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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dah Chong Hong Holdings Limited, you should at once hand this circular with the accompanying form of election to the purchaser or the transferee or to the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

Directors:

Zhang Jijing* (Chairman)
Lai Ni Hium (Chief Executive Officer)
Lee Tak Wah (Executive Director)
Fung Kit Yi, Kitty (Chief Financial Officer)
Kwok Man Leung*
Fei Yiping*
Chan Kay Cheung**
Chan Hui Dor Lam, Doreen**
Woo Chin Wan, Raymond**
Zhang Lijun**
Cheng Jinglei**

* Non-executive Director

** Independent non-executive Director

Registered Office:
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Hong Kong

21 September 2018

To the Shareholders

Dear Sir or Madam,

INTERIM DIVIDEND WITH SCRIP OPTION FOR THE YEAR ENDING 31 DECEMBER 2018

INTRODUCTION

On 27 August 2018, it was announced that the board of directors (the “**Directors**”) of Dah Chong Hong Holdings Limited (the “**Company**”) had resolved to declare an interim dividend for the year ending 31 December 2018 of HK\$0.0505 per ordinary share of the Company (the “**Share**”) to shareholders of the Company (the “**Shareholders**”) whose names appeared on the Register of Members of the Company at the close of business on Friday, 14 September 2018. Shareholders may exercise their option to receive an allotment of shares credited as fully paid in lieu of cash dividend (the “**Scrip Dividend Scheme**”). The purpose of this circular is to set out the procedures and conditions which apply in relation to the Scrip Dividend Scheme and the action which should be taken by Shareholders in relation thereto.

DETAILS OF THE SCRIP DIVIDEND SCHEME

Shareholders have the following choices in respect of the interim dividend:

- (i) a cash dividend of HK\$0.0505 per Share; or
- (ii) an allotment of new ordinary shares of the Company (the “**New Shares**”) credited as fully paid and having an aggregate market value (calculated as described below) equal to the total amount of interim dividend which Shareholders would otherwise be entitled to receive in cash; or
- (iii) partly in cash and partly in New Shares.

The New Shares will be issued on the terms disclosed in this circular to the Shareholders. The New Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing issued Shares except that they shall not rank for the interim dividend for the year ending 31 December 2018.

BASIS OF ALLOTMENT OF THE NEW SHARES

For the purpose of calculating the number of New Shares to be allotted pursuant to the Scrip Dividend Scheme, the price of a New Share is equivalent to 95% of the average value of the closing price of one Share on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on each of the five consecutive trading days commencing on 10 September 2018, the first day the Shares traded ex dividend. On this basis, the said average closing price is now determined to be HK\$3.104, and therefore the price for calculation of the scrip entitlements is HK\$2.9488. Accordingly, the number of New Shares which a Shareholder electing for New Shares will receive will be calculated as follows:

$$\begin{array}{rclcl} \text{Number of} & & \text{Number of Shares held} & & \text{HK\$0.0505} \\ \text{New Shares} & = & \text{on 14 September 2018 for which} & \text{X} & \hline \text{to be received} & & \text{election for New Shares is made} & & \text{HK\$2.9488} \end{array}$$

At the time the price of the New Shares was set, the Company had no information that was not publicly available that would have, or would be likely to have, had a material adverse effect on the realizable price of the New Shares if the information was publicly available.

The last day on which Shareholders will be entitled to select their desired form of dividends is Tuesday, 9 October 2018. The number of New Shares to be received will be rounded down to the nearest whole number of New Shares. Fractional entitlements to New Shares in respect of options (ii) and (iii) above will not be issued and will be cancelled accordingly.

Based on 1,865,795,621 Shares in issue as at the close of business on 14 September 2018, if no election for the New Shares were received, the total cash dividend payable by the Company would be approximately HK\$94,223,000. If all Shareholders elected to receive all of their entitlements to the interim dividend in the form of New Shares, the maximum number of New Shares to be issued would be approximately 31,952,888 Shares, representing 1.71% of the existing and 1.68% of the enlarged issued shares of the Company.

For the purpose of determining Shareholders who qualify for the interim dividend, the Register of Members was closed from Wednesday, 12 September 2018 to Friday, 14 September 2018, both dates inclusive. The last date on which transfers were accepted for registration for participation in the Scrip Dividend Scheme was Tuesday, 11 September 2018 at 4:30 p.m.

ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give Shareholders an opportunity to increase their investment in the Company without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also be to the advantage of the Company to the extent that such cash which would otherwise be paid to Shareholders who elect to receive New Shares, in whole or in part in lieu of cash dividend, will be retained for use as working capital by the Company.

FORM OF ELECTION

If you elect to receive your interim dividend for the year ending 31 December 2018 wholly in cash, you do not need to take any action.

If you elect to receive an allotment of New Shares, or partly cash and partly New Shares, you should use the enclosed Form of Election. If you have signed the Form of Election but do not specify the number of Shares in respect of which you are entitled to receive New Shares under the Scrip Dividend Scheme, or if you elect to receive New Shares in respect of a greater number of Shares than your registered holding on Friday, 14 September 2018, you will be deemed to have chosen to receive New Shares in respect of all the Shares of which you were then registered as the holder.

Form of Election should be completed in accordance with the instructions printed thereon and returned so that it is received by the Share Registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (telephone number: 2980 1333), no later than 4:30 p.m. on Tuesday, 9 October 2018. No acknowledgement of receipt of Form of Election will be issued.

The above-mentioned closing time for the return of the Form of Election will be extended, as the case may be, in accordance with (i) or (ii) below if there is a typhoon signal no. 8 or above, or a "black" rainstorm warning (either one of the warnings is referred to as the "**Warning**"):

- (i) in force in Hong Kong at any time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 9 October 2018. In such case, the closing time for the return of the Form of Election will be extended to 5:00 p.m. on Tuesday, 9 October 2018; or
- (ii) in force in Hong Kong at any time between 12:00 noon and 4:30 p.m. on Tuesday, 9 October, 2018. In such case, the closing time for the return of the Form of Election will be extended to 4:30 p.m. on the next business day where no Warning is in force at any time between 9:00 a.m. and 4:30 p.m.

OVERSEAS SHAREHOLDERS

This circular will not be registered under any securities legislation of any jurisdiction outside Hong Kong. If you live outside Hong Kong, this circular is only an invitation for you to take up the scrip dividend offer if it could be made where you live without the Company having to meet any legal or registration requirements.

All Shareholders resident outside Hong Kong should consult their brokers or other professional advisers as to whether any governmental or other consents are required or other formalities need to be observed to enable them to participate in the Scrip Dividend Scheme. Any Shareholder receiving a copy of this circular and/or a Form of Election outside Hong Kong may not treat the same as an invitation to participate in the Scrip Dividend Scheme unless such invitation could lawfully be made to him/her without the Company having to comply with any registration or other requirements or formalities in the relevant territory.

Based on the Register of Members of the Company as at the close of business on 14 September 2018, there were nine Shareholders with registered addresses outside Hong Kong (“**Overseas Shareholders**”), namely, two in Australia, one in Canada, one in the People’s Republic of China (excluding Hong Kong and Macau), one in Macau, three in Singapore and one in the United Kingdom, who together held an aggregate of 359,000 Shares.

In compliance with Rule 13.36(2) of the Rules Governing the Listing of Securities on the Stock Exchange (“**Listing Rules**”), the Company has made enquiries on legal restrictions and regulatory requirements formalities in relation to the Scrip Dividend Scheme to the Shareholders in the above jurisdictions. Based on the relevant legal opinions obtained and/or on account of the relevant legal and/or regulatory restrictions and/or requirements as at 14 September 2018, all Shareholders, including the Overseas Shareholders, are eligible to participate in the Scrip Dividend Scheme.

Based on the relevant legal opinions obtained, your attention is drawn to the following statements in respect of Singapore, Macau and Australia respectively:

Singapore

This circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this circular, the Form of Election and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than to a Shareholder whose name appeared on the Register of Members of the Company on 14 September 2018 and (i) pursuant to Section 273(1)(cd) of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”) or (ii) pursuant to, and in accordance with the conditions of, an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA, other than an exemption under Section 280 of the SFA.

Macau

This offer does not, and is not intended to, constitute an offer within the meaning of the Macau Financial System Act. This circular, the Form of Election and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, have not been, and will not be, registered or subject to any approval in Macau and may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Macau other than to a Shareholder whose name appeared on the Register of Members of the Company on 14 September 2018.

Australia

If you are in Australia, this circular is provided to you on the basis that you are person to whom an offer of New Shares may be made without a prospectus or other form disclosure document, in accordance with section 708 of the Corporations Act 2001 (Cth) (the “**Corporations Act**”). Any offer of New Shares contained in, or accompanied by, this circular, the Form of Election and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares, is an offer which does not require disclosure to investors under Part 6D.2 of the Corporations Act. Accordingly, this circular is not a prospectus or other form of disclosure document for the purposes of the Corporations Act that is required to be lodged with the Australian Securities & Investments Commission. Therefore, this circular is not required to, and does not, contain all the information that would be contained in a prospectus or other form of disclosure document under the Corporations Act.

For the avoidance of doubt, the New Shares are not offered to the public (other than the Shareholders) and the Forms of Election are non-transferable. Accordingly, the Scrip Dividend Scheme will not be offered, directly or indirectly, and neither this offering nor any other offering material or advertisements in connection with the Scrip Dividend Scheme may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with all applicable rules and regulations of any such country or jurisdiction. Notwithstanding the legal advice taken by the Company, it is the responsibility of anyone wishing to participate in the Scrip Dividend Scheme to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction, including obtaining any governmental or other consents which may be required. Overseas Shareholders who are in doubt as to their position should consult their own professional advisers.

CONDITION OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the New Shares.

LISTING AND DEALINGS

Application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of and permission to deal in the New Shares to be issued pursuant to the Scrip Dividend Scheme. It is expected that share certificates and cheques for cash entitlements will be posted at the risk of those entitled on Thursday, 25 October 2018. Dealings of the New Shares on the Stock Exchange are expected to commence on Friday, 26 October 2018.

The Shares of the Company are listed and dealt in on the Stock Exchange. Save as disclosed herein, no equity or debt securities of the Company are listed or dealt in on any other stock exchange nor is listing or permission to deal in on any other exchange being, or proposed to be, sought.

Subject to the granting of the listing of, and permission to deal in, the New Shares issued pursuant to the Scrip Dividend Scheme on the Stock Exchange, such New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited (“**HKSCC**”) for deposit, clearance and settlement in the Central Clearing and Settlement System (“**CCASS**”) with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. You should seek the advice from your stockbroker or other professional adviser for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests. All activities under CCASS are subject to the Operating Guide for Investor Participants, the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

RECOMMENDATION AND ADVICE

Whether or not it is to your advantage to receive New Shares or cash, in whole or in part, depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom are your own responsibility. Shareholders who are trustees are recommended to take professional advice as to whether the choice of receiving New Shares is within their powers and as to its effect having regard to the terms of the relevant trust instrument. Shareholders should note that an acquisition of Shares under the Scrip Dividend Scheme may give rise to notification requirements under the Securities and Futures Ordinance (the “**SFO**”) for shareholders who have notifiable interests (under the SFO, 5% or more interests in voting shares) in the Company. Shareholders who are in doubt as to how these provisions may affect them are recommended to seek their own professional advice.

By Order of the Board
Dah Chong Hong Holdings Limited
Zhang Jijing
Chairman