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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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF INTEREST IN SHISEIDO DAH CHONG HONG COSMETICS LIMITED

Reference is made to the announcement of the Company dated 6 May 2010 in relation to the letter of intent signed by Shiseido Japan and DCH on 6 May 2010 regarding the sale and purchase of DCH's interest in Shiseido DCH's share capital.

On 30 June 2010, DCH, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Shiseido Japan, pursuant to which DCH agreed to sell its entire 50% interest in Shiseido DCH to Shiseido Japan at a consideration of HK\$500,000,000. Upon completion of the Disposal, DCH will no longer have any equity interest in Shiseido DCH, and Shiseido DCH will cease to be a jointly controlled entity of the Company.

Since the applicable percentage ratios in respect of the Sale and Purchase Agreement are more than 5% but less than 25%, the transactions contemplated under the Sale and Purchase Agreement constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement under the Listing Rules.

Reference is made to the announcement of the Company dated 6 May 2010 in relation to the letter of intent signed by Shiseido Japan and DCH on 6 May 2010 regarding the sale and purchase of DCH's interest in Shiseido DCH's share capital. On 30 June 2010, DCH entered into the Sale and Purchase Agreement with Shiseido Japan in relation to such sale and purchase.

SALE AND PURCHASE AGREEMENT

Date

30 June 2010

Parties

- (1) Seller: DCH
- (2) Purchaser: Shiseido Japan

The Directors confirm that, to the best of their knowledge, information and belief having made all reasonable enquiries, Shiseido Japan and the ultimate beneficial owner of Shiseido Japan are third parties independent of the Company and connected persons of the Company.

Subject

The Sale Shares, representing 50% of the entire issued share capital of Shiseido DCH prior to the signing of the Sale and Purchase Agreement.

Shiseido DCH was formed in 1998 by DCH and Shiseido Japan and is held as to 50% by each of them prior to the signing of the Sale and Purchase Agreement. Its main businesses are the management, operation, sales, marketing, and brand development of Shiseido Japan's products in Hong Kong, Macau and the Guangdong province in the PRC.

Consideration

The consideration for the Sale Shares is HK\$500,000,000, and shall be paid by Shiseido Japan to DCH in cash on completion.

The consideration for the Sale Shares was arrived at after arm's length negotiation between DCH and Shiseido Japan having regard to (i) the unaudited consolidated net asset of Shiseido DCH as at 31 May 2010, and (ii) Shiseido DCH's established business base in Hong Kong, Macau and the Guangdong province in the PRC.

Completion

Completion shall take place on the first business day after the signing of the Sale and Purchase Agreement, or any other date as may be agreed between DCH and Shiseido Japan. Upon completion of the Disposal, DCH will no longer have any equity interest in Shiseido DCH, and Shiseido DCH will cease to be a jointly controlled entity of the Company.

Restrictive covenants

DCH shall be subject to customary restrictive covenants following completion of the Disposal, in particular it shall not, and shall procure that the Group shall not, among other things: (i) compete with the businesses of Shiseido DCH and its subsidiaries in Hong Kong, Macau and the Guangdong province in the PRC for a period of one year after completion, and/or (ii) sell the cosmetics products and other related products manufactured or offered by the group companies of Shiseido Japan as at completion within these areas for a period of two years after completion.

Incidental to the Sale and Purchase Agreement, the Group also entered into other transactions with Shiseido DCH with an aim to achieve a smooth transition of Shiseido DCH to Shiseido Japan after completion of the Sale and Purchase Agreement. In particular, the Group (as services provider) will continue to provide certain accounting, cashier, general administration, personnel, financial technology support and information technology services to Shiseido DCH (as services recipient) until 31 December 2012 for service fees which were determined after arm's length negotiation between DCH and Shiseido DCH. In addition, the Group will grant licences to Shiseido DCH to continue occupying and using certain premises in DCH Building and in Ap Lei Chau Service Centre until 31 May 2012 for licence and management fees which were determined with reference to the market rates.

FURTHER INFORMATION ON SHISEIDO DCH

Prior to the signing of the Sale and Purchase Agreement, Shiseido DCH is owned as to 50% by each of DCH and Shiseido Japan.

As at 31 May 2010, the unaudited consolidated net asset of Shiseido DCH was approximately HK\$406 million.

For the year ended 31 December 2008, the audited consolidated net profits before and after taxation and extraordinary items of Shiseido DCH were approximately HK\$129 million and HK\$108 million respectively. For the year ended 31 December 2009, the audited consolidated net profits before and after taxation and extraordinary items of Shiseido DCH were approximately HK\$154 million and HK\$129 million respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Disposal provides an opportunity for the Company to recoup its investment in Shiseido DCH and align resources with the Company's existing and more established businesses in the PRC.

The Group will record a gain from the Disposal, being the difference between the consideration of HK\$500 million and the carrying value of the Sale Shares as at completion. The actual amount of such gain will be determined after the completion date of the Sale and Purchase Agreement, and is expected to be recognised in the Group's consolidated income statement for the year ending 31 December 2010. Based on the current estimate of the carrying value of the Sale Shares as at completion, it is estimated that the gain (before transaction costs) of the Group from the Disposal would be approximately HK\$330 million. The proceeds from the Disposal will be used by the Group as its working capital and future business development.

The Directors consider that the terms of the Disposal are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

GENERAL

The Group is a diversified business conglomerate in motor vehicle 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 Macau.

Shiseido Japan is the largest cosmetics company in Japan, which develops, produces and sells skin care, make-up, fragrance and hair care products for men and women in over 70 countries.

LISTING RULES IMPLICATIONS

Since the applicable percentage ratios in respect of the Sale and Purchase Agreement are more than 5% but less than 25%, the transactions contemplated under the Sale and Purchase Agreement constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements, but is exempt from the shareholders' approval requirement under the Listing Rules.

DEFINITIONS

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

"Ap Lei Chau Service Centre"	the service centre known as "Ap Lei Chau Service Centre" and located at No.111 Lee Nam Road, Ap Lei Chau, Hong Kong;
"Board"	board of the Directors;
"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(s)", "percentage ratio(s)", "subsidiary(ies)"	each has the meaning ascribed to it by the Listing Rules;
"DCH"	Dah Chong Hong, Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
"DCH Building"	the building known as "DCH Building" and located at 20 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong;
"Directors"	the directors of the Company;

"Disposal"	the sale of the Sale Shares by DCH to Shiseido Japan and the other transactions contemplated under, or otherwise incidental to, the Sale and Purchase Agreement;
"Group"	the Company and its subsidiaries;
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Macau"	the Macao Special Administrative Region of the PRC;
"PRC"	the People's Republic of China;
"Sale and Purchase Agreement"	the agreement dated 30 June 2010 entered into between DCH and Shiseido Japan in relation to the sale and purchase of the Sale Shares;
"Sale Shares"	61,500,000 "B" Ordinary Shares of HK\$1.00 each in Shiseido DCH, being DCH's entire interest in Shiseido DCH's share capital;
"Shiseido DCH"	Shiseido Dah Chong Hong Cosmetics Limited, a company incorporated in Hong Kong with limited liability and a joint venture which is held as to 50% by each of DCH and Shiseido Japan as at the date of this announcement;
"Shiseido Japan"	Shiseido Company, Limited, a company incorporated in Japan and listed on the Tokyo Stock Exchange; and
"%"	per cent.

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

Hong Kong, 30 June 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*