

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



大 昌 行 集 團 有 限 公 司
DAH CHONG HONG HOLDINGS LIMITED

(incorporated in the Hong Kong with limited liability)

(Stock Code: 01828)

DISCLOSEABLE TRANSACTION
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL IN
SING WO CHONG INVESTMENT COMPANY, LIMITED

The Board is pleased to announce that after trading hours on 16 May 2018, the Vendor (a wholly-owned subsidiary of the Company), the Target Company and the Purchaser entered into the Provisional Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares representing the entire issued share capital of the Target Company at the Consideration of HK\$421,000,000.

Immediately after Completion, the Target Company will cease to be a subsidiary of the Company.

As one of the highest applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal under the Provisional Agreement constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND

The Board is pleased to announce that after trading hours on 16 May 2018, the Vendor (a wholly-owned subsidiary of the Company), the Target Company and the Purchaser entered into the Provisional Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares representing the entire issued share capital of the Target Company at the Consideration of HK\$421,000,000.

THE PROVISIONAL AGREEMENT

Date : 16 May 2018 (after trading hours)

Vendor : DCH Property Limited, a wholly-owned subsidiary of the Company

Target Company : Sing Wo Chong Investment Company, Limited (誠和昌置業有限公司), a wholly-owned subsidiary of the Vendor

Purchaser : Land Acumen Limited

The Purchaser is principally engaged in property development. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons.

Subject Matter

The Sale Shares represent the entire issued share capital in the Target Company. The Target Company holds 100% legal and beneficial ownership of the Property, details of which are set out in the section "Information of the Target Company and the Property" below.

Consideration and Payment Term

The Consideration for the Disposal is HK\$421,000,000 and shall be payable by the Purchaser to the Vendor in the following manner:

- (a) the Purchaser shall pay to the Vendor's solicitors an initial deposit of HK\$21,050,000 upon signing of the Provisional Agreement;
- (b) the Purchaser shall pay to the Vendor's solicitors a further deposit of HK\$21,050,000 on or before 9 June 2018;
- (c) the Purchaser shall pay the balance of the Consideration of HK\$378,900,000 on Completion Date.

All deposits payable by the Purchaser shall be paid to the Vendor's solicitors as stakeholders who shall not release the same to the Vendor until Completion.

The Consideration was determined based on arm's length negotiations between the Vendor and the Purchaser on normal commercial terms based on the market value of the assets of the Target Company.

Formal Agreement

Pursuant to the Provisional Agreement, the Formal Agreement shall be signed on or before 9 June 2018.

Conditions Precedent

Completion is conditional upon the following conditions precedent being satisfied:

- (a) the Vendor shall, at the Vendor's own cost, procure the Target Company to prove and give a good title to the Property in accordance with Sections 13 and 13A of the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong);
- (b) all the representations, undertakings and warranties given by the Vendor under the Provisional Agreement and the Formal Agreement are and shall remain true, accurate, correct and complete and not misleading in all material respects up to the Completion Date; and
- (c) the Vendor shall have proved at its own costs good title to the Sale Shares.

Completion

Completion shall take place on 2 October 2018.

INFORMATION OF THE GROUP

The Group is an integrated motor and consumer products distribution company operating in Asia with an extensive logistics network. The Group is a leading distributor and dealer of motor vehicles in Greater China and provides a full range of motor related services including maintenance, rental, repair and financing. The Group's consumer products business includes the distribution of food and fast moving consumer goods, healthcare and electronic products as well as food processing, trading and retail.

The Vendor is an investment holding company and a wholly-owned subsidiary of the Company.

INFORMATION OF THE TARGET COMPANY AND THE PROPERTY

The Target Company is a company incorporated in Hong Kong with limited liability. It is an indirectly wholly-owned subsidiary of the Company. The principal business of the Target Company is property holding and its only asset is the Property (comprising the 1st Property, the 2nd Property and the 3rd Property).

The 1st Property comprises the Car Parking Spaces Nos. 8001 to 8125 on the 8th Floor of the Commercial and Garage Block of Richland Gardens, No.80 Wang Kwong Road, Kowloon, Hong Kong.

The 2nd Property comprises the Car Parking Spaces Nos.9001 to 9125 on the 9th Floor of the Commercial and Garage Block of Richland Gardens, No.80 Wang Kwong Road, Kowloon, Hong Kong.

The 3rd Property comprises the Car Parking Spaces Nos.R001 to R127 on the Roof Floor of the Commercial and Garage Block of Richland Gardens, No.80 Wang Kwong Road, Kowloon, Hong Kong.

As at 4 May 2018, the market value of the Property is HK\$328,000,000 based on the valuation conducted by an independent valuer.

Set out below is the financial information of the Target Company included in the Group's consolidated audited accounts for the two financial years immediately preceding the Disposal:

	For the year ended 31 December	
	2016	2017
	<i>(HK\$ million)</i>	<i>(HK\$ million)</i>
	audited	audited
Net profit before taxation	4	5
Net profit after taxation	3	4

The net asset value of the Target Company included in the Group's consolidated audited accounts as at 31 December 2017 was approximately HK\$10 million.

Immediately after Completion, the Target Company will cease to be a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors believe that the Property is non-core asset of the Group and the Disposal will enable the Company to redirect resources to focus on the development of the Group's core business.

Upon Completion, the Group expects to recognise a gain on disposal of approximately HK\$409 million being the difference between the Consideration and the unaudited net asset value of the Target Company included in the Group's consolidated management accounts as at 30 April 2018, net of the estimated selling and related costs. The actual gain or loss as a result of the Disposal to be recorded by the Company will be re-assessed after Completion.

The net proceeds from the Disposal is intended to be used for repayment of bank loans, general working capital of the Group and/or future development of the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Provisional Agreement (including the Consideration) are normal commercial terms and fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the highest applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal under the Provisional Agreement constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

“1st Property”	Car Parking Spaces Nos.8001 to 8125 on the 8th Floor of the Commercial and Garage Block of Richland Gardens, No.80 Wang Kwong Road, Kowloon, Hong Kong
“2nd Property”	Car Parking Spaces Nos.9001 to 9125 on the 9th Floor of the Commercial and Garage Block of Richland Gardens, No.80 Wang Kwong Road, Kowloon, Hong Kong
“3rd Property”	Car Parking Spaces Nos.R001 to R127 on the Roof Floor of the Commercial and Garage Block of Richland Gardens, No.80 Wang Kwong Road, Kowloon, Hong Kong
“Board”	the board of Directors
“Company”	Dah Chong Hong Holdings Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Main Board of the Stock Exchange (stock code: 01828)
“Completion”	completion of the Disposal in accordance with the terms of the Provisional Agreement
“Completion Date”	2 October 2018
“Consideration”	the consideration of HK\$421,000,000, being the aggregate purchase price for the Sale Shares payable by the Purchaser to the Vendor in respect of the Disposal in cash
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the terms and conditions of the Provisional Agreement
“Formal Agreement”	the formal agreement for sale and purchase agreement in relation to the Disposal, to be signed on or before 9 June 2018 pursuant to the Provisional Agreement
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Property”	collectively, the 1st Property, the 2nd Property and the 3rd Property
“Purchaser”	Land Acumen Limited, a company incorporated in Hong Kong with limited liability
“Sale Shares”	1,000 issued ordinary shares of the Target Company representing the entire issued share capital of the Target Company
“Shareholders”	the shareholder(s) of the Company
“Provisional Agreement”	the provisional agreement for sale and purchase dated 16 May 2018 entered into among the Vendor, the Target Company, and the Purchaser in respect of the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Sing Wo Chong Investment Company, Limited (誠和昌置業有限公司), a company incorporated in Hong Kong with limited liability
“Vendor”	DCH Property Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
Dah Chong Hong Holdings Limited
Lai Ni Hium
Executive Director and Chief Executive Officer

Hong Kong, 16 May 2018

As at the date of this announcement, the Directors are:

Executive directors: Lai Ni Hium, Lee Tak Wah and Fung Kit Yi, Kitty

Non-executive directors: Zhang Jijing (Chairman), Kwok Man Leung and Fei Yiping

Independent non-executive directors: Chan Kay Cheung, Chan Hui Dor Lam, Doreen, Woo Chin Wan, Raymond, Zhang Lijun and Cheng Jinglei