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大昌行集團有限公司
DAH CHONG HONG HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)
(Stock Code: 01828)

CONTINUING CONNECTED TRANSACTIONS

On 29 June 2009, Junjia Lexus (a company accounted for as a non-wholly owned subsidiary of the Company) entered into the Master Agreement with Junling Lexus in relation to the sales and purchases of vehicles for the purpose of setting the expected annual caps for each of the three financial years ending 31 December 2011.

Junling Lexus is an associate of Mr. Mak who is a director and substantial shareholder of various subsidiaries of the Company. Junling Lexus is also an associate of Xiong Feng which is a substantial shareholder of a non-wholly owned company accounted for as a subsidiary of the Company. Therefore, Junling Lexus is a connected person of the Company. Hence, the transactions contemplated under the Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios calculated with reference to the aggregated annual caps of the continuing connected transactions under the Master Agreement are less than 2.5%, the Master Agreement and the continuing connected transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirements under the Listing Rules.

1. INTRODUCTION

Junjia Lexus, which was acquired by the Group in September 2008, is a company accounted for as a non-wholly owned subsidiary of the Company. On 29 June 2009, Junjia Lexus entered into the Master Agreement with Junling Lexus in relation to the sales and purchases of vehicles for the purpose of setting the expected annual caps for each of the three financial years ending 31 December 2011.

2. THE MASTER AGREEMENT

General Terms

On 29 June 2009, Junjia Lexus entered into the Master Agreement with Junling Lexus whereby Junjia Lexus may from time to time sell vehicles to and purchase vehicles from Junling Lexus. The term of the Master Agreement is for three years commencing from 1 January 2009 and ending on 31 December 2011.

Pricing principles and annual caps

The pricing for the sales is determined at the prevailing market price of the relevant vehicles. During the post acquisition period of Junjia Lexus of four months up to 31 December 2008, the total consideration received by Junjia Lexus from Junling Lexus was approximately RMB1,462,000 (approximately HK\$1,666,680). It is expected that the annual cap will be RMB12,000,000 (approximately HK\$13,680,000), RMB13,200,000 (approximately HK\$15,048,000) and RMB14,520,000 (approximately HK\$16,552,800) respectively for the three financial years ending 31 December 2011.

The above annual caps are determined with reference to the historical transaction amount, the estimated change in the price of vehicles, the expected increase in the number of vehicles being sold and the production volume of manufacturer under the prevailing market condition and with a view to maintaining the service standard of prompt delivery of vehicles to the ultimate end users.

The pricing for the purchases is determined at the prevailing market price of the relevant vehicles. During the post acquisition period of Junjia Lexus of four months up to 31 December 2008, the total consideration paid by Junjia Lexus to Junling Lexus was approximately RMB367,000 (approximately HK\$418,380). It is expected that the annual cap will be RMB12,000,000 (approximately HK\$13,680,000), RMB13,200,000 (approximately HK\$15,048,000) and RMB14,520,000 (approximately HK\$16,552,800) respectively for the three financial years ending 31 December 2011.

The above annual caps are determined with reference to the historical transaction amount, the estimated change in the price of vehicles, the expected increase in the number of vehicles being sold and the production volume of manufacturer under the prevailing market condition and with a view to maintaining the service standard of prompt delivery of vehicles to the ultimate end users.

3. GENERAL

Junjia Lexus provides vehicle sales, spare parts, services and conducts customer survey services for the manufacturer or supplier in respect of the “Lexus” brand in Guangzhou, PRC.

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 Macao.

Junling Lexus provides vehicle sales, spare parts, services and conducts customer survey services for the manufacturer or supplier in respect of the “Lexus” brand in Foshan, PRC.

With the advantage of the two companies being located in the proximity of each other, Junjia Lexus entered into the Master Agreement with Junling Lexus for sales and purchases of vehicles at the prevailing market price so as to facilitate the on-sale of such vehicles to their respective identified ultimate end users.

The Directors (including the independent non-executive directors of the Company) consider that the above transactions and annual caps for the Master Agreement are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Company as a whole.

4. LISTING RULES IMPLICATIONS

Junling Lexus is an associate of Mr. Mak who is a director and substantial shareholder of various subsidiaries of the Company. Junling Lexus is also an associate of Xiong Feng which is a substantial shareholder of a non-wholly owned company accounted for as a subsidiary of the Company. Therefore, Junling Lexus is a connected person of the Company. Hence, the transactions contemplated under the Master Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the applicable percentage ratios calculated with reference to the aggregated annual caps of the continuing connected transactions under the Master Agreement are less than 2.5%, the Master Agreement and the continuing connected transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempt from the independent shareholders’ approval requirements under the Listing Rules.

DEFINITIONS

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

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| “associates” | has the meaning ascribed to it by the Listing Rules; |
| “Company” | Dah Chong Hong Holdings Limited 大昌行集團有限公司, a company incorporated in Hong Kong with limited liability, the shares of which are listed on The Stock Exchange of Hong Kong Limited; |
| “connected persons” | has the meaning ascribed to it by the Listing Rules; |

“continuing connected transactions”	has the meaning ascribed to it by the Listing Rules;
“Directors” or “Board”	the directors of the Company;
“Group”	the Company and its subsidiaries, or, where the context so requires, any of them (as defined under the Listing Rules);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Junjia Lexus”	廣州駿佳凌志汽車銷售服務有限公司 (Guangzhou Junjia Lexus Motors Sale and Service Limited), a company established in the PRC with limited liability;
“Junling Lexus”	佛山市駿領雷克薩斯汽車有限公司 (Foshan Junling Lexus Motors Sale and Service Limited), a company incorporated in the PRC with limited liability;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Macao”	the Macao Special Administrative Region of the PRC;
“Master Agreement”	the master agreement made between Junjia Lexus and Junling Lexus on 29 June 2009 for a term of three years from 1 January 2009 to 31 December 2011 regarding the sales and purchases of vehicles between Junjia Lexus and Junling Lexus;
“Mr. Mak”	Mr. Mak Hing Lung;
“percentage ratios”	has the meaning ascribed to it by the Listing Rules;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“subsidiary(ies)”	has the meaning given to it by the Listing Rules;
“substantial shareholder”	has the meaning given to it by the Listing Rules;
“Xiong Feng”	佛山市南海雄峰汽車有限公司 (Foshan Nanhai Xiongfeng Motors Limited), a company incorporated in the PRC with limited liability; and
“%”	per cent.

For illustration purposes in this announcement, the conversion rate of RMB1.00 = HK\$1.14 was adopted. No representation is made that any amount in RMB has been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 29 June 2009

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 and Glenn Robert Sturrock Smith

Non-executive Directors: Ho Hau Hay, Hamilton, Chan Chui Sheung, Stella, and Kwok Man Leung

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