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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)**

**ANNOUNCEMENT OF INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2010**

- Group turnover up 49.1% to HK\$14,117 million
- Profit from operations increased by 69.6% to HK\$731 million
- Profit attributable to shareholders increased by 77.8% to HK\$480 million
- Basic earnings per share were 26.7 HK cents
- Declared interim dividend of 10.68 HK cents per share
- Net asset value per share of HK\$3.39

## **CHAIRMAN'S LETTER TO SHAREHOLDERS**

DCH has been delivering remarkable results since its IPO in 2007. Despite the financial tsunami which erupted in 2008, turnover has increased at a compound annual growth rate ("CAGR") of about 26% and profit attributable to shareholders at a CAGR of about 32% with a return on equity of 17% (annualised) for the 6 months ended 30 June 2010. We have been honoured to be ranked 138<sup>th</sup> among the top 500 Chinese companies listed in the world's stock markets by *Fortune China* magazine.

The solid business platform which we have built in the past years in mainland China in accordance with our clear vision, China Momentum, has started to flourish as we have grasped the unique opportunity presented by the fast growing automobile market in mainland China. Our business in mainland China has been growing vigorously with turnover increased by 62.2% during the first half of 2010.

The motor vehicle business segment has taken a quantum leap in recent years based on our platform of motor distributorship, dealership and motor related business in mainland China. We are anticipating the same in the other two major business segments of DCH.

As the result of the increased GDP and the income per capita, as well as the awareness of the importance of food safety, the demand of quality imported food to mainland China is increasing extensively. The distribution network of fast moving consumer goods ("FMCG") which we have established in the past decade has contributed to an increase of about 40% in the turnover of our FMCG business in the country in the first half of 2010 and we believe that this growth will continue.

Though the logistics segment is still in the development stage within mainland China and we are building the infrastructure to meet the growing requirements, it has already begun to create a very good synergy to support our food business in mainland China through collaboration with our FMCG principals.

### **RESULTS**

During the period under review, the Group has recorded a total turnover of HK\$14,117 million compared to HK\$9,470 million in the same period last year, an increase of 49.1%. Profit from operations has soared 69.6% to HK\$731 million, compared to HK\$431 million last year. Profit attributable to shareholders of the Company has lifted 77.8% to HK\$480 million from last year's HK\$270 million. Basic earnings per share were 26.70 HK cents versus 15.02 HK cents for the first six months last year.

The Board has resolved to declare an interim dividend of 10.68 HK cents (2009: 4.51 HK cents) per share.

## **Business Mix**

For the first six months of 2010, Motor and Motor Related Business accounted for 75.5% of total turnover of the Group, whereas Food and Consumer Products Business made up 23.3% and the remaining 1.2% was derived from Logistics and Other Business. Geographically, 66.6% of the Group's total turnover came from mainland China, Hong Kong and Macao constituted 26.7% and the remaining 6.7% was from Other Markets.

## **BUSINESS REVIEW**

### **MOTOR AND MOTOR RELATED BUSINESS**

This business segment recorded a robust growth of 64.9% in turnover to HK\$10,659 million, compared to HK\$6,462 million for the corresponding period last year. A 68.5% growth was recorded in mainland China motor sales to HK\$8,147 million, benefiting from strong market sentiment and increased contributions from additional 4S shops added in 2009. Sales turnover soared by 52.6% in Hong Kong and Macao as a result of the market rebound. Segment profit after taxation improved considerably by 94.8% to reach HK\$487 million with the segment margin at 4.6% compared to last year's 3.9%.

### **Mainland China**

The vehicle market in mainland China entered 2010 on a very positive note. For the six months ended 30 June 2010, approximately 9 million vehicles were sold in mainland China, representing a year-on-year growth of 48.1%. During the same period the total number of passenger cars sold rose by 48.6% to 6.7 million units while commercial vehicle sales soared by 46.8% to 2.3 million units.

In line with the favourable market sentiment, a total of 30,120 vehicles were sold through DCH's sales and distribution network in the reporting period, including 23,998 passenger cars and 6,122 commercial vehicles, representing a growth rate of 54.7% and 149.6% respectively.

### ***Distributorship***

As the exclusive national importer and distributor of the luxury brand, *Bentley*, DCH has enjoyed the increasing spending power among high-end consumers in mainland China and delivered 376 units of *Bentley* vehicle in the review period, a year-on-year growth of 116%.

In the commercial vehicle sector, the Group, being the importer and distributor of *Isuzu* vehicles in the PRC, has maintained its leading position in the imported heavy duty trucks market with a 132.4% growth in sales to 3,147 units in the first half of 2010.

### ***Dealership***

During the review period, we have further expanded our dealership network by adding eight more 4S shops through the acquisition of Shenye Shiye Group. Coupled with the opening of Shanghai and Cixi *Lexus* dealerships, the total number of 4S shops has reached 50, compared with 40 shops at the end of 2009. In addition, six 4S shops for sale of *FAW Toyota*, *SAIC VW*, *GQ Honda*, *DF Nissan* and *Bentley* vehicles are presently undergoing construction and are expected to open in the second half of 2010. We have also obtained the dealerships for five 4S shops to sell *Lexus*, *FAW Toyota* and *FAW Audi* cars.

Sale of commercial vehicles through our 4S shop network has become significant recording a year-on-year growth of 170.7%.

### ***Motor Related Business***

In addition to motor leasing and parts trading, the Group is expanding the scale of motor related business in mainland China with investment in a used car trading and vehicle inspection centre in Guangzhou. The independent motor service centre in Dongguan and the lubrication oil blending plant in Xinhui, which are scheduled to commence operation in the second half of 2010, should allow the Group to tap the booming after-sales market.

### **Hong Kong and Macao**

The overall vehicle market has bounced back from the financial downturn last year. For the first half of 2010, total vehicle sales in Hong Kong reached approximately 18,500 units with year-on-year growth of about 57%. The HKSAR Government incentive scheme on replacement of pre-Euro and Euro I vehicles also helped uplift the sales of commercial vehicles.

At the end of June 2010, DCH has captured around 25% of the overall vehicle market share in Hong Kong. The total number of vehicles sold reached 4,549 units with a 43.6% year-on-year rise up until the end of June. Despite the unfavourable market conditions for sales of Japanese cars, our passenger cars sales achieved a 40.9% growth to 3,371 units mainly due to the encouraging sales performance of *Audi*. Stimulated by the positive market sentiment and the favourable backdrop of the government incentive program, DCH has sold 1,178 commercial vehicles, a strong 52.2% increase. DCH continued to be strong in the environment-friendly vehicles and has gained 42.4% of share of this market in the first half of 2010, remaining as a major player in Hong Kong.

### **Other Markets**

The overall economy of Taiwan showed signs of improvement in the first half of 2010. The Group's motor business development in the market has progressed satisfactorily as the *Audi Terminal* (4S shop) in Taipei and the sales facilities in Hsinchu have commenced operation.

The Group was preparing to launch "*Foton*" vehicles in Singapore in the second half of 2010. The business in Canada was stable despite the very challenging market conditions for vehicle sales.

## **FOOD AND CONSUMER PRODUCTS BUSINESS**

Our efforts aimed at expanding the FMCG business in mainland China have achieved satisfactory results with about 40% growth in FMCG revenue and this has become a key growth driver of the food and consumer products business during the review period.

The segment turnover reported a 14.9% rise compared with the corresponding period last year with the strong growth in FMCG sales partly offset by the cessation of the low-margin edible oil business. As a result, segment profit after taxation increased substantially by 35.7% to HK\$76 million while the segment margin rose to 2.3% from the corresponding period of last year's 2.0%.

### **Mainland China**

Segment turnover increased by 29.8% year-on-year to HK\$1,245 million, which was mainly attributable to the substantial sales growth in FMCG. Among the variety of FMCG products under DCH, chocolate and milk powder posted particularly strong sales growth.

The favourable results verified DCH's strategy of introducing imported quality products into the rapidly growing market years ago. The enriched product portfolio resulted from active soliciting of agency rights and the acquisition of FMCG distribution companies in Shanghai, and the broadening of distribution network to cover additional first and second tier cities, contributed to the growth in sales.

DCH's modern logistics facilities, which serve as a strong backbone of our FMCG distribution supply chain, provide high value-added services such as repackaging and labeling with bonded warehouse facilities. They have further strengthened our relationships with the overseas principals and suppliers, helping us to forge long-term collaborative partnerships in the distribution of FMCG in mainland China.

The electrical appliances business has recovered from the financial tsunami and demand of professional audio equipment has returned to normal level.

### **Hong Kong and Macao**

Thanks to the Group's focus on selling high quality products and broadening the product range to keep pace with the increased consumer spending, turnover from Hong Kong and Macao grew by 11.3% from the same period last year as FMCG, including confectioneries, canned soups, dairy products and the newly added, *Starbucks* ready to drink coffee all recorded satisfactory sales. The frozen and chilled food commodities business also performed well.

The Group operated 73 food retail outlets, including 60 *DCH Food Mart* and 13 *DCH Food Mart Deluxe* stores as at 30 June 2010. Both customer counts and revenue per transaction have increased. The same store sales per square foot grew by 9.7% over the same period last year.

The electrical appliances business recorded a satisfactory result as we have been proactively enlarging the product range, including household appliances such as washing machines, refrigerators or audio-visual products, to better suit the different customer segments. Towards this end, new renowned brands such as the premier French *Cabasse* speakers, and the *Haier* electrical appliances were added to our product portfolio.

## **Other Markets**

The performance of the food trading business in Japan was relatively stable while the sales in Singapore has been picking up gradually. The turnover of our small electrical appliances manufacturing business remained stagnant as overseas markets, particularly Europe and the US, have yet to fully recover from the global financial turmoil.

## **LOGISTICS BUSINESS**

The segment turnover increased by 20.4% to HK\$118 million from HK\$98 million in the last corresponding period. Segment profit after taxation were HK\$11 million as compared to HK\$10 million in the same period last year, while the segment margin slightly drop to 9.3% compared with 10.2% in the corresponding period.

The Yuen Long Logistics Center, which has commenced full-scale operation since the first quarter of 2010, contributed to the growth in turnover. Moreover, the newly added logistics facilities in Xinhui, including cold storage, a bonded warehouse and third party logistics warehouses, have started operation in phases since the second quarter of 2010.

The Group has developed a more comprehensive regional logistics platform covering Hong Kong, Macao and the Pearl River Delta (“PRD”), which empowers the Group to extend its services to more local and overseas customers, and strengthen the ties with the existing clientele and collaborative partners of its food distribution business.

## **PROSPECTS**

We continue to see substantial GDP growth in mainland China in the foreseeable future. The emerging consumer market driven by its rapidly expanding middle class presents huge business opportunities which translate into a great demand for the quality goods and services that DCH provides. Based on the strong market presence across our motor, food and logistics businesses, DCH is well-positioned to successfully carry out our strategic plans to take advantage of the rising demand of the mainland China consumer market.

## **MOTOR AND MOTOR RELATED BUSINESS**

### **Mainland China**

According to the industry forecast, the growth of the mainland China motor market is expected to remain robust in 2010, with total vehicle sales exceeding 16 million units. This provides a solid platform for our continued business expansion in both the passenger car and commercial vehicle sectors.

### ***Distributorship***

Capitalising on the Group's competitive advantage stemming from the exclusive national distributorship of *Bentley* in mainland China, investment is to be aggressively stepped up to expand its distribution network in different cities to satisfy the fast growing demand for super luxury cars by the most affluent customer group. Four more appointed dealers will commence operation in the second half of 2010, in Tianjin, Xiamen, Kunming, and Shenyang, making a total of 13 dealers in *Bentley's* national network. To enhance our customer service standard, the Group has established a Parts Centre and the *Bentley Academy* in Shanghai, the first training centre of *Bentley* outside the UK.

It is expected that the ongoing infrastructure and construction projects in mainland China will generate tremendous demand for heavy duty trucks. As the importer and national distributor of *Isuzu* in mainland China, the Group will further strengthen the sales and service network to grasp the business opportunities and maximise the contribution of this segment.

### ***Dealership***

In the dealership business, the Group expects to speed up the expansion of its network and further enhance the quality of its brand portfolio. Six more 4S shops are to be opened in the second half of 2010, making a total of 56 4S shops in our network at the end of the year. In coming years, we anticipate that our network will grow at a much faster pace. We have secured the development of five 4S shops through green field development and negotiation for acquiring dealerships is being actively pursued.

In addition to passenger cars, DCH will devote more efforts in strengthening the dealership network of commercial vehicles and there will be new sales outlets for *Qingling* in Wuxi, Changzhou and Xuzhou in the second half of 2010.

To realise the intrinsic value of the 4S dealership platform and improve the margin of this segment, enhancement of both operations management and service quality will be continued while more service marketing and customer retention efforts will be carried out to transform after-sales service into a more important revenue driver.

### ***Motor Related Business***

The increase in private automobile ownerships in mainland China offers ample opportunities to grow our after-sales market business. In addition to optimising our existing services, two independent service centres in Dongguan are to start operations by the end of 2010. Furthermore, the construction of our lubrication oil blending plant is to be completed during the fourth quarter with production starting at the end of 2010.

## **Hong Kong and Macao**

It is expected that the automotive market in Hong Kong will remain stable in the rest of 2010. The Group has invested in a second *Audi* showroom in Kowloon, scheduled to open in the fourth quarter. As this is the biggest showroom in town, the Group is confident of raising *Audi's* brand awareness further and capturing a greater share in the market.

Besides, DCH is now joining hands with the HKSAR Government on an electric vehicle (“EV”) pilot scheme for promoting EVs in Hong Kong. The scheme is to bring in around 200 electric vehicles from *Nissan Motors* to allow full scale trial of EVs in Hong Kong. This marks a brand new chapter in the local automobile industry and DCH’s leading position in the rapidly growing environment-friendly automobile sector would be further strengthened.

## **Other Markets**

With the signing of “The Economic Cooperation Framework Agreement” (兩岸經濟合作架構協議) between mainland China and Taiwan, the cross-strait relations are progressing in a positive direction. We are optimistic about Taiwan’s economic outlook. The Group plans to increase its penetration into this market and seize the business opportunities arose down the road. DCH’s second *Audi Terminal* in Hsinchu is expected to commence business in the last quarter in the year.

## **FOOD AND CONSUMER PRODUCTS BUSINESS**

Encouraged by the reviving global economy and stable economic growth in mainland China, the Group sees total food supply chain as a major profit contributor in the coming years. The Group plans to keep on sourcing more quality FMCG and extend the distribution network of products with outstanding sales records to more first and second tier cities in mainland China. The Group intends to continue to grasp possible merger and acquisition opportunities to further enhance the FMCG portfolio as it will continue to be the growth driver of the Group in the food business.

The Group will establish an upstream frozen food processing plant in eastern China, which will allow the Group to expand the business vertically and at the same time to enhance the leverage of the DCH house brand “*大昌食品*” which has gained good recognition in the region.

In Hong Kong, as the new Yuen Long food processing centre has doubled the food processing capacity of the Group, DCH has planned to add the production of the mass processed food to gain a larger market share of the processed food market. At the same time, it would prepare the Group to enter into the vast market of mainland China through setting up similar facilities in southern China.

The Group also plans to expand the food retail outlets in Hong Kong both geographically and in product categories to meet the need of different customer groups. We shall establish a wider network, focusing on frozen and chilled products, with emphasis on food safety and reliability in order to protect the well being of our customers and maintain the goodwill of our brand and shops.

As the population of the mid-income group grows and urbanisation continues in mainland China, demand for high quality entertainment products will increase. It is envisaged that premium grade audio-visual equipment will have a good market potential in the coming years. DCH will therefore speed up the development of the electrical appliances business by aggressively enlarging the product portfolio. For mainland China, the Group's development focus will be on top-notch domestic and professional audio-visual products to satisfy the growing requirements of higher income groups. "Monster Yao 明" co-branded headphones and accessories, and the *Polkaudio* speakers are just some of the promising new products. In Hong Kong, we will focus on quality household appliances and premium audio-visual products to meet the escalating customer demand.

## **LOGISTICS BUSINESS**

The Group has been building a solid modern logistics platform in the past few years that provides a broad range of services including temperature controlled storage, bonded warehousing, cross-border and intra-cities distribution, global forwarding, supply chain management solution, material procurement, customs clearance and declaration, packaging and other value added services in the PRD. We intend to continue to develop this platform to support the Group's strategic direction of total food supply chain development whilst meeting the growing requirement for third party modern logistics at an international standard in the region. With the platform ready this year, we would be able to provide packing and repacking, labeling, import and export services to world renowned FMCG principals like *Arcor* and *Ferrero*.

In particular, we shall establish a seamless cold chain system in mainland China. It facilitates collaboration with principals and suppliers which also supports the fast growth of the Group's food business. To capture the thriving mainland market, the Group is planning additional logistics infrastructure in eastern China. With a comprehensive platform, we believe that the logistics business will become a new growth driver and profit contributor in the foreseeable future.

## **ASSET DISPOSAL**

As announced in the previous months, we have now completed the disposal of our entire 50% interest in the joint venture with *Shiseido* on 2 July 2010 for a consideration of HK\$500 million and a property in Hong Kong on 12 August 2010 for a consideration of HK\$123.6 million. The Group is expected to make a profit of about HK\$330 million from the disposal of the *Shiseido* joint venture and a profit of about HK\$122 million on the disposal of the property and the gain is to be taken up in 2010 full year results. The proceeds from the disposal are to be used by the Group as its working capital and for future business development.

## **APPRECIATION**

In closing, we once again thank our employees for their hard work and dedication, our business partners and customers for their support. Thank you, our shareholders, for your investment and continued confidence in our company. You have our promise that we will continue to enhance the value of your investment.

**Hui Ying Bun**

*Chairman*

Hong Kong, 16 August 2010

# CONSOLIDATED INCOME STATEMENT

HK\$ million	Note	Unaudited	
		Six months ended 30 June	
		2010	2009
<b>Turnover</b>	3	<b>14,117</b>	9,470
Cost of sales		<b>(12,353)</b>	(8,146)
<b>Gross profit</b>		<b>1,764</b>	1,324
Net valuation gain/(loss) on investment properties		<b>36</b>	(24)
Other income		<b>189</b>	193
Selling and distribution expenses		<b>(725)</b>	(585)
Administrative expenses		<b>(533)</b>	(477)
<b>Profit from operations</b>		<b>731</b>	431
Impairment loss on goodwill and intangible assets	4(b)	<b>(32)</b>	-
Finance costs	4(a)	<b>(56)</b>	(64)
Share of profit after tax of associates		<b>9</b>	15
Share of profit after tax of jointly controlled entities		<b>43</b>	32
<b>Profit before taxation</b>	4	<b>695</b>	414
Income tax	5	<b>(193)</b>	(131)
<b>Profit for the period</b>		<b>502</b>	283
<b>Attributable to:</b>			
Shareholders of the Company		<b>480</b>	270
Non-controlling interests		<b>22</b>	13
		<b>502</b>	283
<b>Basic and diluted earnings per share (HK cents)</b>	7	<b>26.70</b>	15.02

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

HK\$ million	Unaudited	
	Six months ended 30 June	
	2010	2009
<b>Profit for the period</b>	<b>502</b>	283
Exchange differences on translation of entities outside Hong Kong:		
- subsidiaries	60	(26)
- associates and jointly controlled entities	5	-
<b>Other comprehensive income/(loss) for the period</b>	<b>65</b>	(26)
<b>Total comprehensive income for the period</b>	<b>567</b>	257
<b>Attributable to:</b>		
Shareholders of the Company	542	243
Non-controlling interests	25	14
	<b>567</b>	257

# CONSOLIDATED BALANCE SHEET

HK\$ million	Note	Unaudited 30 June 2010	Audited 31 December 2009
<b>Non-current assets</b>			
Fixed assets			
- Property, plant and equipment		1,810	1,701
- Investment properties		861	808
		<b>2,671</b>	<b>2,509</b>
Lease prepayments		356	377
Intangible assets		255	263
Goodwill		259	287
Interest in associates		163	130
Interest in jointly controlled entities		277	258
Other financial assets		7	5
Deferred tax assets		46	40
		<b>4,034</b>	<b>3,869</b>
<b>Current assets</b>			
Inventories		3,429	2,621
Assets held for sale		186	-
Trade and other receivables	8	3,541	3,075
Current tax recoverable		23	15
Cash and bank deposits		1,407	1,895
		<b>8,586</b>	<b>7,606</b>
<b>Current liabilities</b>			
Borrowings		2,112	2,041
Trade and other payables	9	3,600	3,002
Current tax payable		118	77
		<b>5,830</b>	<b>5,120</b>
<b>Net current assets</b>		<b>2,756</b>	<b>2,486</b>
<b>Total assets less current liabilities</b>		<b>6,790</b>	<b>6,355</b>
<b>Non-current liabilities</b>			
Borrowings		469	395
Deferred tax liabilities		235	204
		<b>704</b>	<b>599</b>
<b>Net assets</b>		<b>6,086</b>	<b>5,756</b>
<b>Capital and reserves</b>			
Share capital		270	270
Reserves		5,527	5,187
<b>Total equity attributable to shareholders of the Company</b>		<b>5,797</b>	<b>5,457</b>
<b>Non-controlling interests</b>		<b>289</b>	<b>299</b>
<b>Total equity</b>		<b>6,086</b>	<b>5,756</b>

# NOTES

## 1. Basis of preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2009, except as set out in note 2 below. They should be read in conjunction with the annual financial statements for the year ended 31 December 2009.

## 2. Changes in accounting policies

The Group has adopted all relevant new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and HKASs, amendments and interpretations, which are effective for accounting periods beginning on or after 1 January 2010. The adoption of these new and revised standards, amendments and interpretations have no significant impact on the Group’s results of operations and financial position for the current or comparative periods nor any significant changes in the Group’s accounting policies. The relevant revised HKFRS and HKAS are discussed as follows:

### (a) HKFRS 3 (Revised) “Business Combinations”

The HKFRS 3 (Revised) requires that in a business combination achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value, and any difference from the carrying value is recognised in profit or loss. The fair value at acquisition date of any contingent purchase consideration is included in the cost of acquisition. Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

There is a choice on a transaction-by-transaction basis to measure non-controlling interests (previously known as “minority interests”) in the acquiree either at fair value, or at their proportionate share of the acquiree’s identifiable net assets, at the acquisition date.

### (b) HKAS 27 (Revised) “Consolidated and Separate Financial Statements”

HKAS 27 (Revised) requires that the changes in ownership interest in an existing subsidiary (but where the Group still retains control) be accounted for as a transaction with shareholders in their capacity as owners and be recognised directly in equity. Therefore, no goodwill and profit or loss will be recognised.

When the control of a subsidiary is lost, the transaction will be accounted for as a disposal of the entire interest in that subsidiary, with any remaining interest retained by the Group being recognised at fair value and the resulting fair value re-measurement gain or loss being recognised in profit or loss.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. Segment reporting

An analysis of the Group's segment result for the period by reportable segment is as follows:

HK\$ million Unaudited Six months ended 30 June 2010	Motor and Motor Related Business				Food and Consumer Products Business				Logistics Business	Other Business	Inter- segment elimination	Total
	Hong Kong & Macao	Mainland China	Others	Sub-total	Hong Kong & Macao	Mainland China	Others	Sub-total				
Turnover from external customers	2,019	8,147	493	10,659	1,632	1,245	418	3,295	118	45	-	14,117
Inter-segment turnover	1	-	-	1	1	-	-	1	48	22	(72)	-
<b>Segment Turnover</b>	<b>2,020</b>	<b>8,147</b>	<b>493</b>	<b>10,660</b>	<b>1,633</b>	<b>1,245</b>	<b>418</b>	<b>3,296</b>	<b>166</b>	<b>67</b>	<b>(72)</b>	<b>14,117</b>
Segment result from operations	166	451	12	629	62	20	(25)	57	15	33	-	734
Share of profit/(loss) after tax of associates	-	(1)	-	(1)	-	10	-	10	-	-	-	9
Share of profit after tax of jointly controlled entities	4	6	-	10	30	1	-	31	-	2	-	43
Segment profit/(loss) before taxation	170	456	12	638	92	31	(25)	98	15	35	-	786
Segment income tax	(27)	(122)	(2)	(151)	(12)	(7)	(3)	(22)	(4)	(2)	-	(179)
<b>Segment profit/(loss) after taxation</b>	<b>143</b>	<b>334</b>	<b>10</b>	<b>487</b>	<b>80</b>	<b>24</b>	<b>(28)</b>	<b>76</b>	<b>11</b>	<b>33</b>	<b>-</b>	<b>607</b>
<b>Reconciliation:</b>												
Net valuation gain on investment properties												36
Net loss on disposal of a subsidiary												(1)
Amortisation of fair value adjustment on property, plant and equipment and intangible assets arising from business combinations												(15)
Impairment loss on intangible assets												(3)
Impairment loss on goodwill												(29)
Net fair value gain on foreign currency forward contracts												1
Unallocated corporate expenses												(80)
<b>Reconciliation items before tax</b>												<b>(91)</b>
<b>Tax impact:</b>												
De-recognition of deferred tax assets (note 5)												(21)
Tax effect on the above reconciliation items												7
<b>Reconciliation items net of tax</b>												<b>(105)</b>
<b>Profit for the period</b>												<b>502</b>

### 3. Segment reporting (continued)

HK\$ million Unaudited Six months ended 30 June 2009	Motor and Motor Related Business				Food and Consumer Products Business				Logistics Business	Other Business	Inter- segment elimination	Total
	Hong Kong & Macao	Mainland China	Others	Sub-total	Hong Kong & Macao	Mainland China	Others	Sub-total				
Turnover from external customers	1,323	4,834	305	6,462	1,466	959	443	2,868	98	42	-	9,470
Inter-segment turnover	1	-	-	1	-	-	-	-	49	14	(64)	-
<b>Segment Turnover</b>	<b>1,324</b>	<b>4,834</b>	<b>305</b>	<b>6,463</b>	<b>1,466</b>	<b>959</b>	<b>443</b>	<b>2,868</b>	<b>147</b>	<b>56</b>	<b>(64)</b>	<b>9,470</b>
Segment result from operations	107	223	6	336	51	13	(33)	31	12	26	-	405
Share of profit/(loss) after tax of associates	-	(1)	-	(1)	-	16	-	16	-	-	-	15
Share of profit after tax of jointly controlled entities	1	2	-	3	27	-	-	27	-	2	-	32
Segment profit/(loss) before taxation	108	224	6	338	78	29	(33)	74	12	28	-	452
Segment income tax	(14)	(75)	1	(88)	(9)	(6)	(3)	(18)	(2)	(1)	-	(109)
<b>Segment profit/(loss) after taxation</b>	<b>94</b>	<b>149</b>	<b>7</b>	<b>250</b>	<b>69</b>	<b>23</b>	<b>(36)</b>	<b>56</b>	<b>10</b>	<b>27</b>	<b>-</b>	<b>343</b>

#### *Reconciliation:*

Net valuation loss on investment properties	(24)
Net gain on disposal of an investment property	23
Net loss on disposal of subsidiaries	(1)
Amortisation of fair value adjustment on property, plant and equipment and intangible assets arising from business combinations	(12)
Net fair value gain on foreign currency forward contracts	37
Unallocated corporate expenses	(61)

**Reconciliation items before tax** (38)

#### *Tax impact:*

De-recognition of deferred tax assets (note 5)	(51)
Tax effect on the above reconciliation items	29

**Reconciliation items net of tax** (60)

**Profit for the period** 283

#### 4. Profit before taxation

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

HK\$ million	Unaudited	
	Six months ended 30 June	
	2010	2009
<b>(a) Finance costs</b>		
Interest on bank advances and other borrowings wholly repayable within five years	56	64
<b>(b) Other items</b>		
Amortisation:		
- lease prepayments	5	3
- intangible assets	9	7
Depreciation	116	117
Net write-down/(reversal of write-down) of inventories	5	(22)
Impairment losses provided:		
- goodwill	29	-
- intangible assets	3	-
- property, plant and equipment	2	2
- trade and other receivables	1	32
Net gain on disposal of property, plant and equipment	(4)	(2)
Net gain on disposal of an investment property	-	(23)
Net loss on disposal of subsidiaries	1	1
Interest income	(5)	(5)

## 5. Income tax

Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) on the estimated assessable profit for the period. Taxation outside Hong Kong is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Income tax charge represents:

HK\$ million	Unaudited	
	Six months ended 30 June <b>2010</b>	2009
<i>Current income tax</i>		
- Hong Kong Profits Tax	<b>40</b>	30
- Outside Hong Kong	<b>133</b>	71
	<b>173</b>	101
<i>Deferred tax</i>		
- Origination and reversal of temporary differences	<b>(1)</b>	(22)
- De-recognition of deferred tax assets (note)	<b>21</b>	51
	<b>20</b>	29
<i>Withholding tax</i>	-	1
<b>Total</b>	<b>193</b>	131

Note: Based on the latest available information, the directors are of the opinion that the utilisation of the tax losses of a subsidiary brought forward from prior years may not be probable. Accordingly, the corresponding deferred tax assets of HK\$21 million (30 June 2009: HK\$51 million) were derecognised during the period ended 30 June 2010.

## 6. Dividends

### (a) Dividends attributable to the period are as follows:

HK\$ million	Unaudited	
	Six months ended 30 June	
	2010	2009
Interim dividend declared after the balance sheet date of 10.68 HK cents (2009: 4.51 HK cents) per share	192	81

The above interim dividend declared 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 period are as follows:

HK\$ million	Unaudited	
	Six months ended 30 June	
	2010	2009
2009 final dividend approved and paid of 11.29 HK cents (2008: 2.95 HK cents) per share	203	53

## 7. Basic and diluted earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2010 is based on the profit attributable to shareholders of the Company of HK\$480 million (2009: HK\$270 million) and the 1,797,833,000 ordinary shares in issue during the period (2009: 1,797,833,000 ordinary shares).

### (b) Diluted earnings per share

The diluted earnings per share for the periods ended 30 June 2009 and 2010 are not presented as the potential ordinary shares in respect of outstanding share options are anti-dilutive.

## 8. Trade and other receivables

HK\$ million	Unaudited 30 June 2010	Audited 31 December 2009
Trade debtors and bills receivable	1,532	1,489
Less: Provision for impairment on doubtful debts	(62)	(61)
	<b>1,470</b>	1,428
Other receivables, deposits and prepayments	1,873	1,438
Amounts due from fellow subsidiaries	-	1
Amounts due from associates	28	27
Amounts due from jointly controlled entities	170	181
Total	<b>3,541</b>	3,075

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	Unaudited 30 June 2010	Audited 31 December 2009
Trade creditors and bills payable	1,705	1,460
Other payables and accrued charges	1,628	1,337
Provision for warranties	112	113
Amounts due to jointly controlled entities	1	9
Amounts due to non-controlling interests	154	83
Total	<b>3,600</b>	3,002

## 10. Post balance sheet events

- (i) In May 2010, the Group entered into an agreement to sell a property situated in Hong Kong at a consideration of HK\$123.6 million. The disposal is expected to be completed subsequent to the balance sheet date. The Group is expected to make a profit of approximately HK\$122 million from this transaction.
- (ii) In June 2010, the Group entered into an agreement to sell its entire 50% interest in Shiseido Dah Chong Hong Cosmetics Limited (“Shiseido DCH”) to Shiseido Company, Limited (“Shiseido Japan”), at a consideration of HK\$500 million. Shiseido DCH is engaged in the management, operation, sales, marketing, and brand development of Shiseido Japan’s products in Hong Kong, Macao and the Guangdong province in the People’s Republic of China. Upon completion of the disposal in July 2010, the Group will no longer have any equity interest in Shiseido DCH. The Group is expected to make a profit of approximately HK\$330 million from this transaction.
- (iii) In July 2010, the Company has granted share options to certain employees of the Group to subscribe for a total of 23,400,000 ordinary shares in the share capital of the Company at an exercise price of HK\$4.766 per share under the Post-IPO Share Option Scheme adopted on 28 September 2007. The share options are fully vested on the date of grant and are exercisable in whole or in part within 5 years from the date of grant.

## FINANCIAL REVIEW

### Turnover

Turnover for the first six months of 2010 was HK\$14,117 million, increased by 49.1% compared with HK\$9,470 million for the same period of 2009, which was mainly attributable to the followings:

- *Motor and Motor Related Business*  
Turnover of Motor and Motor Related Business was HK\$10,659 million for the first six months of 2010, increased by 64.9% from the same period last year. The increase was mainly attributable to the strong market sentiment for automobile sales in mainland China and additional 4S shops added in 2009. The Hong Kong and Macao market also rebounded following the economic downturn in the first half year of 2009.
- *Food and Consumer Products Business*  
Turnover of Food and Consumer Products Business was HK\$3,295 million for the first six months of 2010, increased by 14.9% from the same period last year. This was mainly due to the satisfactory growth in Hong Kong market and our expansion of FMCG business in mainland China.
- *Logistics Business*  
Turnover of Logistics Business grew steadily by 20.4% to HK\$118 million for the first six months of 2010, in line with the expansion of logistic facilities in Xinhui and Yuen Long.

### Segment Profit After Taxation

Comparing the segment profit after taxation for the first six months of 2010 with the same period of 2009:

- *Motor and Motor Related Business*  
Segment profit after taxation increased sharply by 94.8% to HK\$487 million. This was attributable to the significant increase in sales and segment profit in mainland China market which was benefited from the favourable market sentiment and increased contributions from additional 4S shops added in 2009. The growth of the distribution of Bentley super luxury vehicles and Isuzu heavy duty trucks in mainland China also contribute to the increase in segment profit in the first half of 2010. Sales of passenger cars in Hong Kong and Macao bounced back from the financial downturn last year; the HKSAR Government incentive scheme on replacement of pre-Euro and Euro I vehicles also helped uplift the sales of commercial vehicles. Both factors contributed to the increase in sales and segment profit in Hong Kong and Macao market.

- *Food and Consumer Products Business*

Segment profit after taxation grew by 35.7% to HK\$76 million which was attributable to the increase in sales and segment profit in Hong Kong market. The increase in sales of FMCG including confectioneries, canned soups, dairy products and frozen and chilled food commodities in Hong Kong contributed to the increase in segment profit. The enriched product portfolio of FMCG and the expansion of the distribution channels also helped improve the segment profit and profit margin in mainland China market.

- *Logistics Business*

Segment profit after taxation increased by 10.0% to HK\$11 million with the expansion of our logistics facilities. The Yuen Long Logistics Center has commenced full-scale operation since the first quarter of 2010. The newly added logistics facilities in Xinhui, including cold storage, a bonded warehouse and third party warehouses, have started operation in phases since the second quarter of 2010.

### **Profit Attributable to Shareholders**

Profit attributable to shareholders of the Company for the first six months of 2010 was HK\$480 million, an increase of 77.8% as compared with HK\$270 million for the same period of 2009.

### **Dividend per Share**

An interim dividend of 10.68 HK cents (2009: 4.51 HK cents) per share was declared after the balance sheet date representing a dividend payout ratio of 40% for the first half year of 2010.

### **Finance Costs**

The Group's finance costs decreased by 12.5% from HK\$64 million for the first six months of 2009 to HK\$56 million for the same period of 2010 mainly due to decrease of interest rate for borrowings in both Hong Kong and mainland China.

### **Income Tax**

Income tax increased by 47.3% from HK\$131 million for the first half year of 2009 to HK\$193 million for the same period of 2010. Included under deferred tax charge for the first six months of 2010 was de-recognition of deferred tax assets of HK\$21 million (2009: HK\$51 million).

### **Net Asset Value per Share**

Calculation of net asset value per share was based on the net asset value of the Group of HK\$6,086 million (31 December 2009: HK\$5,756 million) and the 1,797,833,000 ordinary shares issued at 30 June 2010 (31 December 2009: 1,797,833,000 ordinary shares). Net asset value per share at 30 June 2010 was HK\$3.39 (31 December 2009: HK\$3.20 per share).

## CAPITAL EXPENDITURE

During the first half year of 2010, the Group's capital expenditure was HK\$227 million (1-6/2009: HK\$193 million) and major usages were summarised as follows:

Motor and Motor Related Business:	For developing new 4S 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, plant and equipment for food manufacturing
Logistics Business:	For construction of logistics facilities in mainland China and Hong Kong
Other Business:	Properties, fixture and fittings
Corporate Office:	Fixtures and fittings

HK\$ million	1-6/2010	1-6/2009	Change
Motor and Motor Related Business	150	117	33
Food and Consumer Products Business	30	41	(11)
Logistics Business	28	24	4
Other Business	12	2	10
Corporate Office	7	9	(2)
Total	227	193	34

## USE OF PROCEEDS

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 June 2010, 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\$148 million was used by Food and Consumer Products Business for investment in new businesses and new shops for Food Mart; HK\$250 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 limitation and regulatory constraints, operating entities outside Hong Kong are responsible for their own cash management and risk management which are closely monitored by the head office. Financing activities outside Hong Kong 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 related. As at 30 June 2010, the Group recognised foreign currency forward contracts with a fair value of HK\$14 million net liabilities (31 December 2009: HK\$15 million net liabilities).

### **Interest Rate Exposure**

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

In 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. These interest rate swaps have been expired in July 2010.

In January and February 2010, the Group had entered into a number of interest rate swaps with a notional contract amount of HK\$225 million to reduce the impact of interest rate fluctuation on its unsecured bank borrowings. These interest rate swaps will be expired in March and July 2012.

### **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	1-6/2010	1-6/2009	Change
Net cash (used in)/generated from operating activities	(60)	797	(857)
Net cash used in investing activities	(282)	(24)	(258)
Net cash used in financing activities	(66)	(651)	585
Net (decrease)/increase in cash and cash equivalents	(408)	122	(530)

#### Net cash (used in)/generated from operating activities

Operating profit before changes in working capital was HK\$820 million for the six months ended 30 June 2010 as compared to HK\$553 million in the same period in 2009. After taking into account the increase in working capital of HK\$738 million which included increase in inventories of HK\$792 million and increase in trade and other receivables of HK\$457 million, partly offset by the increase in trade and other payables of HK\$511 million, cash generated from operations for the period was HK\$82 million.

For the six months ended 30 June 2009, working capital decreased by HK\$347 million owing to the decrease in inventories by HK\$382 million and trade and other receivables of HK\$217 million, partly offset by the decrease in trade and other payables of HK\$252 million.

After taking into account the tax paid of HK\$142 million for the period (1-6/2009: HK\$103 million), net cash used in operating activities was HK\$60 million (1-6/2009: net cash generated from operating activities HK\$797 million).

#### Net cash used in investing activities

Payments for purchase of fixed assets and lease prepayments for the six months ended 30 June 2010 were HK\$227 million (1-6/2009: HK\$193 million) and net cash outflow for investments in subsidiaries, associates, jointly controlled entities and other investments during the period was HK\$77 million (1-6/2009: net cash inflow HK\$31 million). After netting off the proceeds from disposal of fixed assets of HK\$22 million (1-6/2009: HK\$138 million), net cash used in investing activities was HK\$282 million (1-6/2009: HK\$24 million).

## Net cash used in financing activities

Net cash used in financing activities was HK\$66 million for the six months ended 30 June 2010 as compared to HK\$651 million in the same period in 2009. This was mainly due to the net proceed from new bank loans and other borrowings of HK\$208 million (1-6/2009: net repayment of bank loans and other borrowings of HK\$534 million) offset by interest paid of HK\$56 million (1-6/2009: HK\$64 million), dividends paid to shareholders of the Company of HK\$203 million (1-6/2009: HK\$53 million) and dividends paid to non-controlling interests HK\$15 million (1-6/2009: Nil).

## GROUP DEBT AND LIQUIDITY

The financial position of the Group as at 30 June 2010, as compared to 31 December 2009, is summarised as follows:

HK\$ million	30 June 2010	31 December 2009	Change
Total debt	2,581	2,436	145
Cash and bank deposits	1,407	1,895	(488)
Net debt	1,174	541	633

The original denomination of the Group's borrowings as well as cash and deposit balances by currencies as at 30 June 2010 is summarised as follows:

HK\$ million equivalent	HKD	RMB	JPY	USD	CAD	SGD	Others	Total
Total debt	824	1,675	29	12	19	-	22	2,581
Cash and bank deposits	157	957	145	102	2	21	23	1,407
Net debt/(cash)	667	718	(116)	(90)	17	(21)	(1)	1,174

## 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 30 June 2010, the Group's gearing ratio was 16.8%, as compared to 9.0% at 31 December 2009.

HK\$ million	30 June 2010	31 December 2009	Change
Net debt	1,174	541	633
Shareholders' funds	5,797	5,457	340
Total capital	6,971	5,998	973
Gearing ratio	16.8%	9.0%	7.8%

Net debt increased in the first six months of 2010 was mainly due to the reduction in cash and bank deposits and the increase of HKD and RMB debts partly offset by reduction of SGD debt. The effective interest rate of the Group's borrowings as at 30 June 2010 was 4.1% the same level as at 31 December 2009.

### **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:

	<b>HK\$ million</b>	<b>% of total</b>
Within 1 year or on demand	<b>2,112</b>	82%
After 1 year but within 2 years	<b>144</b>	5%
After 2 years but within 5 years	<b>325</b>	13%
<b>Total</b>	<b>2,581</b>	100%

### **Available Sources of Financing**

In addition to cash and bank deposits of HK\$1,407 million as at 30 June 2010 (31 December 2009: HK\$1,895 million), the Group had undrawn available loan facilities totalling HK\$1,792 million (31 December 2009: HK\$1,778 million), of which HK\$400 million (31 December 2009: HK\$600 million) was committed term loans and revolving loans and HK\$1,392 million was money market lines (31 December 2009: HK\$1,178 million). It also had available trade facilities amounting to HK\$4,277 million (31 December 2009: HK\$4,067 million). Borrowings by sources of financing as at 30 June 2010 is summarised as follows:

<b>HK\$ million</b>	<b>Total</b>	<b>Utilised</b>	<b>Available</b>
<b>Committed Facilities:</b>			
Term Loans and Revolving Loans	<b>1,373</b>	973	400
<b>Uncommitted Facilities:</b>			
Money Market Lines	<b>2,948</b>	1,556	1,392
Trade Facilities	<b>6,027</b>	1,750	4,277

## Pledged Assets

As at 30 June 2010, the Group's assets of HK\$899 million (31 December 2009: HK\$799 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 30 June 2010 not provided for in the financial statements were as follows:

HK\$ million	30 June 2010	31 December 2009	Change
Contracted for			
- Capital expenditure	181	100	81
- Investment in an associate	19	41	(22)
- Investment in a jointly controlled entity	-	41	(41)
- Others	-	8	(8)
	200	190	10
Authorised but not contracted for			
- Capital expenditure	247	246	1
- Others	-	12	(12)
	247	258	(11)

## Contingent Liabilities

The Group did not have any material contingent liabilities as at 30 June 2010.

## 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 30 June 2010, the Group had complied with all of the above covenants.

## **HUMAN RESOURCES**

As at 30 June 2010, the Group had a total of 14,030 employees, with 4,139 in Hong Kong, 9,579 in mainland China and 312 in other locations, namely, Taiwan, Singapore, Japan and Canada. Among them, 3,036 were employees of the Group's associates and jointly controlled entities, with 681 in Hong Kong and 2,355 in mainland China. The growth in the number of employees was mainly from mainland China and Taiwan, corresponding with our business growth in these locations.

Human resources development and retention are priorities for the Group. Heavy emphasis is placed on training and development. Besides organizing in-house training programs, external training programs are also sponsored. To enable best practices are shared between the Hong Kong and China business units, frequent exchange and experience sharing events are organized to promote best practices transfer between them.

Competitive compensation and benefits are offered to attract, motivate and retain talent. The Group conducts regular reviews of these programs to ensure their market competitiveness and implements the job grading and performance management systems to ensure internal equity.

The Group continues its efforts in employee wellness and corporate social responsibility. Social and recreational activities were organized for employees and their family members to enrich their work and family lives. The Group also collaborates with its employees to contribute to local communities through donations and volunteer work.

## **CORPORATE GOVERNANCE**

The Company 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. Details of our corporate governance practices can be found on page 35 of the 2009 Annual Report and the Company's website [www.dch.com.hk](http://www.dch.com.hk).

Throughout the six months ended 30 June 2010, the Company has complied with all 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 of Hong Kong Limited.

The Audit Committee of the Board, consisting of all the three independent non-executive directors, has reviewed the 2010 Interim Report with the management and the Company's internal and external auditors and recommended its adoption by the Board.

The interim financial statements, which have been prepared in accordance with HKAS 34 "Interim Financial Reporting", have been reviewed by the Company's independent auditors, KPMG, in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **DIVIDEND AND CLOSURE OF REGISTER**

The Directors have declared an interim dividend of 10.68 HK cents per share for the year ending 31 December 2010 payable on Tuesday, 21 September 2010 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 14 September 2010. The Register of Members of the Company will be closed from Wednesday, 8 September 2010 to Tuesday, 14 September 2010, both days inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Tricor Investor Services Limited, at 26<sup>th</sup> Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 7 September 2010.

## **SHARE BUYBACK**

The Company has not redeemed any of its shares during the six months ended 30 June 2010. Neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the six months ended 30 June 2010.

## **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 the Company'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.

## **INTERIM REPORT**

The 2010 Interim Report will be made available on the websites of the Company and HKExnews respectively on or about 2 September 2010 and will be sent to the shareholders of the Company on or about 3 September 2010.

By order of the Board

**Tso Mun Wai**

*Company Secretary*

Hong Kong, 16 August 2010

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