



[For immediate release]

Dah Chong Hong Announces 2016 Interim Results

China Motor Business Improves While Challenges Arise in China Consumer Goods Business

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(Hong Kong, 22 August 2016) Dah Chong Hong Holdings Limited ('DCH' or the 'Group'; stock code: 01828) announced today its interim results for the half year ended 30 June 2016.

In the first half of 2016, the Group recorded a turnover of HK\$20,121 million, decreased by 7.9% versus last year. Profit attributable to shareholders declined by 21.4% to HK\$220 million. Basic earnings per share decreased by 21.4% to 12.01 HK cents. The board of directors has proposed the payment of an interim dividend of 4.75 HK cents per share (2015 first half: 6.10 HK cents per share).

Mr. Donald Yip, Chief Executive Officer of DCH said, 'The first half of 2016 continued to be very challenging as a result of the economic downturn in most countries which, in turn, caused volatile fluctuations across major currencies. Looking forward to the second half of 2016, we anticipate that the motor business in mainland China will gradually emerge from the bottom of the current cycle and again make a positive contribution to the Group's revenue.'

Business Review & Prospects

Motor and Motor Related Business

Segment turnover of Motor and Motor Related Business declined by 7.7% to HK\$15,328 million, whereas segment result from operations was HK\$546 million, decreased by 5.9%, and segment margin was 3.6%, increased by 0.1-percentage-point.

Mainland China

Segment turnover decreased by 7.0% to HK\$11,264 million but segment result from operations increased by 101.4% to HK\$141 million as a result of better control of gross margin for new car sales, enhanced after-sales business profitability, additional income from more value-added services, and lower operating costs with stringent controls on inventory and overheads. We also continued developing motor related business. Incomes from auto finance and insurance commission surged by 44.1% and 18.3% respectively. Car rental and finance lease operations also expanded.



Looking forward, our dealership business is expected to improve further with better margin as a result of stable new car prices, increased after-sales services, tighter controls on expenses and higher income from value-added services. We will continue the collaboration with our strategic car manufacturing partners to expand their dealership network by adding new greenfield shops and through active M&A activities. Furthermore, we will further explore opportunities in new energy and electric vehicles.

Hong Kong & Macao

The uncertain economic outlook and the narrow down of tax incentives scheme for environment-friendly vehicles led to a decline in Hong Kong motor market. Following the market trend, segment turnover decreased by 16.0% to HK\$2,873 million. Yet, our new car sales outperformed the market and our market share in Hong Kong increased slightly by 0.9-percentage-point in the first half of 2016. After-sales business improved due to enhanced efficiency, and the contribution from motor related business also increased.

In the second half of 2016, the replacement demand for diesel commercial vehicles would remain stable as the Hong Kong government subsidy programme continues, but the passenger car business is expected to decline because of the unclear economic environment in Hong Kong. However, contributions from after-sales service and motor related business would remain healthy. DCH will also continue to develop electric vehicle distribution business and explore new projects to broaden our earning base.

Other Markets

Revenue from motor business in other markets continued to increase in the first half. Taiwan commercial vehicle business maintained satisfactory volume growth. In Singapore, our commercial vehicle business reported strong growth of 72.4% in unit sales due to the government's environmental policy to replace aged diesel vehicles. The business in Myanmar is progressing well, and a positive contribution is expected to be made through the sales of vehicles into the country.

Food and Consumer Products Business

Segment turnover decreased by 8.6% to HK\$4,778 million, whereas segment result from operations increased by 1.8% to HK\$57 million. Segment margin grew by 0.1-percentage-point to 1.2%.

Mainland China

Segment turnover dropped by 9.5% to HK\$1,932 million. It was mainly caused by weak consumer sentiment, imbalance of supply and demand and build-up of inventories in the value chain, resulting in low gross margin, high receivables and inventories, plus stock write-off due to expiry of shelf life.



These problems would likely to be resolved in the coming months. We will also focus on business integration with LFA in mainland China to optimise our regional structure, sales channels and service offerings in order to enjoy a better economies of scale and increased market penetration overall.

Hong Kong & Macao

Segment turnover decreased by 9.6% to HK\$2,574 million, as affected by the continuous slowdown in tourist arrival from mainland China and cautious local consumer sentiment amid the sluggish economic conditions. As a result, retail business turnover also dropped by 12.7%. We will continue to revamp our downstream retail business. On the other hand, DCH's house brand "*Cheer*" continued to register encouraging sales growth of 32.0%.

Turnover of the consumer products business exceeded that of last year by 7.8%. And for logistics business, the addition of an ambient warehouse of around 5,500 square metres to the Yuen Long Logistics Centre is expected to be completed by the third quarter of 2016. The construction of a new logistics centre in the Hengqin Special Region is also progressing well.

LFA

The acquisition of LFA was successfully completed on 30 June 2016. In the near term, we will focus on consolidating and integrating the acquired business in order to streamline operational processes, create synergy and achieve economies of scale. Looking forward, we will continue to invest in and develop both the consumer and healthcare distribution businesses to become a market leader serving all strategic markets across Asia.

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About Dah Chong Hong Holdings Limited (Stock Code: 01828)

Dah Chong Hong Holdings Limited ("DCH", stock code:1828.HK), a majority-owned subsidiary of CITIC Limited, is an integrated trading and distribution company operating in Asia with a focus on Greater China, supported by an extensive logistics network. DCH is a leading distributor and dealer of motor vehicles in Greater China, and it also provides a full range of motor-related services. DCH's consumer business distributes food, personal care, lifestyle and healthcare products. Established in 1949 and listed on the Hong Kong Stock Exchange, DCH has business operations in Hong Kong, mainland China, Taiwan, Macao, Singapore, Japan, Myanmar, Thailand, Malaysia, Indonesia, the Philippines and Brunei.

For details, please visit www.dch.com.hk.



大昌行集團
DAH CHONG HONG HOLDINGS

Media Enquiry

Ms. Kitty Fung

(Chief Financial Officer)

Tel: (852) 2768-3110

Email: kittyfung@gfn.dch.com.hk

Mr. Eddie Leung

(Corporate Communications)

Tel: (852) 2768-2626

Email: eddieleung@ccm.dch.com.hk