performance in the markets suffered and only slightly improved in the second half year. To meet local demands, DCH introduced Foton, a renowned mainland China passenger and commercial vehicle brand, to Singapore.

Motor Related Business

The sector continued to achieve satisfactory growth mainly at the drive of demand for after-market services and motor leasing business. In 2009, the Group extended its motor leasing business to Shanghai, reflecting its confidence in the mainland motor leasing market. For the Group's environmental and engineering business, the diesel particulate filter retrofit programme for bus operators in Hong Kong has been progressing smoothly.

Prospects

Motor and Motor Related Business, being the cornerstone of the Group, has consistently brought strong contribution to the Group's results. We expect the automobile market in mainland China to continue flourishing, and at Central Government efforts to stimulate consumption, sales momentum of automobiles to continue to gather. With such development working in its favour, the Group will step up efforts to expand its share in the mainland China market. The Group will keep expanding the number of 4S dealership by adding around six to ten in 2010.

Apart from 4S dealership business, car distributorship business is also one of the key strategic focuses of the Group in mainland China. In the super luxury sector, it is planned to increase the number of dealers for Bentley from nine in 2009 to twelve by the end of 2010.

In Hong Kong, we anticipate a 10% growth in automobile sales in 2010 with consumption sentiment gradually reviving. We will keep introducing new models to the market to cater for different customer needs, especially new models of environment-friendly vehicles including diesel passenger cars and electric vehicles. Investment will be made in new facilities including new showrooms for Audi and Honda and after-sales service facilities in Yuen Long, so as to maintain the Group's competitiveness in the market. Sales of commercial vehicles are also expected to improve alongside the overall market. As a leader in the truck and bus market, the Group will benefit from the recovering demand.

Expecting Asia to be the engine of the reviving global economy, DCH will continue to expand business in markets like Taiwan and Singapore. DCH will open the second Audi dealership in Hsinchu, Taiwan, to boost its ability to tap the lucrative luxury car sector on the island. We expect the introduction of Foton to Singapore in 2010 to help strengthen our foothold in the market.

The motor market in mainland China will present enormous opportunities to the Group for expanding its motor related business. The Group has made a good start in motor leasing business in Northern China and the new business will have a strong boost during The World Expo which is to take place in Shanghai in 2010.

The strong growth in vehicle sales in mainland China naturally translates into strong growth in the after-sales market. To capture a larger share of the after-sales market, we shall, similar to Hong Kong, set up independent service outlet chains to provide all-round services in the vast mainland market.

To further its environmental protection related business following the diesel particulate filter retrofit programme in Hong Kong, DCH is looking into various environmental projects including reduction of NOx from emissions of buses now meeting Euro 3 standard or below and reduction of particulates in emissions of diesel engine driven vehicles in other markets.

After a year of preparation, the lubrication oil blending plant of the Group in Xinhui is expected to start production by the end of 2010, which will enhance the upstream capabilities of the segment.

Food and Consumer Products Business

Operating Results

Food and Consumer Products Business achieved turnover of HK$6,238 million, a decrease of 3.0% against last year's HK$6,428 million. This business segment accounted for 28.2% of the Group's total turnover (2008: 33.0%).

Mainland China
Segment turnover dropped by 3.6% to HK$2,272 million. Although fast moving consumer goods ("FMCG") recorded strong sales growth, the decline in sales of edible oil and the drop of commodity prices worldwide caused the decrease in turnover in 2009.

DCH's FMCG brands, such as *Pocari Sweat*, managed encouraging sales performances. In July, DCH commenced distribution of *Fonterra's Anlene* and *Anmum* brand milk powder products and expanded the distribution coverage for *Brand's* in mainland China, which generated additional turnover to the Group. Comprehensive marketing campaigns to boost sales of well-known products such as *Ferrero, Almond Roca* were also rolled out and satisfactory results were achieved.

The newly acquired FMCG distribution companies in Shanghai have expanded DCH's distribution network and enriched its product range with new brands such as *Hero* (jam), *Country Goodness* (milk products) and *Arcor* (confectionaries), and contributed profits to the Group.

Hong Kong and Macao
The Food and Consumer Products Business in Hong Kong and Macao reported a decline in turnover of 4.3% when compared with the previous year. Turnover from the segment was HK$3,026 million compared to HK$3,162 million in 2008.

DCH's key FMCG agencies, in particular *Pocari Sweat* and *Ovaltine*, and the new addition *Mr. Brown*, achieved satisfactory sales in 2009. In the frozen food sector, the Group was able to maintain sales volume but a slight decline in turnover was recorded because of a drop in selling price in the first half of 2009.

With the addition of three new outlets in 2009, the Group operated a total of 72 retail outlets, including 59 DCH Food Mart and 13 DCH Food Mart Deluxe stores, at the end of the year. The economic downturn saw a reduction in sales of high-value items and hence a 10.9% decrease in same store sales per square foot when compared with 2008.

Turning to consumer products business, sales of cosmetics remained steady whereas sales of electrical appliances dipped slightly compared with 2008.

Other Markets
Guangdong Victory Electrical Appliances Manufacturing Co. Ltd. experienced weak demand for small electrical home appliances in Europe and the U.S. after the global financial crisis but because of full year effect, its turnover increased as compared with 2008. In Japan, DCH's performance remained relatively stable with food and textiles as key sales drivers. However, in Singapore, both turnover and margin were down as a result of volatile food prices and low market demand.

Prospects

As the demand for high quality imported foods among Chinese consumers rises, FMCG will become a major driving force of the Group's food business development. To grow this segment in 2010, the Group will focus on finding and introducing more quality products that meet the demands of consumers for imported food and beverage FMCG in mainland China.

DCH operates modern logistics facilities and offers high value-added services including repackaging and bonded warehousing in mainland China. These services will add value along the FMCG distribution supply chain in mainland China and enhance cost effectiveness and efficiency of FMCG operations, giving better support to overseas principals and suppliers. DCH will be able to forge closer relationship with its business partners and form long-term collaborative partnership conducive to continuous growth of the mainland China market.

In Hong Kong, frozen food business is expected to stabilise whereas commodity prices may continue to be volatile. For the FMCG segment, new products will be introduced to help it capture a larger market share and increase contribution to the Group. The new food processing centre, which is expected to commence operation in the first quarter of 2010, will double the food processing capacity of the Group and pave the way for it to diversify into the mass processed food market in Hong Kong. With the retail market showing signs of recovery, DCH plans to open around five DCH Food Mart and / or DCH Food Mart Deluxe outlets in Hong Kong in the coming year.

Logistics Business

Operating Results

Notwithstanding weak market sentiment and a tough operating environment, logistics business reported a 20.1% increase in turnover from third party logistics services to HK$233 million compared to HK$194 million in 2008. Segment profit after taxation of HK$25 million was recorded against HK$16 million last year and segment margin was 10.7%, compared to 8.2% in 2008. Logistics operation accounted for 1.1% of the Group turnover in 2009. The better segment results for the year were owed to the higher margin contributed by our new Yuen Long Logistics Centre and enriched value-added services such as bonded repacking, vendor managed inventory, etc. in Xinhui in the latter half of the year.

Capitalising on its regional logistics platform, which covers Hong Kong, Macao and Xinhui, the Group offers cost-effective and value-added services to local and overseas customers including *7-Eleven, Heineken, Pizza Hut, Ferrero, Almond Roca, L'Occitane*, etc.

Prospects

The Group sees ample opportunities in the logistics market and will keep developing its logistics infrastructure in mainland China. In particular, DCH is expanding its logistics facilities in Xinhui, including an import and export bonded warehouse, cold storage facilities (total capacity: 4,000 tonnes) and other third party logistics centres. All these are scheduled to begin operation by Q2 and Q3, 2010. Markets in Guangdong have consistent and growing demand for international standard third party logistics and cold chain services. The addition of cold storage facilities will allow DCH to offer cold chain solution to customers, hence will significantly boost its competitiveness in capturing related demand.

In Hong Kong, DCH's Yuen Long Logistics Centre will become fully operational in the first quarter of 2010, providing the Group and its customers with more multi-temperature warehousing, repacking and food processing capacities. It will enhance the earning potential through the one-stop supply chain solution offered by the Group to our customers.

FINANCIAL REVIEW

Turnover

Turnover in 2009 was HK$22,131 million, increased by 13.5% compared with HK$19,496 million in 2008, which was mainly contributed by the followings:

- *Motor and Motor Related Business*
  The turnover of Motor and Motor Related Business increased by 21.8% from HK$12,790 million for the year ended 2008 to HK$15,572 million for the year ended 2009. The growth was mainly attributable to the strong performance in mainland China with outstanding sales of imported vehicles and the increased sales through our expanded 4S dealership network in mainland China, partly offset by the unfavorable performance of Hong Kong and other markets with slack business environment under the impact of global financial crisis in the first half year.

- *Food and Consumer Products Business*
  The turnover of Food and Consumer Products Business decreased by 3.0% from HK$6,428 million for the year ended 2008 to HK$6,238 million for the year ended 2009. This was mainly due to the decline in sales of edible oil and the drop of food commodity price worldwide in 2009, partly offset by satisfactory sales growth of fast moving consumer goods ("FMCG") in mainland China.

- *Logistics Business*
  The turnover of Logistics Business grew by 20.1% from HK$194 million for the year ended 2008 to HK$233 million for the year ended 2009, in line with the expansion of logistic facilities in Yuen Long and Xinhui.

Segment Profit After Taxation

The segment profit after taxation by major reportable segments in 2009, compared with 2008, were as follows:

HK$ million	2009	2008	Change
Motor and Motor Related Business	**634**	485	149
Food and Consumer Products Business	**144**	144	-
Logistics Business	**25**	16	9

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

Comparing the segment profit after taxation of 2009 with 2008:

- *Motor and Motor Related Business*
  Segment profit after taxation increased by 30.7% to HK$634 million. This is attributable to the encouraging growth in sales and segment profit in mainland China market, spurred by the stimulus package of the Chinese government and increased contribution from our expanded 4S dealership network, partly offset by unfavorable performance in Hong Kong and overseas markets which were adversely affected by the economic downturn.

- *Food and Consumer Products Business*
  Despite the drop in turnover, both Hong Kong and mainland China market contributed higher segment profit than last year owing to higher gross margin for FMCG products and effective cost control measures. This was however offset by the unsatisfactory performance in overseas markets which were more affected by the global financial crisis.

- *Logistics Business*
  Segment profit after taxation increased by 56.3% to HK$25 million as the logistics facilities in Yuen Long and Xinhui gradually put into service. Profit margin was also improved with more value-added services to customers and suppliers.

Profit Attributable to Shareholders

The profit attributable to shareholders of the Company for the year ended 31 December 2009 was HK$710 million, an increase of 26.1% as compared with HK$563 million in 2008.

Dividend per Share

An interim dividend of 4.51 HK cents per share was declared and paid for 2009. The Board of Directors proposed payment of a final dividend of 11.29 HK cents per share for the year ended 31 December 2009.

Finance Costs

The Group's finance costs decreased by 15.2% from HK$132 million in 2008 to HK$112 million in 2009 mainly due to repayment of borrowings and lower interest rate during the year.

Income Tax

Income tax increased by 25.8% from HK$190 million in 2008 to HK$239 million in 2009, in line with the increase in profit before taxation. Income tax charge for the year also included the de-recognition of deferred tax assets of HK$51 million arising from prior years' tax losses of a subsidiary as utilisation of which may not be probable, partly offset by the release of deferred tax provision of HK$30 million from origination and reversal of temporary differences.

Shareholders' Funds per Share

The calculation of shareholders' funds per share is based on the total equity attributable to shareholders of the Company of HK$5,457 million and the 1,797,833,000 ordinary shares issued at year end of 2009. Shareholders' funds per share at 31 December 2009 was HK$3.04 (31 December 2008: HK$2.71 per share).

CAPITAL EXPENDITURE

In 2009, the Group's capital expenditure was HK$481 million and major usages were summarised as follows:

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

HK$ million	**2009**	**2008**	**Change**
Motor and Motor Related Business	**235**	202	33
Food and Consumer Products Business	**72**	52	20
Logistics Business	**71**	118	(47)
Other Business	**88**	99	(11)
Corporate Function	**15**	9	6
Total	**481**	480	1

USE OF PROCEEDS

The net proceeds of the Global Offering of the Group on 17 October 2007 amounted to approximately HK$1,003 million. Up to the end of December 2009, HK$472 million was used by Motor and Motor Related Business for investment and acquisition of 4S shops in mainland China and acquisition of motor vehicles for leasing businesses in Hong Kong and mainland China; HK$122 million was used by Food and Consumer Products Business for investment in new businesses and new shops for Foodmart; HK$224 million was used by Logistics Business for development of logistics facilities in mainland China and Hong Kong; and HK$40 million was used as funding for general working capital and general corporate uses.

TREASURY POLICY AND RISK MANAGEMENT

General policies

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

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

Due to market limitations and regulatory constraints, operating entities outside Hong Kong are responsible for their own cash management and risk management which are monitored by head office. Overseas financing activities are reviewed and approved by head office before execution.

Foreign Currency Exposure

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

The Group enters into foreign currency forward contracts primarily for hedging its sales and purchases that are denominated in currencies other than the functional currency of the operations to which they relate. As at 31 December 2009, the Group recognised foreign currency forward contracts with a fair value of HK$15 million liabilities (2008: HK$4 million liabilities) as derivative financial instruments.

Interest Rate Exposure

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

In June and July 2008, the Group had entered into a number of interest rate swaps with a notional contract amount of HK$300 million to reduce the impact of interest rate fluctuation on its unsecured bank borrowings. The Group has not entered into any new interest rate hedging arrangement in 2009.

Employment of Derivative Products

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

CASH FLOW

Summary of Consolidated Cash Flow Statement

HK$ million	**2009**	**2008**	**Change**
Net cash generated from operating activities	**1,190**	393	797
Net cash used in investing activities	**(274)**	(671)	397
Net cash (used in) / generated from financing activities	**(735)**	149	(884)
Net increase / (decrease) in cash and cash equivalents	**181**	(129)	310

Net cash generated from operating activities

Operating profit before changes in working capital was HK$1,204 million in 2009 as compared to HK$1,057 million in 2008. After taking into account the decrease in working capital of HK$209 million which included decrease in inventories HK$125 million and increase in trade and other payables HK$127 million, partly offset by increase in trade and other receivables HK$43 million, cash generated from operations was HK$1,413 million in 2009.

In 2008, working capital increased by HK$437 million owing to increase in inventories by HK$213 million and decrease in trade and other payables by HK$626 million, partly offset by decrease in trade and other receivables of HK$402 million. Cash generated from operations in 2008 was HK$620 million.

After taking into account the tax paid of HK$223 million in 2009 (2008: HK$227 million), net cash generated from operating activities was HK$1,190 million (2008: HK$393 million).

Net cash used in investing activities

Payments for purchase of fixed assets and lease prepayments were HK$481 million (2008: HK$480 million). After netting off proceeds from disposal of fixed assets of HK$264 million (2008: HK$40 million) and taking into account net cash outflow from purchase of subsidiaries and other investments of HK$57 million (2008: HK$231 million), net cash used in investing activities was HK$274 million (2008: HK$671 million).

Net cash (used in) / generated from financing activities

Net cash used in financing activities was HK$735 million in 2009 as compared to net cash generated from financing activities of HK$149 million in 2008. This was mainly due to net repayment of loans HK$489 million in 2009 (2008: net proceeds from loans HK$368 million).

GROUP DEBT AND LIQUIDITY

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

HK$ million	2009	2008	Change
Total debt	**2,436**	2,909	(473)
Cash and bank deposits	**1,895**	1,643	252
Net debt	**541**	1,266	(725)

The original denomination of the Group's borrowings as well as cash and deposit balances by currencies as at 31 December 2009 is summarised as follows:

HK$ million equivalent	HKD	RMB	JPY	USD	CAD	SGD	Others	Total
Total debt	718	1,614	5	2	30	48	19	2,436
Cash and bank deposits	332	1,137	209	154	5	9	49	1,895
Net debt / (cash)	386	477	(204)	(152)	25	39	(30)	541

Leverage

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

As at 31 December 2009, the Group's gearing ratio was 9.0%, as compared to 20.6% at 31 December 2008.

HK$ million	2009	2008	Change
Net debt	**541**	1,266	(725)
Shareholders' funds	**5,457**	4,865	592
Total capital	**5,998**	6,131	(133)
Gearing ratio	**9.0%**	20.6%	(11.6%)

Net debt decreased in 2009 mainly due to reduction of RMB bank loans in mainland China partly offset by increase of HKD bank loans. The effective interest rate of the Group's borrowings as at 31 December 2009 was 4.1% as compared to 5.6% as at 31 December 2008.

Maturity Profile of Outstanding Debt

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

	HK$ million	**% of total**
Within 1 year or on demand	**2,041**	84%
After 1 year but within 2 years	**170**	7%
After 2 years but within 5 years	**225**	9%
Total	**2,436**	100%

Available Sources of Financing

In addition to cash and bank deposits of HK$1,895 million as at 31 December 2009 (2008: HK$1,643 million), the Group had undrawn available loan facilities totaling HK$1,778 million (2008: HK$1,346 million), of which HK$600 million was committed term loans and revolving loans (2008: HK$200 million) and HK$1,178 million was money market lines (2008: HK$1,146 million). It also had available trade facilities amounting to HK$4,067 million (2008: HK$2,985 million). Borrowings by sources of financing as at 31 December 2009 is summarised as follows:

HK$ million	**Total**	**Utilised**	**Available**
Committed Facilities:			
Term Loans and Revolving Loans	**1,471**	871	600
Uncommitted Facilities:			
Money Market Lines	**2,702**	1,524	1,178
Trading Facilities	**5,555**	1,488	4,067

Pledged Assets

As at 31 December 2009, the Group's assets of HK$799 million (31 December 2008: HK$823 million) were pledged in relation to financing of discounted bills in Japan, leasing of vehicles in Canada, issuance of bank acceptance drafts in mainland China, and the mortgage of land and buildings and inventories upon the acquisition of subsidiaries in mainland China.

Capital commitments

Capital commitments outstanding at 31 December 2009 not provided for in the financial statements were as follows:

HK$ million	2009	2008	Change
Contracted for			
- Capital expenditure	**100**	50	50
- Investment in an associate	**41**	51	(10)
- Investment in a jointly controlled entity	**41**	-	41
- Others	**8**	-	8
At 31 December	**190**	101	89
Authorised but not contracted for			
- Capital expenditure	**246**	249	(3)
- Others	**12**	14	(2)
At 31 December	**258**	263	(5)

Contingent Liabilities

The Company has issued guarantee to banks in respect of banking facilities granted to and utilised by certain subsidiaries. The Group did not have any material contingent liabilities as at 31 December 2009.

Loan Covenants

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

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

As at 31 December 2009, the Group had complied with all of the above financial covenants.

HUMAN RESOURCES

As at 31 December 2009, the Group had a total of 12,070 employees, including 1,921 employees from our associates and jointly controlled entities. There were 7,747 employees in mainland China, 4,040 employees in Hong Kong and 283 employees in other locations - Taiwan, Singapore, Japan and Canada.

The Group is an equal opportunity employer, equal employment and advancement opportunities are offered to all candidates and employees. The Group strives to attract, retain and motivate employees who have the relevant skills, knowledge and competencies to develop, support and sustain the continued success of our businesses. Besides offering employees with competitive remuneration schemes, the Group is committed to staff training and development to support the need of the business and the individuals.

CORPORATE GOVERNANCE

DCH is committed to ensuring high standards of corporate governance and first class business practices. The Board believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. A full description of the corporate governance of DCH will be set out in the Corporate Governance Report contained in the 2009 Annual Report.

Throughout the year ended 31 December 2009, DCH applied the principles of and complied with all the Code Provisions of the Code of Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange.

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

DIVIDEND AND CLOSURE OF REGISTER

The Directors have resolved to recommend to shareholders the payment of a final dividend of 11.29 HK cents per share. The proposed final dividend of 11.29 HK cents per share, the payment of which is subject to approval of the shareholders at the forthcoming annual general meeting of DCH to be held on Wednesday, 12 May 2010, is to be payable on Wednesday, 19 May 2010 to shareholders whose names appear on the Register of Members of DCH on Wednesday, 12 May 2010.

The Register of Members of DCH will be closed from Thursday, 6 May 2010 to Wednesday, 12 May 2010, both days inclusive, during which period no share transfer will be effected. In order to qualify for the proposed final dividend, all transfers, accompanied by the relevant share certificates, must be lodged with DCH's Share Registrars, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 5 May 2010.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 December 2009, DCH has not made any repurchases of its own shares on the Stock Exchange.

Neither DCH nor any of its subsidiary companies has purchased or sold any of DCH's shares during the year ended 31 December 2009 and DCH has not redeemed any of its shares during the year ended 31 December 2009.

FORWARD-LOOKING STATEMENTS

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group. These forward-looking statements represent DCH's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

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

Hong Kong, 8 March 2010

As at the date of this announcement, the directors of DCH 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*