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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
CONTINUING CONNECTED TRANSACTIONS
SALE OF CONSUMER PRODUCTS

On 30 August 2018, the Company entered into the Master Agreement with CPL, an intermediate controlling shareholder of the Company, in respect of the Sale of Consumer Products by the Group to CPL Group as set out in this announcement on normal commercial terms in the ordinary course of business. The Master Agreement sets out the relevant Caps for the Sale of Consumer Products during the period from the date of the Master Agreement to 31 December 2018, and each of the two years ending 31 December 2019 and 2020.

CPL is an intermediate controlling shareholder of the Company and is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. Therefore, the Sale of Consumer Products by the Group to CPL Group constitutes continuing connected transactions for the Company.

Since the applicable percentage ratios under the Listing Rules in respect of the highest cap of the Sale of Consumer Products is 0.1% or more but less than 5%, the Master Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 30 August 2018, the Company entered into the Master Agreement with CPL in respect of the Sale of Consumer Products by the Group to CPL Group as set out in this announcement on normal commercial terms in the ordinary course of business of the Group. The Master Agreement sets out the relevant Caps for the period from the date of the Master Agreement to 31 December 2018, and each of the two years ending 31 December 2019 and 2020.

CONTINUING CONNECTED TRANSACTIONS

Details and reasons for the Continuing Connected Transactions

Members of the CPL Group have begun purchasing consumer products such as food and fast moving consumer goods, healthcare and electronic products from the Group. In anticipation that there will be more purchases in the future, the Company has entered into a Master Agreement with CPL to govern all Sale of Consumer Products to CPL Group for the period from the date of the Master Agreement to 31 December 2018, and each of the two years ending 31 December 2019 and 2020.

The principal terms of the Master Agreement are summarised as follows:

Master Agreement

Date

30 August 2018

Parties

1. The Company
2. CPL

Duration

The Master Agreement will commence on the date of the Master Agreement and end on 31 December 2020.

Major Terms

Pursuant to the Master Agreement, the Company and CPL agree with each other that if they / the respective members of the Group and CPL Group to enter into, the Sale of Consumer Products will be in the ordinary and usual course and normal commercial terms of their respective businesses within the limit of the Caps for the period from the date of the Master Agreement to 31 December 2018, and each of the two years ending 31 December 2019 and 2020.

Historical Transaction Amount

The Group did not enter into any transactions for the Sale of Consumer Products to CPL Group for the years ended 31 December 2015 and 2016. The actual amount of Sale of Consumer Products by the Group to CPL Group was approximately HK\$0.03 million and HK\$14.6 million for the year ended 31 December 2017 and the seven months ended 31 July 2018 respectively.

Proposed Caps

The maximum aggregate values of the Sale of Consumer Products for each year/period under the Master Agreement for the period from the date of the Master Agreement to 31 December 2018, and each of the two years ending 31 December 2020 are as follows:

	For the period from the date of the Master Agreement to 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020
Caps	HK\$41.0 million	HK\$67.0 million	HK\$77.0 million

Basis of Determination of Caps

The Cap for the period from the date of the Master Agreement to 31 December 2018 is calculated with reference to: (i) the historical volumes of Sale of Consumer Products by the Group to CPL Group; and (ii) the Group's expectation that it will increase the transaction volume and value of Sale of Consumer Products to CPL Group on normal commercial terms in the ordinary course of business of the Group.

The Caps for each of the year ending 31 December 2019 and 31 December 2020 are projected to increase from the previous period with reference to the estimated transaction volume and value of Sale of Consumer Products to CPL Group.

Pricing Basis

The sales price of the Consumer Products offered to CPL Group shall be comparable to those offered to independent third parties and on such payment terms as may be agreed between relevant members of the Group and the CPL Group.

Having taken into consideration of the above, the directors (including the independent non-executive directors) of the Company are of the view that the pricing basis for sales price of the Consumer Products to be provided by the Group to CPL Group and the payment terms are on normal commercial terms, fair and reasonable, in the ordinary and usual course of the Group's business and not more favourable than the terms offered by the Group to other independent third parties.

None of the directors of the Company has a material interest in the Master Agreement and the transactions contemplated thereunder or are required to abstain from voting on the Board resolutions to approve the Master Agreement and the transactions contemplated thereunder. The directors (including the independent non-executive directors) of the Company consider that the terms of the Master Agreement and the transactions contemplated thereunder are fair and reasonable, are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

CPL is an intermediate controlling shareholder of the Company and is therefore a connected person of the Company under Rule 14A.07 of the Listing Rules. Therefore, Sale of Consumer Products by the Group to CPL Group constitutes continuing connected transactions for the Company.

Since the applicable percentage ratios under the Listing Rules in respect of the highest cap of the Sale of Consumer Products by the Group to CPL Group are 0.1% or more but less than 5%, the Master Agreement and the transactions contemplated thereunder are subject to the reporting, annual review and announcement requirements but are exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION RELATING TO THE PARTIES

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.

CPL is a company incorporated in the British Virgin Islands. CPL's key businesses include special steel manufacturing, energy and real estate development. It is also the majority shareholder of two companies listed on the Main Board of the Stock Exchange, namely, the Company and CITIC Telecom International Holdings Limited (Stock Code: 01883).

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of directors of the Company
“Cap(s)”	the maximum aggregate sales amount made / to be made for each year / period under the Master Agreement in relation to the Sale of Consumer Products
“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 (Stock Code: 01828)
“CPL”	CITIC Pacific Limited (中信泰富有限公司), a company incorporated in the British Virgin Islands, and an intermediate controlling shareholder of the Company and a direct wholly-owned subsidiary of CITIC Limited, the shares of which are listed on the Stock Exchange (Stock Code: 00267)

“CPL Group”	CPL together with its subsidiaries and associates from time to time, and exclude the Group for the purpose of this announcement
“Consumer Products”	food and fast moving consumer goods, healthcare and electronic products distributed under the Group’s consumer products business
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	an agreement dated 30 August 2018 between the Company and CPL in relation to the Sale of Consumer Products to be entered into between the Group and CPL Group
“Sale of Consumer Products”	the sales of Consumer Products by the Group to CPL Group for the period from the date of the Master Agreement to 31 December 2018, and each of the two years ending 31 December 2019 and 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For and on behalf of
Dah Chong Hong Holdings Limited
Lai Ni Hium
Executive Director and Chief Executive Officer

Hong Kong, 30 August 2018

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