大昌行集團有限公司
DAH CHONG HONG HOLDINGS LIMITED
Stock Code: 01828





2019 INTERIM REPORT

Bringing Quality to Life

At Dah Chong Hong, we distribute thousands of products from all over the world as part of our diverse motor and consumer products businesses. We sell the cars that make your heart race and keep your family safe, food that nourishes and brings people together. We offer the household brands you trust and the care when you need it most.

For 70 years, we've been a part of the fabric of Hong Kong and today our operations extend across 12 Asian economies. We've built a company of 16,500+ employees by always putting our customers first, offering quality, value and reliability.

DCH brings brands to market and products to shelves across a wide range of industries. But most importantly, we bring quality to life.

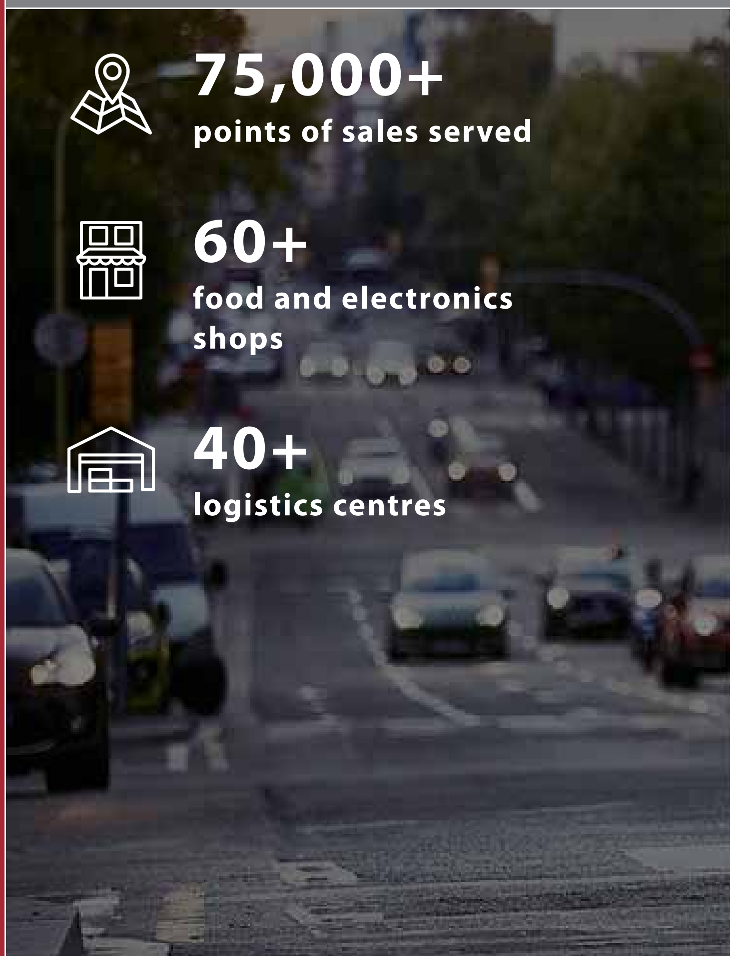
20+
motor brands

100+
motor showrooms and 4S shops

100,000+
vehicles sold annually

1,000,000+
vehicles serviced annually

1,000+
consumer brands distributed



75,000+
points of sales served

60+
food and electronics shops

40+
logistics centres

Contents

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
HK$ million	**2019**	2018
Revenue	**23,821**	24,474
Profit from operations	**621**	618
Profit attributable to shareholders	**188**	275
Segment profit/(loss) after taxation		
Motor Business	**486**	604
Consumer Products Business	**53**	(44)
Other Businesses	**14**	20

	30 June	31 December
HK$ million	**2019**	2018
Total debt	**7,469**	6,971
Cash and bank deposits	**1,638**	1,093
Net debt	**5,831**	5,878
Shareholders' funds	**9,748**	10,282
Total capital	**15,579**	16,160
Total capital employed	**17,217**	17,253
Net gearing ratio	**37.4%**	36.4%

	Six months ended 30 June	
HK cents	**2019**	2018
Earnings per share	**9.97**	14.89
Interim dividend per share	**4.23**	5.05

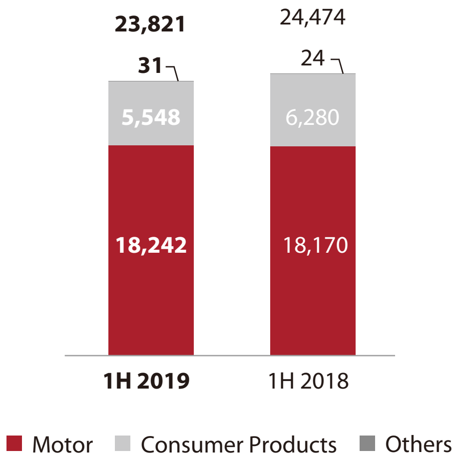
BUSINESS REVIEW

In the first half of 2019, revenue of Dah Chong Hong Holdings Limited ("DCH" or "the Group") was HK$23,821 million and profit attributable to shareholders was HK$188 million, decreases of 2.7% and 31.6% respectively against the same period in 2018.

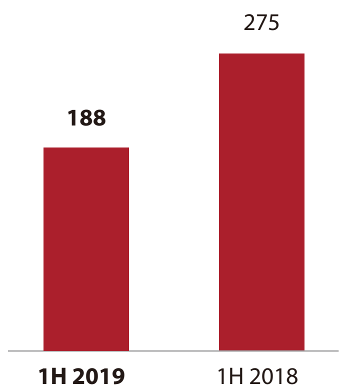
The significant decline in profit was primarily due to margin pressure in the motor business as DCH adopted a strategy to maintain market share amidst intensified competition driven by slowing economic growth, reduced demand and changing emissions policies. Despite a challenging market environment, the consumer products segment returned to profitability as a result of completed restructuring in Southeast Asia and reduced losses in the mainland China food and fast moving consumer goods ("FMCG") business.

HK$ million	**1H2019**	1H2018	Change
Motor	**18,242**	18,170	0.4%
Consumer Products	**5,548**	6,280	−11.7%
Others	**31**	24	29.2%
Revenue	**23,821**	24,474	−2.7%
Profit attributable to the shareholders of the Company	**188**	275	−31.6%

Revenue by Segment
(HK$'M)



Profit Attributable to Shareholders
(HK$'M)



MOTOR BUSINESS

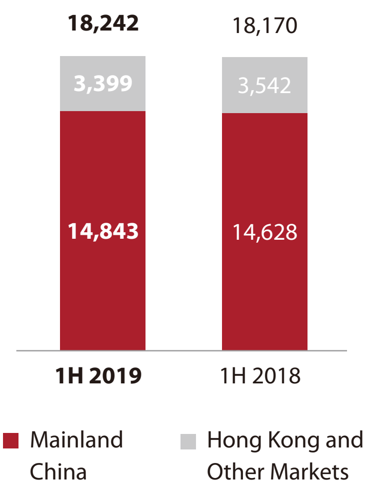
As a leading dealer and distributor of motor vehicles, DCH represents more than 20 renowned automotive brands with a presence in mainland China, Hong Kong, Macao, Singapore, Taiwan and Myanmar.

The motor business remains the largest contributor to the Group at 76.6% of total DCH revenue, up from 74.2% in the first half of 2018, with continued investment in our 4S shop network. The mainland China motor business comprises 62.3% of the Group's total revenue, while the Hong Kong and Other Markets segment comprises 14.3%.

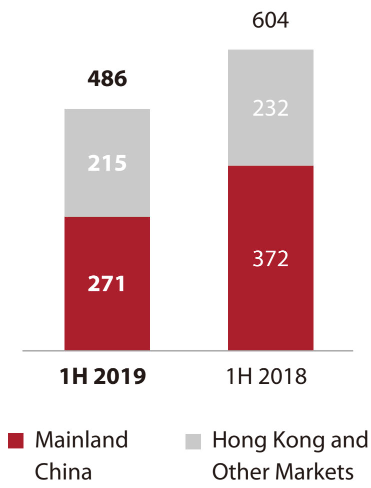
During the period, DCH vehicle unit sales increased by 8.8% due to dealership expansion and retail strategies to maintain healthy sales volumes, which resulted in stable revenue of HK$18,242 million. Net profit[1] decreased by 19.5% to HK$486 million reflecting margin pressure from market contractions and changing emission standards in mainland China and Hong Kong.

HK$ million	**1H2019**	1H2018	Change
Mainland China	**14,843**	14,628	1.5%
Hong Kong and Other Markets	**3,399**	3,542	–4.0%
Motor Business Revenue	**18,242**	18,170	0.4%
Mainland China	**271**	372	–27.2%
Hong Kong and Other Markets	**215**	232	–7.3%
Motor Business Net Profit	**486**	604	–19.5%

Revenue by Geography
(HK$'M)



Net Profit by Geography
(HK$'M)



[1] Net profit/(loss) refers to segment profit/(loss) after taxation and before sharing of non-controlling interests, as referred to Note 3(b) to the financial report.

Mainland China

In mainland China, DCH operates 91 4S shops and 29 authorised showrooms, retailing a diverse portfolio of motor brands. We also offer motor related services including leasing, financing, parts sales, auto insurance agency and used car sales.

	DCH Unit Sales (Mainland China)			Mainland China Market Unit Sales (000s)		
	1H2019	1H2018	Change	**1H2019**	1H2018	Change
Passenger vehicles	**54,519**	48,236	13.0%	**10,127**	11,775	–14.0%
Commercial vehicles	**1,685**	2,172	–22.4%	**2,196**	2,291	–4.1%
Total	**56,204**	50,408	11.5%	**12,323**	14,066	–12.4%

The overall motor market in mainland China continued to decline in the first half of 2019 with a total decrease in year-on-year unit sales of 12.4%, as reported by the China Association of Automobile Manufacturers. Conversely, unit sales for DCH increased by 11.5% due to an expanded 4S shop network which increased our exposure to the growing premium segment, as well as retail strategies to maintain market share and manage inventory levels. Accordingly, revenue increased by 1.5% to HK$14,843 million, while net profit decreased by 27.2% to HK$271 million with lower average selling prices adopted as a result of the competitive environment, pricing adjustments following import tariff reductions in 2018 and wide-ranging incentives on China 5 vehicles during the roll out of China 6 emissions standards. Net profit was further impacted by higher operational and business development expenses related to our investment in new dealerships.

During the period, DCH continued to implement a strategy to expand in the luxury, premium domestic and commercial vehicle segments with the launch of three new 4S shops including two Lynk & Co stores and one MAN store. We are also preparing to open another six 4S shops in the second half of the year including stores for Bentley, Mercedes-Benz and Audi, as well as three stores for Lynk & Co.

Aftersales service revenue at our 4S shops increased, representing 10.6% of total dealership revenue, and contributed higher net profit. The total number of vehicles serviced was 584,592 units, an increase of 2.6% against the same period last year.

In addition to opening new dealerships, we are strengthening supporting businesses including motor financing, leasing and used car sales. The rate of vehicle financing increased with 17.8% growth in our finance lease portfolio, now valued at RMB811 million, alongside a 4.6% increase in fees and commissions. In the motor leasing business, we recorded double digit gains in revenue and net profit with an expanded fleet of service vehicles and are exploring opportunities to capture growth in domestic tourism with over 300 recreational vehicles available for lease.

Following the recent relaxation of vehicle relocation restrictions, we have also expanded used car trading to 80% of our existing 4S shops. Unit sales for previously-owned vehicles nearly doubled and delivered double digit increases in revenue and net profit as the market for used car sales continues to gain momentum.

Hong Kong and Other Markets

In Hong Kong and Macao, DCH is the dealer and distributor of 16 vehicle brands with motor related businesses including motor leasing, used car trading, independent service outlets, parts trading, aviation support services, engineering projects and the distribution of luxury yachts. DCH also distributes commercial vehicles in Singapore, Taiwan and Myanmar and offers supporting services including aftersales, motor leasing and a semi-knocked down assembly facility.

Revenue of the Hong Kong and Other Markets motor business decreased by 4.0% to HK$3,399 million while net profit decreased by 7.3% to HK$215 million as we controlled losses against a 14.5% decrease in market demand in Hong Kong and gained market share in Taiwan and Singapore.

In the first quarter of 2019, Hong Kong's Gross Domestic Product grew at a rate of 0.6%[2], the slowest growth recorded since 2009, as a result of local and global economic uncertainty including the impact of the Sino-US trade war. Accordingly, year-on-year vehicle unit sales in Hong Kong decreased by 14.5%. The market for commercial vehicles contracted by 17.1% in unit sales due to lower replacement demand in the final phases of the Hong Kong government's emissions reduction program, as well as a general slowdown in the logistics and infrastructure sectors.

	DCH Unit Sales (Hong Kong)			Hong Kong Market Unit Sales		
	1H2019	1H2018	Change	**1H2019**	1H2018	Change
Passenger vehicles	**3,068**	3,398	–9.7%	**14,406**	16,618	–13.3%
Commercial vehicles	**1,329**	1,768	–24.8%	**6,166**	7,438	–17.1%
Total	**4,397**	5,166	–14.9%	**20,572**	24,056	–14.5%

Unit sales for DCH passenger vehicles in Hong Kong outperformed the market and gained market share with a decrease of 9.7% as we managed inventory levels ahead of the implementation of Euro 6c emission standards in September 2019. However, commercial vehicle unit sales declined by 24.8% with commercial truck sales, one of our core vehicle categories, particularly affected by industry slowdowns and reduced overall market size in the final months of the 5-year commercial vehicle replacement program. The adoption of Euro VIc emission standards for commercial vehicles in April 2019 also resulted in inventory clearance by key competitors which further impacted sales and profitability.

The motor related business was steady in revenue and net profit despite the economic slowdown, led by parts trading and aviation support services. Princess Yachts also benefited from a strong sales pipeline following effective brand and sales network management to deliver record high revenue and net profit.

Challenges in the Hong Kong market were partially offset by business recovery in Singapore following the delivery of Euro VI compliant commercial vehicles as well as revenue and profit growth in Taiwan, where we have increased our range of locally assembled models and successfully expanded the fleet services business.

[2] According to the Census and Statistics Department of the Hong Kong Special Administrative Region published in May 2019.

CONSUMER PRODUCTS BUSINESS

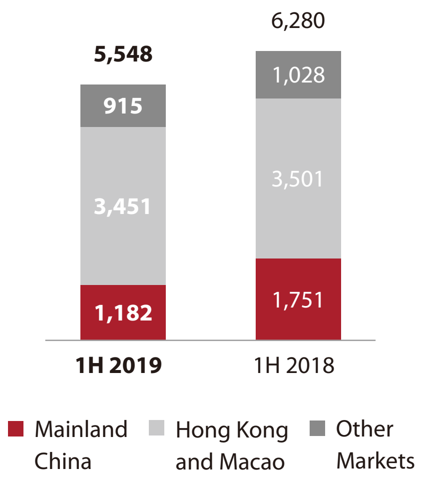
DCH is a leading distributor of consumer products across Greater China and Southeast Asia. Distributing over 1,000 brands and 30,000 products, ranging from food and FMCG to healthcare and electrical products, our business extends across brand development, manufacturing, commodity trading, agency distribution, logistics, retail and aftersales. We have operations in mainland China, Hong Kong, Macao, Taiwan, Japan, Singapore, Thailand, Malaysia, Indonesia, the Philippines and Brunei.

The consumer products segment comprises 23.3% of DCH revenue with Hong Kong and Macao representing the largest geographical segment at 62.2%.

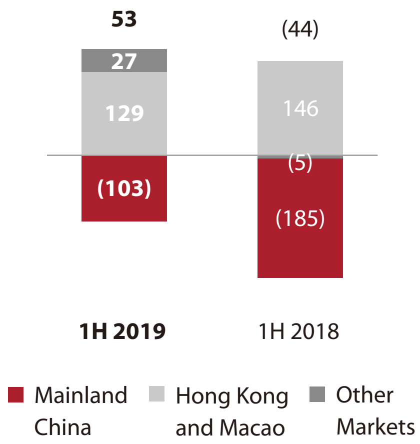
In the first half of 2019, revenue decreased by 11.7% to HK$5,548 million primarily due to ongoing efforts to optimise our markets, brand mix and product portfolios. Net profit was HK$53 million compared to a net loss of HK$44 million in the first half of 2018 as a result of reduced losses in mainland China and successful business restructuring in Southeast Asia.

HK$ million	1H2019	1H2018	Change
Mainland China	**1,182**	1,751	–32.5%
Hong Kong and Macao	**3,451**	3,501	–1.4%
Other Markets	**915**	1,028	–11.0%
Consumer Products Business Revenue	**5,548**	6,280	–11.7%
Mainland China	**(103)**	(185)	44.3%
Hong Kong and Macao	**129**	146	–11.6%
Other Markets	**27**	(5)	N/A
Consumer Products Net Profit/(Loss)	**53**	(44)	N/A

Revenue by Geography
(HK$'M)



Net Profit/(Loss) by Geography
(HK$'M)



Mainland China

In mainland China, DCH operates a food and FMCG distribution and trading network that covers more than 30 major cities, including Beijing, Shanghai, Guangzhou, Tianjin, Wuhan and Chengdu, as well as two manufacturing facilities and supporting logistics services. Our operations also extend into electrical products and healthcare distribution.

In the first half of 2019, revenue for the mainland China consumer products segment decreased by 32.5% to HK$1,182 million and the net loss was reduced to HK$103 million.

In the food and FMCG business, business reengineering efforts are ongoing amidst slowing economic growth, changing consumer preferences and increasing competition from digital channels. DCH continued to implement stringent operational controls, refining our brand portfolio and exiting non-profitable business streams. We aim to further expand into higher value growth areas by targeting the right principals, product categories and channel coverage and are developing opportunities in alcoholic beverages, digital platforms and food service.

The logistics business delivered a double-digit increase in net profit while increasing support to our distribution operations by rationalising the portfolio of external customers and implementing comprehensive efficiency enhancements.

While exploring opportunities to expand in appliance sales and installation for new property developments, the electrical products distribution business focused on building a strong lifestyle electronics portfolio with an increased presence in digital channels.

In the healthcare distribution business, we have restructured and repositioned our in-country team to focus on over-the-counter medicine, supplements and medical devices following the adoption of government policies to support a domestic pharmaceutical industry.

Hong Kong and Macao

In Hong Kong and Macao, our food and FMCG business operates an end-to-end supply chain including agency distribution, commodity trading, food processing, own brands and more than 50 retail stores with comprehensive logistics services. In our electrical products distribution business, we distribute, service and retail appliances and audio-visual products for a wide range of multinational brands. Our healthcare distribution business serves care providers and lifescience companies with product coverage including pharmaceuticals, over-the-counter medicines, medical devices, personal care, nutrition and hospital consumables.

During the period, economic uncertainty continued to impact the market and affect consumer sentiment. Accordingly, revenue for the Hong Kong and Macao consumer products segment decreased by 1.4% to HK$3,451 million and net profit decreased by 11.6% to HK$129 million.

The food and FMCG distribution business recorded decreases in revenue and net profit with stable margin despite market pressure due to the ongoing development of house brands and higher value categories including premium meat, fresh milk and pet food. In the food processing business, we focused on automation and deepening our penetration of the food service market with ongoing recipe development to differentiate our products and appeal to changing consumer tastes. In food retail, we have continued to optimise our store network and shopping environments, operating a total of 52 stores including DCH Finest, a newly launched mid-upscale concept, and DCH x Ztore, an online-to-offline partnership.

The logistics business continued to drive synergy while consolidating warehouses and building infrastructure to support development across the Greater Bay Area. Net profit increased as a result of growth in sales to combined internal and external customers and wide-spread efficiency enhancement measures.

In the electrical products distribution business, a decline in the home appliances market triggered fierce retail competition while unseasonal weather impacted sales in certain appliance categories. However, overall revenue and net profit were stable due to improved warehousing efficiencies and an appliance installation project for a residential property development in Macao.

The healthcare distribution business grew in revenue and market share following the opening of a 12-storey distribution centre that will offer customised supply chain solutions including Radio Frequency Identification ("RFID") tracking, specialty cold chain capabilities and robotic shelving. Although net profit decreased primarily due to transition costs, the new infrastructure is garnering significant industry attention and has positioned the business to achieve market leadership by meeting the unique needs of pharmaceutical companies and healthcare providers.

Other Markets

In the Other Markets consumer products segment, DCH businesses include healthcare, food and FMCG distribution with operations in Japan, Singapore, Thailand, Indonesia, Taiwan, Malaysia, Brunei and the Philippines. We also operate a food and beverage contract manufacturing facility in Malaysia that produces snacks, beverages and healthcare products for Asian markets.

In the first half of the year, revenue decreased by 11.0% to HK$915 million while net profit was HK$27 million, a turnaround from a net loss of HK$5 million in the first half of 2018 following the completion of business streamlining in the Singapore and East Malaysia food and FMCG businesses. Contract manufacturing also delivered double digit gains in net profit due to improved operational efficiencies and an increased share of higher value dairy and milk powder production.

In the healthcare distribution business, net profit declined despite increased revenue due to the implementation of new generic drug policies in Thailand, portfolio composition and ongoing investments in services and infrastructure.

As part of a strategy to better serve multinational principals, we are leveraging our regional presence to offer a differentiating level of coverage while implementing specialised services including emergency delivery, localised RFID inventory and precision climate control. At the same time, we are building new synergies by developing private label capabilities across business streams and working with CITIC companies to identify market expansion opportunities.

OUTLOOK

Looking forward, we anticipate slower economic growth, market uncertainty and industry policies will continue to impact our performance. Meanwhile, our business model as a distributor of motor and consumer products faces long term challenges from a number of factors including evolving customer preferences, increasingly sophisticated and consolidating competition, and potentially disruptive technologies.

In the motor business, DCH will continue to look for investment opportunities to further expand and diversify our 4S shop network in mainland China, particularly in the growing premium segment. At the same time, we are also strengthening supporting businesses such as motor leasing and used car sales, while enhancing the service experience through customer lifecycle management.

In the consumer products business, business streamlining in Southeast Asia has generated positive results, but wide-ranging improvements in mainland China are ongoing and will remain a priority. Across our businesses, DCH aims to further integrate the supply chain, drive greater synergies between business units and optimise overall productivity.

FINANCIAL REVIEW

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders of the Company for the first half of 2019 was HK$188 million, a decrease of 31.6% (first half 2018: HK$275 million). The performance was mainly affected by the decrease in profit of the motor business which was partly offset by reduced losses in the food and FMCG business in mainland China and a turnaround in net profit following business restructuring in Southeast Asia.

As a result of the newly adopted HKFRS 16, *Leases*, operating expenses decreased while finance costs increased, with a minimal net impact to the consolidated statement of profit or loss.

EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2019 was based on the profit attributable to shareholders of the Company and the weighted average number of 1,886,023,825 (first half 2018: 1,847,038,804) ordinary shares in issue during the period. Basic earnings per share was 9.97 HK cents for the six months ended 30 June 2019, a decrease of 33.0% as compared with 14.89 HK cents for the same period of 2018.

The diluted earnings per share for the six months ended 30 June 2019 and 2018 were the same as the basic earnings per share as the potential ordinary shares in respect of outstanding share options are anti-dilutive and all share options were lapsed during the period ended 30 June 2019.

DIVIDEND PER SHARE

An interim dividend of 4.23 HK cents (first half 2018: 5.05 HK cents) per share was declared after the end of the reporting period.

FINANCE COSTS

The Group's finance costs increased by 82.2% to HK$195 million (first half 2018: HK$107 million) mainly due to additional finance costs in relation to lease liabilities recognised under HKFRS 16.

INCOME TAX

Income tax was HK$183 million (first half 2018: HK$184 million). The effective tax rate for the period increased to 40.9% (first half 2018: 35.0%) primarily due to the write off of a non-recoverable tax credit.

NET ASSET VALUE PER SHARE

The calculation of net asset value per share was based on the net asset value of the Group of HK$10,225 million (31 December 2018: HK$10,793 million) and the 1,886,023,825 ordinary shares in issue as at 30 June 2019 (31 December 2018: 1,886,023,825 ordinary shares). The decrease in net asset value mainly reflects the impact of the adoption of HKFRS 16. Net asset value per share at 30 June 2019 was HK$5.42 (31 December 2018: HK$5.72).

CAPITAL EXPENDITURE

In the first half of 2019, the Group's total capital expenditure on property, equipment and lease prepayments was HK$669 million (first half 2018: HK$502 million) and major usages are summarised as follows:

Motor Business	• Renovation of 4S dealerships in mainland China, acquisition of motor vehicles for demo cars and leasing business in Hong Kong and mainland China, fixtures and fittings, office renovation and equipment
Consumer Products Business	• Office renovation, fixtures and fittings, equipment and logistics facilities
Other Businesses and Corporate Offices	• Office renovation, fixtures and fittings and equipment

HK$ million	**1-6/2019**	1-6/2018	Change
Motor Business	**547**	348	199
Consumer Products Business	**78**	66	12
Other Businesses	**–**	14	(14)
Corporate Offices	**44**	74	(30)
Total	**669**	502	167

TREASURY POLICY

The Group remains committed to a high degree of financial control, prudent risk management and the best utilisation of financial resources.

Cash management and the financing activities of operating entities in Hong Kong are centralised at the head office level to facilitate control and efficiency. Local cash pooling and cross-border cash pooling are applied in Hong Kong and mainland China for the more efficient utilisation of cash.

Due to market limitations and regulatory constraints, operating entities outside of Hong Kong are responsible for their own cash management and risk management according to the Group's Treasury Policy and they are closely monitored by the head office. Financing activities outside of Hong Kong are led by the head office and approved by the head office before execution.

CASH FLOW

Summary of condensed consolidated cash flow statement

HK$ million	1-6/2019	1-6/2018	Change
Operating profit before changes in working capital	**1,386**	945	441
(Increase)/decrease in working capital	**(175)**	94	(269)
Cash generated from operations	**1,211**	1,039	172
Income tax paid	**(84)**	(343)	259
Net cash generated from operating activities	**1,127**	696	431
Net cash used in investing activities	**(714)**	(763)	49
Net cash generated from/(used in) financing activities	**226**	(25)	251
Net increase/(decrease) in cash and cash equivalents	**639**	(92)	731
Cash and cash equivalents at 1 January	**885**	1,013	(128)
Net increase/(decrease) in cash and cash equivalents	**639**	(92)	731
Effect of foreign exchange rates changes	**(2)**	(10)	8
Cash and cash equivalents at 30 June	**1,522**	911	611

Overview

The Group maintained a healthy cash position. Operating profit before changes in working capital amounted to HK$1,386 million (first half 2018: HK$945 million) for the period. Working capital increased by HK$175 million. Net cash used in investing activities was HK$714 million, while net cash received in financing activities was HK$226 million. At 30 June 2019, the cash and cash equivalents balance was HK$1,522 million, an increase of HK$637 million compared to the beginning of the period (31 December 2018: HK$885 million).

Operating profit before changes in working capital

Profit before taxation was HK$447 million for the six months ended 30 June 2019 (first half 2018: HK$526 million). After adding back non-cash items, cash generated from operating profit before changes in working capital was HK$1,386 million (first half 2018: HK$945 million).

Cash flow from changes in working capital

Working capital increased by HK$175 million (first half 2018: decreased by HK$94 million) which included the increase in inventories of HK$236 million (first half 2018: increased by HK$399 million) and the decrease in creditors and other current liabilities of HK$296 million (first half 2018: decreased by HK$248 million) being offset by the decrease in debtors and other current assets of HK$357 million (first half 2018: decreased by HK$741 million). The increase in inventories was mainly due to the increase in stock of Euro V commercial vehicles ahead of the adoption of the new emission standards in Taiwan. The decrease in trade and other receivables was driven by the improvement in collection and receivables ageing management in the consumer products business.

Net cash generated from operating activities

After deducting investment in working capital of HK$175 million, cash generated from operations was HK$1,211 million (first half 2018: HK$1,039 million). Netting income tax payment of HK$84 million (first half 2018: HK$343 million), net cash generated from operating activities was HK$1,127 million (first half 2018: HK$696 million).

Net cash used in investing activities

Net cash used in investing activities was HK$714 million (first half 2018: HK$763 million) which included an investment in CITIC Capital International Tourism Fund of HK$160 million.

Net cash generated from financing activities

Net cash generated from financing activities was HK$226 million (first half 2018: HK$25 million used in financing activities) which comprises net proceeds from bank loans of HK$578 million (first half 2018: HK$121 million) and the net inflow from non-controlling interests of HK$31 million (first half 2018: net outflow of HK$41 million), offset by an interest payment of HK$112 million (first half 2018: HK$105 million) and the principal and interest payment for lease liabilities of HK$271 million.

GROUP DEBT AND LIQUIDITY

The cash and debt position of the Group at 30 June 2019 is summarised as follows:

HK$ million	**30 June 2019**	31 December 2018	Change
Total debt	**7,469**	6,971	498
Less: Cash and bank deposits	**1,638**	1,093	545
Net debt	**5,831**	5,878	(47)

At 30 June 2019, the Group's net debt position was HK$5,831 million (31 December 2018: HK$5,878 million), a decrease of HK$47 million as a result of the increase in debt of HK$498 million offset by the increase in cash of HK$545 million. The Group's net debt position was maintained at the 2018 year end level.

The original denomination of the Group's borrowings and cash and bank deposits by currency at 30 June 2019 is summarised as follows:

HK$ million equivalent	HKD	RMB	JPY	USD	SGD	NTD	THB	Others	**Total**
Total debt	5,892	270	131	868	–	308	–	–	**7,469**
Less: Cash and bank deposits	169	1,224	32	21	44	13	65	70	**1,638**
Net debt/(cash)	5,723	(954)	99	847	(44)	295	(65)	(70)	**5,831**

The Group's debt was mainly denominated in HKD. The Group held more cash in RMB as our major cash generating business is the motor business in mainland China.

Leverage

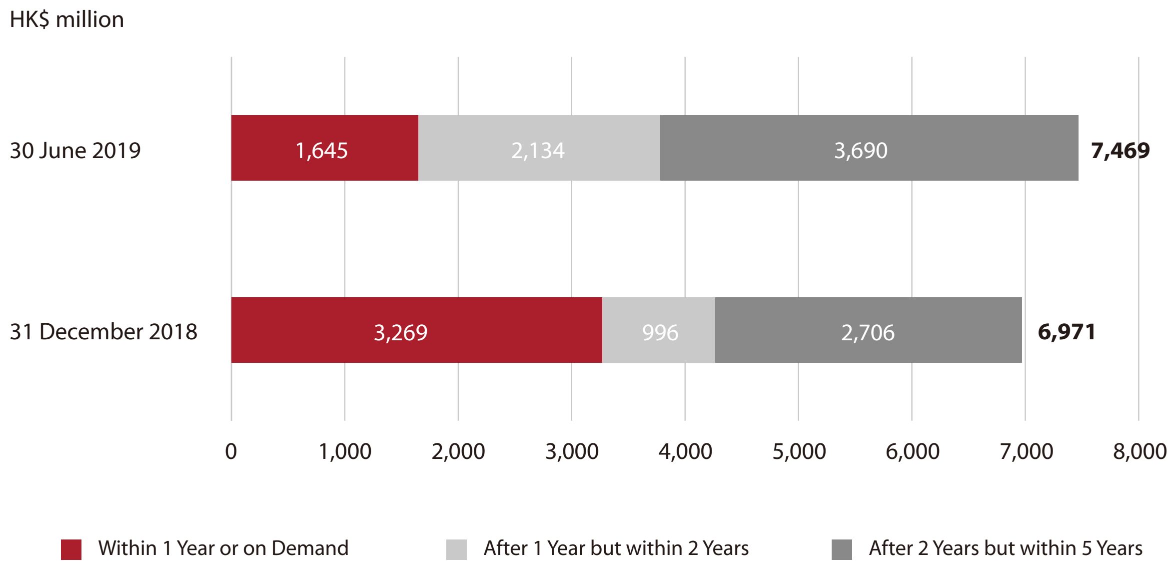
The below table shows the total capital and the net gearing ratio of the Group at 30 June 2019 and 31 December 2018:

HK$ million	**30 June 2019**	31 December 2018	Change
Net debt	**5,831**	5,878	(47)
Shareholders' funds	**9,748**	10,282	(534)
Total capital	**15,579**	16,160	(581)
Net gearing ratio	**37.4%**	36.4%	1.0% point

The Group's net gearing ratio was 37.4%. The effective interest rate of the Group's borrowings for the period was 3.3% (31 December 2018: 3.1%). The Group continued to actively negotiate with banks to lower the financing margin.

Maturity profile of outstanding debt

The Group manages its debt maturity profile based on its cash flow and refinancing ability upon debt maturity. The graph below shows the debt maturity profile of the Group at 30 June 2019 and 31 December 2018:



The portion of debt maturing within 1 year or on demand decreased while debt maturing after 2 years increased because of the refinancing of matured term loans during the period. The Group will continue to refinance term loans upon maturity and maintain a healthy maturity profile.

Sources of financing

The table below shows the sources of financing at 30 June 2019:

HK$ million	**30 June 2019**	31 December 2018	Change
Utilised term loans and revolving loans	**6,342**	5,965	377
Utilised money market lines	**1,135**	1,011	124
Others	**(8)**	(5)	(3)
Total	**7,469**	6,971	498

Committed and uncommitted facilities

	30 June 2019			31 December 2018		
HK$ million	**Total**	**Utilised**	**Available**	Total	Utilised	Available
Committed facilities:						
Term loans and revolving loans	**6,542**	**6,342**	**200**	6,185	5,965	220
Uncommitted facilities:						
Money market lines	**11,150**	**1,135**	**10,015**	11,221	1,011	10,210
Total loan facilities	**17,692**	**7,477**	**10,215**	17,406	6,976	10,430
Trading facilities	**5,888**	**564**	**5,324**	5,739	645	5,094
Total	**23,580**	**8,041**	**15,539**	23,145	7,621	15,524

The Group maintains sufficient banking facilities to support the business. At 30 June 2019, facilities totalled HK$23,580 million including total loan facilities of HK$17,692 million and trading facilities of HK$5,888 million. Within the total loan facilities of HK$17,692 million, committed facilities totalled HK$6,542 million, representing 37% of total loan facilities. Uncommitted facilities totalled HK$11,150 million, representing 63% of total loan facilities. Utilised loan facilities totalled HK$7,477 million, representing 42% of total loan facilities. Undrawn available loan facilities totalled HK$10,215 million. The Group will ensure adequate financing resources are maintained to support the future growth of the business.

PLEDGED ASSETS

At 30 June 2019, the Group's assets of HK$306 million (31 December 2018: HK$275 million) were pledged in relation to the financing of issuance of bank acceptance drafts and the purchase of vehicle stock in mainland China.

LOAN COVENANTS

Major financial covenants for the committed banking facilities are as follows:

Shareholders' funds	> or = HK$2,500 million
Net debt	< Shareholders' funds
Current assets	> Current liabilities

At 30 June 2019, the Group has complied with all of the above financial covenants.

RISK MANAGEMENT

The Group has established a risk management system covering all business segments to monitor, assess and manage various risks in the Group's business activities. The risk management system of the Group is established in line with global standards and comprises "Three Lines of Defence" including the management of each business unit, the risk management function of the Group and the internal audit function.

The Board has outlined the nature and extent of risks that the Group is willing to undertake in pursuit of its business objectives in a Risk Appetite Statement. A Risk Management Policy incorporating the Risk Appetite Statement has been developed to guide the members of the Group in identifying and managing risks.

Based on the risk profile of each business unit, and taking into account management control and corporate oversight at the Group level, the Audit Committee and Internal Audit function map out a risk-based internal audit plan each year.

The Finance Committee is delegated by the Board to establish or renew financial and credit facilities and undertake financial and credit transactions in accordance with the Treasury Policy of the Group. The Treasury Department of the Group is responsible for communicating and implementing the decisions of the Finance Committee, monitoring the adherence to the Treasury Policy and preparing relevant reports. All business units have the responsibility to identify and effectively manage their financial risk position and report to the Group's Treasury Department on a timely basis.

FINANCIAL RISK

(1) Interest rate risk

The Group's committed bank borrowings are on a floating rate basis.

At 30 June 2019, the Group had total outstanding interest rate swaps with a total notional contract amount of HK$2,100 million (31 December 2018: HK$2,126 million).

The Group also recognised interest rate swaps with a fair value of HK$21 million liabilities (31 December 2018: HK$2 million assets) as derivative financial instruments.

The interest rate of 33% of committed bank borrowings was fixed by interest rate swaps and the coverage was appropriate in level.

(2) Currency risk

For bank borrowings, the functional currency of each operating entity is generally matched with its liabilities. Given this, management does not expect any significant foreign currency risk associated with the Group's borrowings.

The Group enters into foreign currency forward contracts primarily for hedging its sales and purchases that are denominated in currencies other than the functional currency of the operations to which they are related. At 30 June 2019, the Group recognised foreign currency forward contracts with a fair value of HK$1 million liabilities (31 December 2018: HK$1 million assets) as derivative financial instruments.

In addition, certain bank borrowings denominated in Japanese Yen are designated as a hedge of the net investment in a subsidiary in Japan. The carrying amount of these bank borrowings at 30 June 2019 was HK$87 million (31 December 2018: HK$85 million).

As of 30 June 2019, the Group has reviewed its foreign hedging position and considered it appropriate.

(3) Counterparty risk

The Group's counterparty risk in treasury is primarily related to the deposits placed with banks and the delivery ability of banks on foreign exchange and other derivatives transactions for hedging purpose.

The Group has set up limits for banks in order to ensure that the Group deals with appropriate counterparties whose ability has been evaluated and concentration risk is addressed.

The limits should be correlated to the bank's credit rating, the loan limit granted to the Group and the business relationship.

(4) Liquidity risk

Liquidity risk occurs when the Group cannot meet its short-term operational and debt obligations.

The Group monitors liquidity risk by keeping the rolling base cash flow forecast for the next 12 months and comparing liquid assets with short-term liabilities.

The Group maintains an adequate level of cash together with sufficient available loan facilities so as to fulfill the requirements of normal operation, matured debt repayment and new business development.

(5) Credit risk in finance lease receivables

The Group operates a motor vehicle finance lease business in mainland China in parallel to its new vehicle sales business. Credit risk may arise from a borrower failing to make scheduled repayments.

The Group has set up a comprehensive credit assessment policy with an extensive assessment checklist to evaluate the credit quality of individual borrowers. The Group has also set up standard collection procedures to handle delinquent loans.

As of 30 June 2019, the Group has reviewed the default rate in finance lease receivables and considered it normal.

The Group is actively exploring opportunities to further reduce its credit risk exposure in the finance lease business, including seeking cooperation with financial institutions to further enhance its credit assessment capability, and to reduce its risk exposure by sharing the loan portfolio with suitable business partners.

OPERATIONAL RISK

(1) Discontinuation of distributorship or dealership rights

The core business of the Group is to act as the distributor or dealer of motor, food, healthcare and other consumer products. If distributorship or dealership rights are discontinued, it may have a significant impact on the business.

The Group has adopted a multi-brand and diversified market approach to avoid over-reliance on one particular brand or one single market.

(2) Counterparty credit risk in operation

The Group's counterparty risk in operation mainly arises from trade debtors and other receivables billed to customers and principals respectively.

Credit risk from trade debtors arises from the sale of goods and rendering of services to customers. Due to the Group's diversified business nature, the Group maintains a relatively limited customer concentration risk.

Credit risk arising from other receivables billed to principals includes advance payments made on behalf of the principals for advertising and promotion activities. These pre-payments will be reimbursed and recoverable from the principals when proper documentation and confirmation are obtained.

The Group and relevant subsidiaries have established credit policies and procedures to analyse and identify credit risks, set appropriate credit limits and controls and monitor risks on a timely basis by means of reliable management information systems. The Group performs regular updates to enhance credit policies in order to cope with the changes in markets, products and credit risk management practices.

Individual credit assessments are performed on both principals and customers to determine suitable credit limits and terms. Regular reviews of credit limits and terms are also performed in order to ensure they are comparable to the credit standing of the principals, customers and the latest business environments.

(3) Product safety risk

The Group's diversified businesses include the sales and distribution of food, healthcare products, motor vehicles and household electrical appliances, and require the highest level of reliability, quality, and above all safety. Government regulations along with expectations from consumers and stakeholders compel the Group to remain vigilant regarding potential product safety concerns. The Group also operates logistics services which can be subject to product loss or damage and industrial accidents. Adequate control measures and precautions are necessary to prevent accidents and ensure reliable service deliverables.

At DCH, safety is our utmost priority. To safeguard product quality, operational procedures and production systems are continuously reviewed and upgraded as needed. To ensure the Group stays at the forefront of quality assurance, our business units seek to comply with well-recognised industry standards and all regulatory requirements. Our food manufacturing facilities comply with international standards including ISO22000 Food Safety Management and have received numerous quality and safety certifications. We carry electrical appliances that are in conformity with EMSD requirements and our Designated Car Testing Centre and Vehicle Emission Testing Centre are appointed by the Hong Kong Government. Furthermore, we diligently look after our customers' and end users' safety concerns, and act responsively and responsibly when incidents happen to protect end users from unnecessary harm.

To protect the financial interests of the Group, we strive to hold our suppliers responsible for product liabilities whenever practicable. Costs associated with product recall, including the cost of the goods recalled, are passed to responsible suppliers to the extent possible. Insurance policies are also arranged to protect the Group from legal liability and other property losses as appropriate.

(4) Inventory obsolescence risk

The range of products that the Group sells includes perishable food commodities and FMCG products which have a limited shelf life. These products require specific storage conditions to maintain quality and carry a risk of obsolescence and reduced value.

In situations where the Group purchases products from principals and distributes the products to wholesalers, retail outlets and the food service industry, the Group faces inventory obsolescence risk as changes in consumer trends may lead to substantial changes in demand. Overstocking, poor demand or returned goods from customers can result in inventory obsolescence.

In addition, the models of motor vehicles and electrical appliances distributed by the Group are constantly changing, depending on the research and development of the principals or manufacturers of these products. Any release of new product models or change in industry policy will increase the risk of obsolescence for existing products and models. Accordingly, any unpredicted and unusual change in consumer demand can adversely affect the Group's performance.

The Group has established policies and guidelines to ensure every business unit reviews its stock levels and prepares action plans as needed for stock clearance on a monthly basis. We have also strengthened our supply chain controls. With our diversified platform, we can build synergies among different business sectors to accelerate stock clearance action plans. Progress on stock clearance is monitored and followed closely by business unit management. Stock count policies requiring full counts and cycle counts have been established to control the accuracy of the stock record. In addition, proper authorisation hierarchy and limits have been implemented to manage stock purchase functions within the Group.

(5) Shift in consumers' preferences and choices

Rapid and unanticipated changes in consumer preference or shopping behavior may negatively impact the sales and profit of a particular product or product range. Through ongoing market research and on-the-ground experience, we aim to identify substantial changes in consumer behavior as early as possible in order to anticipate and prepare for impacts to the brands and products we develop, distribute, retail and service.

In recent years, we have identified and initiated strategic actions to adjust to various shifts in consumer preferences, particularly towards healthful foods and lifestyle-driven choices.

In our distribution businesses, we regularly identify new potential principals and update our portfolios to ensure we have adequate exposure to product categories that appeal to changing consumer preferences, in terms of flavour, style and perceived benefit. In our brand development and food trading businesses, we regularly review our sourcing partners to identify opportunities to add sustainable or "green" products to our product ranges. Recently, we have added products in our food business that are sustainable, healthy, organic or free-from certain chemicals, such as sustainably-sourced seafood and new organic meat products. In the food processing sector, we have also identified a long term shift away from processed meat and have begun leveraging in-house R&D capabilities to develop new recipes to differentiate our products and offer consumers alternatives to traditional processed meats and seafood. In our electrical products distribution business, we carefully follow style and technology trends to ensure we are in a position to offer popular brands and products that have the function, technology and style to successfully compete and appeal to our target customers.

TALENT MANAGEMENT AND DEVELOPMENT

In alignment with business growth and management objectives, DCH fosters a strong working culture by promoting employee well-being, providing fair opportunities and building a platform for growth and development. As of 30 June 2019, the Group had a total of 16,915 employees, with 10,836 in mainland China, 4,464 in Hong Kong and Macao, and 1,615 in other locations, including Japan, Taiwan, Singapore, Myanmar, Indonesia, Malaysia, Brunei, Thailand and the Philippines. The number of employees decreased by 3.9% as of December 2018 and decreased by 2.2% as of June 2018.

Location	**June 2019**	December 2018	June 2018	June 2019 vs. December 2018	June 2019 vs. June 2018
Mainland China	**10,836**	11,484	11,196	–5.6%	–3.2%
Hong Kong & Macao	**4,464**	4,515	4,453	–1.1%	0.3%
Other Locations	**1,615**	1,597	1,649	1.1%	–2.1%
Total	**16,915**	17,596	17,298	–3.9%	–2.2%

DCH offers competitive compensation and benefits to attract, motivate and retain talent. An annual review of these programmes is conducted to ensure market competitiveness and mid-year reviews are also implemented for selected functions and individuals in response to market and labour conditions. The Group embraces the principle of “pay for performance” and has linked rewards to the achievement of key performance indicators, incentivising employees to work towards company objectives.

We recognise that the dedication of our employees is core to sustaining long term business success. In 2019, we continued to invest in talent development by providing a wide range of internal and external training courses. As of 30 June 2019, more than 31,000 participants attended over 93,000 hours of corporate culture, leadership and management, sales and service, technical, personal effectiveness and compliance training programmes. To embrace the latest knowledge practices on innovation, change and digitalisation, we launched a series of educational forums for general staff as well as an Executive Development Programme. We also organised social, recreational and wellness activities for employees and their family members to boost employee engagement and enhance productivity.

At DCH, we strive to provide a safe and healthy working environment for all employees. We have established safety management systems which include occupational health and safety polices and standard operating procedures for environment, health and safety. Our policies outline our commitment to identify, assess and eliminate workplace related dangers, as well as provide information, training and protective equipment to ensure the safety of our team members. Regular reviews and audits of safety management systems are performed annually in accordance with the statutory and industry requirements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

HK$ million	Note	Unaudited Six months ended 30 June 2019	2018
Revenue	3(a)	**23,821**	24,474
Cost of sales		**(20,494)**	(21,042)
Gross profit		**3,327**	3,432
Other net income	4	**136**	137
Selling and distribution expenses		**(1,837)**	(1,934)
Administrative expenses		**(987)**	(972)
Net impairment losses on financial assets	5(b)	**(18)**	(45)
Profit from operations		**621**	618
Finance costs	5(a)	**(195)**	(107)
Share of profit after tax of associates		**9**	8
Share of profit after tax of joint ventures		**12**	7
Profit before taxation	5	**447**	526
Income tax	6	**(183)**	(184)
Profit for the period		**264**	342
Attributable to:			
Shareholders of the Company		**188**	275
Non-controlling interests		**76**	67
		264	342
Basic and diluted earnings per share (HK cents)	8	**9.97**	14.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
HK$ million	Note	**2019**	2018
Profit for the period		**264**	342
Item that will not be reclassified subsequently to profit or loss:			
Financial assets at fair value through other comprehensive income ("FVOCI")	15(ii)	**(27)**	–
		(27)	–
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of entities outside Hong Kong:			
– subsidiaries		**(28)**	(75)
– associates and joint ventures		**(3)**	(5)
Effect on cash flow hedge, net of tax		**(25)**	4
Reserves released upon disposal of subsidiaries		**(1)**	(16)
		(57)	(92)
Other comprehensive income for the period, net of tax		**(84)**	(92)
Total comprehensive income for the period		**180**	250
Attributable to:			
Shareholders of the Company		**112**	189
Non-controlling interests		**68**	61
		180	250

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK$ million	Note	**Unaudited 30 June 2019**	Audited 31 December 2018
Non-current assets			
Property, plant and equipment	9	**4,044**	4,019
Right-of-use assets	10	**4,377**	–
Investment properties	11	**238**	231
Lease prepayments	12	**–**	804
Intangible assets	13	**1,672**	1,723
Goodwill	14	**2,591**	2,667
Interests in associates		**366**	364
Interests in joint ventures		**328**	288
Other non-current assets	15	**800**	861
Deferred tax assets		**154**	98
		14,570	11,055
Current assets			
Inventories		**6,819**	6,593
Assets held for sale	16	**83**	–
Debtors and other current assets	17	**7,821**	8,423
Current tax recoverable		**24**	99
Cash and bank deposits		**1,638**	1,093
		16,385	16,208
Current liabilities			
Borrowings	18	**1,645**	3,269
Lease liabilities		**824**	–
Creditors and other current liabilities	19	**8,645**	8,686
Current tax payable		**191**	137
		11,305	12,092
Net current assets		**5,080**	4,116
Total assets less current liabilities		**19,650**	15,171
Non-current liabilities			
Borrowings	18	**5,824**	3,702
Lease liabilities		**2,918**	–
Other non-current liabilities	20	**197**	177
Deferred tax liabilities		**486**	499
		9,425	4,378
Net assets		**10,225**	10,793

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

HK$ million	Note	**Unaudited 30 June 2019**	Audited 31 December 2018
Capital and reserves			
Share capital	21	**1,669**	1,669
Other reserves		**8,079**	8,613
Total equity attributable to shareholders of the Company		**9,748**	10,282
Non-controlling interests		**477**	511
Total equity		**10,225**	10,793

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

HK$ million Unaudited Six months ended 30 June 2019	Note	Attributable to shareholders of the Company Share capital (21)	General reserve	Capital reserve	Statutory surplus reserve	Merger reserve	Share option reserve	Exchange fluctuation reserve	Asset revaluation reserve (15(ii))	Hedging reserve	Retained profits	Total	Non-controlling interests	Total equity
At 31 December 2018		1,669	50	142	108	(43)	25	(188)	38	(6)	8,487	10,282	511	10,793
Impact on initial application of HKFRS 16	2(c)	-	-	-	-	-	-	-	-	-	(413)	(413)	(94)	(507)
At 1 January 2019		1,669	50	142	108	(43)	25	(188)	38	(6)	8,074	9,869	417	10,286
Profit for the period		-	-	-	-	-	-	-	-	-	188	188	68	256
Other comprehensive income		-	-	-	-	-	-	(24)	(27)	(25)	-	(76)	(8)	(84)
Total comprehensive income for the period		-	-	-	-	-	-	(24)	(27)	(25)	188	112	60	172
Lapse of share options		-	-	-	-	-	(25)	-	-	-	25	-	-	-
Dividends	7(b)	-	-	-	-	-	-	-	-	-	(233)	(233)	-	(233)
At 30 June 2019		1,669	50	142	108	(43)	-	(212)	11	(31)	8,054	9,748	477	10,225

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

HK$ million Unaudited Six months ended 30 June 2018	Note	Attributable to shareholders of the Company Share capital	General reserve	Capital reserve	Statutory surplus reserve	Merger reserve	Share option reserve	Exchange fluctuation reserve	Asset revaluation reserve	Hedging reserve	Retained profits	Total	Non-controlling interests	Total equity
At 1 January 2018		1,535	48	143	98	(43)	27	251	38	3	8,004	10,104	567	10,671
Profit for the period		–	–	–	–	–	–	–	–	–	275	275	51	326
Other comprehensive income		–	–	–	–	–	–	(90)	–	4	–	(86)	(6)	(92)
Total comprehensive income for the period		–	–	–	–	–	–	(90)	–	4	275	189	45	234
Fair value adjustment on put options written on non-controlling interests		–	1	–	–	–	–	–	–	–	–	1	–	1
Disposal of subsidiaries		–	–	(1)	(1)	–	–	–	–	–	2	–	(8)	(8)
Acquisition of subsidiaries from non-controlling interests		–	2	–	–	–	–	–	–	–	–	2	(3)	(1)
Lapse of share options		–	–	–	–	–	(1)	–	–	–	1	–	–	–
Dividends	7(b)	–	–	–	–	–	–	–	–	–	(220)	(220)	–	(220)
Dividends to non-controlling interests		–	–	–	–	–	–	–	–	–	–	–	(55)	(55)
At 30 June 2018		1,535	51	142	97	(43)	26	161	38	7	8,062	10,076	546	10,622

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

HK$ million	Note	Unaudited Six months ended 30 June 2019	2018
Profit before taxation		**447**	526
Adjustments for:			
– Depreciation and amortisation		**743**	335
– Finance costs		**195**	107
– Other non-cash and non-operating items		**1**	(23)
Operating profit before changes in working capital		**1,386**	945
Changes in working capital:			
– Increase in inventories		**(236)**	(399)
– Decrease in debtors and other current assets		**357**	741
– Decrease in creditors and other current liabilities		**(296)**	(248)
Cash generated from operating activities		**1,211**	1,039
Income tax paid		**(84)**	(343)
Net cash generated from operating activities		**1,127**	696
Net cash used in investing activities:			
– Net cash outflow for capital contribution to financial assets		**(160)**	–
– Net cash outflow for business combination		**(22)**	(309)
– Net cash outflow for capital injection to associates		**(1)**	(90)
– Other investing activities		**(531)**	(364)
Net cash (used in)/generated from financing activities:			
– Interest paid		**(112)**	(105)
– Principal element of lease payments		**(190)**	–
– Interest element of lease payments		**(81)**	–
– Net proceeds from drawdown of bank borrowings and other loans		**578**	121
– Other financing activities		**31**	(41)
Net increase/(decrease) in cash and cash equivalents		**639**	(92)
Cash and cash equivalents at 1 January		**885**	1,013
Effect of foreign exchange rates changes		**(2)**	(10)
Cash and cash equivalents at 30 June		**1,522**	911
Analysis of the balances of cash and cash equivalents:			
Cash and bank deposits		**1,638**	1,083
Less:			
Pledged bank deposits	18	**(47)**	(81)
Bank deposits with maturity over 3 months		**(30)**	(4)
Bank overdrafts	18	**(39)**	(87)
		1,522	911

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION

This interim financial report comprises the financial information of Dah Chong Hong Holdings Limited ("the Company") and its subsidiaries (collectively referred to as "the Group") and the Group's interests in associates and joint ventures.

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. It should be read in conjunction with the annual financial statements for the year ended 31 December 2018.

This interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the adoption of all relevant new and/or revised Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs, amendments and interpretations, which are effective for the current accounting period. Details of any changes in significant accounting policies are set out in Note 2.

The preparation of this interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2018 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with the Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 56.

The financial information relating to the financial year ended 31 December 2018 that is included in this interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6, to the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material impact on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16, *Leases*

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) Int 4, *Determining whether an arrangement contains a lease*, HK(SIC) Int 15, *Operating leases – incentives*, and HK(SIC) Int 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements brought forward from HKAS 17 are substantially unchanged.

The Group has initially applied HKFRS 16 from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(a) Changes in the accounting policies (Continued)

(ii) Lessee accounting

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than short-term leases and leases of low value assets which are exempted.

When the Group enters into a lease in respect of a low value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(a) Changes in the accounting policies (Continued)

(iii) Lessor accounting

The Group leases out certain properties and motor vehicles as the lessor under operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. The adoption of HKFRS 16 does not have a significant impact on the Group's financial statements in this regard.

(b) Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies

Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liability and right-of-use asset recognised in future years.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(c) Transitional impact

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.4%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied the same discount rates to leases for similar classes of underlying assets in similar economic environment.

The following table reconciles operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$ million
Operating lease commitments at 31 December 2018	3,495
Add: lease payments excluded from operating lease commitments under early termination option	1,062
Less: commitments relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019 recognised exempt from capitalisation	(57)
Less: commitments relating to leases contracted but not commenced at 1 January 2019	(505)
	3,995
Less: total future interest expenses	(722)
Total lease liabilities recognised at 1 January 2019	3,273

The right-of-use assets in relation to leases previously classified as operating leases have been recognised as if HKFRS 16 had always been applied since the commencement date of the lease (other than discounting using the relevant incremental borrowing rate at 1 January 2019).

The Group presents right-of-use assets and lease liabilities as separate line items in the consolidated statement of financial position.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(c) Transitional impact (Continued)

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

HK$ million	At 31 December 2018	Impacts on adoption of HKFRS 16 (Note)	**At 1 January 2019**
Property, plant and equipment	4,019	(210)	**3,809**
Right-of-use assets	–	3,988	**3,988**
Lease prepayments	804	(804)	**–**
Intangible assets	1,723	(8)	**1,715**
Goodwill	2,667	(75)	**2,592**
Other non-current assets	861	(165)	**696**
Deferred tax assets	98	41	**139**
Debtors and other current assets	8,423	(37)	**8,386**
Creditors and other current liabilities	(8,686)	36	**(8,650)**
Current portion of lease liabilities	–	(740)	**(740)**
Non-current portion of lease liabilities	–	(2,533)	**(2,533)**
Retained profits	(8,487)	413	**(8,074)**
Non-controlling interests	(511)	94	**(417)**

Note: Upon initial application of HKFRS 16, the Group has capitalised operating leases contracts and applied HKAS 36, *Impairment of assets* to determine whether any cash generating units ("CGUs") are impaired after the right-of-use assets have been added to such CGUs.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

HKFRS 16, *Leases* (Continued)

(c) Transitional impact (Continued)

The analysis of the net book value (carried at depreciated cost) of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to HKFRS 16 is as follows:

HK$ million	**At 30 June 2019**	At 1 January 2019
Property, plant and equipment	**3,614**	3,184
Lease prepayments	**763**	804
Total	**4,377**	3,988

3. REVENUE AND SEGMENT REPORTING

The principal activities of the Group are the sales of motor vehicles, provision of motor related business and services, sales of food, healthcare and consumer products, as well as the provision of logistics services. Other businesses mainly represent rental income from investment properties.

The Group manages its businesses by business line and geographical location. In a manner consistent with the way the information is reported internally to the Group's senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following reportable segments:

(i) Motor Business (Hong Kong & Other Markets/Mainland China)

The motor business mainly consists of the operations of (i) motor vehicle distribution and dealership business; and (ii) other motor related business, which includes operation of service outlets, original equipment parts trading, used car trading, provision of after-sales services, motor leasing, sales of yachts, hire purchase and insurance agency, environmental and engineering businesses, as well as airport and aviation support businesses. "Other Markets" mainly cover business operations in Macao, Singapore and Taiwan.

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(ii) Consumer Products Business (Hong Kong & Macao/Mainland China/Other Markets)

The consumer products business primarily consists of the operations of (i) trading and distribution of food commodities, distribution of fast moving consumer goods, food manufacturing and retail of food products; (ii) distribution of electrical appliances products; (iii) trading and distribution of consumer and healthcare products; and (iv) provision of a wide range of integrated professional logistics and supply chain management solutions and cold chain management services. The "Other Markets" geographical segment mainly covers business operations in Thailand, Malaysia, Japan, Singapore, the Philippines, Indonesia and Brunei.

(iii) Other Businesses

Other businesses include small operating segments namely property business and other miscellaneous businesses where the revenue and results from these segments are below the quantitative threshold for determining a reportable segment.

The Group's senior executive management monitors the results attributable to each reportable segment on the following basis:

The segment revenue of the Group is based on business lines and geographical location of customers. Income and expenses are allocated to the reportable segments with reference to sales generated by those segments and expenses incurred by those segments or which otherwise arisen from the depreciation or amortisation of assets attributable to those segments. The inter-segment transactions are conducted on normal commercial terms and are priced with reference to prevailing market prices and in the ordinary course of business.

Performance is measured based on segment result from operations and segment profit or loss after taxation which includes the Group's share of profits and losses after tax of associates and joint ventures. Items not allocated to the reportable segments comprise: (i) corporate expenses and recharges (mainly costs of supporting functions that are centrally provided by head office to all operating segments), (ii) amortisation and depreciation of fair value adjustments on assets arising from business combinations and (iii) gain/loss on remeasurement, which are presented as reconciliation items in Note 3(c).

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Unaudited Six months ended 30 June	
HK$ million	**2019**	2018
Sales of motor vehicles, yachts, parts, accessories and motor services	**17,972**	17,962
Sales of food, healthcare and consumer products and logistics services income	**5,548**	6,280
Revenue from other business	**27**	16
Revenue recognised within the scope of HKFRS 15, *Revenue from contracts with customers*	**23,547**	24,258
Rental income from motor leasing business	**270**	208
Rental income from leasing of properties	**4**	8
Revenue recognised according to other accounting standards	**274**	216
Total	**23,821**	24,474

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment results

An analysis of the Group's segment results by reportable segment is as follows:

HK$ million **Unaudited** **Six months ended 30 June 2019**	**Motor Business** **Hong Kong & Other Markets**	**Mainland China**	**Sub-total**	**Consumer Products Business** **Hong Kong & Macao**	**Mainland China**	**Other Markets**	**Sub-total**	**Other Businesses**	**Inter-segment elimination**	**Total**
Revenue from external customers	**3,399**	**14,843**	**18,242**	**3,451**	**1,182**	**915**	**5,548**	**31**	**-**	**23,821**
Inter-segment revenue	**2**	**-**	**2**	**1**	**28**	**-**	**29**	**48**	**(79)**	**-**
Segment revenue	**3,401**	**14,843**	**18,244**	**3,452**	**1,210**	**915**	**5,577**	**79**	**(79)**	**23,821**
Segment result from operations	**265**	**362**	**627**	**147**	**(110)**	**36**	**73**	**17**	**-**	**717**
Share of profit/(loss) after tax of associates	**-**	**2**	**2**	**-**	**10**	**-**	**10**	**(3)**	**-**	**9**
Share of profit after tax of joint ventures	**-**	**8**	**8**	**-**	**-**	**-**	**-**	**4**	**-**	**12**
Segment profit/(loss) before taxation	**265**	**372**	**637**	**147**	**(100)**	**36**	**83**	**18**	**-**	**738**
Segment income tax	**(50)**	**(101)**	**(151)**	**(18)**	**(3)**	**(9)**	**(30)**	**(4)**	**-**	**(185)**
Segment profit/(loss) after taxation	**215**	**271**	**486**	**129**	**(103)**	**27**	**53**	**14**	**-**	**553**

HK$ million Unaudited Six months ended 30 June 2018	Motor Business Hong Kong & Other Markets	Mainland China	Sub-total	Consumer Products Business Hong Kong & Macao	Mainland China	Other Markets	Sub-total	Other Businesses	Inter-segment elimination	Total
Revenue from external customers	3,542	14,628	18,170	3,501	1,751	1,028	6,280	24	-	24,474
Inter-segment revenue	3	-	3	2	1	-	3	46	(52)	-
Segment revenue	3,545	14,628	18,173	3,503	1,752	1,028	6,283	70	(52)	24,474
Segment result from operations	289	482	771	172	(179)	4	(3)	24	-	792
Share of profit/(loss) after tax of associates	-	5	5	-	4	-	4	(1)	-	8
Share of profit after tax of joint ventures	-	5	5	-	-	-	-	2	-	7
Segment profit/(loss) before taxation	289	492	781	172	(175)	4	1	25	-	807
Segment income tax	(57)	(120)	(177)	(26)	(10)	(9)	(45)	(5)	-	(227)
Segment profit/(loss) after taxation	232	372	604	146	(185)	(5)	(44)	20	-	580

3. REVENUE AND SEGMENT REPORTING (CONTINUED)

(c) Reconciliation between segment profit after taxation and profit for the period

HK$ million	Note	Unaudited Six months ended 30 June 2019	2018
Segment profit after taxation		**553**	580
Net gain on remeasurement of investment properties	11	**4**	3
Net gain on remeasurement of foreign currency forward contracts	4	**–**	2
Net loss on remeasurement of financial assets at fair value through profit or loss (“FVTPL”)	4	**(15)**	(2)
Amortisation and depreciation of fair value adjustments on assets arising from business combinations		**(37)**	(40)
Unallocated corporate expenses		**(243)**	(244)
Reconciliation items before taxation		**(291)**	(281)
Tax impact:			
Non-recoverable tax credit		**(20)**	–
Net tax effect on the above reconciliation items		**22**	43
Reconciliation items net of taxation		**(289)**	(238)
Profit for the period		**264**	342

4. OTHER NET INCOME

	Unaudited Six months ended 30 June	
HK$ million	**2019**	2018
Advertising and other subsidies from suppliers	**47**	53
Government subsidies	**15**	5
Handling and service charge income	**14**	9
Forfeited deposit from customers	**12**	2
Compensation income	**3**	12
Interest income from bank deposits	**5**	4
Other interest income	**3**	2
Net gain on disposal of subsidiaries	**3**	2
Net gain on disposal of property, plant and equipment	**11**	18
Net gain on remeasurement of investment properties	**4**	3
Net gain on remeasurement of foreign currency forward contracts	**–**	2
Net exchange loss	**(10)**	(6)
Net loss on remeasurement of financial assets at FVTPL	**(15)**	(2)
Others	**44**	33
Total	**136**	137

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

		Unaudited Six months ended 30 June	
HK$ million		**2019**	2018
(a)	**Finance costs**		
	Interest on bank advances and other borrowings	**112**	105
	Interest on lease liabilities	**81**	–
	Other interest expense	**2**	2
	Total	**195**	107
(b)	**Other items**		
	Amortisation		
	– lease prepayments	**–**	12
	– intangible assets	**44**	46
	Depreciation		
	– property, plant and equipment	**296**	277
	– right-of-use assets	**403**	–
	Write-down of inventories	**43**	71
	Reversal of write-down of inventories	**(34)**	(30)
	Net provision of impairment losses on financial assets		
	– debtors and other current assets	**18**	45
	Minimum lease payments for leases previously classified as operating lease charges under HKAS 17	**–**	480
	Expenses relating to short-term leases and leases of low-value assets	**121**	–

6. INCOME TAX

Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profit for the period. Taxation outside of Hong Kong is calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Unaudited Six months ended 30 June	
HK$ million	**2019**	2018
Current tax		
– Hong Kong Profits Tax	**44**	54
– Outside Hong Kong	**166**	158
	210	212
Deferred tax		
– Origination and reversal of temporary differences	**(30)**	(26)
– Net recognition of deferred tax assets on tax losses	**(1)**	(12)
	(31)	(38)
Withholding tax	**4**	10
Total	**183**	184

7. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Unaudited Six months ended 30 June	
HK$ million	**2019**	2018
Interim dividend declared after the interim period of 4.23 HK cents (2018: 5.05 HK cents) per share	**80**	94

The interim dividend declared after the end of the reporting period has not been recognised as a liability at 30 June 2019 and 2018.

7. DIVIDENDS (CONTINUED)

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year and approved during the interim period

	Unaudited Six months ended 30 June	
HK$ million	**2019**	2018
Final dividend approved and payable of 12.38 HK cents (2018: 11.90 HK cents) per share	**233**	220

8. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the six months ended 30 June 2019 was based on the profit attributable to shareholders of the Company of HK$188 million (2018: HK$275 million) and the weighted average number of 1,886,023,825 (2018: 1,847,038,804) ordinary shares in issue during the period.

(b) Diluted earnings per share

The diluted earnings per share for the six months ended 30 June 2019 and 2018 were the same as basic earnings per share as the potential ordinary shares in respect of outstanding share options are anti-dilutive and all share options were lapsed during the period ended 30 June 2019.

9. PROPERTY, PLANT AND EQUIPMENT

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Opening net book value	**4,019**	3,784
Impact on initial application of HKFRS 16 (Note 2(c))	**(210)**	–
Exchange adjustments	**(11)**	(140)
Additions	**642**	1,126
Business combination	**19**	9
Depreciation/amortisation capitalised in construction in progress (Note 10 & 12)	**2**	4
Transfer to assets held for sale (Note 16)	**(32)**	–
Transfer to inventories	**(7)**	(15)
Disposal of subsidiaries	**(1)**	(9)
Disposals and written-off	**(81)**	(172)
Depreciation	**(296)**	(560)
Impairment loss	**–**	(8)
Closing net book value	**4,044**	4,019

10. RIGHT-OF-USE ASSETS

HK$ million	**Unaudited 30 June 2019**
Opening net book value	**–**
Recognition upon initial application of HKFRS 16 (Note 2(c))	**3,988**
Exchange adjustments	**(7)**
Additions	**862**
Depreciation capitalised in construction in progress (Note 9)	**(2)**
Transfer to assets held for sale (Note 16)	**(51)**
Disposal of subsidiaries	**(3)**
Disposals and written-off	**(7)**
Depreciation	**(403)**
Closing net book value	**4,377**

11. INVESTMENT PROPERTIES

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Opening net book value	**231**	229
Exchange adjustments	**2**	(3)
Net gain on remeasurement	**4**	5
Additions	**1**	–
Closing net book value	**238**	231

Note: The investment properties carried at fair value were revalued at 30 June 2019 by the Group's independent valuers using the same valuation techniques as were used by these valuers when carrying out the December 2018 valuations.

12. LEASE PREPAYMENTS

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Opening net book value	**804**	858
Reclassified as right-of-use assets upon initial application of HKFRS 16 (Note 2(c))	**(804)**	–
Exchange adjustments	**–**	(37)
Additions	**–**	10
Amortisation	**–**	(23)
Amortisation capitalised in construction in progress (Note 9)	**–**	(4)
Closing net book value	**–**	804

13. INTANGIBLE ASSETS

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Opening net book value	**1,723**	1,880
Impact on initial application on HKFRS 16 (Note 2(c))	**(8)**	–
Exchange adjustments	**(4)**	(61)
Business combination	**5**	–
Additions	**–**	4
Amortisation	**(44)**	(90)
Impairment loss	**–**	(10)
Closing net book value	**1,672**	1,723

14. GOODWILL

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Opening net book value	**2,667**	2,760
Impact on initial application on HKFRS 16 (Note 2(c))	**(75)**	–
Exchange adjustments	**(1)**	(18)
Impairment loss	**–**	(75)
Closing net book value	**2,591**	2,667

15. OTHER NON-CURRENT ASSETS

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Finance lease receivables	**401**	416
Prepayment for property, plant and equipment	**227**	226
Prepaid rental expenses (Note(i))	**–**	165
Financial assets at FVOCI (Note(ii))	**133**	–
Financial assets at FVTPL	**39**	54
Total	**800**	861

Notes: (i) The prepaid rental expenses were reclassified as right-of-use assets upon initial application of HKFRS 16 (Note 2(c)).

(ii) During the six months ended 30 June 2019, the Group made a capital contribution in the amount of USD20 million to acquire 19.85% equity interest in an investment fund, being a Cayman Islands exempted limited partnership established under a limited partnership agreement. The Group has taken the option to irrecoverably designate the investment fund as FVOCI at initial recognition, the movement of the fair value has been reflected in asset revaluation reserve.

16. ASSETS HELD FOR SALE

During the six months ended 30 June 2019, certain right-of-use assets and properties situated in Malaysia with the carrying amounts of HK$51 million (Note 10) and HK$32 million (Note 9), respectively, were reclassified as assets held for sale following the Group's plan of disposal. The disposal is expected to be completed by the end of 2019.

17. DEBTORS AND OTHER CURRENT ASSETS

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Trade debtors and bills receivable, net of loss allowance	**3,402**	3,875
Other receivables, deposits and prepayments	**3,071**	3,159
Finance lease receivables	**916**	931
Assets held on behalf of principals	**653**	650
Contract assets	**82**	110
Amounts due from non-controlling interests	**80**	83
Amounts due from joint ventures	**12**	12
Amounts due from fellow subsidiaries	**4**	4
Amounts due from associates	**–**	1
Derivative financial instruments	**2**	14
	8,222	8,839
Less: Non-current finance lease receivables	**(401)**	(416)
Total	**7,821**	8,423

The ageing analysis of trade debtors and bills receivable based on the invoice date (net of provision for impairment of trade debtors) is as follows:

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Within 3 months	**3,045**	3,364
More than 3 months but within 1 year	**322**	373
Over 1 year	**35**	138
Total	**3,402**	3,875

The Group grants credit to its customers of the major reportable segments as below:

Reportable segments	**Credit terms in general**
Motor Business	Cash on delivery to 90 days
Consumer Products Business	Cash on delivery to 105 days

18. BORROWINGS

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Bank loans	**7,198**	6,688
Bank overdrafts	**39**	123
Other loans	**232**	160
Total	**7,469**	6,971

Certain assets of the Group are pledged to secure loans and banking facilities granted to certain subsidiaries and are as follows:

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Inventories	**199**	137
Bank deposits	**47**	82
Debtors and other current assets	**60**	56
Total	**306**	275

19. CREDITORS AND OTHER CURRENT LIABILITIES

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Trade creditors and bills payable	**3,271**	3,565
Other payables and accrued charges	**2,902**	2,533
Contract liabilities	**1,816**	1,998
Amounts due to non-controlling interests	**260**	246
Amounts due to associates	**68**	19
Amounts due to fellow subsidiaries	**17**	19
Provision for product rectification	**59**	55
Forward liabilities	**220**	219
Put option written on non-controlling interests	**30**	30
Derivative financial instruments	**2**	2
Total	**8,645**	8,686

19. CREDITORS AND OTHER CURRENT LIABILITIES (CONTINUED)

The ageing analysis of trade creditors and bills payable based on due dates is as follows:

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Current or within 1 month	**3,063**	3,355
More than 1 month but within 3 months	**119**	151
More than 3 months but within 6 months	**42**	29
Over 6 months	**47**	30
Total	**3,271**	3,565

20. OTHER NON-CURRENT LIABILITIES

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Loans from non-controlling interests	**114**	102
Contract liabilities	**57**	62
Derivative financial instruments	**22**	9
Put options written on non-controlling interests	**4**	4
Total	**197**	177

21. SHARE CAPITAL

	Unaudited 30 June 2019		Audited 31 December 2018	
	Number of shares (in million)	**HK$ million**	Number of shares (in million)	HK$ million
Ordinary shares, issued and fully paid:				
At 1 January/30 June/31 December	**1,886**	**1,669**	1,886	1,669

22. CAPITAL COMMITMENTS

Capital commitments outstanding at the end of the reporting period not provided for in the financial statements are as follows:

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
Contracted for		
– Capital expenditures	**186**	248
– Investment in an associate	**144**	146
Authorised but not contracted for		
– Capital expenditures	**110**	165

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments carried at fair value

Fair value hierarchy

The fair value of each financial instrument is categorised across three levels of the "fair value hierarchy" defined in HKFRS 13, *Fair Value Measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation techniques as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs (i.e. unadjusted quoted prices) in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs (i.e. observable inputs which fail to meet Level 1) and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments carried at fair value (Continued)

Fair value hierarchy (Continued)

30 June 2019 (Unaudited) HK$ million	**Level 2**	**Level 3**
Assets		
Financial assets at FVTPL	**–**	**39**
Financial assets at FVOCI	**133**	**–**
Derivative financial instruments	**2**	**–**
Liabilities		
Put options written on non-controlling interests	**–**	**(34)**
Derivative financial instruments	**(24)**	**–**
Forward liabilities	**–**	**(220)**

31 December 2018 (Audited) HK$ million	Level 2	Level 3
Assets		
Financial assets at FVTPL	–	54
Derivative financial instruments	14	–
Liabilities		
Put options written on non-controlling interests	–	(34)
Derivative financial instruments	(11)	–
Forward liabilities	–	(219)

During the six months ended 30 June 2019 and year ended 31 December 2018, there were no transfers between levels. The Group's policy is to recognise transfers between levels of the fair value hierarchy as at the end of the reporting period in which they occur.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial instruments carried at fair value (Continued)

Fair value hierarchy (Continued)

The movements during the period/year in the balances of these Level 3 fair value measurements of the fair value hierarchy are as follows:

For the six months period ended 30 June 2019 (Unaudited)

HK$ million	**Financial assets at FVTPL**	**Put options written on non-controlling interests**	**Forward liabilities**
At 1 January 2019	**54**	**(34)**	**(219)**
Exchange adjustments	**–**	**–**	**(1)**
Fair value adjustment charged to profit or loss	**(15)**	**–**	**–**
At 30 June 2019	**39**	**(34)**	**(220)**

For the year ended 31 December 2018 (Audited)

HK$ million	Financial assets at FVTPL	Put options written on non-controlling interests	Forward liabilities
At 1 January 2018	61	(207)	(230)
Exchange adjustments	(6)	–	11
Capitalised interest	2	–	–
Exercise of put option	–	172	–
Fair value adjustment credited to reserves	–	1	–
Fair value adjustment charged to profit or loss	(3)	–	–
At 31 December 2018	54	(34)	(219)

23. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value measurements

The fair values of financial instruments are estimated as the present value of future cash flows, discounted at current market interest rates for similar interest-bearing bank borrowings, except for foreign currency forward contracts, interest rates swaps, cross currency swaps, financial assets at FVTPL, financial assets at FVOCI, put options written on non-controlling interests and forward liabilities. All financial instruments are carried at amounts not materially different from their fair values at 30 June 2019 and 31 December 2018.

Foreign currency forward contracts are marked to market using the foreign exchange forward rates ruling at the end of the reporting period.

The fair values of interest rates swaps and cross currency swaps are the estimated amount that the Group would receive or pay to terminate the swaps at the end of the reporting period, taking into account current interest rates and the current creditworthiness of the swap counterparties.

The fair value of financial assets at FVTPL is determined using the income approach for the non-derivative component and binomial option pricing model for the embedded derivative component. The significant unobservable inputs used in the fair value measurement are the discount rate of 17.0% at 30 June 2019 (31 December 2018: 16.9%) and volatility of 39.5% (31 December 2018: 33.5%). The fair value measurement is negatively correlated to the discount rate and positively correlated to the volatility.

The fair value of financial assets at FVOCI is determined with reference to the fair value of the underlying financial assets, including cash and listed investments traded in active markets, which are market observable.

The fair values of put options written on non-controlling interests and forward liabilities are estimated amount of the exercise price which are calculated pursuant to the terms of the share purchase agreement for acquisition of certain motor dealerships. The fair value measurement requires an estimation of post-acquisition profits and judgement on time value of money.

For the fair value of forward liabilities arising from the acquisition of certain motor dealerships, the sales growth rates are the significant unobservable input used in fair value measurement. The fair value measurement is positively correlated to the sales growth rates.

24. CONTINGENT LIABILITIES

(a) At the end of the reporting period, the Group has issued guarantees to banks in respect of banking facilities of HK$59 million (31 December 2018: HK$59 million) granted to and utilised by an associate of HK$31 million (31 December 2018: HK$31 million).

(b) At the end of the reporting period, a subsidiary has issued a guarantee of EUR1.2 million (31 December 2018: EUR1.2 million) to a trade creditor of an associate.

25. MATERIAL RELATED PARTY TRANSACTIONS

During the period, the Group had the following material related party transactions:

(a) Recurring transactions

HK$ million	**Unaudited Six months ended 30 June 2019**	2018
Sales to fellow subsidiaries	**1**	14
Purchases from associates	**(212)**	(198)
Rental expenses to fellow subsidiaries (Note)	**–**	(109)

Note: The Group entered into several rental agreements as lessee in respect of certain properties including office and industrial premises leased from fellow subsidiaries with lease periods ranging from 3 to 11 years. The amount of rental payable by the Group under these leases are amounted to HK$26 million per month, which was determined with reference to rental charged by these fellow subsidiaries to third parties. On the commencement date of the leases, the Group recognised right-of-use assets and lease liabilities of HK$1,273 million.

(b) Operating lease commitments with fellow subsidiaries

At the end of the reporting period, the Group's total future minimum lease payments on properties under non-cancellable operating leases with subsidiaries of CITIC Group Corporation are payable as follows:

HK$ million	**Unaudited 30 June 2019**	Audited 31 December 2018
	(Note)	
Within 1 year	**–**	302
After 1 year but within 5 years	**–**	595
Over 5 years	**–**	242
Total	**–**	1,139

Note: Upon initial application of HKFRS 16, future lease payments with fellow subsidiaries are recognised as right-of-use assets and lease liabilities in accordance with the policies set out in Note 2. The Group recognised right-of-use assets relating to the leases with fellow subsidiaries of HK$611 million and HK$987 million and lease liabilities of HK$623 million and HK$1,006 million on 1 January 2019 and 30 June 2019, respectively.

25. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with state-owned enterprises

Other than those transactions disclosed above, the Group has certain transactions with other state-owned enterprises including but not limited to sales and purchase of goods and services, use of utilities, bank deposits and borrowings.

These transactions are conducted in the ordinary course of the Group's businesses on terms comparable to those with independent third parties or other entities that are not state-owned.

Having considered the potential transactions to be impacted by related party relationships, the entity's pricing strategy, purchasing and approval processes and the relevant information that would be necessary for an understanding of the potential effect of the relationship on the financial statements, there are no transactions with other state-owned enterprises that require disclosure as material related party transactions.

26. COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 on 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. Further details of the changes in significant accounting policies are disclosed in Note 2.

27. HOLDING COMPANIES

At 30 June 2019, the directors considered the ultimate holding company of the Group to be CITIC Group Corporation, a wholly state-owned company established in the People's Republic of China. The intermediate holding company of the Group, CITIC Limited, which is incorporated and listed in Hong Kong, produces financial statements available for public use.

REVIEW REPORT

Review report to the board of directors of Dah Chong Hong Holdings Limited
(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 21 to 55 which comprises the consolidated statement of financial position of Dah Chong Hong Holdings Limited as of 30 June 2019 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2019 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
19 August 2019

STATUTORY DISCLOSURE

DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The board of directors of the Company (the "Board") has declared an interim dividend of 4.23 HK cents per share (2018: 5.05 HK cents) for the year ending 31 December 2019 payable on Monday, 30 September 2019 to shareholders whose names appear on the Register of Members of the Company on Friday, 6 September 2019. The Register of Members of the Company will be closed from Wednesday, 4 September 2019 to Friday, 6 September 2019, both days inclusive, during which period no share transfer will be effected. In order to qualify for the interim dividend, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 3 September 2019.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme (the "Scheme") on 28 September 2007. Under the Scheme, the Board may offer to grant an option over the Company's shares to any person employed by the Company or any of its subsidiaries and any person who is an officer or director (whether executive or non-executive) of the Company or any of its subsidiaries as the Board may, in its absolute discretion, select. A consideration of HK$1.00 is payable by each grantee to the Company on acceptance of the offer of the option. The subscription price determined by the Board will not be less than the higher of (i) the closing price of the Company's shares as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. The maximum number of shares over which options may be granted under the Scheme and any other schemes of the Company shall not in aggregate exceed 10% of (i) the shares of the Company in issue immediately following the commencement of dealings in the Company's shares on the Stock Exchange; or (ii) the shares of the Company in issue from time to time, whichever is the lower. The Scheme was valid and effective till 27 September 2017, after which no further share options will be granted.

Since the adoption of the Scheme, the Company has granted the following share options:

Date of grant	Number of share options	Exercise period	Exercise price per share HK$
7.7.2010	23,400,000	7.7.2010 – 6.7.2015	4.766
8.6.2012	24,450,000	8.6.2013 – 7.6.2017 *	7.400
30.4.2014	28,200,000	30.4.2015 – 29.4.2019 *	4.930

* Subject to a vesting scale

The share options granted on 7 July 2010, 8 June 2012 and 30 April 2014 had expired.

Of the share options granted on 30 April 2014, 27,850,000 were accepted and 350,000 were not as at the latest date of acceptance pursuant to the scheme rules (i.e. 28 May 2014). The share options granted are subject to a vesting scale. 25% of the 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. The closing price of the shares of the Company immediately before the grant on 30 April 2014 was HK$4.91 per share. The share options expired by the close of business on 29 April 2019.

During the six months ended 30 June 2019, 21,050,000 share options lapsed and none of the share options under the Scheme were exercised and cancelled.

A summary of the movements of the share options under the Scheme during the six months ended 30 June 2019 is as follows:

(a) Directors of the Company

Name of Director	Date of Grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2019	Granted during the six months ended 30.6.2019	Lapsed/ cancelled during the six months ended 30.6.2019	Exercised during the six months ended 30.6.2019	Balance as at 30.6.2019	Approximate percentage to the number of issued shares
Lee Tak Wah	30.4.2014	30.4.2015 – 29.4.2019	4.93	900,000	–	(900,000)	–	–	–

(b) Employees of the Group working under continuous contracts (as defined in the Employment Ordinance), other than directors of the Company

Date of Grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2019	Granted during the six months ended 30.6.2019	Lapsed/ cancelled during the six months ended 30.6.2019	Exercised during the six months ended 30.6.2019	Balance as at 30.6.2019	Approximate percentage to the number of issued shares
30.4.2014	30.4.2015 – 29.4.2019	4.93	5,900,000 (Note 2)	–	(5,900,000)	–	–	–

(c) Others (Note1)

Date of Grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2019	Granted during the six months ended 30.6.2019	Lapsed/ cancelled during the six months ended 30.6.2019	Exercised during the six months ended 30.6.2019	Balance as at 30.6.2019	Approximate percentage to the number of issued shares
30.4.2014	30.4.2015 – 29.4.2019	4.93	14,250,000 (Note 2)	–	(14,250,000)	–	–	–

Notes:

1 These are in respect of share options granted to former employees whose employment was terminated other than for cause or misconduct.

2 700,000 share options were reclassified to the opening balance of "Others", subsequent to certain employees having retired on 1 January 2019.

DIRECTORS' INTERESTS IN SECURITIES

The interests of the directors in shares of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as at 30 June 2019 as recorded in the register required to be kept under section 352 of the SFO were as follows:

1. Shares in the Company

Name of director	Number of shares Personal interests	Approximate percentage to the number of issued shares
Lai Ni Hium	740,928	0.039%
Lee Tak Wah	100,000	0.005%

2. Shares in Associated Corporations

(a) CITIC Telecom International Holdings Limited

Name of director	Number of shares Personal interests	Approximate percentage to the number of issued shares
Kwok Man Leung	150,000	0.004%

(b) China CITIC Bank Corporation Limited

Name of director	Number of shares Family interests	Approximate percentage to the number of issued shares
Lee Tak Wah	4,000	0.000027%

3. Share Options in the Company

The interests of the directors in the share options (being regarded as unlisted physically settled equity derivatives) of the Company are stated in detail in the preceding section of Share Option Scheme.

4. Shares Options in Associated Corporation

CITIC Telecom International Holdings Limited

Name of director	Date of grant	Exercise period	Exercise price per share HK$	Number of share options: Balance as at 1.1.2019	Granted during the six months ended 30.6.2019	Lapsed/ cancelled during the six months ended 30.6.2019	Exercised during the six months ended 30.6.2019	Balance as at 30.6.2019	Approximate percentage to the number of issued shares
Fei Yiping	24.3.2017	24.3.2018–23.3.2023	2.45	500,000	–	–	–	500,000	
	24.3.2017	24.3.2019–23.3.2024	2.45	500,000	–	–	–	500,000	
				1,000,000				1,000,000	0.027%

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

Save as disclosed above, as at 30 June 2019, none of the directors of the Company had nor were they taken to or deemed to have, under Part XV of the SFO, any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations or any interests which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or any interests which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 30 June 2019, the interests of the substantial shareholders, other than the directors of the Company or their respective associate(s), in the shares of the Company 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 of the Company	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%
CITIC Pacific Limited	1,074,477,918	56.97%
Davenmore Limited	1,065,580,303	56.50%
Colton Pacific Limited	837,698,195	44.42%
Chadacre Developments Limited	256,356,366	13.59%
Ascari Holdings Ltd.	227,882,108	12.08%
Cornaldi Enterprises Limited	99,694,095	5.29%

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

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

Davenmore Limited was deemed to be interested in 1,065,580,303 shares as Colton Pacific Limited and Ascari Holdings Ltd. were its wholly-owned subsidiaries.

CITIC Pacific Limited was deemed to be interested in 1,074,477,918 shares through its direct wholly-owned subsidiary, Davenmore Limited as to 1,065,580,303 shares and its indirect wholly-owned subsidiary, Hainsworth Limited 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, CITIC Pacific Limited.

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

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the six months ended 30 June 2019.

Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the six months ended 30 June 2019.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance. The Board believes that good corporate governance practices are important to promote investor confidence and protect the interest of our shareholders. Looking ahead, we will keep our corporate governance practices under continual review to ensure their consistent application and will continue to improve our practices having regard to the latest developments. Details of our corporate governance practices can be found in the Annual Report 2018 and on the Company's website at www.dch.com.hk.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the six months ended 30 June 2019.

REVIEW OF INTERIM REPORT

The Audit Committee of the Board, consisting of five independent non-executive directors, has reviewed the Interim Report 2019 with the management, internal and external auditors and recommended its adoption by the Board.

The interim financial report is prepared in accordance with HKAS 34, "Interim Financial Reporting". It has been reviewed by the Company's independent auditor KPMG in accordance with the Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code contained in Appendix 10 to the Listing Rules, all directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2019.

DEFINITION OF TERMS

TERMS

Total debt	Short term and long term loans, plus bank overdrafts
Net debt	Total debt less cash and bank deposits
Total capital	Shareholders' funds plus net debt
Total capital employed	Shareholders' funds plus total debt
Segment revenue	Segment revenue from external customers plus inter-segment revenue

RATIOS

$$\text{Basic earnings per share} = \frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares (by days) in issue during the period}}$$

$$\text{Diluted earnings per share} = \frac{\text{Profit attributable to shareholders}}{\text{Weighted average number of shares (diluted)}}$$

$$\text{Net asset value per share} = \frac{\text{Net assets}}{\text{Number of shares in issue at the end of the period}}$$

$$\text{Net gearing ratio} = \frac{\text{Net debt}}{\text{Total capital}}$$

CORPORATE INFORMATION

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20 Kai Cheung Road
Kowloon Bay, Hong Kong
Telephone: 2768 3388
Fax: 2796 8838

Website
www.dch.com.hk contains a description of Dah Chong Hong Holdings Limited's business, copies of interim and annual reports to shareholders, announcements, press releases and other information.

Stock Codes
The Stock Exchange of Hong Kong Limited: 01828
Bloomberg: 1828:HK
Reuters: 1828.HK

Share Registrar
Shareholders should contact our Share Registrar on matters such as transfer of shares, change of name or address, or loss of share certificates:

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East,
Hong Kong
Telephone: 2980 1333
Fax: 2810 8185

Investor Relations
Investors, shareholders and research analysts may contact the Investor Relations Department.
Telephone: 2768 3110
Fax: 2758 1117
Email: ir@ir.dch.com.hk

Financial Calendar

Closure of Register:	4 September 2019 to 6 September 2019
Interim Dividend payable:	30 September 2019

Interim Report 2019

Our Interim Report is printed in English and Chinese language and is also available on our website at www.dch.com.hk under the "Investors" section.

Shareholders may choose to rely on the Interim Report posted on the Group's website and change their preference by writing to the Company's Share Registrar. Shareholders having difficulty in gaining access to the document will promptly be sent printed copies free of charge upon request to the Company's Share Registrar.

Non-registered shareholders wish to receive a printed copy of our Interim Report are requested to write to the Corporate Communications Department, Dah Chong Hong Holdings Limited, 8th Floor, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong, or by fax: 2756 5167 or by email: contact@dch.com.hk.

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