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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 for independent advice.

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

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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 IN RELATION TO
2018 WYLER CENTRE TENANCY AGREEMENT,
RE-ELECTION OF A NON-EXECUTIVE DIRECTOR AND
NOTICE OF GENERAL MEETING**

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**

BALLAS
C A P I T A L

A letter from the Board is set out on pages 5 to 16 of this circular. A letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from Ballas Capital, the Independent Financial Adviser, containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-12 of this circular.

The General Meeting of the Company will be held at Meeting Rooms 1 and 2, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 14 December 2018 at 10:30 a.m. A notice convening the General Meeting is set out on pages GM-1 to GM-2 of this circular.

A form of proxy for the General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the General Meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the General Meeting or at any adjourned meeting thereof should you so wish.

19 November 2018

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“2018 Tenancy Renewal Offer”	the tenancy renewal offer letter dated 13 June 2018, details of which were disclosed in the announcement of the Company dated 13 June 2018;
“2018 Wyler Centre Tenancy Agreement”	the tenancy agreement in respect of the Premises entered into between DCH Auriga and Famous Land on 29 October 2018, details of which were discussed under the section headed “2018 Wyler Centre Tenancy Agreement” in this circular;
“1 st Premises”	Unit A on Ground Floor, 1 st Floor, 2 nd Floor, 3 rd Floor, 4 th Floor, 7 th Floor, 9 th Floor, 10 th Floor, 11 th Floor and other parts of Wyler Centre I (but exclude the 2 nd Premises, the 3 rd Premises, the 4 th Premises and the 5 th Premises, the common parts, a portion of the roof and a portion of the ground floor) and 2/F Sprinkler Tank (Wyler Centre I area) of Wyler Centre II which serves exclusively the Premises;
“2 nd Premises”	6 th Floor and 8 th Floor of Wyler Centre I;
“3 rd Premises”	Unit B2 on Ground Floor of Wyler Centre I;
“4 th Premises”	Unit B1 on Ground Floor of Wyler Centre I;
“5 th Premises”	5 th Floor of Wyler Centre I;
“Aggregate Annual Caps”	the aggregate amount of the Original Annual Caps and the Proposed Caps;
“associate(s)”, “connected person(s)”, “continuing connected transaction(s)”, “controlling shareholder(s)”, and “subsidiary(ies)”	each has the meaning ascribed to it by the Listing Rules;

DEFINITIONS

“Ballas Capital” or “Independent Financial Adviser”	Ballas Capital Limited, a corporation licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholder(s) in respect of the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps;
“Board”	the board of Directors;
“CITIC Limited”	CITIC Limited (中國中信股份有限公司), a company incorporated in Hong Kong with limited liability with its shares listed on the Stock Exchange (Stock Code: 00267) and a controlling shareholder of the Company;
“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), and an indirect non-wholly owned subsidiary of CITIC Limited;
“CPL”	CITIC Pacific Limited (中信泰富有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of CITIC Limited;
“DCH Auriga”	DCH Auriga (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Directors”	the directors of the Company;
“Existing Tenancies”	collectively 2018 Tenancy Renewal Offer, Renewal Tenancy Agreements and Wyler Centre Tenancy Agreement;
“Famous Land”	Famous Land Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of CPL and the landlord under the 2018 Wyler Centre Tenancy Agreement;

DEFINITIONS

“General Meeting”	a general meeting to be convened by the Company for consideration and if appropriate, approval of, amongst other things, the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps;
“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;
“Independent Board Committee”	a committee of the Board established with all independent non-executive Directors, namely Chan Kay Cheung, Chan Hui Dor Lam, Doreen, Woo Chin Wan, Raymond, Zhang Lijun and Cheng Jinglei, as members;
“Independent Shareholders”	Shareholder(s) other than associates of CITIC Limited;
“Initial Term”	the term of nine years of tenancy of the Premises commencing from 1 January 2019 and expiring on 31 December 2027 (both days inclusive);
“Latest Practicable Date”	15 November 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Original Annual Caps”	the aggregate amount of the annual caps for the continuing connected transactions contemplated under the Existing Tenancies;
“Premises”	the whole of Wyler Centre I, 202-210 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong, comprising, <i>inter alia</i> , the 1 st Premises, the 2 nd Premises, the 3 rd Premises, the 4 th Premises and the 5 th Premises, but excludes the common parts, a portion of the roof and a portion of the ground floor of Wyler Centre I;

DEFINITIONS

“Previous Tenancies”	the tenancy agreements (if applicable) as disclosed in the announcements of the Company dated 31 May 2012 and 29 May 2015;
“Proposed Caps”	the expected annual maximum amounts (including rentals and other outgoings (other than those which are collected by Famous Land from DCH Auriga for payment to independent third parties)) payable by DCH Auriga under the 2018 Wyler Centre Tenancy Agreement during the Initial Term;
“Renewal Tenancy Agreements”	the tenancy agreements dated 31 May 2018, details of which were disclosed in the announcement of the Company dated 31 May 2018;
“Rent Review Period(s)”	the periods from 1 January 2022 to 31 December 2024 (both days inclusive) and from 1 January 2025 to 31 December 2027 (both days inclusive);
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shares”	ordinary share(s) in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	the Stock Exchange of Hong Kong Limited;
“Valuer”	a member of the Hong Kong Institute of Surveyors that is independent from, and is not associated in any way with, the parties or any of their respective associates and affiliates, with a minimum of five years’ experience who specializes in the valuation of properties of similar use and nature as the Premises;
“Wyler Centre Tenancy Agreement”	the tenancy agreement dated 31 May 2018, details of which were disclosed in the announcement of the Company dated 31 May 2018; and
“%”	per cent.

LETTER FROM THE BOARD



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)
Yin Ke*
Kwok Man Leung*
Fei Yiping*
Chan Kay Cheung**
Chan Hui Dor Lam, Doreen**
Woo Chin Wan, Raymond**
Zhang Lijun**
Cheng Jinglei**

Registered office:

8th Floor
DCH Building
20 Kai Cheung Road
Kowloon Bay
Hong Kong

* Non-executive Director

** Independent non-executive Director

19 November 2018

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS IN RELATION TO
2018 WYLER CENTRE TENANCY AGREEMENT,
RE-ELECTION OF A NON-EXECUTIVE DIRECTOR AND
NOTICE OF GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 29 October 2018 in relation to the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder (the "Announcement"). DCH Auriga, an indirect wholly-owned subsidiary of the Company, entered into the 2018 Wyler Centre Tenancy Agreement as tenant with Famous Land, an indirect wholly-owned subsidiary of CPL, as landlord, pursuant to which DCH Auriga will rent the Premises for an Initial Term of nine years commencing from 1 January 2019 and expiring on 31 December 2027 with an option for DCH Auriga to renew for three years commencing from 1 January 2028 and expiring on 31 December 2030. Reference is also made to the announcement of the Company dated 8 October 2018 in relation to the appointment of Mr. Yin Ke as a non-executive Director. In accordance with article 95 of the Company's articles of association, Mr. Yin shall hold office until the General Meeting and being eligible, offer himself for re-election.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information relating to the 2018 Wyler Centre Tenancy Agreement, the transactions contemplated thereunder and the Proposed Caps; (ii) the recommendations from the Independent Board Committee on the 2018 Wyler Centre Tenancy Agreement, the transactions contemplated thereunder and the Proposed Caps; (iii) the advice from the Independent Financial Adviser on the 2018 Wyler Centre Tenancy Agreement, the transactions contemplated thereunder and the Proposed Caps; (iv) information regarding re-election of Mr. Yin Ke as a non-executive Director; and (v) a notice for convening the General Meeting.

2018 WYLER CENTRE TENANCY AGREEMENT

Date

29 October 2018

Parties

- (1) DCH Auriga, being the tenant; and
- (2) Famous Land, being the landlord.

Premises

The whole of Wyler Centre I, comprising, inter alia, the 1st Premises, the 2nd Premises, the 3rd Premises, the 4th Premises and the 5th Premises but excluding the common parts, a portion of the roof and a portion of the ground floor.

Initial Term

A period of nine years commencing from 1 January 2019 and expiring on 31 December 2027.

Premises Start Dates

Notwithstanding the Initial Term and other provisions in the 2018 Wyler Centre Tenancy Agreement, DCH Auriga's obligations under the 2018 Wyler Centre Tenancy Agreement as the tenant of each of the Premises will not commence until Famous Land delivers possession and DCH Auriga obtains possession of such Premises on the following start dates:

<u>Premises</u>	<u>Premises start date</u>
1 st Premises	1 January 2019
2 nd Premises	1 March 2019
3 rd Premises	1 March 2019
4 th Premises	1 May 2019
5 th Premises	1 June 2019

LETTER FROM THE BOARD

Floor Area of the Premises

The floor area of each of the Premises is as follows:

Premises	Premises floor area <i>Square feet</i>
1 st Premises	262,350
2 nd Premises	65,246
3 rd Premises	5,010
4 th Premises	8,367
5 th Premises	<u>32,623</u>
 Grand Total	 <u><u>373,596</u></u>

Monthly Rental

The monthly rental for each of the Premises for the period from its respective start date to 31 December 2021 is as follows:

<u>Premises</u>	<u>Relevant period</u>	<u>Monthly rental</u> <i>(HK\$)</i>
1 st Premises	1 January 2019 – 31 December 2021	3,248,118
2 nd Premises	1 March 2019 – 31 December 2021	645,935
3 rd Premises	1 March 2019 – 31 December 2021	57,515
4 th Premises	1 May 2019 – 31 December 2021	96,053
5 th Premises	1 June 2019 – 31 December 2021	392,968

The monthly rental of each of the Premises was determined with reference to their respective floor area, prevailing market rates for similar properties in the vicinity and various conditions of the Premises, which is considered to be fair and reasonable to DCH Auriga as tenant.

The monthly rental of the Premises for each of the Rent Review Periods, being the periods between (1) 1 January 2022 and 31 December 2024; and (2) 1 January 2025 and 31 December 2027, shall be reviewed and determined by the parties at least two months before the commencement of each of the Rent Review Periods. The revised monthly rental shall be the prevailing open market rental value per month of the Premises.

LETTER FROM THE BOARD

Notwithstanding the above, the parties have agreed that such revised monthly rental for each of the Rent Review Periods as reviewed and determined by the parties shall not be higher than 125% of the then monthly rental paid or payable by DCH Auriga for the month immediately preceding the beginning of the relevant Rent Review Period. The basis for such cap are (a) the need to limit to a maximum level of rent payable by DCH Auriga; and (b) the levels of cap for leases of comparable properties between 120% and 150%. The cap is determined after parties' negotiation at arms' length and is commercially favourable to DCH Auriga as it ensures that the revised monthly rental will not, in the event of a market boom, exceed the predetermined amount.

In the event that the parties are unable to agree on the monthly rental for each of the Rent Review Periods during such period, Famous Land shall request the president of Hong Kong Institute of Surveyors for that time being to appoint a Valuer to determine the revised rent for each of the Premises during such Rent Review Period.

The Valuer shall determine such revised monthly rental for each of the Premises during such Rent Review Period in accordance with its own judgment, subject to, among other things, the maximum amount of revised monthly rental as illustrated above.

The payment of the monthly rental of the Premises will be funded by internal resources of the Group. The terms (including the rentals payable) under the 2018 Wyler Centre Tenancy Agreement were negotiated on an arms' length basis and are determined with reference to the prevailing market rates for similar properties in the vicinity and various conditions of the Premises, including but not limited to the reconfiguration of certain parts of the Premises that Famous Land has undertaken to perform to accommodate DCH Auriga's needs for the selling office, storage and distribution of its healthcare products which include pharmaceuticals, medical devices and health supplements.

Option to Renew

DCH Auriga shall have an option to renew the 2018 Wyler Centre Tenancy Agreement for a term of three years commencing from 1 January 2028 and expiring on 31 December 2030 at the then prevailing market rent (which shall not be higher than 125% of the then monthly rent paid or payable by DCH Auriga for the month immediately preceding the option start date).

The exercise of the option to renew may constitute connected transactions of the Company under the Listing Rules which may be subject to, as the case may be, reporting, announcement, circular and independent shareholders' approval requirements. The Company will comply in full with all applicable reporting, disclosure and, if applicable, Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Option to Sub-let

Subject to prior written consent from Famous Land, DCH Auriga shall have an option to sub-let up to 50% of the Premises at the then open market rental and on substantially the same terms and conditions of the 2018 Wyler Centre Tenancy Agreement, provided that, among other things, (1) no sub-tenancy shall be granted for a period exceeding three years or otherwise for a period which would extend beyond the expiry date of the 2018 Wyler Centre Tenancy Agreement; and (2) shall DCH Auriga derive a profit from any sub-letting of the Premises, such profit shall be shared with Famous Land in accordance with the 2018 Wyler Centre Tenancy Agreement.

Option to Surrender

Beginning from 1 January 2025, DCH Auriga shall have the right to surrender the Premises by serving on Famous Land a not less than 9 months' prior notice in writing and confirming its intention to surrender the Premises at a date to be specified in such notice.

Upon Famous Land's acceptance of the said surrender notice, the parties shall execute a surrender agreement and DCH Auriga shall pay to Famous Land upon signing of such agreement a non-refundable sum which is equivalent to 3 months of the then monthly rental of the Premises as liquidated damages payable to Famous Land due to such surrender.

Condition Precedent

The 2018 Wyler Centre Tenancy Agreement is subject to the approval by the Independent Shareholders at the General Meeting of an ordinary resolution by way of poll approving the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps.

AGGREGATION OF TRANSACTIONS

References are made to (i) the announcement of the Company dated 31 May 2018 in respect of the Renewal Tenancy Agreements and the Wyler Centre Tenancy Agreement; and (ii) the announcement of the Company dated 13 June 2018 in respect of the 2018 Tenancy Renewal Offer.

Given that (i) the Existing Tenancies and the 2018 Wyler Centre Tenancy Agreement were entered into by the Group within a 12-month period; and (ii) all the landlords under the Existing Tenancies and the 2018 Wyler Centre Tenancy Agreement are subsidiaries of CITIC Limited, the transactions contemplated under the Existing Tenancies are required to be aggregated with the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement pursuant to Rule 14A.81 of the Listing Rules.

LETTER FROM THE BOARD

Details of the Existing Tenancies

No.	Existing Tenancies	Date of entering the tenancies or date of announcement (whichever is earlier)	Lease period	Locations	Floor area (square feet)	Intend use	Payments (including rent)
1	2018 Tenancy Renewal Offer	13 June 2018 (Note)	8 June 2018 to 17 May 2021 (both days inclusive)	Portion B of Shops 1-41, G/F, Podium of Admiralty Centre, 18 Harcourt Road, Hong Kong	8,535	motor vehicle showroom	Monthly Rental: HK\$990,000 Management Fee & Air-Conditioning Charges: HK\$52,000 (subject to adjustment)
2	Renewal Tenancy Agreements	31 May 2018	1 June 2018 to 31 May 2021 (both days inclusive)	DCH Building, No.20 Kai Cheung Road, Kowloon, Hong Kong	1,032,202		Monthly Rental: HK\$13,697,321
		31 May 2018	1 June 2018 to 31 May 2021 (both days inclusive)	Unit A on Ground Floor, Units 1A, 1B and 1C on 1/F, Portion of 1/F, 2/F, Storeroom on 7/F and Portion on 8/F & Unit C on 12/F of No.111 Lee Nam Road, Ap Lei Chau, Hong Kong	154,911	motor vehicle services, workshops, showrooms, warehouses, ancillary offices, processing operations	Monthly Rental: HK\$2,051,879
		31 May 2018	1 June 2018 to 31 May 2021 (both days inclusive)	7/F-11/F, CITIC Telecom Tower, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong	95,772		Monthly Rental: HK\$1,177,996

LETTER FROM THE BOARD

Details of the Existing Tenancies

No. Existing Tenancies	Date of entering the tenancies or date of announcement (whichever is earlier)	Lease period	Locations	Floor area (square feet)	Intend use	Payments (including rent)
	31 May 2018	1 June 2018 to 31 May 2021 (both days inclusive)	Block C of Yee Lim Industrial Centre, Nos.2-6 Kwai Hei Street and Nos.2-28 Kwai Lok Street, Kwai Chung, New Territories, Hong Kong	320,195	motor vehicle services, workshops, showroom, warehouses, ancillary offices, processing operations	Monthly Rental: HK\$2,836,928
	31 May 2018	1 June 2018 to 31 May 2021 (both days inclusive)	Factory Unit A (also known as Factory Unit 1) on Ground Floor including loading and unloading platform and Car Parking Space No.112 on the Ground Floor of Tsuen Wan Industrial Centre, Nos.220-248 Texaco Road, Tsuen Wan, New Territories	25,496		Monthly Rental: HK\$538,221
3	31 May 2018	1 June 2018 to 31 December 2018 (both days inclusive)	7/F, Wyley Centre I, Nos.202-210 Tai Lin Pai Road, Kwai Chung, New Territories	32,623	healthcare distribution centre	Monthly Rental: HK\$322,968

Note: The 2018 Tenancy Renewal Offer was first accepted on 13 June 2018 and the date of entering into the formal leasing agreement was 3 September 2018.

LETTER FROM THE BOARD

Calculation of the Original Annual Caps and Payments Made under the Existing Tenancies

No.	Tenancies	Estimated Amount Paid (from date of Agreement up to 30 November 2018)	Cap for 2018 (from date of Agreement up to 31 December 2018)	Original Annual Caps		
				2019	2020	2021
		<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
1	2018 Tenancy Renewal Offer	6.0	7.8	13.8	13.8	5.3
2	Renewal Tenancy Agreements	124.0	161.6	274.2	298.8	125.2
3	Wyler Centre Tenancy Agreement	1.0		-	-	-
	TOTAL	131.0	169.4	288.0	312.6	130.5

PROPOSED CAPS AND AGGREGATE ANNUAL CAPS

The Proposed Caps and the Aggregate Annual Caps for the years ending 31 December 2019 to 2021 are illustrated as follows:

<i>In HK\$ million</i>	For the year ending		
	31 December 2019	31 December 2020	31 December 2021
Original Annual Caps	288.0	312.6	130.5*
Proposed Caps	<u>51.0</u>	<u>55.0</u>	<u>55.0</u>
Aggregate Annual Caps	<u><u>339.0</u></u>	<u><u>367.6</u></u>	<u><u>185.5</u></u>

* up to 31 May 2021, being the last expiry date of tenancies under the Existing Tenancies.

The Proposed Cap for each of the years ending 31 December 2022 to 2024 is HK\$68 million while the Proposed Cap for each of the years ending 31 December 2025 to 2027 is HK\$85 million.

The Proposed Caps were determined with reference to the monthly rentals, the maximum permitted monthly rental adjustments in each of the Rent Review Periods stipulated in the 2018 Wyler Centre Tenancy Agreement in respect of the Premises and contingency adjustments (including but not limited to the potential sharing of profit arising from DCH Auriga's option to sub-let). The Original Annual Caps were determined with reference to the relevant annual caps in respect of Existing Tenancies (if applicable). The Aggregate Annual Caps were determined with reference to the Proposed Caps and the Original Annual Caps (if applicable).

LETTER FROM THE BOARD

For the financial years ended 31 December 2015, 2016 and 2017 and the period from 1 January 2018 to 30 September 2018, the amount paid (being the aggregate rentals, management fees and other outgoings (other than those which are collected by such landlords from the Group for payment to independent third parties)) by the Group to the respective landlords (all being subsidiaries of CITIC Limited) in relation to the tenancy agreements under the Existing Tenancies and the Previous Tenancies (if applicable) were approximately HK\$125 million, HK\$215 million and HK\$215 million and HK\$177 million, respectively.

REASONS FOR AND BENEFITS OF THE 2018 WYLER CENTRE TENANCY AGREEMENT

The Premises under the 2018 Wyler Centre Tenancy Agreement is for the operations of the DCH Auriga's business in Hong Kong and is primarily used for, including but not limited to, the selling office, storage and distribution of DCH Auriga's healthcare products, which include pharmaceuticals, medical devices and health supplements. The Premises provide a suitable environment which is able to accommodate the Group's need to develop it into a centralised healthcare products distribution centre that can meet the stringent quality requirements set out by the Department of Health as well as our healthcare principals.

The location of the Premises is also attractive to the Group as it is centrally located near the centre of Hong Kong which allow the Group to ensure that delivery service of urgent medical orders could be completed within certain timeframe as demanded by our healthcare principals and end customers which is crucial for the Group to retain existing customers and attract new customers.

Moreover, developing the Premises into a dedicated and centralised healthcare products distribution centre with sufficient space and room for growth over the next few years could also become a key strategic advantage for the Group's business over its competitors as currently there is no other healthcare distributor that can match such capability in Hong Kong.

GENERAL

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 and provides of 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.

DCH Auriga is a distributor of healthcare products in Hong Kong.

The principal business activity of Famous Land is property investment.

LETTER FROM THE BOARD

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).

CITIC Limited is China's largest conglomerate with total assets over US\$900 billion. Among its diverse global businesses, CITIC Limited focuses primarily on financial services, resources and energy, manufacturing, engineering contracting and real estate. CITIC Limited enjoys leading market positions in sectors well matched to China's economy. CITIC Limited's rich history, diverse platform and strong corporate culture across all businesses ensure that CITIC Limited is unrivalled in capturing opportunities arising in China. CITIC Limited is listed on the Stock Exchange, where it is a constituent of the Hang Seng Index.

LISTING RULES IMPLICATIONS

Famous Land is an indirect wholly-owned subsidiary of CPL, an intermediate controlling shareholder of the Company and a wholly-owned subsidiary of the CITIC Limited. Therefore, Famous Land is a connected person of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the relevant percentage ratios in respect of the Aggregate Annual Caps exceed 5%, the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement constitute non-exempt continuing connected transactions for the Company which is subject to the reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Zhang Jijing, a non-executive Chairman of the Company, is the chairman and president of CPL. Mr. Yin Ke, a non-executive Director, is the vice-chairman and executive director of CPL. Mr. Kwok Man Leung, a non-executive Director, is an executive vice president and a director of CPL. Mr. Fei Yiping, a non-executive Director, is a chief financial officer and a director of CPL. In addition, Mr. Kwok Man Leung and Mr. Fei Yiping are also directors of Famous Land. In order to avoid the perception of a conflict of interest, Messrs. Zhang Jijing, Yin Ke, Kwok Man Leung and Fei Yiping have abstained from voting on the board resolutions of the Company for considering and approving the entering into the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps.

Saved as disclosed above, none of the Directors of the Company has a material interest in the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder or are required to abstain from voting on the board resolution(s) approving the entering into the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Chan Kay Cheung, Mrs. Chan Hui Dor Lam, Doreen, Mr. Woo Chin Wan, Raymond, Ms. Zhang Lijun and Mr. Cheng Jinglei, being all the independent non-executive Directors, has been established to advise the Independent Shareholders on the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps. Ballas Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the same.

PROPOSED RE-ELECTION OF DIRECTOR

In accordance with article 95 of the articles of association of the Company, Mr. Yin Ke who was appointed as a non-executive Director by the Board with effect from 9 October 2018, shall hold office until the General Meeting, and shall then be eligible for re-election. Details of Mr. Yin Ke are set out in Appendix II to this circular.

GENERAL MEETING

The General Meeting will be held for the Independent Shareholders to consider and approve the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps.

As at the Latest Practicable Date, associates of CITIC Limited together are interested in 1,074,477,918 Shares, representing approximately 56.9705% of the issued share capital of the Company. These associates will abstain from voting on the resolution to be proposed at the General Meeting in relation to the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps.

In accordance with Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the General Meeting must be taken by poll.

A notice convening the General Meeting to be held at Meeting Rooms 1 and 2, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 14 December 2018 at 10:30 a.m. is set out on pages GM-1 to GM-2 of this circular.

A form of proxy for the General Meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the General Meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the General Meeting and any adjourned meeting thereof should you so wish.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 11 December 2018 to Friday, 14 December 2018, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the General Meeting. In order to be eligible to attend and vote at the General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 10 December 2018.

RECOMMENDATION

The Directors (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) consider that (i) the terms of the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement are in the ordinary and usual course of the business of DCH Auriga on normal commercial terms, which are arrived at after arm's length negotiations and by reference to open market rental of properties of comparable size and location; and (ii) the terms contained in the 2018 Wyler Centre Tenancy Agreement and the Proposed Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Accordingly, the Directors (including the independent non-executive Directors, after considering the advice of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the resolution for approving the entering into the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps to be proposed at the General Meeting.

The Board also believes that the re-election of Director to be proposed at the General Meeting is in the best interests of the Company and the Shareholders and recommends the Shareholders to vote in favour of the ordinary resolution to be proposed at the General Meeting in relation to the re-election of Director.

ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the biography of Director to be re-elected at the General Meeting and the additional information set out in the Appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



大昌行集團有限公司

DAH CHONG HONG HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01828)

19 November 2018

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
2018 WYLER CENTRE TENANCY AGREEMENT**

We refer to the circular dated 19 November 2018 (the “Circular”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the entering into the 2018 Wyler Centre Tenancy Agreement, the transactions contemplated thereunder and the Proposed Caps as set out in the Circular. Ballas Capital has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages IFA-1 to IFA-12 of the Circular.

We wish to draw your attention to the letter from the Board and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the 2018 Wyler Centre Tenancy Agreement, the transactions contemplated thereunder and the Proposed Caps. Your attention is also drawn to the additional information set out in Appendices I and III to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE
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Having considered the terms of 2018 Wyler Centre Tenancy Agreement, the transactions contemplated thereunder and the Proposed Caps, the advice of the Independent Financial Adviser and the relevant information contained in the letter from the Board, we consider that the 2018 Wyler Centre Tenancy Agreement, the transactions contemplated thereunder and the Proposed Caps are in the ordinary and usual course of business of the Group, the terms and conditions of the 2018 Wyler Centre Tenancy Agreement are on normal commercial terms or better, which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps to be proposed at the General Meeting.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Chan Kay Cheung
Independent
non-executive Director

Chan Hui Dor Lam, Doreen
Independent
non-executive Director

Woo Chin Wan, Raymond
Independent
non-executive Director

Zhang Lijun
Independent
non-executive Director

Cheng Jinglei
Independent
non-executive Director

LETTER FROM BALLAS CAPITAL

The following is the full text of a letter of advice from Ballas Capital to the Independent Board Committee and the Independent Shareholders in relation to the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps, which has been prepared for the purpose of inclusion in this circular.

BALLAS
C A P I T A L

Unit 1802, 18/F
1 Duddell Street
Central
Hong Kong

19 November 2018

*To the Independent Board Committee and
the Independent Shareholders*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS 2018 WYLER CENTRE TENANCY AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the 2018 Wyler Centre Tenancy Agreement and the proposed annual caps of the continuing connected transactions (the “**Proposed Caps**”), particulars of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 19 November 2018 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As set out in the Letter from the Board, on 29 October 2018, DCH Auriga, an indirect wholly-owned subsidiary of the Company, entered into the 2018 Wyler Centre Tenancy Agreement as tenant with Famous Land, an indirect wholly-owned subsidiary of CPL, as landlord, pursuant to which DCH Auriga will rent the Premises for an Initial Term of nine years commencing from 1 January 2019 and expiring on 31 December 2027 with an option for DCH Auriga to renew for three years commencing from 1 January 2028 and expiring on 31 December 2030.

LETTER FROM BALLAS CAPITAL

Famous Land is an indirect wholly-owned subsidiary of CPL, an intermediate controlling shareholder of the Company and a wholly-owned subsidiary of CITIC Limited. Therefore, Famous Land is a connected person of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

References are made to (i) the announcement of the Company dated 31 May 2018 in respect of the Renewal Tenancy Agreements and the Wyler Centre Tenancy Agreement; and (ii) the announcement of the Company dated 13 June 2018 in respect of the 2018 Tenancy Renewal Offer. Given that (i) the Existing Tenancies and the 2018 Wyler Centre Tenancy Agreement were entered into by the Group within a 12-month period; and (ii) all the landlords under the Existing Tenancies and the 2018 Wyler Centre Tenancy Agreement are subsidiaries of CITIC Limited, the transactions contemplated under the Existing Tenancies are required to be aggregated with the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement pursuant to Rule 14A.81 of the Listing Rules.

As one or more of the relevant percentage ratios in respect of the Aggregate Annual Caps exceed 5%, the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement constitute non-exempt continuing connected transactions for the Company which is subject to the reporting, announcement, annual review, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, being Mr. Chan Kay Cheung, Mrs. Chan Hui Dor Lam, Doreen, Mr. Woo Chin Wan, Raymond, Ms. Zhang Lijun and Mr. Cheng Jinglei, has been established to advise the Independent Shareholders on the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps.

INDEPENDENCE DECLARATION

As at the Latest Practicable Date, Ms. Heidi Cheng and Ms. Cathy Leung of Ballas Capital Limited are not aware of any relationships or interests between Ballas Capital Limited and the Company or any other parties that could be reasonably regarded as a hindrance to Ballas Capital Limited's independence as defined under the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and the senior management of the Company.

LETTER FROM BALLAS CAPITAL

The Directors have declared in the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained in the Circular and that there are no other matters the omission of which would make any statement in the Circular misleading. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made and continue to be so up to the date of the General Meeting. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Famous Land, or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors and reasons:

A. Background for the entering into of the 2018 Wyler Centre Tenancy Agreement

As set out in the Letter from the Board, 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 and provides of 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. DCH Auriga is a distributor of healthcare products in Hong Kong.

Pursuant to the 2018 Wyler Centre Tenancy Agreement, the Group will rent the Premises from Famous Land and the Premises will be used for the operations of the DCH Auriga's business in Hong Kong and is primarily used for, including but not limited to, the selling office, storage and distribution of DCH Auriga's healthcare products, which include pharmaceuticals, medical devices and health supplements.

LETTER FROM BALLAS CAPITAL

As disclosed in the Letter From the Board, the Premises provide a suitable environment which is able to accommodate the Group's need to develop it into a centralised healthcare products distribution centre that can meet the stringent quality requirements set out by the Department of Health as well as the Group's healthcare principals. The location of the Premises is also attractive to the Group as it is centrally located near the centre of Hong Kong which allow the Group to ensure that delivery service of urgent medical orders could be completed within certain timeframe as demanded by the Group's healthcare principals and end customers which is crucial for the Group to retain existing customers and attract new customers. Moreover, developing the Premises into a dedicated and centralised healthcare products distribution centre with sufficient space and room for growth over the next few years could also become a key strategic advantage for the Group's business over its competitors as currently there is no other healthcare distributor that can match such capability in Hong Kong.

Given the above and our analysis on major terms of the 2018 Wyler Centre Tenancy Agreement (as elaborated below), we are of the view that the entering into of the 2018 Wyler Centre Tenancy Agreement falls within in the usual and ordinary course of business of the Group and is in the interests of the Group and the Shareholders as a whole.

B. Principal terms of the 2018 Wyler Centre Tenancy Agreements

(i) Principal Terms

The principal terms of the 2018 Wyler Centre Tenancy Agreement are summarised as follows:

Parties:	DCH Auriga, an indirect wholly-owned subsidiary of the Company, being the tenant; and Famous Land, an indirect wholly-owned subsidiary of CPL, a wholly-owned subsidiary of CITIC Limited, being the landlord
Premises:	The whole of Wyler Centre I, comprising, <i>inter alia</i> , the 1 st Premises, the 2 nd Premises, the 3 rd Premises, the 4 th Premises and the 5 th Premises, but excluding the common parts, a portion of the roof and a portion of the ground floor
Initial Term:	A period of nine years commencing from 1 January 2019 and expiring on 31 December 2027

LETTER FROM BALLAS CAPITAL

Option Term: DCH Auriga has an option to renew the 2018 Wyler Centre Tenancy Agreement for a term of three years commencing from 1 January 2028 and expiring on 31 December 2030 at the then prevailing market rent (which shall not be higher than 125% of the then monthly rent paid or payable by DCH Auriga for the month immediately preceding the option start date) subject to compliance with the Listing Rules

Premises
Start Date: Notwithstanding the Initial Term and other provisions in the 2018 Wyler Centre Tenancy Agreement, DCH Auriga's obligations under the 2018 Wyler Centre Tenancy Agreement as the tenant of each of the Premises will not commence until Famous Land delivers possession and DCH Auriga obtains possession of such Premises on the following start dates:

1 st Premises:	1 January 2019
2 nd Premises:	1 March 2019
3 rd Premises:	1 March 2019
4 th Premises:	1 May 2019
5 th Premises:	1 June 2019

Monthly Rental: The monthly rental exclusive of the management charges, government rates and government rent for each of the Premises for the period from its respective start date to 31 December 2021 is as follows:

1 st Premises:	HK\$3,248,118 per calendar month
2 nd Premises:	HK\$645,935 per calendar month
3 rd Premises:	HK\$57,515 per calendar month
4 th Premises:	HK\$96,053 per calendar month
5 th Premises:	HK\$392,968 per calendar month

Management charges will be borne by DCH Auriga subject to the negotiation with existing building manager.

Deposit: Equivalent to 3 months' rent, government rates and government rent in bank guarantee

LETTER FROM BALLAS CAPITAL

The monthly rental of the Premises for each of the Rent Review Periods, being the periods (i) from 1 January 2022 to 31 December 2024; and (ii) from 1 January 2025 to 31 December 2027, shall be reviewed and determined by the parties at least two months before the commencement of each of the Rent Review Periods. Notwithstanding the above, such revised monthly rental for each of the Rent Review Periods as reviewed and determined by the parties shall not be higher than 125% of the then monthly rental paid or payable by DCH Auriga for the month immediately preceding the beginning of the relevant Rent Review Period. Pursuant to the 2018 Wyler Centre Tenancy Agreement, in the event that the parties are unable to agree on the monthly rental for each of the Rent Review Periods during such period, Famous Land shall request the president of Hong Kong Institute of Surveyors for that time being to appoint a Valuer to determine the revised rent for each of the Premises during such Rent Review Period. The Valuer shall determine such revised monthly rental for each of the Premises during such Rent Review Period in accordance with its own judgment, subject to, among other things, the maximum amount of revised monthly rental as illustrated above. We concur with the management of the Company that setting a maximum cap for the increase of rent payable by DCH Auriga at 125% is commercially favourable to the Company as it ensures that the revised monthly rental will not, in the event of a market boom, exceed the predetermined amount.

Pursuant to the 2018 Wyler Centre Tenancy Agreement, subject to prior written consent from Famous Land, DCH Auriga shall have an option to sub-let up to 50% of the Premises at the then open market rental and on substantially the same terms and conditions of the 2018 Wyler Centre Tenancy Agreement, provided that, among other things, (i) no sub-tenancy shall be granted for a period exceeding three years or otherwise for a period which would extend beyond the expiry date of the 2018 Wyler Centre Tenancy Agreement; and (ii) shall DCH Auriga derive a profit from any sub-letting of the Premises, such profit shall be shared with Famous Land in accordance with the 2018 Wyler Centre Tenancy Agreement. We concur with the management of the Company that such option to sub-let a portion of the Premises provides DCH Auriga with a greater flexibility in the usage of the Premises.

Furthermore, pursuant to the 2018 Wyler Centre Tenancy Agreement, beginning from 1 January 2025, DCH Auriga shall have the right to surrender the Premises by serving on Famous Land a not less than 9 months' prior notice in writing and paying Famous Land a non-refundable sum which is equivalent to 3 months of the then monthly rental of the Premises as liquidated damages payable to Famous Land due to such surrender.

LETTER FROM BALLAS CAPITAL

As set out in the Letter from the Board, the terms (including the rentals payable) under the 2018 Wyler Centre Tenancy Agreement were negotiated on an arms' length basis and are determined with reference to the prevailing market rates for similar properties in the vicinity and various conditions of the Premises, including but not limited to the reconfiguration of certain parts of the Premises that Famous Land has undertaken to perform to accommodate DCH Auriga's needs for the selling office, storage and distribution of its healthcare products which include pharmaceuticals, medical devices and health supplements.

We have reviewed the opinion letter issued by D&P China (HK) Limited ("**D&P**"), an independent valuer, dated 19 November 2018 (the "**Fair Rent Opinion**") and note that D&P has reviewed the 2018 Wyler Centre Tenancy Agreement and is of the opinion that the rents payable pursuant to the 2018 Wyler Centre Tenancy Agreement are prevailing market rents in Hong Kong and the terms of the 2018 Wyler Centre Tenancy Agreement are fair and reasonable to the Company as the tenant.

In relation to D&P, we (i) have interviewed D&P as to its expertise and any current or prior relationships with the Company, Famous Land or any of their respective subsidiaries or associates; (ii) have reviewed the terms of engagement (in particular whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the level of assurance given by the Fair Rent Opinion); (iii) have reviewed the relevant track record and qualification of D&P; and (iv) have discussed with D&P in respect of its work done. Based on our discussions with the D&P and review of the aforesaid information, we understand that D&P has the required qualification and experience in performing the rental valuation in Hong Kong.

Furthermore, we note that in assessing whether the rental of the Premises is comparable to the market rent, D&P has adopted the direct comparison method and made reference to the comparable properties in the relevant locality. Comparable properties of similar size, character and location were analysed and carefully selected of each property in order to arrive at a fair comparison of rental values. We have also been advised by D&P that the above valuation methodology is commonly used in arriving at the valuation on market rent. Based on our discussion with D&P, we note that D&P has included all of the most suitable comparables which meets their selection criteria as identified by them based on their best information, knowledge and belief. Furthermore, we have discussed with D&P to understand the assumptions which they have taken into consideration and relevant adjustments which they have made to reflect the differences in building age, location, size, condition, floor loading and other characteristics. D&P also advised that the Fair Rent Opinion is issued in accordance with the HKIS Valuation Standards 2017 Edition published by the Hong Kong Institute of Surveyors.

LETTER FROM BALLAS CAPITAL

Having considered the above, we are of the view that the major terms of the 2018 Wyler Tenancy Agreement are on normal commercial terms and fair and reasonable so far as the Company and the Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

(ii) Tenure of the 2018 Wyler Centre Tenancy Agreement

Pursuant to the 2018 Wyler Centre Tenancy Agreement, the Initial Term is commencing from 1 January 2019 and expiring on 31 December 2027 with an option for DCH Auriga to renew for the Option Term of three years commencing from 1 January 2028 and expiring on 31 December 2030, giving a lease term of up to 12 years. According to Rule 14A.52 of the Listing Rules, the duration of the 2018 Wyler Centre Tenancy Agreement must not exceed three years except in special circumstances where the nature of the transaction requires such tenancy agreement to be of a duration which is longer than three years.

In considering whether it is normal business practice for agreements of a similar nature to the 2018 Wyler Centre Tenancy Agreement to have a term of such duration, we have conducted research on comparable transactions based on the following criteria: (i) one of the parties to each of such transactions involves a company listed on the Stock Exchange; (ii) each of such transactions is publicly announced by way of announcement or prospectus pursuant to the Listing Rules since 1 October 2008; and (iii) each of such transactions relates to the leasing of properties as warehouse for a term of more than 3 years and remains effective as at the date of the Announcement. Based on our review, we have identified 6 comparable transactions (the “**Comparable Transactions**”) and we consider that the Comparable Transactions represent the exhaustive list of comparable transactions. Based on the results of the above findings, we note that the terms of the Comparable Transactions range from 8.2 to 20 years. Accordingly, the duration of the 2018 Wyler Centre Tenancy Agreement falls within the range of the tenure of the Comparable Transactions.

LETTER FROM BALLAS CAPITAL

Set out below is the details of the Comparable Transactions:

	Company	Date of the prospectus or announcement	Date of the tenancy agreement or commencement date	Lease period	Nature of the leased properties
1	Beijing Jingkelong Company Limited (stock code: 814)	29 June 2007	1 January 2004	20 years	live and fresh produce logistics centre, godown
2	Shanghai Pharmaceuticals Holding Co., Ltd. (stock code: 2607)	6 May 2011	10 February 2011	20 years	manufacturing, raw material cultivation, warehousing and employees' accommodation
3	Hua Hong Semiconductor Limited (stock code: 1347)	3 October 2014	25 February 2010*	20 years	factory premise and warehouse space
4	Clifford Modern Living Holdings Limited (stock code: 3686)	27 October 2016	21 October 2016	10 years with an option to renew for 10 years	operating or business outlets, offices, warehouses
5	Charmacy Pharmaceutical Co., Ltd.	4 October 2017	4 October 2017	8.2 years	logistics centre and dormitory
6	Takbo Group Holdings Limited (stock code: 8436)	13 October 2017	29 September 2017	10 years	factory, warehouse and office premise

* *supplemental agreements were entered into on 10 June 2011 and 25 July 2014 to include the leasing of warehouse space for a term of 20 years, commencing on 1 July 2014*

We have also discussed with the Directors the rationale for the duration of the 2018 Wyler Centre Tenancy Agreement. In assessing the fairness and reasonableness of the long-term tenure of the 2018 Wyler Centre Tenancy Agreement, we have considered reasons for entering into the 2018 Wyler Centre Tenancy Agreement as disclosed in the paragraph headed “A. Background for the entering into of the 2018 Wyler Centre Tenancy Agreement” above and the followings:

- a. DCH Auriga will incur a capital expenditure of approximately HK\$90 million to HK\$120 million in the storage facilities in the Premises which complies with the licensing requirement for the storage of pharmaceutical products with respect to storage conditions including but not limited to temperature, humidity and light. The investment is substantial and the long-term nature of the 2018 Wyler Centre Tenancy Agreement will allow DCH Auriga to utilise its storage facilities over a longer tenure; and
- b. the long-term nature of the 2018 Wyler Centre Tenancy Agreement will enable DCH Auriga to control costs and secure the location and prevent unnecessary cost, effort, time and interruption of business caused by relocation in the near future.

Based on the above, we are of the view that it is normal business practice for the 2018 Wyler Centre Tenancy Agreement to have a term of up to 12 years (including an initial term of 9 years and renewable for a further term of 3 years).

LETTER FROM BALLAS CAPITAL

(iii) Proposed Caps

Set out below are the Proposed Caps payable under 2018 Wyler Centre Tenancy Agreement for each of the financial year in the Initial Term.

Financial year ended 31 December	Proposed Caps payable under the 2018 Wyler Centre Tenancy Agreement <i>HK\$ million</i>
2019	51.0
2020	55.0
2021	55.0
2022	68.0
2023	68.0
2024	68.0
2025	85.0
2026	85.0
2027	85.0

As set out in the Letter from the Board, the Proposed Caps for the sum to be paid represent the annual sum of the monthly rentals (other than those which are collected by the Famous Land from DCH Auriga for payments to independent third parties) under the 2018 Wyler Centre Tenancy Agreement have been determined based on (i) the monthly rentals stipulated in the 2018 Wyler Centre Tenancy Agreement in respect of the Premises for the three years ending 31 December 2021; (ii) the maximum permitted monthly rental adjustments of 25% in each of the Rent Review Periods; and (iii) contingency adjustments (including but not limited to the potential sharing of profit arising from DCH Auriga's option to sub-let).

Having considered the bases and assumptions on which the Proposed Caps for the transactions under the 2018 Wyler Centre Tenancy Agreement were determined as described above, we are of the view that the Proposed Caps for the transactions under the 2018 Wyler Centre Tenancy Agreement are fair and reasonable.

(iv) Condition Precedent

The 2018 Wyler Centre Tenancy Agreement is subject to the approval by the Independent Shareholders at the General Meeting of an ordinary resolution by way of poll approving the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps.

LETTER FROM BALLAS CAPITAL

C. Requirements of the Listing Rules in relation to the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement are subject to the following annual review requirements:

- (i) each year the independent non-executive Directors must review the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement and confirm in the annual report that they have been entered into:
 - a. in the ordinary and usual course of business of the Group;
 - b. on normal commercial terms or better; and
 - c. according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.
- (ii) each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement:
 - a. have not been approved by the Board;
 - b. were not, in all material respects, in accordance with the pricing policies of the Group if the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement involve the provision of goods or services by the Group;
 - c. were not entered into, in all material respects, in accordance with the terms of the relevant agreement(s) governing the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement; and
 - d. have exceeded the Proposed Caps.
- (iii) the Company must allow, and ensure that the relevant counterparties to the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement allow, the Company's auditors sufficient access to their records for the purpose of reporting on the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement.

LETTER FROM BALLAS CAPITAL

- (iv) the Company must promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if the independent non-executive Directors and/or the auditors of the Company cannot confirm the matters set out in paragraphs (i) and/or (ii) above respectively. The Stock Exchange may require the Company to re-comply with the announcement and Shareholders' approval requirements and may impose additional conditions.

In light of the reporting requirements attached to the 2018 Wyler Centre Tenancy Agreements, in particular, (i) the restriction of the transaction value by way of the annual caps; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company on the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement and the Proposed Caps not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the transactions contemplated under the 2018 Wyler Centre Tenancy Agreement and safeguard the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the entering into of the 2018 Wyler Centre Tenancy Agreement are in the ordinary and usual course of business of the Group and the terms of the 2018 Wyler Centre Tenancy Agreement are on normal commercial terms, fair and reasonable, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favor of the relevant resolutions at the General Meeting to approve the entering into of the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard. Furthermore, we consider that it is normal business practice for the 2018 Wyler Centre Tenancy Agreement to have a term of up to 12 years (including an initial term of 9 years and renewable for a further term of 3 years).

Yours faithfully,
For and on behalf of
Ballas Capital Limited

Heidi Cheng
Managing Director

Cathy Leung
Assistant Director

Note: Ms. Heidi Cheng of Ballas Capital Limited has been a responsible officer of Type 6 (advising on corporate finance) regulated activity since 2003 and Ms. Cathy Leung of Ballas Capital Limited has been a licensed representative of Type 6 (advising on corporate finance) regulated activity since 2009.

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DUFF & PHELPS

November 19, 2018

DCH Auriga (Hong Kong) Limited
5/F., DCH Building
20 Kai Cheung Road
Kowloon Bay
Kowloon, Hong Kong

Dear Sir or Madam,

In accordance with the instructions from DCH Auriga (Hong Kong) Limited (the “Company”) to provide our opinion on the monthly rental (the “Agreed Rent”) agreed by Famous Land Limited (the “Landlord” or “Famous Land”) and the Company as well as the terms stipulated in the tenancy (the “Lease Agreement”) provided to us. The leased property consists of the Whole of Wyler Centre I, 202-210 Tai Lin Pai Road, Kwai Chung, New Territories (the “Property” or “Property Interest”).

We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion for public disclosure purpose.

This letter that forms part of our valuation report explains the basis and methodology of valuations and clarifies our assumptions made on the ownerships to the Property Interests and the limiting conditions.

BASIS OF VALUATION

Our valuations are our opinion of the Market Rent which is defined in accordance with the HKIS Valuation Standards of the Hong Kong Institute of Surveyors to mean “the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the lease, or any element of special value.

SCOPE OF WORK

Our scope of work included the following items:

- Inspection of the Property Interest;
- Market research and data collections;
- Analysis of market information and data;
- Collection of information from the Company; and
- Comment on the Agreed Rent and terms of the Lease Agreement

PROPERTY APPRAISED

The Property is an industrial building with car parking spaces. The total gross floor area of Wyler Centre I is about 372,317 sq.ft (*Note 1*). As defined in Lease Agreement, the Property comprises the Whole of Wyler Centre I, 202-210 Tai Lin Pai Road, Kwai Chung, New Territories which consists of 1st Premises, the 2nd Premises, the 3rd Premises, the 4th Premises, and the 5th Premises which are tabulated below:

Premises	Components
1 st Premises	(a) Unit A on Ground Floor, 1 st Floor, 2 nd Floor, 3 rd Floor, 4 th Floor, 7 th Floor, 9 th Floor, 10 th Floor, 11 th Floor and other parts of Wyler Centre I (but exclude the 2 nd premises, the 3 rd premises, the 4 th premises, the 5 th premises, the Common Parts, the Roof (Portion) and the G/F (Portion)), and (b) the Retained Area. (<i>Note 2</i>)
2 nd Premises	6 th Floor and 8 th Floor of Wyler Centre I
3 rd Premises	Unit B2 on Ground Floor of Wyler Centre I
4 th Premises	Unit B1 on Ground Floor of Wyler Centre I
5 th Premises	5 th Floor of Wyler Centre I

Notes:

- 1 The gross floor area was extracted from the latest approved building plans.
- 2 As defined in the Lease Agreement, retained area refers to 2/F Sprinkler Tank (Wyler Centre I area) of Wyler Centre Phase II (also known as Wyler Centre II) of Wyler Centre Phase I and Wyler Centre Phase II which serves exclusively the Building.

VALUATION METHODOLOGY

In the course of our valuation, the Property Interests are mainly valued by the direct comparison method where comparison based on prices realized on actual rents or market rents information of comparable properties is made. Comparable properties of similar size, character and location are analyzed and carefully weighed against all the respective advantages and disadvantages of the property interests in order to arrive at a fair comparison.

TITLE INVESTIGATION

We have been provided a copy of land registry by the Company. However, we have not scrutinized the original documents to verify ownership or to verify any lease amendment, which may not appear on the copies handed to us.

All legal documents disclosed in this letter and summary of lease are for reference only and no responsibility is assumed for any legal matters concerning the legal title to the Property Interest set out in this letter and the attached summary of lease.

ASSUMPTIONS

We have also assumed that the Property Interest is freely disposable, transferable and leasable in the market to both local and overseas leasees for the whole of the respective unexpired terms as granted without any fees or charge incurred unless otherwise stated. All land premiums have been paid in full.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on any of the Property Interest valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that all the interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

As the Property Interest is held under a Government Leases in Hong Kong, we have assumed that the respective owners of the Property Interest has free and uninterrupted rights to use, lease, sell, mortgage and deal with the property interests for the whole of the unexpired term of the Government Leases.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless non-conformity has been stated, defined and considered in this letter. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the Property Interest described and that no encroachment or trespass exists unless noted in this letter.

LIMITING CONDITIONS

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as statutory notices, easements, tenure, occupancy, floor area and all other relevant matters. Dimensions and areas included in this letter are based on information contained in the documents provided to us and are only approximations.

We have no reason to doubt the truth and accuracy of the information as provided to us by the Company. We were also advised that no material facts have been omitted from the information so supplied. We consider we have been provided with sufficient information to reach an informed view.

We have not carried out detailed site measurements to verify the correctness of the respective areas in respect of the property but have assumed that the area shown in the documents and official floor plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and area are approximations. No on-site measurement has been taken.

Our Ms. Nikki Wan has inspected the Property on 19 September 2018. No structural survey has been made and we are therefore unable to report as to whether the Property is or is not free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

VALUATION PROCESS AND LEASE AGREEMENT REVIEW

In the course of valuation, we have gathered industrial rental comparables nearby. The range of monthly rent of the adopted workshop comparables is from HK\$10 to HK\$13 per sq.ft on gross floor area while the range of monthly rent of the adopted car park spaces is from HK\$3,200 to HK\$4,500. With regards to different characteristics between the Property and the comparables, we have made relevant adjustments to reflect the differences in building age, location, size, condition, floor loading and other characteristics and derived an average unit rent of approximately HK\$11 per sq.ft on gross floor area of the Property. The difference between our assessed market rent and the Agreed Rent are considered to be within a reasonable range.

In addition to provide the opinion of the Agreed Rent, we have also reviewed and compared the lease terms of the Property and the leases of other comparables. In the course of revision, we found that the terms of the lease of the Property are considered to be in line with the current market practices in terms of length of lease, tenant's and landlord's obligations and rental review process, etc.

CONCLUSION

Having regard to the foregoing, subject to the assumptions and limiting conditions of this fair rent letter. It is our opinion that the respective rents payable under the Lease Agreement are the prevailing market rents in Hong Kong and the terms of the Lease Agreement are fair and reasonable to the Company as the tenant.

Unless otherwise stated, all monetary amount stated in this report is in Hong Kong Dollars (HK\$).

We hereby certify that we have neither present nor prospective interests in the Company nor the values reported.

The summary of lease is enclosed herewith.

Yours faithfully,

For and on behalf of

D&P China (HK) Limited

Calvin K.C. Chan

MRICS, MHKIS, RPS (GP), MCIREA, CFA

Director

Notes:

Mr. Calvin K. C. Chan, who is a Chartered Surveyor and Registered Professional Surveyor, has over 20 years' experience in valuation of properties in Hong Kong and Asia. Mr. Chan has been admitted to the Hong Kong Institute of Surveyors' approved List of Property Valuers to undertake valuation for incorporation or reference in Listing Particulars and Circulars and valuation in connection with that takeovers and mergers.

Ms. Nikki Wan, who is a member of Royal Institute of Chartered Surveyors, has over 10 years' experience in valuation of properties in the Hong Kong and PRC.

SUMMARY OF LEASE AGREEMENT

Landlord	Famous Land Limited
Tenant	DCH Auriga (Hong Kong) Limited
Property Address	The Whole of Wyler Centre I, 202-210 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong (the “Property Interest”).
Description of the Property	<p>The Property consists of 5 premises subject to different date of commencement of the Lease Agreement:</p> <p>1st Premises : (a) Unit A on Ground Floor, 1st Floor, 2nd Floor, 3rd Floor, 4th Floor, 7th Floor, 9th Floor, 10th Floor, 11th Floor and other parts of Wyler Centre 1 (but exclude the 2nd Premises, the 3rd Premises, the 4th Premises, the 5th Premises, the Common Parts, the Roof (Portion) and the G/F (Portion)), and (b) the Retained Area.</p> <p>2nd Premises : 6th Floor and 8th Floor of Wyler Centre I</p> <p>3rd Premises : Unit B2 on Ground Floor of Wyler Centre I</p> <p>4th Premises : Unit B1 on Ground Floor of Wyler Centre I</p> <p>5th Premises : 5th Floor of Wyler Centre I</p>

Rent Review Periods	<p>1st Rent Review Period: 1 January 2022 to 31 December 2024 (both days inclusive)</p> <p>2nd Rent Review Period: 1 January 2025 to 31 December 2027 (both days inclusive)</p>
Rent Review	<p>The Rent Review will be subject to market rent at each Rent Review Date. The revised rent shall not be higher than 125% of the monthly rent paid or payable by the Tenant for the month immediately preceded the relevant Rent Review Date or the Option Start Date.</p>
Option to Renew	<p>3 years upon the expiry on 31 December 2027.</p>
Option to Sub-let	<p>Subject to obtaining the prior consent in writing of the Landlord, the Company can sub-let up to 50% of the Premises at open market rental and on substantially the same terms and conditions of the Lease Agreement, provided that, among other things, (1) no sub-tenancy shall be granted for a period exceeding three years or otherwise for a period which would extend beyond the expiry date of the Lease Agreement; and (2) shall the Company derive a profit from any sub-letting of the Premises, such profit shall be shared with Famous Land in accordance with the Lease Agreement.</p>

Yin Ke, aged 55, a non-executive Director since 9 October 2018. Mr. Yin is currently the vice chairman and executive director of CPL. He is also an external director of Shandong Heavy Industry Group Co., Ltd. Mr. Yin joined CITIC Securities Company Limited (“CITIC Securities”, listed on the Stock Exchange and Shanghai Stock Exchange) in 2007. He was appointed as an executive director of CITIC Securities from 30 June 2009 to March 2017 and was the vice chairman of CITIC Securities between March 2011 and January 2016. He was also the chief executive officer of CITIC Securities International Company Limited from 2007 to August 2018. From December 2010 to January 2018, Mr. Yin served as the non-executive director of Hui Xian Asset Management Limited (the manager of Hui Xian Real Estate Investment Trust (listed on the Stock Exchange)). Mr. Yin was previously a non-executive director of the Company from January 2010 to December 2012.

Mr. Yin is among the earliest participants of mainland China capital markets. He started his career in 1990 with the founding of the Shenzhen Stock Exchange. Prior to joining CITIC Capital Holdings Limited as the deputy chief executive officer in 2002, he held senior management positions in Jun An Securities Limited, Guo Tai Jun An Securities Company Limited and China United Securities Limited. As chairman of the International Cooperation Committee of Securities Association of China from 2011 to 2017, Mr. Yin advised both regulators and industry peers on policies and activities of international cooperation. He is currently a member of the Corporate Advisory Council of Hong Kong Securities and Investment Institute, a member of the Advisory Committee of Hong Kong Securities and Futures Commission and a member of Hong Kong Trade and Development Council Financial Services Advisory Committee.

Mr. Yin has rich experiences in capital markets, corporate finance and investment banking in both the PRC and overseas. Mr. Yin graduated with a bachelor degree in electrical engineering in 1985 and obtained a master degree in Economics from Zhejiang University in 1991. Mr. Yin has completed the advanced management program at Harvard Business School in 2012.

There is no service contract between the Company and Mr. Yin. He has entered into an appointment letter with the Company and pursuant to the Company’s articles of association, Mr. Yin will hold office until the next following annual general meeting of the Company, or if earlier, the next following extraordinary general meeting of the Company, and shall then be eligible for re-election at such meeting. Thereafter, he will be subject to retirement by rotation and re-election in accordance with the Company’s articles of association. Pursuant to the ordinary resolution passed by the shareholders of the Company at the annual general meetings held on 11 May 2011 and 4 May 2015 respectively, no director’s fee and fee for serving on any board committees would be paid to the directors of the Company employed by CITIC Limited or any of its subsidiaries, and as such, Mr. Yin will not receive any salary, director’s fee or fee for serving on nomination committee from the Company.

As at the Latest Practicable Date, Mr. Yin is not interested in any Shares within the meaning of Part XV of the SFO. Save as disclosed, Mr. Yin has no relationships with any Directors, senior management or substantial or controlling Shareholders, and does not or has not in the last three years held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas.

In relation to the re-election of Mr. Yin as a non-executive Director, there is no information to be disclosed pursuant to any of the requirements of Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules nor are there other matters that need to be brought to the attention of the Shareholders.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Interests of Directors of the Company

At the Latest Practicable Date, the interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register of the Company referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") to be notified to the Company and the Stock Exchange were as follows:

(a) Long position in the Shares

Name of Director	<u>Number of Shares</u> <u>Personal Interests</u>	<u>Approximate</u> <u>percentage</u> <u>to the number</u> <u>of issued Shares</u>
Lai Ni Hium	740,928	0.039%
Lee Tak Wah	100,000	0.005%
Fung Kit Yi, Kitty	698,531	0.037%

(b) Underlying Shares of the Company

Name of Director	Date of grant	Exercise Period ^(Note)	Exercise price per Share HK\$	Number of share options outstanding	<u>Approximate</u> <u>percentage</u> <u>to the number of</u> <u>issued Shares</u>
Lee Tak Wah	30.4.2014	30.4.2015-29.4.2019	4.93	900,000	0.048%

Note: The share options granted are subject to a vesting scale. 25% of the share options granted will vest on the first anniversary of the date of grant. A further 25% will vest on the second anniversary of the date of grant and the remaining 50% of the share options granted will vest on the third anniversary of the date of grant. The vested options are exercisable in whole or in part within 5 years from the date of grant.

(c) Interests in the shares of the associated corporations of the Company

Name of Director	Name of associated corporation	Number of shares		Approximate percentage to the number of issued shares
		Personal interests	Family interests	
Lee Tak Wah	China CITIC Bank Corporation Limited		4,000 ^(Note)	0.000027%
Kwok Man Leung	CITIC Telecom International Holdings Limited	150,000		0.004%

Note: Interests held by his spouse Ms. Liu Chui Ying.

(d) Interests in the underlying shares of the associated corporations of the Company

CITIC Telecom International Holdings Limited

Name of Director	Date of grant	Exercise period	Exercise price per share HK\$	Number of share options outstanding	Approximate percentage to the number of issued shares
Fei Yiping	24.3.2017	24.3.2018-23.3.2023	2.45	500,000	0.028%
	24.3.2017	24.3.2019-23.3.2024	2.45	<u>500,000</u>	
				<u>1,000,000</u>	

Note: The share options were granted by CITIC Telecom International Holdings Limited.

Save as disclosed herein, at the Latest Practicable Date, none of the Directors had any interests or short position in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register of the Company referred to therein; or were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(e) Substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the interests of the substantial Shareholders, other than the Directors or their respective associate(s), in the Shares as recorded in the register of interests in Shares and short positions required to be kept under section 336 of the SFO were as follows:

Name	Number of Shares	Approximate percentage to the number of issued Shares
CITIC Group Corporation	1,074,477,918	56.97%
CITIC Limited	1,074,477,918	56.97%
CPL	1,074,477,918	56.97%
Davenmore Limited (“Davenmore”)	1,065,580,303	56.50%
Colton Pacific Limited (“Colton”)	837,698,195	44.42%
Chadacre Developments Limited (“Chadacre”)	256,356,366	13.59%
Ascari Holdings Ltd. (“Ascari”)	227,882,108	12.08%
Cornaldi Enterprises Limited (“Cornaldi”)	99,694,095	5.29%

Ascari was deemed to be interested in 227,882,108 Shares through Silver Ray Enterprises Inc. (“Silver Ray”) as to 58,443,544 Shares, Grogan Inc. (“Grogan”) as to 84,719,282 Shares and Greenlane International Holdings Inc. (“Greenlane”) as to 84,719,282 Shares.

Colton beneficially held 396,195,688 Shares and was deemed to be interested in 441,502,507 additional Shares held by Chadacre as to 256,356,366 Shares, Cornaldi as to 99,694,095 Shares, Corton Enterprises Limited (“Corton”) as to 56,967,964 Shares, Dashing Investments Limited (“Dashing”) as to 14,242,041 Shares and Karaganda Limited (“Karaganda”) as to 14,242,041 Shares.

Davenmore was deemed to be interested in 1,065,580,303 Shares as Colton and Ascari were its wholly-owned subsidiaries.

CPL was deemed to be interested in 1,074,477,918 Shares through its direct wholly-owned subsidiary, Davenmore as to 1,065,580,303 Shares and its indirect wholly-owned subsidiary, Hainsworth Limited (“Hainsworth”) as to 8,897,615 Shares.

CITIC Limited was deemed to be interested in 1,074,477,918 Shares through its direct wholly-owned subsidiary, CPL.

CITIC Group Corporation was deemed to be interested in 1,074,477,918 Shares through its wholly-owned subsidiaries, with CITIC Polaris Limited (“CITIC Polaris”) and CITIC Glory Limited (“CITIC Glory”) respectively interested in 32.53% and 25.60% of the issued shares of CITIC Limited.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the Shares as at the Latest Practicable Date which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Save as disclosed below, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name of Director	Name of companies of which the Director is a director or employee (as the case may be)
Zhang Jijing	CITIC Polaris, CITIC Glory, CPL, Greenlane, Grogan, Silver Ray, Colton, Chadacre, Cornaldi, Corton, Karaganda, Dashing, CITIC Hong Kong (Holdings) Limited (“CITIC Hong Kong”) and Hainsworth
Yin Ke	CPL
Kwok Man Leung	CPL, Wealth Ease Limited, Davenmore, Ascari, CITIC Hong Kong and Famous Land
Fei Yiping	CPL, Davenmore, Ascari, Greenlane, Grogan, Silver Ray, Colton, Chadacre, Cornaldi, Corton, Karaganda, Dashing, CITIC Hong Kong, Hainsworth and Famous Land

3. EXPERTS AND CONSENTS

The following is the qualification of the experts who have provided advice referred to or contained in this circular:

Name	Qualification
Ballas Capital	A corporation licensed by the Securities and Futures Commission to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) under the SFO.
D&P China (HK) Limited	An independent company with a nature of business as appraisers and valuers. Its expertise is well recognized by regulatory bodies in Hong Kong and China, and its professionals have contributed to raising local valuation standards. D&P China (HK) Limited has expertise in handling cross border projects, with proven capabilities to help companies with complexities of international valuations and IPO activities.

Each of Ballas Capital and D&P China (HK) Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or report and/or references to its name in the form and context in which they respectively appear.

4. EXPERTS' INTEREST

Each of Ballas Capital and D&P China (HK) Limited has confirmed that as at the Latest Practicable Date:

- (a) it did not have any shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group; and
- (b) it was not interested, directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017 (being the date to which the latest published audited financial statements of the Group were made up).

5. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered into, with any member of the Group, a service contract which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

6. MATERIAL LITIGATION

At the Latest Practicable Date, there was no litigation or claim of material importance that is known to the Directors to be pending or threatened against any member of the Group.

7. COMPETING INTERESTS OF DIRECTORS

Prior to joining the Company, Mr. Lai Ni Hium (“Mr. Lai”), an executive Director, was an executive director of China Resources Beer (Holdings) Company Limited (“CRBC”). He remains as a non-executive director of CRBC. He also holds less than 0.01% interest in CRBC. CRBC and its subsidiaries is primarily a beer business.

Although the Group also engages in the sale and distribution of consumer products including food and logistics, the business of CRBC and the Group are vastly different in terms of business models, product mix, geographical reach and consumer base. Moreover, the Board is independent from the board of directors of CRBC and Mr. Lai cannot personally control the Board. Further, Mr. Lai is fully aware of, and has been discharging, his fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and its Shareholders as a whole. Therefore, the extent to which the two businesses compete or is likely to compete, either directly or indirectly, is minimal, and the interests of Mr. Lai is disclosed for information only.

As at the Latest Practicable Date, save as disclosed above, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

8. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2017 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting as at the Latest Practicable Date in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

9. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2017 (being the date to which the latest published audited financial statements of the Group were made up).

10. GENERAL

- (a) The registered office of the Company is at 8th Floor, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong.
- (b) The share registrar of the Company is Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Ms. Kam Yiu Sai, Florence, who is a member of Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (d) This circular is in both English and Chinese. In the event of inconsistency, the English text shall prevail over the Chinese text.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 8th Floor, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong from the date of this circular and up to and including the date which is 14 days from the date of this circular:

- (a) the 2018 Wyler Centre Tenancy Agreement;
- (b) the 2018 Tenancy Renewal Offer;
- (c) the Renewal Tenancy Agreements;
- (d) the Wyler Centre Tenancy Agreement;
- (e) the written consent(s) referred to in the section headed “Experts and Consents” in this appendix; and
- (f) this circular.

NOTICE OF GENERAL MEETING



大昌行集團有限公司

DAH CHONG HONG HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 01828)

NOTICE IS HEREBY GIVEN that a general meeting of Dah Chong Hong Holdings Limited (the “**Company**”) will be held at Meeting Rooms 1 and 2, United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 14 December 2018 at 10:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the entering into of the 2018 Wyler Centre Tenancy Agreement (as defined in the circular of the Company dated 19 November 2018, the “**Circular**”), a copy of which has been produced to the meeting and marked “A” and initialled by the chairman of the meeting for identification purpose, and the transactions contemplated thereunder and the implementation thereof and the Proposed Caps (as defined in the Circular) be and are hereby confirmed, approved, authorised and ratified; and
- (b) the Company be and is hereby authorised to procure any one director of DCH Auriga (Hong Kong) Limited to execute any such documents, instruments and agreements and to do any such acts or things as may be incidental to, ancillary to or in connection with the matters contemplated in the 2018 Wyler Centre Tenancy Agreement and the transactions contemplated thereunder and the Proposed Caps, and the implementation thereof.”

2. **“THAT** Mr. Yin Ke be re-elected as a non-executive director of the Company.”

By Order of the Board
Dah Chong Hong Holdings Limited
Kam Yiu Sai, Florence
Company Secretary

Hong Kong, 19 November 2018

NOTICE OF GENERAL MEETING

Registered Office:

8th Floor
DCH Building
20 Kai Cheung Road
Kowloon Bay
Hong Kong

Notes:

- (i) The register of members of the Company will be closed from Tuesday, 11 December 2018 to Friday, 14 December 2018, both days inclusive, during which period no transfers of shares will be registered. In order to be eligible to attend and vote at the above meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 10 December 2018.
- (ii) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him/her and vote on his/her behalf. A proxy need not be a member of the Company.
- (iii) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (iv) In order to be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the share registrar of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the above meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote.
- (v) Completion and return of the form of proxy will not preclude members from attending and voting in person at the meeting or at any adjourned meeting thereof (as the case may be) should they so wish, and in such event, the form of proxy shall be deemed to be revoked.
- (vi) Concerning Resolution 2 above, Mr. Yin Ke shall hold office until the forthcoming general meeting and being eligible offers himself for re-election pursuant to Article 95 of the Company's articles of association. Details of Mr. Yin Ke are set out in Appendix II to this circular.