大昌行集團有限公司

DAH CHONG HONG HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

Global Coordinator, Bookrunner, Lead Manager and Sponsor

If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

大昌行集團有限公司

DAH CHONG HONG HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

GLOBAL OFFERING

Number of Offer Shares	**:**	**781,200,000 Shares (subject to Over-allotment Option)**
Number of Public Offer Shares	**:**	**123,020,000 New Shares (subject to adjustment)**
Number of International Placing Shares	**:**	**658,180,000 Shares (subject to Over-allotment Option and adjustment) comprising 56,980,000 New Shares and 601,200,000 Sale Shares**
Offer Price	**:**	**Not more than HK$5.88 per Offer Share (payable in full on application and subject to refund) and expected to be not less than HK$4.55 per Offer Share**
Nominal value	**:**	**HK$0.15 per Share**
Stock code	**:**	**1828**

Global Coordinator, Bookrunner, Lead Manager and Sponsor

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

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

A copy of this Prospectus, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies in Hong Kong" in Appendix VII to this Prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 38D of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this Prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Company, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters) at or about 8:00 a.m., 10 October 2007 or such later time or date as may be agreed by the Company and the Global Coordinator but in any event not later than noon, 10 October 2007.

The Offer Price will be not more than HK$5.88 per Offer Share and is expected to be not less than HK$4.55 per Offer Share. Investors applying for Public Offer Shares must pay the maximum Offer Price of HK$5.88 per Offer Share together with brokerage fee of 1%, Stock Exchange trading fee of 0.005% and SFC transaction levy of 0.004%. The Global Coordinator (on behalf of the Underwriters) may reduce the indicative Offer Price range stated in this Prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, a notice of the reduction of the indicative Offer Price range will be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Public Offer. If applications for Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the Offer Price is so reduced, such applications cannot subsequently be withdrawn. Further details are set out in the sections headed "Structure and conditions of the Global Offering" and "How to apply for Public Offer Shares and Reserved Shares" in this Prospectus.

If, for any reason, the Offer Price is not agreed between the Company, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters) at or about 8:00 a.m., 10 October 2007 (or such later time or date as may be agreed by the Company, the Selling Shareholder and the Global Coordinator) but in any event not later than noon, 10 October 2007, the Global Offering will not become unconditional and will lapse. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus and the application forms, including the risk factors set out in the section headed "Risk factors" in this Prospectus.

Pursuant to the termination provisions contained in the Underwriting Agreements in respect of the Offer Shares, the Global Coordinator (on behalf of the Underwriters) has the right in certain circumstances, in the reasonable opinion of the Global Coordinator, to terminate the obligations of the Underwriters pursuant to the Underwriting Agreements at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Further details of the terms of the termination provisions are set out in the section headed "Underwriting — Grounds for termination" in this Prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the US Securities Act and may be offered, sold, pledged or transferred (i) in the United States to QIBs in reliance on Rule 144A or another exemption from registration under the US Securities Act and (ii) outside the United States in reliance on Regulation S under the US Securities Act.

4 October 2007

If there is any change in the following expected timetable of the Public Offer, the Company will issue an announcement to be published in English in South China Morning Post and in Chinese in the Hong Kong Economic Times.

	2007 *(Note 1)*
Latest time to lodge **PINK** application forms	1:00 p.m. on 8 October
Latest time to lodge **WHITE, YELLOW** and **BLUE** application forms	12:00 noon on 9 October
Latest time to give **electronic application instructions** to HKSCC *(Note 2)*	12:00 noon on 9 October
Application lists open *(Note 3)*	11:45 a.m. on 9 October
Application lists close	12:00 noon on 9 October
Expected Price Determination Date *(Note 4)*	10 October
Announcement of the Offer Price, the level of indication of interest in the International Placing, the results of applications of Public Offer and Preferential Offer and the basis of allotment of the Public Offer Shares and Reserved Shares to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on	16 October
Despatch of Share certificates in respect of wholly or partially successful applications on *(Note 5)*	16 October
Despatch of refund cheques in respect of wholly or partially unsuccessful applications on *(Note 5) (Note 6)*	16 October
Dealings in Shares on the Stock Exchange expected to commence on	9:30 a.m. on 17 October

Notes:

1. All times refer to Hong Kong local time, except as otherwise stated. Details of the structure and conditions of the Global Offering, including its conditions, are set out in the section headed "Structure and conditions of the Global Offering" in this Prospectus.

2. Applicants who apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for Public Offer Shares and Reserved Shares — How to apply by giving **electronic application instructions** to HKSCC" in this Prospectus.

3. If there is a "**black**" rainstorm warning or a tropical cyclone warning signal number 8 or above in force at any time between 9:00 a.m. and 12:00 noon on 9 October 2007, the application lists will not be opened on that day. Further information is set out in the section headed "How to apply for Public Offer Shares and Reserved Shares — Effect of bad weather conditions on the opening of the application lists" in this Prospectus.

4. Please note that the Price Determination Date, being the date on which the Offer Price is to be determined, is expected to be at or about 8:00 a.m., 10 October 2007. Notwithstanding that the Offer Price may be fixed at below the maximum offer price of HK$5.88 per Share payable by applicants for Shares under the Public Offer, applicants who apply for Shares must pay on application the maximum offer price of HK$5.88 per Share plus the brokerage of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005% but will be refunded the surplus application monies as provided in the section headed "How to apply for Public Offer Shares and Reserved Shares" in this Prospectus.

5. Applicants who apply for 1,000,000 or more Public Offer Shares and/or 1,000,000 or more Reserved Shares and have indicated in their Application Forms their wish to collect refund cheques (where applicable) and, where applicable, Share certificates in person may do so from the Share Registrar, Tricor Investor Services Limited, from 9:00 a.m. to 1:00 p.m. on 16 October 2007 or any other date notified by the Company in the newspaper as the date of despatch of Share certificates and/or refund cheques. Applicants being individuals who opt for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations' chops. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Share Registrar. Uncollected Share certificates and refund cheques will be despatched by ordinary post at the applicant's own risk to the addresses specified in the relevant Application Forms shortly thereafter. Further information is set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" in this Prospectus.

6. Refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications in the event that the Offer Price is less than the initial price per Offer Share payable on application.

Share certificates will only become valid certificates of title provided that the Public Offer and the Preferential Offer have become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is expected to be prior to 8:00 a.m. on the Listing Date. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

You should rely only on the information contained in this Prospectus and the application forms to make your investment decision.

The Company has not authorised anyone to provide you with information that is different from what is contained in this Prospectus and/or the related application forms.

Any information or representation not included in this Prospectus and the related application forms must not be relied on by you as having been authorised by the Company, the Sponsor, the Underwriters, any of their respective directors or affiliates, or any other person involved in the Global Offering.

Page

CONTENTS

Page

This summary aims to give you an overview of the information contained in this Prospectus and should be read in conjunction with the full text of this Prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read this Prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are summarized in the section headed "Risk Factors" in this Prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

Various expressions used in this section are defined or explained in the sections headed "Definitions" and "Glossary of Technical Terms" in this Prospectus.

The Group is a diversified business conglomerate in motor vehicle sales, motor vehicle related business and services, sales of food and consumer products, as well as logistics services, supported by integrated distribution platforms and a well-established base and network in the PRC, Hong Kong and Macao. Leveraging on the strong brand name of "Dah Chong Hong" in Hong Kong and with over 40 years of experience engaging in motor vehicle sales and related businesses, the Group is now a leading motor group in Hong Kong and Macao and is pursuing a strategy to be one of the leaders in the PRC market. The Group is also a leading food and consumer products distribution group with over 50 years of experience and a leading logistics service provider in Hong Kong. It is pursuing a strategy to be a leading food and consumer products trading group and a leading logistics service provider in the PRC and Macao.

The Group's leading position in its core trading and distribution business in Hong Kong has enabled it to generate a strong and stable recurring cashflow from its motor vehicle and related business as well as its food and consumer products business to fund the development of its PRC business. With rapidly rising PRC consumer demand, the Group has adopted a high growth strategy in its PRC business, supported by its strong local management team's ability to capture the business opportunities in the PRC market. This has proven to be a successful strategy as the Group's revenue derived from the PRC constitutes a substantial part of the Group's total revenues during the three years ended 31 December 2006 and the six months ended 30 June 2007.

The Group has over 40 years of experience in the sales, distribution and servicing of motor vehicles, during which time it has established long term relationships with international motor vehicle manufacturers. As at the Latest Practicable Date, it was granted distributorships for 11 brands of motor vehicles in Hong Kong, which accounted for approximately 27% of the brand new vehicle market in the territory in 2006 according to the new vehicle registration scheme of the Transport Department of Hong Kong. The brands in Hong Kong as at the Latest Practicable Date included Acura, Audi, Bentley, Honda, Isuzu, MAN, Nissan, Opel, Saab, UD Nissan Diesel and Volkswagen. Pursuant to these distributorships other than the distributorship for Bentley, the Group is responsible for the distribution and service operations of 10 brands of motor vehicles within Hong Kong and Macao, including the right to appoint dealers within Hong Kong and Macao, who are responsible for the sale of these motor vehicles to end consumers. As at the Latest Practicable Date, the Group also sold, through its subsidiaries and Contractual Arrangements with local partners, 17 vehicle brands (including 2 national and a regional distributorship), 29 4S outlets in 10 major cities in the PRC, 21 of which are operated under city dealerships. As at the Latest Practicable Date, the brands in the PRC included, among others, Bentley, BJ Hyundai, DF Honda, DF Nissan, DYK, FAW Audi, FAW Mazda, FAW Toyota, GZ Honda, Haima, Isuzu, Nissan, Qingling, Renault and SGM Buick. Pursuant to such city dealerships, the Group is responsible for the retail business of the sale of the motor vehicles to end consumers within the specified cities in the PRC. In addition, three memoranda of understanding were entered into in respect of three 4S outlets for Mercedes-Benz vehicles and Haima vehicles. The Group also has vehicle distribution businesses in Canada and Singapore. Given the wide range of brands in the Group's portfolio, it covers target customers from all walks of life and industries.

In addition, the Group has, through its subsidiary, Dah Chong Hong, over 50 years of experience in the trading and distribution of food and consumer products. As at the Latest Practicable Date, it distributed over 500 food commodities from 39 countries, such as frozen beef from Tyson of the United States and frozen pork and poultry from Seara of Brazil to a wide range of customers, including wholesalers which the Directors believe the Group has achieved market penetration in the wholesaler segment of approximately 81% in Hong Kong in 2005, and approximately 700 fast moving consumer goods, or FMCG, from 28 countries, such as Pocari Sweat sports drink, Ovaltine tonic food drink, and Ferrero confectionery. The Group also has an extensive distribution network covering more than 5,000 customers in Hong Kong and Macao, and more than 10,000 customers in the PRC. The Group's customers come from the food service, retail and wholesale industries in the PRC, Hong Kong and Macao as well as from overseas markets in Japan and Singapore. It also has a significant presence in the Hong Kong frozen food retail market with its 48 DCH Food Mart outlets and 4 DCH Food Mart Deluxe outlets.

The diversified and broad client base and customer information database have provided the Group with a ready platform to establish a well developed distribution network to service its businesses as well as for servicing third party customers, including but not limited to FMCG suppliers, food service operators, retailers and hoteliers. The Group sees great potential for growth in its logistics business as its customer base provides a one-stop brand building and penetration platform to the Hong Kong, Macao and the PRC markets for FMCG brand owners, especially in the imported branded food products segment. Coupled with the Group's strong national distribution network in the PRC, the Group aims to provide food supply chain management services to its customers in the catering and hospitality sectors. The Group's logistics and supply chain management business has received professional and international recognitions. In 2006, the Group was awarded the "Best Regional Third Party Logistics Company (3PL) in 2006" by the Global Institute of Logistics based in New York and also the "Hong Kong Logistics Award 2006" by the Hong Kong Trade Development Council and the Hong Kong Productivity Council, which among other criteria, includes assessment on a candidate's leadership and contribution to the logistics industry. As consumer spending in the PRC continues to increase and more manufacturers opt to outsource their logistics operations to professional logistics service providers, the Group believes that supply chain management services and logistics business offer strong growth potential in the coming years.

The Group's strong client relationships place it in a favourable position to obtain a high level of recurring business. It has forged a global and reputable customer base as well as an international procurement network which includes leading domestic and international brand names. The Group's ability to maintain such long-standing relationships with its customers and suppliers is mainly attributable to the Group's integrity and professionalism in customer service, both of which have been recognised in the industry and have led to the development of a strong brand name and goodwill for the Group.

The Group's core businesses are entering into an expansionary phase of the business cycle, creating significant opportunities with the Group's established PRC distribution network, customer base, and international procurement network. With this, the Group intends to further develop its motor vehicle, food and consumer products and logistics businesses in the PRC with an ultimate aim to be a leader in the trading and distribution of multi-brand motor vehicles, food and consumer products in various major cities in the PRC, and to be a leader in the provision of total food supply chain services.

The following tables show the turnover of each business segment of the Group as well as the geographical breakdown of revenue, each expressed as a percentage of the total turnover for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

Turnover	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m* *(unaudited)*	*%*	*HK$'m*	*%*
Motor segment	6,681.0	58.1	5,532.8	52.6	7,683.9	59.5	3,469.6	59.4	4,312.7	61.8
Food and consumer products segment	4,677.8	40.8	4,821.5	45.8	5,047.1	39.0	2,284.7	39.1	2,567.3	36.7
Logistics segment	85.6	0.7	117.8	1.1	144.4	1.1	64.0	1.1	84.8	1.2
Others	49.7	0.4	47.9	0.5	51.0	0.4	24.0	0.4	24.2	0.3
Total	**11,494.1**	**100.0**	**10,520.0**	**100.0**	**12,926.4**	**100.0**	**5,842.3**	**100.0**	**6,989.0**	**100.0**

Turnover	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m* *(unaudited)*	*%*	*HK$'m*	*%*
Hong Kong and Macao	5,364.8	46.7	5,683.6	54.0	5,791.7	44.8	2,771.2	47.4	2,949.3	42.2
PRC (other than Hong Kong and Macao)	4,791.6	41.7	3,516.6	33.4	5,569.1	43.1	2,379.7	40.7	3,216.5	46.0
Others	1,337.7	11.6	1,319.8	12.6	1,565.6	12.1	691.4	11.9	823.2	11.8
Total	**11,494.1**	**100.0**	**10,520.0**	**100.0**	**12,926.4**	**100.0**	**5,842.3**	**100.0**	**6,989.0**	**100.0**

CUSTOMERS

Motor vehicles

The Group operates in diverse market environments, faces various market risks and has different operating modes of businesses in Hong Kong, Macao and the PRC. The degrees of differences vary from locations to locations, and from segments to segments. Hong Kong's motor vehicles industry is a matured market with market size maintained at around 33,000 units to 34,400 units in the past three years. Passenger car sales accounted for the biggest portion in the vehicle sales in Hong Kong and the annual sales volume maintained steadily at around 24,000 units to 25,500 units since 2004. In view of Hong Kong's well-developed public transport system and high standard of living, passenger cars are a luxury good to most end consumers. As a result, motor vehicle buyers consider exterior design, quality, performance and price as some of the important elements in making the vehicle purchase decision. Based on the Group's experience, luxury sedan, better specification or full options models usually receive better responses from customers than other more economical models. Under this customer preference, the Group expects the latest Tax Incentive programme for environmentally friendly petrol private cars would not vastly increase the market size. However, the incentive program will encourage car buyers to purchase environmental friendly models. Meanwhile, the sales of other commercial vehicle such as taxi, buses, light buses and goods vehicles were highly driven by government policy. In order to improve the air quality, there were a number of subsidy or incentive programs implemented by the Hong Kong government in the past years, including the latest replacement scheme for pre-Euro and Euro I diesel commercial vehicle, these programs encouraged the replacement demand commercial vehicle operators and helped to increase the vehicle sales. For its Hong Kong vehicle distribution business, the Group plays the role of a distributor and a dealer at the same time, as there is no industry regulatory restrictions in Hong Kong prohibiting the dual-function as both the vehicle distributor and dealer. The Group is involved in every channel in the process of the distribution of motor vehicles sourced from the automobile manufacturers until the delivery of the motor vehicles to the hands of the end consumers.

While in the PRC, regulated by the Measures for the Implementation of the Administration of Branded Automobile Sales (汽車品牌銷售管理實施辦法), the role and duty of every party in the vehicle distribution process, from the manufacturer, the distributor to the dealer, are well defined. Due to the extensive coverage of dealership network, manufacturers are usually involved in the distribution as well, and will also occasionally be involved in the dealership role. As the distributorship role is usually taken up by manufacturers directly, individual operators are mainly involved in the dealership business. In order to cover all potential customers in such a large country, manufacturers will appoint more than one dealerships in the same territory, thus a dealership has to face competition from dealerships of other brands and even dealership of the same brand. Unlike Hong Kong market, there may also be competition from dealerships in nearby territories. In the PRC, despite keen price competition, motor vehicle buyers also consider the quality and after sales services in making vehicle purchase decision. In addition, given the large market size, the market is able to accept a greater variety of brand and products than small market such as Hong Kong. The Group's city dealership business is mainly focus on the retail aspect in the vehicle distribution process, which a manufacturer or distributor delivers the vehicles directly to the city dealer, and the Group, as a city dealer, is only responsible for selling of the motor vehicles to end consumers, providing aftersales service and doing local advertising and promotional activities for the dealership. As for the distributorship business, the Group performs similar functions as that rendered in Hong Kong and Macao except for the selling of motor vehicles and providing of aftersales services to end consumers, where such services are sometimes handled by the city dealers appointed by the Group with the approval from automobile manufacturers.

In Hong Kong and Macao, the Group faces keen competitions from other motor vehicle distributors and parallel importers for motor vehicles of the same categories. Such competition is among various automobile brands as each automobile brand appoints only one distributor in Hong Kong and Macao. On the other hand, in the PRC, the Group faces keen competitions among other dealers distributing the same brand as well as other brands within the authorised territory since there are usually multiple dealers for each brand within the authorised territory. Please see "Business — Competition". The Group faces other market risks in Hong Kong, Macao and the PRC such as the risks of changes in customer preference, price competition, product defect, delay in factory production. Please see "Risk factors".

Food and consumer products

For its food commodities and FMCG distribution business in Hong Kong, the Group's operating mode is encompassing as it covers segments such as wholesale, food service, retail and food processing with strong support from the Group's solid logistics platforms. The encompassing business model of the Group in Hong Kong and Macao is evolved from the ever changing consumer taste or preference for food commodities and FMCG. The increasing trend towards health, diet control, and functional food consumption has boosted the Group's sales of food commodities such as seafood and lean meat, as well as FMCG beverages that come with added minerals or less sugar. On food service, the limited space and rising rental in Hong Kong and Macao have driven food service operators to outsource food preparation processes to food distributors such as the Group, in order to squeeze more space to seat diners by trimming down the size of their kitchens, thereby bringing additional business opportunities for the Group's HACCP-accredited food processing business. Most of the food distribution channels in Hong Kong are handled directly by the Group with some distribution channels handled through wholesalers appointed by the Group to help to distribute to some non-chain retail customers or retail customers who are remotely located. Other than distributing products to a wide array of customers, the Group also runs its own food retail arm comprising Food Mart and Food Mart Deluxe outlets. The Group's food processing operations lend further support by adding processed food products to suit the customers it serves, especially food service and retail. On the other hand, with the liberalisation of the domestic food market with reducing import duties since the PRC became a member of the WTO, as well as the increasing expenditure of urban households on food in the PRC, sales of quality and hygienic food products, especially imported FMCG products, have increased. The main distribution channels for frozen, chilled and packaged food in the PRC remain wholesale and retail markets such as supermarkets, hypermarkets, grocery, fast food chains, convenience stores, restaurants and hotels. Due to the huge territory to cover, the Group leverages on wholesalers in addition to using its own sales teams to maximise market penetration in the PRC. For food commodities, wholesalers play an important part in the Group's distribution network, supported by the Group's direct sales to food service customers for better understanding of their needs and providing better services. With regard to FMCG, retail customers, especially retail chains, which are the core customers, the Group has built dedicated sales and marketing team for effective management. Similar to the operating mode in Hong Kong, wholesalers are appointed to cover FMCG customers not economically served directly by the Group. On retail operation, unlike that in Hong Kong, the Group was not running any retail operations in the PRC as at the Latest Practicable Date as the retail market in the PRC is dominated by large supermarkets and hypermarkets. To sustain long-term business growth, the Group has started to develop house brands to provide further choices to customers and to attain higher economy of scale with the added volume from this business line.

For its food commodities and FMCG distribution business in Hong Kong and Macao, the Group operates in a highly competitive and mature market with relatively few restrictions of market entry. On the other hand, the market for food commodities and FMCG in the PRC is quite competitive in terms of price and stability of supply. The food products market in the PRC is huge in terms of volume and speed in turnover. Please see "Business — Competition". The Group faces other market risks in Hong Kong, Macao and the PRC such as changes in consumers' tastes and preferences, credit risks and inventory obsolescence risks. Viewed as one market generally, the PRC is in fact a summation of slightly different markets because consumers' tastes and preferences vary in different parts in the PRC. Purchasing habit is also not identical. Please see "Risk factors".

On electrical appliances, the Group is involved in distribution in that it sources products from manufacturers and distributes them to retailers. Such products are mainly for household consumption. Since a majority of electrical appliances are sold through retail channels such as retail chain stores and department stores in Hong Kong, Macao and the PRC, maintaining close working relationships with retailers who possess distribution network and good reputation is important. The Group has set up dedicated teams with experienced personnel to manage marketing and sales of products through them. Other than distribution of electrical appliances, the Group also provides repair and maintenance services to the brands it distributes. In view of Hong Kong's high standard of living and the society's concern for the environment, electrical appliances buyers consider brand name, quality, performance, refinement, energy saving, environmentally friendliness as well as product safety as some important factors in making purchase decision. Besides functional aspects, aesthetical dimensions such as the look of the products also have increasing influence on sales. In the PRC, electrical appliances consumers consider energy saving and product safety as important factors for making purchase decision. In addition, with the rising development in the entertainment industry associated with rising consumption power in the PRC, professional audio products have been selling well in the PRC to the entertainment industry. To achieve a win-win situation, the Group plays an important role in bridging the retailers and the manufacturers by keeping manufacturers abreast of consumer feedbacks as well as any newly implemented government policies and potential market changes. Electrical appliances are consumer durables and generally trigger more consumer involvement in deciding what brands to buy. Buying decisions are usually based on quality or price, or both at the same time. The Group faces keen competition in the electrical appliances market in Hong Kong that comprises imported and China-made brands, with high-end and budget products to cater for both quality-conscious and price-conscious consumers. In the PRC, the Group faces keen competition from Chinese brands as well as China-made foreign brands of electrical appliances. Please see “Business — Competition”. In Hong Kong, the Group has over the years built a balanced product portfolio to cater for the needs of a wide range of customers. While in the PRC, the Chinese brands and China-made foreign brands bring new business on one hand but on the other hand, this breeds higher risk of stock obsolescence. Hence, the Group has been cautious in managing the introduction of new products and the fading out of past generation items. Please see “Risk factors”.

Logistics

On logistics business, operators in Hong Kong and Macao such as the Group, face keen competition especially in the range of services provided, including conventional logistics services such as storage and delivery; value-added services such as product repackaging, customs clearance and food safety inspection arrangement. The Group has a history of working closely with FMCG manufacturers or brand owners in providing value-added services such as providing repackaging materials sourcing services to FMCG customers, thereby saving them costs and time. This has become a competitive edge of the Group compared with other logistics service providers in Hong Kong who are not as strong in serving FMCG customers as the Group. The Group also goes cross-border or cross-market to support customers' business expansion, such as by supporting a customer to expand its garment retail business to Macao recently. In the PRC, the huge geographical coverage of the PRC market poses stringent challenge to any logistics service provider, including the Group. After careful evaluation and planning, the Group has already set up a logistics service network that covers 9 key cities in the PRC with the support from its multi-function logistics hub in Xinhui, Jiangmen city. While the Group will continue to deepen its logistics operations in these key cities, plans are in place to expand to more cities to further expand its logistics coverage in the PRC. The Xinhui logistics hub will be vastly developed to grow its existing business, as well as to lend support to the Group's constantly expanding logistics coverage network in the PRC. The Group is also looking to build cold storage facilities in the Xinhui logistics hub to support business within and outside of China, especially for serving hotels and casinos in Macao.

In a highly competitive logistics market such as Hong Kong, there are always small players who compete primarily on price to attract price-sensitive customers. The Group faces competitions from other logistics operators on pricing and services, which are based on their capabilities measured by factors such as number of warehouses, type of facilities such as cold storage facilities of various temperature, storage area, location of warehouses, size and variety of delivery fleet, degree of sophistication of information technology system, know-how in handling logistics services and experience of management team. In order to distinguish from operators who compete mainly on price, the Group positions and differentiates itself from them by emphasising on the range and level of service it provides. Please see “Business — Competition”. In addition, the logistics business in the PRC is still in a development stage and is identified as a focus industry in many cities in which local governments are required to speed up its development. As at the Latest Practicable Date, sophisticated facilities such as cold storage warehouses and temperature-controlled delivery trucks are in strong demand. Standards of logistics services have ample room for improvement to match the international standards. While there is a huge potential for growing logistics business in the PRC, a key factor hinges on the pace of the development of infrastructure in the PRC, because without effective and efficient transport network, investment in developing logistics business could be in vain. Please see “Industry overview — The PRC logistics services and supply chain management industry” and “Risk factors”.

Customer relationships

The Group's motor vehicle business has established good customer relationships with major corporations and government departments. The Group has also set up a "DCH Motor Club" in Hong Kong to promote its latest motor vehicles and services to car owners who have purchased motor vehicles from the Group. Motor business has now built up and maintained a database of over 100,000 existing customers. In respect of the Group's food and consumer products business, it has maintained very good relationships with major supermarket chains, convenience stores chains, hotels and fast-food restaurant chains in Hong Kong, Macao and the PRC. As at the Latest Practicable Date, the Group's food and consumer goods business had more than 5,000 customers in Hong Kong and Macao, and more than 10,000 customers in the PRC. With respect to its logistics business, the Group has developed its customer base from FMCG brand manufacturers, retailers, food service operators and exporters, and is continuing to expand this base.

The Group has maintained business relationships with its five largest customers and its largest customers for the three years ended 31 December 2006 and six months ended 30 June 2007 for not less than 5 years each. Although the Group has not entered into any long-term contracts with any of its customers save for the dealership agreement for its motor vehicle customers, the Directors consider that the Group has a good business relationship with its customers. The Group's sales to customers are generally denominated in the currencies of the countries in which the members of the Group operate, such that sales in Hong Kong are denominated in Hong Kong dollars, MOP in Macao, RMB in the PRC, Japanese Yen in Japan, Canadian dollars in Canada and Singapore dollars in Singapore.

For the three years ended 31 December 2006 and six months ended 30 June 2006 and 2007, the breakdown of sales in different currencies by percentage is as follows:

	For the years ended 31 December			**For the six months ended 30 June**	
	2004	**2005**	**2006**	**2006**	**2007**
Net Sales					
British Pounds Sterling	0.7%	0.5%	0.2%	0.1%	0.3%
Canadian dollars	2.9%	2.9%	2.1%	2.2%	2.4%
Euro	0.5%	0.1%	0.1%	0.2%	0.0%
Hong Kong dollars	48.1%	56.1%	46.4%	48.8%	43.4%
Japanese Yen	21.2%	8.0%	9.8%	11.6%	11.2%
Macao Pataca	0.1%	0.2%	0.2%	0.1%	0.3%
Renminbi	19.2%	22.7%	31.3%	28.0%	32.1%
Singapore dollars	4.5%	4.8%	6.3%	5.4%	6.2%
US dollars	2.8%	4.7%	3.6%	3.6%	4.1%
	100.0%	100.0%	100.0%	100.0%	100.0%

For the three years ended 31 December 2006 and six months ended 30 June 2007:

(a) total turnover attributable to the Group's five largest customers for its motor vehicle business accounted for approximately 14.5%, 4.5%, 9.3% and 13.0% of the Group's total motor vehicle sales turnover respectively;

(b) total turnover attributable to the Group's five largest customers for its food and consumer products business accounted for approximately 8.9%, 10.5%, 10.8% and 11.5% of the Group's total food and consumer products sales turnover respectively; and

(c) total turnover attributable to the Group's five largest customers for its logistics business accounted for approximately 41.2%, 43.1%, 44.4% and 42.5% of the Group's total logistics sales turnover respectively.

For the three years ended 31 December 2006 and the six months ended 30 June 2007, the Group's largest customer for:

(a) its motor vehicle business accounted for approximately 6.7%, 1.7%, 3.3% and 4.5% of the Group's motor vehicle business sales turnover respectively;

(b) its food and consumer products business accounted for approximately 2.4%, 2.8%, 3.2% and 3.8% of the Group's food and consumer products business sales turnover respectively; and

(c) its logistics business accounted for approximately 10.3%, 17.9%, 18.6% and 16.1% of the Group's logistics business sales turnover respectively.

SUPPLIERS

Suppliers relationships

The sources of the Group's supplies of products can be divided into 2 main groups, namely:

(a) products sourced under dealership or distributorship such as motor vehicles, Genuine Parts, OE Parts, FMCG products, electrical appliances and cosmetics; and

(b) food commodities such as frozen meat, frozen seafood and edible oil.

Save for the dealership or distributorship agreements for motor vehicles, Genuine Parts, OE Parts, FMCG products, electrical appliances and cosmetics, the Group has not entered into any other long-term contracts with its suppliers. Although the Group has not entered into any other long-term supply contracts with all of its other major suppliers, the Group does not foresee any major problems in the future related to the obtaining of goods required for its business as most of these products can be sourced in the market from other alternative suppliers and the Directors consider that the Group has a good business relationship with its suppliers. The purchase costs paid to the Group's suppliers are mainly settled in US dollars, Japanese Yen, GBP, Euro and Renminbi.

For the three years ended 31 December 2006 and six months ended 30 June 2006 and 2007, the breakdown of purchase costs in different currencies by percentage is as follows:

	For the years ended 31 December			For the six months ended 30 June	
	2004	2005	2006	2006	2007
Purchases					
Australian dollars	0.2%	0.2%	0.1%	0.1%	0.1%
British Pounds Sterling	2.4%	2.2%	6.0%	6.8%	5.9%
Canadian dollars	3.1%	3.5%	2.4%	3.3%	4.7%
Euro	4.9%	5.5%	5.3%	5.6%	5.4%
Hong Kong dollars	12.1%	15.8%	13.8%	12.1%	9.5%
Japanese Yen	35.2%	22.1%	20.7%	23.5%	21.4%
Renminbi	17.9%	19.9%	27.3%	23.0%	28.8%
Singapore dollars	1.3%	1.5%	1.5%	1.6%	1.8%
US dollars	22.8%	29.3%	22.9%	24.0%	22.4%
Others	0.1%	0.0%	0.0%	0.0%	0.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

The total costs of goods sold account for a significant portion of the Group's cost of sales. Most of the purchases of imported products sourced from suppliers are paid in foreign currencies such as US dollars, GBP, Renminbi, Euro and Japanese Yen while non-imported products are paid in HK dollars and are settled either by cash, letter of credit or telegraphic transfer. The average credit period granted by the Group's suppliers is normally 7 to 30 days after delivery and save for motor vehicles, no trade deposits are required by such suppliers before delivery.

Motor vehicles, FMCG products, electrical appliances and cosmetics distributed or sold by the Group are branded products and are supplied by principals pursuant to various dealership or distributorship contracts. The Directors consider that there is a reliance on these principals for the supply of these products and there is a material risk of supply shortage if these contracts are terminated. However, many of the principals have had long standing business relationships with the Group for many decades and have been supportive of the Group's business for many years.

In contrast, food commodities are widely available in the market. The Directors consider that there is no over-reliance on any individual supplier and no material risk of supply shortage. The Directors believe the Group can replace one supplier with another with no undue difficulty. As these food commodities are readily available in the market and the Group has an extensive supplier network, the Group may opt to purchase from a wide range of alternative suppliers. With a view to maintaining steady supplies and a long term business relationship, the Group has been sourcing food commodities from different suppliers from different countries for most of the food commodities it distributes.

For the three years ended 31 December 2006 and the six months ended 30 June 2007, purchases from the top five largest suppliers of the Group accounted for approximately 40.4%, 27.8%, 26.6% and 28.7% of the Group's total purchases respectively. During the same period, the largest supplier accounted for approximately 18.8%, 7.6%, 11.1% and 10.7% of the Group's total purchases respectively. Isuzu Motors Limited has been one of the five largest suppliers of the Group in terms of the Group's total procurement amount for the three years ended 31 December 2006 and the six months ended 30 June 2007. It was a substantial shareholder of a subsidiary of the Group engaging in marketing activities. Save for the above, the Group's five largest suppliers are all Independent Third Parties.

Supply of motor vehicles

Pursuant to the distributorship agreements, the main obligations of the Group include the arranging of the importation of vehicles and parts if the automobile manufacturers do not have any presence in Hong Kong and Macao and entering into dealership agreements with dealers for the promotion, marketing and sales of the authorised marques of vehicles as well as maintaining after sales service and support to the dealers within Hong Kong and Macao. Due to the relatively small automobile market in Hong Kong, the Group also acts as the dealers under these distributorship agreements for the sale of the automobile products and provides after sales service and support to end consumers in Hong Kong, while the sale of the automobile products in Macao is carried out through dealers appointed by the Group. Under these distributorship agreements, the Group provides product warranties to the vehicles and parts sold by it, backed by the indemnification from the automobile manufacturers. Other than the manufacturers' agreed price for the purchase of the automobile products, there are no other rewards provided to the Group by the automobile manufacturers under these distributorship agreements. As at the Latest Practicable Date, most of these distributorship agreements were valid for an open period. However, they may be terminated by either parties with prior written notice ranging from 2 to 24 months in the absence of any default. On termination, the suppliers have the right to repurchase any new vehicles and parts at the price paid by the Group for such automobile inventory, subject to certain deductions such as depreciation.

As at the Latest Practicable Date, there were 3 business models in which the Group carried out its automobile business in the PRC. Firstly, pursuant to the national or regional distributorship agreements for Bentley, Isuzu and Renault, the main obligations for the Group include the arranging of the importation of vehicles and parts to the PRC market if the automobile manufacturers do not have any presence in the PRC. The Group is primarily responsible for the promotion, marketing and sales of the authorised marques of vehicles as well as maintaining after sales service and support to the dealers within the PRC for Bentley and Isuzu brands or within Anhui, Jiangsu, Zhejiang and Shanghai for Renault. With the approval by manufacturers, the Group has the right to appoint dealers within these territories for sale of the automobile products and provides after sale service and support to end consumers. Under these distributorship agreements, the Group provides product warranties for the vehicles and parts sold by it, backed by the indemnification from the automobile manufacturers. Other than the manufacturers' agreed price for the purchase of the automobile products, there are no other rewards provided to the Group by the automobile manufacturers under these distributorship contracts. As at the Latest Practicable Date, two out of three of these distributorship agreements, namely, Bentley and Isuzu, were valid for an open period. However, they may be terminated by either parties with prior written notice ranging from 2 to 24 months in the absence of any default. On termination, the suppliers have the right to repurchase any new vehicles and parts at the price paid by the Group for such automobile inventory, subject to certain deductions such as depreciation.

Secondly, pursuant to the various city dealership agreements, the Group sources the supply of the authorised marques automobiles from the distributor or manufacturer for sale and after sale service and supports to end consumers within the agreed locations through the 4S outlets established by the Group. Under these city distributorship agreements, the Group provides product warranty services to the end users on behalf of the distributor or manufacturer according to the dealership agreement. Other than the manufacturers' agreed price for the purchase of the automobile products, there will be rewards or rebate if the Group achieves the sales target, service requirements or other requirements set out by the distributor or the manufacturer. As at the Latest Practicable Date, most of the city dealerships are valid for a specified period and may be terminated by either party with prior written notice ranging from 2 to 24 months in the absence of any default. Such city dealerships may be terminated if the Group does not meet the agreed sales targets or the required service standard. On termination, the automobile distributors have the right to repurchase any new vehicles and parts at the price paid by the Group for such automobile inventory, subject to certain deductions such as depreciation.

Thirdly, in acting as a 4S operator, the Group has the similar obligations as a city dealer for the sale and after sale service and supports of the authorised marques automobiles to end consumers. However, such arrangements were governed by the annual purchase agreement with distributor or manufacturer, which will be renewed annually.

COMPETITIVE STRENGTHS

The Directors believe that the Group's historical and potential future growth are primarily attributable to the following strengths:

- the Group has, through Dah Chong Hong, over the past 50 years, built and developed a strong brand name and goodwill in the trading and distribution industry through the premium quality products it distributes and the high quality services it provides
- the Group is a motor vehicle distributor in Hong Kong with approximately 27% of the new vehicle market share in 2006, and with growing sales in the PRC new vehicle market, supported by a comprehensive range of motor vehicle related services
- the Group is a leading food and consumer products distributor with a strong base in Hong Kong and a well established network in the PRC
- the Group has an integrated business platform providing a range of comprehensive supply chain management services to its customers, supported by a strong logistics network and "real time" management system to cater for its multi-brand portfolio
- the Group has a strong management team with ample experience and expertise as well as a well-trained and knowledgeable team of frontline staff in the trading and distribution industry
- the Group has a well developed international procurement network with a large number of long term supplier relationships. It has maintained sizeable records of customer information as well as extensive distribution networks supporting a large customer base which enables effective marketing of its products

BUSINESS STRATEGIES

The mission of the Group is to enhance its leading position in the Hong Kong market for its main business, namely motor vehicles, food and consumer products, and logistics, to become a leading player and partner of choice for its suppliers and customers in Hong Kong and the PRC:

1. expanding its national and city dealerships and motor vehicle related services in the PRC through strategic partnerships with local partners or merger and acquisition exercises as well as diversifying motor vehicle related services in Hong Kong and Macao
2. maintaining growth in its core businesses to continue to generate strong and stable recurring cash flows, in particular by expanding and diversifying existing food commodities, FMCG and consumer products business to increase the Group's scale and market share in Hong Kong, Macao and major cities in the PRC
3. expanding the Group's distribution network in branded imported FMCG products in major cities in the PRC through strategic partnership with local partners or merger and acquisition exercises for faster market penetration

4. continuing to develop new value-added services for its third party logistics customers and to provide fully integrated food supply chain solutions to its customers at the initial phase, with the long term plan to provide total supply chain solutions for other related and synergistic industries

5. continuing to develop and enhance its modern management control system with local expertise and implement international standards of corporate governance

PROPOSED SPIN-OFF OF THE GROUP FROM CITIC PACIFIC

CITIC Pacific has concluded that the Group's business has grown to a size sufficient to command a separate listing and that such listing will also be beneficial to the Group for the following reasons:

- it provides flexibility to the Group in raising future funds from the capital markets to support its growth through continuing organic expansions as well as acquisitions; and

- it enables the Group to take advantage of the significant global growth potential by attracting new investors who are seeking investment opportunities in a conglomerate engaged in a broad range of business.

The proposed spin-off by CITIC Pacific has complied with the requirements of Practice Note 15 of the Listing Rules.

However, the Group has historically relied on financial support provided from its ultimate shareholder, CITIC Pacific, to fund its operation, especially for the Group's business expansion in the PRC. The Group leases some of the properties for its business operations from CITIC Pacific. Upon completion of the Global Offering and the proposed listing of the Group, there can be no assurance that the historical support from its shareholders will continue on terms as favourable as those previously provided. Please see "Risk factors — Risks relating to the Group and its operations — The Group may need additional capital in the future which may not be available on acceptable terms".

In addition, following the Global Offering, CITIC Pacific's equity interests in the Group will be reduced. With the independent operation of the Group from CITIC Pacific and the separate listing, the Group may lose some of the "marketing convenience" it previously enjoyed as a wholly-owned subsidiary of CITIC Pacific. Some of the marketing convenience includes the substantial financial supports from CITIC Pacific which is a listed company as well as CITIC Pacific's wide connections and successful business experiences in the PRC. Please see "Risk factors — Risks relating to the Global Offering — The Group's controlling shareholder may take actions that conflict with the Group's public shareholders' best interest".

RISK FACTORS

There are certain risks and considerations relating to an investment in the Company's Shares, details of which are set out in the section headed "Risk factors" of this Prospectus. A summary of these risks and considerations is as follows:

Risks relating to the Group and its operations

- The Group's future growth relies substantially on the PRC market and may be adversely affected by changes in the PRC's economic, political and social conditions

- A loss of distribution rights granted by the Group's principals or suppliers, or any material disputes between the Group and its principals may adversely affect the results of operations and financial condition of the Group

- The Group depends on major customers, especially the Group's logistics business which depends on its five largest customers in its logistics segment, for a significant portion of its business and the loss of any of such customers could materially and adversely affect the Group's business and financial position

- The Group is subject to credit risk in respect of account receivables

- The Group may need additional capital in the future which may not be available on acceptable terms

- Dividend declared and dividend policy immediately prior to Listing not indicative of future dividends

- The loss of any key members of the management team may impair the Group's ability to identify and secure new contracts with customers or otherwise manage its business effectively

- The Group's operations are dependent on its IT system and the Group relies on sophisticated billing and credit control systems, and any problems with these systems could interrupt the Group's operations

- The Group has not registered some of the intellectual property rights in relation to the products it distributes and supplies, and any unauthorised use, infringement or misappropriation of such rights by third parties may adversely affect the Group's business

- The Group may not be able to sustain its existing sales margins

- The Group is subject to PRC laws and regulations governing social security funds and housing accumulation funds and the failure to comply with the relevant laws and regulations may adversely affect the Group's business

- The Group requires various approvals, licences and permits to operate its business and the loss of or failure to obtain or renew any or all of these approvals, licences and permits could materially and adversely affect its business

- Failure by the Group's principals or suppliers to introduce products that are accepted by the market may cause it to lose market share and fail to gain the anticipated economic benefits of such new products

- The Company's ability to pay dividends and utilise cash resources in its subsidiaries is dependent upon the earnings of, and distributions by, the Company's subsidiaries, associates and jointly-controlled enterprises

- The Group faces inventory obsolescence risk

- Unexpected business interruptions could adversely affect the Group's business

- The Group's business and results of operations may be affected by its chances of securing contracts awarded by tenders

- Product defects of the principals or suppliers and the failure of the principals or suppliers to settle product liability claims may adversely affect the business and results of operations of the Group

- Certain lands or buildings where the Group operates its business in the PRC and overseas do not have proper title or the head lessor's consent for sub-lease or the Group may fail to, or need to incur further expenses or time to, secure legal ownership over certain lands or buildings which it owns in the PRC

- A certain portion of the Group's profits attributable to equity shareholders of the Group during the three financial years ended 31 December 2006 and the six months ended 30 June 2007 was contributed by revaluation gains on investment properties

Risks relating to the industries in which the Group operates

A. Risks relating to the motor vehicle industry

- Increasing competition, particularly in the PRC motor vehicle market, may have an adverse effect on the Group's business growth and results of operations

- Contractual arrangements in respect of certain companies in the PRC may be subject to challenge by the relevant governmental authorities and may affect the Group's investment and control over these companies and their operations

- Overcapacity in the PRC automobile market could have a material adverse effect on PRC automotive importers, dealers and distributors, including the Group

- Imposition of fuel economy standards on PRC automotive manufacturers and the proposed imposition of higher automobile consumption taxes may have a negative effect on the revenues and profits of PRC automobile importers, dealers and distributors, including the Group

- Automobile importers, dealers and distributors in the PRC, including the Group, may expend considerable resources in order to comply with the Regulations on Recall of Defective Automotive Products, which took effect in October 2004

- Imposition of restrictions on road use and traffic control legislation and regulations in Hong Kong, Macao and the PRC may have an adverse effect on importers, dealers and distributors of vehicles, including the Group

- The proposed introduction of the "three guarantees" policy on vehicles sold in the PRC may have a negative effect on the revenues and profits of the Group

- Any trade or other political disputes between countries may affect the Group's selection of motor vehicles to be imported and sales turnover

- Fuel shortages and increases in fuel prices may adversely affect the demand for automobiles

B. Risks relating to the food and consumer products industry

- The outbreak of animal diseases, including the recent outbreak affecting those in contact with streptococcus suis-infected pigs in Sichuan, the PRC, or other epidemics could adversely affect the Group's operations

- The food and consumer products markets in Hong Kong and Macao are highly competitive and any finding or rumour of tainted food may lead to a halt in the demand of a particular product offered by the Group

- The processed meat and other food processing industries in the PRC may face increasing competition from both domestic and foreign companies, as well as increasing industry consolidation, which may affect the Group's market share and profit margin

- The Group's business and results of operations are dependent on its suppliers' ability to supply and continue to supply food and consumer products as well as the suppliers' compliance with labeling or other regulations

- The Group's business and results of operations are dependent on the advertising and promotion strategies which are partially subsidised by its suppliers

- The Group's profitability may be affected by the cost transfer strategies adopted by its customers

- The Group may face legal consequences and financial losses for using its principals' intellectual property rights which its principals have no rights to grant to the Group

C. Risks relating to the logistics industry

- The Group's logistics business and operations may be affected by the availability of its warehousing and storage capacity

- Ability of the Group's competitors in Macao to secure more space or land to expand its logistics business could affect the Group's business and operations

- Any delay by the Group in completing its land use development plans in Xinhui, the PRC may affect the Group's business and operations

- The Group's business and results of operations are dependent on the growing global outsourcing trends

- Any error in recording stocks kept at the private bonded warehouse in the Xinhui logistics hub may affect the Group's business and operations

- Accidental losses suffered by the Group may not be fully indemnified by its insurers which may affect its business and results of operations

Risks relating to economy and politics

- Adverse changes in the PRC's economic, political, social conditions and government policies could have a material adverse effect on the overall economic growth of the PRC, which could adversely affect the results of operations and financial condition of the Group

- The state of Hong Kong's economy and politics may adversely affect the Group's performance and financial condition

- The PRC legal system is continuously evolving and has inherent uncertainties and the legal protections available to the Company, as shareholder of many subsidiaries in the PRC, may be limited

- Changes in foreign exchange regulations and future movements in the exchange rate of Renminbi may adversely affect the results of operations and financial condition of the Group and the Group's ability to pay dividends

- Fluctuation of the US dollar, Japanese Yen, Renminbi, GBP or Euro relative to the Hong Kong dollar could adversely affect the Group's financial condition and results of operations

- An outbreak of the H5N1 strain of bird flu (Avian Flu), SARS or any other similar epidemics may, directly or indirectly, adversely affect the Group's operating results

Risks relating to the Global Offering

- There has been no prior public market for the Shares and liquidity and the trading price of the Shares may be volatile

- Unpredictability of the Group's periodic results may adversely affect the trading price of its Shares

- Purchasers of the Shares may experience dilution if the Company issues additional Shares in the future

- Potential dilution effect on shareholdings in the event of exercising of share options

- Sales of substantial amounts of Shares in the public market may materially and adversely affect the prevailing market price of the Shares

- Forward-looking information included in this Prospectus may not be accurate

- The Group's controlling shareholder may take actions that conflict with the Group's public shareholders' best interests

- No guarantee of the accuracy of facts, forecasts and other statistics derived from the official government publication with respect to the PRC's economy contained in this Prospectus

- Prospective investors should not place any reliance on any information contained in the press coverage regarding the Group and the Global Offering

SUMMARY FINANCIAL INFORMATION

The following summary of the combined income statements of the Group for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007 are extracted from the audited financial statements included in the Accountants' Report set out in Appendix I to this Prospectus, and you should read the entire Accountants' Report including the notes thereto for more details.

	For the year ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*%*	*HK$ 'm*	*%*	*HK$ 'm*	*%*	*HK$ 'm* (unaudited)	*%*	*HK$ 'm*	*%*
Turnover	11,494.1	100.0	10,520.0	100.0	12,926.4	100.0	5,842.3	100.0	6,989.0	100.0
Cost of goods sold/services	(9,872.0)	(85.9)	(8,844.5)	(84.1)	(11,022.7)	(85.3)	(4,971.2)	(85.1)	(5,934.0)	(84.9)
Gross profit	1,622.1	14.1	1,675.5	15.9	1,903.7	14.7	871.1	14.9	1,055.0	15.1
Net valuation gains on investment properties	57.1	0.5	77.2	0.7	111.7	0.9	62.6	1.1	60.8	0.9
Other revenue	101.6	0.9	107.1	1.0	123.7	1.0	55.4	0.9	61.6	0.9
Other net gain/(loss)	4.4	0.0	(4.6)	(0.0)	37.2	0.3	23.9	0.4	9.6	0.1
Selling and distribution expenses	(725.9)	(6.3)	(749.5)	(7.1)	(902.2)	(7.0)	(408.0)	(7.0)	(479.5)	(6.9)
Administrative expenses	(723.0)	(6.3)	(740.8)	(7.0)	(797.3)	(6.2)	(385.1)	(6.6)	(410.0)	(5.9)
Profit from operations	336.3	2.9	364.9	3.5	476.8	3.7	219.9	3.7	297.5	4.2
Finance costs	(20.9)		(26.4)		(42.9)		(21.8)		(23.3)	
Share of profits less losses of associates	4.5		(7.4)		(1.3)		(0.0)		1.8	
Share of profits less losses of jointly controlled entities	23.7		28.5		35.5		19.8		22.5	
Profit before taxation	343.6		359.6		468.1		217.9		298.5	
Income tax	(64.5)		(83.7)		(92.8)		(49.3)		(65.1)	
Profit for the year/period from continuing operations	279.1		275.9		375.3		168.6		233.4	
Discontinued Operations										
Profit/(loss) for the year/period from discontinued operations	6.5		(24.1)		(40.2)		(11.5)		(18.3)	
Profit for the year/period	285.6	2.5	251.8	2.4	335.1	2.6	157.1	2.7	215.1	3.1
Attributable to:										
Equity shareholders of the Company	283.0		243.5		323.7		148.6		209.7	
Minority interests	2.6		8.3		11.4		8.5		5.4	
	285.6		251.8		335.1		157.1		215.1	

Net combined profit attributable to equity shareholders of the Company excluding net valuation gains on investment properties (net of deferred taxation effect), profit/loss from discontinued operations (net of taxation effect) and share options expense

Financial performance indicator, namely, net combined profit attributable to equity shareholders of the Company excluding net valuation gains on investment properties (net of deferred taxation effect), profit/loss from discontinued operations (net of taxation effect) and share options expense, presented in this Prospectus, is not a measure of financial performance under HKFRSs but is a useful tool for the Group to measure operating performance of the continuing operations. However, this financial performance indicator should not be considered in isolation or constructed as an alternative to net income or income from continuing operations or as an indicator of operating performance prepared in accordance with HKFRSs.

During the three years ended 31 December 2006 and for the six months ended 30 June 2006 and 2007, the net combined profit attributable to equity shareholders of the Company excluding net valuation gains on investment properties (net of deferred taxation effect), profit/loss on discontinued operations (net of taxation effect) and share options expense, were HK$234.2 million(note 1), HK$208.7 million(note 2), HK$292.1 million(note 3), HK$119.5 million(note 4) and HK$184.8 million(note 5), respectively.

Notes:

1. For the financial year ended 31 December 2004, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), profit on discontinued operations (net of taxation effect) and share options expense, were HK$283.0 million, HK$44.1 million, HK$6.5 million and HK$1.8 million, respectively.

2. For the financial year ended 31 December 2005, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), loss on discontinued operations (net of taxation effect) and share options expense, were HK$243.5 million, HK$58.9 million, HK$24.1 million and nil, respectively.

3. For the financial year ended 31 December 2006, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), loss on discontinued operations (net of taxation effect) and share options expense, were HK$323.7 million, HK$73.8 million, HK$40.2 million and HK$2.0 million, respectively.

4. For the financial period ended 30 June 2006, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), loss on discontinued operations (net of taxation effect) and share options expense, were HK$148.6 million, HK$42.6 million, HK$11.5 million and HK$2.0 million, respectively.

5. For the financial period ended 30 June 2007, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), loss on discontinued operations (net of taxation effect) and share options expense, were HK$209.7 million, HK$43.2 million, HK$18.3 million and nil, respectively.

DIVIDEND POLICY

Dividends in the amounts of HK$138.8 million, HK$138.8 million and HK$138.8 million were declared by the Company during the years ended 31 December 2004, 2005 and 2006, respectively. Such dividends were paid in cash and out of the distributable profits of the Company. An interim dividend of about HK$900 million was declared and paid before the Listing Date. In determining the amount of the above interim dividend, the Directors have taken into account the level of the Group's retained earnings, the expected cash flow and the Group's assets and liabilities and consider that the amount of the above interim dividend represents a fair and reasonable return to its controlling shareholders. HK$800 million of such interim dividend was financed by new bank borrowings comprising two 3-year unsecured term loans and four 3-year unsecured revolving credit facilities. The Company does not expect that it needs to utilise any proceeds from the Global Offering to repay the new bank borrowings. The Directors confirmed that during the three years ended 31 December 2006 and the six months ended 30 June 2007 all dividends were paid during periods when the Company was able to pay its debts as they became due.

Subject to the availability of the Company's cash and distributable reserves, the Group's investment requirements, and the Group's cashflow and working capital requirements, the Directors currently intend to declare and recommend dividends which would amount to not less than 30% of the net profit, if any, from ordinary activities for the first financial year subsequent to the Global Offering. The Group's general dividend policy is to determine the dividend on any given year with reference to the net profit generated and dividends are funded by a combination of the Group's operating cash flow and internal financial resources. Going forward, the Company currently expects to maintain a general policy that not less than 30% of its profits available for distribution in each year commencing from the Listing Date will be distributed to its shareholders. However, final dividends, if any, on the outstanding shares must be recommended by the Company's Board and approved at the Company's annual general meeting of shareholders. In addition, the Board may declare such interim dividends as appear to the Board to be justified by the Company's profits. The payment and the amount of any dividends declared will be subject to the articles of association and the Companies Ordinance. No dividends are payable if doing so would render the Company unable to pay its liabilities as they become due or the realisable assets would be less than the aggregate of its liabilities and its issued share capital. The declaration or recommendation of, payment and amount of dividends will be subject to the discretion of the Board and will be dependent upon the Group's future operations, earnings, financial condition, business needs, prospects, cash requirements and availability and other factors as the Board may deem relevant at such time.

The timing, amount and form of future dividends, if any, will depend, among other things, on:

- the Group's results of operations and cash flows;
- the Group's future prospects;
- general business conditions;
- the Group's capital requirements and surplus;
- contractual restrictions on the payment of dividends by the Company to its shareholders or by subsidiaries to the Company;
- taxation considerations;
- possible effects on the Company's creditworthiness;
- statutory and regulatory restrictions; and
- any other factors as the Board may deem relevant.

The recent declaration of a dividend and the above stated intention does not amount to any guarantee or representation or indication that the Company must or will declare and pay a dividend in such manner or declare and pay any dividend at all either in the first financial year subsequent to the Global Offering or thereafter. Particulars of the dividend policy to be adopted by the Group following the Listing are set out in the sub-section headed "Dividend policy, working capital and distributable reserves" under the section headed "Financial information" of this Prospectus. The dividend policy is subject to review by the Directors at any time and the Company may determine not to pay any dividends as a result of such review.

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2007

	HK$ *(in million)*
Forecast combined profit attributable to equity shareholders of the Company (1)	not less than 415.6
Before:	
(i) Net valuation gains on investment properties (net of deferred taxation effect) (2)	(49.6)
(ii) Losses from discontinued operations (3)	18.3
(iii) Pre-IPO Share Option Scheme (4)	22.3
Net forecast combined profit attributable to equity shareholders of the Company before (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme	not less than 406.6

	After (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme *HK$*	**Before (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme** *HK$*
Pro forma forecast earnings per share		
— Fully diluted (5)	0.229	0.224
— Weighted average (6)	0.231	0.226

Notes:

(1) The forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 is extracted from the section headed ''Financial information — Profit forecast for the year ending 31 December 2007" in this Prospectus. The bases and assumptions on which the above profit forecast for the year ending 31 December 2007 has been prepared and summarized in Appendix III to this Prospectus. The Directors have prepared the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 based on the audited combined results of the Group for the six months ended 30 June 2007, the unaudited combined management accounts of the Group for the month ended 31 July 2007 and a forecast of the combined results of the Group for the remaining five months of the financial year ending 31 December 2007. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in note 1 of Section C of the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

(2) Under HKFRSs, gains or losses arising from changes in fair values of investment properties are recognised in the income statement in the period in which they arise. Assumptions are set out in the sub-section headed "Assumptions with respect to valuation gains on investment properties" in Appendix III to this Prospectus.

(3) Under HKFRSs, gains or losses arising from the discontinued operations are included in the period in which they arise.

(4) Under HKFRSs, the fair value of the share options granted under the Pre-IPO Share Option Scheme is recognised in the combined income statement with a corresponding increase in amount due to the ultimate controlling party as the expense will be settled in cash by the Group. The fair value is measured at the grant date using binomial model (an applicable option-pricing model) based on the Offer Price of HK$5.22. Assumptions are set out in the sub-section headed "Assumptions with respect to Pre-IPO Share Option Scheme" in Appendix III to this Prospectus.

(5) The calculation of the pro forma forecast earnings per share on a fully diluted basis is based on the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007, assuming that the Company had been listed on the Stock Exchange since 1 January 2007 and that a total of 1,818,000,000 Shares had been in issue during the entire year. The calculation is based on the assumption of 1,800,000,000 Shares expected to be in issue and 18,000,000 Shares expected to be exercised under the Pre-IPO Share Option Scheme following the Global Offering.

(6) The calculation of the pro forma forecast earnings per share on a weighted average basis is based on the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 and a weighted average number of approximately 1,800,000,000 Shares assumed to be in issue during the year. This calculation assumes no exercise of the options that may be granted under the Pre-IPO Share Option Scheme.

GLOBAL OFFERING STATISTICS

	Based on the Offer Price of HK$4.55	**Based on the Offer Price of HK$5.22**	**Based on the Offer Price of HK$5.88**
Market capitalization of the Shares [(1)]	HK$8,190 million	HK$9,396 million	HK$10,584 million
Prospective price/earnings multiple			
Pro forma fully diluted [(2)]			
(a) After (i) revaluation gains on investment properties (net of deferred taxation effect), (ii) losses on discontinued operations and (iii) Pre-IPO Share Option Scheme	19.8 times	22.8 times	25.9 times
(b) Before (i) revaluation gains on investment properties (net of deferred taxation effect), (ii) losses on discontinued operations and (iii) Pre-IPO Share Option Scheme	20.3 times	23.3 times	26.3 times
Weighted average [(3)]			
(a) After (i) revaluation gains on investment properties (net of deferred taxation effect), (ii) losses on discontinued operations and (iii) Pre-IPO Share Option Scheme	19.6 times	22.6 times	25.6 times
(b) Before (i) revaluation gains on investment properties (net of deferred taxation effect), (ii) losses on discontinued operations and (iii) Pre-IPO Share Option Scheme	20.1 times	23.1 times	26.0 times
Pro forma net tangible assets value per Share [(4)]	HK$1.98	HK$2.05	HK$2.11

Notes:

(1) The calculation of market capitalisation is based on 1,800,000,000 Shares expected to be in issue following the Global Offering and the Capitalisation Issue. No account has been taken of the Shares which may fall to be issued upon exercise of the options that may be granted under the Pre-IPO Share Option Scheme.

(2) The calculation of the prospective price/earnings multiple on a pro forma fully diluted basis is based on 1,818,000,000 Shares expected to be in issue following the Global Offering and the Capitalization Issue and the forecast earnings per Share on a pro forma fully diluted basis at the respective Offer Prices of HK$4.55, HK$5.22 and HK$5.88.

(3) The calculation of the prospective price/earnings multiple on a weighted average basis is based on 1,800,000,000 Shares expected to be in issue following the Global Offering and the Capitalisation Issue and the above forecast earnings per Share on a weighted average basis at the respective Offer Prices of HK$4.55, HK$5.22 and HK$5.88, but takes no account of any shares which may be allotted and issued upon the exercise of the options that may be granted under the Pre-IPO Share Option Scheme.

(4) The pro forma net tangible asset value per Share is based on 1,800,000,000 Shares expected to be in issue following the Global Offering and the Capitalisation Issue and the respective Offer Prices of HK$4.55, HK$5.22 and HK$5.88 per Share, assuming that the Pre-IPO Share Option Scheme is not exercised. An interim dividend of approximately HK$900 million was declared and paid before the Listing Date to its controlling shareholders but is taken into account in the calculation as if it had taken place on 30 June 2007.

USE OF PROCEEDS

The net proceeds of the Global Offering to be received by the Company after deduction of underwriting commission and estimated expenses payable by the Group, and assuming an Offer Price of HK$5.22 (being the mid-point of the Offer Price between HK$4.55 and HK$5.88 per Offer Share), are estimated to be approximately HK$893.9 million. The Directors currently plan to use such net proceeds as follows:

- approximately 45% or HK$400 million will be spent over the next three years for expansion of the Group's motor vehicle business, including approximately HK$300 million for future expansion of city dealerships in the PRC, including acquisition of quality city dealerships with a target to add on average of 6 city dealerships annually in the next 3 years through merger and acquisition exercises and strategic partnership; and approximately HK$100 million for the development of motor vehicle related business in Hong Kong and the PRC. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for potential target companies in the PRC, Hong Kong, Macao and South East Asia, with the right automobile dealerships which can complement the Group's existing automobile product portfolio, create synergy with the Group's existing business and have successful trading histories with proven track records. A substantial part of the budgeted sum of HK$300 million allocated for merger and acquisition exercises will be spent as acquisition costs mainly comprising the purchase price of the target companies. As the Group is only interested in acquiring potential targets which are profitable and are able to generate profits immediately, the Group expects no or minimal additional investment or start up costs required to run these newly acquired companies, if any, would have been capable of being funded through the operating cash flow of these newly acquired companies. The Group will spend approximately HK$80 million in developing motor related business in Hong Kong and the PRC, including for fleet replacement of its Hong Kong motor leasing business. It will continue to work with its existing third party sub-contractors manufacturers or other third party sub-contractors manufacturers on other types of parts with self-owned brands and source good quality and price competitive vehicle spare parts and accessories from the PRC and other countries for the overseas markets over the next 3 years. In aggregate, HK$10 million is planned for other motor related business development. The Group will spend approximately HK$10 million as capital injection to further work together with 中遠實業有限公司 (COSCO) and 北京中遠豐田汽車銷售服務有限公司 (Beijing Zhongyuan Toyota Motors Sale and Service Limited), to expand and set up an extensive leasing network in the PRC by increasing the number of fleet size as well as by extending such motor leasing business to other major cities in the PRC.

- approximately 22% or HK$200 million will be spent over the next three years for the expansion of the Group's food and consumer products trading business, including approximately HK$160 million for acquisition of and investment in food commodities or FMCG businesses especially in companies which have strong foothold in this segment as well as companies with the right FMCG distributorship to synergise with the existing operations and further enlarge market penetration in the PRC, Hong Kong, Macao, and South East Asia. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for potential targets in the PRC, Hong Kong, Macao and South East Asia to acquire. These potential targets include food trading, distribution, processing and manufacturing companies as well as food related FMCG marketing and distribution companies which have successful trading histories with proven track records, are willing to sell a majority stake, have good potentials for future business expansion especially those with a business focus in the PRC, and can create synergy with the Group's existing business. Approximately HK$40 million for expansion of the Group's retail business by opening 10 DCH Food Mart outlets and 8 DCH Food Mart Deluxe outlets in Hong Kong. Among other plans, the Group is pursuing the opportunity to set up a peanut oil manufacturing plant in the PRC through joint venture for the manufacturing, sales, and export of peanut oil as well as to develop other house brand food products. In this regard, the Group has not, as at the Latest Practicable Date, identified any specific investment targets nor entered into any legally binding agreement or arrangement with respect to the aforementioned investments and manufacturing opportunities and there is no such acquisition in progress. For details of the future plans of the Group, please refer to the paragraph headed "Future plans" in the section headed "Future plans and use of proceeds".

- approximately 29% or HK$260 million will be spent over the next three years for expansion of the Group's logistics and food supply chain business, including approximately HK$110 million for the establishment of sizable warehouse and food processing facilities to provide value added services, and a food safety inspection center in Hong Kong.

  The Company plans to establish an integrated food processing and repackaging complex for fresh produce, frozen food, oil and rice, and FMCG with a laboratory for quality assurance and food safety in Hong Kong. The total investment is estimated to be HK$320 million for a period of 7 years. It is intended that approximately HK$110 million will be funded from proceeds of the Global Offering. Balance will be from the Company's internal resources and bank borrowing.

  The purpose-built complex will be situated on a site measuring approximately 34,186 square metres. The initial stage of the 2-storey complex will have a total floor area of over 20,000 square metres planned to be used for food processing and over 7,000 square metres to be used for covered storage and will have 40 car parks. Completion of the development of the first stage complex is expected to be within 24 months from the completion of the lease assignment.

  The second phase of the complex will have a total floor area of over 9,000 square metres. A total floor area of over 8,000 square metres in the second stage complex will be used for food processing with part of the area air-conditioned for temperature-controlled food processing.

  The integrated food processing complex is planned to repackage retail pack of food, fruit and vegetables from bulk for delivery to retail customers, including Food Mart, re-process portion control packs of food, fruit and vegetables for delivery to hotels and other food service outlets, and provide cold chain management services.

The Company has entered into an agreement with an Independent Third Party for the assignment of a lease in the Hong Kong Science & Technology Parks in favour of the Company. Such assignment has been approved by the Hong Kong Science & Technology Parks. It is expected that completion of the lease assignment will take place on or before 28 November 2007.

In addition, approximately HK$150 million will be spent in the next 3 years to develop facilities such as cold chain, an additional import bonded warehouse, logistics and distribution centres, and a re-packaging material manufacturing plant in Xinhui to provide comprehensive food supply chain logistics and management services, and value added services. The Group plans to spend approximately HK$25 million, HK$20 million, and HK$25 million on the cold chain facilities, additional import bonded warehouse, and logistics and distribution centres respectively, which were the three major projects planned by the Group as at the Latest Practicable Date. The construction works to develop these facilities have yet to commence as at the Latest Practicable Date. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for acquisition opportunities in the logistics businesses in Hong Kong, Macao, the PRC and South East Asia with a sizeable customer base, have successful trading histories with proven track records, are willing to sell a majority stake, have good potential for future business expansion, and can create synergy with the Group's existing logistics business in order to have faster access and penetration of the logistics market; and

- the balance in an amount of not more than 10% of the aggregate proceeds as funding for general working capital and general corporate uses.

As at the Latest Practicable Date, the Group has not identified any specific investment targets, nor entered into any legally binding agreement or arrangement with respect to the future acquisition opportunities mentioned above. For details of the future plans of the Group, please refer to the paragraph headed "Future plans" in the section headed "Future plans and use of proceeds".

Assuming an Offer Price of HK$5.88 per Offer Share (being the high-end of the stated range of the Offer Price between HK$4.55 and HK$5.88 per Offer Share), the amount of additional net proceeds to be received by the Company are estimated to be approximately HK$115.8 million, which the Directors intend to apply as additional funding for the Group's investments in automobile, food and consumer products and logistics businesses in the same proportion in the use of proceeds as shown above.

Assuming an Offer Price of HK$4.55 per Offer Share (being the low-end of the stated range of the Offer Price between HK$4.55 and HK$5.88 per Offer Share), the Directors intend that the respective amounts to be applied for each of the above purposes will be proportionately reduced.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Group may hold such funds in short-term deposits with banks and/or financial institutions in Hong Kong for so long as it deems to be in the best interests of the Group.

The net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering after deducting the related expenses, and assuming an Offer Price of HK$5.22 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK$4.55 and HK$5.88 per Offer Share) and that the Over-allotment Option is not exercised in whole or in part, are estimated to amount to approximately HK$2,985.5 million. If the Over-allotment Option is exercised in full, and assuming an Offer Price of HK$5.88 per Offer Share (being the high-end of the stated range of the Offer Price of between HK$4.55 and HK$5.88 per Offer Share), the Selling Shareholder will receive additional net proceeds of approximately HK$1,054.6 million. The Company will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering. All of the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering will be for the account of the Selling Shareholder.

PRE-IPO SHARE OPTION SCHEME

The principal terms of the Pre-IPO Share Option Scheme approved and adopted by (i) written resolutions of all the shareholders of the Company on 28 September 2007; and (ii) ordinary resolutions of the shareholders of CITIC Pacific on 3 October 2007 are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms:

(a) the subscription price per Share shall be the Offer Price;

(b) no options will be offered or granted upon the commencement of dealings in the Shares on the Stock Exchange;

(c) the grantee shall not, within 6 months from the Listing Date, exercise any of the options granted under the Pre-IPO Share Option Scheme;

(d) any exercise of option shall only become effective upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to Pre-IPO Share Option Scheme; and (ii) the commencement of dealings in the Shares on the Stock Exchange;

(e) the maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme shall not exceed 18,000,000 Shares, being 1% of the total number of issued Shares immediately following the commencement of dealings in the Shares on the Stock Exchange; and

(f) the conditions precedent to the adoption of the Post-IPO Share Option Scheme shall not apply and any options granted or to be granted under the Pre-IPO Share Option Scheme shall lapse automatically should listing not take place on or before 31 December 2008.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the Pre- IPO Share Option Scheme.

Options have been granted under the Pre-IPO Share Option Scheme to recognise the contributions of certain directors and employees of the Group to the growth of the Group and to incentivise them going forward. As at the date of this Prospectus, in consideration of HK$1.00 from each grantee, options to subscribe for an aggregate of 18,000,000 Shares at a subscription price equal to the Offer Price had been granted to 64 grantees under the Pre-IPO Share Option Scheme.

Each option has a 5-year exercise period from the date of the offer of the option. Save for the number of Shares which may be subscribed for pursuant to the exercise of options, each option so granted under the Pre-IPO Share Option Scheme has the same terms and conditions. Assuming that all of the options granted under the Pre-IPO Share Option Scheme are exercised in full, the forecast earnings per Share will be HK$0.229 based on the Offer Price of HK$5.22. The potential dilution effect on the shareholdings of the Company upon the Listing and the impact on the earnings per Share arising from the exercise of the options granted under the Pre-IPO Share Option Scheme have been taken into account in the calculation of the forecast earnings per Share, as disclosed in the paragraph headed "Profit Forecast for the year ending 31 December 2007" in the "Summary" and "Financial information" sections, respectively of this Prospectus.

Assuming the Over-allotment Option is not exercised, the shareholding structure of the Company before and after the full exercise of all options granted under the Pre-IPO Share Option Scheme is as follows:

Name of Shareholders	**Shareholding structure immediately after completion of the Global Offering but before exercise of the options granted under the Pre-IPO Share Option Scheme**		**Shareholding structure immediately after completion of the Global Offering and after full exercise of the options granted under the Pre-IPO Share Option Scheme**	
	Number of Shares	*%*	*Number of Shares*	*%*
1. CITIC Pacific	1,018,800,000	56.60	1,018,800,000	56.04
2. Grantees under the Pre-IPO Share Option Scheme	—	—	18,000,000	0.99
3. Shareholders taking up Shares under the Global Offering	781,200,000	43.40	781,200,000	42.97
Total	1,800,000,000	100.00	1,818,000,000	100.00

For details of the options that have been granted to directors and employees of the Group under the Pre-IPO Share Option Scheme, please refer to the paragraph headed "9. Pre-IPO Share Option Scheme" in Appendix VI to this Prospectus.

Save as disclosed above and in Appendix VI to this Prospectus, no options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme as at the date of this Prospectus. No options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

In this Prospectus, unless the context otherwise requires, the following terms have the following meanings. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this Prospectus.

"Accountants' Report"	the accountants' report of KPMG dated the date of this Prospectus addressed to the Directors and the Sponsor, the text of which is set out in Appendix I to this Prospectus
"Articles"	the articles of association of the Company, conditionally approved and adopted on 28 September 2007 and as amended from time to time
"Associate(s)"	has the meaning ascribed to it in the Listing Rules
"Assured Entitlements"	the entitlement of Qualifying CP Shareholders to apply for the Reserved Shares under the Preferential Offer on the basis of an assured entitlement of one Reserved Share for every whole multiple of 25 CP Shares
"Board"	the Board of Directors of the Company
"Business Day"	any day (excluding a Saturday or a Sunday) on which banks in Hong Kong are generally open for normal banking business
"CAD"	Canadian dollars, the lawful currency of Canada
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of settlement of amount due from the Group to CITIC Pacific referred to in the paragraph headed "Resolutions of the shareholders of the Company" in Appendix VI to this Prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Broker Participant"	a person admitted to participate in CCASS as a broker participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Broker Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CEPA"	the Closer Economic Partnership Arrangement entered into between Hong Kong and the PRC dated 29 June 2003
"CITIC Pacific"	CITIC Pacific Limited (中信泰富有限公司), formerly known as (a) Tylfull Company Limited and (b) Tylfull Company Limited (泰富發展(集團)有限公司), a company incorporated under the laws of Hong Kong on 8 January 1985, the shares of which are listed on the Stock Exchange (stock code: 0267) on 26 February 1986 and the controlling shareholder of the Company
"CP Shares"	ordinary share(s) of HK$0.40 each in the share capital of CITIC Pacific

"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company"	Dah Chong Hong Holdings Limited (大昌行集團有限公司), formerly known as Hang Chong Investment Company, Limited (恒昌企業有限公司) and Dah Chong Hong Holdings Limited (大昌貿易行集團有限公司), a company incorporated in Hong Kong on 2 January 1964
"connected person"	has the meaning ascribed to it in the Listing Rules
"Contractual Arrangements"	contractual arrangements with the Registered Owners of OPCOs that are implemented by the Group as more particularly set out in the section headed "Business — Contractual Arrangements" and in the paragraph "Summary of Contractual Arrangements in respect of Certain PRC Entities within the Group" in Appendix VI of this Prospectus
"Contractual Arrangements Agreement(s)"	confirmation and agreement on the shareholding arrangements (股權安排的確認及協議) as more particularly set out in the section headed "Business — Contractual Arrangements" and in the paragraph "Summary of Contractual Arrangements in respect of Certain PRC Entities within the Group" in Appendix VI of this Prospectus
"controlling shareholder"	has the meaning ascribed to it in the Listing Rules and "controlling interest" shall be construed accordingly; and CITIC Pacific is the controlling shareholder of the Company
"Dah Chong Hong"	Dah Chong Hong, Limited (大昌貿易行有限公司), formerly known as Dah Chong Hong, Limited, a company incorporated in Hong Kong on 26 January 1949 and a direct wholly-owned subsidiary of the Company
"Director(s)"	the director(s) of the Company
"Eligible Employees"	full-time employees of the Company, its subsidiaries or jointly controlled entities incorporated in Hong Kong, who are Hong Kong residents and have continuous employment with the relevant entity as at the date of application and for over one year as at 30 September 2007, excluding the directors and chief executive of the Company or of any of its subsidiaries, existing beneficial owners of the shares of the Company or any of its subsidiaries, their respective associates, and grantees of options under the Pre-IPO Share Option Scheme
"GBP"	the pound sterling, the lawful currency of the United Kingdom
"Global Coordinator", "Sponsor" and "BNP Paribas"	BNP Paribas Capital (Asia Pacific) Limited, a licenced corporation for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO
"Global Offering"	the Public Offer (including the Preferential Offer) and the International Placing
"Greater China Region"	the PRC, Hong Kong and Macao

"Group"	the Company together with its subsidiaries at the relevant time
"HK$" and "cents"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"HKEPD"	The Hong Kong Environmental Protection Department
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Holding Subsidiary"	member of the Group in Hong Kong or PRC acting as the intermediate holding company as more particularly set out in the section headed "Business — Contractual Arrangements" and in the paragraph "Summary of Contractual Arrangements in respect of Certain PRC Entities within the Group" in Appendix VI of this Prospectus
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Government"	the Government of Hong Kong
"Independent Third Party" or "Independent Third Parties"	a person(s) or company(ies) which is/are independent of, and not connected with the directors, the chief executives or the substantial shareholders of the Company or its subsidiaries or any of their respective associates
"International Placing"	the conditional placing of the International Placing Shares by the International Underwriters outside the United States in reliance on Regulation S under the US Securities Act and in the United States to QIBs under Rule 144A at the Offer Price, as further described in the section headed "Structure and conditions of the Global Offering" in this Prospectus
"International Placing Shares"	56,980,000 New Shares and 601,200,000 Sale Shares being initially offered at the Offer Price pursuant to the International Placing, together with, where relevant, any additional Sale Shares pursuant to the exercise of the Over-allotment Option, subject to reallocation as described in the section headed "Structure and conditions of the Global Offering" in this Prospectus
"International Underwriters"	the underwriters of the International Placing listed in the section headed "Underwriting" in this Prospectus
"International Underwriting Agreement"	the international underwriting agreement relating to the International Placing, which is expected to be entered into by, amongst others, the Selling Shareholder, the Company and the International Underwriters on or about 10 October 2007

"Issuing Mandate"	the general unconditional mandate given to the Directors by the Shareholders relating to the issue of new Shares, further details of which are contained in the paragraph headed "Resolutions of the shareholders of the Company" in Appendix VI to this Prospectus
"JPY"	Japanese Yen, the lawful currency of Japan
"Latest Practicable Date"	28 September 2007, being the latest practicable date prior to the bulk printing of this Prospectus for the purpose of ascertaining certain information contained in this Prospectus
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	the date expected to be on or about 17 October 2007 on which Shares are listed and from which dealings therein are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Macao"	the Macao Special Administrative Region of the PRC
"Main Board"	the stock exchange operated by the Stock Exchange prior to the establishment of the Growth Enterprise Market of the Stock Exchange, excluding the option market, and which continues to be operated by the Stock Exchange in parallel with the Growth Enterprise Market
"MOP"	Macao Pataca, the lawful currency of Macao
"New Share(s)"	180,000,000 new Shares being offered by the Company at the Offer Price
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%) at which Offer Shares are to be subscribed pursuant to the Public Offer and to be subscribed and/or purchased pursuant to the International Placing to be determined as described in the section headed "Structure and conditions of the Global Offering" in this Prospectus
"Offer Share(s)"	the Public Offer Share(s) (including the Reserved Share(s) and Share(s) initially available for subscription by full-time employees of the Company or any of its subsidiaries) and the International Placing Share(s) being offered at the Offer Price under the Global Offering, together with, where relevant, any additional Sale Share(s) pursuant to the exercise of the Over-allotment Option
"OPCO(s)"	companies incorporated in the PRC which are wholly-owned by the Registered Owners, and through which the Group conducts its operations in the industries that have foreign ownership restrictions as more particularly set out in the section headed "Business — Contractual Arrangements" and in the paragraph "Summary of Contractual Arrangements in respect of Certain PRC Entities within the Group" in Appendix VI of this Prospectus

"Over-allotment Option"	the option to be granted by the Selling Shareholder to BNP Paribas pursuant to which the Selling Shareholder may be required to sell up to an additional aggregate of 117,000,000 Sale Shares (representing 15% of the Offer Shares initially being offered under the Global Offering) to cover over-allocations in the International Placing, details of which are described in the section headed "Structure and conditions of the Global Offering"
"Overseas CP Shareholders"	registered holders of CP Shares whose addresses on the register of members of CITIC Pacific were outside Hong Kong on the Record Date
"Post-IPO Share Option Scheme"	the share option scheme conditionally approved and adopted by the Company on 28 September 2007 and by the Shareholders of CITIC Pacific on 3 October 2007, the principal terms of which are summarised in the paragraph headed "10. Post-IPO Share Option Scheme" in Appendix VI to this Prospectus
"PRC" or "China" or "Mainland China"	the People's Republic of China which, for the purpose of this Prospectus, excludes Hong Kong, Macao and Taiwan
"Pre-IPO Share Option Scheme"	the share option scheme approved and adopted by the Company on 28 September 2007 and by the Shareholders of CITIC Pacific on 3 October 2007, the principal terms of which are summarised in the paragraph headed "9. Pre-IPO Share Option Scheme" in Appendix VI to this Prospectus
"Preferential Offer"	the preferential offer to the Qualifying CP Shareholders for subscription of the Reserved Shares on an assured basis as further described in the section headed "Structure and conditions of the Global Offering" in this Prospectus
"Price Determination Agreement"	the agreement to be entered into between the Company, the Selling Shareholder and the Global Coordinator (for itself and on behalf of the Underwriters) on or around the Price Determination Date to record the Offer Price
"Price Determination Date"	10 October 2007 or such later date as the Company and the Global Coordinator (on behalf of the Underwriters) may agree, being the date on which the Offer Price is determined
"Public Offer"	the issue and offer of the Public Offer Shares to the public in Hong Kong for subscription at the Offer Price, subject to and in accordance with the terms and conditions set out in this Prospectus and the related application forms
"Public Offer Shares"	123,020,000 New Shares being initially offered by the Company for subscription at the Offer Price pursuant to the Public Offer, subject to reallocation as described in the section headed "Structure and conditions of the Global Offering" in this Prospectus. The 123,020,000 New Shares include the 44,900,000 Reserved Shares and the 11,718,000 Shares initially available for subscription by the Eligible Employees

"Public Offer Underwriters"	the underwriters of the Public Offer listed in the section headed "Underwriting" in this Prospectus
"Public Offer Underwriting Agreement"	the underwriting agreement dated 3 October 2007 relating to the Public Offer entered into by, amongst others, the Company and the Public Offer Underwriters
"Qualifying CP Shareholders"	holders of not less than 25 CP Shares, whose names appeared on the register of members of CITIC Pacific on the Record Date, other than the Overseas CP Shareholders subject to compliance with Rule 13.36(2) of the Listing Rules
"QIBs"	qualified institutional buyers as defined in Rule 144A
"Record Date"	3 October 2007, being the record date for ascertaining Assured Entitlements
"Registered Owners"	PRC nationals and/or entities who own OPCOs for the benefits of the Group by the virtue of the Contractual Arrangements as more particularly set out in the section headed "Business — Contractual Arrangements" and in the paragraph "Summary of Contractual Arrangements in respect of Certain PRC Entities within the Group" in Appendix VI of this Prospectus
"Regulation S"	Regulation S under the US Securities Act, as amended, supplemented or otherwise modified from time to time
"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to the Directors by the Shareholders, further details of which are contained in the paragraph headed "Resolutions of the shareholders of the Company" in Appendix VI to this Prospectus
"Reserved Shares"	the 44,900,000 New Shares (representing approximately 5.7% of the Offer Shares initially available under the Global Offering) offered pursuant to the Preferential Offer and which are to be allocated out of the Public Offer Shares being offered under the Public Offer
"Retained Group"	CITIC Pacific and its subsidiaries (excluding the Group)
"RMB" or "Renminbi" or "Yuan"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the US Securities Act, as amended, supplemented or otherwise modified from time to time
"SGD"	Singapore dollars, the lawful currency of Singapore
"SARS"	Severe Acute Respiratory Syndrome
"Sale Shares"	601,200,000 existing Shares being offered for sale by the Selling Shareholder at the Offer Price under the Global Offering, and to the extent the Over-allotment Option is exercised, together with up to an aggregate of 117,000,000 additional Sale Shares to be offered for sale by the Selling Shareholder pursuant to the exercise of the Over-allotment Option

"Selling Shareholder"	CITIC Pacific (acting through its wholly-owned subsidiary Colton Pacific Limited)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	share(s) in the share capital of the Company, with a nominal value of HK$0.15 each, for which an application has been made for the listing of and permission to deal on the Stock Exchange
"Shareholders"	holders of Shares
"Share Registrar"	Tricor Investor Services Limited
"Sims Trading"	Sims Trading Company Limited (慎昌有限公司), formerly known as Sims Trading Company Limited, a company incorporated in Hong Kong on 26 November 1963 and an indirect wholly-owned subsidiary of the Company
"Stock Borrowing Agreement"	the agreement entered into by the Selling Shareholder with the Global Coordinator in respect of the borrowing of up to 117,000,000 Shares from the Selling Shareholder by the Global Coordinator to cover over-allocation
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholders"	has the meaning ascribed thereto in the Listing Rules
"Trade payable days"	average of trade payables at beginning and end of year divided by cost of sales for the year and multiplied by 365 days
"Trade receivable days"	average of trade receivables at beginning and end of year divided by sales and multiplied by 365 days
"Underwriters"	the International Underwriters and the Public Offer Underwriters
"Underwriting Agreements"	International Underwriting Agreement and Public Offer Underwriting Agreement
"UK"	the United Kingdom
"US" or "United States"	the United States of America
"USDA"	United States Department of Agriculture
"US$" or "US dollars"	United States dollars, the lawful currency of the United States of America
"US Person"	has the meaning ascribed to it in Regulation S
"US Securities Act"	United States Securities Act of 1933, as amended
"Wal-Mart China"	沃爾瑪（中國）投資有限公司Wal-Mart (China) Investment Co., Ltd

"Wal-Mart JVs"	joint ventures between CITIC Pacific and Wal-Mart China
"Watson Wyatt"	Watson Wyatt Hong Kong Limited, an independent actuary
"WTO"	World Trade Organisation
"sq.ft."	square feet
"sq.m."	square metre
"%"	per cent

Unless otherwise specified, statements contained in this Prospectus assume no exercise of the Over-allotment Option.

If there is any inconsistency between the official Chinese name of the PRC laws and regulations or the PRC government authorities or the PRC entities mentioned in this Prospectus and their English translation, the Chinese version shall prevail. English translations of official Chinese names are for identification purposes only.

All times referred to in this Prospectus in relation to the Global Offering refer to Hong Kong local time.

This glossary contains explanations of certain terms used in this Prospectus in connection with the Group and its business. These technical terms and their given meanings may not correspond to their standard meanings and usages adopted in the industry.

"3PL"	acronym for third party logistics
"4S outlet"	a manufacturer or supplier authorised automobile outlet which provides vehicle sales, spare parts, services and conducts customer surveys (信息反饋) for the manufacturer or supplier
"4S outlet operator"	a retail business operator of a 4S outlet
"CAGR"	acronym for compound annual growth rate
"Cold Chain Management"	a temperature-controlled supply chain management with an uninterrupted series of storage and distribution activities which maintain a given temperature range
"city dealership or dealership"	an authorised automobile dealer of a particular marque which sources the motor vehicles from an authorised automobile importer or distributor, operates a 4S outlet and has an existing franchised dealership agreement with a particular marque automobile distributor and is responsible for the retail business of the sale of the motor vehicles to sell that brand of automobile to end consumers at a specified location
"distributorship"	an authorised automobile distributor of a particular marque which does not import the automobile directly but has the supply of the motor vehicles from the automobile manufacturer is responsible for the distribution and service operations of the motor vehicles in the specified territory to dealers, city dealers and 4S outlets within the specified territory, including the right to appoint dealers or city-dealers for the sale of the motor vehicles to end consumers, and may sometimes sell the motor vehicles directly to end consumers
"DIY"	acronym for do-it-yourself
"CIQ"	acronym for China Inspection and Quarantine
"ERP"	acronym for enterprise resource planning
"FMCG"	fast moving consumer goods
"FRT"	motor vehicle first registration tax
"GDP"	acronym for gross domestic product
"Genuine Parts"	spare parts distributed as part of the motor vehicle dealerships which bear the motor vehicle marques
"GPS"	acronym for global positioning system

"GSE"	acronym for ground support equipment
"GVW"	acronym for gross vehicle weight
"HACCP"	acronym for Hazard Analysis and Critical Control Point, which is an international standard for effective control of food safety based on 7 principles: • Analysis of food hazards: biological, chemical or physical • Identification of critical control points: raw materials, storage, processing, distribution and consumption • Establishment of critical control limits and preventive measures: for example, minimum cooking temperature and time • Monitoring of these critical control points • Establishment of corrective actions • Records keeping • Systematic and regular auditing of the system in place by independent third party certification bodies
"importorship"	an authorised automobile importor of a particular marque which imports the automobiles to the specified territory on behalf of the automobile manufacturer for supply of the motor vehicles to the authorised dealers or distributors in the specified territory
"IT"	acronym for information technology
"national distributorship"	a distributorship for the whole of the specified country
"OE Parts"	acronym for original equipment parts
"regional distributorship"	a distributorship for the whole of the specified territory or region
"ULD"	acronym for unit load device

Potential investors should consider carefully all the information set out in this Prospectus and, in particular, should consider the following risks and special considerations associated with an investment in the Company before making any investment decision in relation to the Offer Shares or the Company. The occurrence of any of the following risks could have a material adverse effect on the business, results of operation, financial condition and future prospects of the Group and cause the market price of the Offer Shares to fall significantly.

RISKS RELATING TO THE GROUP AND ITS OPERATIONS

The Group's future growth relies substantially on the PRC market and may be adversely affected by changes in the PRC's economic, political and social conditions

For the three years ended 31 December 2006 and for the six months ended 30 June 2007, approximately 41.7%, 33.4%, 43.1% and 46.0% of the Group's total turnover respectively was derived from the PRC. The Group anticipates that the PRC will become the Group's largest market in the foreseeable future. The strategy of the Group involves the growth of its operations in the PRC and its such growth also depends on the business of its customers which is mostly driven by the level of consumer demand. Consumer demand is affected by changes or developments in economic and financial conditions, and social and political stability, which are outside the Group's control. Hence, the Group's PRC operations and business expansion plans are subject to not only changes or development in economics and financial conditions, social and political stability, but also additional risks, such as differences in the legal and regulatory requirements, potentially adverse tax consequences, fluctuations in currency exchange rates, and differences in legal burdens in complying with Chinese laws and regulations. Should there be any material adverse change in the political, economic, legal, regulatory and social conditions in the PRC, the Group's business and profitability may be materially and adversely affected and there can be no assurance that the Group will be able to continue to receive or retain licences or authorisations that may be required for the Group to distribute the products it currently distributes or provide its services in the PRC. In addition, the Group cannot ensure that it will be able to anticipate and manage all these risks and other risks associated with its expansion into the PRC markets, the deployment of human and financial resources in pursuit of such expansion may have a material and adverse impact on the Group. Please see "Business — Motor vehicle distribution and dealership — PRC; Business — Food and consumer products — PRC and Business — Logistics — PRC" and "Business — Competition".

The PRC economy has historically been a planned economy. The majority of the productive assets in China are still owned by various levels of the PRC government. In recent years, the government has implemented economic reform measures emphasising decentralisation, utilisation of market forces in the development of the economy and a high level of management autonomy. Such economic reform measures may be inconsistent or ineffectual, and the Group may not benefit from all such reforms. Furthermore, these measures may be adjusted or modified, possibly resulting in such economic liberalization measures being applied inconsistently from industry to industry, or across different regions of the country.

In the past twenty years, the PRC has been one of the world's fastest growing economies measured in gross domestic product, or GDP. The Group cannot assure that such growth will be sustained in the future. Moreover, a slowdown in the economies of the United States, the European Union and certain Asian countries may adversely affect economic growth in the PRC. The Group's financial condition and results of operation, as well as the Group's future prospects, would be materially and adversely affected by an economic downturn in the PRC.

Economic growth in the PRC has also historically been accompanied by periods of high inflation. In response to concerns regarding the PRC's high rate of growth in industrial production, bank credit, fixed investment and money supply, the PRC government has taken measures to slow economic growth to a more manageable level. Among the measures that the PRC government has taken are restrictions on bank loans in certain sectors. These measures have contributed to a slowdown in economic growth in the PRC, and a reduction in demand for consumer goods, including automobiles, food and consumer products. These measures and any additional measures, including an increase in interest rates, if it occurred, could contribute to a further slowdown in the PRC economy.

In addition, the supermarket and food retail industry in the PRC has been, and is expected to continue, undergoing a trend of development and consolidation. As the food retail trade continues to consolidate and the Group's retail customers grow larger and become more sophisticated, they may demand lower pricing and increased promotional programs. Furthermore, larger customers may be better able to operate on reduced inventories and potentially develop or increase their focus on private label products. If the Group fails to maintain a good relationship with its large retail customers or maintain a wide offering of quality products, or if the Group lowers its prices or increases promotional support of its products in response to pressure from its customers and is unable to increase the volume of its products sold, the Group's profitability could decline.

A loss of distribution rights granted by the Group's principals or suppliers, or any material disputes between the Group and its principals may adversely affect the results of operations and financial condition of the Group

The Group relies on distribution rights granted by motor vehicle principals or consumer product suppliers for distribution of their products. Most of these dealership or distributorship or supply agreements are not on an exclusive basis and have an expiry date. Please see "Business — Motor vehicles and related business — Motor vehicle Distribution and Dealership", "Business — Food and consumer products — A. Food segment FMCG" and "Business — Food and consumer products — B. Consumer product segment" for more information including the expiry dates of the distributorship agreements. These distributorship contracts are generally of one to three years terms and are subject to termination by the Group or the principal with prior written notice in accordance with terms mutually agreed upon. Termination of these distribution rights, both complete or partial termination, for products currently distributed by the Group, could materially and adversely affect the Group's business operations and financial performance. Such termination could stem from, among others, the disagreement on the gap between sales targets and actual achievements, disputes on advertising and promotion expenses or a change in business strategies. There can be no assurance that its supplier will not terminate these distribution rights in the future. The Group may also be unable to obtain or renew these dealership or distributorship or supply agreements on commercially acceptable terms and may not be able to continue to distribute these products after the expiry date.

In particular, for the Group's motor vehicle distribution business, it may be possible for the motor vehicle principals to set up their subsidiaries to carry out importation and distribution directly or to appoint such other dealers who compete directly with the Group. On 27 August 2007, the Volkswagen Group terminated the Importer Contract executed in February 1990 with one of the members of the Group distributing Volkswagen motor vehicles in Hong Kong and Macao, and the Group will be required to cease all motor distribution business in relation to such brand in Hong Kong and Macao starting from 27 August 2008. Although the Group is currently in discussion with the Volkswagen Group for mutually agreed transitional arrangements and other forms of cooperation after the termination, including the provision by the Group of continuous product guaranty or after-sale services for its existing customers in a view to minimize the adverse impact on the brand and the Group's motor distribution business relating to the brand, there is no assurance that the consensus of such arrangement will be reached in time or at all. The failure to reach such consensus, or the potential loss of customers and business derived from such termination, may have an adverse affect on the Group's business operation and results of operation. In addition, for the Group's motor vehicle distribution and dealership business in the PRC, some of the Group's 4S outlet operators do not enter into written distribution or dealership agreements with motor vehicle principals or their designated agents and are distributing motor vehicles based on such motor vehicle principals or their designated agents' internal quota allocation systems, and therefore such 4S outlet operators may easily lose the supply of motor vehicles as determined by motor vehicle principals or their designated agents unilaterally.

It is also possible that one of the Group's principals may suffer financial or other difficulties, adversely affecting its ability to continue to perform its obligations under the relevant dealership or distributorship agreements or other contracts with the Company or other members of the Group, which in turn could have an adverse effect on the business of the Group. In addition, there may be a material dispute between the Group and a principal or supplier in connection with the performance of a party's obligations or the scope of a party's responsibilities under the relevant dealership or distributorship or supply agreements with its motor vehicle principals or consumer product supplier.

If any of the above happens, the business and operations of the Group may suffer, and the dealership or distributorship agreements may even be terminated by mutual consent of the parties, unilaterally or as a result of a material breach by one of them.

The Group depends on major customers, especially the Group's logistics business which depends on its five largest customers in its logistics segment, for a significant portion of its business and the loss of any of such customers could materially and adversely affect the Group's business and financial position

A significant portion of the Group's revenue has been and is expected to continue to be, derived from a limited number of customers.

For the three years ended 31 December 2006 and the six months ended 30 June 2007:

(a) total turnover attributable to the Group's five largest customers for its motor vehicle business accounted for approximately 14.5%, 4.5%, 9.3% and 13.0% of the Group's total motor vehicle sales turnover respectively;

(b) total turnover attributable to the Group's five largest customers for its food and consumer products business accounted for approximately 8.9%, 10.5%, 10.8% and 11.5% of the Group's total food and consumer products sales turnover respectively; and

(c) total turnover attributable to the Group's five largest customers for its logistics business accounted for approximately 41.2%, 43.1%, 44.4% and 42.5% of the Group's total logistics sales turnover respectively.

Most of these customers are supermarkets and retailers for food, consumer products and logistics businesses and governmental department and corporations for motor vehicle business. The Group does not enter into long term contracts with most of these customers. There can be no assurance that the Group's major customers will continue to use the Group's services. In the event that any of these customers cease to purchase products distributed by the Group or use the services provided by the Group and the Group fails to replace such customers, the Group's business and financial position may be materially and adversely affected.

The Group is subject to credit risk in respect of account receivables

The Group provides credit periods to its food business customers which are calculated from the dates the invoices are issued by the Group to the dates when payment is due from the customers. Such credit periods generally range from 15 to 90 days depending on the credit status of the customers. Further, the Group may offer an extended credit term to customers who have good paying records.

The Group cannot assure that its credit control policies and measures are adequate to protect the Group against material credit risks and the Group may not always have sufficient information to avoid a bad debt from a previously reliable customer. The Group may supply products or provide services to customers who do not provide sufficient deposits, advance payments or bank guarantees for the purchase of the Group's products or services. Any delay in the payment by customers may also adversely affect the Group's operation and financial position. The Group may have to sustain legal costs in pursuing unsettled invoices, a process which is time-consuming and may be affected by a variety of factors including any counterclaim from the non-paying customers. Even if the Group obtains favourable judgments, enforcement of such judgments may take time and may not always result in full recovery.

The Group may need additional capital in the future which may not be available on acceptable terms

The Group spends a significant amount of cash in its operations, principally to fund the procurement of the products the Group distributes. The Group's suppliers, in particular, a majority of the suppliers of raw meat, poultry, seafood and motor vehicles, typically require payment in full within 7 to 30 days after delivery, although some of the Group's suppliers provide it with credit. In turn, the Group typically requires its customers to make payment in full on delivery, although the Group offers some of its long-standing customers credit terms.

In addition, the Group may require additional capital in the future to fund its operations, finance investments in equipment or infrastructure, or respond to competitive pressures or strategic opportunities. The Group has historically relied on cashflow generated from operations as well as financial support provided from its ultimate shareholder, CITIC Pacific, to fund its operation, especially for the Group's business expansion in the PRC. In addition, the Group leases some of the properties for its business operations from CITIC Pacific. Upon completion of the Global Offering and the proposed listing of the Company, there can be no assurance that the historical support from its shareholders will continue or on terms as favourable as those previously provided. In such circumstances, the Group will rely more on external financing and it cannot be certain that such financing will be available on terms favourable to it, or at all. Further, the terms of available financing may place limits on the Group's financial and operations flexibility. If the Group is unable to obtain sufficient capital in the future, the Group may face the following risks:

- not being able to continue to meet customers' demands for the choices of products, service quality, capacity and competitive pricing;
- not being able to expand its capacity or operations, or acquire complementary businesses;
- not being able to introduce new products or develop new services or otherwise respond competitively to changing business conditions; and
- being forced to reduce its operations.

Dividend declared and dividend policy immediately prior to Listing not indicative of future dividends

For the three years ended 31 December 2006, the Company declared or paid approximately HK$138.8 million every year. In addition, an interim dividend of approximately HK$900 million was declared and paid before the Listing Date to its controlling shareholders. In determining the amount of the above interim dividend, the Directors have taken into account the level of the Group's retained earnings, the expected cash flow and the Group's assets and liabilities and consider that the size of such dividend is approximately HK$900 million and the size of the Global Offering is approximately HK$5,281.4 million assuming an Offer Price of HK$5.88 and the full exercise of the Over-allotment Option. HK$800 million of such interim dividend was financed partly by new bank borrowings comprising two 3-year unsecured term loans and four 3-year unsecured revolving credit facilities. This results in an increase in the Group's net gearing ratio from approximately 2% to approximately 25% and the interest costs may have an effect on the Group's future cashflows and operating profits and hence may affect the Company's ability to pay dividends to its shareholders.

Subject to the availability of the Company's cash and distributable reserves, the Group's investment requirements, and the Group's cashflow and working capital requirements, the Directors currently intend to declare and recommend dividends which would amount to not less than 30% of the net profit, if any, from ordinary activities for the first financial year subsequent to the Global Offering. The 2006 dividends and the above intention do not amount to any guarantee or representation or indication that the Company must or will declare and pay dividends in such manner in the future or declare and pay any dividend at all. Particulars of the dividend policy to be adopted by the Group following the Listing are set out in "Financial information — Dividend, working capital and distributable reserves" of this Prospectus.

There can be no assurance and in fact it is not expected that the amount of dividends declared by the Company in the future, if any, will be at the level declared and paid by the Company immediately prior to Listing.

The loss of any key members of the management team may impair the Group's ability to identify and secure new contracts with customers or otherwise manage its business effectively

The Group's success depends on, in part, the continued contributions of its senior management. Most of them have over 20 years' experience in the international trading and distribution business with in-depth knowledge of various aspects of consumer market development. Mr. Hui Ying Bun, the Chairman of the Company, Mr. Chu Hon Fai, the Deputy Chairman of the Company, and Mr. Yip Moon Tong, the Chief Executive Officer of the Company, have been appointed by the Board to oversee and supervise the strategic direction and overall performance of the Group.

The Group relies on its senior management to manage its business successfully. In addition, the relationships and reputation that members of the Group's management team have established and maintained with its customers contribute to the Group's ability to maintain good customer relations, which is important to the direct selling strategy that the Group adopts. Employment contracts entered into between the Group and its senior management cannot prevent its senior management from terminating their employment. Hence, the resignation of Mr. Hui, Mr. Chu, Mr. Yip or any other member of the Group's senior management may impair the Group's ability to maintain business growth and identify and develop new business opportunities or otherwise to manage its business effectively.

The Group's operations are dependent on its IT system and the Group relies on sophisticated billing and credit control systems, and any problems with these systems could interrupt the Group's operations

The Group's integrated-distribution and logistics business cannot be managed effectively without leveraging on an integrated and regional IT system. Accordingly, the Group runs various "real time" IT management systems for its motor vehicle, food and consumer products and logistics businesses. These systems include DCH Motor System for its motor vehicle business, Oracle ERP System for its food and consumer products business and Sims Logistics System for its logistics business. The Group's operations are heavily dependent on its IT system to enable it to manage its sales and services effectively from sales order taking to the delivery of goods.

In addition, sophisticated billing and credit control systems are critical to the Group's ability to increase revenue streams, avoid revenue loss and potential credit problems, and bill customers in a proper and timely manner. If adequate billing and credit control systems and programmes are unavailable, or if upgrades are delayed or not introduced in a timely manner, or if the Group is unable to integrate such systems and software programmes into its billing and credit systems, the Group may experience delayed billing which may negatively affect the Group's cash flow and other aspects of its operations.

In case of a failure of the Group's data storage/system, the Group may lose mission critical operational or billing data or important email correspondence with its customers and suppliers. Any mission critical data stored in the core data centre may be lost if there is a lapse or failure of the disaster recovery system in backing up these data, or if the periodic offline backup is insufficient in frequency or scope. An interruption or breakdown in the Group's IT system may have a material adverse effect on its business, financial conditions and results of operations due to disruption of its operations.

The Group has not registered some of the intellectual property rights in relation to the products it distributes and supplies, and any unauthorised use, infringement or misappropriation of such rights by third parties may adversely affect the Group's business

The Group has developed a number of trademarks. While under Hong Kong law, copyright arises without the need of its owner to register his copyright, intellectual property rights such as patents and trademarks must be registered with the relevant governmental authority in Hong Kong before a person or entity can become its registered owner, and hence be protected by the relevant intellectual property laws. While unregistered common law rights may be acquired through use of trademarks (protected under the law of passing off) in Hong Kong, the registration of trademarks enables the Group to more effectively enforce its rights against unauthorised use, infringement or misappropriation of such rights. The Group has registered some but not all of its trademarks. The absence of registration for the intellectual property rights that the Group may have over its trademarks exposes the Group to the possible unauthorised use, infringement or misappropriation of its marks. This may result in the revenue-generating intellectual property being used and developed by third parties for their own business purposes and the Group's business may therefore be adversely affected. In China, the registration of trademarks is necessary before the Group can enforce its trademark registration against third parties. A few of the Group's trademarks are pending registration in the PRC and will not be protected until registration is granted.

The Group may not be able to sustain its existing sales margins

The Group purchases the products it distributes from its principals or suppliers. These products include food commodities including meat, poultry, seafood, rice, edible oils and FMCG products, consumer products including electrical appliances and cosmetics as well as motor vehicles. The price of the food commodities is subject to fluctuations which are attributable to a number of factors, such as the price of animal feed, diseases and infections. Similarly, the Group's logistics customers, who are mainly sizeable international corporations, may have strong bargaining power over the price for the Group's logistics services as quoted by the Group. In addition, the Group's competitors and customers may cause the Group to reduce the prices it charges for the products it distributes and services it renders which could adversely affect its profitability and cash flow. The primary sources of pricing pressure include:

- competitors offering competing products or services at reduced prices, or bundling and pricing services in a manner which makes it difficult for the Group to compete;
- customers with a significant volume of transactions may have enhanced leverage in pricing negotiations with the Group; and

- if the prices of the Group's services are too high, potential customers may find it more cost effective to handle certain functions in-house instead of using the Group's services.

If the costs of goods sold of the Group's products increase further or are not adjusted down correspondingly to market conditions, there is a risk that the Group is required to accept a lower profit margin, due to the competitive nature of the industry in which the Group operates. The Group is not able to entirely offset these increases by raising prices of its products to keep market share or lower inventory. Any change in the profit margin not anticipated by the Group could adversely and materially affect the Group's business, results of operations and financial condition.

The Group is subject to PRC laws and regulations governing social security funds and housing accumulation funds and the failure to comply with the relevant laws and regulations may adversely affect the Group's business

The Group is subject to PRC laws and regulations governing the relationship with the employees including the regulations governing 社會保險金 (social security funds) and 住房公積金 (housing accumulation funds).

PRC Social Security Funds

Under《社會保險費征繳暫行條例》 (Interim Regulation on the Collection and Payment of Social Security Funds), the Group is required to pay various social security funds, namely, basic pension insurance (基本養老保險), unemployment insurance (失業保險), basic medical insurance (基本醫療保險), occupational injury insurance (工傷保險), and insurance for maternity leave (生育保險) for employees to the relevant administrative authorities.

Any employer who fails to pay insurance for maternity leave may be ordered by the relevant governmental authorities to make good such payments within a stipulated time limit, and may be liable to a 0.2% daily fine. Any employer in Yunnan Province who fails to pay unemployment insurance may be imposed by the relevant governmental authorities a fine of up to RMB20,000. The Group underpaid social security funds by approximately RMB4,096, RMB40,903, RMB87,045 and RMB47,047 for each of the three financial years ended 31 December 2006 and the six months ended 30 June 2007 respectively for various reasons. Total exposure of the Group in penalties accrued to 30 June 2007 in respect of such failure is estimated as of the Latest Practicable Date to be up to RMB133,364. The Group has not in the past faced any challenge by any governmental authorities over the outstanding social security funds. However, there can be no assurance that the relevant governmental authorities will not challenge the outstanding funds and impose a fine in the future.

The Selling Shareholder, CITIC Pacific, has provided an indemnity in favour of the Group to cover any losses, damages, claims or penalties that the Group may suffer or incur in relation to the Group's failure to pay social security funds as mentioned above.

PRC Housing Accumulation Funds

Under《住房公積金管理條例》(Regulation on the Administration of Housing Accumulation Funds), an employer is obliged to pay its portion of housing accumulation funds and to withhold and pay its employees' portions to the local administrative authorities. Any employer who fails to register housing accumulation funds account with the local administrative authorities may be imposed a fine up to RMB50,000. Any employer who fails to pay such funds may be ordered by the relevant governmental authorities to make good such payments within a stipulated time limit.

The Group underpaid housing accumulation funds by approximately RMB291,541, RMB523,974, RMB832,221 and RMB614,915 for each of the three financial years ended 31 December 2006 and the six months ended 30 June 2007 respectively for various reasons. Total exposure of the Group in penalty in respect of such failure is estimated as of the Latest Practicable Date to be an aggregate amount of RMB140,000 to RMB700,000. The Group has not in the past faced any challenge by any governmental authorities over the outstanding housing accumulation funds. However, there can be no assurance that the relevant governmental authorities will not challenge the outstanding funds and impose a fine in the future.

The Selling Shareholder, CITIC Pacific, has provided an indemnity in favour of the Group to cover any losses, damages, claims or penalties that the Group may suffer or incur in relation to the Group's failure to pay housing accumulation funds as mentioned above.

Please refer to the section headed "Business — Compliance" for further detail.

The Group requires various approvals, licences and permits to operate its business and the loss of or failure to obtain or renew any or all of these approvals, licences and permits could materially and adversely affect its business

In accordance with the laws and regulations of Hong Kong, Macao and the PRC, the Group is required to maintain various approvals, licences and permits in order to operate the Group's business. See "Industry overview" for a summary of such licences, approvals or permits. The consumer markets are sensitive to promulgation of new laws and regulations introducing new requirements for permits and/or licences in relation to the Group's various businesses. In addition, companies incorporated in the PRC will be required to pass an annual inspection conducted by the respective Administration of Industry and Commerce in order to retain valid business approvals, licence, and for their operations. As the PRC's legislative system is evolving, it is also not uncommon for new laws and regulations to be promulgated and put into effect at a short notice. Failure to comply with these laws and regulations, pass these inspections, or the loss of or failure to renew its licences and permits or any change in the government policies, could lead to temporary or permanent suspension of some of the Group's business operations or the imposition of penalties on the Group, which could adversely affect the Group's results of operations and financial condition. A penalty imposed by relevant governmental authorities in respect of such failure of compliance by 13 relevant PRC subsidiaries is estimated as of the Latest Practicable Date to be an aggregate amount of RMB670,000 to RMB700,000.

As at the Latest Practicable Date, the Group did not obtain certain approvals, permits and licences required for the Group's operations in the PRC. See "Industry overview — Licensing requirements in the PRC" for more information. The Selling Shareholder, CITIC Pacific, has provided an indemnity in favour of the Group to cover any losses, damages, claims or penalties that the Group may suffer or incur in relation to the Group's failure to obtain the aforementioned approvals, permits and licences.

Failure by the Group's principals or suppliers to introduce products that are accepted by the market may cause it to lose market share and fail to gain the anticipated economic benefits of such new products

The Group's future success will be largely dependent on the ability of the Group's motor vehicles, electrical appliances and cosmetics principals to launch new products or models to suit changing customers' needs in the Greater China Region and to continually enhance the performance and reliability of its products. If the products manufactured by the Group's principals do not receive the anticipated market reception or there are changing tastes, dietary habits and preferences of customers, changes in market demand and market prices of the product, this may, among other things, significantly undermine the Group's future development and market share in the industry, and hence materially and adversely affect the Group's financial condition and results of operations.

In addition, the launch of a new product requires substantial capital investment and generally higher initial introductory costs. Therefore, if market acceptance of any of the new products of the principals is lower than anticipated, the Group may be unable to gain the intended economic benefits of its investments and/or incur higher production costs or may need to sell the products at lower margins in order to reduce inventories, as a consequence of which the financial condition and results of operations of the Group may be adversely affected.

The Company's ability to pay dividends and utilise cash resources in its subsidiaries is dependent upon the earnings of, and distributions by, the Company's subsidiaries, associates and jointly-controlled enterprises

The Company is essentially a holding company. Substantially all of the Group's business operations are conducted through its subsidiaries, associates and jointly-controlled enterprises. The Company's ability to make dividend payments depends upon the receipt of dividends, distributions or advances from its subsidiaries, associates and jointly-controlled enterprises. The ability of its subsidiaries, associates and jointly-controlled enterprises to pay dividends or other distributions may be subject to their earnings, financial position, cash requirements and availability, applicable laws and regulations and to restrictions on making payments to the Company contained in financing or other agreements. These restrictions could reduce the amount of dividends or other distributions that the Company receives from its subsidiaries, associates and jointly-controlled enterprises, which could restrict its ability to fund its business operations and to pay dividends to its shareholders. The Company's future declaration of dividends may or may not reflect its historical declarations of dividends and will be at the absolute discretion of the Board.

The Company's ability to utilise cash resources that it has from its subsidiaries, associates and jointly-controlled enterprises to finance the needs of other subsidiaries, associates and jointly-controlled enterprises is subject to the same restrictions as outlined above.

The Group faces 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 food products require good storage conditions that maintain the quality of these products. These food products need to be stored under frozen, chilled, air-conditioned and ambient conditions, depending on the products' needs. However, as the age of the products increases, it increases the risk of obsolescence until the expiry date of the products. In situations where the Group purchases the products from its principals and then distributes such products to wholesalers, retail outlets and food service industry, the Group faces inventory obsolescence risk since changes in consumers' tastes and trends may lead to substantial changes in demand. Overstocking, poor demand or returned goods from customers will create the conditions resulting in inventory obsolescence. In addition, the models for motor vehicles and electrical appliances and the cosmetics products 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 models to these products will increase the risk of obsolescence for existing products and models. Accordingly, any unpredicted and unusual change in consumer demand could adversely affect the Group's revenue.

Unexpected business interruptions could adversely affect the Group's business

The Group's operations are vulnerable to interruption by fire, floods, earthquakes, electricity outage and other events beyond its control. Many businesses, particularly in Jiangsu and Zhejiang, are reported to be experiencing rotating electricity shutdowns and are expecting worse disruptions as warmer weather and the greater use of air conditioners puts additional strain on electricity demand. In addition, the Group operates in a labour intensive environment, especially its logistics business, where the smooth operations of its business depend on sizeable teams of experienced and skilled labour and sales force. Hence, the Group's business operations are also vulnerable to interruption by any industrial action or strike by the Group's labour force beyond the Group's control. The Group cannot assure that any such industrial action will not occur in the future. In addition, the Group does not purchase any business interruption insurance to compensate the Group for losses that may occur as a result of these kinds of events and any such losses or damages incurred by the Group could disrupt the Group's operations and could materially and adversely affect the Group's results of operations and financial conditions.

The Group's business and results of operations may be affected by its chances of securing contracts awarded by tenders

The Group supplies a substantial part of its products, especially food and FMCG products, to the food service industry such as food catering providers, hotels and government bodies. Some of these businesses are awarded to the Group by the Group winning in open tenders. The Group has in the past actively participated in tender processes to tender for contracts to supply motor vehicles and electrical appliances as well as for the provision of motor vehicle related services, airport ground support and aviation support services and logistics services to governmental departments, international corporations, airlines and hotels. These contracts for supply are usually for a fixed duration and are awarded to the Group only if the Group wins an open tender which is beyond the Group's control. As the volumes of sales are usually quite substantial in such contracts awarded by tender, the Group's profitability may change substantially depending on whether the Group is able to secure the award of the open tenders, which are usually awarded on a project basis.

Some examples of the awards of contracts by tenders which the Group was previously involved include the supply of special purpose vehicles to Hong Kong Government departments for the Hong Kong International Airport and the Lantau Link projects, the installation of Eaglehard diesel catalysts pursuant to the "Installation of Particulate Removal Devices for Pre-Euro Diesel Vehicles", the contract for supply of food commodities and FMCG products to catering industry of Hong Kong, the contract to supply and install washing and drying machines, ovens and air conditioners in residential units in Hong Kong and Macao as well as the contracts for the provision of logistics services to 7-Eleven.

The Group cannot assure the chance of winning these tenders all the time. In addition, some of the tender customers or those customers who have signed purchase contracts with the Group may not be able to fulfill the purchase quantities as agreed upfront. This may lead to overstock by the Group which may result in the Group needing to reduce prices in order to dispose of these stocks or even to write off stocks in some cases. In any of these events, the Group's business, results of operations and financial conditions could be materially and adversely affected.

Product defects of the principals or suppliers and failure of the principals or suppliers to settle product liability claims may adversely affect the business and results of operations of the Group

The Group does not manufacture the products it distributes but it sources the supply of these products from its principals or suppliers. Hence, the Group does not have control over the quality of the products. If there is any defect in the products distributed by the Group, including but not limited to the motor vehicles, spare parts, food and consumer products, this may lead to the disruption in supply by the suppliers or principals or the brand or reputational damage to such principals or suppliers, each of which may result in a consequential halt in the demand for a particular product or all lines of products provided by such principals or suppliers, as alternative products are readily available and supplied by other distributors, the Group's customers can easily replace the source of supply of these products previously from the Group with another. For instance, the Group carried out a part replacement scheme for one of its motor vehicle principals for its motor vehicles sold into the market in the PRC in 2005, which caused a disruption in motor vehicle supply in that year and had a material adverse effect on the Group's turnover from motor vehicle sales in the PRC market since then. Please see "Financial information — Results of operations — Year ended 31 December 2005 compared to year ended 31 December 2004" for more information.

In addition, these products from its principals and suppliers are facing inherent risk of exposure to personal injury and product liability claims brought by consumers who have suffered personal injuries or bodily harm as a result of consumption or use of these products distributed by the Group. Personal injury and product liability claims could be expensive to defend and may result in punitive damages against the manufacturers of these products. The suppliers of the Group may not have product liability insurance to cover any potential product liability claims brought by the customers against the suppliers. In addition, the Directors confirm its suppliers generally do not provide the Group with a contractual indemnity against claims or losses related to product liability. Even if such indemnity was given, its value would depend highly on the creditworthiness of the indemnifying party. As the products are not manufactured by the Group, the Directors believe that the Group's product liability risks are either uninsurable in Hong Kong and the PRC or cannot be insured at a commercially acceptable cost relative to the overall cost of sales of the Group. Therefore, the Group relies on its suppliers to settle such product liability claims with the customers. If the Group's suppliers fail to settle any product liability claims, the demand for the affected products may be affected, which will affect the sales turnover of the affected products. Hence, on the occurrence of any product defects or any failure by its suppliers to settle product liability claims, the Group's business, results of operations and financial conditions will be materially and adversely affected.

Certain lands or buildings where the Group operates its business in the PRC and overseas do not have proper title or the head lessor's consent for sub-lease or the Group may fail to, or need to incur further expenses or time to, secure legal ownership over certain lands or buildings which it owns in the PRC

The Group requires substantial storage facilities to store its inventory for motor vehicles, spare parts, accessories, food and consumer products. Most of the warehouses or cold storage stores occupied by the Group are rented or leased by the Group from Independent Third Parties under tenancy or lease agreements. Depending on market conditions for real estate, landlords or lessors may increase rentals to a rate not acceptable by the Group and which may lead to the Group not renewing the tenancies or leases upon their expirations. If these tenancies or leases are terminated and if there are no ready alternative locations of these warehouses or cold storage stores for the Group to store its products or if the Group is forced to accept the increased rentals or are not able to relocate to a suitable place, the Group's business, results of operations and financial conditions could be materially and adversely affected.

Some of the lands and/or buildings in the PRC leased and occupied by the Group for its business operation have one or more of the following title defects:

- 13 parcels of land and building leased from Independent Third Party landlords where the landlords do not have proper land or building title certificates. These comprise properties leased by the Group identified as Property Nos. 143, 155, 160, 166, 176–179, 181, 188, 195, 201 and 206 in Appendix IV to this Prospectus. These properties comprise a total floor area of approximately 9,157m^2, representing approximately 1.9% of the total floor area of the properties leased and owned by the Group;

- 7 parcels of buildings where the Group funded the construction on lands leased from Independent Third Party landlords and the landlords are in the process of applying for the proper building title certificates. These comprise properties leased by the Group identified as Property Nos. 153, 154, 158, 168, 170, 208 and 210 in Appendix IV to this Prospectus. These properties comprise a total floor area of approximately 23,968m^2, representing approximately 5.0% of the total floor area of the properties leased and owned by the Group; and

- 7 parcels of buildings where the Group funded the construction on lands leased from Independent Third Party landlords and such landlords have not yet provided proper land and building title certificates. These comprise properties leased by the Group identified as Property Nos. 157, 159, 175, 180, 207, 209 and 211 in Appendix IV to this Prospectus. These properties comprise a total floor area of approximately 27,530m^2, representing approximately 5.8% of the total floor area of the properties leased and owned by the Group.

The use of the above leased premises may be challenged and the Group may need to relocate its existing business operations.

The Group may also be unable to secure the ownership over the buildings where construction was funded by the Group.

Furthermore, if such lands leased to the Group are collectively-owned land and the Group operates its business on them for non-agricultural uses without special permission, subject to 中華人民共和國土地管理法 (Land Administration Law of the People's Republic of China), the administrative departments at or above county level may order the termination of such leases.

In respect of the premises sub-leased to one subsidiary of the Group in Singapore identified as Property No. 218 in Appendix IV to this Prospectus, the relevant written approval from the head lessor (being the President of the Republic of Singapore) for such sub-lease has yet to be obtained by the main tenant. In the absence of such approval, the Collector of Land Revenue of Singapore or any officer authorised by him in writing on behalf of the lessor may enter upon and take possession of the land and the premises.

In any of the above events, the Group may be required to terminate the existing leases and relocate its existing business operations. There can be no assurance that the Group can replace the existing leases with other comparative alternative premises without any material adverse effect on its operations.

In addition, some of the lands and/or buildings in the PRC owned by the Group for its business operation have the following title defects:

- the Group has not obtained the proper building certificate for one parcel of land and building which the Group owns to operate its business. This property is identified as Property No. 16 in Appendix IV to this Prospectus. This property comprises a floor area of approximately 3,641m^2, representing approximately 4.8% of the total floor area of the properties owned and occupied by the Group; and

- development of three parcels of land held by the Group in the PRC will only commence after the one year limit as specified in the relevant land grant contracts. These lands are identified as Property Nos. 11, 12 and 13 in Appendix IV to this Prospectus. These properties comprise a total site area of approximately 309,674m^2.

The Group may need to incur further expenses in order to rectify the defects or secure legal ownership over the above-mentioned properties and, in respect of the building where the proper building title certificate has not been obtained, may not sell, mortgage and lease such properties to any third party until the Group has obtained the proper building title certificate. The use of the above owned premises may be challenged. The Group may need to relocate its existing business operations. Under the 中華人民共和國城市房地產管理法 (the Law of the People's Republic of China on Urban Real Estate Administration), if the Group failed to commence development of the land within the specified time according to the terms of the land grant contract, the Land Resources Authority may impose a penalty of up to 20% of the land premium when the delay in development is more than one year from the specified commencement date. If the delay in development is more than two years from the specified commencement date, the Land Resources Authority may order the Group to surrender the lands for no consideration and forfeit all the rights granted on the land. The Group will apply for 建設工程規劃許可証 (Construction Planning Permits) and 建設工程施工許可証 (Construction Building Permit) for the three parcels of land in question. However, penalties may still be imposed by relevant governmental authorities in respect of delayed development which can be up to 20% of the land premium. On the basis of the land premium of approximately RMB9.8 million the Group has paid for these three parcels of land, such penalties can be up to approximately RMB1.96 million. The Group may therefore need to incur further expenses in order to secure ownership over the land where development has been delayed.

The Selling Shareholder, CITIC Pacific, has provided an indemnity in favour of the Group to cover any claim, loss or expenses suffered or incurred by the Group arising out of or in connection with these properties with respect to any defects in title as mentioned above.

Please also see "Business — Properties".

A certain portion of the Group's profits attributable to equity shareholders of the Group during the three financial years ended 31 December 2006 and the six months ended 30 June 2007 was contributed by revaluation gains on investment properties

For the three financial years ended 31 December 2006 and the six months ended 30 June 2007, the Group has recorded the net valuation gains on investment properties of HK$57.1 million, HK$77.2 million, HK$111.7 million, and HK$60.8 million which represented 17.0%, 21.2%, 23.4%, and 20.4%, of the Group's profit from operations for the respective periods. These investment properties are land and buildings which are owned by the Group to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use. Investment properties are stated in the balance sheet at fair value determined based on independent third party appraisal at each balance sheet date. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised as profit or loss.

The Group's investment properties are revalued by independent professional valuers on a market value basis at each balance sheet date. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from actual results. In addition, the volatility of the real property market would impact the actual results of the Group. Therefore, there can be no assurance that the Group is able to sustain such gain in the future.

In addition, the Group has included in the Group's profit forecast for the year ending 31 December 2007 such gains and losses on revaluation of investment properties which involve estimates and assumptions that may or may not materialise.

RISKS RELATING TO THE INDUSTRIES IN WHICH THE GROUP OPERATES

A. Risks relating to the motor vehicle industry

Increasing competition, particularly in the PRC motor vehicle market, may have an adverse effect on the Group's business growth and results of operations

In Hong Kong, the motor vehicle business is relatively mature compared to the PRC motor vehicle market, where the motor vehicle principals are competing with each other for limited demand and the Group's results of operations may be adversely affected if the motor vehicles it distributes are not proven to be competitive in the market in terms of quality, delivery time and price. By comparison, in the PRC motor vehicle market, in addition to the competition among motor vehicle principals that may affect the Group's sales turnover or sales margin of motor vehicles, the Group also faces competition from numerous distributors offering the same brands of motor vehicle, as the market practice in the PRC allows multiple non-exclusive dealerships distributing the same brand of motor vehicles in the same city or region as well as competitions from the domestically produced automotive products, including those produced by joint venture companies in the PRC set up by international automobile manufacturers. A number of these competitors have been increasing their operations and sales in the PRC in recent years and many have recently announced that they plan to further expand their production capacities in the PRC. The Directors believe that increased competition has contributed to price reductions in 2006. There may also be situations where competitors of the Group or a particular motor vehicle manufacturer in the PRC reduce prices in order to increase sales to gain market share. Certain competitors may be able to respond to such price reductions or emerging changes in consumers' spending trends quicker than the Group. A number of the Group's current and potential competitors, such as the motor vehicle dealers may have greater name recognition or more extensive customer bases than the Group. Increasing competition could result in fewer customer orders, reduced revenues, reduced sales margins and loss of market share, any one of which may adversely affect the business of the Group.

Contractual arrangements in respect of certain companies in the PRC may be subject to challenge by the relevant governmental authorities and may affect the Group's investment and control over these companies and their operations

According to 《外商投資產業指導目錄》 (Foreign Investment Industries Guidance Catalogue), which was introduced in 1995 and was later amended in 1997 (the "1995 Catalogue"), general trading, motor distribution and logistics businesses in which the Group engaged in were classified under the restricted category. Foreign enterprises were not allowed to wholly own businesses under the restricted category. As a result, the Group has been conducting its operations in the PRC through various companies incorporated in the PRC and owned by the PRC individuals under which the Group does not have direct equity interests but generally has the following rights:

(i) the right to enjoy the economic benefits of these companies, to exercise management control over the operations of these companies, and to prevent leakages of assets and values to the registered owners of these companies; and

(ii) the right to acquire, if and when permitted by PRC law, the equity interests in these companies at nil consideration or for a nominal price.

Pursuant to these Contractual Arrangements, the Group is able to consolidate the financial results of these companies which are accounted as subsidiaries of the Group under the prevailing accounting principles.

There can be no assurance that the relevant governmental authority will not challenge the validity of these Contractual Arrangements or the governmental authorities in the PRC will not promulgate laws or regulations to invalidate such Contractual Arrangements in the future. In March 2002, the State Development and Reform Commission and the Ministry of Commerce jointly promulgated a revised "Foreign Investment Industries Guidance Catalogue" (the "2002 Catalogue") to replace the 1995 Catalogue. The 2002 Catalogue came into effect on 1 April 2002. In the 2002 Catalogue, general trading (excluding dealerships) and logistics businesses were added to the encouraged category. Enterprises falling under this category can be wholly owned by foreign enterprises. The 2002 Catalogue allows general trading (including distributorship) and motor distribution businesses to be wholly owned by foreign enterprises by the end of 2006. In November 2004, a newly revised "Foreign Investment Industries Guidance Catalogue" (the "2004 Catalogue") was promulgated to replace the 2002 Catalogue. The 2004 Catalogue came into effect on 1 January 2005 and did not amend the provisions in the 2002 Catalogue in respect of general trading and motor distribution. Therefore, the Group intends to and is in the process of converting the existing contractual arrangements into direct equity interests owned by the Group. In 2005, the Group has successfully set up a foreign wholly-owned company, namely, 合眾汽車銷售服務(中國)有限公司 (Triangle Motor Sales and Services (China) Co., Ltd.) in the PRC to conduct motor vehicles retail business in the PRC under CEPA. In the fourth quarter of 2006, the Group has started conversion in respect of two of its Contractual Arrangements for 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyata Motors Sales and Service Limited) and 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited) under approach on a trial basis. Subject to the successful conversion of these two trial cases, and the time and cost effectiveness of the conversion under the WTO approach, the Group expects to implement conversion for other Contractual Arrangements under the WTO approach. It is expected that the conversion of these two trial cases will be completed by the end of this year. The PRC legal adviser of the Company, Jingtian & Gongcheng, advised that there is no foreseeable legal impediment to the conversion of these two Contractual Arrangements and to the conversion of all other Contractual Arrangements since the applicable foreign investment restrictions have been lifted (subject to the approval of the relevant authorities in the PRC as mentioned in this section of the Prospectus), and conversion of all Contractual Arrangements would not adversely affect the tax payments and other financial matters of the Company. Due to the various necessary submission and approval procedures, the conversion for the above-mentioned companies is still in the process. If before the completion of such conversion, any of these Contractual Arrangements is challenged by the governmental authorities, or the contracts for such arrangements are breached by the counterparties and the Group is unable to obtain a judgment to its favour to enforce its contractual rights, or if there is any change of the PRC laws or regulations to explicitly prohibit such arrangements, the Group may lose control over, and revenues from, these companies, which will materially affect the Group's financial condition and results of operations. Such conversion may include various approvals from governmental authorities and submissions of related documents (e.g. proper land use rights certificates and/or tenancy agreements for buildings), therefore there can be no assurance that such approval may be obtained in due course. Please see "Risk factors — Certain lands or buildings where the Group operates its business in the PRC and overseas do not have proper title or the head lessor's consent for sub-lease or the Group may fail to, or need to incur further expenses or time to, secure legal ownerships over certain lands or buildings which it owns in the PRC" above in relation to any risks associated with land use rights certificates and/or tenancy agreements for buildings.

Overcapacity in the PRC automobile market could have a material adverse effect on PRC automotive importers, dealers and distributors, including the Group

Automobile sales in the PRC have been growing rapidly. It is expected that the construction of more paved roads and highways in the PRC, together with an increase in the spending power of the general population, will cause the demand for automobiles in the PRC to grow significantly in the near future. In order to capture this increasing demand, members of the Group currently intend to pursue their respective strategic expansion plans that include expanding their imports, pursuing aggressive promotional campaigns and expanding their marketing networks. However, such potential growth in the automobile market has also encouraged, and will likely continue to encourage, other automobile importers, dealers and distributors, including foreign competitors and new domestic automobile companies, including importers, dealers and distributors as well as manufacturers, to further increase the imports or expand their production capacities. This has resulted, and may continue to result, in an excess supply of automobiles in the market.

In addition, the growth of the automobile industry in the PRC is linked to the PRC's economic climate. If there is an economic slowdown in the PRC or the imposition of more restrictive credit terms or higher impact tariff, the demand for automobiles may slow down resulting in further continued over-supply of automobiles in the market or a further softening in the market demand for automobiles which could have a material adverse effect on the financial condition and results of operations of automobile importers, dealers and distributors throughout the PRC, including the Group.

Imposition of fuel economy standards on PRC automotive manufacturers and the proposed imposition of higher automobile consumption taxes may have a negative effect on the revenues and profits of PRC automobile importers, dealers and distributors, including the Group

The PRC government approved revised fuel economy standards for new vehicles in September, 2004. These new standards require vehicles which fall into any of the 32 different weight-based classes to meet certain minimum miles per gallon ("mpg") fuel economy standards, generally between 19 mpg and 38 mpg by July 2005, and between 21 mpg and 43 mpg by 2008. As of November 2004, 66% of automobiles sold in China met the 2005 standards and 35% met the 2008 standards, while only 4% of SUVs and minivans met the 2005 standard. The new standards may have a substantial impact on motor vehicle distributors such as the Group, who will have to limit the type of motor vehicles to be distributed to smaller models to comply with the new standards.

The PRC government adopted new automobile consumption taxes on 1 April 2006 which increased the consumption tax rate on passenger cars with cylinder capacity of more than 2.0 litres. In particular, the tax on passenger cars with a cylinder capacity of more than 2.0 litres and up to 2.5 litres has been increased by 1%; those with a cylinder capacity of more than 2.5 litres and up to 3.0 litres has been increased by 4%; those with a cylinder capacity of more than 3.0 litres and up to 4.0 litres has been increased by 7%; and those with a cylinder capacity of more than 4.0 litres has been increased by 12%. There is no assurance that the automobile consumption tax rate will not be increased further in the future, which will increase the costs of vehicles with relatively large cylinder capacity. Car importers, dealers and distributors in the PRC might not be able to successfully pass on the tax increase as higher prices to customers. Even if such increased costs are added to selling prices, such increase in prices could result in a decline in vehicles sale. Such an increase in cost of good sold or decline in demand may have an adverse effect on the revenues and profits of car importers, dealers and distributors in the PRC, including the Group.

Automobile importers, dealers and distributors in the PRC, including the Group, may expend considerable resources in order to comply with the Regulations on Recall of Defective Automotive Products, which took effect in October 2004

In the PRC, the Regulations on Recall of Defective Automotive Products came into effect on 1 October 2004. This regulation requires automotive distributors to assist automobile manufacturers to undertake service actions or recall campaigns. Any such actions or campaigns may require automotive distributors to expend considerable resources in detecting and reporting to the regulatory authorities of any potential design defects, defective component parts or assembly defects in the automobile products distributed, which could influence purchasing decisions of potential purchasers of the vehicles distributed by the Group or adversely affect the reputation of the products distributed by the Group, thereby negatively affecting sales and profitability of the Group. Material failures by automobile distributors to perform their obligations under such regulations may also subject the distributors to certain penalties and fines.

Imposition of restrictions on road use and traffic control legislation and regulations in Hong Kong, Macao and the PRC may have an adverse effect on importers, dealers and distributors of vehicles, including the Group

Pursuant to Section 23 of the Road Traffic Ordinance (Cap. 374), the Chief Executive in Council may, by notice in the Gazette, limit the number of vehicles which may at any time be registered by reference to the total number of vehicles in all classes, a class or description of vehicle or a description of the conditions subject to which the vehicle licences will be issued, the date of manufacture of vehicles and the country of origin of the vehicles. In addition, the Hong Kong Government may also increase the rate of FRT in order to discourage car sales so as to limit the number of vehicle registration. The Secretary for Development is also empowered under the Road Traffic Ordinance (Cap. 374) to make regulations for, among others, controlling, regulating and restricting vehicle movements on an expressway. Any measures taken by Hong Kong Government to limit the number of car registrations, especially those measures which are likely to lead to an increase in the costs for owning and maintaining a motor vehicle are likely to affect the sales turnover of motor vehicles for the Group.

In the PRC, pursuant to current legislation and regulations imposed by transport authorities in some provinces and municipalities, certain restrictions on road use and traffic control regulations apply to trucks that are over particular weight limits. Such measures include time and segmental restrictions. These restrictions on road use and traffic control regulations have been implemented in certain large cities, including, but not limited to, Beijing and Shanghai. These restrictions lead to lesser demand for such trucks and hence, sales of certain types of trucks distributed by the Group in those cities, like those of other commercial vehicle dealers and distributors, will be directly affected by these measures. There is no assurance that other provincial or municipal governments will not impose similar restrictions. If such restrictions are imposed, the sale of certain types of products of some automotive importers, dealers and distributors, including the Group, will be adversely affected. In any of these situations, the Group's financial condition and results of operations could be materially and adversely affected.

The proposed introduction of the "three guarantees" policy on vehicles sold in the PRC may have a negative effect on the revenues and profits of the Group

The PRC government is considering adopting the Regulations on Non-Commercial Passenger Vehicle Repair, Exchange and Return Responsibilities (commonly referred to as the "three guarantees" policy) in the near future. The new regulations are designed to make it easier for buyers of vehicles which are to be used for non-commercial purposes to hold the dealers primarily responsible for quality defects in motor vehicles, regardless of the contractual allocation of such liabilities between the manufacturers and dealers. These regulations provide, among other things, that a purchaser can return a vehicle to the dealers at no cost or, in some circumstances, at a nominal cost, if (i) a major quality problem occurs within 30 days of the purchase or, (ii) such vehicle has the same quality problem after five repair attempts or (iii) the aggregate time for all quality-related repairs of such vehicle exceeds 35 days over a specified term (usually two years).

If these regulations are introduced as described above or in a similar form, the costs of compliance with such regulations and the potential product defect liability, if occurs, could have a material adverse effect on the Group. Even if the Group passes along such costs to consumers in the form of higher selling prices, the increase in sales prices could cause a decline in market demand and result in a material adverse effect on the revenues and profits of the Group.

Any trade or other political disputes between countries may affect the Group's selection of motor vehicles to be imported and sales turnover

A majority of the motor vehicles, spare parts and accessories distributed by the Group in Hong Kong, Macao and the PRC are imported from Japan, Europe and Korea. There may be occasions when trade or other political disputes or tensions arise between countries of imports and the countries of exports which are beyond the Group's control. Depending on the response of society to the government's stance to such disputes, the demand for the products imported from the countries which are subject to the trade disputes may be affected, and hence affect the Group's selection of the product as well as the overall sales turnover. There is no assurance that the customers would prefer one brand over the other or the vehicles made by one country over the other country. In any of such events, this will cause a decline in the Group's sales turnover and affect the Group's financial condition and results of operations.

Fuel shortages and increases in fuel prices may adversely affect the demand for automobiles

Fuel prices are inherently volatile and have remained high since 2002. Any surge in fuel prices will have an adverse effect on world economies and, in particular, on the world's automobile industries. In the Greater China Region this year, rising global oil prices and rising demand for fuel have led to fuel shortages in the south. This is due in part to increased automobile ownership as well as government controls over fuel prices.

If the PRC central government continues to control the price of domestic refined oil to stabilise the market and demand for fuel in the Greater China Region continues to increase in line with rising annual GDP, it is possible that further shortages will occur. If the cost of fuel in the Greater China Region continues to increase, consumers may elect to use alternative means of transportation, and demand for automobiles, particularly those with larger engine capacities, may decline.

B. Risks relating to the food and consumer products industry

The outbreak of animal diseases, including the recent outbreak affecting those in contact with streptococcus suis-infected pigs in Sichuan, the PRC, or other epidemics could adversely affect the Group's operations

An occurrence of serious animal diseases, or any outbreak of other epidemics in the PRC or any other countries from which the Group imports meat products affecting animals or humans might result in material disruptions to the Group's operations, material disruptions to the operations of the Group's customers or suppliers, a decline in the supermarket or food retail industry or slowdown in economic growth in the PRC and surrounding regions, any of which could have a material adverse effect on the Group's operations and turnover. Recently, there has been an outbreak of streptococcus suis in pigs, mainly in Sichuan, the PRC, with a large number of cases of human infection following contact with diseased pigs. There can be no assurance that the Group's products will not be affected by an outbreak of that disease or other similar ones, or that the market for meat products in the PRC will not decline as a result of fear of disease. In any case, the Group's business, results of operations and financial condition would be adversely and materially affected.

The food and consumer products markets in Hong Kong and Macao are highly competitive and any finding or rumour of tainted food may lead to a halt in the demand of a particular product offered by the Group

The sale of food products for human consumption involves an inherent risk of injury to consumers. Such injuries may result from tampering by unauthorised third parties or product contamination or degeneration, including the presence of foreign contaminants, chemicals, substances, other agents or residues during the various stages of the procurement and production process. The Group cannot assure that consumption of the Group's food products will not cause any health-related illness in the future, or that the Group will not be subject to claims or lawsuits relating to such matters. In addition, consumers in the Greater China Region are increasingly conscious of food safety and nutrition. Consumer concerns about, for example, the safety of pork products, or about the safety of food additives used in processed meat products could discourage them from buying certain of the Group's food products and cause the Group's results of operations to suffer.

There have been frequent occurrences of counterfeiting and imitation of products in the PRC in the past. The Group cannot guarantee that counterfeiting or imitation of the Group's food products will not occur in the future or that the Group will be able to detect it and deal with it effectively. Any occurrence of counterfeiting or imitation could impact negatively upon the Group's corporate and brand image, particularly if counterfeit or imitation products cause injury or death to consumers. In addition, counterfeit or imitation products could result in a reduction in the Group's market share, a loss of revenues or an increase in its administrative expenses in respect of detection or prosecution.

In addition, the Directors believe the Group faces competition from a significant number of companies offering similar food and consumer products as the Group in terms of quality, delivery time and price in Hong Kong and Macao. If there is any finding or rumour of tainted food, this may lead to a complete halt in the demand of a particular product offered by the Group. As these products are readily available and supplied by other distributors, the Group's customers can easily replace the source of supply of products previously supplied to them by the Group with those of another supplier.

Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertions that the Group's food products caused personal injury or illness could adversely affect the Group's reputation with customers and the Group's corporate and brand image. In line with industry practice, the Group does not maintain product liability insurance. Furthermore, the Group's food products could potentially suffer from product tampering, contamination or degeneration or be mislabeled or otherwise damaged. Under certain circumstances, the Group may be required to recall these products. Even if a situation does not necessitate a product recall, the Group cannot assure that product liability claims will not be asserted against the Group as a result. A product liability judgment against the Group or a product recall could have a material adverse effect on the Group's business, financial condition and results of operations.

The processed meat and other food processing industries in the PRC may face increasing competition from both domestic and foreign companies, as well as increasing industry consolidation, which may affect the Group's market share and profit margin

The Group sells its food and consumer products principally to supermarkets, hypermarkets and large retailers, who in turn sell the products to end consumers. If the sales performance of the Group's customers deteriorates, this could adversely affect the turnover of the Group. Furthermore, the Group's customers also carry products which directly compete with the Group's products for retail space and consumer purchases. There is a risk that the Group's customers may give higher priority to products of, or form alliances with, the Group's competitors. If the Group's customers do not continue to purchase its products, or provide its products with similar levels of promotional support, the Group's sales performance and brand imaging could be adversely affected.

In addition, the processed meat and other food processing industries in the PRC are highly competitive. The Group's processed meat products are targeted at mid to high end consumers, a market in which the Group faces increasing competition particularly from foreign suppliers. In addition, the evolving government regulations in relation to the processed meat industry has driven a trend of consolidation through the industry, with smaller operators unable to meet the increasing costs of regulatory compliance and therefore at a competitive disadvantage.

The Group cannot assure that its current or potential competitors will not develop products of a comparable or superior quality to that of the Group, or adapt more quickly than the Group does to evolving consumer preferences or market trends. In addition, the Group's competitors in the processed meat market may merge or form alliances to achieve a scale of operations or sales network which would make it difficult for the Group to compete. Increased competition may also lead to price wars, counterfeit products or negative brand advertising, all of which may adversely affect the Group's market share and profit margin. The Group cannot assure that the Group will be able to compete effectively with its current or potential competitors.

The Group's business and results of operations are dependent on its suppliers' ability to supply and continue to supply food and consumer products as well as the suppliers' compliance with labeling or other regulations

The ability of the Group to meet its customer's demands over the food and consumer products depends on the ability of its suppliers to supply and continue to supply these food and consumer products. The Group also relies on the long standing relationships it has with its suppliers to maintain its product portfolio. Suppliers may be unable to supply or continue to supply the food and consumer products due to reasons such as the shortage of raw materials, financial difficulties of the suppliers which affect production or any change in the ownership of the suppliers where the new owners of the suppliers may decline to supply or even terminate the existing product lines, or to close down the suppliers' business altogether or due to the occurrence of unexpected socio-economic conditions beyond the Group's control such as strikes, floods or war.

Most of the food and consumer products distributed by the Group are imported from various overseas countries. Accidents such as theft, erroneous destination, loss of container from vessels into the sea, or the shipment of incorrect items could happen during the voyage or transportation of these products from its suppliers' and/or principals' warehouses to the Group's warehouses. These will lead to product shortage and hamper the Group's ability to fulfill its customers' orders as well as to secure profits. Any of these events could adversely and materially affect the Group's business, results of operations and financial condition if there are no ready alternative services of these products.

In addition, some of the food and FMCG products distributed by the Group are subject to food labeling regulations in Hong Kong and the PRC. The Group's suppliers are responsible for labeling these products. However, any oversight by the Group's suppliers in complying with the labeling or other regulations in the markets in which the Group intends to sell such products could result in the Group incurring fines, penalties or other legal obligations. In such circumstances, the Group will endeavour to recoup the losses incurred from its suppliers. However, as most of the supply contracts between the Group and its suppliers do not provide any contractual right for the Group to claims of such losses incurred by its suppliers' mis-labeling, it is possible that the Group may not be fully compensated for such losses incurred. In such a situation, the Group's business, results of operations and financial conditions could be materially and adversely affected.

The Group's business and results of operations are dependent on the advertising and promotion strategies which are partially subsidised by its suppliers

The sales volumes of the Group's products are influenced by the consumers' awareness of the products through advertising and promotion campaign and strategies as set and agreed by the Group and its principals and/or suppliers. Part of these advertising and promotional expenses are subsidised by its principals and/or suppliers. The Group's principals and/or suppliers may reduce the budgets for advertising and promotional expenses of the products distributed by the Group. Any such change in the advertising and promotion strategies could lead to a shortfall in sales volume. As a result, the Group's business, results of operations and financial conditions could be materially and adversely affected.

The Group's profitability may be affected by the cost transfer strategies adopted by its customers

The Group distributes a substantial part of its food and consumer products to large retail chains, chain food service operators, or other major customers. Due to the bulk purchase of the products from the Group, these customers may have strong bargaining power over the Group and may sometimes transfer any increase in their operating costs such as rentals and labour costs by bargaining for a lower price for the products purchased from the Group, thereby transferring such increase in their operating costs to the Group. All these could hamper the profitability of the Group and could materially and adversely affect the Group's business, results of operations and financial conditions.

The Group may face legal consequences and financial losses for using its principals' intellectual property rights which its principals have no rights to grant to the Group

The Group is granted the licence to use certain intellectual property rights such as brands, logos, packaging designs or other brand-related devices by its principals of FMCG, electrical appliances and cosmetics products pursuant to distributorship agreements. The right to use such intellectual property rights is crucial to the Group's business operations and is dependent on its principals' ownership of these intellectual properties. The Group's principals may unknowingly grant to the Group the right to use the intellectual property rights without them first having the right to do so. This may result in the legal owners of the intellectual property rights bringing actions against the Group for unauthorised use, infringement or misappropriation of these intellectual properties used by the Group, which could lead to significant financial loss to the Group. As a result, the Group's business, results of operations and financial conditions could be materially and adversely affected.

C. Risks relating to the logistics industry

The Group's logistics business and operations may be affected by the availability of its warehousing and storage capacity

One of the critical factors when manufacturers outsource their logistics function to professional logistics service providers is the storage or space constraints faced by them. Similarly, the Group requires large warehousing and storage space to conduct its logistics business. Other than the warehouses in Xinhui, the PRC which are owned by the Group, other warehouses occupied by the Group in Hong Kong and Macao are rented or leased. Any delay in the transitional arrangements in finding suitable location to relocate one of these warehouses when the tenancy is due to expire could result in the loss of business. This could materially and adversely affect the Group's business, results of operations and financial condition.

Ability of the Group's competitors in Macao to secure more space or land to expand its logistics business could affect the Group's business and operations

There is generally a shortage of land in Macao. The Group currently has a competitive advantage in Macao due to the large warehousing space and capacity offered by its existing facilities. Any expansion of the Group's business is constrained by the shortage in the warehousing space that the Group is able to secure. If any the Group's competitors is able to secure land to expand its logistics business in the relatively small market in Macao, the Group may lose its competitiveness and business to its competitors. In such a situation, the Group's business, results of operations and financial conditions could be materially and adversely affected.

Any delay by the Group in completing its land use development plans in Xinhui, the PRC may affect the Group's business and operations

The Group's logistics business is relatively new in Xinhui and it is in the midst of developing and expanding. The Group has planned to have many value added services conducted at its logistics hub in Xinhui, the PRC and has invested aggressively in developing this logistics hub facility. The Group expects the remaining approximately 300,000 square metres in Xinhui, the PRC will be ready for use by the middle of 2009. The Group's ability to generate future cash flow from this heavily invested facility depends on the availability of the Xinhui logistics hub. Any delays in completing the construction may affect the Group's ability to generate cash flow. In addition, logistics business is dependent on the existing infrastructure for access and transportation. In the PRC, there are certain obstacles to overcome in the inland regions where the infrastructure is less developed and where the Group expects both challenges and growth opportunities in those regions. If there is any delay in completing the construction of the facilities in the Xinhui logistics hub or if the Group is not able to overcome obstacles for lack of infrastructure for access and transportation to the inland regions, the Group's business, results of operations and financial condition could be materially and adversely affected.

The Group's business and results of operations are dependent on the growing global outsourcing trends

The Group's business is dependent on its customers outsourcing their marketing and logistics functions as part of their supply chain management. Over the past decade, a lot of international brand owners have become increasingly reliant on outsourcing so that they can allocate and focus their resources on research and development and brand building. There can be no assurance that the trends in adopting supply-chain outsourcing strategies by global brand owners will continue to grow. If the growing outsourcing trends should decline, this could materially and adversely impact on the Group's business, financial position and results of operations.

Any error in recording stocks kept at the private bonded warehouse in the Xinhui logistics hub may affect the Group's business and operations

The Group has a private bonded warehouse in its Xinhui logistics hub where any imported goods which are meant for re-export that are stored in the private bonded warehouse will not be required to pay import duties. There can be no assurance that an error in recording the volumes, descriptions and information in the stocks will not occur. These errors may be viewed negatively by the Xinhui local government as a tax avoidance measure by the Group and may jeopardise the Group's relationship with the Xinhui local government. The Xinhui government may also impose penalties or other legal obligations on the Group arising from such errors, which could materially and adversely affect the Group's business, results of operations and financial condition.

Accidental losses suffered by the Group may not be fully indemnified by its insurers which may affect its business and results of operations

The logistics business operates in a high risk environment, which is exposed to loss due to theft and robbery at the warehouses or during transportation, or industrial and occupational accidents due to the large number of forklifts and containers involved which require manual operation by individuals. The Group has purchased various insurance policies to cover such risk of losses for its logistics operations. However, the Group may not be fully indemnified from severe or exceptional accidents not included in its standard insurance policies. In such an event, such losses will be borne by the Group, which could materially and adversely impact on the Group's business, financial position and results of operation.

RISKS RELATING TO ECONOMY AND POLITICS

Adverse changes in the PRC's economic, political, social conditions and government policies could have a material adverse effect on the overall economic growth of the PRC, which could adversely affect the results of operations and financial condition of the Group

The economy of the PRC differs from the economies of most developed countries in many aspects, including:

- structure;
- level of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. For the past two decades, the PRC government has implemented economic reform measures emphasising on utilisation of market forces in the development of the PRC economy. Any adverse changes in the PRC's political, economic and social conditions, laws, regulations and policies could materially and adversely effect the Group's current or future businesses, results of operations or financial condition.

The state of Hong Kong's economy and politics may adversely affect the Group's performance and financial condition

The Group's primary facilities and operations are located in Hong Kong. Hong Kong is a special administrative region of the PRC with its own government and legislature. Under the Basic Law of Hong Kong, Hong Kong is entitled to a high degree of autonomy granted by the PRC under the principle of "one country, two systems". However, there is no assurance that Hong Kong will continue to enjoy its current level of autonomy from the PRC, and, if it does not, this could have a material adverse effect on the Group's business, results of operations and financial condition.

The Hong Kong economy has experienced considerable volatility since the second half of 1997. Hong Kong's primary economic sectors, such as real estate, retail and finance, are volatile. It is not certain whether such growth will be sustained. As the Group's operations are principally conducted in Hong Kong, its financial position and the results of its operations are and will be affected by the state of Hong Kong's economy, which is subject to many different factors beyond the control of the Group.

In particular, the economy of Hong Kong is significantly affected by developments in the PRC and elsewhere in the Asia-Pacific region and the United States. The PRC's economy may experience adverse economic developments and other regional or local economies may deteriorate further and this would have an adverse impact on Hong Kong's economy and hence the Group's operating results, financial condition, business and prospects.

The PRC legal system is continuously evolving and has inherent uncertainties and the legal protections available to the Company, as shareholder of many subsidiaries in the PRC, may be limited

Some of the Company's subsidiaries were incorporated under PRC law. As a substantial part of the Group's businesses are conducted in the PRC, their operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to develop a comprehensive system of commercial law. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and their non-binding nature, interpretation of PRC laws and regulations will involve a degree of uncertainty. Hence, there is an inherent risk that enforcing its rights as a shareholder in the PRC subsidiaries, the Company's rights and protection under the PRC legal system may be limited.

Changes in foreign exchange regulations and future movements in the exchange rate of Renminbi may adversely affect the results of operations and financial condition of the Group and the Group's ability to pay dividends

The Group currently records a substantial part of its revenues in the PRC in Renminbi. Conversion of Renminbi is under strict government regulation in the PRC. Current foreign exchange regulations have already significantly reduced the government's foreign exchange control on routine transactions under the current account, including trade and service related foreign exchange transactions and payment of dividends. Under the existing foreign exchange regulations in the PRC, following completion of the Global Offering, the Company's subsidiaries will be able to pay dividends in foreign currencies without prior approval from the State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, there is no assurance that these foreign policies regarding payment of dividends in foreign currencies will continue in the future.

The value of the Renminbi may fluctuate due to a number of factors. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and US dollars, has been based on the rate set by the PRC's central bank, the People's Bank of China. Since 1994, the official exchange rate for the conversion of Renminbi to US dollars has generally been stable. As of 21 July 2005, Renminbi would no longer be pegged to the US dollar but to a basket of currencies. On 21 July 2005, this revaluation resulted in the Renminbi appreciating against the US dollar and the Hong Kong dollar by approximately 2%. Although currently the Renminbi exchange rate versus the US dollar is restricted to a rise or fall of no more than 0.3% per day and the People's Bank of China regularly intervenes in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate, the Renminbi may appreciate or depreciate significantly in value against the US dollar and/or Hong Kong dollar in the medium to long-term. Moreover, it is possible that in the future, the PRC authorities may lift restrictions on fluctuations in the Renminbi exchange rate and lessen intervention in the foreign exchange. Therefore, any fluctuation in exchange rate or any shortage of foreign currency may have an adverse impact on the export business, operating costs and financial conditions of the Group.

In addition, since the income and profit of some of the members of the Group are denominated in Renminbi, any decrease in the value of Renminbi would adversely affect the value of, and dividends, if any, payable on, the shares in the PRC subsidiaries of the Company to the Company in Renminbi. As the Company's ability to pay dividends depends on the ability of its subsidiaries to pay dividends to the Company, any shortage in the dividends the Company receives from its PRC subsidiaries will affect the Company's ability to pay dividends to its shareholders. In addition, any increase in the value of the Renminbi would cause imported products which compete with those of the Group to be relatively less expensive for Chinese consumers.

Fluctuation of the US dollar, Japanese Yen, Renminbi, GBP or Euro relative to the Hong Kong dollar could adversely affect the Group's financial condition and results of operations

Most of the products distributed by the Group are imported, mainly from Europe, Japan and the United States of America and such other foreign countries. The costs of such imported products are mainly denominated in Euro, Japanese Yen, Renminbi, British Pounds Sterling and US dollars. During the period covering the three financial years ended 31 December 2006 and the six months ended 30 June 2007, approximately 51.2%, 86.9%, 79.6%, 84.9% of the Group's total sales, purchases, cash and deposits and borrowings, respectively, are denominated in currencies other than the Hong Kong dollar. In the past several years, the values of the Japanese Yen and the Euro have increased against the Hong Kong dollar and the Renminbi, making the cost of financing and the purchase of the products, raw materials and components more expensive for the Group. While Hong Kong Government has continued to support a pegged value at approximately HK$7.75 = US$1.00, there can be no assurance that its policies will remain unchanged. If the values of other foreign currencies increase, or continue to increase (as the case may be), against the Hong Kong dollar and the Renminbi in the currency markets, then the cost of financing and the purchase of the products will become more expensive for the Group, and as a result, the Group's financial condition and results of operations may be adversely affected. The Group engages in hedging activities from time to time to reduce its exposure against foreign currency fluctuations. However, the Company could potentially be exposed to losses arising from the non-performance of the counterparties to such hedging transactions.

An outbreak of the H5N1 strain of bird flu (Avian Flu), SARS or any other similar epidemics may, directly or indirectly, adversely affect the Group's operating results

Recently, certain Asian countries, including the PRC and Hong Kong, have encountered incidents of Avian Flu. This disease, which is spread through poultry populations, is capable in certain circumstances of being transmitted to humans and could be fatal. If any of the Group's employees are identified as a possible source of spreading Avian Flu or any other similar epidemic, the Group may be required to quarantine the employees that have been suspected of becoming infected, as well as others that have come into contact with those employees. The Group may also be required to disinfect its affected food processing centres, which could cause a temporary suspension of its food processing activities, thus adversely affecting its operations. In addition, any outbreak of the Avian Flu may result in consumers refraining from eating poultry, which is one of the main food products distributed by the Group, causing the Group's sales turnover to be affected, which in turn affects the Group's profits. An outbreak of Avian Flu or other similar epidemic, whether inside or outside Hong Kong and the PRC, could slow down or disrupt imports and exports activities and/or restrict the level of economic activity generally, which could in turn adversely affect the operations of the Group.

Beginning in early 2003, Hong Kong and certain other regions experienced an outbreak of SARS. A future outbreak may disrupt the Group's ability to adequately staff the Group's business, and may generally disrupt the Group's operations. If any of the Group's employees is suspected to have contracted SARS, the Group may under certain circumstances be required to quarantine such employees and the affected areas of the Group's premises. As a result, the Group may have to temporarily suspend part of or all of the Group's operations. Furthermore, any future outbreak may restrict the level of economic activity in affected regions, including Hong Kong, which may also adversely affect the Group's business and prospects. As a result, the Group cannot assure that the recent outbreak and any future outbreak of SARS would not have an adverse effect on the Group's financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for the Shares and liquidity and the trading price of the Shares may be volatile

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Global Offering, there has been no public market for the Shares. The Offer Price range has been determined through negotiation between the Company and the Global Coordinator (on behalf of the Underwriters) and the final Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Global Offering. In addition, there can be no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Global Offering, or that the market price of the Shares will not decline below the Offer Price.

The trading price of the Shares may also be subject to significant volatility in response to, among others, the following factors:

- variations in the Group's operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by the Group or its competitors;
- changes in investors' perception of the Group and the investment environment generally;
- developments in the motor vehicle, food and consumer products, and logistics industries;
- changes in pricing made by the Group or its competitors;
- the liquidity of the market for the Shares; and
- general economic and other factors.

Unpredictability of the Group's periodic results may adversely affect the trading price of its Shares

The Group's revenue and operating results may vary significantly from period to period due to a number of factors, some of which are outside the Group's control. Some of these factors include:

- fluctuation in demand for the Group's services;
- introduction of new or better technologies and services or lower prices by the Group's competitors;
- changes in pricing policies, particularly in response to aggressive pricing by the Group's competitors;
- the Group's ability to introduce, develop and deliver products and services that meet customers' requirements in a timely manner;
- abnormally high marketing expenses associated with new services; and
- general global, regional or local economic conditions, in particular for Hong Kong and China.

Due to the foregoing factors, the Directors believe that period-to-period comparisons of the Group's operating results are not a good indication of its future performance and should not be relied upon. It is likely that the Group's operating results in some periods will be below the expectations of public market analysts and investors. In this event, the trading price of the Shares may decline, perhaps significantly more in percentage terms than the decline in the Group's operating results.

Purchasers of the Shares may experience dilution if the Company issues additional Shares in the future

In order to expand its business, the Company may consider offering and issuing new Shares in the future which may cause dilution in the net tangible asset value per Share and the shareholdings of the then Shareholders.

Potential dilution effect on shareholdings in the event of exercising of share options

The Company has adopted the Post-IPO Share Option Scheme, particulars of which are summarised under the paragraph headed "10. Post-IPO Share Option Scheme" in Appendix VI to this Prospectus. The Company has also adopted Pre-IPO Share Option Scheme, under which options entitling the holder thereof to subscribe for an aggregate of 18,000,000 Shares have been granted, representing approximately 1% of the Company's total issued share capital immediately following completion of the Global Offering. Any exercise of the options granted under the Pre-IPO Share Option Scheme or options to be granted under Post-IPO Share Option Scheme will result in a dilution in the earnings per Share and net asset value per Share. Assuming that all the options granted under the Pre-IPO Share Option Scheme are exercised in full, the forecast combined profit attributable to equity shareholders of the Company will be decreased by HK$22.3 million based on the Offer Price of HK$5.22. For details, please refer to the paragraph headed "Profit Forecast for the year ending 31 December 2007" in the "Summary" and "Financial information" sections, respectively of this Prospectus.

Under the HKFRSs, the costs of share options granted under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme will be charged to the Group's income statement by reference to the fair value at the date at which the share options are granted. As a result, the Group's profitability may be adversely affected.

Sales of substantial amounts of Shares in the public market may materially and adversely affect the prevailing market price of the Shares

Immediately upon completion of the Global Offering, CITIC Pacific will indirectly hold 56.6% (assuming the Over-allotment Option is not exercised) or approximately 50.1% (assuming the Over-allotment Option is exercised in full) of the Company's Shares. CITIC Pacific is disposing approximately 43.4% (assuming the Over-allotment Option is not exercised) or approximately 49.9% (assuming the Over-allotment Option is exercised in full) of the Company's Shares which represents a significant portion of the Global Offering from the existing Shares by CITIC Pacific. The Shares held by CITIC Pacific may be sold in the public market pursuant to, and subject to the restrictions of the Listing Rules, the securities laws of certain jurisdictions and contractual lock-up restrictions, details of which are set out in the section headed "Substantial Shareholders" in this Prospectus. While the Group is not aware of any plans of CITIC Pacific to dispose of a significant amount of its Shares after completion of the Global Offering, the Group cannot provide any assurance that CITIC Pacific will not dispose of any of its Shares upon or after expiration of the applicable lock-up period. Sales of substantial amounts of Shares in the public market, or the perception that these sales may occur, could materially and adversely affect the prevailing market price of the Shares.

Forward-looking information included in this Prospectus may not be accurate

This Prospectus contains certain forward-looking statements and information relating to the Group, that are based on the beliefs of the Group's management as well as assumptions made by and information currently available to its management. When used in this Prospectus, the words "anticipate", "believe", "consider", "could", "expect", "going forward", "intend", "may", "plan", "seek", "will", "would", and similar expressions, as they relate to the Group management, are intended to identify forward-looking statements. Such statements reflect the current views of the Group's management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the other risk factors described in this Prospectus. The risks and uncertainties which could affect the accuracy of forward-looking statements including, but are not limited to, the following:

- future financial position of the Group;
- business prospects of the Group;
- future debt levels and capital needs of the Group;
- strategy, plans, objectives and goals of the Group;
- general economic conditions;
- changes to regulatory and operating conditions in the market in which the Group operates;
- the Group's ability to reduce costs;
- capital market developments;
- the actions and developments of the Group's competitors;
- certain statements in the section headed "Financial information" in this Prospectus with respect to trends in prices, results, volumes, operations, margins, overall market trends, risk management and exchange rates; and
- other statements in this Prospectus that are not historical fact.

Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, the Group's financial performance could be materially and adversely affected.

The Group's controlling shareholder may take actions that conflict with the Group's public shareholders' best interests

On completion of the Global Offering, CITIC Pacific will indirectly hold 56.6% (assuming the Over-allotment Option is not exercised) or approximately 50.1% (assuming the Over-allotment Option is exercised in full) of the Company's Shares.

CITIC Pacific has given a non-compete undertaking in respect of the restricted activities, being the current business of the Group. However, in circumstances involving a conflict of interest which is not covered under the non-compete undertaking, given CITIC Pacific is a listed company and has to account to the best interests of its shareholders, the Group cannot ensure that CITIC Pacific will not act in a manner that would benefit CITIC Pacific to the detriment of the other Shareholders of the Company.

In addition, the Group has been granted the right to use the trademark of CITIC Pacific. As such, any event that may be negative in relation to CITIC Pacific may, through the Group's association with, or its use of, CITIC Pacific's trademark, also adversely affect the Group.

Following the Global Offering, CITIC Pacific's equity interests in the Group will be reduced. With the independent operation of the Group from CITIC Pacific and the separate listing, the Group may lose some of the "marketing and propaganda convenience" which it previously enjoyed as a wholly-owned subsidiary of CITIC Pacific such as the enormous financial resources supports from CITIC Pacific which is a public listed company and CITIC Pacific's vast connections and successful business experiences in the PRC, and be more delineated from CITIC Pacific.

No guarantee of the accuracy of facts, forecasts and other statistics derived from the official government publication with respect to the PRC's economy contained in this Prospectus

Certain facts, forecasts and other statistics in this Prospectus relating to the PRC's economy have been derived from various official government publications. The Directors and the Sponsor have exercised reasonable care in reproducing such facts, forecasts and statistics. However, the quality or reliability of such source materials cannot be guaranteed. They have not been prepared or independently verified by the Group, the Sponsor, the Underwriters or any of their respective directors, affiliates or advisers and therefore the Group makes no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the official statistics referred to or contained in this Prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such facts, forecasts or statistics.

Prospective investors should not place any reliance on any information contained in the press coverage regarding the Group and the Global Offering

Before or after the publication of this Prospectus, there has been or will be press coverage regarding the Group and the Global Offering containing certain financial information, financial projections and other information referring to the Group that is not set out in this Prospectus. The Group wishes to emphasise to prospective investors that neither the Company, the Directors, the Selling Shareholder, the Sponsor, any of the parties involved in the Global Offering (collectively, the "Relevant Parties") nor any of the Underwriters has authorised the disclosure of any such information in the press, and neither such press coverage, nor any repetition, elaboration or derivative work was prepared by, sourced from, or authorised by the Group, the Selling Shareholder or any of the Underwriters. Neither the Company, the Selling Shareholder, any of the Relevant Parties nor any of the Underwriters accepts any responsibility for any such press coverage or the accuracy or completeness of any such information. The Group makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is not contained in this Prospectus or is inconsistent or conflicts with the information contained in this Prospectus, the Group disclaims any responsibility and liability whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information in making decision as to whether to subscribe for the Offer Shares. Prospective investors should rely only on the information contained in this Prospectus.

CONNECTED TRANSACTIONS

Certain members of the Group have entered into and are expected to continue certain transactions, which will constitute non-exempt continuing connected transactions of the Company under the Listing Rules upon the Listing. The Company has applied to the Stock Exchange for a waiver from strict compliance with the requirements regarding the announcements in respect of such non-exempt continuing connected transactions under Chapter 14A of the Listing Rules. The details of such waivers are set out in the section headed “Connected transactions” of this Prospectus.

The Stock Exchange has granted a waiver from strict compliance with the applicable requirements under the Listing Rules as mentioned above and the Company should comply with the annual review requirements and the reporting requirements under Rules 14A.37 to 14A.41 and Rules 14A.45 to 14A.46 of the Listing Rules, subject to the respective annual caps for each of the continuing connected transactions.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules of the SFO and the Listing Rules for the purpose of giving information to the public with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief:

1. there are no other facts the omission of which would make any statement in this Prospectus misleading;

2. the information contained in this Prospectus is accurate and complete in all material aspects and is not misleading; and

3. all opinions expressed in this Prospectus have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

FULLY UNDERWRITTEN

The Global Offering comprises the International Placing and the Public Offer. Details of the structure and conditions of the Global Offering are set out in the section headed "Structure and conditions of the Global Offering" in this Prospectus. This Prospectus is published in connection with the Global Offering, together with the related application forms, sets out the terms and conditions of the Global Offering.

The Global Offering is sponsored by BNP Paribas and fully underwritten by the Underwriters. Information relating to the underwriting arrangements is set out in the section headed "Underwriting" in this Prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company at or about 8:00 a.m., 10 October 2007 (Hong Kong time), or such later time as may be agreed between the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company, but in any event no later than noon, 10 October 2007.

If the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company are unable to reach an agreement on the Offer Price at or about 8:00 a.m., 10 October 2007, or such later time as may be agreed between the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company, but in any event no later than noon, 10 October 2007, the Global Offering will not become unconditional and will lapse.

SELLING RESTRICTIONS

No action has been taken to permit an offering of the Offer Shares or the distribution of this Prospectus and/or the related application forms in any jurisdiction other than Hong Kong. Accordingly, this Prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

The Offer Shares are offered to the public in Hong Kong for subscription solely on the basis of the information contained and the representations made in this Prospectus and the related application forms. No person is authorised in connection with the Global Offering to give any information or to make any representation not contained in this Prospectus, and any information or representation not contained in this Prospectus must not be relied upon as having been authorised by the Selling Shareholder, the Company, BNP Paribas, the Underwriters, any of their respective directors or any other person involved in the Global Offering.

Each person acquiring the Offer Shares will be required, and is deemed by his acquisition of the Offer Shares, to confirm that he is aware of the restrictions on offers of the Offer Shares described in this Prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

This Prospectus is also being distributed in electronic format on CD ROM to Qualifying CP Shareholders. The CD ROM may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. Neither the CD ROM nor any of its contents is a public offer of securities for sale in any other jurisdictions other than Hong Kong. Neither the CD ROM, any of its contents, nor any copy of it may be forwarded, distributed or reproduced in any jurisdiction where such forwarding, distribution or reproduction is not permitted under the laws of that jurisdiction. By accepting the CD ROM, Qualifying CP Shareholders are deemed to agree to be bound by the foregoing instructions.

The following information is provided for guidance only. Prospective applicants for Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Italy

This Prospectus has not been and will not be filed with or approved by the Italian securities market regulator (Commissione Nazionale per le Società e la Borsa — the "CONSOB"), pursuant to Legislative Decree No. 58 of 24 February 1998 (as amended, the "Finance Law") and to CONSOB Regulation No. 11971 of 14 May 1999 (as amended, the "Issuers Regulation"). Accordingly, this Prospectus or any other document relating to the Offer Shares may not be distributed, made available or advertised in Italy, nor may the Offer Shares be offered, purchased, sold, promoted, advertised or delivered, directly or indirectly, to the public other than (i) to "Professional Investors" (such being the persons and entities as defined pursuant to Article 2(1)(e) of the EU Directive 71/2003, the "Prospectus Directive", pursuant to Article 100 of the Finance Law; (ii) to prospective investors where the offer of the Offer Shares is subject to a minimum investment requirement of EUR50,000 or to a maximum, in Italy, of 100 investors, pursuant to Article 100 of the Finance Law and Article 33 of the Issuers Regulation; or otherwise in reliance on a total exemption from the investment solicitation rules pursuant to, and in compliance with the conditions set forth by Article 100 of the Finance Law or Article 33 of the Issuers Regulation, or by any applicable exemption; and provided that any such offer, sale, promotion, advertising or delivery of the Offer Shares or distribution of the Prospectus, or any part thereof, or of any other document or material relating to the Offer Shares in Italy is made: (a) by investment firms, banks or financial intermediaries enrolled in the special register provided for in Article 107 of the Legislative Decree No. 385 of 1 September 1993 as amended (the "Banking Law Consolidated Act"), to the extent duly authorised to engage in the placement and/or underwriting of financial instruments in Italy in accordance with the relevant provisions of the Finance Law and in compliance with the relevant implementing regulations or (b) by foreign banks or financial institutions (the controlling shareholding of which is owned by one or more banks located in the same EU Member State) authorised to place and distribute securities in Italy pursuant to Articles 15, 16 and 18 of the Banking Law Consolidated Act; (c) in each case in compliance with any relevant limitations or procedural requirements the Bank of Italy or CONSOB or any other competent authority may impose upon the offer or sale of the Offer Shares.

Singapore

This Prospectus has not been and will not be lodged with and registered by the Monetary Authority of Singapore ("MAS") in Singapore as a prospectus under the Securities and Futures Act, Chapter 289 of Singapore ("SFA") and the Global Offering is made pursuant to an exemption invoked under Sections 274 and 275 of the SFA. Accordingly, this Prospectus and any other document or material in connection with the Global Offering may not be issued, circulated or distributed in Singapore, nor may any of the Offer Shares be offered for subscription or purchase, whether directly or indirectly, nor may any Offer Shares be made the subject of an invitation or offer for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Offer Shares are subscribed or purchased under Section 275 by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Offer Shares pursuant to an offer made under Section 275 except:

(1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than SGD200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

The Netherlands

No offer of the Offer Shares has been or will be made to the public in the Netherlands prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the Dutch Authority for the Financial Markets *(Autoriteit Financiële Markten)* or has been approved by the competent authority in another member state of the European Economic Area which has implemented the Prospectus Directive and notified the Dutch Authority for the Financial Markets, except that an offer of the Offer Shares may be made to the public in the Netherlands at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than Euro 43,000,000 and (iii) an annual net turnover of more than Euro 50,000,000, as shown in its last annual or consolidated accounts; or

(c) in any other circumstances which do not require the publication of a prospectus pursuant to Article 3 sub 2 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Offer Shares to the public" in relation to any Offer Shares in the Netherlands making a sufficiently determined offer to more than one person to conclude a contract to purchase, or subscribe for or otherwise acquire the Offer Shares, or issuing an invitation to make an offer on such Offer Shares, and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in the Netherlands.

If the Offer Shares are offered in the Netherlands upon reliance of Article 3 sub 2(a) of the Prospectus Directive, then "qualified investors" shall have the meaning of "qualified investor *(gekwalificeerde belegger)*" as defined in the Dutch Financial Supervision Act *(Wet op het financieel toezicht)*.

France

The Offer Shares may not be offered or sold, directly or indirectly, and copies of this Prospectus or other documents or materials relating to the Global Offering may not be distributed or caused to be distributed, directly or indirectly, in France except to corporate entities having the status of "qualified investors" (investisseurs qualifiés) and acting for their own account, as defined in, and in accordance with, Article L.411-2 of the French Code Monétaire et Financier, or otherwise in circumstances which have not resulted and will not result in a public offering (appel public a l'épargne) in France as defined in Article L.411-1 of the French Code Monétaire et Financier. In accordance with Article 211-4 of the General Regulations (Règlement Général) of the French Autorité des Marchés Financiers, such qualified investors (investisseurs qualifiés) are informed that: (i) neither the Prospectus nor any other offering material in relation to the Offer Shares has been or will be lodged or registered with the French Autorité des Marchés Financiers; (ii) they must participate in the offering for their own account, in the conditions set out in Articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code Monétaire et Financier; and (iii) the direct or indirect resale to the public in France of the Offer Shares can only be made in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Code Monétaire et Financier.

United Kingdom

This prospectus has not been approved under Section 21 of the Financial Services and Markets Act 2000 ("FSMA") by a person authorised under the FSMA in the United Kingdom. This prospectus is being distributed in the United Kingdom only to, and is directed only at, (i) investment professionals, as defined in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005 (the "FSMA Order"), and (ii) persons falling within Article 49 of the FSMA Order (all such persons together being referred to as "relevant persons"). This prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus relates is available only to relevant persons and will be engaged in only with relevant persons. Persons of any description, including those who do not have professional experience in matters relating to investments should return this document to the Global Coordinator and take no further action.

The Offer Shares may not be offered or sold in the United Kingdom except to persons who are qualified investors within the meaning of Section 86 of the FSMA as amended by the Prospectus Regulations 2005 or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom for the purposes of the FSMA or the Prospectus Regulations 2005.

In addition, no person may issue or pass on to any person in the United Kingdom any documents received by him in connection with the issue or sale of any Offer Shares or communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in relation to the Offer Shares unless the recipient is a relevant person.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive 2003/71/EC ("Prospectus Directive") (each a "Relevant Member State"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date"), the Offer Shares have not been and will not be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and any relevant implementing measures in the Relevant Member State, except for the Offer Shares that have been or will be offered to the public, with effect from and including the Relevant Implementation Date, in that Relevant Member State at any time: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year, (ii) a total balance sheet of more than Euro 43,000,000 and (iii) an annual net turnover of more than Euro 50,000,000, as shown in its last annual or combined accounts; or (c) in any other circumstances which do not require the publication of a prospectus under article 3 of the Prospectus Directive. The expression "offered to public" in relation to the Offer Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Offer Shares so as to enable an investor to decide to purchase or subscribe for the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive.

Canada

This Prospectus has not been filed with a securities regulatory authority in any province or territory of Canada. The Offer Shares may not be offered or sold, directly or indirectly, in any province or territory of Canada or to, or for the benefit of, any resident of any province or territory of Canada except pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer or sale is made and only by a dealer duly registered under the applicable securities laws of that province or territory or in circumstances where an exemption from the applicable registered dealer requirements is available.

Japan

The Offer Shares which are being offered hereby have not been or will not be registered under the Securities and Exchange Law of Japan (or the Financial Instruments and Exchange Law) (Law No. 25 of 1948, as amended, the "Exchange Law"). None of the Offer Shares may be offered, re-offered, sold or re-sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except: (i) in compliance with the registration requirements of the Exchange Law or pursuant to any exemption available from such registration requirements; and (ii) in compliance with any other applicable requirements of Japanese law, regulations and ministerial guidelines. Such other applicable requirements may include (a) the reporting or other regulations under the Foreign Exchange and Foreign Trade Law of Japan (Law No. 228 of 1949, as amended) and the regulations promulgated thereunder, (b) restrictions on transferability under the Exchange Law, and (c) regulations of the Japan Securities Dealers Association. As used in this paragraph, a "resident of Japan" means any individual residing in Japan and business offices in Japan, including any corporation or other entity established under the laws of Japan.

United States

The Offer Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or territory of the United States and, accordingly, may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, US Persons, except to qualified institutional buyers in reliance on the exemption from the registration requirements provided by Rule 144A and outside the United States pursuant to Regulation S.

The Offer Shares are being offered and sold outside the United States to non-US Persons pursuant to Regulation S. In addition, until 40 days after the later of the commencement of the Global Offering and the date of closing of the Global Offering, an offer or sale of the Offer Shares within the United States by any dealer (whether or not participating in the Global Offering) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, such registration requirements. Terms used above have the meanings set forth in Regulation S.

Neither the US Securities and Exchange Commission nor any state securities commission in the United States or any other US regulatory authority has approved or disapproved of the Offer Shares or passed upon or endorsed the merits of the Global Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

PRC

This Prospectus may not be circulated or distributed in the PRC and the Offer Shares may not be offered or sold directly or indirectly to any resident of the PRC, or offered or sold to any person for re-offering or re-sale directly or indirectly to any resident of the PRC except pursuant to applicable PRC laws and regulations.

South Africa

This Prospectus has not been registered as a prospectus in accordance with the Companies Act, 1973 (as amended) of the Republic of South Africa. The offer of the Offer Shares is not an offer to the public in the Republic of South Africa in that it is made only to existing shareholders of CITIC Pacific in the Republic of South Africa and it is only capable of acceptance by existing shareholders of CITIC Pacific in the Republic of South Africa. It is the responsibility of a prospective purchaser who is resident in the Republic of South Africa to ensure that it has the necessary approvals to acquire any Offer Shares under the Exchange Control Regulations, 1961 (as amended) promulgated under the Currency and Exchange Act, 1933 (as amended).

United Arab Emirates

This Prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates or any free zone situated therein ("UAE"). The Offer Shares have not been and will not be registered under Federal Law No.4 of 2000 Concerning the Emirates Securities and Commodities Authority, or with the UAE Central Bank, the Dubai Financial Market, the Dubai International Financial Exchange, the Dubai Financial Services Authority ("DFSA"), the Abu Dhabi Securities Market or with any other UAE exchange or regulatory authority.

The Offer Shares have not been approved or licensed by the UAE Central Bank, the Emirates Securities and Commodities Authority, the DFSA or any other relevant licensing authorities in the UAE, and this Prospectus do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No.8 of 1984 (as amended), the Offered Security Rules of the DFSA or otherwise.

In relation to its use in the UAE, this Prospectus is strictly private and confidential and is being distributed to a limited number of professional and sophisticated investors only and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The Offer Shares may not be offered, sold, promoted or advertised, directly or indirectly, to the public in the UAE.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus (including the Capitalisation Issue, the Global Offering and the Shares which may fall to be issued on the exercise of subscription rights attached to options granted under the Pre-IPO Share Option Scheme and Post-IPO Share Option Scheme).

No part of the share or loan capital of the Company is listed or dealt in on any other stock exchange and, at present, no such listing or permission to deal is being or is proposed to be sought on any other stock exchange in the near future.

Under section 44B(1) of the Companies Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Offer Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Stock Exchange.

HONG KONG REGISTER AND STAMP DUTY

The Company's register of members will be maintained by the Company's Share Registrar in Hong Kong. All Shares issued pursuant to applications made in the Public Offer and the International Placing will be registered on the Company register of members to be maintained in Hong Kong.

Dealings in the Shares registered in the register of the Company in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of Shares will be paid to the Shareholders on the share register of the Company, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

PROFESSIONAL TAX ADVICE RECOMMENDED

Applicants for the Offer Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding and dealing in the Shares. It is emphasised that none of the Selling Shareholder, the Company, the Underwriters, the Sponsor, any of their respective directors, agents or advisers or any other person involved in the Global Offering accepts responsibility for any tax effects or liabilities of holders of Shares resulting from the subscription, purchase, holding or disposal of Shares.

STABILISATION AND OVER-ALLOTMENT OPTION

In connection with the Global Offering, BNP Paribas or any person acting for it may over-allot or effect transactions with a view to stablising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on BNP Paribas or any person acting for it to do this. Such stabilisation action, if taken, may be discontinued at any time, and is required to be brought to an end after a limited period.

In connection with the Global Offering, the Selling Shareholder has granted to BNP Paribas the Over-allotment Option, which will be exercisable in full or in part by BNP Paribas no later than 30 days from the last day for lodging applications under the Public Offer. Pursuant to the Over-allotment Option, the Selling Shareholder may be required to sell at the Offer Price up to an additional 117,000,000 Sale Shares, representing 15% of the total number of Offer Shares initially available under the Global Offering, in connection with over-allocations in the International Placing, if any.

Further details with respect to stabilisation and the Over-allotment Option are set out in the section headed "Structure and conditions of the Global Offering — Over-allotment Option and stabilisation" in this Prospectus.

PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The procedure for applying for the Public Offer Shares is set out under the section headed "How to apply for Public Offer Shares and Reserved Shares" in this Prospectus and on the relevant application forms.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed herein are due to rounding.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out under the section headed "Structure and conditions of the Global Offering" of this Prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on or about 17 October 2007, Shares will be traded in board lots of 1,000 Shares each.

EXECUTIVE DIRECTORS

Name	Residential Address	Nationality
Hui Ying Bun	House No. 10, Route Twisk Villa 99, Route Twisk, Tsuen Wan New Territories, Hong Kong	Chinese
Chu Hon Fai	Flat A, 7th Floor Jolly Villa No. 8 Tai Hang Road Causeway Bay, Hong Kong	Chinese
Yip Moon Tong	4A, Wylie Court, Block D 19 Wylie Path Kowloon, Hong Kong	Chinese
Mak Kwing Tim	Flat B, 32/F, Block 7 Island Harbourview Kowloon, Hong Kong	Chinese
Lau Sei Keung	Tower One, Flat A, 27/F Illumination Terrace 5–7, Tai Hang Road Hong Kong	Chinese
Tsoi Tai Kwan, Arthur	Flat 501B, Villa Rocha 10 Broadwood Road Happy Valley, Hong Kong	Chinese
Glenn Robert Sturrock Smith	83 Royal Castle Pik Sha Road Lot 1622 DD 243 Clear Water Bay Road Sai Kung District Hong Kong	British
Chan Kin Man, Andrew	Flat A, 1/F Parc Oasis, Tower 31 25 Grandeur Road Kowloon, Hong Kong	Chinese

NON-EXECUTIVE DIRECTORS

Name	Residential Address	Nationality
Ho Hau Hay, Hamilton	24-1B Clovelly Court 12 May Road Hong Kong	Chinese
Chau Chi Yin	9 Shan Yin Road, The Paragon Blk 7, 2/F Duplex D & Roof Tai Po New Territories, Hong Kong	Chinese
Chan Chui Sheung, Stella	27E, Block 2 Well On Garden Tseung Kwan O Kowloon, Hong Kong	Chinese
Kwok Man Leung	Flat B, 11/F., Block 8 Island Harbourview Kowloon, Hong Kong	Chinese

INDEPENDENT NON-EXECUTIVE DIRECTORS

Name	Residential Address	Nationality
Cheung Kin Piu, Valiant	No. 2 Conduit Road 14A Yukon Court Hong Kong	Chinese
Hsu Hsung, Adolf	Flat A, 23rd Floor 52 Lyttelton Road Hong Kong	Chinese
Yeung Yue Man	32D, Block 8 Royal Ascot, Shatin New Territories, Hong Kong	Chinese

Global Coordinator, Bookrunner, Lead Manager and Sponsor	BNP Paribas Capital (Asia Pacific) Limited 59th–63rd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
International Underwriters	BNP Paribas Capital (Asia Pacific) Limited 59th–63rd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
	CITIC Securities Corporate Finance (HK) Limited 26/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
	Daiwa Securities SMBC Hong Kong Limited Level 26 One Pacific Place 88 Queensway Hong Kong
	China International Capital Corporation (Hong Kong) Limited Suite 2307, 23rd Floor One International Finance Centre 1 Harbour View Street Central Hong Kong
	DBS Asia Capital Limited 22nd Floor, The Center 99 Queen's Road Central Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	Shenyin Wanguo Capital (H.K.) Limited 28th Floor, Citibank Tower Citibank Plaza 3 Garden Road Central Hong Kong
	Taifook Securities Company Limited 25/F, New World Tower 16-18 Queen's Road Central Hong Kong

Public Offer Underwriters	BNP Paribas Capital (Asia Pacific) Limited 59th–63rd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong
	CITIC Securities Corporate Finance (HK) Limited 26/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
	Daiwa Securities SMBC Hong Kong Limited Level 26 One Pacific Place 88 Queensway Hong Kong
	China International Capital Corporation (Hong Kong) Limited Suite 2307, 23rd Floor One International Finance Centre 1 Harbour View Street Central Hong Kong
	DBS Asia Capital Limited 22nd Floor, The Center 99 Queen's Road Central Hong Kong
	Guotai Junan Securities (Hong Kong) Limited 27th Floor, Low Block Grand Millennium Plaza 181 Queen's Road Central Hong Kong
	Shenyin Wanguo Capital (H.K.) Limited 28th Floor, Citibank Tower Citibank Plaza 3 Garden Road Central Hong Kong
	Taifook Securities Company Limited 25/F, New World Tower 16-18 Queen's Road Central Hong Kong

Legal advisers to the Company	*As to Hong Kong law:* Johnson Stokes & Master 16th–19th Floors, Prince's Building 10 Chater Road Central Hong Kong
	As to PRC law: Jingtian & Gongcheng 15th Floor Union Plaza 20 Chaoyangmenwai Dajie Beijing 100020, China
Legal advisers to the Sponsor and the Underwriters	*As to Hong Kong law:* Richards Butler 20th Floor, Alexandra House 16–20 Chater Road Hong Kong
	As to US law: Weil, Gotshal & Manges LLP 38/F, Tower 2 Plaza 66 1366 Nanjing Road (W) Shanghai 200040, China
Auditors and reporting accountants	KPMG 8th Floor, Prince's Building 10 Chater Road Central Hong Kong
Property valuer	Knight Frank Petty Limited 4th Floor, Shui On Centre 6–8 Harbour Road Wanchai Hong Kong

Receiving bankers	Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong
	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
	Industrial and Commercial Bank of China (Asia) Limited 33rd Floor ICBC Tower 3 Garden Road Central Hong Kong
	The Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong

Registered office	8th Floor, DCH Building 20 Kai Cheung Road Kowloon Bay Hong Kong
Company's website	www.dch.com.hk (information contained in this website does not form part of this Prospectus)
Company secretary	Tso Mun Wai (ACIS, MA)
Qualified accountant	Chan Kin Man, Andrew (FCPA, FCMA)
Compliance adviser	BNP Paribas Capital (Asia Pacific) Limited
Authorised representatives	Chan Kin Man, Andrew Flat A, 1/F Parc Oasis, Tower 31 25 Grandeur Road Kowloon Hong Kong Tso Mun Wai 18 A, Block 7 1 King's Park Rise Kowloon Hong Kong
Audit committee	Cheung Kin Piu, Valiant (*Chairman*) Hsu Hsung, Adolf Yeung Yue Man
Remuneration committee	Hsu Hsung, Adolf (*Chairman*) Cheung Kin Piu, Valiant Yeung Yue Man
Principal bankers	BNP Paribas Hong Kong Branch 63rd Floor, Two International Finance Centre 8 Finance Street Central Hong Kong Bank of Communications Co., Ltd. Hong Kong Branch 20 Pedder Street Central Hong Kong Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

	Bank of East Asia, Limited 10 Des Voeux Road Central Hong Kong
	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
	Mizuho Corporate Bank, Ltd. 17F II Pacific Place 88 Queensway Hong Kong
	Standard Chartered Bank (Hong Kong) Limited 4–4A Des Voeux Road Central Hong Kong
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. 8th Floor, AIG Tower, 1 Connaught Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Share registrar and transfer office in Hong Kong	Tricor Investor Services Limited 26th Floor Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong

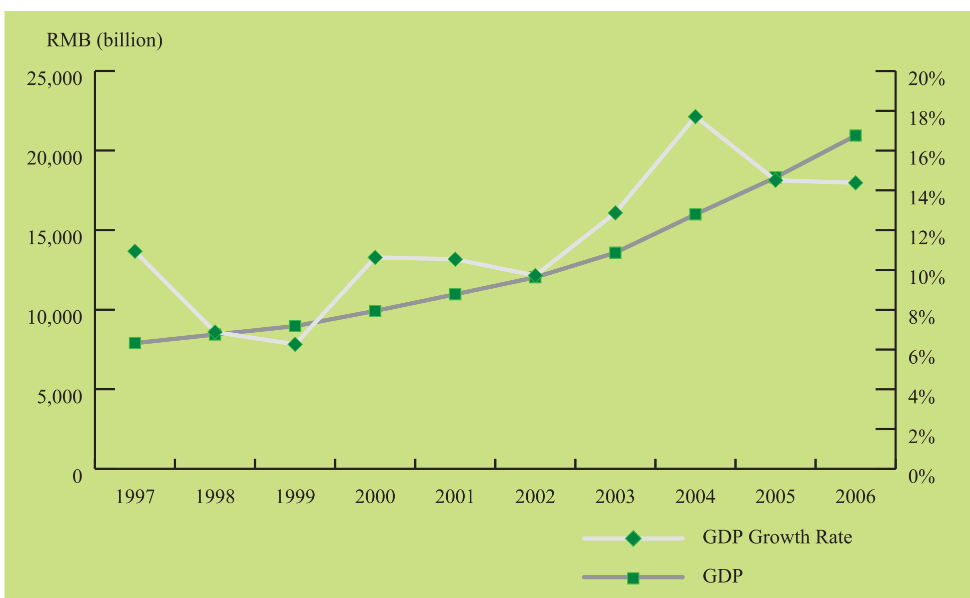
Certain facts, statistics and data presented in this section and elsewhere in this Prospectus have been derived, in part, from various government or official sources. Whilst the Directors have taken all reasonable care to ensure that the relevant official facts and statistics are accurately reproduced from these sources, such facts and statistics have not been independently verified by the Company, the Sponsor, the Underwriters, their respective affiliates, directors and advisers or any other parties involved in the Global Offering. The Company, the Sponsor, the Underwriters, their respective directors and advisers or any other parties involved in the Global Offering make no representation as to the accuracy or completeness of such information, which may not be consistent with other information available and may not be accurate and should not be unduly relied upon.

GDP GROWTH AND CONSUMPTION IN THE PRC

Strong Economic Growth

In recent years, China has emerged as one of the fastest growing economies in the world. With a record-breaking nominal GDP of RMB20.9 trillion in 2006, China has managed to maintain a double-digit GDP growth for the 4th consecutive year. China's economy has grown at an annualised rate of 11.1% in the first three months of 2007.

China's GDP Growth Rate (1997–2006)



Source: National Bureau of Statistics of China

A wealthier population and higher living standards are the results of this booming economy. Data from the National Bureau of Statistics of China shows that the compound annual growth rate of China's GDP has been rising since 1999. From 2000 and onwards, China's GDP has been growing at over 8% per year, implying a rapid increase in the consumption power of the nation.

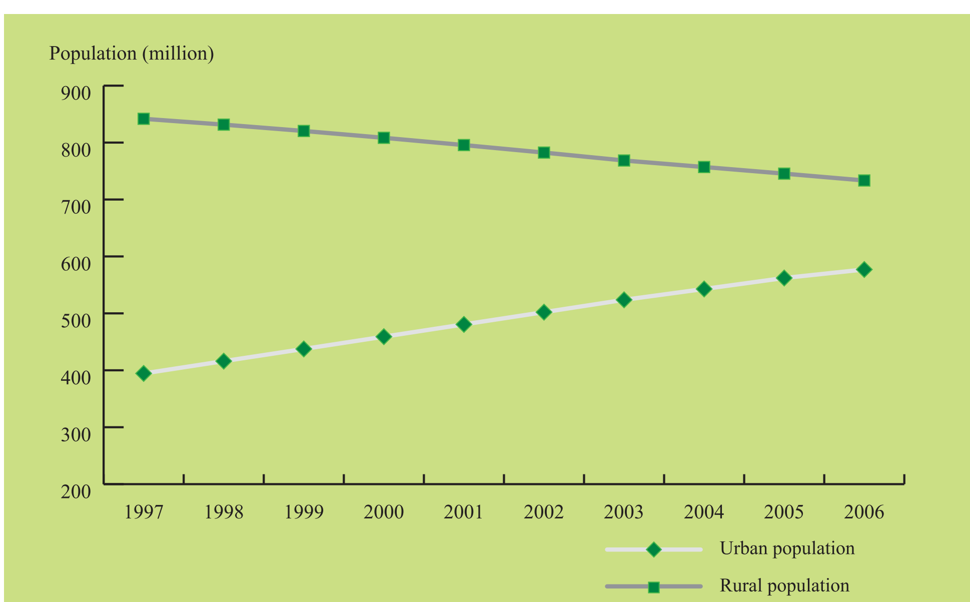
GDP Per Capita of China (1997–2006)

Source: National Bureau of Statistics of China

Urbanisation and Enhanced Purchasing Power

Urbanisation in China, as measured by dividing the urban population by the total population, has grown rapidly from 31.9% in 1997 to 43.9% in 2006. The chart below illustrates urban and rural population trends in China from 1997 to 2006.

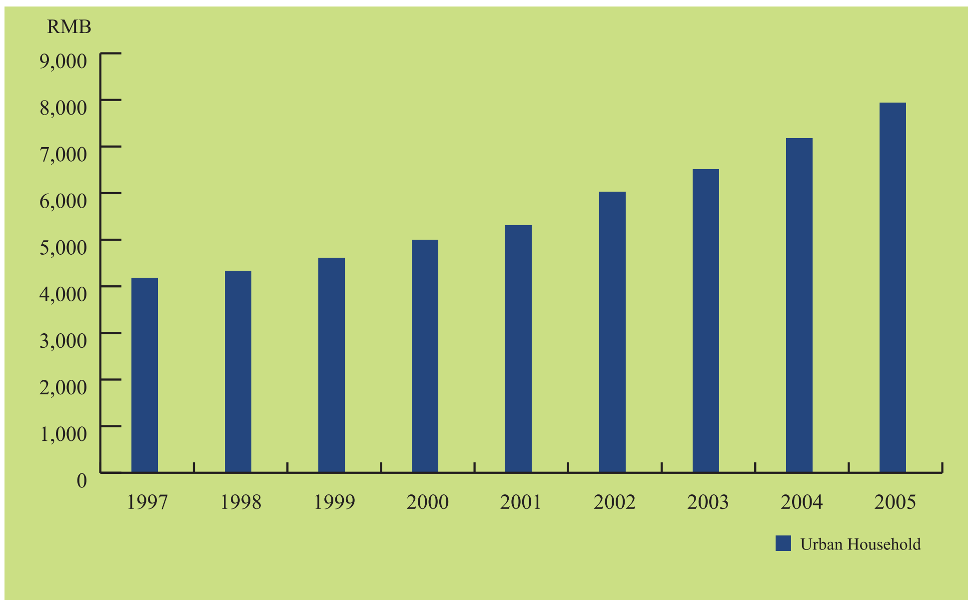
Urban and Rural Population in China (1997–2006)



Source: National Bureau of Statistics of China

According to the National Bureau of Statistics of China, the per capita annual consumption expenditure by China's urban household was approximately RMB4,998 in 2000. This figure had risen to approximately RMB7,943 in 2005, representing a significant increase in consumption expenditure by urban households at a CAGR of approximately 19.7%.

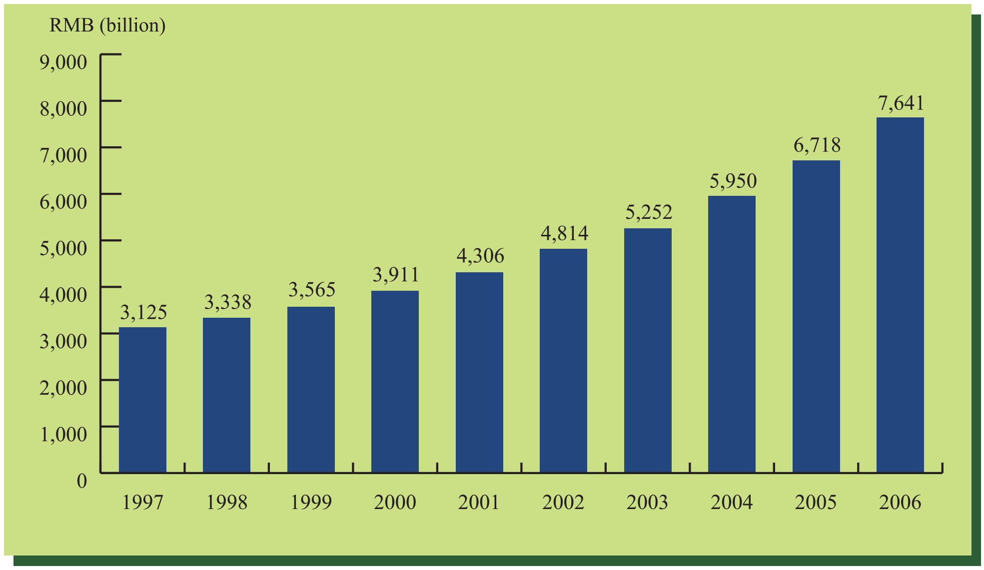
Per Capita Annual Consumption Expenditure of Urban Households



Source: National Bureau of Statistics of China

A similar trend is seen in China's retail sales figures. The increase in the purchasing power of the PRC's urban residents has resulted in a surge in retail sales of consumer goods. According to the National Bureau of Statistics of China, total retail sales of consumer goods in China increased from approximately RMB4,306 billion in 2001 to approximately RMB7,641 billion in 2006. With the strong economic growth and the launch of the 2008 Olympic Games in Beijing, the Group expects a similar level of growth in retail sales in China for the foreseeable future.

China Retail Sales of Consumer Goods (1997–2006)



Source: *National Bureau of Statistics of China*

Overview of the Global Automotive Market

There are generally 4 main categories of motor vehicles: passenger vehicles, light commercial vehicles, heavy trucks and buses, among which passenger vehicles account for most of the global motor vehicle production.

Global Motor Vehicle Production by Type in 2006

Rank	Car types	unit produced in 2006 *(million)*	% accounted for
1	Passenger Vehicles	49.9	72.3%
2	Light Commercial Vehicles	15.5	22.4%
3	Heavy Trucks	3.2	4.6%
4	Buses	0.5	0.7%
	Total:	69.1	100.0%

Source: *International Organization of Motor Vehicle Manufacturers*

Motor vehicle manufacturing in China has become more significant in recent years and continues to grow rapidly over the last decade when compared with other major vehicle manufacturing countries. China accounted for 10.4% of the total global vehicle production in 2006 as compared to 5.6% in 2002. In addition, in 2006, China overtook Germany and Japan in motor vehicle sales, making it the second largest motor vehicle market in the world, behind only the US.

Motor vehicle sales in China has grown rapidly since its accession to the WTO, offering an immense opportunity to automotive players. As a long term perspective, rising income levels, an increasing rate of urbanisation, and more sophisticated infrastructure development would drive growth in China's automotive market.

The Global Automotive Aftermarket

The automotive aftermarket can generally be divided into 4 segments: (i) the passenger car, light, medium and heavy duty truck segment; (ii) the paint, body and equipment segment; (iii) the automotive warehouse distribution segment; and (iv) the tool and equipment segment. Each of these segments supplies original equipment parts produced by motor vehicle manufacturers as well as non-original equipment parts produced by independent suppliers. The range of products available in the automotive aftermarket includes mechanical products, electrical products, electronic products, exterior and structural products, motor oil, fluids and additives, and appearance chemicals.

The global automotive aftermarket as a whole is growing. According to Datamonitor, a market research firm, the global automotive aftermarket grew 4.2% in 2006, reaching US$3,321.1 billion. The CAGR was 3.6% for the period 2002–2006.

Value of the Global Automotive Aftermarket

Source: Datamonitor, "Global Automotive Retail Industry Profile", March 2007. This report is based on a combination of primary research, including online, face-to-face and telephone interviews with consumer and industry players, and secondary research from International Organization of Motor Vehicle Manufacturers, Automotive Aftermarket Industry Association, and other various sources (including trade associations, news providers and others).

From Upstream to Downstream: The Concept of 4S Outlets

In addition to motor vehicle manufacturing (which is an upstream function in relation to motor vehicle sales), the automotive industry is increasingly focusing on downstream profit opportunities; these include supplying after sales services and spare parts. One avenue is through the development and establishment, in industry jargon, of "4S outlets" from or instead of "3S outlets".

Typically, 3S outlets provide the following products and services: (i) Sales (i.e. motor vehicle sales); (ii) Services; and (iii) Spare parts. In addition to those products and services, 4S outlets also conduct Surveys and solicit customer feedback. 4S outlets also possess the following distinguishing characteristics:

- Each 4S outlet is dedicated to and serves only one brand of motor vehicles.
- Each 4S outlet is certified by the relevant motor vehicle manufacturer and is required to comply with strict technical specifications and facilities requirements.
- Each 4S outlet is required to procure vehicles and parts from manufacturer, and manufacturer will provide training and technical support to 4S outlets.

Thus with 4S outlets, motor vehicle manufacturers can: (i) distribute genuine spare parts to end-users directly without allowing unauthorised dealers and repair shops to profit from this value chain (consumers generally feel more comfortable purchasing motor vehicles and spare parts from 4S outlets); (ii) have better control over the aftermarket for their products; and (iii) ensure a consistent brand service.

Overview of the Automotive Market in Hong Kong

Statistics from the Transport Department of Hong Kong show that the automobile market experienced a sharp decline in 2003 due to the outbreak of SARS and a change in the First Registration Tax computation in Hong Kong. Motor vehicle sales rebounded in 2004 and have since remained steady at around 30,000 units per year in recent years.

Hong Kong Brand New Vehicle Registration

	2002	2003	2004	2005	2006
	(Units)	*(Units)*	*(Units)*	*(Units)*	*(Units)*
Private Cars	27,692	21,345	25,598	24,372	24,497
Taxis	2,665	1,511	587	451	389
Buses	1,103	871	722	647	671
Light Buses	428	529	937	1,232	157
Goods Vehicles	5,362	4,500	6,042	6,501	6,762
Special Purpose Vehicles	160	103	107	159	85
Government Vehicles	709	403	409	378	380
Total	38,119	29,262	34,402	33,740	32,941

Source: Monthly Traffic and Transport Digest December 2006, Transport Department of Hong Kong

Note:

1. "Brand New" refers to registration of brand new vehicles.

2. Usually customers would have local modifications before registration, as such the registration number include non brand new vehicles which include locally assembled vehicles.

3. Exclude motor cycles

The Automotive Aftermarket in Hong Kong

According to import statistics from the Census and Statistic Department of Hong Kong, the total value of sales of spare parts was over HK$3.5 billion in 2006. Major sources of imports include Japan, China, Germany, Singapore, Malaysia and England.

Future Developments

Tax Incentive programme for environmentally-friendly petrol private cars

There is an increasing concern over the roadside air pollution in Hong Kong. In order to tackle this problem, the Hong Kong Government encourages the use of environmentally-friendly petrol private vehicles with both low emissions and high fuel efficiency by granting a 30% reduction in the First Registration Tax (of up to HK$50,000) to buyers of newly registered environmentally-friendly petrol private vehicles. It is expected that the use of environmentally-friendly petrol private vehicles would be promoted under this programme.

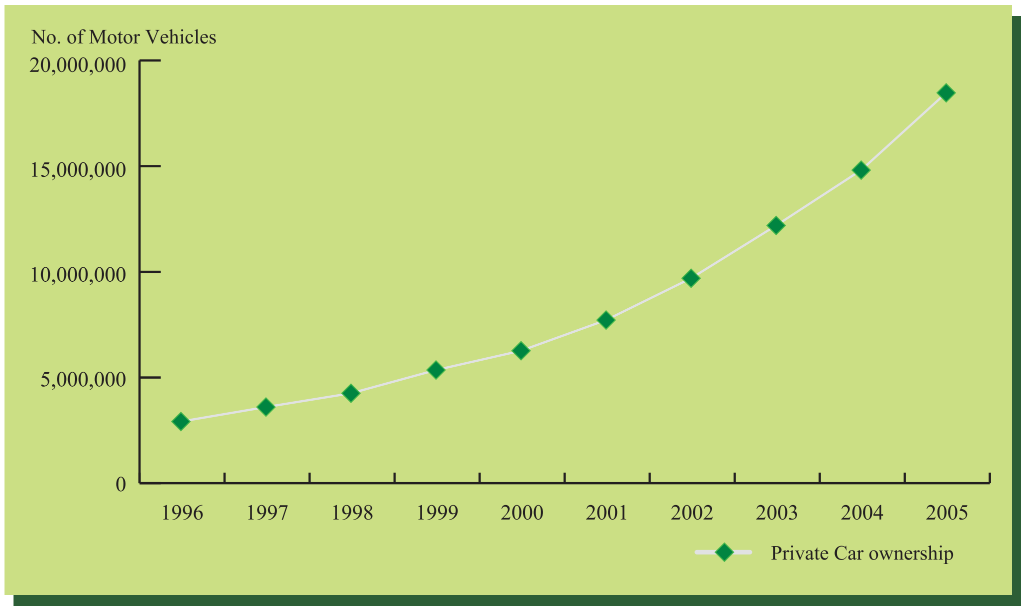
Replacement scheme for pre-Euro and Euro I diesel commercial vehicles

To improve air quality, Hong Kong Government has offered, for a specific period, a one-off grant to vehicle owners who replace their diesel commercial vehicles that comply with pre-Euro and Euro I emission standards with new commercial vehicles that comply with Euro IV emission standards. The application deadline for the grant for replacing all Euro I diesel commercial vehicles is 31 March 2010. For all pre-Euro emission standards diesel commercial vehicles, the deadline is 30 September 2008, except for vehicles with body type which are registered as concrete mixers, gully emptiers, lorry cranes or pressure tankers, for which the deadline is 31 March 2010. The Company expects that the effect of this scheme on the sales and replacement of commercial vehicles would emerge close to the first deadline of 30 September 2008 because vehicle owners tend to replace their vehicles close to the application deadline.

Overview of the PRC Motor Vehicle Market

The US, Japan, China and Germany are the largest motor vehicle manufacturing countries in the world, accounting for an aggregate of 51.7% of total global motor vehicle production. China's motor vehicle production reached 7 million units in 2006, overtaking Germany to become the third largest motor vehicle producer in the world. China also overtook Germany and Japan in terms of vehicle sales in 2006, making it the second largest motor vehicle market, behind only the US. In 2005, 18,480,700 cars were privately owned in China, registering a growth rate of 538% in 10 years as compared with only 2,896,700 units in 1996. With a population of 1.3 billion and private vehicle ownership rate of only 1.4%, growth opportunities in the Chinese automobile market are tremendous.

Private Car Ownership in China (1996–2005)



Source: National Bureau of Statistics of China

The market share held by local motor vehicle brands in China was nearly 26% in 2006, which overtook the market share held by imported brands from Germany, Japan, the US and South Korea. The motor vehicle market in China is currently dominated by Sino-foreign joint ventures. Shanghai General Motors Co., Ltd., Shanghai Volkswagen Automotive Co., Ltd. and FAW-VW Automobile Co., Ltd., had the highest vehicle sales in China in 2006 with sales of 413,400, 352,000, and 350,000 units respectively.

Top Ten Motor Vehicle Manufacturers in China, as measured by units sold (2006)

		units
1	Shanghai General Motors Co., Ltd.	413,400
2	Shanghai Volkswagen Automotive Co., Ltd.	352,000
3	FAW-VW Automobile Co., Ltd.	350,000
4	Chery Automobile Co., Ltd.	300,000
5	Beijing Hyundai Automobile Co., Ltd.	280,000
6	Guangzhou Honda Automobile Co., Ltd.	260,000
7	Geely International Corporation	204,690
8	Dongfeng Peugeot Citroen Automobile Company Ltd.	200,000
9	Shen Yang Brilliance JINBEI Automotive Co., Ltd.	200,000
10	Changan Ford Mazda Engine Co., Ltd.	194,010

*Source: China Association of Automobile Manufacturers**

* China Association of Automobile Manufacturers (CAAM) is an organization approved by the Ministry of Civil Affairs of the People's Republic of China.

Measures for the Implementation of Administration of Branded Automobile Sales (汽車品牌銷售管理實施辦法)

On 21 February 2005, the Ministry of Commerce of the People's Republic of China promulgated Measures for the Implementation of the Administration of Branded Automobile Sales《汽車品牌銷售管理實施辦法》(the "Measures"). They came into effect on 1 April 2005. The Measures categorise enterprises engaged in branded automobile sales into general automobile distributors and automobile brand dealer. Both categories of distributors must be approved by the Ministry of Commerce and registered with the Ministry of Commerce and the State Administration for Industry and Commerce for archival filing.

General automobile distributors are defined by the Measures as enterprises that provide automotive resources to automobile brand distributors, including automobile manufacturers and general automobile distributors who have been authorised by automobile manufacturers to establish nationwide sales and services networks of branded automobiles and to engage in automobile distribution. General automobile distributors supply automobiles and parts. They also make trademarks available for use in marketing and appoint dealers to establish sales networks. Unless otherwise authorised, general automobile distributors may not sell directly to retail customers within the authorised distribution territories or regions of automobile brand dealer.

Automobile brand dealer are defined by the Measures as enterprises that are authorised by general automobile distributors to conduct automobile sales and services and generally engage in automobile sales, after-sales services, and parts sales within the scope authorised by the general automobile distributors. Unless they are otherwise permitted by the relevant general automobile distributor, automobile brand distributors may only make direct sales of branded authorised automobiles to end users.

The Group is a general automobile distributor for certain brands of automobiles in China, and is a automobile brand distributor for other brands of automobiles in China.

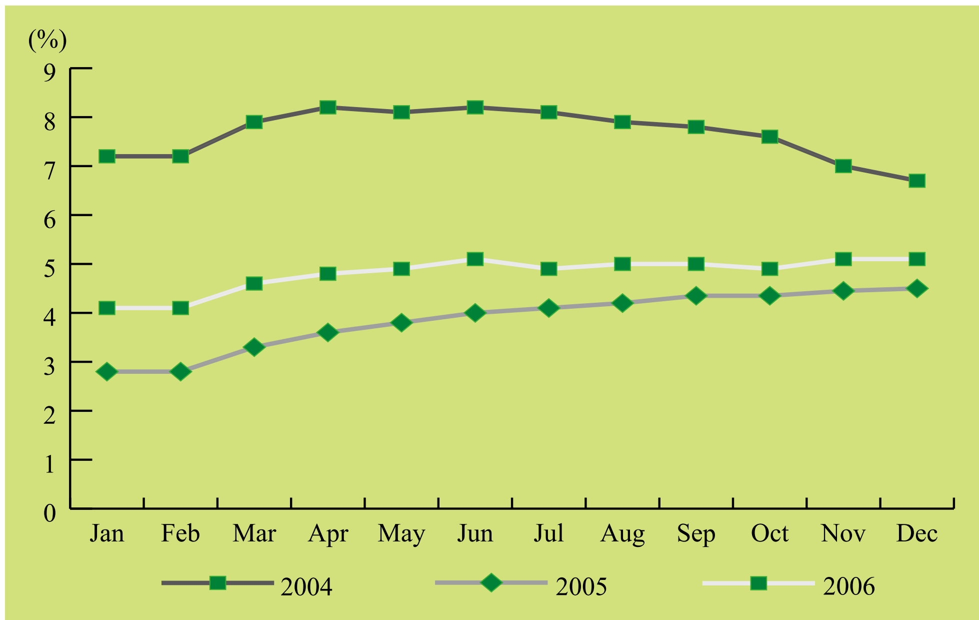
The PRC Automotive Aftermarket

In view of the strong growth in motor vehicle sales in China, it is expected that the PRC automotive aftermarket will also post strong levels of growth in the near future. The Chinese Government believes that this after-sales market for cars could reach RMB300 billion in 2010. Staring on 1 January 2002, tariffs on imported vehicles reduced by 10% each year. As at 1 July 2006, after 6 tariff reductions, the average tariff was approximately 25%. The average tariff on motor vehicle parts has been lowered to 10%. In view of the lower selling price of vehicles and parts, it is expected that the PRC automotive aftermarket would experience a robust growth going forward.

The Development of 4S Outlets

Since China joined the WTO in December 2001, the automotive industry has experienced a series of transformations. With automotive import quotas coming to an end in 2005, and the average tariff on imported motor vehicles reducing to as low as 25% in mid-2006, competition between local car manufacturers and imported car dealers has intensified. Despite experiencing unit sales growth every year, car manufacturers in China recorded a decrease in profit margins in 2005.

China's Motor Vehicle Industry Pre-Tax Profit Margins (2004–2006)

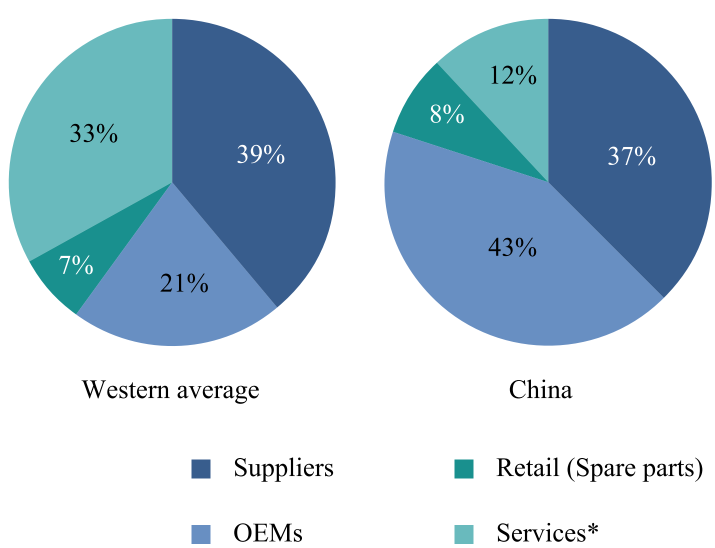


Source: China Association of Automotive Manufacturers

As a result, some automakers have tried tapping into downstream profits, by capturing the aftermarket services market through 4S outlets.

In 2005, profits generated from spare parts and services made up of only 20% of the industry's profits in China compared to 40% in Western markets. Thus, there is a high growth potential for 4S outlets in China.

2005 Profit Segmentation in the Automotive Industry



* Includes maintenance, financing, repairs etc

Source: China Association of Automotive Manufacturers

OVERVIEW OF THE FOOD INDUSTRY IN HONG KONG

The food and beverages industry in Hong Kong is largely characterised by its active trading activities, such as re-export activities. According to the Hong Kong Trade Development Council, the PRC market is currently the largest export market for Hong Kong's processed food and beverages (accounting for approximately 37.9% of total exports), followed by ASEAN (approximately 15.1%), Macao (approximately 13.8%) and Taiwan (approximately 12.9%).

Most of the food and beverages produced in Hong Kong are for local consumption. Main product categories include instant noodles, spaghetti, biscuits, cakes, and canned, preserved and processed seafood and seasoning. In view of the increasing Western interest in oriental food such as moon cakes and oyster sauce, many Hong Kong branded processed food and beverages have been successfully launched in overseas markets.

According to the Census and Statistics Department of Hong Kong, the total expenditure on food and non-alcoholic beverages increased from HK$90,684 million in 2001 to HK$104,513 million in 2006, representing an increase of 15.2% in five years. Total expenditure on food and non-alcoholic beverages in Hong Kong in 2005 accounted for 12.1% of the total consumption expenditures, being one of the largest expenditure items after housing and clothing.

Food Expenditure in Hong Kong

Source: Census and Statistics Department of Hong Kong

The Food Services Industry in Hong Kong

Hong Kong has more than 9,000 restaurants, offering an array of cultural cuisines and dining options, generating revenues of HK$61.6 billion in 2006. This represented an increase of approximately 9.5% compared to 2005.

Frozen, Chilled and Packaged Food in Hong Kong

Frozen food is food preserved by the process of freezing. It is a common food preservation method which slows down food degradation by storing food at a constant temperature of -18 degrees Celsius or below. Chilled food is generally stored at 0 to 4 degrees Celsius.

According to the Census and Statistics Department of Hong Kong, the total retail value of packaged food in 2006 was approximately HK$35.3 billion, representing 71% of the retail food market by value. Non-packaged food, including fresh and frozen food from wet market and valuing approximately HK$14.2 billion, accounted for the remaining 29% of the retail food market.

According to the Census and Statistics Department of Hong Kong, in 2006, the total consumption of edible oil in Hong Kong was 101,250 metric tons, representing a decrease of 13.5% from 117,106 metric tons in 2005.

Distribution of Frozen, Chilled and Packaged Food in Hong Kong

Wholesale and food service are the two major channels of distribution for frozen and chilled food. The wholesale sector comprises primarily wet market wholesalers who sell directly or distribute products to sub-distributors rather than retail consumers. The food service sector comprises primarily hotels, fast food outlets, canteens, cafes and restaurants.

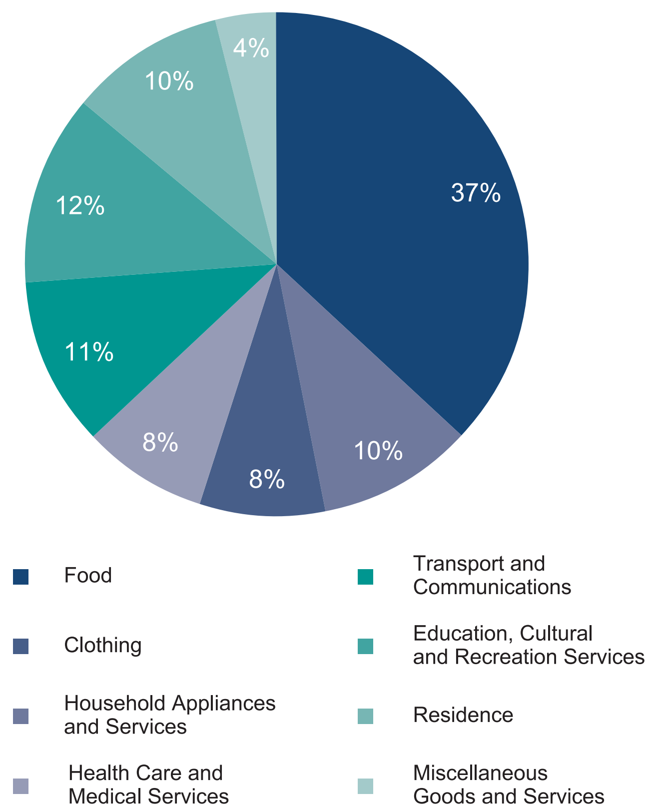
According to the Hong Kong Census and Statistics Department, the market value of frozen, chilled or fresh food sold in Hong Kong was approximately HK$14,256 million, HK$16,062 million, and HK$17,183 million in 2004, 2005 and 2006 respectively. An upward growth trend is expected by the Group for the coming years. The number of food service outlets increased from 11,593 in 2004 to 12,354 in 2005, which reflected a positive growth in the consumer food sector.

With the increasing demand for frozen and chilled food items due to price competition and food safety concerns with other food, more fast food outlets, restaurants and cafes are switching their consumptions towards frozen meat. Consumer demand for frozen and chilled meat is also expected to rise. The increased inbound tourism also led to a growth in demand for value added services supplied by restaurants and hotels, which in turn resulted in a slight increase in the demand for frozen or chilled food products.

OVERVIEW OF THE PRC FOOD INDUSTRY

According to the National Bureau of Statistics of China, in 2005, the per capita annual expenditure of urban households reached RMB7,943, of which RMB2,914, represented approximately 37% of the total per capita expenditure was spent on food. Compared to food expenditure of RMB1,958 in 2000, expenditure of the urban population on food has been increasing at a CAGR of 8.28%, of which expenditure on pork, beef, mutton and poultry and edible vegetable oils has experienced continuous growth in the past ten years.

Per Capita Annual Expenditure of Urban Households in China (2005)



Source: National Bureau of Statistics of China

Per Capita Annual Expenditure on Major Food Commodities of Urban Households in China

	1995	2000	2005
Pork, beef, mutton and poultry (kg)	23.65	25.50	32.83
Edible vegetable oils (kg)	7.11	8.16	9.25

Source: National Bureau of Statistics of China

Processing Meat and Packaged Food in the PRC

According to the National Bureau of Statistics of China, annual expenditure of urban households on food reached RMB2,914 in 2005, of which RMB565 was on meat and poultry.

China became a member of the WTO in December 2001. One of China's WTO commitments was to liberalise the domestic food market by reducing import duties to allow entry of more foreign players. Increased competition is expected to have a positive impact on the development of China's food industry in terms of quality and packaging of local production.

Main distribution channels for frozen, chilled and packaged food in the PRC remain wholesale and retail markets such as supermarkets, hypermarkets, grocery, fast food chains, convenience stores, restaurants and hotels.

Edible Oil

2005 was the last year that fats and oilseeds were subject to import quota management in China. With the enhanced urban resident living standards and continuous growth in the food catering and processing industry in China, demand for edible vegetable oil has witnessed an upward trend in recent years. According to the National Bureau of Statistics of China, consumption of edible vegetable oil by urban residents was 9.4 kg per capita in 2006, which is 1.2 kg more than that in 2000. Demand for imported edible vegetable oil has also been growing since the cancellation of the quota management system in 2006. China is now the world's the largest importer of soybeans and palm oil. According to PRC Customs statistics, in 2006, China imported 6.71 million tons of edible vegetable oil, valued at US$ 3.15 billion, 8% and 12% higher than those in 2005 respectively. In view of the increasing volume of China's edible vegetable oil imports, the world's reliance on China's edible oil market has become more prominent.

OVERVIEW OF THE LOGISTICS SERVICES INDUSTRY

In order to develop a successful logistics business centered in Asia, strong customer demand is required to allow new entrants to overcome the high cost barrier of entry. Because logistics is a downstream operation with respect to the production industry, it has a high correlation with the level of GDP in the region in which it is based. With China and India leading the way, GDP growth strengthened across most Asian countries in 2006. GDP growth in the emerging Asia, which includes China, was up by 0.4% to reach at 9% while GDP growth in Asia as a whole was up by the same margin to reach 7.6%. As a result, the Group expects high growth potential in the industry.

Benefits of Outsourcing Logistics Operations

Participants in the current logistics market are realising the benefits of outsourcing their logistics services needs. Direct benefits include a reduced need for human capital, improved cost efficiency, and a better level of service overall. Specifically, outsourcing logistics service allows a company to:

- reduce fixed costs and improve liquidity ratios
- enjoy a higher level of service by choosing the most competitive service provider
- be serviced by a dedicated team focusing on providing logistics services
- be more flexible with customers and offer a wider range of services

- have access to superior international logistics channels and market proven technology
- focus existing staff on further enhancing the profit generating arm of the business

One of the biggest reasons that companies outsource their logistics operations is that it gives them the ability to focus on their core competency without having to work out minute details of how to get their products to their customers safely and on time. If the logistics function is outsourced, resources could be reallocated to areas in which the company excels and is able to fully utilise its human capital. If a company took its logistics operations in-house, it could be spreading its staff too thinly in attempting to solve problems to which professional third party logistics service providers already have answers.

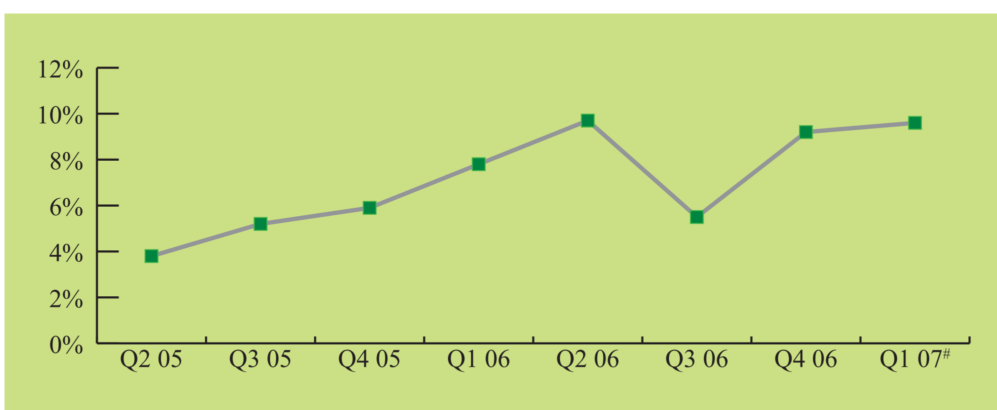
In the logistics industry, substantial benefits can be gained from economies of scale. Because of the capital intensive nature of the industry, it is imperative for a company to properly evaluate its supply chain need before developing in-house operations. Maintaining large distribution centers and minimising lead time can be extremely costly. With high fixed costs, the breakeven point can be high. In order to keep logistics operations in-house, management must be able to properly project revenue figures and assess whether they are sufficient in covering the related cost of running an in-house operation.

Food Supply Chain Management

Hong Kong

Presently, China is the largest market for Hong Kong's exports of processed food and beverages. Chinese consumers base their food purchase decisions mainly on nutritional value, price and taste. A phenomenon of supermarkets replacing wet markets is currently taking place in Hong Kong and China. Combined with changing lifestyles and rising incomes, these reasons together have contributed to the increased expenditure on packaged food.

Percentage Change in Dollar Sales of Hong Kong Restaurants



Provisional figure

Source: Census and Statistics Department of Hong Kong

With total restaurant revenues and number of restaurants increasing in Hong Kong since 2003, the Group expects increasing demand for professional food logistics companies that provide quality services. Because of this expected demand in quality services, the investments required to deliver food products in a timely manner and comply with strict regulations set by government bodies can be high. This results in a high cost entry barrier to the industry which may make it difficult for new companies to join the industry.

Number of Restaurants in Hong Kong

Year	Number of establishments
2001	11,553
2002	11,342
2003	11,094
2004	11,593
2005	12,354

Source: Census and Statistics Department of Hong Kong

Macao

Macao is a party to the Closer Economic Partnership Arrangement (CEPA). According to China's tariff codes in 2001, 273 products made in Macao, including food and beverages, are allowed to enter China with zero tariff. Imported products made in Macao other than those 273 products have been enjoying zero tariff since 1 January 2006.

The food industry is quite important to Macao, with restaurants and hotels employing 10.3% of Macao's total labour force. In addition, local food is a tourist attraction and 19 items of food are included in CEPA which is likely to promote trade with Hong Kong and China. Foods with strong local features, which are very popular among tourists, are often freshly made. It is therefore feasible to develop such food products, suitable for export, like packaged noodles, flour products and baked food. As the Group is looking to strengthen its supply chain management services, it is possible to capture a greater share of Macao's food logistics services market.

The PRC

In China, Border Hygienic Quarantine Law and Food Hygiene Law govern imported foodstuffs, food additives, food containers, food packaging materials and food-related tools and equipment. China's Commodity Inspection Bureau conducts mandatory inspection of food products. Sales contracts usually specify the required standard to which the products must adhere to. These include standards for quality, weight, quantity, packing, labeling and inspection methods. Such standards must not be lower than the corresponding national standards. Safety licences and regulations are also applicable to imported food. Once a quality certificate for a product is issued, a laser food safety label can be affixed. All products sold in China must have Chinese language labels and must state the food type, brand name, trademark, manufacturer's name and address, country of origin, ingredients, production date and expiry date, etc.

In order for food manufacturers to focus on their core competency, an effective third party logistics service provider specialising in food logistics is in strong demand in China.

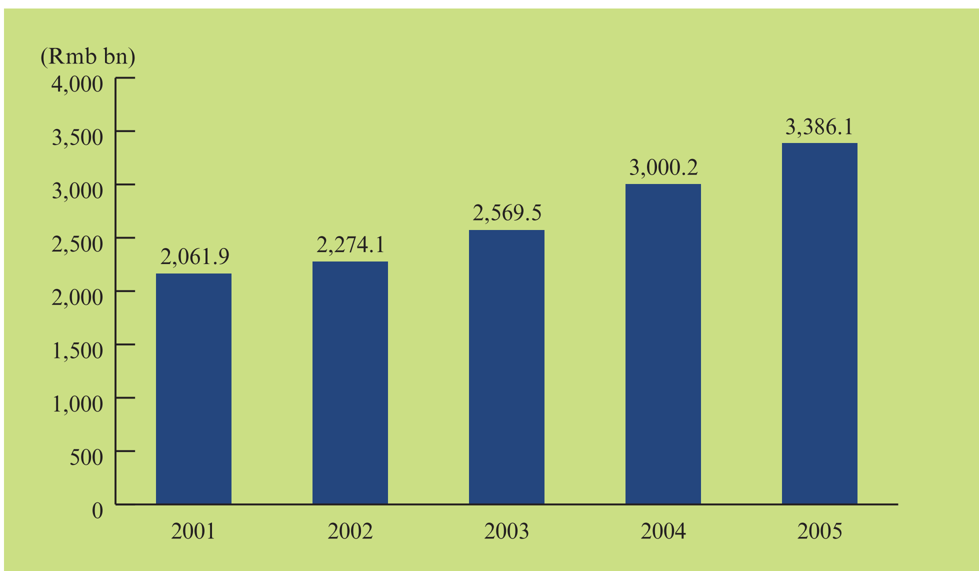
The PRC logistics services and supply chain management industry

The PRC's logistics industry has been experiencing tremendous growth. In 2005, a growth of 12.9% over 2004 brought the total value of logistics expenditure in China to RMB3,386 billion.

Other than the general economic growth of the country, there are also factors that are likely to fuel the growth of companies within the industry. These include:

1. Rapid growth — Implementing China's 11th Five-Year Plan, the Chinese government has invested heavily to improve China's infrastructure. As a result, China's logistics spending, as a percentage of GDP, is almost twice that of the US. Because logistics industry is heavily dependent on the transportation network of the country in which it operates, the improved infrastructure of China will be highly beneficial to the industry.

Social Logistics Total Expenditure



Source: China Logistics Yearbook 2006

Type of transport	Government plans (11th Five-Year Plan, 2006–2010)
Railway	six railways for passenger transportation, including one between Beijing and Shanghai; five inter-city railways, including one between Beijing and Tianjin; and the upgrading of five existing railways including one between Datong and Qinhuangdao
Highway	14 expressways including one from Beijing to Hong Kong and Macao
Port	transit systems for the transportation of coal and imported oil, gas and iron ore, and containers transport systems at 12 seaports including those in Dalian, Tianjin and Shanghai; coal transit and storage bases in eastern and southern China
Shipping	the third-phase project for dredging the deepwater channel at the mouth of the Yangtze River, the course at the mouth of the Pearl River to the sea, channel dredging in the Yangtze and Pearl River valleys and the Beijing-Hangzhou Canal; and acceleration of port construction along inland rivers
Airport	expansion of ten airports including those in Beijing, Shanghai and Guangzhou; relocation of the two airports in Kunming and Hefei; and airports in central, western and northeastern China to accommodate flights on feeder lines

Source: Xinhua News Agency

2. Consolidation in a highly fragmented market — There are 18,000 logistics services companies in China, where the largest players in the industry hold less than 2% of the market share. This indicates a highly fragmented industry. Because of this, companies with superior nationwide distribution services and strong international networks will be able to win new customers and gain market share.

3. Increased reliance on third party logistics service providers – Although the concept of outsourcing basic logistics functions is still relatively new to most Chinese companies, many multinational corporations are beginning to be exposed to the idea of procuring third party logistics services.

Although the demand for sophisticated logistics services is potentially high in China, there are certain obstacles to overcome in the inland regions where the infrastructure is less developed. The Group expects both challenges and growth opportunities in those regions.

Obstacles to overcome in the PRC logistics industry

In China, factors that slow the development of the logistics industry include the fragmented distribution systems, limited use of technology and regulatory restrictions.

Although the Chinese Government has invested heavily in the development of infrastructure, greater efficiency and innovation will also have to take place at the same time in order to grow the logistics industry exponentially. Examples of these improvements include better storage systems, timely delivery to customers and safe transportation of goods.

LICENSING REQUIREMENTS

Automotive and Automotive Aftermarket Industry Licensing Requirements in Hong Kong

Some of the Group's motor vehicle and related business activities in Hong Kong are subject to special licence, permit, certificate and registration requirements. Those activities include the import, export and distribution of motor vehicles; trading of motor vehicle spare parts and accessories; motor vehicle repairs and servicing; trading, repairs and maintenance of electrical machinery and automotive equipment; motor vehicle leasing and provision of airport ground support equipment maintenance services. The requirements include registration as importer and distributor under the Motor Vehicles (First Registration Tax) Ordinance, registration as an insurance agent, licence for storage of dangerous goods, removal permit for category 1 dangerous goods, certificate of registration as electrical contractor, hire car permit — private service (limousine), approval for the combination of liquefied petroleum gas and compressed natural gas vehicle workshop, designation as car testing centre, designation as vehicle emission testing centre, use approval of a liquefied petroleum gas vehicle workshop, construction approval of a liquefied petroleum gas vehicle workshop, registration as waste producers, licence for conveyance of dangerous goods in category 5 by vehicles, vehicle registration document, trade licence issued by the Transport Department and certificate of fitness for a pressure vessel (other than a pressurised fuel container). The Group also requires approval from the Civil Aviation Department in order to provide maintenance services to airport ground support equipment and to issue Certificates of Release to Service for aircraft components.

The Group has obtained all necessary special licences, permits, certificates and registrations for its motor vehicle and related business in Hong Kong.

Automotive and Automotive Aftermarket Industry Licensing Requirements in the PRC

Some of the Group's motor vehicle and related businesses in the PRC are subject to special licence, permit, certificate and registration requirements. These businesses include branded motor vehicle dealerships, motor vehicle maintenance and repair services, motor vehicle leasing, and importation of motor vehicle parts for self-consumption. The requirements include registration with the Ministry of Commerce and the State Administration of Industry and Commerce, 《道路運輸經營許可証》(Road Transport Business Operation Licence), issued by the General Customs Office or its local counterpart, and 《排放污染物許可証》(Certificate of Approval for Pollutant Discharge) issued by the local Environmental Protection Administrative Departments.

The Group has obtained all necessary special licences, permits, certificates and registrations for its motor vehicles and related business in the PRC, except that (i) 上海滬昌汽車服務有限公司 (Shanghai Huchang Motor Service Co., Ltd), 上海眾鈴汽車銷售服務有限公司 (Shanghai Zhongling Motors Sale and Service Limited), 昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited), 湛江市駿華豐田汽車服務有限公司 (Zhanjiang Junhua Toyota Motors Sale and Service Limited), 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited), 湛江市駿誠汽車銷售服務有限公司 (Zhanjiang Juncheng Motors Sale and Service Limited), 湛江市駿浩汽車有限公司 (Zhanjiang Junhao Motors Limited), 湛江市合榮汽車銷售服務有限公司 (Zhanjiang Herong Motors Sale and Service Limited), 廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited), 北京合眾眾鈴汽車銷售服務有限公司 (Beijing Hezhong Zhongling Motors Sale and Service Limited); 上海眾威汽車銷售服務有限公司 (Shanghai Zhongwei Motors Sale and Service Limited); 江門市怡誠汽車銷售服務有限公司 (Jiangmen Yicheng Motors Sale and Service Limited) and 福州合創汽車貿易有限公司 (Fuzhou Hechuang Motors Trading Limited) are in the process of applying for Certificates of Approval for Pollutant Discharge; (ii) 江門市怡誠汽車銷售服務有限公司 (Jiangmen Yicheng Motors Sale and Service Limited) is in the process of applying for the Road Transport Business Operation Licence for certain automotive businesses currently carried out by these companies.

Food and Consumer Product Industry Licensing Requirements in Hong Kong

In Hong Kong, the Group distributes food, edible oil, alcoholic drinks, electrical appliances, and other consumer products. Some of these businesses are subject to special registration, permits and licensing requirements. They include import and export licences, licences for discharge of commercial trade effluent, food factory licences, fresh provision shop licences, frozen confections permits, wholesaler licences in proprietary Chinese medicine, retailer licences in Chinese herbal medicine, certificates of registration as gas contractor, Hong Kong registered gas installer card, certificates of registration as electrical contractor, approval for installation of domestic gas appliances, certificates of registration as an importer and exporter of pharmaceutical products, registration as importer of frozen meat, chilled meat, frozen poultry and chilled poultry, cold store licences, milk permits, and approval for operating a rice storage facility.

The Group has obtained all necessary special licences, permits, certificates and registrations for trading in food, edible oil, alcoholic drinks, electrical appliances, and other consumer products, except that Dah Chong Hong is currently in the process of applying for a licence for discharge of commercial trade effluent for some of its existing premises.

Food and Consumer Product Industry Licensing Requirements in the PRC

Some of the Group's trading activities in food, edible oil, alcoholic drinks, electrical appliances and other consumer products in the PRC are subject to special licence, permit, certificate and registration requirements. These activities include import and export, storage and sale of edible oil, production and sale of food stuff, wholesale of alcoholic drinks, and food processing. The requirements include 《食品生產許可証》(Food Production Licence) and 《食品衛生許可証》(Food Hygiene Licence) issued by the local Hygiene Administrative Department, and 《酒類商品批發許可証》(Certificates for the Wholesale of Alcoholic Goods) issued by local Authorities for Alcoholic Goods Business Activities.

The Group has obtained all necessary special licences, permits, certificates and registrations for its trading in food, edible oil, alcoholic drinks, electrical appliances, and other consumer products in the PRC.

Logistics Industry Licensing Requirements in Hong Kong

Some of the Group's logistics and warehousing business activities in Hong Kong are subject to special licence, permit, certificate and registration requirements. They include operation of dry and cold storage godown and provision of warehouse and transportations services. The requirements include cold store licences, approval for operating a rice storage facility and vehicle registration documents.

The Group has obtained all the necessary special licences, permits, certificates and registrations for its business activities in Hong Kong in relation to logistics and warehousing services.

Logistics Industry Licensing Requirements in the PRC

Some of the Group's logistics businesses in the PRC are subject to special licence, permit, certificate and registration requirements. Those businesses include road transport, international freight forwarding and foreign trade. The requirements include 《道路運輸經營許可証》(Road Transport Business Operation Licence) issued by the Ministry of Communication, 《進出口企業資格証書》(Import and Export Enterprise Qualification Certificate) issued by the Ministry of Commerce, 《海關保稅倉庫註冊登記証書》(Registration Certificate of Bonded Warehouse) and 《海關出口監管倉庫註冊登記証書》(Registration Certificate of Supervised Export Warehouse) issued by local customs.

The Group has obtained all necessary special licenses, permits, certificates and registrations for its logistic business in the PRC.

Motor trading, food and consumer products trading and provision of logistics and warehousing services are not heavily regulated industries in the PRC and Hong Kong. Apart from licensing requirements in the operating and implementing levels, there is no specific regulatory requirement that governs the Group's operations and business development strategies in these industries.

The financial information in this section principally relates to the operations of the Group during the three years ended 31 December 2006 and the six months ended 30 June 2007, unless specified otherwise.

OVERVIEW

The Group is a diversified business conglomerate in motor vehicle sales, motor vehicle related business and services, sales of food and consumer products, as well as logistics services, supported by integrated distribution platforms and a well-established base and network in the PRC, Hong Kong and Macao. Leveraging on the strong brandname of "Dah Chong Hong" in Hong Kong and with over 40 years of experience engaging in motor vehicles sales and related businesses, the Group is now a leading motor group in Hong Kong and Macao and is pursuing a strategy to be one of the leaders in the PRC market. The Group is also a leading food and consumer products distribution group with over 50 years of experience and a leading logistics service provider in Hong Kong. It is pursuing a strategy to be a leading food and consumer products trading group and a leading logistics service provider in the PRC and Macao.

The Group's leading position in its core trading and distribution business in Hong Kong has enabled it to generate a strong and stable recurring cashflow from its motor vehicles and related business as well as its food and consumer products business to fund the development of its PRC business. With rapidly rising PRC consumer demand, the Group has adopted a high growth strategy in its PRC business, supported by its strong local management team's ability to capture the business opportunities in the PRC market. This has proven to be a successful strategy as the Group's revenue derived from the PRC constitutes a substantial part of the Group's total revenues during the three years ended 31 December 2006 and the six months ended 30 June 2007.

The Group has over 40 years of experience in the sales, distribution and servicing of motor vehicles, during which time it has established long term relationships with international motor vehicle manufacturers. As at the Latest Practicable Date, it was granted distributorships for 11 brands of motor vehicles in Hong Kong, which accounted for approximately 27% of the brand new vehicle market in the territory in 2006 according to the new vehicle registration scheme of the Transport Department of Hong Kong. The brands in Hong Kong as at the Latest Practicable Date included Acura, Audi, Bentley, Honda, Isuzu, MAN, Nissan, Opel, Saab, UD Nissan Diesel and Volkswagen. Pursuant to these distributorships other than the distributorship for Bentley, the Group is responsible for the distribution and service operations of 10 brands of motor vehicles within Hong Kong and Macao, including the right to appoint dealers within Hong Kong and Macao, who are responsible for the sale of these motor vehicles to end consumers. As at the Latest Practicable Date, the Group also sold, through its subsidiaries and Contractual Arrangements with local partners, 17 vehicle brands (including 2 national and a regional distributorship), 29 4S outlets in 10 major cities in the PRC, 21 of which are operated under city dealerships. As at the Latest Practicable Date, the brands in the PRC included, among others, Bentley, BJ Hyundai, DF Honda, DF Nissan, DYK, FAW Audi, FAW Mazda, FAW Toyota, GZ Honda, Haima, Isuzu, Nissan, Qingling, Renault and SGM Buick. Pursuant to such city dealerships, the Group is responsible for the retail business of the sale of the motor vehicles to end consumers within the specified cities in the PRC. In addition, three memoranda of understanding were entered into in respect of three 4S outlets for Mercedes-Benz vehicles and Haima vehicles. The Group also has vehicle distribution businesses in Canada and Singapore. Given the wide range of brands in the Group's portfolio, it covers target customers from all walks of life and industries.

In addition, the Group has, through its subsidiary, Dah Chong Hong, over 50 years of experience in the trading and distribution of food and consumer products. As at the Latest Practicable Date, it distributed over 500 food commodities from 39 countries, such as frozen beef from Tyson of the United States and frozen pork and poultry from Seara of Brazil to a wide range of customers, including wholesalers which the Directors believe the Group has achieved market penetration in the wholesaler segment of approximately 81% in Hong Kong in 2005, and approximately 700 fast moving consumer goods, or FMCG, from 28 countries, such as Pocari Sweat sports drink, Ovaltine tonic food drink, and Ferrero confectionery. The Group also has an extensive distribution network covering more than 5,000 customers in Hong Kong and Macao, and more than 10,000 customers in the PRC. The Group's customers come from the food service, retail and wholesale industries in the PRC, Hong Kong and Macao as well as from overseas markets in Japan and Singapore. It also has a significant presence in the Hong Kong frozen food retail market with its 48 DCH Food Mart outlets and 4 DCH Food Mart Deluxe outlets.

The diversified and broad client base and customer information database have provided the Group with a ready platform to establish a well developed distribution network to serve its businesses as well as for serving third party customers, including but not limited to FMCG suppliers, food service operators, retailers and hoteliers. The Group sees great potential for growth in its logistics business as its customer base provides a one-stop brand building and penetration platform to the Hong Kong, Macao and the PRC markets for FMCG brand owners, especially in the imported branded food products segment. Coupled with the Group's strong national distribution network in the PRC, the Group aims to provide food supply chain management services to its customers in the catering and hospitality sectors. The Group's logistics and supply chain management business has received professional and international recognitions. In 2006, the Group was awarded the "Best Regional Third Party Logistics Company (3PL) in 2006" by the Global Institute of Logistics based in New York and also the "Hong Kong Logistics Award 2006" by the Hong Kong Trade Development Council and the Hong Kong Productivity Council, which among other criteria, includes assessment on a candidate's leadership and contribution to the logistics industry. As consumer spending in the PRC continues to increase and more manufacturers opt to outsource their logistics operations to professional logistics service providers, the Group believes that supply chain management services and the logistics business offer strong growth potential in the coming years.

The Group's strong client relationships place it in a favourable position to obtain a high level of recurring business. It has forged a global and reputable customer base as well as an international procurement network which includes leading domestic and international brand names. The Group's ability to maintain such long-standing relationships with its customers and suppliers is mainly attributable to the Group's integrity and professionalism in customer service, both of which have been recognised by the industry and have led to the development of a strong brand name and goodwill for the Group.

The Group's core businesses are entering into an expansionary phase of the business cycle, creating significant opportunities with the Group's established PRC distribution network, customer base, and international procurement network. With this, the Group intends to further develop its motor vehicle, food and consumer products and logistics businesses in the PRC with an ultimate aim to be a leader in the trading and distribution of multi-brand motor vehicles, food and consumer products in various major cities in the PRC, and to be a leader in the provision of total food supply chain services.

The following tables show the turnover of each business segment of the Group as well as the geographical breakdown of revenue, each expressed as a percentage of the total turnover for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

Turnover	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m* *(unaudited)*	*%*	*HK$'m*	*%*
Motor segment	6,681.0	58.1	5,532.8	52.6	7,683.9	59.5	3,469.6	59.4	4,312.7	61.8
Food and consumer products segment	4,677.8	40.8	4,821.5	45.8	5,047.1	39.0	2,284.7	39.1	2,567.3	36.7
Logistics segment	85.6	0.7	117.8	1.1	144.4	1.1	64.0	1.1	84.8	1.2
Others	49.7	0.4	47.9	0.5	51.0	0.4	24.0	0.4	24.2	0.3
Total	**11,494.1**	**100.0**	**10,520.0**	**100.0**	**12,926.4**	**100.0**	**5,842.3**	**100.0**	**6,989.0**	**100.0**

Turnover	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m* *(unaudited)*	*%*	*HK$'m*	*%*
HK & Macao	5,364.8	46.7	5,683.6	54.0	5,791.7	44.8	2,771.2	47.4	2,949.3	42.2
The PRC	4,791.6	41.7	3,516.6	33.4	5,569.1	43.1	2,379.7	40.7	3,216.5	46.0
Others	1,337.7	11.6	1,319.8	12.6	1,565.6	12.1	691.4	11.9	823.2	11.8
Total	**11,494.1**	**100.0**	**10,520.0**	**100.0**	**12,926.4**	**100.0**	**5,842.3**	**100.0**	**6,989.0**	**100.0**

COMPETITIVE STRENGTHS

The Group is a dominant distributor of motor vehicles and food and consumer products in Hong Kong and Macao and is capturing the rapidly rising consumption growth in the PRC. The Directors attribute the Group's successful growth and development to the following competitive strengths:

The Group has, through Dah Chong Hong, over the past 50 years, built and developed a strong brand name and goodwill in the trading and distribution industry through the premium quality products it distributes and the high quality services it provides

The Group has a long established presence in Hong Kong, Macao and the PRC in the motor vehicle sales, motor vehicle related services, food and consumer products trading and distribution as well as the logistics industry. Over the past 50 years, the Group has, through Dah Chong Hong, built and developed a strong brand name and goodwill in the trading and distribution industry through the premium quality products it distributes and the high quality services it provides. As the Group's customers include leading domestic and international corporations and the Group represents many internationally renowned principals, it is committed to ensuring high standards of corporate governance and business practices. This maintains and promotes customers' and principals' confidence in the Group regarding its management practices, quality of services and the quality of products it distributes. Being a subsidiary of CITIC Pacific, the Group is subject to the same corporate governance practices adopted by CITIC Pacific and is required by CITIC Pacific to comply with all code provisions in the Code of Corporate Governance Practices contained in Appendix 14 of the Listing Rules and CITIC Pacific's code of conduct which defines the ethical standards expected of all employees, and the Group's non-discriminatory employment practices. It also implements internal control systems to facilitate the effectiveness and efficiency of its operations, safeguard assets against unauthorised use and disposal, and to ensure compliance with all relevant legislations and regulations.

The Group constantly reviews its corporate governance practices to ensure they meet stakeholders' expectations, comply with legal and professional standards, and reflect the latest local and international developments. Prior to the issuance of each annual financial report, the Group's corporate planning and management department together with the human resources department carry out an annual review with all the management of various business divisions and subsidiaries to ensure compliance with the Code of Corporate Governance Practices, the code of conduct and the effectiveness of the Group's internal control system covering all material controls and risk management functions. The responsible management of the various business divisions and subsidiaries are required to assess the risks and internal controls with reference to the five components of the COSO (The Committee of Sponsoring Organisations of the Treadway Commission) internal control framework. The results of the reviews are then summarised and reported to the Board. The Group also conducts regular training courses on the code of conduct for all employees and revise the code of conduct on an annual basis. The Group has endorsed the guide to good employment practices issued by the Employers' Federation of Hong Kong to promote good and responsible employment standards.

The Group is a motor vehicle distributor in Hong Kong with approximately 27% of the new vehicle market share in 2006, and with growing sales in the PRC new vehicle market, supported by a comprehensive range of motor vehicle related services

As at the Latest Practicable Date, the Group had a strong multi-brand portfolio of 11 vehicle brands in Hong Kong and Macao through various established distributorships and dealerships and 17 vehicle brands in the PRC including 2 national distributorships, 1 regional distributorship and 29 4S outlets, 21 of which were under city dealerships. The brands are from world renowned American, European, Japanese and Korean automobile manufacturers or their joint ventures in the PRC, providing a full spectrum of products for its customers. This unique portfolio enables the Group to offer a flexible and wide range of products of different brands, types, categories and sizes under one roof to meet the requirements of their customers who are drawn from all walks of life. The Directors believe that the Group has captured approximately 27% of the new vehicle sales as mentioned under the new vehicle registration scheme of the Transport Department in Hong Kong in 2006, and hence, is one of the largest multi-brand passenger vehicle distributors in Hong Kong.

In addition, the Group has also provided a wide range of motor vehicle related services such as maintenance and repair services for all brands of vehicles, parts trading, motor leasing, used car trading, environmental and engineering businesses and airport and aviation support business. This is so that the Group can be the one-stop centre providing full services to capture a wide spectrum of customers.

The Group is a leading food and consumer products distributor with a strong base in Hong Kong and a well established network in the PRC

The Group has long-standing relationships with its major customers and is able to continually satisfy customers' needs and improve its service level, which often leads to further collaboration and closer ties with its customers. The Group is currently serving over 5,000 customers in Hong Kong and Macao, and more than 10,000 customers in the PRC across its food and consumer products businesses. The Group has maintained business relationship with most of these customers in Hong Kong for over 8 years and for over 3 years in the PRC. Its strong client relationships have placed the Group in a favourable position to obtain a high level of recurring business. The Group has forged a global and reputable customer base which includes leading domestic and international brand names. With the economic growth in the PRC, the Directors are of the view that the Group is in a position to capture the rapidly growing demand for quality food and consumer products.

The Group has an integrated business platform providing a range of comprehensive supply chain management services to its customers, supported by a strong logistics network and "real time" management system to cater for its multi-brand portfolio

Over the years, the Group has developed a strong and extensive logistics network that connects each of its core businesses together into a complete value chain. The Group's extensive regional distribution and delivery networks in Hong Kong, Macao and the PRC have not only created value for its core businesses, but also for the Group's customers through economies of scale, which enables the Group to consolidate cargo before delivery and leads to the reduction in lead time and cost to the market. The Group operates dedicated and shared distribution centres in strategic locations in the Greater China Region to provide extensive and effective coverage for its internal and external customers. In this respect, the Group has regional offices in Shanghai, Guangzhou and Beijing operating a national distribution network that covers 38 cities spanning 4 municipalities directly under the Central Government, 15 provinces and 1 autonomous region in the PRC, as well as a comprehensive distribution network in Hong Kong and Macao which enables the Group to distribute its products or its consumers' products to end consumers at these areas. Its Xinhui logistics hub which is strategically located in Jiangmen, PRC, serves as the Group's national hub for storage and warehousing as well as to provide integrated value added services, including but not limited to importation and customs clearance formalities, value added repacking, bonded cargo consolidation, and international freight forwarding services before these products are transported in bulk to the Group's regional distribution centres in the key cities in the northern, eastern and southern China for delivery to the customers in these regions. The Group has deployed sufficient facilities, labour, technical expertise and other resources and is therefore able to provide a comprehensive range of professional logistics services to its customers especially in the food and consumer goods channels including FMCG suppliers, retail chains, hotels and fast-food restaurant chains.

The Group runs various "real time" IT management systems for its motor vehicle, food and consumer products and logistics businesses. These systems include DCH Motor System for its motor vehicle business, Oracle ERP System for its food and consumer products business and Sims Logistics System for its logistics business. These integrated IT management systems allow the Group's different core business operations to interact with each other and ensure free flow of information and information sharing within the Group. These systems also provide efficient and effective monitoring and management control over the movement of the products in various core businesses of the Group. The Group also developed a web-based portal, Principal Information System, which can be accessed by its partners, especially its FMCG suppliers, to provide them with a high level of visibility of its operations on an on-line basis. Some of the Group's delivery trucks are equipped with GPS fleet management system and this enables the Group to effectively monitor the location, speed, direction and capacity of its delivery trucks. The Directors believe that the IT management systems in each of its core businesses have been a key factor in the rapid growth of the Group's businesses, and will continue to play an important role in the future.

The Group has a strong management team with ample experience and expertise as well as a well-trained and knowledgeable team of frontline staff in the trading and distribution industry

The Group not only conducts business in Hong Kong, Macao and the PRC, but also in Japan, Singapore and Canada. Most of the Group's existing senior management team has served the Group for over 20 years and possesses in-depth knowledge and experience in managing international distribution and trading business. The Group's management team comprises personnel who bring together strong local knowledge and an international standard of management as well as operational practices and good corporate governance. This international management expertise and corporate governance often distinguishes the Group from its competitors in securing long-term supply and distribution contracts from its internationally renowned suppliers and customers.

On a Group level, members of its senior management have an average of not less than 20 years of industry experience and have a diversified cultural background with extensive experience in business operations in different regions. The Directors believe this combination is beneficial to the Group's future growth under the leadership of its management team.

The Group also recognises that the service etiquette and product knowledge of the Group's frontline personnel are also critical in presenting the image of the franchised motor vehicles products, food products, branded FMCGs food products, electrical appliances and cosmetic products distributed by the Group. The Group has a team of experienced sales personnel in different business lines, including trainers who use the Group's fully equipped training centre to conduct in-house training courses, with the ultimate aim of providing excellent customer service. To achieve this quality service, the training covers product knowledge, sales techniques and service attitude. The Group also provides sales personnel to the customers' retail outlets to impart product knowledge to its customers to support the sales team so as to boost sales for the Group.

The Group has a well developed international procurement network with a large number of long term supplier relationships. It has maintained sizeable records of customer information as well as extensive distribution networks supporting a large customer base which enables effective marketing of its products

Over its 40 years of operating history in Hong Kong, the Group has developed an extensive international procurement network with a large number of long term supplier relationships. These suppliers include the Group's principals of motor vehicles and Genuine Parts of 11 brands in Hong Kong and Macao and 17 brands in the PRC which are leading brands from Germany, Japan and the United States; over 40 brands of OE Parts; over 280 food commodities suppliers and over 230 FMCG suppliers from countries such as Australia, Brazil, Canada, Japan, New Zealand, the United Kingdom and the United States; 17 brands of electrical appliances manufacturers from Europe and Japan and cosmetics products of 15 brands from Japan and Europe. Many of these supplier partners have been doing business with the Group for many decades.

Over the past 40 years of operating history in Hong Kong, the Group has also established an extensive distribution network. Its motor vehicle business has customers from all walks of life, while its food and consumer products business serves various customers from the catering industry, including fast food and restaurants chains, hotels, bakeries and food manufacturers and also the retail industry covering over 5,000 customers in Hong Kong and Macao. In the PRC, the Group distributes its products to more than 10,000 customers including hypermarkets, department stores, supermarket chains, mini-markets and convenience stores. In addition, the Group has set up a motor club and a customer service call centre as a customer satisfaction monitoring system. Its motor club has more than 40,000 members and has also maintained over 100,000 customer records. On the other hand, the Group has established the DCH Food Mart Membership Club since 1998 and Epicure Membership Club for DCH Food Mart Deluxe customers since April 2007 where these membership clubs currently have over 150,000 members. These are customer loyalty programs adopted by the Group which memberships offer privilege benefits to their members, such as 5% discount for purchases at the DCH Food Mart and DCH Food Mart Deluxe outlets, home delivery services as well as gift redemption programs. These customer records and the extensive distribution network provide a ready customer base which enable the Group to effectively market its products.

BUSINESS STRATEGIES

The Group believes that its strong multi-brand and diversified products approach in its trading and distribution business of motor vehicles and the provision of motor vehicle related services have positioned it well in order to expand its national distributorship and city dealerships in major cities in the PRC and to capture the increasing demands in the motor vehicle markets. This unique strategy enables the Group to offer a wide and flexible selection of products of different brands, types, categories and sizes under one roof to meet its customer's requirements. To capitalise on the Group's unique multi-brand motor vehicle portfolio and through utilising the recurrent cash flows generated from its Hong Kong operations, it will continue to expand city dealerships and motor vehicle related services in major cities in the PRC. The Group estimates to increase approximately 18 city dealerships over the next 3 years to grow together with the continuously increasing demand for motor vehicles in the PRC markets. The Group is also constantly looking for new brands of motor vehicles or new motor vehicle related businesses to enhance its existing product portfolio to capture a wider spectrum of customers. This is to be achieved either by negotiating and securing new dealerships or acquiring companies with the right brands and products through merger and acquisition exercises or strategic partnerships with local partners for faster penetration of the motor vehicle markets. In this regard, the Group is constantly looking out for potential target companies in the PRC, Hong Kong, Macao and South East Asia, with the right automobile dealerships which can complement to the Group's existing automobile product portfolio, create synergy with the Group's existing business and have successful trading histories with proven track records. In Hong Kong and Macao, the Group will continue to look for opportunities to expand its motor vehicle related services business.

The Group believes its core business is entering into the expansionary phase of the business cycle, creating significant opportunities with the Group's established customer base and international procurement network. It also believes in expansion within its main core businesses by leveraging on its professionalism and industry knowledge. The Group intends to maintain growth in its core business to continue to generate strong and stable recurring cash flows by expanding and diversifying its existing food commodities, FMCG and consumer products business to reach more customers in Hong Kong, Macao and major cities in the PRC. Among other plans, the Group will expand its food retail business by opening more DCH Food Mart and/or DCH Food Mart Deluxe outlets in different locations for expanding market share and to capture the rising demand for high end food products. The Group plans to open 10 DCH Food Mart outlets and 8 DCH Food Mart Deluxe outlets in Hong Kong in the next three years with support from expansion of production lines of its existing food processing centres. Through the HACCP accredited food processing centres, the Group is able to provide value-added services such as food safety inspection, quality and portion size control, semi-processing of food, and such other similar services to its customers in the food service and food retail industries. The Group believes that geographical expansion through merger and acquisition as well as securing recurring business from its existing customers are effective ways of growing its business to generate additional revenue quickly. In this respect, the Group is constantly looking out for potential targets in the PRC, Hong Kong, Macao and South East Asia to acquire. These potential targets include food trading, distribution, processing and manufacturing companies as well as food related FMCG marketing and distribution companies which have successful trading histories with proven track records, are willing to sell a majority stake, have good potential for future business expansion (especially those with a business focus in the PRC) and can create synergy with the Group's existing business.

As consumer spending continues to increase and more brand owners opt to outsource their logistics operations to a professional logistics provider, the Group believes the supply chain management services and logistics network offers strong growth potential in the coming years. With the ultimate objective to develop into a leading logistics service provider in Hong Kong, Macao and the PRC, the Group adopts a complete value chain approach covering the entire process from the procurement of raw materials to the delivery of finished goods to the end consumer. Therefore, the Group is constantly exploring new value-added services to be provided to its customers, supported by its national distribution network in the PRC, regional offices in Shanghai, Beijing and such other major cities as well as strategically located logistics hubs. These strategies initially aim to transform the conventional logistics services into integrated food supply chain solutions to its customers, with the long term plan to provide total supply chain solutions for other related and synergistic industries. The Group is also constantly looking out for opportunities for expansion through the acquisition of logistics or supply chain management companies in the PRC, Hong Kong, Macao and South East Asia which have a sizeable customer base, successful trading histories with proven track records, have good potential for future business expansion and are willing to sell a majority stake which can create synergy with the Group's existing logistics business in order to have faster access and penetration of the logistics market.

The Group believes that a strong management practising international standards of corporate governance as well as a scaleable and fully integrated IT system are crucial to support the growth of its business. The Group values its human resources and will continue to build and develop its employees in-house, who bring with them strong local knowledge and international-standard management skills. The Group will constantly review its corporate governance practices to ensure they meet stakeholders' expectations, comply with legal and professional standards and reflect the latest local and international developments. The Group will continue to develop and implement a common IT application in each core business across Hong Kong, Macao and the PRC to facilitate common business practices and effective management control. These internal control systems are implemented to facilitate the effectiveness and efficiency of its operations.

HISTORY AND BUSINESS DEVELOPMENT

CITIC Pacific first acquired an approximately 34.86% interest in the Company in 1991 which was an unlisted public company. In 1992, CITIC Pacific further acquired the remaining interest in the Company making it a wholly-owned subsidiary of CITIC Pacific and changed the Company's status from a public company to a private company.

After the acquisition, the Company was renamed "Dah Chong Hong Holdings Limited" on 10 March 1994 and the Group continued its business under the brand name of "Dah Chong Hong". In line with CITIC Pacific's diversified business strategy, the Group rapidly expanded and diversified its business portfolio. For its motor vehicle business, the Group added special purpose vehicles to its automobiles product portfolio, and further expanded and strengthened its motor vehicle related business by venturing into the vehicle leasing business and expanded its independent service outlets. Since 1992, the Group has been the only company in Hong Kong subcontracted by Hong Kong Government to operate the Government's Kowloon Bay Vehicles Examination Centre for the inspection of goods vehicles with GVW from 1.9 tonnes to 16 tonnes and trailers. In addition, since the opening of the Chep Lap Kok Hong Kong International Airport in 1998, the Group has been providing franchised maintenance facilities in the airport for the airport ground support equipment through a joint venture company with Hong Kong Dragon Airlines Ltd.

In the food and consumer products business, the Group ventured into the down-stream frozen food retail chain business in Hong Kong by opening DCH Food Mart in 1992, with support from the HACCP accredited food processing centres operated by the Group. In 1998, its consumer products business achieved a significant milestone when the Group formed a joint venture company with Shiseido Company Limited in Hong Kong, enabling the Group to have long term participation and profit sharing in the cosmetics business.

Being an aggressive and progressive player in the automobile and food industries, the Group continued with its organic expansion. The Group has participated in environmental projects such as the Installation of Particulate Removal Devices for Pre-Euro Diesel Vehicles from 2003 to 2005 and was the first to introduce a dynamometer system for testing emissions from diesel vehicles in Hong Kong which led to the Group being selected by the HKEPD for the participation in the projects of checking and monitoring of emission of gasoline vehicles. While in its food business, the Group further developed its business in FMCG by acquiring, from CITIC Pacific in 2004, Sims Trading, a company providing one-stop brand building and market penetration for FMCG brand suppliers, to capture the fast growing market for imported branded food in the Greater China Region.

While expanding its business in Hong Kong, the Group is at the same time developing and expanding its motor vehicle, food and consumer products business in the PRC and Macao. The Group has quickly established regional offices in major cities in the PRC for its motor vehicle and food business of which its food business is supported by a national distribution network that covers 38 cities spanning 4 municipalities directly under the Central Government, 15 provinces and 1 autonomous region in the PRC.

Recent developments

With the opening of the automobile market in the PRC, the Group was the first Hong Kong automobile distributor company to get approval from State Ministry of Commerce of the PRC to set up a foreign wholly-owned company in the PRC under CEPA to conduct motor vehicles retail business in the PRC. Since 2004, the Group has rapidly and aggressively expanded its city dealership in the PRC by establishing a number of city dealerships in some major cities in the PRC. As at the Latest Practicable Date, the Group had been authorised directly or through contract arrangements with local partners, to distribute in the PRC, 17 automobile marques with 29 4S outlets in 10 major cities. These distributorships include 2 national distributorships which were granted by Bentley and Isuzu and a regional distributorship granted by Renault, as well as 21 city dealerships. In addition, three memoranda of understanding have been entered into in respect of three 4S outlets for Mercedes-Benz vehicles and Haima vehicles.

Riding on its successful experience in the aviation support business in Hong Kong airport, the Group has expanded this business to the PRC in 2003 and Singapore in 2005. These services are provided by the Group in the Beijing Capital International Airport and Shanghai Pudong International Airport through the joint venture companies with 北京航空貨運服務部 (Beijing Air Cargo Service Department) and 上海東方航空實業有限公司 (Shanghai China Eastern Enterprise Company Limited), while the services rendered in the Changi International Airport are provided by the Group directly. In 2006, the Group was appointed and authorised by the Airport Authority Hong Kong to provide annual inspection for all vehicles and ground support equipment operating inside the Hong Kong International Airport before their annual re-licensing.

Capitalising on the fast growing food consumption market in the PRC, since 2003 the Group has developed and launched approximately 76 frozen processed food products under its house brand including DCH (大昌食品) for sale in leading supermarkets and hypermarkets in the PRC. In 2003, the Group set up a joint-venture company with edible oil storage capacity of 7,500 MT in Xinhui, the PRC for the repackaging of edible oils. In July 2005, the Group formed a strategic joint venture with Otsuka (China) Investment Co., Ltd. in Xinhui, the PRC for the manufacturing of Pocari Sweat for sales in the Southern and Eastern China and for export to Hong Kong and other South East Asian countries.

Another milestone in the Group's food and consumer products business is the conversion of its back-end logistics functions into a front-end core business. With the large customer base and the global procurement and distribution network readily available within the Group, the Group easily gained access to the logistics industry and is now able to provide food supply chain management solutions and cold chain management services to its third party customers, who are mainly FMCG manufacturers and brand owners. Despite being a new player in the commercial logistics arena, the Group received professional recognition when it was awarded, Best Regional Third Party Logistics Company (3PL) by the Global Institute of Logistics based in New York in 2006, and Hong Kong Logistics Award 2006 by the Hong Kong Trade Development Council and the Hong Kong Productivity Council. In 2005, it emerged quickly as one of the leading professional logistics service providers in Macao where it has successfully secured contracts with 5-star casino and hotels including Wynn Macau Resort. The growing logistics business is further supported by the establishment of the Group's multi-function international logistics hub at Xinhui, Jiangmen measuring 479,520 square metres, of which 116,044 square metres has been in operation since 2006 as the Group's international standard private bonded warehouse, domestic logistics distribution centre and repackaging centre.

Focusing on the core businesses, the Group decided not to pursue the underlying business, namely restaurant, e-trading and some non-profitable motor trading and food production business, through its PRC subsidiaries because of the business environment of the relevant localities. The Group is not exposed to any legal liability from these dissolutions.

Discontinued engineering operations

On 29 June 2007, the Company's wholly-owned subsidiary, Dah Chong Hong, sold and transferred its entire issued and fully paid-up share capital in Dah Chong Hong (Engineering) Limited comprising 601,000 ordinary shares of HK$100.00 each to Gold Essence Holdings Corp., a wholly-owned subsidiary of CITIC Pacific, for HK$1.00. On the same day, Dah Chong Hong assigned to CITIC Pacific a loan in the amount of HK$32,406,232 owed by Dah Chong Hong (Engineering) Limited at the consideration of HK$32,406,232. Dah Chong Hong further assigned to CITIC Pacific a loan in the amount of HK$12,223,833 owed by DCH Interior Products Company Limited, a wholly-owned subsidiary of Dah Chong Hong (Engineering) Limited, at the consideration of HK$12,223,833. The purpose of the disposal of Dah Chong Hong (Engineering) Limited is to divest of the stand-alone building services and engineering operations not relevant to the remaining business of the Group.

Proposed spin-off of the Group from CITIC Pacific

CITIC Pacific has concluded that the Group's business has grown to a size sufficient to command a separate listing and that such listing will also be beneficial to the Group for the following reasons:

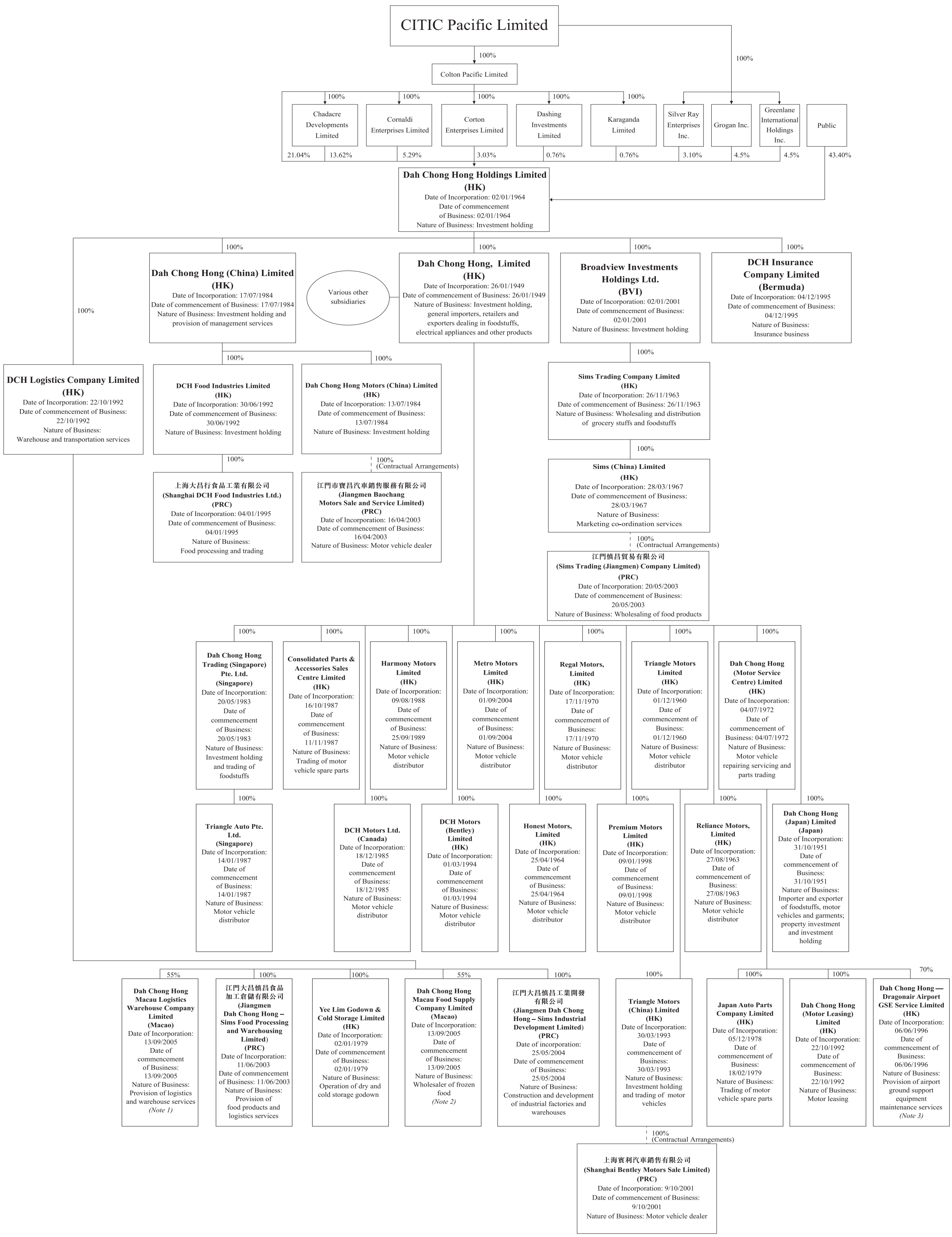
- it provides flexibility to the Group in raising future funds from the capital markets to support its growth through continuing organic expansions as well as acquisitions; and

- it enables the Group to take advantage of the significant global growth potential by attracting new investors who are seeking investment opportunities in a conglomerate engaged in a broad range of business.

The proposed spin-off by CITIC Pacific has complied with the requirements of Practice Note 15 of the Listing Rules.

CORPORATE AND SHAREHOLDING STRUCTURE

The chart below illustrates the corporate and shareholding structure of the Group immediately following the completion of the Capitalisation Issue and Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised):



Note 1: The remaining 45% interest in Dah Chong Hong Macau Logistics Warehouse Company Limited is held by CBA Investments Company Limited as to 35% and by two Independent Third Parties as to the remaining 10%. Other than being a 35% shareholder of the non-wholly owned subsidiaries of the Company as shown in the chart, CBA Investments Company Limited is an Independent Third Party.

Note 2: The remaining 45% interest in Dah Chong Hong Macau Food Supply Company Limited is held by CBA Investments Company Limited as to 35% and by two Independent Third Parties as to the remaining 10%. Other than being a 35% shareholder of the non-wholly owned subsidiaries of the Company as shown in the chart, CBA Investments Company Limited is an Independent Third Party.

Note 3: The remaining 30% interest in Dah Chong Hong-Dragonair Airport GSE Service Limited is held by Hong Kong Dragon Airlines Ltd, who also holds a 30% interest in DAS Aviation Support Limited, a 70%-owned subsidiary of the Company.

MOTOR VEHICLES AND RELATED BUSINESS

The Group has over 40 years of experience in the automobile industry, during which time the Group has built a strong business goodwill and gained significant market recognition for its professionalism and integrity in the business of trading and distribution of automobiles and the quality of services rendered, as well as maintaining a long term relationship with its internationally renowned automobile principals. The Group's professionalism has gained recognition and awards from its principals such as The Commercial Vehicles Sale Dealership Award (HK and PRC) from Isuzu, The Best MAN Commercial Vehicle Importer in Asia Award from MAN, Global Nissan Award from Nissan and Gold Pin Award from Volkswagen.

As at the Latest Practicable Date, the Group had a strong multi-brand portfolio of 11 brands in Hong Kong and Macao and 17 brands in the PRC comprising world renowned American, European, Japanese and Korean automobile brands, providing a full spectrum of products for its customers. The Directors believe that the Group has captured approximately 27% of the new vehicle market in Hong Kong in 2006, and hence, is one of the single largest multi-brand vehicle distributors in Hong Kong in terms of number of brands distributed. This is attributable to the Group's extensive experiences in the automobile trading and distribution which it has built over the past decades and the strong experienced management, sales, technical and marketing team which the Group has.

The Group's motto is "Customers first, service the best" (顧客至上，服務第一). Guided by this motto, the Group never stops exploring improvements on comprehensive customer services, including setting up of "DCH Motor Club" and a customer service call centre as a customer satisfaction monitoring system, to cultivate customers' loyalty to the Group through year round activities such as value added services like fuel discount cards and DIY workshops. These strategies have proven to be successful for the Group as it is able to maintain a large group of loyal customers with "DCH Motor Club" members exceeding 40,000 members. The Group has also maintained over 100,000 customer records for future references. In order to maintain its high standards of professionalism, the Group has established, showrooms and numerous service outlets with distribution and service networks in Hong Kong and city dealerships and 4S outlets in 10 major cities in the PRC to provide comprehensive and competitive after-sales support to car owners. The Group's top-notch service has won the hearts of its customers and is proven by the award of "The Most Satisfactory Car Service Centre" in Hong Kong for 10 years according to the market survey conducted by some renowned Automobile Magazine.

Having the strong base of customers and successful franchised motor vehicle business experience, the Group has expanded and developed extensive motor vehicle related businesses, in addition to the usual after-sale services to its customers, including but not limited to motor leasing, trading of used cars, OE Parts, accessories and environmental products, aiming at providing a one-stop shop service for its customers. The Group's experience in the automobile industry has led to new business opportunities in the aviation support business over the past decade. The Group, through a joint venture company with Hong Kong Dragon Airlines Ltd, was appointed by the Hong Kong Airport Authority to provide repair and maintenance services of airport ground support equipment comprising mainly vehicles and special purpose vehicles operating on the airside of the airport, such as patrol vans, passenger or crew buses, air start units, air conditioning units, catering trucks, dollies, and ULD and meal carts. As the Group's joint venture company has become more experienced in the aviation business, it has expanded its service to other aviation-related business, such as repair and maintenance of air cargo handling system and sales of aircraft tractors.

The Group's competitiveness and strength lies in its fine-tuned operating system and policy. The Group has been investing in computerised management system since the 1970s. It developed the sophisticated DCH Motor System in-house together with Oracle in 2000, which is an integrated system linking the motor vehicles, service, parts and accessories trading system to its finance system. The Group has also established a centralised motor logistics system to manage and prepare the new vehicles efficiently before delivery to the customers.

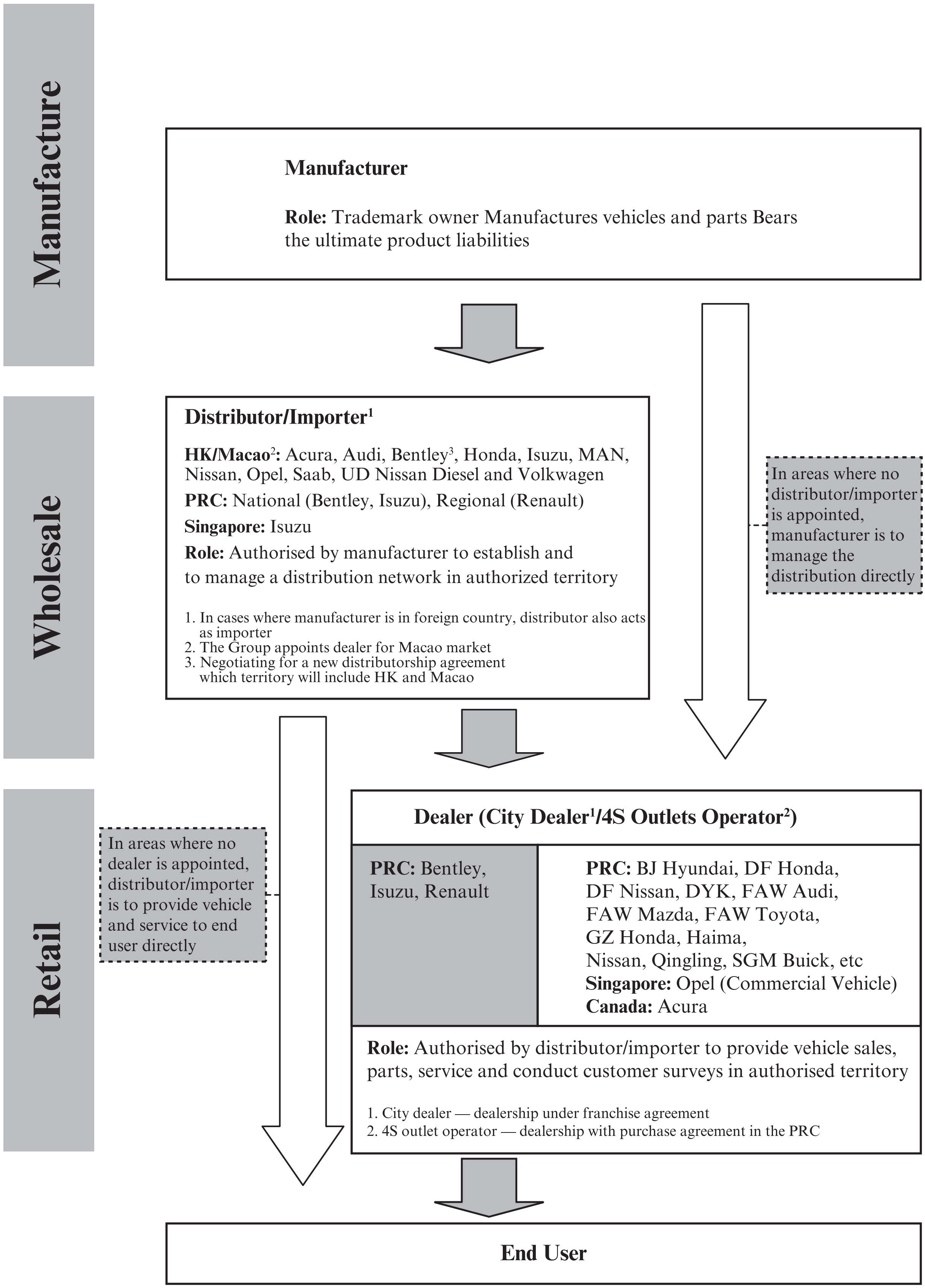
The following tables show each category of the motor division business of the Group as well as the geographical breakdown of turnover, for each expressed as a percentage of the turnover of this segment for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

Turnover	**For the years ended 31 December**						**For the six months ended 30 June**			
	2004		**2005**		**2006**		**2006**		**2007**	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m* *(unaudited)*	*%*	*HK$'m*	*%*
Motor Vehicle Distribution and Dealership	5,714.5	85.5	4,708.3	85.1	6,859.2	89.3	3,044.6	87.8	3,882.4	90.0
Motor Vehicle Related Business	966.5	14.5	824.5	14.9	824.7	10.7	425.0	12.2	430.3	10.0
Total	**6,681.0**	**100.0**	**5,532.8**	**100.0**	**7,683.9**	**100.0**	**3,469.6**	**100.0**	**4,312.7**	**100.0**

Turnover	**For the years ended 31 December**						**For the six months ended 30 June**			
	2004		**2005**		**2006**		**2006**		**2007**	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m* *(unaudited)*	*%*	*HK$'m*	*%*
Hong Kong and Macao	2,649.5	39.7	2,935.6	53.1	3,028.8	39.4	1,461.4	42.1	1,556.5	36.1
The PRC	3,314.2	49.6	1,905.8	34.4	3,764.7	49.0	1,640.9	47.3	2,268.9	52.6
Others	717.3	10.7	691.4	12.5	890.4	11.6	367.3	10.6	487.3	11.3
Total	**6,681.0**	**100.0**	**5,532.8**	**100.0**	**7,683.9**	**100.0**	**3,469.6**	**100.0**	**4,312.7**	**100.0**

Set out in the map below the geographic coverage of the Group's motor vehicle distribution in the PRC.

The Group's Distribution Channel for Motor Vehicles



Motor Vehicle Distribution and Dealership

Hong Kong and Macao

Based on the statistics of the Transport Department of Hong Kong, the Group's sale of motor vehicles accounted for approximately 27% of the new vehicle market in the territory in 2006. The Group has been enjoying an increasing trend in the sales volumes and market share over the past 3 years. The Group has developed a sizeable operational scale in Hong Kong and Macao over the past decades where, as at the Latest Practicable Date, the Group had:

(a) 11 brands of the European and Japanese world acclaimed automobile marque distributorships for passenger cars such as Acura, Audi, Bentley, Honda, Nissan, Opel, Saab and Volkswagen and commercial vehicles such as Isuzu, MAN, Nissan, UD Nissan Diesel, as well as the Genuine Parts relating to these franchised vehicles, to cater for all segments of customers;

(b) 17 showrooms to cater for its multi-brand automobile portfolio, whose locations are widely spread out in Hong Kong and Macao; and

(c) 12 service outlets at Kowloon Bay, Ap Lei Chau, Yuen Long, Quarry Bay and Kwai Chung districts to provide customers with comprehensive sales and after-sales services.

The Directors believe that the Group is the motor trading group offering the most comprehensive automobile brands in Hong Kong. Such a multi-brand and multi-product strategy provides the Group with the flexibility to meet the budget and requirements of customers from all walks of life and industries.

Set out below the history of the Group's 11 marques of motor vehicles distributorships in Hong Kong and Macao as at the Latest Practicable Date:

Distributorship	Exclusively	Distributorship since	Expiry date of the current Distributorship Agreements
Acura	Exclusive	1991	Indefinite##
Audi	Non-exclusive	1990	Indefinite##
Bentley*	Non-exclusive	2000	Indefinite##
Honda	Exclusive	1964	Indefinite##
Isuzu	Non-exclusive	1973	Indefinite##
MAN	Exclusive	1987	Indefinite##
Nissan	Exclusive	1968	Indefinite##
Opel	Exclusive	2004	31 December 2007**
Saab	Exclusive	2004	31 December 2007**
UD Nissan Diesel	Exclusive	1968	Indefinite##
Volkswagen	Non-exclusive	1990	27 August 2008#

Notes:

* The territory of distribution as at the Latest Practicable Date includes Hong Kong only. The Group is currently negotiating with Bentley for a new distributorship agreement which would include Macao.

** The Group expects most of these distributorship will automatically be renewed after the expiry of the distributorship terms subject to meeting the sales target or service standards.

On 27 August 2007, the Group has received a letter of termination from the Volkswagen Group terminating the Importer Contract executed in February 1990 and the Group will be required to cease all motor vehicle business in relation to such brand in Hong Kong and Macao starting from 27 August 2008.

Even though the distributorship agreements are for an indefinite period, these agreements can be terminated with 2 to 24 months advance written notice by either parties.

Pursuant to the distributorships agreements, the main obligations for the Group include the arranging of the importation of vehicles and parts if the automobile manufacturers do not have any presence in Hong Kong and Macao and entering into dealership agreements with dealers for the promotion, marketing and sales of the authorised marques of vehicles as well as maintaining after sales service and support to the dealers within Hong Kong and Macao. Due to the relatively small automobile market in Hong Kong, the Group also acts as the dealers under these distributorship agreements for the sale of the automobile products and provides after sales service and support to end consumers in Hong Kong, while the sale of the automobile products in Macao is carried out through dealers appointed by the Group. Under these distributorship agreements, the Group provides product warranties to the vehicles and parts sold by it, backed by indemnification from the automobile manufacturers. Other than the manufacturers' agreed price for the purchase of the automobile products, there are no other rewards provided to the Group by the automobile manufacturers under these distributorship contracts.

As at the Latest Practicable Date, most of these distributorship agreements were valid for an open period. However, they may be terminated by either parties with prior written notice ranging from 2 to 24 months in the absence of any default. On termination, the suppliers have the right to repurchase any new vehicles and parts at the price paid by the Group for such automobile inventory, subject to certain deductions such as depreciation.

There are two types of warranty that the Group provides to its customers for its motor vehicle distribution business in Hong Kong and Macao, namely, product warranty and goodwill warranty. Firstly, the product warranty is provided by the Group on behalf of the automobile manufacturers, backed by an indemnification from the automobile manufacturers, for product defects occuring during the warranty period which are covered by the manufacturers' warranty policy. The coverage of the product warranty, labour hours, labour rate and parts required for each repair job are specifically defined in the product warranty policy. The labour rate will be reviewed by manufacturers and the Group from time to time. If there is any valid warranty claim which falls within the warranty policy, the Group will render the necessary replacement parts and repair services to the end customers and will then seek full cost reimbursement from the manufacturers for the parts and labour costs incurred. Manufacturer will evaluate the submitted claim and reimburse the Group in full the parts and labour costs in accordance with the product warranty policy. As long as the Group renders the product warranty claim in accordance with the manufacturer product warranty policy, such claims will usually be approved by the manufacturer since such policy is backed by an indemnification from the automobile manufacturers. If there is any special reason where a manufacturer rejects the product warranty claim, the Group will absorb the cost as goodwill warranty. Since costs reimbursement will usually be fully reimbursed by the automobile manufacturers in the subsequent month after a claim for reimbursement is submitted by the Group to the automobile manufacturers, and there is no provision made for product warranty. The entire warranty procedures from customer request for warranty claim, workshop warranty assessment, warranty job execution, warranty claim submission to manufacturer and reimbursement from manufacturer are all recorded in DCH Motor System and finance system. Such costs incurred by the Group will be recognised in its books as receivables until they are being settled by the manufacturers.

Secondly, the goodwill warranty is provided by the Group, in addition to the product warranty, to its customers in Hong Kong. It is granted by the Group, to maintain customer loyalty and to gain customer confidence, to cover reasonable claims on product defects or quality problems, which fall outside the manufacturers' warranty policy or outside the warranty period. The warranty cost provision is based on the goodwill warranty claim history of each brand by taking into account of factors such as the age of the model where there will be more provision for new models or new technology with no historical claim records. In addition, the provision also includes other commitments to customers such as free maintenance program and component replacement. Based on past years of experience and goodwill warranty claim records maintained by the Group, the Group has defined a goodwill warranty claim policy and all the large amount warranty claims have to be approved by experienced technical team before carrying out the repairing work. Same as product warranty, every step in the warranty procedures were recorded in the DCH Motor System and finance system. The commitments are given when a vehicle is sold, hence, a provision of such goodwill warranty will be recorded in the account of the Group upon sale. The costs for rendering the repair and maintenance services under such goodwill warranty are borne solely by the Group and there is no reimbursement of such parts and labour costs from the automobile manufacturers. Please see "Financial information — Critical accounting policies and estimates — (a) Provisions for warranties" for further details of accounting treatment of goodwill warranty.

Hong Kong's motor vehicles industry is a matured market with market size maintained at around 33,000 units to 34,400 units in the past three years. Passenger car sales accounted for the biggest portion in the vehicle sales in Hong Kong and the annual sales volume maintained steadily at around 24,000 units to 25,500 units since 2004. In view of Hong Kong's well-developed public transport system and high standard of living, passenger cars are luxury good to most end consumers. As a result, motor vehicle buyers consider exterior design, quality, performance and price as some of the important elements in making the vehicle purchase decision. Based on the Group's experience, luxury sedan, better specification or full options models usually receive better responses from customers than other more economical models. Under this customer preference, the Group expects the latest Tax Incentive programme for environmentally friendly petrol private cars would not vastly increase the market size. However, the incentive program will encourage car buyers to purchase environmental friendly models. Meanwhile, the sales of other commercial vehicle such as taxi, buses, light buses and goods vehicles were highly driven by government policy driven. In order to improve the air quality, there were a number of subsidy or incentive programs in the past years, including the latest replacement scheme for pre-Euro and Euro I diesel commercial vehicle, these programs encouraged the replacement demand for commercial vehicle operators and helped to increase the vehicle sales.

For its Hong Kong vehicle distribution business, the Group plays the role of a distributor and a dealer at the same time, as there is no industry regulatory restrictions in Hong Kong prohibiting the dual-function as both the vehicle distributor and dealer. The Group is involved in every channel in the process of the distribution of motor vehicles sourced from the automobile manufacturers until the delivery of the motor vehicles to the hands of the end consumers. In this distribution process, the Group is responsible for the logistics arrangement of the motor vehicles, currency hedging, product planning and pricing for the territory, advertising and promotion for the brand, vehicle sales and aftersales services. In addition to the responsibilities provided in Hong Kong, the Group has to provide supports to dealers in Macao. Given the small market size in Hong Kong and Macao, a lot of back office functions are shared between brands, such as accounting, human resources, IT and logistics management.

The Directors are of the view that the Group faces keen competition from other motor vehicle distributors and parallel importers for motor vehicles of the same categories. Such competition is among various automobile brands as each automobile brand appoints only one distributor in Hong Kong and Macao. Please see "Business — Competition". The Group faces other market risks in Hong Kong and Macao such as the risks of changes in customer preference, price competition, product defect and delay in factory production. Such market risks are similar to that faced in the PRC and overseas. Please see "Risk factors — The Group may not be able to sustain its existing sales margin; Risk factors — Failure by the Group's principals or suppliers to introduce products that are accepted by the market as anticipated may cause it to lose market share and fail to gain the anticipated economic benefits of such new products; Risk factors — Products defects of the principals or suppliers and failure of the principals or suppliers to settle product liability claims may adversely affect the business and results of operations of the Group and Risk factors — Increasing competition, particularly in the PRC motor vehicle market, may have an adverse effect on the Group's business growth and results of operations".

The Group's market share in the Hong Kong passenger car sector has shown an upward trend, and the Group sold 8,470, 9,439, 9,712, and 5,032 units of motor vehicles in Hong Kong and Macao during the three years ended 31 December 2006 and six months ended 30 June 2007 respectively, which may be attributable to the strong brand portfolio and the wide selection of products that the Group distributes. As at the Latest Practicable Date, the Group represented two of the top three Japanese automobile brands, Honda and Nissan, and represents two fast growing European automobile brands, Audi and Volkswagen, both of which have had rising unit sales over the past 3 years. In addition, three of the products distributed by the Group are approved for FRT reduction as they comply with the latest environmental policy issued by the Hong Kong Government.

Under its dealership umbrella, the Group also distributes commercial vehicles, in particular, trucks and non-franchise buses. The Directors estimate the Group captures over 50% market share in the sales of these trucks and non-franchise buses in Hong Kong and Macao. Similarly, these strong brands and wide selection of these commercial vehicles enable the Group to offer products to suit the requirements of all industries. The Group currently represents two of the four major Japanese heavy duty commercial vehicles, namely, Isuzu and UD Nissan Diesel and represents one of the major European heavy duty commercial vehicle brands, namely, MAN.

Since 1996, the Group also sells a wide range of special purpose vehicles in Hong Kong such as tailor-made fuel tankers, recovery vehicles, refuse trucks, airport ground support equipment, municipal and waste handling equipment, highway and tunnel maintenance equipment, fire fighting equipment and aerial access equipment. The sale of these special purpose vehicles and equipment is usually on a project basis. In the past, the Group was involved in numerous major projects for supplying these special purpose vehicles and equipment in Hong Kong, which included the projects for Hong Kong International Airport and Lantau Link.

The Group believes that it has been maintaining cost efficiency in its operation to optimise profit and widen its sources of revenue as well as to provide the best services to its customer to achieve the highest customer satisfaction to capture recurrent businesses from its existing customers. At the same time, the Group continues to keep a close watch for potential new brands or new products to introduce to the Hong Kong and Macao automobile market so as to further enlarge its market share.

PRC

The Group's involvement in the PRC automobile business dates back since 1979. Since the opening of the PRC market, the Group has been involved in the automobile business. The Group is the first Hong Kong automobile distributor company to get an approval from the Ministry of Commerce of the PRC to set up a wholly foreign-owned company in the PRC under CEPA in 2005, which enables the Group to conduct motor vehicles retail business in the PRC. 《外商投資產業指導目錄》(Foreign Investment Industries Guidance Catalogue) first introduced in 1995 and amended in 1997 ("Catalogue") restricted foreign ownership of companies in motor distribution business in which the Group engages. The Group has been conducting its operations through various companies incorporated in the PRC (i.e. OPCOs) which are owned by PRC nationals or PRC companies (i.e. the Registered Owner(s)) for the benefits of the Group by virtue of the Contractual Arrangements set out in the section headed "Business — Contractual Arrangements" and in the paragraph "Summary of Contractual Arrangements in respect of Certain PRC Entities within the Group" in Appendix VI of this Prospectus. Under the Catalogue further amended in 2002, the foreign ownership restrictions on motor distribution businesses were fully lifted in December 2006. The Group has started the conversion in respect of two of its Contractual Arrangements for 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited) and 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited) in the fourth quarter of 2006 on a trial basis. Subject to the successful conversion of these two trial cases, the Group expects to implement conversion for other Contractual Arrangements on the same basis. Due to the various necessary submission and approval procedures, the conversion for the above-mentioned companies is still in process. Please also refer to the section headed "Risk factors — Contractual arrangements in respect of certain companies in the PRC may be subject to challenge by the relevant governmental authorities and may affect the Group's investment and control over these companies and their operations".

In 2006, PRC became the third largest motor vehicle manufacturing countries in the world. The country also overtook Germany and Japan in terms of vehicle sales in 2006, making it the second largest motor vehicle market, behind only the United States. With 18,480,700 cars owned privately in China in 2005, the demand for motor sales and service is enormous. Over the past three years, the Group expanded its automobile business rapidly in the PRC to capture the rapid growth in the industry. The total number of 4S outlets opened by the Group, including its jointly controlled enterprises and associates, has increased by 16 outlets over the past three years from 13 outlets as at the end of 2003. As at the Latest Practicable Date, the Group operated 29 4S outlets in 10 major cities in the PRC. The sale of motor vehicles by the Group increased from approximately 12,500 units in 2004 to approximately 17,500 units in 2006.

The Group, directly and through its local partners under Contractual Arrangements, has been appointed as a non-exclusive national distributor for Bentley and Isuzu respectively for the whole of the PRC as well as a non-exclusive regional distributor for Renault for Anhui, Jiangsu, Zhejiang and Shanghai. The Group operates 21 city dealerships and has entered into three memoranda of understanding in respect of three 4S outlets for Mercedes-Benz vehicles and Haima vehicles. The Directors further believe the Group to be the only non-manufacturer, multi-brand national importer and distributor operating in the PRC currently. The Group is also one of the importers for Honda, Isuzu and Volkswagen to distribute imported Genuine Parts for the whole of the PRC.

The Directors believe that due to the Group's expertise in managing a multi-brand automobile portfolio in Hong Kong and Macao, many automobile manufacturers have entrusted the Group with the dealerships in the PRC market. The Group's multi-brand strategy and diversified brand portfolio as used in Hong Kong and Macao has also been adopted for the PRC automobile market to cater for the budget and requirements of customers from all walks of life. The Group has been granted city dealerships for various imported or locally produced vehicles which among others, included Bentley, BJ Hyundai, DF Honda, DF Nissan, DYK, FAW Audi, FAW Mazda, FAW Toyota, GZ Honda, Haima, Isuzu, Nissan, Qingling, Renault and SGM Buick.

The Directors believe that the Group has an extensive business network in the PRC to diversify the business risk arising from unfavourable market conditions in individual cities, while maintaining an economy of scale by operating three to four city dealerships in each major city including but not limited to cities such as Shanghai, Guangzhou, Kunming and Zhanjiang.

Set out below is a summary of some the Group's non-exclusive PRC motor vehicle importerships, distributorships and city dealerships as at the Latest Practicable Date:

Brand	Territory	Nature	Expiry date of the current Importerships, city dealership and 4S outlet
Bentley	Nationwide	Importer and national distributor	Indefinite*
	Hangzhou	City dealership	Indefinite*
	Shanghai	City dealership	Indefinite*
BJ Hyundai	Guangzhou	City dealership	Automatic renewal on expiry until terminated
	Jiangmen	City dealership	Automatic renewal on expiry until terminated
DF Honda	Jiangmen	City dealership	*Note 2*
	Zhanjiang	City dealership	*Note 2*
DF Nissan/Nissan	Guangzhou	City dealership	*Note 1*
	Shanghai	City dealership	*Note 1*
	Yantai	City dealership	*Note 2*
	Zhanjiang	City dealership	*Note 1*
DYK	Fuzhou	City dealership	*Note 1*
FAW Audi	Kunming	4S outlet operator	Annual renewal
FAW Mazda	Kunming	City dealership	*Note 2*
FAW Toyota	Kunming	City dealership	*Note 2*
	Zhanjiang	City dealership	Automatic renewal on expiry until terminated
GZ Honda	Guangzhou	City dealership	Automatic renewal on expiry until terminated
	Zhanjiang	City dealership	Automatic renewal on expiry until terminated
Haima	Kunming	City dealership	*Note 3*
	Guangzhou (Panyu)	City dealership	*Note 3*
	Guangzhou (Fangcun)	City dealership	*Note 2*
Isuzu	Nationwide	Importer and national distributor	Indefinite*
Qingling	Beijing	4S outlet operator	Annual renewal
	Guangzhou	4S outlet operator	Annual renewal
	Kunming	4S outlet operator	Annual renewal
	Shanghai	4S outlet operator	Annual renewal
Renault	Anhui, Jiangsu, Zhejiang, Shanghai	Importer and regional distributor	*Note 1*
	Shanghai	4S outlet operator	*Note 1*
	Nanjing	4S outlet operator	*Note 1*
	Hangzhou	4S outlet operator	*Note 1*
SGM Buick	Kunming	City dealership	*Note 3*

Notes:

Note 1: The city dealerships will expire within the next 6 months. The Group expects most of these city dealerships will automatically be renewed after the expiry of the dealership term subject to meeting the sales target or service standards.

Note 2: The city dealerships will expire within the next 18 months. The Group expects most of these city dealerships will automatically be renewed after the expiry of the dealership term subject to meeting the sales target or service standards.

Note 3: The city dealerships will expire within the next 24 to 36 months.

* Even though the importership, distributorship, and city dealership agreements are for an indefinite period, these agreements can be terminated with 2 to 24 months advance written notice by either parties.

Regulated by the Measures for the Implementation of the Administration of Branded Automobile Sales (汽車品牌銷售管理實施辦法), the role and duty of every party in the vehicle distribution process, from the manufacturer, the distributor to the dealer, are well defined. Due to the extensive coverage of dealership network, manufacturers are usually involved in the distribution as well, and will also occasionally be involved in the dealership role. As the distributorship role is usually taken up by manufacturer directly, individual operators are mainly involve of in the dealership business. In order to cover all potential customers in such a large country, manufacturers will appoint more than one dealerships in the same territory, thus a dealership has to face competition from dealerships of other brands and even dealership of the same brand. Unlike Hong Kong market, there may also be competition from dealerships in nearby territories. As at the Latest Practicable Date, there were three business models in which the Group carried out its automobile business in the PRC. Firstly, pursuant to the national or regional distributorship agreements for Bentley, Isuzu and Renault, the main obligations of the Group include arranging of the importation of vehicles and parts to the PRC market if the automobile manufacturers do not have any presence in the PRC. The Group is primarily responsible for the promotion, marketing and sales of the authorised marques of vehicles as well as maintaining after sales service and support to the dealers within the PRC for Bentley and Isuzu brands or within Anhui, Jiangsu, Zhejiang and Shanghai for Renault. With the approval of manufacturers, the Group has the right to appoint dealers within these territories for sale of the automobile products and provides after sale service and support to end consumers. Under these distributorship agreements, the Group provides product warranties for the vehicles and parts sold by it, backed by the indemnification from the automobile manufacturers. Other than the manufacturers' agreed price for the purchase of the automobile products, there are no other rewards provided to the Group by the automobile manufacturers under these distributorship contracts. As at the Latest Practicable Date, two out of three of these distributorship agreements, namely, Bentley and Isuzu were valid for an open period. However, they may be terminated by either parties with prior written notice ranging from 2 to 24 months in the absence of any default. On termination, the suppliers have the right to repurchase any new vehicles and parts at the price paid by the Group for such automobile inventory, subject to certain deductions such as depreciation.

Secondly, pursuant to the various city dealership agreements, the Group must source the supply of the authorised marques automobiles from the distributor or manufacturer for sale and after sale service and supports to end-consumers within the agreed locations through the 4S outlets established by the Group. Under these city-distributorship agreements, the Group provides product warranty services to the end consumers on behalf of the distributor or manufacturer according to the dealership agreement. Other than the manufacturers' agreed price for the purchase of the automobile products, there will be rewards or rebate if the Group achieves the sales target, service requirements or other requirements set out by the distributor or the manufacturer. As at the Latest Practicable Date, most of the city dealerships are valid for a specified period and may be terminated by either party with prior written notice ranging from 2 to 24 months in the absence of any default. Such city-dealerships may be terminated if the Group does not meet the agreed sales targets or the required service standard. On termination, the automobile distributors have the right to repurchase any new vehicles and parts at the price paid by the Group for such automobile inventory, subject to certain deductions such as depreciation.

Thirdly, in acting as a 4S outlet operator, the Group has similar obligations as a city dealer for the sale and after sale service and supports of the authorised marques automobiles to end consumers. However, such arrangements were governed by the annual purchase agreement with distributor or manufacturer, which will be renewed annually.

The Group provides product warranty service in the PRC on behalf of the automobile manufacturers, backed by an indemnification from the automobile manufacturers, for product defects occuring during the warranty period which are covered by the manufacturers' warranty policy. The coverage of the product warranty, labour hours, labour rate and parts required for each repair job are specifically defined in the product warranty policy. The labour rate will be reviewed by manufacturers and the Group from time to time. If there is any valid warranty claim which falls within the warranty policy, the Group will render the necessary replacement parts and repair services to the end customers and will then seek full cost reimbursement from the manufacturers for the parts and labour costs incurred. Manufacturer will evaluate the submitted claim and reimburse the Group in full the parts and labour costs in accordance with the product warranty policy. As long as the Group renders the product warranty claim in accordance with the manufacturer product warranty policy, such claims will usually be approved by the manufacturer since such policy is backed by an indemnification from the automobile manufacturers. If there is any special reason where a manufacturer rejects the product warranty claim, the Group will absorb the cost as goodwill warranty. Since costs reimbursement will usually be fully reimbursed by the automobile manufacturers in the subsequent month after a claim for reimbursement is submitted by the Group to the automobile manufacturers, and there is no provision made for product warranty. The entire warranty procedures from customer request for warranty claim, workshop warranty assessment, warranty job execution, warranty claim submission to manufacturer and reimbursement from manufacturer are all recorded in DCH Motor System and finance system. Such costs incurred by the Group will be recognised in its books as receivables until they are being settled by the manufacturers.

Due to the vast automobile market in the PRC which was recently opened to overseas brands, the Group aims to capture such potential growing markets and to achieve higher sales volume by sourcing new city dealerships from major brands which have yet to be introduced to the PRC market. In addition, the Group intends to open and/or acquire additional city dealerships, especially in the Pearl River Delta and the Yangtze River Delta regions, to expand its sales network and enlarge its sales volume and market share in the PRC market. The expansion strategy of acquisition of companies with city dealership has proven to be successful as it allows quicker access to the PRC automobile markets.

In the PRC, despite keen price competition, motor vehicle buyers also consider the quality and aftersales services in making vehicle purchase decision. In addition, given the large market size, the market is able to accept a greater variety of brand and products than small market such as Hong Kong. The Group's city dealership business is mainly focus on the retail aspect in the vehicle distribution process, which a manufacturer or distributor delivers the vehicles directly to the city dealer, and the Group, as a city dealer, is only responsible for selling the motor vehicles to end consumers, providing aftersales services and doing local advertising and promotional activities for the dealership. Due to the scaleable and geographical setup where there are more than 3 city dealerships in one city, the Group has established a regional office in each of Shanghai, Guangzhou, Kunming and Zhanjiang to manage the performance of the city dealership and to explore for other business development opportunities. While in the distributorship business, the Group performs similar functions as that rendered in Hong Kong and Macao except for the selling of motor vehicles and providing of aftersales services to end consumers, where such services are handled by the city dealers appointed by the Group with the approval from automobile manufacturers. For such distributorship and importership such as Bentley, Isuzu and Renault, the Group plays a key role in promoting the franchise in the territory, such as the involvement in driving brand building strategy, product line up strategy and pricing strategy. As the world top 11 vehicle manufacturers and top 50 parts manufacturers have already established product lines in the PRC, the imported vehicle market is mainly for niche products, which comprise of luxury sedan and super sportscar in passenger car market and high-tech heavy duty truck in commercial vehicle market. Since there are advance technology and highly skilled craftsmanship involved in producing these niche models, it is not practically for manufacturer to setup product line in the PRC and thus these products have to be imported to the PRC through importers which have a presence in the PRC, such as the Group.

Based on the Directors' industry knowledge in the PRC, the Group faces keen competition among other dealers distributing the same brand, as well as other brands within the authorised territory, since there are usually multiple dealers for each brand within the authorised territory. Please see "Business — Competition". The Group faces other market risks similar to those found in Hong Kong and Macao such as the risks of changes in customer preference, price competition, product defect, delay in factory production. Please see "Risk factors — The Group may not be able to sustain its existing sales margin; Risk factors — Failure by the Group's principals or suppliers to introduce products that are accepted by the market as anticipated may cause it to lose market share and fail to gain the anticipated economic benefits of such new products; Risk factors — Products defects of the principals or suppliers and failure of the principals or suppliers to settle product liability claims may adversely affect the business and results of operations of the Group and Risk factors — Increasing competition, particularly in the PRC motor vehicle market, may have an adverse effect on the Group's business growth and results of operations".

In order to maintain its competitiveness and profitability, the Group utilises synergy value to enhance the efficiency and cost effectiveness of its existing dealerships by building a number of city dealership in each major area of its network. It plans to achieve growth by expanding the number of city dealerships with a target to add on average 6 city dealerships annually in the next 3 years through merger and acquisition exercises and strategic partnerships. As at the Latest Practicable Date, the Group has yet to identify any potential targets for acquisition. Nonetheless, among other criteria, the Group will consider potential targets based on reasonable return on earnings, quality of automobile marquee, potential and sustainability of the vehicle purchasing power in the authorised territory, competitive advantage in the territory enjoyed by the potential target and the potential to further enhance its profitability after acquisition as well as target's profit history and customer base to generate recurring business for the Group. Such a strategy has proven to be successful and beneficial to the Group as it has previously enjoyed enhanced profitability in a short period of time. As such, more resources will be allocated to expand city dealerships through merger and acquisition exercises in order to sustain growth of its motor vehicle distribution business in the PRC. Please see "Future plans and use of proceeds".

Likewise, the Group intends to continue to optimise profit and widen its sources of revenue as well as to provide the best service to its customers to achieve the highest customer satisfaction to capture recurrent businesses from its existing customers as well as to expand into used car business.

Overseas

Other than Hong Kong, Macao and the PRC, as at the Latest Practicable Date, the Group also secured city dealerships to sell and distribute franchised vehicles and conducted similar operations and business strategies in Singapore and Canada as those conducted in Hong Kong, Macao and the PRC.

As at the Latest Practicable Date, in Singapore, the Group was the distributor of Isuzu for the whole of Singapore and a dealer of Opel commercial vehicles and was one of the top 5 dealers in the goods vehicle and bus markets. As at the Latest Practicable Date, in Canada, the Group had an Acura city dealership in the territory of Richmond and had been one of the top 5 national dealers in terms of unit sales for the Acura dealership since 2002. Distributorship of Isuzu in Singapore is similar to the distributorships for other brands of motor vehicles in Hong Kong while the dealerships for Opel commercial vehicles in Singapore and the Acura dealership in Richmond, Canada is similar to the city dealerships in the PRC.

MOTOR VEHICLE RELATED SERVICES

Below are some of the motor vehicle related services which the Group believes to be the extension of the core motor vehicle business of the Group:

(a) Independent service outlets

As at the Latest Practicable Date, the Group operates independent service outlets in Hong Kong to provide vehicle maintenance and repair services for all brands of vehicles not returning to the franchised dealers for services, which also provided body repair and paint services for direct access to all customers requiring repairs and paint work due to car accidents. Service centres of the Group in Kowloon Bay, Quarry Bay and Yuen Long were designated by the Transport Department of Hong Kong as the designated car testing centres for the inspection of private cars and light goods vehicles which the Group accounted for approximately 23% to 29% of the total number of vehicles inspected by all the 22 car testing centres in Hong Kong over the three years ended 31 December 2006 and the six months ended 30 June 2007. Since 1992, the Group is the only company in Hong Kong subcontracted by Hong Kong Government to operate the Government's Kowloon Bay Vehicles Examination Centre for the inspection of goods vehicles with GVW from 1.9 tonnes to 16 tonnes and trailers.

(b) OE Parts trading

As at the Latest Practicable Date, the Group traded and distributed more than 40 top brands of accessories and OE Parts in Hong Kong and Macao to meet the requirements of the Group's customers from different market segments. It is the agent for Yokohama tyres and FB batteries in Hong Kong and Macao.

The Group had developed and launched since mid 2006 its self-owned brands of lubricants, batteries, wiper blades and filters, which were manufactured for the Group by third party sub-contractors appointed by the Group in the PRC, Malaysia and South Korea, for the Hong Kong, Macao, PRC and overseas markets. The Group will continue to source good quality vehicle spare parts and accessories from the PRC and other countries which have low labour costs for the overseas markets.

(c) Motor leasing

Established in 1992, the Directors believe, as at the Latest Practicable Date, the Group is the largest motor leasing services provider in Hong Kong with over 1,000 vehicles as well as through third party contractors van operators to provide the following services:

(i) long and short-term leasing;

(ii) hire car and limousine services;

(iii) van services; and

(iv) transportation services for major official events and conferences held in Hong Kong such as the Equestrian Event in 2007.

These services are mainly provided to construction companies, mass media and telecommunication companies, financial institutions and various Government departments of Hong Kong as well as individual customers. The Group's vehicle pool has a rent-out-rate of over 93% while its van services receive on average, 22 appointments per month per vehicle, or in aggregate, over 10,000 appointments per month.

In Beijing, the Group has formed jointly controlled entities with 中遠實業公司 (COSCO) and 北京中遠豐田汽車銷售服務有限公司 (Beijing Zhongyuan Toyota Motors Sale and Service Limited), since September 2006, to develop the car rental and leasing business in Beijing. As at the Latest Practicable Date, the joint venture company had a fleet size of over 250 vehicles and will expand to set up an extensive leasing network in the major cities in the PRC in the near future.

The joint venture was established through the incorporation of a joint venture company, namely, 北京中遠大昌汽車租賃有限公司 (COSCO — DCH (Beijing) Motor Leasing Company Limited). The Group has a 50% interest in the joint venture company and has the right to appoint such number of directors to the board which is commensurate with its shareholdings. Neither the Company nor the joint venture partners has absolute control over the joint venture company. For further details of this joint venture company, please see Appendix I to this Prospectus.

(d) Used car trading

In Hong Kong, the Group has an exhibition hall of over 4,000 square meter as at the Latest Practicable Date, which is widely acknowledged as a reliable and trustworthy pre-owned car-trading platform for vehicle owners and potential buyers. Since 2004, the Group's used car trading division has been distinguishable from the other used car traders as the Group also maintains a website to monitor and support pre-sale and after-sales enquiries from its customers. In addition to sourcing the used cars owned by the Group mainly from its motor leasing business, the Group also sources 40% of the quality used cars on a consignment basis as well as absorbing trade-in vehicles from new car sales. With the successful business model in Hong Kong and the deregulation in the PRC used-car market, the Group believes that used car trading is an area for expansion for its PRC business.

(e) Environmental and Engineering businesses

With the increasing public concerns regarding environmental pollution attributable to vehicles' exhaust system and as part of its social responsibilities to the society, the Group has participated in the following two environmental projects:

(i) ***Exhaust reduction programme***. As the distributor of the Engelhard diesel catalysts in Hong Kong, the PRC and the South East Asia region, the Group was appointed by the Hong Kong Government as one of the official contractors to carry out the "Installation of Particulate Removal Devices for Pre-Euro Diesel Vehicles" during the periods from 2003 to 2005, which the Group estimated to have captured approximately 73% market share of the sale of the diesel catalysts. The Group will continue to work with franchised bus companies, operators of heavy mobile equipment, construction equipment and ferries for retrofitting exhaust filters in Hong Kong. There is also a great potential for sales in the PRC, Taiwan and Bangkok where similar vehicle exhaust reduction programmes have been tried.

(ii) ***Exhaust pollution monitoring system***. Being the first to introduce a dynamometer system for testing emission from diesel vehicles in Hong Kong, the Group has recently been carrying out various projects together with HKEPD in the checking and monitoring of emissions of gasoline vehicles. These projects include the consultation projects in relation to the Supply and the Set Up of an On-board Vehicle Emissions Analysing System for Measuring Gaseous Pollutants to HKEPD and the provisions of services for Road Side Measure of Exhaust Emissions From In-use Vehicles Using Remote Sensors awarded by HKEPD, both of which aim to strengthen the control of emissions from petrol and liquefied petroleum gas vehicles through the use of roadside remote sensing equipment.

The Group is an approved specialist contractor of the Hong Kong Government for the installation of various engineering and mechanical equipment such as garage equipment and diesel generators in Hong Kong. It also designs, fabricates and modifies airport special purpose vehicles including recovery vehicles, catering trucks, airport vehicles and group support equipment for use in Hong Kong and the PRC markets.

(f) Airport and aviation support business

As at the Latest Practicable Date, the Group held various local and international airworthiness standards in various airports which enabled it to operate a wide range of airport and aviation support businesses:

Airport	Airworthiness standards approval	Issued by	Expiry date
Beijing Capital International Airport	CCAR-145	General Administration of Civil Aviation of China	Shall continue in effect unless revoked
	FAR-145	Department of Transportation Federal Aviation Administration of United States of America	31 December 2007
Changi International Airport in Singapore	SAR-145	Civil Aviation Authority of Singapore	31 March 2008
	FAR-145	Department of Transportation Federal Aviation Administration of United States of America	30 November 2007
Chep Lap Kok Hong Kong International Airport	HKAR-145	Hong Kong Civil Aviation Department	6 July 2008
	FAR-145	Department of Transportation Federal Aviation Administration of United States of America	29 February 2008
Shanghai Pudong International Airport	CCAR-145	General Administration of Civil Aviation of China	Shall continue in effect unless revoked

These services include:

(a) the provision of the franchised maintenance facility in the airport for the airport ground support equipment and unit load devices, which the Group has operated through a joint venture company with Hong Kong Dragon Airlines Ltd in the Chep Lap Kok Hong Kong International Airport since 1998. Pursuant to such franchised maintenance facility, the Group, through the joint venture company, is authorised by the Hong Kong Airport Authority to provide repairs and maintenance services of airport ground support equipments comprising mainly vehicles and special purpose vehicles operating in the airside of the airport such as patrol vans, aircraft tractors, passenger or crew buses, air start units, air conditioning units, catering trucks, dollies, and ULD as well as the repairs and maintenance services of ULD and meal carts repair to airlines for an initial period of 10 years, which term is extended to a further period of 5 years up to 2013. The franchised maintenance facility is operated on a parcel of land within the Chep Lap Kok Hong Kong International Airport, which is leased from the Hong Kong Airport Authority; and

(b) the provision of repairs and maintenance services of unit load devices in the Chep Lap Kok Hong Kong International Airport and in the Changi International Airport in Singapore, through joint venture companies with Nordisk Asia Pacific Pte. Ltd, and through a joint venture company with 北京航空貨運服務部 (Beijing Air Cargo Service Department), in Beijing Capital International Airport as well as through a joint venture company with 上海東方航空實業有限公司 (Shanghai China Eastern Enterprise Company Limited), in Shanghai Pudong International Airport.

The joint venture mentioned in paragraph (a) above was established through the incorporation of a joint venture company, namely, Dah Chong Hong-Dragonair Airport GSE Service Limited. The Group has a 70% interest in the joint venture company and has the right to appoint a majority of directors to the board.

The Hong Kong joint venture mentioned in paragraph (b) above was established through the incorporation of a joint venture company, namely, DAS Nordisk Limited. The Group has a 70% interest in the joint venture company and has the right to appoint a majority of directors to the board.

The Beijing joint venture mentioned in paragraph (b) above was established through the incorporation of a joint venture company, namely, 北京鳳凰大昌航空設備維修有限公司 (DAS Nordisk Phoenix Aviation Equipment Limited). The Group's effective interest in the joint venture company is 24.5% and it has the right to appoint such number of directors to the board which is commensurate with its shareholdings. Neither the Company nor the joint venture partners has absolute control over the joint venture company.

The joint venture partners mentioned above are all reputable market leaders in their respective industry which the Group believes would bring synergies to the joint venture companies.

The Shanghai joint venture mentioned in paragraph (b) above was established through the incorporation of a joint venture company, namely, 上海東實航空地面設備有限公司 (Shanghai China Eastern Aero-Equipment Engineering Co., Ltd.). The Group's effective interest in the joint venture company is 24.5% and it has the right to appoint such number of directors to the board which is commensurate with its shareholdings. Neither the Company nor the joint venture partners has absolute control over the joint venture company.

For further details of these joint venture companies, please see note 18 of Appendix I to this Prospectus.

As at the Latest Practicable Date, the Group was also the sales agent of Schopf aircraft tow tractors and spare parts distributor and designated repair station of Ancra Aircraft cargo handling system, and to fabricate dollies and steps for aviation customers in Hong Kong. Since 2006, the Group was authorised by Airport Authority Hong Kong to provide annual inspection for all vehicles and ground support equipment operating inside the airport before their annual re-licencing.

The fast growing aviation industry in the PRC and the realisation of the importance of quality requirements in the industry has provided the Group with potential business growth in the aviation support business. The Group believes its core competence and quality system will assist its expansion in this industry especially in new diversified businesses such as asset management which encompasses the management and leasing of aviation equipment such as ULD, pallets and GSE to airlines.

FOOD AND CONSUMER PRODUCTS

The Group's trading and distribution of food and consumer products is operated under two companies, Dah Chong Hong and Sims Trading, both of which are well-known in the industry in Hong Kong and increasingly recognised in the PRC. As at the Latest Practicable Date, the Group has a diversified product portfolio in the food distribution business where it was involved in the distribution of over 500 food commodities, and approximately 700 FMCG products. It was also involved in the downstream retail operations by running DCH Food Mart and DCH Food Mart Deluxe outlets in Hong Kong. This is supported by the Group's modern and hygienic food processing centres with HACCP accreditation granted by SGS Hong Kong Limited, which certification is valid up to 2 November 2009. Consistent with the Group's multi-brand trading strategy, the Group is also the exclusive distributor for 15 brands of electrical appliances as well as 14 brands of cosmetics in Hong Kong and Macao.

The Group's competency and competitive advantage in the food and consumer products business, through Dah Chong Hong, are attributable to its over 50 years of extensive experience in dealing with the consumer market and spending behaviour as well as the extensive customer distribution and international supplier networks and relationships it has developed, supported by its strong logistics network.

The Directors are of the view that led by a professional and experienced management team who possesses in-depth industry knowledge and international trading experience, the Group has established strong integrated distribution platforms to serve the Group's customers in Hong Kong, Macao and the PRC for the food service industry, retail industry and wholesale channels. It is also capable of managing its overseas business in Japan, Singapore and Canada, which mainly provides procurement and sourcing support to the Group's main business operations.

Riding on its successful experience in the Hong Kong market, the Group's immediate expansion strategy is to strengthen its distribution platforms in the PRC and Macao in order to capture the rapid growth in these two markets.

The following tables show the breakdown of each category of the food and consumer products business of the Group as well as the geographical breakdown of turnover, for each expressed as a percentage of the turnover of this segment for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

Turnover	**For the years ended 31 December**						**For the six months ended 30 June**			
	2004		**2005**		**2006**		**2006**		**2007**	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m*	*%*
							(unaudited)			
Food Products	4,204.1	89.9	4,235.8	87.9	4,229.7	83.8	1,915.9	83.8	2,180.8	85.0
Electrical Appliances Products	397.3	8.5	435.6	9.0	522.6	10.4	260.0	11.4	254.6	9.9
Other General Trading	76.4	1.6	150.1	3.1	294.8	5.8	108.8	4.8	131.9	5.1
Total	**4,677.8**	**100.0**	**4,821.5**	**100.0**	**5,047.1**	**100.0**	**2,284.7**	**100.0**	**2,567.3**	**100.0**

Turnover	**For the years ended 31 December**						**For the six months ended 30 June**			
	2004		**2005**		**2006**		**2006**		**2007**	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m*	*%*
							(unaudited)			
HK and Macao	2,615.0	55.9	2,620.1	54.3	2,602.2	51.5	1,235.8	54.1	1,306.8	50.9
The PRC	1,477.4	31.6	1,604.4	33.3	1,796.0	35.6	738.1	32.3	937.8	36.5
Others	585.4	12.5	597.0	12.4	648.9	12.9	310.8	13.6	322.7	12.6
Total	**4,677.8**	**100.0**	**4,821.5**	**100.0**	**5,047.1**	**100.0**	**2,284.7**	**100.0**	**2,567.3**	**100.0**

A. Food segment

Hong Kong and Macao

(a) Trading and distribution

The Group, through Dah Chong Hong, has been a major food supplier to the Hong Kong and Macao market for over 50 years for over 500 food commodities including frozen meat, frozen poultry, frozen seafood, chilled meat, edible oils (including house brands such as Gold Seal and Tripod), agricultural products and grocery products sourced from 39 countries. Other than food commodities, the Group distributes over 70 brands of FMCG with approximately 700 types of prepackaged food, beverage, wines and healthcare products sourced from 28 countries. The distributorship contracts for FMCG are generally of one-year to three-year terms and are subject to termination by the Group or the principal with prior written notice in accordance with terms mutually agreed upon.

Some of the food commodities distributed by the Group are:

Product Group	Brand	Country of Origin
Beef	Alliance, Seara, Tyson	New Zealand, Brazil, US
Poultry	Sadia, Seara, Tyson	Brazil, US
Pork	Sadia, Seara, Golden Spot	Brazil, China
Seafood	Sealord, Talley's	New Zealand

Product Group	Supplier	Country of Origin
Edible oil	Cape Oil & Margarine (pty) Ltd.	South Africa
Sugar	TS Corporation, Samyang Corp. ED & F Man Asia Pte Ltd.	South Korea Australia
Soybean & feedstuff	Semences Prograin Inc. Thompsons Ltd.	Canada

Some international brands of FMCG distributed by the Group include:

Product Group	Brand	Country of Origin
Beverage	Ovaltine	UK
	Pocari Sweat	Japan
	Twinings	UK
Confectionery	Almond Roca	US
Sauce	Hunt's	US
Dairy	Lurpak	Denmark
Pasta	Barilla	Italy

As at the Latest Practicable Date, the Group had a comprehensive distribution network in Hong Kong and Macao, serving a broad customer base, which generated recurring businesses to the Group on a daily basis since more than 50 years ago. The Group distributed to over 5,000 customers including:

Classification	Name
fast food and restaurant chains	大家樂; 稻香集團
airline catering industry	CATHAY PACIFIC CATERING SERVICES
hotels	THE PENINSULA HONG KONG; SHANGRI-LA ASIA LIMITED
food manufacturers	Garden; vitasoy
retail chains	vanguard; wellcome
drug stores	mannings
convenience store chains	OK便利店
department stores	city'super; JUSCO

The Group also supplies its food products to independent drugstores, wholesalers and gas stations.

The Group's food business operating mode in Hong Kong is encompassing as it covers segments such as wholesale, food service, retail and food processing with strong support from the Group's solid logistics platforms. The encompassing business model of the Group in Hong Kong and Macao is evolved from the ever changing consumer taste or preference for food commodities and FMCG. The increasing trend towards health, diet control, and functional food consumption has boosted the Group's sales of food commodities such as seafood and lean meat, as well as FMCG beverages that come with added minerals or less sugar. On food service, the limited space and rising rental in Hong Kong and Macao have driven food service operators to outsource food preparation processes to food distributors such as the Group, in order to squeeze more space to seat diners by trimming down the size of their kitchens, thereby bringing additional business opportunities for the Group's HACCP-accredited food processing business. Most of the food distribution channels in Hong Kong are handled directly by the Group, including but not limited to food manufacturers, wholesalers, retailers, and food service. For the Group's food commodities distribution business, wholesalers constitute an important channel for the Group to enable a wide product distribution coverage. Food service is another core segment in which customers are relatively more demanding on product specifications and service standards than other customers. For FMCG product, retail customers, especially retail chains, which are the core customers, the Group has built dedicated sales and marketing team for effective management. In addition, the Group also appoints wholesalers to help to distribute to some non-chain retail customers or retail customers who are remotely located. In both food commodities and FMCG, the trend is to move towards more direct sales to food service customers.

Other than distributing products to a wide array of customers, the Group also runs its own food retail arm comprising Food Mart and Food Mart Deluxe outlets. The Group's food processing operations lend further support by adding processed food products to suit the customers it serves, especially food service and retail. To the best of the Directors' belief, such a diverse and in-depth operating mode enables the Group to cover most of the distribution channels, have direct control and feel of the market, and facilitate the formulation and implementation of business strategies to uphold the Group's dominant position in the market.

The market for food commodities and FMCG in Hong Kong is highly competitive and mature due to the long history of market development and relatively few restrictions of market entry. Barrier of entry is not prohibitively high such that while big players enjoy competitive advantages built on their financial strengths and established networks, small players can survive by, for example, positioning themselves in niche markets, providing tailored services, and reacting to market changes in relatively shorter time. The operating environment in Hong Kong is characterised by fewer regulatory measures compared with that in the PRC, and it is easy for suppliers or brand owners to launch new products or test market in Hong Kong. Please see "Business — Competition". As a result of the numerous new products that crop up in the market, customers' receptiveness of new products rises, preferences change fast, and product life cycles tend to get shorter. This intensifies the pressure for new product introduction and increases the risk of stock obsolescence if demand for a product falls sharply after the fad is gone. Please see "Risk factors — The Group may not be able to sustain its existing sales margin; Risk factors — Failure by the Group's principals or suppliers to introduce products that are accepted by the market as anticipated may cause it to lose market share and fail to gain the anticipated economic benefits of such new products; Risk factors — Products defects of the principals or suppliers and failure of the principals or suppliers to settle product liability claims may adversely affect the business and results of operations of the Group; Risk factors — The Group faces inventory obsolescence risk and Risk factors — The food and consumer products markets in the Hong Kong and Macao are highly competitive and any findings or rumour of tainted food may lead to a halt in the demand of a particular product offered by the Group".

(b) Retail operations — DCH Food Mart/DCH Food Mart Deluxe frozen food retail chain

Being a diversified and aggressive business player in the food industry, the Group has since 1992 ventured into a down stream frozen food retail chain business in Hong Kong known as DCH Food Mart. Through its 15 years of operating history, DCH Food Mart has built up its reputation and is well recognised as the leading frozen food retail chain in Hong Kong.

In 2006, more than 50% of the products sold in DCH Food Mart were frozen and chilled food as supplied by the Group's upstream business as mentioned above. Other products sold in DCH Food Mart are groceries, dried seafood, canned food, drinks and seasonings. As at the Latest Practicable Date, the Group had 52 retail outlets including 48 DCH Food Mart outlets for the mass market and 4 DCH Food Mart Deluxe outlets which carry premium gourmet food products. Distinguishable from other frozen food retail outlets, DCH Food Mart and DCH Food Mart Deluxe aim to further reinforce its position as a supplier of high quality and hygienic food products to nurture its current pool of loyal customers with a view to attracting more new customers in the long run. As at 30 June 2007, there were over 150,000 members of "DCH Food Mart Membership Club" established in 1998 and "Epicure Membership Club" for DCH Food Mart Deluxe established in April 2007, to offer privileged benefits to their loyal customers, such as 5% discount for purchases at the DCH Food Mart and DCH Food Mart Deluxe outlets, home delivery services as well as a gift redemption program.

Set out below is a map showing the coverage of the Group's DCH Food Mart and DCH Food Mart Deluxe outlets:

Leveraging on its economies of scale in the food industry and to better cater for its customers' needs, DCH Food Mart also runs a hygienic, HACCP system accredited food processing centre to supply a wide range of value-added and house brand products, which contributed approximately 40% of total sales turnover of DCH Food Mart in 2006.

In 2006, DCH Food Mart was awarded "Hong Kong Top Service Brand" which assessed a candidate in the service industries based on its reputation in Hong Kong, the PRC and overseas, distinctiveness of the services, innovation, quality, image and environmental performance, and "The Most Popular Service Brand On-line", which is based on the popularity of the brand through an online public polling during a specified time frame, jointly organized by the Chinese Manufacturers' Association of Hong Kong and the Hong Kong Brand Development Council in recognition of its excellent customer service in the food retail market.

PRC

Trading and distribution

In the PRC, the Group has a broad national distribution network with regional offices in Shanghai, Guangzhou and Beijing operating a national distribution network that covers 38 cities spanning 4 municipalities directly under the Central Government, 15 provinces, and 1 autonomous region in the PRC, selling a wide range of food commodities and FMCG products. Due to this unique capability and competitive position, the Group has the capacity to provide comprehensive food supply chain solutions to its customers and principals.

Some of the food commodities represented by the Group are frozen meat, frozen seafood, frozen vegetables from Australia, Brazil, Japan, New Zealand, the PRC, and the United States. Leveraging on its supplier network and procurement expertise, the Group distributes over 150 food products in the PRC, sourced from approximately 13 countries. Through its food processing centres, the Group also repackages and processes food commodities according to HACCP and ISO9001: 2000 standards. Currently, the Group has developed and launched approximately 76 frozen processed food products under its house brand of DCH (大昌食品). These products are sold in the leading supermarkets and hypermarkets in the PRC. The Group also has a joint-venture company, namely, 江門昌運油品有限公司 (Chang Yun Oil Products Co., Ltd.) with edible oil storage capacity of 7,500 MT for repackaging and processing of edible oil in which the Group has 50% shareholding held through Contractual Arrangement. The rights and obligations of the Group as a shareholder will be subject to the articles and memorandum of association of the joint venture company. The joint venture was specifically established to carry out the relevant business.

Below is a map which shows the Group's food product distribution coverage in the PRC.

As at the Latest Practicable Date, some international brands of FMCG distributed by the Group included:

Product Group	Brand	Country of Origin
Confectionery	Almond Roca	US
	Ferrero	Italy
Soup	Campbell's	US
Infant formula milk powder	Wyeth	US
Beverage	Lipovitan	Japan
	Pocari Sweat	Japan
	Twinings	UK
Sauce	OK/Colman's	UK
	Tabasco	US

Benefiting from its national distribution network, as at the Latest Practicable Date, the Group was able to attract distributorships from internationally-renowned FMCG suppliers and to distribute branded FMCG on a large scale to a wide range of retail channels including:

Classification	Name
hypermarkets	Carrefour
department stores	JUSCO PARKSON 百盛
supermarket chains	 联华超市
convenience stores	7 ELEVEN LAWSON

The Group also supplies internationally-renowned FMCG to other wholesalers.

With the liberalisation of the domestic food market with reducing import duties since the PRC became a member of the WTO, as well as the increasing expenditure of urban households on food in the PRC, sales of quality and hygienic food products, especially imported FMCG products, have increased. The main distribution channels for frozen, chilled and packaged food in the PRC remain wholesale and retail markets such as supermarkets, hypermarkets, grocery, fast food chains, convenience stores, restaurants and hotels. Due to the huge territory to cover, the Group leverages on wholesalers in addition to using its own sales teams to maximise market penetration in the PRC. This is more cost effective and faster than building entirely self-owned and self-managed distribution network in a far reaching and fast changing market like the PRC. In the case of food commodities, wholesale plays an important part in the Group's distribution network. This is supported by the Group's direct sales to food service customers for better understanding of their needs and providing better services. With regard to FMCG, retail customers, especially retail chains, are the core customers, the Group has built devoted sales and marketing team for effective management. Similar to the operating mode in Hong Kong, wholesalers are appointed to cover FMCG customers not economically served directly by the Group. In the future, more efforts will be placed in expanding sales to food service customers in the PRC. On retail, unlike the operating mode in Hong Kong, the Group was not running any retail operations in the PRC as at the Latest Practicable Date as the retail market in the PRC is dominated by large supermarkets and hypermarkets. To sustain long-term business growth, the Group has started to develop house brands to provide further choices to customers and to attain higher economy of scale with the added volume from this business line. The market for food commodities and FMCG in the PRC is quite competitive, in terms of price and stability of supply. The food products market in the PRC is huge in terms of volume. Please see “Business — Competition”.

Viewed as one market generally, the PRC is in fact a summation of slightly different markets because consumers’ tastes and preferences vary in different parts in the PRC. This makes it necessary for the Group to develop tailored marketing and promotion strategies to cater for the behavioural differences of target customers in different parts of the huge PRC market. As such, failing to address properly consumer needs may result in slowed stock movement and thus, bring increased risk of stock loss. Other than stock risk, it is essential for the Group to carefully manage its credit risk which looms with fast business expansion in the PRC. The Group has developed strict procedures to handle and monitor this to safeguard its financial position. Please see “Risk factors — The Group may not be able to sustain its existing sales margin; Risk factors — Failure by the Group’s principals or suppliers to introduce products that are accepted by the market as anticipated may cause it to lose market share and fail to gain the anticipated economic benefits of such new products; Risk factors — Products defects of the principals or suppliers and failure of the principals or suppliers to settle product liability claims may adversely affect the business and results of operations of the Group; Risk factors — The Group faces inventory obsolescence risk and Risk factors — The processed meat and other food processing industries in the PRC may face increasing competition from both domestic and foreign companies as well as increasing industry consolidation, which may affect the Group’s market share and profit margin”.

To further enhance the Group’s competitiveness in the PRC market, for its food commodities distribution business, the Group intends to expand its product range to cater for food service and retail customers. Focus will be on leveraging the Group’s HACCP and ISO-accredited food processing facilities to supply processed food products that meet the more stringent requirements of chain buyers amidst the society’s increasing awareness of food safety. The Group will further penetrate into the food service sector by acquiring companies which have a strong foothold in this segment as well as to develop house brand food products to lower influence from the cyclical fluctuations that associated with these food commodities in order to fetch higher profits through the brand equity built.

As for its FMCG business, the Group will further expand distribution to second tier cities by acquiring companies or forming alliances with companies which have strong distribution networks in such cities. The Group will widen its product range through agency pitching. Focus will be on establishing links or identifying targets at international FMCG trade shows, such as the Food Marketing Institute show held in Chicago, United States, and other important food shows such as Anuga in Germany and SIAL in France. The Group may further venture into developing its house brands to provide more choices to customers.

Being a progressive business player and in order to support the Group’s food distribution business in the PRC, the Group has further diversified its business portfolio by pursuing various manufacturing opportunities. In July 2005, the Group formed a strategic joint venture with Otsuka (China) Investment Co., Ltd. for the manufacturing of Pocari Sweat for sales in Southern and Eastern China and for exports to Hong Kong and other South East Asian countries.

The joint venture was established through the incorporation of a joint venture company, namely, 大塚慎昌(廣東)飲料有限公司 (Otsuka Sims (Guangdong) Beverage Co., Ltd.). The Group has a 40% interest in the joint venture company and has the right to appoint such number of directors to the board which is commensurate with its shareholdings. The joint venture partner is a reputable market leader in the manufacturing and distribution of sports drink which the Group believes would bring synergies to the joint venture company. For further details of this joint venture company, please see Appendix I to this Prospectus.

Other manufacturing opportunities which the Group is currently pursuing include the setting up of a peanut oil manufacturing plant in the PRC through a joint venture for the manufacturing, sales and export of peanut oil as well as the setting up of a repackaging materials manufacturing plant in its Xinhui logistics hub for sales to its readily available customers.

B. Consumer products segment

The Directors believe that the Group's expertise and knowledge in the consumer market as well as its extensive distribution network developed over many decades have provided the Group with a solid platform for expansion and diversification of its trading and distribution business. As at the Latest Practicable Date, the Group was appointed by 17 internationally-renowned brands of electrical appliances and 15 internationally-renowned brands of cosmetics as their distributors in the markets in which the Group operates.

Hong Kong and Macao

Riding on the expertise of the Group in managing multi-brand portfolios and its ability to manage an extensive distribution network, as at the Latest Practicable Date, the Group was appointed as the distributor of 16 brands of electrical appliances in Hong Kong and Macao of which 15 of them were being distributed exclusively. These products are broadly grouped into 2 categories:

(i) white goods comprising household electrical appliances and kitchenware such as washing machines, drying machines, refrigerators, microwave ovens, induction cookers and electrical water heaters. The leading brands distributed by the Group include, among others, Electrolux and Zanussi; and

(ii) brown goods comprising mainly audio-visual products such as hi-fi, LCD televisions, DVD players, etc. for household and professional usage for the entertainment industry. Brands represented by the Group include, among others, Accuphase, Chario, Martin Audio, Monster, Tannoy, and TEAC.

Set out below is the history of the Group's current 16 brands of electrical appliances distributorships in Hong Kong and Macao as at the Latest Practicable Date:

Brand	**Territory**	**Exclusivity**	**Commencement date**	**Expiry date**
Accuphase	Hong Kong, Macao	Exclusive	1977	Indefinite
AEG	Hong Kong, Macao	Exclusive	2004	Indefinite
Chario	Hong Kong, Macao	Exclusive	1994	Indefinite
Cyrus Audio	Hong Kong	Exclusive	2006	*Note 1*
Dantax	Hong Kong, Macao	Exclusive	1990	Indefinite
Electrolux	Hong Kong, Macao	Exclusive	2005	Indefinite
Esaar	Hong Kong	Exclusive	2006	*Note 4*
Esoteric	Hong Kong, Macao	Exclusive	2005	*Note 4*
Logitech	Hong Kong, Macao	Non-exclusive	2006	Automatically renewed
Martin Audio	Hong Kong, Macao	Exclusive	2000	Indefinite
Monster Cable	Hong Kong, Macao	Exclusive	2001	Automatically renewed
Princess	Hong Kong, Macao	Exclusive	2002	*Note 2*
PROEL	Hong Kong, Macao	Exclusive	2003	Automatically renewed
Tannoy	Hong Kong, Macao	Exclusive	1978	Indefinite
TEAC	Hong Kong, Macao	Exclusive	1977	*Note 3*
Zanussi	Hong Kong, Macao	Exclusive	1976	Indefinite

Notes:

1. The distributorship will expire within the next 6 months. The Group expects the distributorship will automatically be renewed after the expiry of the distributorship term.

2. The distributorship will expire within the next 24 months.

3. The distributorship will expire within the next 36 months.

4. The distributorship will expire within the next 48 months.

Pursuant to these distributorships, the Group is responsible for the marketing and sales promotion activities as well as for providing after sales services to these electrical appliances in Hong Kong and Macao at its own costs and expenses. Even though these distributorships are mostly valid for an open period, they may be terminated by either parties with prior written notice ranging from 30 to 90 days in the absence of any default. On termination, the suppliers have the right to elect to repurchase the products at invoiced price.

The products are primarily distributed directly to large chain stores in Hong Kong such as Fortress, Broadway, Tailin, Jusco and to medium-sized dealer networks.

To diversify and capture a greater market share in the electrical appliances industry, the Group also tenders for contracts to supply and install washing and drying machines, ovens, and air-conditioners in residential units in Hong Kong and Macao property developments. For example, to promote the concept of "All electric home and enjoy smarter living", the Group cooperates with China Light & Power to supply, deliver, and install induction hobs and electric water heaters in Hong Kong. The Group's electrical appliances business goes beyond sales and distribution of products to cover pre-sales and after-sales services, including appliance installation, and repair and maintenance services to meet customers' satisfaction and to live up to the Group's reputation.

The Group is involved in distribution in that it sources products from manufacturers and distribute them to retailers. Such products are mainly for household consumption. Since a majority of electrical appliances are sold through retail channels such as retail chain stores and department stores in Hong Kong and Macao, maintaining close working relationships with retailers who possess distribution network and good reputation is important. The Group has set up dedicated teams with experienced personnel to manage marketing and sales of products through them. Other than distribution of electrical appliances, the Group also provides repair and maintenance services to the brands it distributes through a repair and maintenance service centre it operates in Hong Kong. In view of Hong Kong's high standard of living and the society's concern for the environment, electrical appliances buyers consider brand name, quality, performance, refinement, energy saving, environmentally friendliness as well as product safety as some important factors in making purchase decision. Besides functional aspects, aesthetical dimensions such as the look of the products also have increasing influence on sales. To achieve a win-win situation, the Group plays an important role in bridging the retailer and the manufacturers by keeping manufacturers abreast of consumer feedbacks as well as any newly implemented government policies and potential market changes.

Electrical appliances are consumer durables and generally trigger more consumer involvement in deciding what brands to buy. Buying decisions are usually based on quality or price, or both at the same time. Based on the Directors' industry knowledge, the Group faces keen competition in the electrical appliances market in Hong Kong. Imported and China-made brands, with high-end and budget products are widely available to cater for both quality-conscious and price-conscious consumers. Please see "Business — Competition". The Group has over the years built a balanced product portfolio to cater for the needs of a wide range of customers. With the advents in technology, time to develop and launch new electrical appliances has shortened, and next generation products take less time to reach the market. On the one hand, this brings new business but on the other hand, this breeds higher risk of stock obsolescence. Hence, the Group has been cautious in managing the introduction of new products and the fading out of past generation items. Please see "Risk factors — The Group may not be able to sustain its existing sales margin; Risk factors — Failure by the Group's principals or suppliers to introduce products that are accepted by the market as anticipated may cause it to lose market share and fail to gain the anticipated economic benefits of such new products; Risk factors — Products defects of the principals or suppliers and failure of the principals or suppliers to settle product liability claims may adversely affect the business and results of operations of the Group and Risk factors — The Group faces inventory obsolescence risk".

In 1998, the Group entered into an agreement with Shiseido Company Ltd. of Japan to form a jointly-controlled enterprise in Hong Kong ("Shiseido JV"). This enables the Group to have equity participation and profit sharing in the cosmetics business as well as to being exclusively involved in the management, operation, sales, marketing, and brand development of Shiseido products in Hong Kong, Macao, and Guangdong.

The joint venture was established through the incorporation of a joint venture company, namely, Shiseido Dah Chong Hong Cosmetics Limited. The Group has a 50% interest in the joint venture company and has the right to appoint such number of directors to the board which is commensurate with its shareholdings. For details of this joint venture company, please see Appendix I to this Prospectus.

The Shiseido JV handles not only the Shiseido brand but also other brands under the Shiseido group. Currently, the Shiseido JV is the sole distributor of Shiseido group's 14 brands of cosmetics in Hong Kong and Macao which include, among others, Clé de Peau Beauté, Ettusais, IPSA, Issey Miyake, Shiseido, Za and Zotos. The multi-brand strategy adopted by the Shiseido JV enables it to offer different brands and product lines from skin care, fragrance and make-up to hair care products so as to capture different target customers from different age-groups.

A majority of the cosmetics products represented by the Shiseido JV are sold in department stores and stand-alone shops, while the balance is distributed to health and beauty stores as well as salons. As at June 2007, the Shiseido JV distributes to approximately 900 outlets in Hong Kong and 18 outlets in Macao, including major department stores, health and beauty retail chains. In addition to marketing and distributing the products, the Shiseido JV has a Shiseido beauty centre in Causeway Bay in Hong Kong to provide beauty advice and value-added services to consumers, to collect feedback on products and to nurture customer loyalty.

PRC

Similar to its Hong Kong operation which has a multi-brand product portfolio, the Group's electrical appliances business in the PRC is operated through 4 regional offices in Guangzhou, Shanghai, Beijing and Chengdu where, as at the Latest Practicable Date, it was the distributor of 12 international and domestic brands in the PRC of which 10 of them were being distributed exclusively. To complement its sales by providing good after-sales service, the Group directly operates 4 repair and maintenance service centres in these locations. In addition to targeting the consumer market, the Group also targets the fast growing entertainment industry where the professional audio-visual products distributed by the Group have been popular with discos, karaoke lounges and bars.

Set out below is the history of the Group's current 12 brands of electrical appliances distributorships in the PRC as at the Latest Practicable Date:

Brand	Territory	Exclusivity	Commencement date	Expiry date
Accuphase	PRC	Exclusive	1977	Indefinite
Chario	PRC	Exclusive	1994	Indefinite
Cyrus Audio	PRC	Exclusive	2006	*Note 1*
Dantax	PRC	Exclusive	1990	Indefinite
Esoteric	PRC	Exclusive	2005	*Note 3*
Martin Audio	PRC	Exclusive	2000	Indefinite
Monster Cable	PRC	Exclusive	2001	Automatically renewed
PROEL	PRC	Exclusive	2003	Automatically renewed
Rega	PRC	Exclusive	2006	Indefinite
Tannoy	PRC	Exclusive	1978	Indefinite
TEAC	PRC	Non-exclusive	1977	*Note 2*
Zanussi	PRC	Non-exclusive	1976	Indefinite

Note:

1. The distributorship will expire within the next 6 months. The Group expects the distributorship will automatically be renewed after the expiry of the distributorship term.

2. The distributorship will expire within the next 36 months.

3. The distributorship will expire within the next 48 months.

Pursuant to these distributorships, the Group is responsible for the marketing and sales promotion activities as well as for providing after sales services to these electrical appliances in the PRC at its own cost and expense. Even though these distributorships are mostly valid for an open period, they may be terminated by either party with prior written notice ranging from 30 to 90 days in the absence of any default. On termination, the suppliers have the right to elect to repurchase the products at the invoiced price.

Similar to the market for electrical appliances in Hong Kong, the Group's operating mode of electrical appliances business in the PRC is very similar to that in Hong Kong. As such, teaming up with retailers with national distribution network is essential, and the Group has been working well with chain retailers which are building blocks of its distribution network in the PRC. Other than selling electrical appliances, it is also important that repair and maintenance services be provided after sales. The Group has set up repair and maintenance centres in key cities to support the brands it represents, as well as to pave way for future business growth in the PRC. In view of the rising consumption power in the PRC, electrical appliances consumers consider energy saving and product safety as important factors for purchase decision. In addition, with the rising development in the entertainment industry associated with rising consumption power in the PRC, professional audio products have been selling well in the PRC to the entertainment industry. Similarly, to achieve a win-win situation, the Group plays an important role in bridging the retailers and the manufacturers by keeping the manufacturers abreast of consumer feedbacks as well as any newly implemented governmental policy and potential market change.

Based on the Directors' industry knowledge, the Group faces keen competition in the electrical appliances market in the PRC, competing among the Chinese brands as well as China-made foreign brands of electrical appliances. Please see "Business — Competition". On the one hand, this brings new business but also breeds higher risk of stock obsolescence. Hence, the Group has been cautious in managing the introduction of new products and the fading out of past generation items. Please see "Risk factors — The Group may not be able to sustain its existing sales margin; Risk factors — Failure by the Group's principals or suppliers to introduce products that are accepted by the market as anticipated may cause it to lose market share and fail to gain the anticipated economic benefits of such new products; Risk factors — Product defects of the principals or suppliers and failure of the principals or suppliers to settle product liability claims may adversely affect the business and results of operations of the Group and Risk factors — The Group faces inventory obsolescence risk".

To remain competitive, the Group will line up with more electrical appliances manufacturers or brand owners in the PRC to secure new product distributorships as well as to explore opportunities for equity participation in exceptional cases where there are good business prospects.

The Group entered into the cosmetics business through the establishment of a wholly-owned subsidiary of Shiseido JV in 1999. Currently, the subsidiary company of Shiseido JV markets and distributes 4 brands namely, Shiseido, Aupres, Za and Aqua Label, for the Guangdong market. As at June 2007, the Group distributed these cosmetics products to more than 100 outlets in the PRC. It also has a Shiseido beauty centre at Tee Mall in Guangzhou, the PRC to provide beauty advice and value-added services to end-consumers, to collect feedback on products and to nurture customer loyalty.

LOGISTICS

The Group has developed distribution capabilities, experience and expertise, supported by its existing facilities including ambient warehouses, cold storage warehouses, delivery trucks, professional and experienced personnel, sophisticated logistics IT system as well as its large customer and supplier networks. The Directors believe that it took the Group less effort and lower initial set-up costs to turn its logistics arm, which was initially a cost centre to support its internal clients, into a core business servicing external clients. The Group is now capable of providing a wide range of integrated professional logistics and supply chain management solutions and cold chain management services to manufacturers and brand owners of FMCG in Hong Kong, Macao and the PRC.

Recently, the Group's logistics and supply chain management business have received professional and international recognitions. In 2006, the Group was awarded the "Best Regional Third Party Logistics Company (3PL) in 2006" by the Global Institute of Logistics based in New York and also the "Hong Kong Logistics Award 2006" by the Hong Kong Trade Development Council and the Hong Kong Productivity Council which, among other criteria, includes the assessment of a candidate's leadership and contribution to the logistics industry.

Logistics costs and delivery lead time are the two most important factors that a manufacturer or brand owner of FMCG will consider when outsourcing logistics activities. Building on the well established platforms, synergies and economies of scale created from a large customer base, the Group has the competitive edge in providing its customers with shorter delivery lead time in a cost efficient manner. This is largely attributed to its ability to consolidate cargo from various customers before delivery as well as its low initial set-up cost. This results in a win-win situation for both the Group and its customers. Hence, the Group's third party customer base has grown steadily since the Group expanded into this business.

Being a pioneer in Cold Chain Management, the Group is a specialist in providing multi-temperature warehouses to store and manage chilled and frozen food. Goods are handled at the required temperature and storage conditions all along the supply chain from manufacturers to storage throughout the delivery process to customers, to ensure product freshness, hygiene and food safety are upheld properly.

The Group provides not just conventional logistics services. Its networking experiences together with its in-depth knowledge and expertise in handling international trade over many decades have enabled it to work closely and efficiently with government authorities, especially customs departments in the Greater China Region. This enables the Group to provide a wide range of niche value added and supply chain management services to its customers including but not limited to import and export customs clearance, CIQ clearance, food inspection arrangement, licenced export bonded warehouse facility, repackaging and re-labelling, container haulage and trucking and freight forwarding services. Some of the multinational corporations currently using the Group's supply chain management services are Brown & Haley, Ferrero, Wynn Macau Resort, and Unilever.

The Group is committed to being a leading one-stop service provider of food supply chain management and to act as a global sourcing agent and a regional distributor in the Greater China Region. Guided by this business objective, the Group has invested in developing its Xinhui logistics hub, which is strategically located adjacent to the first class port of Tianma Port accessible within two hours by most Pearl River Delta Region cities. This will enable the Group to tap into the fast growing logistics and supply chain management market as more and more international brand manufacturers outsource their logistics and supply chain functions so as to concentrate their resources on product research and development and brand building activities.

The following tables show the turnover of the logistics business of the Group as well as the geographical breakdown of turnover, for each expressed as a percentage of the turnover of this segment for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

Turnover	**For the years ended 31 December**						**For the six months ended 30 June**			
	2004		**2005**		**2006**		**2006**		**2007**	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m*	*%*
							(unaudited)			
Logistics	85.6	100.0	117.8	100.0	144.4	100.0	64.0	100.0	84.8	100.0

Turnover	**For the years ended 31 December**						**For the six months ended 30 June**			
	2004		**2005**		**2006**		**2006**		**2007**	
	HK$'m	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m*	*%*	*HK$'m*	*%*
							(unaudited)			
HK and Macao	85.6	100.0	111.4	94.6	136.0	94.2	63.1	98.7	75.0	88.4
The PRC	—	—	6.4	5.4	8.4	5.8	0.9	1.3	9.8	11.6
Total	85.6	100.0	117.8	100.0	144.4	100.0	64.0	100.0	84.8	100.0

Hong Kong & Macao

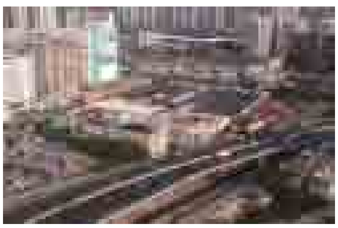
With the above competitive strengths, the Group is capable of serving not only members of the Group which have complex storage and distribution logistics requirements, but also large third-party logistics customers in Hong Kong, especially from the retail and food service industries, such as:

Majority of these customers have maintained business relationships with the Group for more than 15 years.

The Directors believe the Group is one of the leading market players in providing third party logistics services and supply chain management solutions in Hong Kong in the food sector as at the Latest Practicable Date.

To the best belief of the Directors, the Group's expertise in logistics services has helped them to build a leading position over the past 2 years in Macao, where it has successfully secured contracts with 5-star casinos and hotels including Wynn Macau Resort. Other multinational corporation customers of the Group in Macao include Nestle and Pizza Hut. A majority of these customers in Macao have maintained business relationships with the Group for not less than 18 months each.

In Hong Kong, the Group managed 3 multi-temperature distribution centres with a total area of over 65,000 square metres of warehousing and approximately 110 delivery trucks of which 25 were refrigerated and some are equipped with GPS fleet management system. In Macao, the Group has logistics capability to handle goods that require storage and delivery at different temperatures. As at 30 June 2007, the Group's logistics facilities in Hong Kong and Macao were capable of processing more than 30 million cases of goods per year. As at the Latest Practicable Date, two out of the three logistics facilities in Hong Kong achieve a utilisation rate of over 90% while its Macao logistics facility has a utilisation rate of over 80%.



Fotan Distribution Center

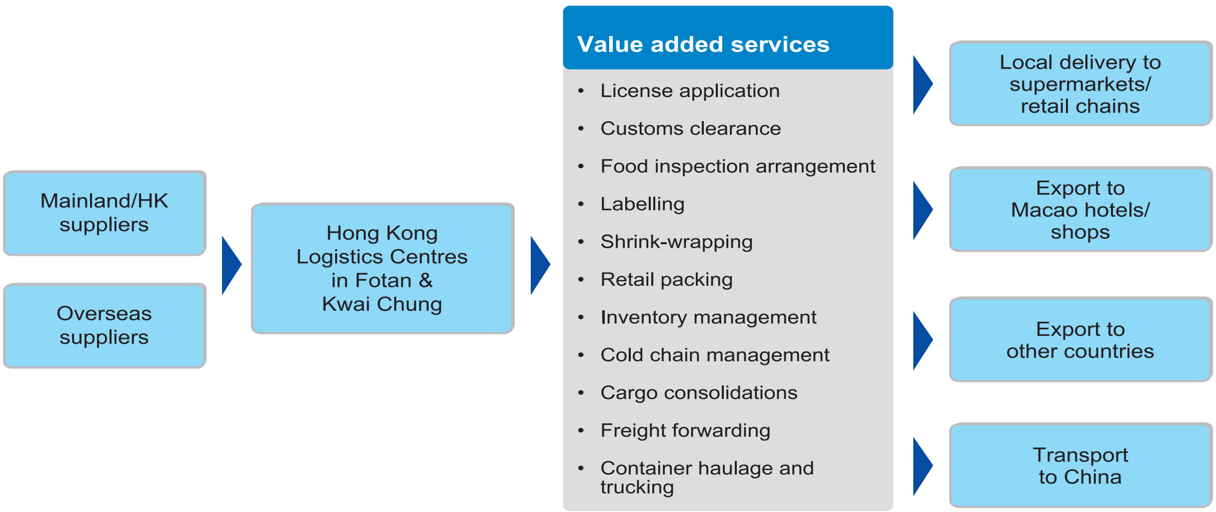
Yee Lim Cold Store

Broadway Distribution Center

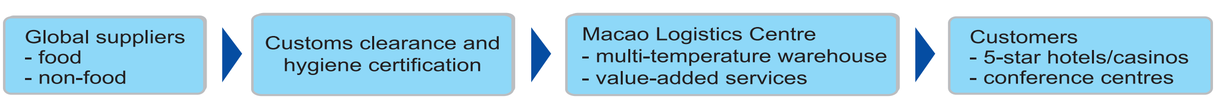
Managing over 65,000 sq.m. multi-temperature warehouses & approximately 110 delivery trucks in Hong Kong

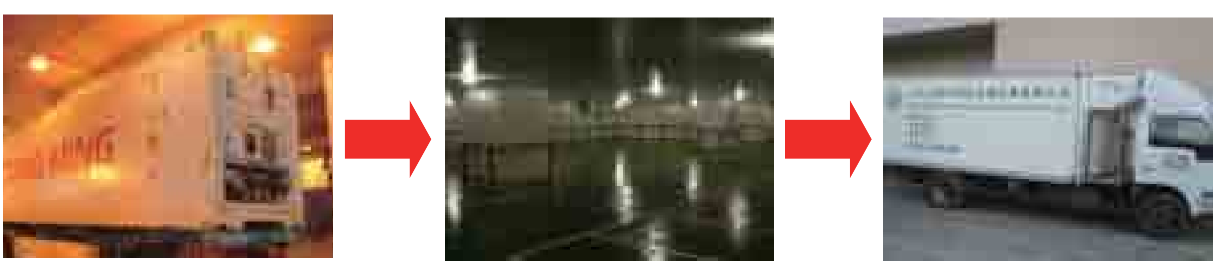
The Group's logistics business offers a one-stop comprehensive range of services in the food supply chain management, as shown in the following chart:

HONG KONG ONE-STOP LOGISTICS AND FOOD SUPPLY CHAIN MANAGEMENT WORKFLOW



The Group is a pioneer in providing integrated logistics services in Macao, bringing high service standards to the market. It plans to leverage its logistics relationships and facilities to provide its hospitality industry customers with international sourcing and procurement services and food preparation and processing.





Operators in Hong Kong and Macao such as the Group face keen competition especially in the range of services provided. In addition to conventional logistics services such as storage and delivery, increasing number of customers are turning to service providers who can provide value-added services such as product repackaging, customs clearance or food safety inspection arrangement, so that they can be more focused on their core business or strengths. The Group, with its solid customer base which comprises internal customers as well as third party customers, has already started to provide a wide range of value-added services, such as the provision of labeling services for food products for its retail chain customers to comply with the Hong Kong government's latest regulatory requirement to show information on allergens and food additives on prepackaged food products since July 2007. The Group has a history of working closely with FMCG manufacturers or brand owners in providing value-added services. For example, the Group suggested that FMCG manufacturers ship their products in bulk to Hong Kong for repacking by the Group into retail packs to save cost. The Group has provided further service by sourcing packaging materials too so that customers do not need to procure such materials at all. This saves costs and time for manufacturers and has become a competitive edge of the Group compared with other logistics service providers in Hong Kong who are not as strong in serving FMCG customers as the Group. Other than moving upstream to provide repackaging materials sourcing services to FMCG customers, the Group goes cross-border or cross-market to support customers' business expansion. A customer of the Group, who is a garment producer, recently expanded its garment retail business to Macao. As the Group has a strong base in Macao, this enables both parties to expand business hand in hand to capitalise on this booming retail market.

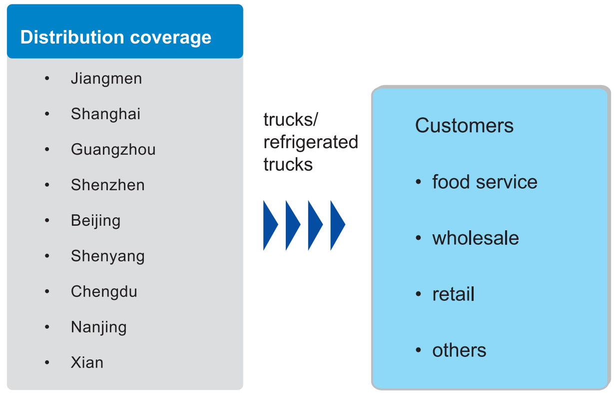
Based on the Directors' industry knowledge, in a highly competitive logistics market such as Hong Kong, there are always small players who compete primarily on price to attract price-sensitive customers. Please see "Business – Competition". The Group, with its solid set up and strong brand name, pursues a different positioning by emphasising on the range of services and service level it renders, and has strong competitive edge with international FMCG manufacturers or brand owners to ensure stable and sustainable business. This has proven to be a workable formula which the Group will continue to implement in the future.

The Group's immediate short term plan is to continue to strengthen its market leadership position in the provision of integrated logistics services to internationally renowned FMCG suppliers, modern retailers and large food service and hotel operators. The Group also plans to diversify its value added services into food processing, laboratory testing and certification services, which will be provided in its new food processing centres.

PRC

The Group operates a well-established national logistics network covering 9 major cities including, Jiangmen, Shanghai, Guangzhou, Shenzhen, Beijing, Shenyang, Chengdu, Nanjing and Xian. The Directors are of the view that competitors of the Group, which have an "area" focus, are not able to compete with the Group's national distribution capability. This provides its customers with an avenue to use the Group for nationwide distribution in the PRC. Leveraging on this nationwide distribution network, the Group is capable of consolidating cargo for multiple customers before delivery, which results in shorter delivery time in a cost efficient manner for its customers.

The diagram below illustrates the general flow of the Group's one-stop distribution services in the PRC:



With the national delivery network in place, the Group is focusing on developing an international logistics centre at Xinhui, Jiangmen, which is strategically located adjacent to the first class port, Tianma Port. The logistics centre is accessible within two hours from most Pearl River Delta cities and meets international standards, to attract international customers to use its value added services. This site measures approximately 479,520 square metres of which approximately 116,044 square metres has been developed as the Group's international standard bonded warehouse, domestic logistics centre and repackaging centre. The offices of the PRC Customs Department and CIQ Department are located within the bonded warehouses.

As at the Latest Practicable Date, the Group has an integrated administrative office with the offices of the PRC Customs Department and CIQ Department adjacent to it, 2 logistics warehouses, import and export bonded warehouses. These facilities were constructed during the period of 15 December 2004 to 17 April 2006 in various stages and most of these facilities commenced operations since mid-March 2006. In order to develop into a complete supply chain management and to cater for an increasing demand for the Group's logistics business, the Group plans to spend approximately HK$150 million the net proceeds from the Global Offering in the next 3 years to develop facilities such as cold chain, an additional import bonded warehouse, logistics and distribution centres, and a re-packaging material manufacturing plant in Xinhui to provide comprehensive food supply chain logistics and management services, and value added services.

China Customs and China Inspection & Quarantine offices in the Xinhui Import and Export Bonded Warehouses

Xinhui Logistics Hub

Due to the large facilities available and the strategic location of its Xinhui hub, the Group is able to provide logistics and food supply chain management services including but not limited to the following:

(a) nationwide and intercity deliveries;

(b) CIQ clearance and Chinese label application;

(c) repackaging retail pack;

(d) unbonded warehouse, import bonded warehouse and export bonded warehouse;

(e) value added services in bonded warehouse;

(f) international freight forwarding services;

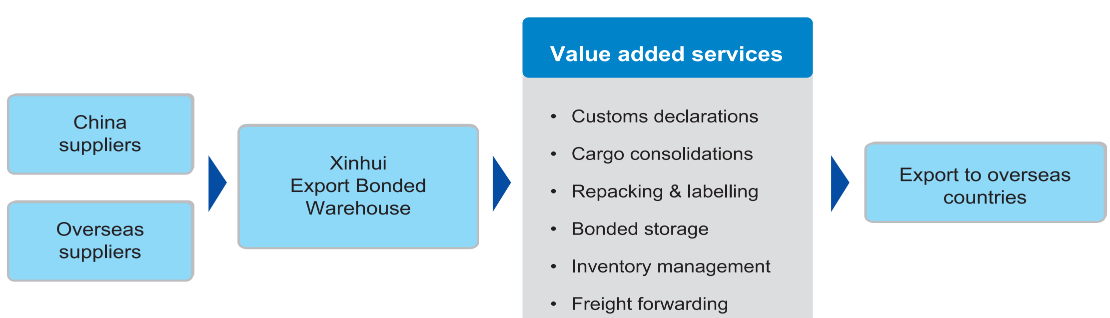
(g) international logistics hub; and

(h) product sourcing.

The diagrams below illustrate the general workflow in the Import Bonded Warehouse and Export Bonded Warehouse at the Group's Xinhui logistics hub:

XINHUI IMPORT BONDED WAREHOUSE WORKFLOW

XINHUI EXPORT BONDED WAREHOUSE WORKFLOW



Among other internationally renowned names to which the Group provides its logistics services include Brown & Haley, COSCO, Ferrero, Unilever and Vinda Ltd. A majority of these customers in the PRC have maintained business relationships with the Group for not less than 2 years each.

The huge geographical coverage of the PRC market poses stringent challenge to any logistics service provider, including the Group. After careful evaluation and planning, the Group has already set up a logistics service network that covers 9 key cities in the PRC with support from its multi-function logistics hub in Xinhui, Jiangmen city. While the Group will continue to deepen its logistics operations in these key cities, plans are in place to expand to more cities to further expand its logistics coverage in the PRC. The Xinhui logistics hub, on the other hand, will be vastly developed to grow its existing business, as well as to lend support to the Group's constantly expanding logistics coverage network in the PRC.

The Group faces competitions from other logistics operators on pricing, services, which are based on their capabilities measured by factors such as number of warehouses, type of facilities such as cold storage facilities of various temperature, storage area, location of warehouses, size and variety of delivery fleet, degree of sophistication of information technology system, know-how in handling logistics services and experience of management team. In order to distinguish from operators who compete mainly on price, the Group positions and differentiates itself from them by emphasising on the range and level of service it provides. For example, the Group has been providing cargo consolidation service to an overseas coffee maker group who procures a number of items that go into a coffee gift pack. Another example of the Group's wide range of service is the application of Chinese food product labels for international hypermarkets for compliance with China's labeling regulations. Please see "Business — Competition". In addition, the logistics business in the PRC is still in a development stage and is identified as a focus industry in many cities in which local governments are required to speed up its development. As at the Latest Practicable Date, sophisticated facilities such as cold storage warehouses and temperature-controlled delivery trucks are in strong demand. Standards of logistics services have ample room for improvement to match the international standards. While there is a huge potential for growing logistics business in the PRC, a key factor hinges on the pace of the development of infrastructure in the PRC, because without an effective and efficient transport network, investment in developing logistics business could be in vain. Please see "Industry overview — The PRC logistics services and supply chain management industry" and "Risk factors — The Group may not be able to sustain its existing sales margin; Risk factors — The Group's logistics business and operations may be affected by the availability of its warehousing and storage capacity; Risk factors — The Group's business and results of operations are dependent on the growing global outsourcing trends and Risk factors — Any delays in the Group in completing its land use development plans in Xinhui, the PRC may affect the Group's business and operations".

The Group has a multi-purpose integrated office to support various logistics activities conducted at its Xinhui logistics hub. It proposes to expand and develop its value-added logistics services in food safety and inspection as well as to provide domestic and international product procurement and supply chain management for international renowned retailers, hoteliers and the food service industry and prominent local players. It is also looking to build cold storage facilities in its logistics hub in Xinhui to support business within and outside of China, especially for serving hotels and casinos in Macao. The Group plans to diversify its value added services into food processing, laboratory testing and certification services as well, so as to be eventually providing fully integrated total supply chain solutions to its customers with one-stop services on the basis of the expanded facilities.

MARKETING AND SALES

Since the Group is in the business of trading and distribution, it has adopted a direct selling strategy. The Group approaches its customers directly, which enables it to build close relationships with its customers and to maintain first-hand communication that permits the Group to understand its customers' current needs and future plans to better promote the Group's products.

Marketing plays an important role in the trading and distribution business and the Group has established teams of marketing and sales professionals for each product or brand.The table below shows the composition and the average years of industry experience of the Group's marketing and sales professionals for each of the business segments of the Group with geographical breakdown as at the Latest Practicable Date:

Sales & Marketing team for each business segment	Hong Kong and Macao		PRC		Others	
	No. of professionals	Average years	No. of professionals	Average years	No. of professionals	Average years
Motor vehicle segment	490	18.0	568	3.4	52	18.1
Food commodities	98	8.2	53	8.7	25	13.7
FMCG products	63	12.7	346	7.6	—	—
DCH Foodmart	272	7.0	—	—	—	—
Electrical appliances	76	16.3	41	11.1	—	—
Logistics	11	17.4	2	8.0	—	—
Aviation & GSE Service	10	13.4	—	—	17	10.4
Media & Advertising	8	10.8	—	—	—	—
Total	1,028	13.6	1,010	5.4	94	15.5

In motor vehicle distributorships, the Group is responsible for the overall marketing strategy planning and execution for the brand in the territories of distribution. However, in the motor vehicle business for city dealerships, the principals take up the role of marketing strategy planning for the entire nation, the Group's role is to execute strategy of the principals and to arrange activities to promote the brands.

Food commodities, owing to their generic nature and non-exclusive supply, usually have very limited marketing support from suppliers or distributors. The popularity of these products depends on price and consistent quality. The usual devices to market these products are product specifications, country of origin, and name of suppliers. However, in some cases, the Group will market food commodities by exploring new usages, especially with institutional customers such as restaurants and hotels. Food commodities become more profitable when they are being transformed into retail packages, such as the Group's house brand edible oil and rice, in which cases the Group will use its own brands and packaging, together with its advertising and pricing strategies to market these products. Sales of food commodities require a reasonable level of product knowledge and usage suggestions, especially to institutional customers. The Group has been investing in training of its sales personnel to ensure that these frontline staff are equipped with the right level of knowledge and selling skills to sell these food commodities.

Compared with food commodities, FMCG products rely more on advertising and promotion activities. Among others, brand name, brand image, and product positioning are important factors that affect consumers' purchasing decisions. Marketing strategies for FMCG products are usually the joint efforts between the brand owners and the Group. The Group has been extending useful support to its principals in, for example, bargaining good advertising rates, which is due to the large aggregate volumes of advertising spots that the Group will subscribe for all its brands every year. The Group has, over the many years of experience in FMCG, established very good working relationships with retailers, including chain supermarkets and convenience stores, and these have proven to be helpful in building brands and launching of new products in the markets in which the Group operates. Selling of FMCG is done by dedicated sales teams whose members need to possess adequate product knowledge and have to collect market information on a continuous basis to give the best distribution support to the brands or products that the Group represents.

For the logistics business, the success of the Group's services depend on its competitiveness, professionalism and reliable management, and high service standards. The Group's value added services and track record in providing total supply chain solutions also play an important role in generating new businesses for the Group. In order to promote market awareness of the Group's logistics business in the logistics industry, in addition to adopting a direct selling strategy to approach customers directly, the Group actively participates in logistics industry related promotional events, such as interviews organised by TradeLink Magazine, Hong Kong Food Exhibitions organised by Hong Kong Trade Development Council, site visits for potential customers to its distribution centres in Hong Kong organised by the Chinese University of Hong Kong and the Vocational Training Council, participation in logistics awards competition organised by the Hong Kong Trade Development Council and Global Institute of Logistics, as well as having ongoing advertisements in the Shipping Gazette.

CUSTOMERS

The Group has maintained business relationships with its five largest customers and its largest customers for the three years ended 31 December 2006 and six months ended 30 June 2007 for not less than 5 years each. Although the Group has not entered into any long-term contracts with any of its customers save for the dealership agreement for its motor vehicle customers, the Directors consider that the Group has good business relationships with its customers. The Group's sales to customers are generally denominated in the currencies of the countries in which the members of the Group operate, such that sales in Hong Kong are denominated in Hong Kong dollars, MOP in Macao, RMB in the PRC, Japanese Yen in Japan, Canadian dollars in Canada and Singapore dollars in Singapore.

For the three years ended 31 December 2006 and six months ended 30 June 2006 and 2007, the breakdown of sales in different currencies by percentage is as follows:

	For the years ended 31 December			For the six months ended 30 June	
	2004	2005	2006	2006	2007
Net Sales					
British Pounds Sterling	0.7%	0.5%	0.2%	0.1%	0.3%
Canadian dollars	2.9%	2.9%	2.1%	2.2%	2.4%
Euro	0.5%	0.1%	0.1%	0.2%	0.0%
Hong Kong dollars	48.1%	56.1%	46.4%	48.8%	43.4%
Japanese Yen	21.2%	8.0%	9.8%	11.6%	11.2%
Macao Pataca	0.1%	0.2%	0.2%	0.1%	0.3%
Renminbi	19.2%	22.7%	31.3%	28.0%	32.1%
Singapore dollars	4.5%	4.8%	6.3%	5.4%	6.2%
US dollars	2.8%	4.7%	3.6%	3.6%	4.1%
	100.0%	100.0%	100.0%	100.0%	100.0%

The Group's five largest customers are all Independent Third Parties. None of the chief executive of the Company, nor any of the Group's Directors or their respective associates, nor any Shareholder, who, to the knowledge of the Directors, owns more than 5% of the total issued Shares immediately after completion of the Global Offering, has any interest in the Group's five largest customers during the three years ended 31 December 2006 and the six months ended 30 June 2007.

For the three years ended 31 December 2006 and the six months ended 30 June 2007:

(a) total turnover attributable to the Group's five largest customers for its motor vehicles business accounted for approximately 14.5%, 4.5%, 9.3% and 13.0% of the Group's total motor vehicles sales turnover respectively;

(b) total turnover attributable to the Group's five largest customers for its food and consumer products business accounted for approximately 8.9%, 10.5%, 10.8% and 11.5% of the Group's total food and consumer products sales turnover respectively; and

(c) total turnover attributable to the Group's five largest customers for its logistics business accounted for approximately 41.2%, 43.1%, 44.4% and 42.5% of the Group's total logistics sales turnover respectively.

For the three years ended 31 December 2006 and the six months ended 30 June 2007, the Group's largest customer for:

(a) its motor vehicle business accounted for approximately 6.7%, 1.7%, 3.3% and 4.5% of the Group's motor vehicle business sales turnover respectively;

(b) its food and consumer products business accounted for approximately 2.4%, 2.8%, 3.2% and 3.8% of the Group's food and consumer products business sales turnover respectively; and

(c) its logistics business accounted for approximately 10.3%, 17.9%, 18.6% and 16.1% of the Group's logistics business sales turnover respectively.

Credit terms and payment

As the operational and financial positions of existing and new customers may affect the overall performance and financial position of the Group, the Group adopts a very conservative credit assessment by its credit managers before granting trade credits. The credit committee of each business unit of the Group conducts regular review and evaluation on the credit status of all customers. The Group may employ credit agencies to perform credit checks on its customers to aid its credit assessment. For existing customers, the Group also evaluates their historic settlement compliance. Credit terms offered to customers of the Group vary depending on the Group's assessment of the size of the customer, the capital structure and financial standing of the customer, the length of business relationship established with the Group, third party trade references received on the customer and the actual size of order placed by the customer.

Subject to the result of the credit checks, new customers may be required to effect full payment to the Group on deliveries of the products. Depending on the credit status of the relevant customers, the credit period calculated from the date of invoice issued by the Group to the due date of payment generally ranges from:

Business	**Credit term in general**
Motor segment	Cash on delivery to 90 days
Food and consumer products segment	15 to 90 days
Logistics segment	30 to 60 days

The credit committee of the Group conducts monthly meetings with the senior management of each business unit to review each of the outstanding trade receivable balance on a customer-to-customer basis on their recoverability. For overdue trade receivable, the Group initiates its internal dunning procedures and customer site visits for collection. The Group also engages professional credit agency to assist in collection of overdue trade receivable or issues letters of demands as warnings to such customers who are overdue in their settlements. For any extension of payment terms and amount, prior approval of the Group's management is required.

Recovery proceedings

As part of its credit control and credit risk management, when all other collection efforts have failed the Group will initiate legal proceedings against customers who have failed or have repeatedly failed to honour their payment obligations on time. Given the Group's timely management information system, account managers are required to keep close scrutiny of their respective customers' payments and report to the management who reviews and monitors the payment schedules of the Group's customers.

For details of the major current litigation proceedings, please refer to paragraph 11B of Appendix VI to this Prospectus.

Pricing strategy and policies

The Group adopts, in general, pricing strategies that are in line with the positioning of a product or service. In addition to this general guideline, competitors' pricing forms a useful base of reference and internal cost parameters have an important bearing on the Group's profitability. In cases where participation in pricing by the principals or suppliers is required, their inputs are sought to arrive at mutually agreed prices. To stay competitive, prices are adjusted from time to time to reflect changes in the business reality.

Cost management

The Group has clear guidelines on the composition and management of cost factors. Due to the scale of the Group's operations and the purchase volume or usage frequency of the Group, some cost elements for the Group are more competitive relative to its competitors. Resources that can be shared by various departments or can be used intensively within a certain timeframe provide another source of cost competitiveness. In general, management of cost falls to the senior management team members with support from financial controllers. Furthermore, specific measures have been taken by the Group to monitor and control costs. For instance, the Group's Financial Department carries out monthly review on the figures of actual and budget variances, and investigates the reasons for the discrepancies of the figures (if any). The Directors and senior management of the Group also perform quarterly and annual budget reviews, and impose remedial actions if necessary. The Group has, over its many years of operations, organised different drives that covered a wide range of operating aspects to exploit cost saving to increase the Group's competitiveness and commercial sustainability, and this will continue to be a core principle in managing the Group's costs.

COMPETITION

General

The markets for the Group's services are highly competitive. The most important factors affecting competition for the Group's business include the following:

— price;

— professional and quality of services;

— capacity;

— attractiveness and breadth of portfolio of products and services offered;

— quality of customer services support; and

— ability to timely source new products and/or provide customised services to meet customers' needs.

Motor Vehicle and Related Business

Notwithstanding gaining the new vehicles sale market share of approximately 27% in 2006 and the high barrier to entry into the industry, the Group is not the only multi-brands motor group in Hong Kong. Based on the Directors' industry knowledge, the Group faces competition from distributors of other motor vehicle brands and parallel importers for motor vehicles of the same categories in Hong Kong and Macao. While in the PRC, the Group has to compete among other dealers distributing the same brand as well as other brands within the authorised territory since there are usually multiple dealers for each brand within in authorised territory. Nonetheless, the barrier to entry into the motor vehicle is quite high as a dealership agreement must have been first granted by the automobile manufacturer prior to commencement of sale of such automobiles.

For the Group's motor vehicle related services, levels of competition and the barriers to entry vary from one segment to another. Based on the Directors' industry knowledge, the Group faces high competition for its independent service outlets from abundant backstreet garages throughout Hong Kong as well as for its OE Parts trading in Hong Kong and the PRC where there are a lot of substitutable products by various brands and countries of origin for the same type of products where the barriers to entry into these industries are relatively low. As for the Group's Genuine Parts trading, even though the barrier to entry is high as the trading of such Genuine Parts must be authorised by the automobile manufacturer under a dealership agreement, the competition is moderate as the Group faces competition from other OE Parts traders and distributors. The Group's motor leasing business in Hong Kong faces relatively low competition as there are not many large-scale operators in Hong Kong and the barrier to entry is relatively high as such business requires intensive capital for deploying a large fleet with better assortment. However, in the PRC, the Group faces high competition from many big local players even though the barrier to entry into such business is high due to the restrictive regulations and policy in the PRC and the intensive capital for scaling up the business. In respect of the Group's used car trading business, the Group faces high competition from dealers, resellers and independent sellers operating within certain sizeable used car exhibition centres and compete over product assortment, price and geographical convenience even though the barrier to entry is high due to the heavy advertising costs and large capital commitment for used car stock. The Group's airport and aviation businesses in Hong Kong and the PRC enjoy low competition as such an industry is highly regulated where a franchise right has to be obtained or airworthiness approvals for certain categories of services are required.

Food and Consumer Products

The Directors are of the view that the markets in which the Group operates its food commodities, FMCG and consumer products are highly competitive. As supply of most food commodities is open to importers, price competitiveness and stability in supply are the two key factors that will affect the competitiveness of a food commodities distributor. Price competition is a prime scenario in the industry of food commodities. Other than competing on price, operators of food commodities also compete on supply of these food commodities, especially for products whose supply is relatively scarce, such as seafood. In such a situation, a player such as the Group, who holds a high market share and who is financially sound, stands a higher chance in securing stable supply and can withstand fluctuations in price and volume and is thus more immune to irregularities caused by unexpected business cycles. With rising consumers' concern for food safety in recent years, operators of food commodities also compete in terms of food safety standards. In recent years, food commodities operators also compete with each other in the provision of value added services to customers such as offering ready-to-cook products for households; or portion controlled, smaller packs to suit the small kitchen and just in time ordering for eateries. The barrier to entry in the food commodities industry is high, as large scale operations offer economies of scale and long-standing history in this industry can be an important criterion in securing business for supply to customer. The Group, due to its strong corporate and financial background, long working relationships with its suppliers and customers, wide sourcing and distribution network, and consistency in adopting good trade practices, has been able to secure stable supplies from key suppliers and maintain amicable long-term working relationships with them. The Directors foresee this competitive edge will become more solid with the additional financial strengths brought by the Listing.

For FMCG, the Directors believe that the Group is constantly competing with its competitors for new products, new brands and market share. To be competitive, established brands need to maintain brand awareness and exposure by investing in advertising and promotion activities. With thorough understanding of the market and access to useful market information, the Group has been playing an active role in the formulation and implementation of brand building, advertising, and promotion strategies to enhance the competitiveness of brands handled by the Group. FMCG that sell through retail networks face keen competition in retail distribution in terms of retail outlet coverage as well as shelf location in such retail outlets. Although distribution rights for FMCG are generally on an exclusive basis, changes in distributorship from one operator to another are not uncommon. Hence, distributors such as the Group face keen competition from other players in soliciting new or safeguarding existing distribution rights. The barrier to entry into the FMCG industry is quite high as scale of operations has an important influence on cost effectiveness. The range of products represented, as well as years of operating history in the FMCG market, can be key determining factors in nurturing confidence in customers and principals. With professionalism in brand building and market penetration and well-established distribution networks, the Group is well placed to compete for new business in addition to maintaining and growing its existing business.

To the best of the Directors' industry knowledge, the Group's business of electrical appliances has been enjoying steady business growth amidst keen competition. The Group faces competition from other distributors of electrical appliances in terms of brand image and pricing. The emergence of an increasing number of brands of relatively low price electrical appliances in the past few years has created competition to the Group. The Group also faces competition in the distribution channels with the emergence of direct selling. The barrier to entry into the electrical appliances trading is high as exclusive product distribution right could deter potential operators from entering into this market since there are only limited number of famous brands and most of them are already handled by established distributors, such as the Group. In addition, the capability to maintain a service team to provide reliable and consistent after-sales repair and maintenance services poses another barrier of entry into this industry. Favourable brand positioning, coupled with the Group's effective distribution network and high quality after-sales service, have served as useful competitive edges. The Group foresees its competitiveness in electrical appliances will stay strong although timely adjustments are needed from time to time in response to changes in the competitive business environment.

On its cosmetics business, the Directors believe Shiseido has nurtured a solid loyal customer base built on its consistently high product quality, outstanding customer service and the well established distribution network that goes in line with the brand's positioning. These competitive strengths have been working favourably in expanding the Group's business in cosmetics and the Directors believe they will continue to grow stronger in the future.

Logistics

The Directors consider that the Group is one of the leading logistics service providers in Hong Kong and Macao and is aiming to be a leading regional logistics service provider in the PRC in the long run. Logistics business operators compete with each other mainly on pricing and services, which are based on their capabilities measured by factors such as number of warehouses, type of facilities such as cold storage facilities of various temperature, storage area, location of warehouses, size and variety of delivery fleet, degree of sophistication of information technology system, know-how in handling logistics services, and experience of management team. These also create barriers to entry for new comers to the logistics industry. As logistics business is dependent on volume of transactions, scale of operations has an important bearing on an operator's cost effectiveness and profitability. Hence, the number and mix of customers can affect competitiveness of a logistics provider such as the Group. An operator with a large number of customers and balanced customer types such as the Group is likely to be more competitive, especially one with different customers who have peak volumes that spread across different times of the year, or customers that demand services at different times of the day. These enable an operator to spread demand over time and help to increase utilisation rate of resources and facilities. The Group's multi-temperature warehouse lineups in Hong Kong and the Group's ability and flexibility to cater for its customers' demand for delivery services at different times of a day put the Group's logistics business in a competitive position. The Group considers that it has an edge over other new entrants with its established extensive network and distribution hubs, its solid experience from its trading and distribution businesses, and the related supply chain services provided which distinguish the Group from other logistics service providers.

To provide comprehensive services to the Group's customers, the Group has invested heavily in the provision of warehousing and nationwide and intercity deliveries, and value-added services such as Chinese label application.

SUPPLIERS

Major purchase costs of the Group relate to cost of goods sold. For the three years ended 31 December 2006 and the six months ended 30 June 2007, purchase costs payable to the top five largest suppliers of the Group accounted for approximately 40.4%, 27.8%, 26.6% and 28.7% of the Group's total costs for goods sold, respectively. During the same periods, the largest supplier accounted for approximately 18.8%, 7.6%, 11.1% and 10.7% of the Group's total costs of goods sold, respectively. Isuzu Motors Limited has been one of the five largest suppliers of the Group in terms of the Group's total procurement amount for the three years ended 31 December 2006 and the six months ended 30 June 2007. It was a substantial shareholder of a subsidiary of the Group engaging in marketing activities. Save for the above, the Group's five largest suppliers are all Independent Third Parties. None of the chief executive of the Company, the Group's Directors nor any of their respective associates nor any Shareholder who, to the knowledge of the Directors, will own more than 5% of the total issued Shares immediately after completion of the Global Offering, had any interest in the Group's five largest suppliers during the three years ended 31 December 2006 and the six months ended 30 June 2007.

The purchase costs paid to the Group's suppliers are mainly settled in US dollar, Japanese Yen, GBP, Euro and Renminbi.

For the three years ended 31 December 2006 and six months ended 30 June 2006 and 2007, the breakdown of purchase costs in different currencies by percentage is as follows:

	For the years ended 31 December			For the six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
Purchases					
Australian dollars	0.2%	0.2%	0.1%	0.1%	0.1%
British Pounds Sterling	2.4%	2.2%	6.0%	6.8%	5.9%
Canadian dollars	3.1%	3.5%	2.4%	3.3%	4.7%
Euro	4.9%	5.5%	5.3%	5.6%	5.4%
Hong Kong dollars	12.1%	15.8%	13.8%	12.1%	9.5%
Japanese Yen	35.2%	22.1%	20.7%	23.5%	21.4%
Renminbi	17.9%	19.9%	27.3%	23.0%	28.8%
Singapore dollars	1.3%	1.5%	1.5%	1.6%	1.8%
US dollars	22.8%	29.3%	22.9%	24.0%	22.4%
Others	0.1%	0.0%	0.0%	0.0%	0.0%
	100.0%	100.0%	100.0%	100.0%	100.0%

As at the Latest Practicable Date, the Group has established stable business relationships with the Group's top five largest suppliers. A majority of the top five suppliers during the three years ended 31 December 2006 and the six months ended 30 June 2007 have had a business relationship with the Group for over five years. Save for the dealership or distributorship agreements for motor vehicles, Genuine Parts, OE Parts, FMCG products, electrical appliances and cosmetics, the Group has not entered into any other long-term contracts with its suppliers. Although the Group has not entered into any other long-term supply contracts with all of its other major suppliers, the Group does not foresee any major problems in the future related to the obtaining of goods required for its business as most of these products can be easily sourced in the market from other alternative suppliers and the Directors consider that the Group has a good business relationship with its suppliers.

INSURANCE

The Group maintains insurance policies with various insurance providers, covering losses or damages to property, machinery, equipment, motor vehicles and other fixed assets. The Group also maintains public liability insurance and general insurance which covers, among others, business interruption insurance, fidelity guarantee insurance, contractors' all risk, marine cargo and inland transit. The Group has taken out various types of insurance for its employees, including employees' compensation insurance, medical insurance, personal accident and life insurance. Nevertheless, the Group has not insured for, among others, any war, invasion, terrorism, confiscation, nationalization, nuclear and radiation risks, interruption of water supply, gas or electricity, advertising injury and cyber risks, as such risks are not commercially insurable in Hong Kong, Macao, the PRC and such other jurisdictions in which the Group operates its business.

For the three years ended 31 December 2006 and six months ended 30 June 2007, the insurance premiums paid by the Group were approximately HK$34.6 million, HK$33.0 million, HK$34.3 million and HK$20.3 million, respectively. No significant claims under these insurance policies have been made by the Group during the three years ended 31 December 2006 and the six months ended 30 June 2007.

The property all risks insurance and public liability insurance taken out by the Group do not cover certain damages or losses and contain a number of liability exclusion clauses including cyber risk exclusions. The Directors are of the view that it is not commercially practicable to accept the prevailing premium rate to cover such items. Further, the Directors consider that the insurance coverage of the Group is adequate and in line with industry norms.

INTELLECTUAL PROPERTY RIGHTS

The Group owns, possesses, or has the right to use the intellectual property rights as set out in section 6B of Appendix VI to this Prospectus. The Directors confirm that there is no material violation or infringement of any intellectual property rights owned by the Group or by any third parties.

INTERNAL AUDIT

Being a wholly-owned subsidiary of CITIC Pacific, the Group has been subject to the audit by the group internal audit department of the CITIC Pacific group, which provides independent reviews to monitor the adequacy and effectiveness of the Group's internal control systems. Upon Listing, the Group will engage the group internal audit department of the CITIC Pacific group to perform internal audits for the Group. For details of the terms, please refer to the section headed "Connected transactions" of this Prospectus.

The Audit Committee of the Group is composed of three independent non-executive Directors. It has a clear scope of responsibilities and is accountable to the Board. Risk assessment methodology and the audit schedule need to be approved by the Audit Committee on an annual basis. Special reviews will be performed on any areas of concern identified by the Audit Committee or the Group's senior management upon request. The scope of the internal audit includes the reviews on:

- internal control systems of major business operations which generate significant revenue for the Group;
- internal control systems which safeguard the Group's assets; and
- accounting and reporting procedures and financial statements.

The audit result is discussed and agreed with the management of the Group subsequent to each review. A summary of major audit findings together with the actions to be taken by the Group's management for rectifying the control weaknesses is also submitted to the Audit Committee. The implementation of the remedial actions will then be followed up and the implementation progress will be reported to the Audit Committee on a semi-annual basis.

Based on the internal audit reviews performed by Group Internal Audit Department of CITIC Pacific ("GIA Department") during the three financial years ended 31 December 2006 and the six months ended 30 June 2007, the Group had not identified any major audit findings which might lead to significant losses of assets or significant risk.

Since 2004, the GIA Department has performed 55 audit reviews on the subsidiaries and departments of the Group. The audit findings noted from such audit reviews were mainly related to the minor weaknesses found in the internal control procedures of daily business operations and accounting process in these subsidiaries or departments. The management of the Group has already taken remedial actions to review and improve the internal control systems.

The audit findings have been reported to the Company's management as well as the audit committee of CITIC Pacific. Copies of each of the internal audit reports have also been given to the external auditors, KPMG, for their reference.

INTERNAL CONTROL

In order to maintain the integrity of the Group's business and financial operations and to safeguard against business risks which may result from inadequate internal processes and systems, the Group has adopted and has been implementing a series of internal controls, some of which are as follows:

- Segregation of roles and responsibilities between the Board and the Group's senior management. The Board, which is headed by the Chairman, is responsible for setting corporate strategic plans, overall objectives and financial budgets. The Board is also responsible for ensuring that management's objectives and activities are aligned with the strategic plans and objectives identified by the Board. The Board also monitors and reviews the performance of the management. The Group's senior management is comprised of the Chief Executive Officer and heads of various business units, which are in charge of the actual implementation of corporate strategies, business development and the daily operation of business. Various business units provide support to the Group's senior management for the overall management and performance of the Company. The Group's senior management reports to the Chief Executive Officer, who is also a Board member;

- Risk Management and Internal Control Guidelines — define the requirements and processes for identifying, managing and mitigating key business, financial and operational risks by the senior management across the 3 businesses, who will meet every month to review the risks that are identified by each department head and to discuss the action plans to eliminate or mitigate such risks;

- Code of Conduct — the Group has established a code of conduct, which is drafted by reference to the corporate governance practices as well as the Listing Rules, to ensure that the Group's staff is in compliance with ethical standards as well as to maintain the Group's best practices for staff integrity in protecting the commercial interests of the Group. The following measures are in place to ensure compliance with the Code of Conduct:

    - Various business units and divisions of the Group's operation are required to report regularly, on a 6 month basis, to the Corporate Planning and Management Department of the Company in relation to the compliance of the Code of Conduct and other compliance matters;

    - the Corporate Planning and Management Department carries out random checking from time to time to further enhance compliance;

    - the Human Resources Department of the Company briefs all new employees of the Company about the Code of Conduct;

    - new employees are required to sign a declaration to indicate their understanding of the Code of Conduct and to undertake to report any breach of the Code of Conduct; and

    - the Human Resources Department of the Company together with the Independent Commission Against Corruption organise refresher sessions on the Code of Conduct for the employees annually.

- Financial Authority Control Policy — defines the financial authority delegated by the Board to the different levels of management on day-to-day operations. Such financial authority is delegated to different levels of management based on a monetary scale according to level of seniority;

- Credit Control Policy — defines the financial control procedure to manage the credit risks posed by the Group's customers, service suspension or termination;

- Regulatory Compliance — each department of the Group is responsible for its respective department's as well as the Group's compliance with the rules and regulations in the areas of its responsibilities;

- Business Plan Formulation and Monitoring Guidelines — used for the preparation of the Group's annual operating plan. They define the information that is required for budgeting, performance management in terms of revenues, capital and operating expenses, and manpower planning. A monthly performance meeting is held by the management team to keep track of the Group's business performance and to recommend actions for improvement;

- Projects and Products Development Guidelines — define the processes for the approval of new projects and products and/or their development. To achieve the Group's corporate objectives, the Board sets and defines an overall annual budget and an annual business plan for the Group's various businesses. All new projects and products and/or their development must be implemented within the ambit of the annual budget and the scope of the annual business plan, or approved by the Board. Furthermore, the Board's approval will also be needed if the new projects and products and/or their development meet the following criteria:

  (i) the costs of the implementation of the new projects and products and/or their development exceed the specified monetary project limit set by the Board; and/or

  (ii) the new projects and products and/or their development would bring the Group into areas outside the existing areas of business of the Group; and

- real time management information system — this system is developed by the Group for the timely collection and distribution of information in order to facilitate management decisions and performance management.

COMPLIANCE

Hong Kong

During the three years ended 31 December 2006, several prosecutions were brought against the Group in Hong Kong regarding the carrying on of the business of a food factory otherwise than under and in accordance with a licence granted by the Director of Food and Environmental Hygiene Department, selling prepackaged food which was not marked or labelled in the manner prescribed in the Food and Drugs (Composition and Labelling) Regulations, failing to ensure that the dangerous parts of machinery were effectively guarded in contravention of the Factories and Industrial Undertakings Ordinance, and using a vehicle with defective braking system. The total amount of fines for these prosecutions for the years ended 31 December 2004, 2005 and 2006 were HK$3,000, HK$10,000 and HK$7,000 respectively. Prosecution regarding such carrying on the business of a food factory was due to the expiry of food factory licence arising from delay in applications for renewal of such licence. Such licence was immediately renewed subsequently.

The Group has obtained all necessary special licences, permits, certificates and registrations for its operation in Hong Kong, except that Dah Chong Hong is currently in the process of applying for a licence for discharge of commercial trade effluent for some of its existing premises.

PRC Social Security Funds

Under《社會保險費征繳暫行條例》 (Interim Regulation on the Collection and Payment of Social Security Funds), the Group is required to pay various social security funds, namely, basic pension insurance (基本養老保險), unemployment insurance (失業保險), basic medical insurance (基本醫療保險), occupational injury insurance (工傷保險), and insurance for maternity leave (生育保險) for employees to the relevant administrative authorities.

Some of the Group's subsidiaries have not paid the social security funds for various reasons. Several PRC subsidiaries of the Group have not recruited any staff because they are newly established; some of them have not started operation since establishment or their businesses are being operated by employees of another subsidiary. These PRC subsidiaries are not required to pay social security funds. Some PRC subsidiaries of the Group have not paid for social security funds because they either have ceased their operations, are in the process of winding-up or have been wound up. The Company and the PRC legal advisers do not consider the above non-payments of such security funds are in breach of any applicable laws and regulations.

However, the current policy of social security funds has yet to be fully and strictly implemented in some cities in the PRC, and the requirements of payments of social security funds may be different among cities. For instances, the payment of insurance for maternity leave is not strictly required by certain local authorities. Due to the above reasons and inadvertent omissions of some subsidiaries, insurance for maternity leave has not been fully paid by some PRC subsidiaries, and unemployment and medical insurances have yet to be fully paid by a PRC subsidiary. The Group underpaid social security funds by approximately RMB4,096, RMB40,903, RMB87,045 and RMB47,047 for each of the three financial years ended 31 December 2006 and the six months ended 30 June 2007 respectively. Total exposure of the Group in penalties accrued to 30 June 2007 in respect of such failure is estimated as of the Latest Practicable Date to be approximately RMB133,364. The Group has been ensuring that all its PRC employees are registered with the PRC labour and social security authorities, and has been making progressive repayments of the outstanding security fund.

The Group has not in the past faced any challenge by any governmental authorities over the outstanding social security funds. However, there can be no assurance that the relevant governmental authorities will not challenge the outstanding funds and impose a fine in the future. The Selling Shareholder, CITIC Pacific, has provided an indemnity in favour of the Group to cover any losses, damages, claims or penalties that the Group may suffer or incur in relation to the Group's failure to the payment of social security funds as mentioned above. Please also see "Risk factors — The Group is subject to PRC laws and regulations governing social security funds and housing accumulation funds and the failure to comply with the relevant laws and regulations may adversely affect the Group's business".

PRC Housing Accumulation Funds

Under《住房公積金管理條例》(Regulation on the Administration of Housing Accumulation Funds), the Group is required to pay its portion of housing accumulation funds, and to withhold and pay its employees' portions to the local administrative authorities.

Some of the Group's subsidiaries have not paid the housing accumulation funds for various reasons. Several PRC subsidiaries of the Group have not recruited any staff because they are newly established; some of them have not started operation since establishment or their businesses are being operated by employees of another subsidiary. These PRC subsidiaries are not required to pay housing accumulation funds. Some PRC subsidiaries of the Group have not paid for housing accumulation funds because they either have ceased their operations, are in the process of winding-up or have been wound up. The Company and the PRC legal advisers do not consider the above non-payments of such housing accumulation funds are in breach of any applicable laws and regulations.

However, the current policy of housing accumulation funds has yet to be fully and strictly implemented in some cities in the PRC, and the requirements of payments of housing accumulation funds may be different among cities. The payment of housing accumulation funds may not be strictly required by certain local authorities. Due to the above reasons and inadvertent omissions of some subsidiaries, housing accumulation funds have yet to be fully paid by some PRC subsidiaries. The Group underpaid housing accumulation funds by approximately RMB291,541, RMB523,974, RMB832,221 and RMB614,915 for each of the three financial years ended 31 December 2006 and the six months ended 30 June 2007 respectively. Total exposure of the Group in penalties in respect of such failure is estimated as of the Latest Practicable Date to be an aggregate amount of RMB140,000 to RMB700,000. The Group has been ensuring that all its PRC employees register their housing accumulation funds) accounts with the local governmental authorities, and has been making progressive repayments of the outstanding funds. The Group has not in the past faced any challenge by any governmental authorities over the outstanding housing accumulation funds. However, there can be no assurance that the relevant governmental authorities will not challenge the outstanding funds and impose a fine in the future. The Selling Shareholder, CITIC Pacific, has provided an indemnity in favour of the Group to cover any losses, damages, claims or penalties that the Group may suffer or incur in relation to the Group's failure to the payment of housing accumulation funds as mentioned above. Please also refer to the section headed "Risk factors — The Group is subject to PRC laws and regulations governing social security funds and housing accumulation funds and the failure to comply with the relevant laws and regulations may adversely affect the Group's business".

Other Licences

The Group has obtained all necessary special licences, permits, certificates and registrations for its business in the PRC, except that a few subsidiaries are in the process of applying for 排放污染物許可證 (Certificates of Approval for Pollutant Discharge) or 道路運輸經營許可證 (Road Transport Business Operation Licence) for certain automotive businesses currently carried out by such companies. The main reasons for the delay in obtaining such licenses are: (a) some of these subsidiaries were recently established, the application for these licenses are still in process; and (b) inadvertent omission. A penalty imposed by relevant governmental authorities in respect of such failure of compliance by 13 relevant PRC subsidiaries is estimated as of the Latest Practicable Date to be an aggregate amount of RMB670,000 to RMB700,000. The Group has not in the past faced any challenge by any governmental authorities over the operation of motor related business because of not obtaining such licenses. However, there can be no assurance that the relevant governmental authorities will not challenge the outstanding of such licenses and suspend the Group's relevant business operations or impose a fine in the future. The selling shareholder, CITIC Pacific, has provided an indemnity in favour of the Group to cover any losses, damages, claims or penalties that the Group may suffer or incur in relation to the Group's failure to obtain these aforementioned approvals, permits and licences as mentioned above. Please also see "Industry overview — Licensing requirements in the PRC" and "Risk factors — The Group requires various approvals, licences and permits to operate its business and the loss of or failure to obtain or renew any or all of these approvals, licences and permits could materially and adversely affect its business".

Under the existing PRC laws and regulations, including 《國務院關於進一步加強在境外發行股票和上市管理的通知》 (Circular of the State Council Concerning Further Strengthening the Administration of Share Issuance and Listing Overseas) and 《關於外國投資者併購境內企業的規定》(The Provisions on the Takeover of Domestic Enterprises by Foreign Investors), the Group is not required to obtain any approval or permit by the CSRC or any other PRC governmental authorities for the IPO.

Apart from licensing requirements, there is no specific regulatory requirement that governs the Group's operations and business development strategies. For details of the licensing requirements, please see "Industry overview — Licensing requirements" of this Prospectus.

In October 2006, Triangle Auto Pte. Ltd. was fined SGD70,000 for making incorrect GST return under the Goods and Services Act (Cap 117A) for the period between April 1994 and October 2006.

Save as disclosed above, the Group has complied with all relevant laws and regulations in all material respects in all jurisdictions where it has operated during the three years ended 31 December 2006 and the six months ended 30 June 2007 and as at the Latest Practicable Date.

PROPERTIES

As at the Latest Practicable Date, the Group owned and leased various real properties in Hong Kong, Macao, the PRC, Japan, Canada and Singapore as set out below.

Summary of real properties owned and occupied by the Group

As at the Latest Practicable Date, the Group owned and occupied the following real properties in the following countries for its business operations:

Location	Office, Showroom, Car Storage, Workshop	Food Processing Centre, Retail outlets	Logistics Warehouse, Cold Storage	Vacant Land	Floor Area (m^2)
Hong Kong	6	1	—	—	1,116
Macao	—	—	—	—	—
The PRC	4	—	3	3	50,824
Japan	1	—	—	—	898
Canada	1	—	—	—	2,013
Singapore	2	—	—	—	5,978

Knight Frank Petty Limited has valued the above premises attributable to the Group at an aggregate valuation of HK$614,223,330 as at 31 July 2007.

The properties owned by the Group comprise buildings and structures (including investment properties of approximately 15,431m^2) having a total floor area of approximately 76,261m^2, representing approximately 16.0% of the total floor area of the properties held or leased by the Group in the PRC, Hong Kong, Macao, Japan and Singapore.

As at the Latest Practicable Date, the Group has not obtained a proper building certificate which it should have obtained for a parcel of land and building that it owns and occupies in the PRC. This comprises 1 property occupied by the Group in Shanghai identified as Property No. 16 in Appendix IV to this Prospectus. This property is used for showroom and cars storage and comprises a total floor area of approximately 3,641m^2, representing approximately 4.8% of the total floor area of the properties held and occupied by the Group. This property is not considered to be crucial to the Group's operations and the Group expects to obtain the building certificate by around November 2007. There is no potential liability or penalty if the Group fails to obtain such a proper building certificate. The Company's PRC legal advisers advised that there is no legal impediment for the Group to obtain such a building certificate.

In addition, development of three parcels of land held by the Group in the PRC were not commenced and completed within the specified time. This may lead to penalties or forfeiture of the land. Please see "Risk factors — Certain lands or buildings where the Group operates its business in the PRC and overseas do not have proper title or the head lessor's consent for sub-lease or the Group may fail to, or need to incur further expenses or time to, secure legal ownership over certain lands or buildings which it owns in the PRC". This comprises three properties owned by the Group in Jiangmen identified as property Nos. 11, 12 and 13 in Appendix IV to this Prospectus. These properties comprise a site area of approximately 309,674m^2. Under the 中華人民共和國城市房地產管理法 (the Law of the People's Republic of China on Urban Real Estate Administration), if the Group failed to commence development of the land within the specified time according to the terms of the land grant contract, the Land Resources Authority may impose a penalty of up to 20% of the land premium when the delay in development is more than one year from the specified commencement date. If the delay in development is more than two years from the specified commencement date, the Land Resources Authority may order the Group to surrender the lands for no consideration and forfeit all the rights granted on the land. The Group will apply for 建設工程規劃許可証 (Construction Planning Permits) and 建設工程施工許可証 (Construction Building Permit) for the three parcels of land in question. However, penalties may still be imposed by relevant governmental authorities in respect of delayed development which can be up to 20% of the land premium. On the basis of the land premium of approximately RMB9.8 million has paid for these three parcels of land, such penalties can be up to approximately RMB1.96 million. The Group may therefore need to incur further expenses in order to secure ownership over the land where development has been delayed.

The Company does not consider that the above mentioned properties are crucial to the Group in conducting its business. Most of the such properties can, if necessary, be replaced by other comparable alternative premises without any material adverse effect on the Group's operation and with low relocation costs. Please see "Risk factors — Certain lands or buildings where the Group operates its business in the PRC and overseas do not have proper title or the head lessor's consent for sub-lease or the Group may fail to, or need to incur further expenses or time to, secure legal ownership over certain lands or buildings which it owns in the PRC" in respect of these properties in the Prospectus.

CITIC Pacific has provided an indemnity in favour of the Company to cover any claim, loss or expenses suffered or incurred by the Group arising out of or in connection with these properties with respect to any defects in title as mentioned above.

Apart from the above mentioned, the Group has obtained the legal titles to all the lands and buildings it owns and occupies in Hong Kong and PRC.

Summary of real properties leased by the Group

As at the Latest Practicable Date, the Group leased the following real properties at the following locations from Independent Third Parties pursuant to various tenancy or lease agreements for its business operations:

Location	Office, Showroom, Car Storage, Workshop	Food Processing Centre, Retail outlets	Logistics Warehouse, Cold Storage	Residential	Site for car parking	Floor area (m^2)
Hong Kong	37	54	5	2	3	230,339
Macao	2	—	—	—	1	474
The PRC	62	4	1	2	—	114,658
Japan	—	—	—	2	—	166
Canada	1	—	—	—	—	5,557
Singapore	1	—	—	—	3	287

The rents for the real properties were agreed after arm's length negotiation with reference to market rentals and Knight Frank Petty Limited, acting as an independent valuer, has confirmed that the rents are comparable to market rates. The Group does not consider acquiring its own properties as a commercially justified option because leasing allows the Group the flexibility to locate its facilities, especially showrooms and DCH Food Mart, at strategic locations according to sales trends at the time.

Of the leased premises, 8 of them were rented from associates of CITIC Pacific and used by the Group as sales and services outlets and warehouses. One of such tenancy is an oral tenancy, which the Company will surrender on or before 29 February 2008. As at the Latest Practicable Date, the Company was in the process of relocating its existing business operation to a new premises. The remaining 7 tenancy agreements between associates of CITIC Pacific and the Group for these leased premises are legally binding and enforceable against the parties and are registered. Notwithstanding the associated retail nature of such outlets such as accessibility and convenience which makes the location of the properties for the showrooms and DCH Food Mart are crucial to the Group's operation, the Company does not consider the leasing of such premises a reliance on CITIC Pacific as relocation of its premises (if and when required) would not create undue burden to the operations of the Company nor does the Company consider relocation for the purpose of the Listing to be beneficial to its operation.

Some of the lands and/or buildings in the PRC where the Group operates its business have one or more of the following title defects:

(a) 13 parcels of land and building leased from Independent Third Party landlords where the landlords do not have proper land or building title certificates. These comprise properties leased by the Group identified as Property Nos. 143, 155, 160, 166, 176–179, 181, 188, 195, 201 and 206 in Appendix IV to this Prospectus. These properties comprise a total floor area of approximately 9,157m^2, representing approximately 1.9% of the total floor area of the properties leased and owned by the Group.

(b) 7 parcels of buildings where the Group funded the construction on lands leased from Independent Third Party landlords and the landlords are in the process of applying for the proper building title certificates. These comprise properties leased by the Group identified as Property Nos. 153, 154, 158, 168, 170, 208 and 210 in Appendix IV to this Prospectus. These properties comprise a total floor area of approximately 23,968m^2, representing approximately 5.0% of the total floor area of the properties leased and owned by the Group.

(c) 7 parcels of buildings where the Group funded the construction on lands leased from Independent Third Party landlords and the landlords have not yet provided proper land and building title certificates. These comprise properties leased by the Group identified as Property Nos. 157, 159, 175, 180, 207, 209 and 211 in Appendix IV to this Prospectus. These properties comprise a total floor area of approximately 27,530m^2, representing approximately 5.8% of the total floor area of the properties leased and owned by the Group.

The Group has been liaising with the relevant landlords and to request them to obtain the relevant proper land or building title certificates. Confirmations have been sought from some of the landlords and they are in the process of obtaining such land or building title certificates. The Group will continue to monitor and review the latest progress with the landlords.

The use of the above leased premises may be challenged and the Group may need to relocate its existing business operations. The Group may also be unable to secure the ownership over the buildings where construction were funded by the Group. Furthermore, if such lands leased to the Group are collectively-owned land and the Group operates its business on them for non-agricultural uses without special permission, subject to 中華人民共和國土地管理法 (Land Administration Law of the People's Republic of China), the administrative departments at or above county level may order to terminate such lease.

In respect of the premises sub-leased to one subsidiary of the Group in Singapore identified as Property No. 218 in Appendix IV to this Prospectus, the relevant written approval from the head lessor (being the President of the Republic of Singapore) for such sub-lease has yet to be obtained by the main tenant. In the absence of such approval, the Collector of Land Revenue of Singapore or any officer authorised by him in writing on behalf of the lessor may enter upon and take possession of the land and the premises. In any of the above events, the Group may be required to terminate the existing leases and relocate its existing business operations.

CITIC Pacific has provided an indemnity in favour of the Company to cover any claim, loss or expenses suffered or incurred by the Group arising out of or in connection with these properties with respect to any defects in title as mentioned above.

Please see "Risk factors — Risks relating to the Group and its operations — Certain lands or buildings where the Group operates its business in the PRC and overseas do not have proper title or the head lessor's consent for sub-lease or the Group may fail to, or need to incur further expenses or time to, secure legal ownership over certain lands or buildings, which it owns in the PRC".

Summary of real properties owned by the Group which are leased to third parties

In addition to the above, the Group leases the following real properties at the following locations to third parties pursuant to various tenancy agreements:

Location	Food processing centre, retail outlets	Office, workshop	Residential	Car parking	Farm/Land	Floor Area (m^2)
Hong Kong	6	1	—	1	—	1,426
Macao	—	—	—	—	—	—
The PRC	2	—	—	—	—	8,094
Japan	—	2	4	—	4	5,910
Canada	—	—	—	—	—	—
Singapore	—	—	—	—	—	—

For the properties owned by the Group in Hong Kong and PRC which are leased to third parties, the Group has the proper property titles to these properties and the leases are legally binding and enforceable and are registered. The latest term of the expiry of these leases is 31 December 2009 if option to renew is not exercised.

For details of the real properties owned and leased by the Group, please refer to the valuation report set out in Appendix IV to this Prospectus.

CONTRACTUAL ARRANGEMENTS

Until the mid-1990s, foreign trade in the PRC was tightly regulated and controlled by the State. Only companies with the "Import and Export Enterprise Qualification Certificate" had import and export rights. Most of these companies were State owned businesses. In 1994, the PRC passed the Foreign Trade Law. Since then, China has relaxed the requirements to grant the import and export rights to wholly Chinese-owned enterprises. However, foreign ownerships of companies in the PRC were still restricted. According to《外商投資產業指導目錄》(Foreign Investment Industries Guidance Catalogue), which was introduced in 1995 and was later amended in 1997 (the "1995 Catalogue"), general trading, motor distribution and logistics businesses in which the Group engaged in were classified under the restricted category. Foreign enterprises were not allowed to wholly own businesses under the restricted category. As a result, the Group has been conducting its operations in the PRC since 1997 through various companies incorporated in the PRC as tabled in "Summary of Contractual Arrangements in respect of Certain PRC Entities within the Group" in the Appendix VI of this Prospectus (i.e. OPCOs) which are owned by PRC nationals or PRC companies (i.e. the Registered Owner(s)) for the benefits of the Group by virtue of the Contractual Arrangements set out below. All such Registered Owners are the Group's employees or their associates or companies controlled by the Group except 江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited), the Registered Owner of which is an Independent Third Party company.

The Group does not have direct equity interests in these OPCOs. However, the Group has implemented a series of Contractual Arrangements (i.e. Contractual Arrangements) with the Registered Owners of these OPCOs, designed specifically to confer upon the Group the following rights and benefits:

(i) the right to enjoy all the economic benefits of the OPCOs, to exercise management control over the operations of the OPCOs, and to prevent leakages of assets and values to shareholders of the OPCOs; and

(ii) the right to acquire, if and when permitted by PRC law, the equity interests in the OPCOs at nil consideration or at a nominal value.

The written documentation for the Contractual Arrangements was formally signed by the relevant member of the Group and the relevant Registered Owners in July 2007 to ratify the arrangements as implemented and exercised by the parties since the establishment or acquisition of the OPCOs. On such basis, the Group consolidates the financial results of the OPCOs as subsidiaries or treats them as jointly controlled entities or associated companies, depending on the attributable interests in the OPCOs of the Group under the prevailing accounting principles. Please see "Financial information — Basis of presentation". The Company's PRC legal advisers agree with the Company's view that the Contractual Arrangements have been narrowly tailored based on the legal and compliance history of the Group, its management systems and corporate governance practices, its records in protecting shareholder interests and its financial resources so as to ensure compliance with and to minimise the potential for conflict with the relevant PRC laws and regulations.

The Group, the Registered Owners and the OPCOs have complied with, and are expected to continue to comply with, all relevant PRC laws and regulations insofar as the operations of OPCOs are concerned. As at the Latest Practicable Date, the Company has not received any objection from any PRC governmental authorities in relation to the implementation of the Contractual Arrangements.

The Contractual Arrangements in respect of each of the OPCOs were demonstrated and ratified by way of a Confirmation and Agreement on the Shareholding Arrangements 股權安排的確認及協議 (i.e. Contractual Arrangements Agreement(s)) with the respective Registered Owner(s) and the relevant member of the Group in Hong Kong or PRC acting as the intermediate holding company (i.e. Holding Subsidiary). Brief summary of the Contractual Arrangements Agreement(s) are set out as follows:

(i) Shareholding and loan advancement

The respective Registered Owner(s) has been registered as the legal shareholder(s) of the respective OPCOs, being the owner(s) of all or a portion of the registered capital of the OPCOs. The Holding Subsidiary has advanced a loan in Renminbi to the Registered Owner(s) for the sole purpose of its investment in the OPCOs without repayment provided that the Registered Owner(s) shall perform its obligations under the Contractual Arrangements Agreement(s). The Company's PRC legal advisers advised that the advance of such loan does not contravene applicable PRC laws or regulations and is valid and enforceable and in compliance with relevant requirements of applicable PRC laws and regulations.

(ii) Management

The respective Registered Owner(s) shall consult and follow the instructions of the respective Holding Subsidiary, when it is involved in the management and exercise of its right as the shareholder(s) of the respective OPCOs, such rights shall include and without limitation to voting at the shareholders or board meetings, appointing directors and making decisions in respect of the operation and financial issues of the OPCOs.

(iii) Dividends

All the dividends, capital bonus or any other assets distributed to the respective Registered Owner(s) by the respective OPCO shall be transferred to the respective Holding Subsidiary or any other party nominated by the Holding Subsidiary at nil consideration within three working days after such distribution.

(iv) Option to purchase

The respective Holding Subsidiary shall have an option to purchase (or nominate a third party to purchase), all the interests of the respective Registered Owner(s) in the respective OPCO at the minimum transfer price permitted under the relevant PRC laws and regulations (i.e. at nil consideration or at a nominal value). Where the PRC laws or regulations require the consideration for such transfer to be at the market value, the said consideration shall firstly be applied to set off the loan advanced from the Holding Subsidiary to the Registered Owner(s) as described in (i) above, and the excess of which (if any) shall be refunded to the Holding Subsidiary (or any third party nominated by the Holding Subsidiary) within three working days after the Registered Owner(s) received such payment.

To ensure compliance, major issues arising from implementation of the Contractual Arrangements and operation of the OPCOs will be reviewed by the board from time to time. The Group conducts regular internal management meeting on a monthly and quarterly basis to review such implementation and operation, and discuss any issues identified. Matters relating to compliance and regulatory enquiries from governmental authorities will be discussed in these meetings. Various business units and divisions of the Company's operation are required to report regularly, on a half-yearly basis, to the Corporate Planning and Management Department of the Company in relation to compliance related matters. The Corporate Planning and Management Department carries out random checking from time to time by way of questionnaire to further enhance compliance. If required, external advisers, e.g. PRC legal advisers, will be retained to address specific issues in relation to PRC laws and regulations.

The Group will seek specific performance of the Contractual Arrangements judicially, to require the transfer of the relevant equity interest to the Group or its other designates in case a Registered Owner for whatever reasons cease to hold the equity interests in the relevant OPCO. As at the Latest Practicable Date, the Group is not aware of any circumstances which would require the Group to do so. The Company's PRC legal advisers advised that:

(a) save as paragraph (e) below, the Contractual Arrangements do not contravene PRC laws, rules or regulations effective since the incorporation of the OPCOs and are enforceable in accordance with their terms and conditions;

(b) no consent, approval, registration or licence, other than those already obtained is, or has been required under any existing PRC laws, rules and regulations for the effectiveness and enforceability of the Contractual Arrangements during the three years ended 31 December 2006 and six months ended 30 June 2007;

(c) the Group, the OPCOs and/or the Registered Owners are not required to obtain any relevant approval or licence for entering into the Contractual Arrangement; and

(d) the Contractual Arrangements taken individually and together as a whole do not result, nor has it resulted during the three years ended 31 December 2006 and six months ended 30 June 2007, in a breach of any provisions of the respective articles of association of the OPCOs, and the Contractual Arrangements are not, and has not during the three years ended 31 December 2006 and six months ended 30 June 2007 been, prohibited under existing applicable laws and regulations in the PRC.

(e) As part of the Contractual Arrangements, 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited), a subsidiary of the Company, has extended an interest-free loan in the amount of RMB15 million to 江門市美昌汽車貿易有限公司 (Jiangmen Meichang Motors Trading Limited) in its capacity as the Registered Owner of 75% registered capital of 江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited). Also, DCH Supply Chain Management Company Limited, another subsidiary of the Company, has extended an interest-free loan in the amount of RMB0.9 million and RMB0.1 million to 上海宏圖電器有限公司 (Shanghai Vision Electrical Appliances Co., Ltd.) and 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited in the capacity as the Registered Owners of 90% and 10% registered capital of 江門大昌行供應鏈管理有限公司 (Jiangmen DCH Supply Chain Management Co., Ltd.), respectively. A corporation shall not extend a loan to another corporation and the Company's PRC legal advisers are of the view that such loan violated PRC laws and regulations relating to the banking administrative system, including Article 61 of《貸款通則》(the PRC General Principles of Loans) promulgated by the People's Bank of China ("PBOC") on 28 June 1996. Article 73 of《貸款通則》(the PRC General Principles of Loans) further provides that the PBOC may impose a penalty on the lender of up to five times the income to be generated from such lending, and may declare the loan invalid.

The Company's PRC legal advisers further advised that:

- no income-base penalty could be imposed in relation to the loan mentioned in paragraph (e) above, as no interest is payable on the loan

- the borrower has to repay the loan to the lender if the loan is declared invalid

Based on the above, the Company does not consider the full repayment of the loan extended by 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited) and DCH Supply Chain Management Company Limited will be adversely affected.

It is not a common practice in the PRC to seek confirmation from the appropriate authorities regarding the legality of the Contractual Arrangements and such confirmation may or may not be forthcoming if sought. Notwithstanding the aforesaid, the Company has contacted the relevant authorities with the view to obtaining such confirmations but no response has yet been given. In arriving at their opinion, the Company's PRC legal advisers have taken all possible action and steps to enable themselves to arrive at its legal opinion and have considered the following matters:

- General Principles of Civil Laws of the People's Republic of China

- Contract Laws of the People's Republic of China

- the fact that the Group does not have direct equity interests in any OPCOs

- the fact that, to the extent the relevant motor vehicle sales, motor vehicle related business and services, sales of food and consumer products and logistics services in the PRC were not permitted to be legally owned by the Group in the PRC,

  (i) the Group has been conducting its operations in the PRC through the OPCOs; and

  (ii) no members of the Group (other than the OPCOs) has been conducting such business in the PRC.

With the support of the PRC legal opinion on the Contractual Arrangements, the Company is of the view that the current Contractual Arrangements with the Registered Owners can securely safeguard the Company's equity interests in the OPCOs on the following basis:

1. by virtue of his/her legal ownership in the OPCOs, individual Registered Owners are normally nominated as the legal representative of the relevant OPCOs. They do not have any actual or substantive executive role in the OPCOs.

2. the right of the Registered Owners to appoint directors and management members of OPCOs are conferred on the Holding Subsidiaries. In exercise of this right, the Company has appointed employees (other than the Registered Owners) to act as directors or senior managers of OPCOs, The operation of each subsidiary OPCOs are also under the supervision of an executive general manager nominated by the Company (other than the Registered Owners).

3. the shareholders recorded in the register of shareholders may not claim and exercise the shareholder's rights against a third party unless the shareholding or relevant transfer is registered with the relevant State Administrative of Industry and Commerce. To safeguard any transfer of shareholding, registers of shareholders in OPCOs (if any) and the company seal of the relevant OPCO required for such registration are kept by the boards of directors (other than the Registered Owners) of the relevant OPCOs. The use of company seal is subject to the Group's internal control procedures which include approval from the executive general manager of the OPCOs. Registered Owners are not in possession of the company seal.

4. if required, the call option mechanism under the Contractual Arrangements enable the Holding Subsidiaries to replace a Registered Owner at its sole discretion at any time.

5. other than being nominees for the Group, the Registered Owners do not involve in the daily operation of the relevant OPCOs. They are not in possession of contract and finance seals or other instruments of the OPCOs which would allow them to divest any assets, open bank accounts, borrow bank loans and draw any cash or equivalents.

In November 2001 China officially became a member of the WTO. After China joined the WTO, amendments to its foreign investment laws were made to meet its WTO obligations to further liberalize industries including general trading, motor distribution and logistics businesses in which the Group engages. The objective of these changes was to bring China's foreign investment laws in line with WTO stipulations and provide investors with greater opportunities to compete with Chinese enterprises in the domestic market on equal footing. In March 2002, the State Development and Reform Commission and the Ministry of Commerce jointly promulgated a revised "Foreign Investment Industries Guidance Catalogue" (the "2002 Catalogue") to replace the 1995 Catalogue. The 2002 Catalogue came into effect on 1 April 2002. In the 2002 Catalogue, general trading (excluding dealerships) and logistics businesses were added in the encouraged category. Enterprises falling under this category can be wholly owned by foreign enterprises. The 2002 Catalogue allows general trading (including distributorship) and motor distribution businesses to be wholly owned by foreign enterprises by the end of 2006. In November 2004, a newly revised "Foreign Investment Industries Guidance Catalogue" (the "2004 Catalogue") was promulgated to replace the 2002 Catalogue. The 2004 Catalogue came into effect on 1 January 2005 and did not amend the provisions in the 2002 Catalogue in respect of general trading and motor distribution. Therefore, the Group intends to and is in the process of converting the existing Contractual Arrangements into direct equity interests owned by the Group. In 2005, the Group has successfully set up a foreign wholly-owned company, namely, 合眾汽車銷售服務(中國)有限公司 (Triangle Motor Sales and Services (China) Co., Ltd.) in the PRC to conduct motor vehicles retail business in the PRC under CEPA. In the fourth quarter of 2006, the Group has started conversion in respect of two of its Contractual Arrangements for 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyata Motors Sale and Service Limited) and 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited) under WTO on a trial basis. As at the Latest Practicable Date, the Group could have converted its interest in the OPCOs into direct equity interest either under the CEPA approach or the WTO approach. Subject to the successful conversion of the said two trial cases, and the time and cost effectiveness of the conversion under the WTO approach, the Group expects to implement conversion for other Contractual Arrangements under the WTO approach. It is expected that the conversion of these two trial cases will be completed by the end of this year. The PRC legal advisers of the Company advised that there was no foreseeable legal impediment to the conversion of these two Contractual Arrangements and to the conversion of all other Contractual Arrangements since the applicable foreign investment restrictions have been lifted (subject to the approval of the relevant authorities in the PRC as mentioned in the section headed “Risk factors” in the Prospectus), and conversion of all Contractual Arrangements would not adversely affect the tax payments and other financial matters of the Company. Due to the various necessary submission and approval procedures, the conversion for the above-mentioned companies is still in the process. If before the completion of such conversion, any of these Contractual Arrangements is challenged by the governmental authorities, or the contracts for such arrangements are breached by the counterparties and the Group is unable to obtain a judgment to its favour to enforce its contractual rights, or if there is any change of the PRC laws or regulations to explicitly prohibit such arrangements, the Group may lose control over, and revenues from, these companies, which will materially affect the Group’s financial condition and results of operations. Please see “Risk factors — Contractual Arrangements in respect of certain companies in the PRC may be subject to challenge by the relevant governmental authorities and may affect the Group’s investment and control over these companies and their operations”.

The Selling Shareholder, CITIC Pacific, has provided an indemnity in favour of the Group to cover any losses or leakage of assets that the Group may suffer in relation to any Contractual Arrangements in place prior to the Listing Date.

Certain Contractual Arrangements also constitute connected transactions of the Company. Please see “Connected transactions” of this Prospectus.

The Sponsor is of the view that the Company has satisfied all applicable conditions for listing under the Listing Rules (save for any aspects of the Listing Rules in relation to which waivers from strict compliance have been sought) and no alteration of such confirmation is necessary by reason of the existence of the Contractual Arrangements.

RELATIONSHIP WITH CITIC PACIFIC

As of the Latest Practicable Date, CITIC Pacific owned 100% of the issued share capital of the Company. Immediately following the completion of the Global Offering, CITIC Pacific will own 56.6% of the issued share capital of the Company (assuming that the Over-allotment Option is not exercised) or approximately 50.1% of the issued share capital of the Company (assuming that the Over-allotment Option is exercised in full) and the Company will remain a subsidiary of CITIC Pacific.

CITIC Pacific's business includes manufacturing of special steel, iron ore mining, property development and investment, infrastructure (such as power generation, aviation, civil infrastructure and communications), and marketing and distribution. The Company's operation is one distinct business amongst the range of diversified businesses of CITIC Pacific group.

INDEPENDENCE FROM THE RETAINED GROUP

The Board is satisfied that the Company can carry on business independently of the Retained Group and its associates after the Listing on the basis of the following:

- **Independence of boards and management**

Set out below is a summary of the directors and senior management of CITIC Pacific and the Company as at the Latest Practicable Date:

	CITIC Pacific	the Company
Executive directors	Larry Yung Chi Kin Henry Fan Hung Ling Peter Lee Chung Hing Carl Yung Ming Jie Leslie Chang Li Hsien Vernon Francis Moore Li Shilin Liu Jifu Chau Chi Yin Milton Law Ming To Wang Ande	Hui Ying Bun Chu Hon Fai Yip Moon Tong Mak Kwing Tim Lau Sei Keung Tsoi Tai Kwan, Arthur Glenn Robert Sturrock Smith Chan Kin Man, Andrew
Non-executive directors	Willie Chang André Desmarais Chang Zhenming Peter Kruyt (alternate director to André Desmarais)	Hamilton Ho Hau Hay Chau Chi Yin Stella Chan Chui Sheung Kwok Man Leung
Independent non-executive directors	Hamilton Ho Hau Hay Alexander Reid Hamilton Hansen Loh Chung Hon Norman Ho Hau Chong	Cheung Kin Piu, Valiant Hsu Hsung, Adolf Yeung Yue Man

	CITIC Pacific	**the Company**
Senior Management	Frances Yung Ming Fong	Kuk Tai Wai, David
	Stella Chan Chui Sheung	Kwong Sum Mei, Esther
	Paul Lo Kai Sing	Hui Kwong Lok
	Aaron Wong Ha Hang	Cheuk Chun Wai, Simon
	Kwok Man Leung	Wong Chit Chong
	Cai Xing Hai	Liang Chun Kit, Henry
	Cindy Kwan Kit Ying	嚴夢英 (Yan Mengying)
	Stephen Ho Wai Chung	Ho Ming Kei, Wayne
	Miranda Yip Siu Wai	Wong Hoi Ming, Alan
	Hui Ying Bun *(Note)*	Chau Wai Man
	Chu Hon Fai *(Note)*	
	Glenn Robert Sturrock Smith *(Note)*	

Note: Mr. Hui, Mr. Chu and Mr. Smith are senior managers of CITIC Pacific because of their management and executive roles in the Company.

The Company and CITIC Pacific have boards of directors that function independently of each other. There are no common executive directors between the Company and CITIC Pacific upon Listing.

The Company, acquired by CITIC Pacific in 1991, is a wholly-owned subsidiary of CITIC Pacific. It is the holding company holding the Group's business for CITIC Pacific. For the three years ended 31 December 2006, Mr. Larry Yung Chi Kin, Mr. Henry Fan Hung Ling and Mr. Peter Lee Chung Hing were designated to sit on the board of the Company as representatives from CITIC Pacific and Mr. Yung was the former Chairman. As the Company has been selected to be the listing entity and for the purposes of Listing, Mr. Yung, Mr. Fan and Mr. Lee resigned as directors of the Company.

Mr. Yung, Mr. Fan and Mr. Lee were not involved in the day-to-day management and operations of the Group's business. Such management and operations have always been performed by Mr. Hui Ying Bun and Mr. Chu Hon Fai, with the assistance of Mr. Yip Moon Tong, Mr. Mak Kwing Tim, Mr. Lau Sei Keung, Mr. Tsoi Tai Kwan, Arthur, Mr. Glenn Robert Sturrock Smith and Mr. Chan Kin Man, Andrew (i.e. the present executive Directors of the Company). The main roles of Mr. Yung, Mr. Fan and Mr. Lee were to oversee the strategic decisions of the Company's business in consultation with Mr. Hui and Mr. Chu. They were mainly involved in and consulted with, in relation to any issue relating to CITIC Pacific group as a whole. Apart from the foregoing, Mr. Yung, Mr. Fan and Mr. Lee did not have any executive roles in the Group's business during the three years ended 31 December 2006.

The Group's management has been led by Mr. Hui Ying Bun since 2003, when he was appointed Group Chief Executive. Mr. Hui is responsible for overseeing the strategic and operational decisions of the business of the Group, with the assistance of Mr. Chu. Mr. Chu has been a Director of the Company since 2001. Mr. Hui and Mr. Chu were the key persons and leaders to the existing business of the Group during the three years ended 31 December 2006.

All the 8 executive directors (including Mr. Hui) are, and have during the three years ended 31 December 2006 been, involved in the Company's business on a full-time basis. All senior managers of the Company are full-time employees of the Group except that 嚴夢英 (Yan Mengying), the managing director of Dah Chong Hong (China) Limited (a wholly-owned subsidiary of the Company), will remain a director of CITIC Pacific China Holdings Limited ("CP China") and 上海中信泰富廣場有限公司 (Shanghai CITIC Square Co., Ltd) ("Shanghai CS") which involve in various real estate projects in the PRC. The time spent by 嚴夢英 (Yan Mengying) on CP China and Shanghai CS are minimal and she will be separately remunerated by CITIC Pacific for these directorships.

嚴夢英 (Yan Mengying) is not a director of the Company. She is an experienced senior management of the Company responsible for the Group's China operations. CP China and Shanghai CS are mainly focused on real estates development in the PRC. The board of CP China comprises 10 directors, and is led by the Chairman of CITIC Pacific. The board of Shanghai CS comprises 6 directors, and is led by a Deputy Managing Director of CITIC Pacific. CP China and Shanghai CS would enlist Ms. Yan's assistance in PRC real estates matters given her established background in the PRC. 嚴夢英 (Yan Mengying) does not have an active or dominant role in CP China's or Shanghai CS's business and her limited involvement in these two companies would not conflict with the business of the Group. A majority of Ms. Yan's management time and focus will be spent with the Company.

Being a group company of CITIC Pacific, the Company has 3 non-executive directors nominated by CITIC Pacific on its board. They are Mr. Chau Chi Yin (executive director of CITIC Pacific), Mr. Kwok Man Leung (Director of Business Development Department of CITIC Pacific) and Ms. Chan Chui Sheung, Stella (Director of Company Secretariat Department of CITIC Pacific). Mr. Hamilton Ho Hau Hay, having been appointed independent non-executive director of CITIC Pacific since 1992 and director of the Company since 1991 when CITIC Pacific acquired the Company, will continue his role as non-executive director of the Company.

The roles of the non-executive directors (other than independent non-executive directors) of the Company are expected to be consultative in matters concerning the Company and CITIC Pacific. The Company may continue to share certain non-essential group administrative functions with CITIC Pacific after the Listing. It is expected that the non-executive directors' roles will become more focused on these areas where CITIC Pacific's involvement may be required.

Each of the Company and CITIC Pacific has its own management and administrative capacity. Except for alignment of group internal control, the Group's company secretarial, internal audit functions and tax compliance matters, which have been shared with CITIC Pacific, will continue to be shared with CITIC Pacific so long as CITIC Pacific holds not less than 30% of the entire issued and fully paid share capital of the Company.

In any event, in case of any issues of conflict being decided by the Board, conflicting Directors such as Mr. Hamilton Ho Hau Hay, Mr. Chau Chi Yin, Mr. Kwok Man Leung, and Ms. Stella Chan Chui Sheung, if any, will, apart from abstaining from voting and not be counted in the quorum, physically leave the relevant Board meeting.

In view of the above and for the reasons set out below, the Directors believe that the Company operates independently of the Retained Group and in the interests of the Shareholders:

(i) The majority of the Board, namely, the 8 executive directors (including Mr. Hui) and 3 independent non-executive directors ("INEDs"), who are independent and not related to any of the businesses of CITIC Pacific, does not have any management position with CITIC Pacific;

(ii) there are sufficient numbers of INEDs to counterbalance any situations of conflict of interest and protect the interests of independent shareholders if such situations arise;

(iii) the non-executive directors of the Company, namely Mr. Hamilton Ho Hau Hay, Mr. Chau Chi Yin, Mr. Kwok Man Leung and Ms. Chan Chui Sheung, Stella, only have minimal involvement in the Company and are not expected to spend any time handling the day-to-day management of the Company; and

(iv) the following corporate governance measures are in place to adequately deal with any potential conflict of interest in respect of conflicting position of overlapping directors and senior management of the Group and the Retained Group, and to safeguard the interests of independent shareholders:

- the conflicting Directors will, apart from abstaining from voting and not be counted in the quorum, physically leave the relevant Board meeting in case of any issues of conflict being decided by the Board;

- the above corporate governance measure has been incorporated in the Articles; and

- specific corporate governance measures put in place in respect of enforcement of the non-competition undertaking given by CITIC Pacific mentioned below.

- **Separate lines of business**

Operations of the Company are independent of and separate from the businesses of the Retained Group.

The Group is principally engaged in motor vehicle sales, motor vehicle-related business and services, sale of food and consumer products, as well as logistics services supported by integrated distribution platform and with a well established base and network in the PRC, Hong Kong and Macao. On the other hand, the Retained Group's business includes manufacturing of special steel, iron ore mining, property development and investment, and infrastructure (such as power generation, aviation, civil infrastructure and communications).

Given the different nature of business between the Group and the Retained Group, after the Listing, the Directors do not expect there to be any overlap or competition of the Retained Group's businesses and the Group's business save as disclosed below.

Without prejudice to the foregoing, CITIC Pacific currently holds non-controlling investment interests in joint ventures established with 沃爾瑪(中國)投資有限公司 Wal-Mart (China) Investment Co., Ltd ("Wal-Mart China"), and may continue to enter into joint ventures with Wal-Mart China in the future (collectively "Wal-Mart JVs"). Wal-Mart China is an Independent Third Party and holds controlling majority stakes in Wal-Mart JVs. As at the Latest Practicable Date, there were 2 Wal-Mart JVs, namely, 沃爾瑪華東百貨有限公司 Wal-Mart East China Stores Co., Ltd and 江蘇沃爾瑪百貨有限公司 Jiangsu Wal-Mart Stores Co., Ltd in each of which CITIC Pacific has a 35% investment interest and Wal-Mart China has a 65% controlling interest. Wal-Mart JVs operate Wal-Mart supercentres in Eastern China, including Shanghai, Jiangsu Province and Zhejiang Province in the PRC. The Wal-Mart supercentres as operated by the Wal-Mart JVs are only one of the many Wal-Mart supercentres in the PRC. As at the Latest Practicable Date, Wal-Mart China currently operates 81 supercentres in the PRC on its own or through joint ventures with corporate partners in the PRC. CITIC Pacific is one of Wal-Mart China's corporate partners in the PRC.

Wal-Mart supercentres are retail outlets providing a wide selection of products at low prices to retail consumers. Each of Wal-Mart JVs' supercentres have a store area of at least 10,000 square metres. They sell a wide range of traditional general merchandise (e.g. apparel, baby products, books, electronics products, foodstuffs, home appliances and housewares, flowers, CDs, pets, toys etc.). CITIC Pacific does not have management control over Wal-Mart JVs and the majority of the board of directors of Wal-Mart JVs are appointed by Wal-Mart China. Wal-Mart China has the right to appoint 6 directors and CITIC Pacific has the right to appoint 3 directors in the Wal-Mart JVs.

Wal-Mart JVs currently have 10 Wal-Mart supercenters in Eastern China. Being in the trade of food and consumer products, some of the merchandise and goods offered by Wal-Mart JVs and the Group may be of a similar nature, e.g. frozen meat, rice, edible oil and Chinese foodstuffs, certain electrical appliances and audio and video equipment, cosmetics and skin care products. However, for the reasons set out below, the business of Wal-Mart JVs and the business of the Group are clearly delineated and the Company does not regard Wal-Mart JVs and the Company as directly competing with, or relying on, each other:

- ***Different business strategies & models***: Each of Wal-Mart China and the Company pursues very different business strategies in the PRC. Wal-Mart JVs currently have 10 Wal-Mart supercenters in Eastern China, where direct sales to retail consumers took place, and is a small part of a larger retail chain (currently with 81 supercenters) all managed by Wal-Mart China which focuses on mass-market retailing business. The Company has no retail operations in the PRC but only has wholesale business regarding the food and consumer products, except for certain cosmetics and skin-care products under Shiseido group, and the Company can only retail these products in Guangdong province, PRC. Wal-Mart JVs have no operations in Guangdong province, PRC.

- ***Different geographical location of operations***: Wal-Mart JVs' 10 supercenters are located at Shanghai, Jiangsu Province and Zhejiang Province in the PRC. The Company has no retail operations in these cities insofar as food and commodity products are concerned.

- ***Independent management***: The day-to-day management of Wal-Mart JVs is managed by Wal-Mart China. The Company's day-to-day management is managed by its executive directors and senior managers; none of them has any role or position in Wal-Mart JVs. Other than Mr. Kwok Man Leung who is an non-executive director of the Company and a director of Wal-Mart JVs, the Group and the Wal-Mart JVs do not have common directors and senior management.

- ***Independent operations***: Wal-Mart JVs and the Company operate independently. The purchase functions of all Wal-Mart supercenters in the PRC, including those under Wal-Mart JVs, are managed by Wal-Mart China. The Company does not have long term supply contracts with Wal-Mart China. During the three years ended 31 December 2006, Wal-Mart China was not one of the top 10 customers of the Company and there is no reason why the Company cannot continue to carry on its business independently from and at arm's length basis with Wal-Mart JVs.

As mass-market retailer, Wal-Mart JVs' customers are direct retail customers in the PRC. As a wholesale supplier in the PRC, the Company does not directly compete with Wal-Mart JVs in the retail business. Retailers, like Wal-Mart JVs or its competitors, are more in a position as customers to the Company than as competitors. The Company supplies merchandises and goods to these retailers, who in turn sell them to retail customers. The sales channels and customer bases of Wal-Mart JVs and the Company are different. As such and for the reasons set out above, the Company and Wal-Mart JVs are not in direct competition with each other. On the contrary, the Directors consider that the increase in business of retailers like Wal-Mart JVs would complement rather than prejudice the Company's wholesale business in the PRC.

Notwithstanding the aforesaid, in view of the overlapping of certain merchandises and goods as mentioned above, there is still the possibility that the same customers may make purchases with the Company and Wal-Mart JVs for the same items thus creating competition between with the Company and Wal-Mart JVs. As the purchase functions of all Wal-Mart supercenters in the PRC, including those under Wal-Mart JVs, are managed by Wal-Mart China, there is no information available to ascertain the actual amount of such competition. However, as an indication of the comparative significance of such competition to the Group's business, for each of the three years ended 31 December 2006 and the six months ended 30 June 2007, the amount of overlapping merchandises and goods supplied by the Company to Wal-Mart China represented less than 0.5% of the Company's total turnover. Wal-Mart China sources supplies for all supercenters in the PRC (currently 81) including the 10 supercenters under Wal-Mart JVs. For the year ended 31 December 2006, the amount of all merchandises and goods sold by Wal-Mart JVs were expected to represent less than 20% of the Group's food and consumer products operations. Furthermore, the merchandises and goods on offer both by Wal-Mart JVs and the Company, represented only a small part of the wide ranging products sold by Wal-Mart JVs. Based on the above, the Directors are of the view that the turnover of and the said competition in only a few categories of overlapping merchandises and goods as mentioned herein would not have any material adverse impact on the Company's business as a whole.

Neither CITIC Pacific nor the Directors envisage that CITIC Pacific will be able to create, via its investment interests in Wal-Mart JVs, any threat to the business operation of the Company nor any direct competition against the Company.

The disposal of interest in Wal-Mart JVs by CITIC Pacific would trigger the first right of refusal by the joint venture partner, which renders any such proposed disposal not commercially practicable. Furthermore, the Company does not consider the business of the Wal-Mart JVs as a whole fit into the operations of the Company at the present stage. As such, CITIC Pacific does not intend to include its investment interests in Wal-Mart JVs in the Group or to otherwise enable the exercise of such first right of refusal.

In accordance with the Listing Rules, if such intention changes, the Company will disclose such information by way of an announcement once it becomes aware of such change.

CITIC Pacific may or may not consider injecting the passive investment in the Wal-Mart JVs in the Company in the future, subject to Wal-Mart China's first right of refusal. It would be a commercial decision for CITIC Pacific, taking into account all the circumstances from time to time. Such injection may or may not take place. The Company understands from CITIC Pacific that there is no particular pre-set circumstances under which CITIC Pacific will or will not inject such interest in the Company. The Company also considers that it is immature at this stage to pre-set any criteria under which it should consider such an offer from CITIC Pacific, without limiting its flexibility to reject such offer.

Any such injection, if proposed, will be subject to arm's length negotiation between CITIC Pacific and the Company. For so long as CITIC Pacific remains a substantial shareholder of the Company, if an offer is made by CITIC Pacific in the future to inject its interest in the Wal-Mart JVs in the Company, the independent non-executive directors will be invited to consider and decide on, without attendance of the non-executive directors nominated by CITIC Pacific or other executive directors (except as invited by the independent non-executive directors to assist them), whether to accept such offer. Any such offer, if accepted, will also be required to comply with Chapter 14A of the Listing Rules including, where applicable, the announcement, reporting and independent shareholders' approval requirements of those rules.

It is CITIC Pacific's stated strategy to pursue development of its core businesses, which it actively manages to leverage off its expertise, such as special steel manufacturing, iron ore mining, property development and investment, and power generation. CITIC Pacific intends to hold its remaining interest in the Company after the Listing as a long term investment.

- **Non-competition undertaking**

CITIC Pacific has executed a non-competition undertaking in favour of the Company to the effect that at any time during which the Shares are listed on the Stock Exchange and for so long as CITIC Pacific and its associates together hold, whether individually or taken together, 30% (or such other amount as may from time to time be specified in the Hong Kong Codes on Takeovers and Mergers) or more in the issued share capital of the Company or are otherwise regarded as a controlling shareholder of the Company under the Listing Rules, (i) CITIC Pacific will not engage, and will procure the Retained Group (excluding CITIC 1616 Holdings Limited and its respective subsidiaries) not to engage, on its own account or with each other or in conjunction with or on behalf of any person, firm or company, carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder (other than being a director or a shareholder of the Company, CITIC 1616 Holdings Limited and their respective subsidiaries), partner, agent or otherwise, in the trading and distribution of motor vehicles, food commodities, FMCG and consumer products and provision of logistics services as now engaged in by the Company and disclosed in this Prospectus, or in any other business that may compete, directly or indirectly, with such business ("Restricted Activity"); and (ii) in the event that any opportunity is made available to CITIC Pacific to invest in any Independent Third Party business which is engaged in the Restricted Activity (an "Investment Opportunity"), CITIC Pacific will use its best efforts to procure that such Investment Opportunity is offered to the Group and the Group shall have a right of first refusal in respect of such Investment Opportunity.

The restrictions which CITIC Pacific agreed to undertake as mentioned above do not apply to the following:

(a) Restricted Activity conducted by Wal-Mart JVs, being joint ventures between CITIC Pacific and Wal-Mart China from time to time where members of the CITIC Pacific Group do not have management control and the right to appoint the majority of the board of directors; or

(b) CITIC Pacific or its associates holding or being interested in shares or other securities in any company which conducts or is engaged in any Restricted Activity (a "Subject Company"); provided that (i) such shares or securities are listed on a recognised stock exchange and (ii) the aggregate equity interest or number of shares held by CITIC Pacific and its associates do not exceed 10% of the issued capital or issued shares of the Subject Company, and (iii) CITIC Pacific and its associates do not have board or management control of the Subject Company.

- **Corporate governance measures regarding potential conflict of interest with the Retained Group**

The Company is committed to the view that the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive directors) so that there is a strong element on the Board which can effectively exercise independent judgment. The Company is also committed to the view that the independent non-executive directors of the Company should be of sufficient caliber and number for their views to carry weight.

CITIC Pacific has also undertaken to provide an annual confirmation to the Company confirming that it has not breached the terms of the non-compete undertaking (including without limitation that it has offered any Investment Opportunity to the Company as and when required under the non-competition undertaking), and to provide all information necessary for the annual review by the independent non-executive directors on the enforcement of the non-competition undertaking.

In addition to the non-competition undertaking, the following measures will be adopted by the Company in respect of the enforceability of the non-compete undertaking:

- the independent non-executive directors of the Company will review, on an annual basis, the Retained Group's compliance with the non-compete undertaking provided by the controlling shareholder on its existing or future competing businesses;

- the Company will disclose decisions on matters reviewed by the independent non-executive directors relating to the enforcement of the non-compete undertaking (if any) in its annual report or, where the Board considers it appropriate, by way of an announcement;

- the controlling shareholder will make an annual confirmation as to compliance with the non-compete undertaking in the annual report of the Company. Disclosure on how the non-competition undertaking was complied with and enforced as is consistent with the principles of making voluntary disclosures in the Corporate Governance Report;

- the Company will invite the independent non-executive directors of the Company ("INEDs") to decide, without attendance by the non-executive directors nominated by CITIC Pacific or any other executive directors (except as invited by the INEDs to assist them), whether or not to take up a new Investment Opportunity referred to the Company under the terms of the non-competition undertaking; and

- the INEDs may engage an independent financial adviser at the expenses of the Company as they consider necessary to advise them on the terms of any such new Investment Opportunity.

Further, any transaction that is proposed between the Group and the Retained Group will be required to comply with the then requirements of the Listing Rules, including, where applicable, the announcement, reporting and independent shareholders' approval requirements.

- **Independent operations**

Although the Company rented certain premises from the Retained Group (details of these connected transactions are set out in the section headed "Connected transactions"), the Company does not share offices premises or facilities with the Retained Group. In fact, these premises can easily be replaced by other comparable alternative premises with comparable rentals and without any material disruption to the operations of the Group. In addition, the Company has its own sources of supplies, customer base and sales and distribution channels. Such sources of supplies, customer base and sales and distribution channels are independent of the Retained Group. The Group has its own sales team separate from CITIC Pacific and negotiates sales contracts with its customers independently from CITIC Pacific.

Please see "Business — Properties" of this Prospectus for further information of the Company's leased premises.

- **Independent financial viability**

  All amounts that the Retained Group owes to the Group and all amounts that the Group owes to the Retained Group (in both cases, other than accounts receivables incurred in the ordinary course of business) will be settled prior to Listing. The Directors believe that the Group has the ability to support its own operations following the Listing and to obtain its own external financial resources, without CITIC Pacific's support or assistance.

  The Group has its own group finance department which is responsible for discharging the treasury, accounting, reporting, group credit and internal control functions for the Group. The group finance department comprises about 50 direct reporting staff at holding company level and more than 150 staff at various business unit level.

  Mr. Chan Kin Man, Andrew oversees the operation of the group finance department.

- **Independent administrative capability**

  For the purpose of aligning implementation of group corporate governance policy, the Company will continue to share certain administrative services, namely, company secretarial services, internal audit services and tax compliance services with CITIC Pacific. Apart from CITIC Pacific, such administrative services can also be provided by other Independent Third Party suppliers with comparable pricing. All the other essential and substantive administrative functions which relate to the operation of the Group's business including general administration, human resources, information technology, finance, legal and compliance will be handled by the Group.

In view of the matters set out above, the Group will be administratively independent of the Retained Group, and is capable of carrying on its business independently of its controlling shareholder and its associates after listing.

NON-COMPETE UNDERTAKINGS

Each Director (except the independent non-executive Directors) has undertaken in favour of the Company to the effect that, save for those interests as disclosed in this Prospectus (please refer to the disclosure in this section above, the section headed "Directors, senior management, staff and Compliance Adviser" and the paragraph headed "Disclosure under Rule 8.10(2) of the Listing Rules" in Appendix VI to this Prospectus) or interest in any company which a Director together with any of his associates own less than 5%, at any time during which he is a Director, he will not engage, and will procure its associates not to engage, on its own account or with each other or in conjunction with or on behalf of any person, firm or company, carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder (other than being a director or a shareholder of the Group or its associated companies), partner, agent or otherwise, in the provisions of (i) motor vehicle distribution and dealership; (ii) trading and distribution of food and consumer products; and (iii) logistics business, or in any other business that may compete, directly or indirectly, with such business.

A. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group has entered into the following continuing connected transactions, each of which constitutes a non-exempt continuing connected transaction which is subject to the reporting and announcement requirements only under Chapter 14A of the Listing Rules:

- Long-term GSE maintenance services and vehicle repair services provided by Dah Chong Hong — Dragonair Airport GSE Service Limited ("DAS") to Hong Kong Airport Services Limited ("HAS") at the Hong Kong International Airport

- Outsourcing of GSE services by DAS to DAS Aviation Support Limited ("DSL")

- Long-term maintenance services on ULD by DAS Nordisk Limited ("DAS Nordisk") to Cathay Pacific Airways Limited ("CX")

- Outsourcing of ULD maintenance services by DAS Nordisk to DAS

- Purchases of ULD spare parts from Nordisk Asia Pacific Ltd. by DAS Nordisk

- Leasing of premises for operations of the Group

1. Long-term airport GSE maintenance services and vehicle repair services provided by DAS to HAS at the Hong Kong International Airport

DAS, a joint venture company held as to 70% by Dah Chong Hong (Motor Service Centre) Limited ("MSC") (a wholly-owned subsidiary of the Company) and 30% by Hong Kong Dragon Airlines Ltd. ("KA"), is one of the service providers in the field of airport GSE management and aviation support for the Hong Kong International Airport. As KA is a substantial shareholder of two of the Company's subsidiaries (i.e. DAS and DSL), KA and its holding company CX, are connected persons of the Company.

From time to time, DAS has been providing GSE maintenance services to HAS. HAS, being a wholly-owned subsidiary of CX (the holding company of KA), is a connected person of the Company.

General Terms

By an agreement for GSE maintenance and repair entered into between HAS and DAS dated 17 July 1998, DAS, being one of the franchisees granted by the Hong Kong Airport Authority to provide GSE repair and maintenance services at the Hong Kong International Airport until 2013, agreed in its franchise period to provide the GSE repair and maintenance service to HAS' fleet of GSE in the airport in accordance with HAS' service standards, which in the aviation industry are very high, in particular where aviation safety is concerned, and to ensure HAS' fleet of GSE is in good operational conditions throughout the years. This forms the basis of an operational agreement between the two parties which is to be entered into annually after negotiation of the labour rate and the number of GSE in the HAS' fleet for a one-year term. HAS may terminate this agreement by giving a 3 months' written notice to DAS. The term of this agreement has been agreed as part of the overall arrangement and was determined, according to market practice for the aviation support services industry.

As standards for GSE in the aviation industry are extremely high, in particular where aviation safety standards and requirements are concerned, a long term relationship is conducive to securing a consistent level of high standards in these services through mutual cooperation and accumulation of experiences. As such, both DAS and HAS expect partnerships to be of a long duration so as to ensure that the GSE are reliable and have a steady performance. Indeed, the Group considers that the term of this agreement is advantageous to the Group so as to secure a long and stable relationship with HAS, one of the key customers in the competitive aviation support services industry. The Company will re-comply with all applicable requirements under Chapter 14A of the Listing Rules upon the expiry of the three-year period ending 31 December 2009.

Reason for the transaction

HAS is one of DAS's customers in their ordinary course of business who is willing to offer competitive market price for the maintenance services rendered.

Pricing principles and annual caps

The total amount of maintenance fees payable by HAS to DAS under the agreement for the three years ended 31 December 2004, 2005 and 2006 were approximately HK$17.9 million, HK$17.4 million and HK$18.1 million, respectively. The pricing for such maintenance and repair services were determined with reference to the relevant maintenance costs associated with the relevant type/model of GSE, actual engine hours and mileage consumed in respect of GSE concerned. There may be annual price adjustment which will be mutually agreed between the parties.

The amount of maintenance fees payable by HAS to DAS are fair and reasonable at market price in similar businesses and is expected to be subject to an annual cap of HK$21.3 million, HK$23.4 million and HK$25.8 million respectively for each of the three years ending 31 December 2009.

The above annual caps, being the expected maximum annual transaction amount, have been determined on the basis of estimated volume of services required by HAS with reference to historical transaction value with DAS at market prices and the estimated potential passenger and cargo volume growth of not more than 10% by the Hong Kong Airport Authority. These transactions are exempted from the independent shareholders' approval requirements pursuant to Rule 14A.34(1) of the Listing Rules.

2. Outsourcing of GSE services by DAS to DSL

DSL, a joint venture company held as to 70% by MSC and 30% by KA, is engaged in providing parts/equipments for the GSE management and aviation support services.

From time to time, DAS is expected to outsource part of its GSE services (as mentioned in item A1 above) to DSL where DSL will provide the relevant parts required for the GSE concerned. Apart from DSL, DAS can outsource the GSE services to other Independent Third Party suppliers with similar terms and conditions. The Company has not excluded any alternative source of supply from Independent Third Party suppliers and if a more favourable offer is offered by any Independent Third Party suppliers, the Company will consider outsourcing the GSE services to such persons.

KA is a substantial shareholder of DSL and another subsidiary of the Company (i.e. DAS), and therefore is a connected person of the Company. DSL is also owned as to 30% by KA and therefore is an associate of the Company's connected person. As such, transactions between DAS and DSL are connected transactions of the Company.

General terms

On 28 September 2007, DSL entered into an outsourcing master agreement on GSE services with DAS, whereby DAS may from time to time outsource part of the GSE maintenance services and vehicle repair services to DSL.

Term

The term of the agreement is for three years commencing from 1 January 2007 and ending on 31 December 2009.

Reason for the transaction

DSL supplies the necessary parts/equipments for GSE in the aviation support services business on competitive market terms, which DAS would purchase regardless of their connections.

Pricing principles and annual caps

The total amount of outsourcing fees payable by DAS to DSL for the three years ended 31 December 2004, 2005 and 2006 were approximately HK$9.0 million, HK$11.0 million and HK$24.0 million respectively. The pricing for the outsourcing fees were determined at the relevant costs associated with the frequency and amount of usage of, and the parts/equipments required for, the relevant GSE concerned. The increase in the amount in 2006 as compared with that paid in 2005 was attributed to the fact that the Group had purchased a few large-scale new equipments for trading purpose.

The amount of outsourcing fees payable by DAS to DSL are fair and reasonable at market price in similar businesses and is expected to be subject to an annual cap of HK$29.8 million, HK$31.6 million and HK$33.6 million respectively for the three years ending 31 December 2009.

The above annual caps, being the expected maximum annual transaction amount, have been determined on the basis of estimated volume of services required by DAS with reference to historical transaction value with DSL at market price and the estimated potential passenger and cargo volume growth of not more than 10% by the Hong Kong Airport Authority. These transactions are exempted from the independent shareholders' approval requirements pursuant to Rule 14A.34(1) of the Listing Rules.

3. Long-term maintenance services on ULD by DAS Nordisk to CX

DAS Nordisk, a joint venture company held as to 70% by DSL (a 70%-owned subsidiary of MSC) and 30% by Nordisk Asia Pacific Pte. Ltd. ("**NAP**"), provides rental, repair and assembly services for aircraft unit load devices, repair services for meal carts and cargo loading systems.

As CX is the holding company of KA (the substantial shareholder of two 70%-owned subsidiaries of the Company (i.e. DAS and DSL)), CX is a connected person of the Company.

General terms

Pursuant to two contracts for ULD maintenance and repair entered into between DAS Nordisk and CX, and dated 1 July 2002 (with a term expired on 30 June 2005) and 1 July 2005 (with a term expiring on 30 June 2008) respectively, DAS Nordisk agreed to carry out maintenance and repair services on CX's ULD equipment at a service fee payable to DAS Nordisk.

Reason for the transaction

CX is one of DAS Nordisk's customers in their ordinary course of business who is willing to offer competitive market price for the services rendered by DAS Nordisk.

Pricing principles and annual caps

The total amount of maintenance fees payable by CX to DAS Nordisk under the contracts for the three years ended 31 December 2004, 2005 and 2006 were approximately HK$19.1 million, HK$18.8 million and HK$19.0 million, respectively. The pricing for such maintenance services was determined with reference to the relevant costs associated with the estimated maintenance hours and the frequency of visit of the relevant type of ULD.

As a term of the contracts, different types of maintenance services are chargeable at a different rate. The amount of maintenance fees payable by CX to DAS Nordisk are fair and reasonable at market price and in any event is expected to be subject to an annual cap of HK$21.5 million and HK$24.7 million respectively for the two years ending 31 December 2008.

The above annual caps, being the expected maximum annual transaction amount, have been determined on the basis of estimated volume of services rendered by DAS Nordisk with reference to historical transaction value with CX at market price and the estimated potential cargo growth of not more than 10% by the Hong Kong Airport Authority. These transactions are exempted from the independent shareholders' approval requirements pursuant to Rule 14A.34(1) of the Listing Rules.

4. Outsourcing of ULD maintenance services by DAS Nordisk to DAS

DAS Nordisk is a joint venture company held as to 70% by DSL (a 70%-owned subsidiary of MSC) and 30% by NAP. KA is a substantial shareholder of DSL and another subsidiary of the Company (i.e. DAS), and therefore is a connected person of the Company. As DSL is owned as to 30% by KA, it is an associate of the Company's connected person. As such, transactions between DAS and DSL (including its 70%-owned subsidiary, DAS Nordisk) are connected transactions of the Company.

General terms

On 28 September 2007, DAS entered into an outsourcing master agreement with DAS Nordisk, whereby DAS Nordisk may from time to time outsource part of its maintenance services on ULD to DAS. DAS is one of the only two ULD maintenance service providers with appropriate airworthiness approvals in Hong Kong. The other service provider is the competitor to DAS.

Term

The term of the outsourcing master agreement is for three years commencing from 1 January 2007 and ending on 31 December 2009.

Reason for the transaction

DAS is one of the only two ULD repairers and who possess the appropriate airworthiness approvals at the Hong Kong International Airport.

Pricing principles and annual caps

The total amount of outsourcing fees payable by DAS Nordisk to DAS for the three years ended 31 December 2004, 2005 and 2006 were approximately HK$18.0 million, HK$20.0 million and HK$21.0 million, respectively. The pricing for such maintenance services was determined with reference to labour time and the volume of services as estimated with reference to previous years' levels.

The amount of outsourcing fees payable by DAS Nordisk to DAS are fair and reasonable at market price in similar businesses and is expected to be subject to an annual cap of HK$23.1 million, HK$25.4 million and HK$27.9 million respectively for the three years ending 31 December 2009.

The above annual caps, being the expected maximum annual transaction amount, have been determined on the basis of estimated volume of services required by DAS Nordisk with reference to historical transaction value with DAS at market price and the estimated potential cargo growth of not more than 10% by the Hong Kong Airport Authority. These transactions are exempted from the independent shareholders' approval requirements pursuant to Rule 14A.34(1) of the Listing Rules.

5. Purchases of ULD spare parts from Nordisk Asia Pacific Ltd. by DAS Nordisk

DAS Nordisk is a joint venture company held as to 70% by DSL (a 70%-owned subsidiary of the Company) and 30% by NAP. Nordisk Asia Pacific Ltd. is a fellow subsidiary of NAP (which is the substantial shareholder of DAS Nordisk), and therefore a connected person of the Company.

General terms

On 24 September 2007, Nordisk Asia Pacific Ltd. entered into a sale and purchase master agreement with DAS Nordisk, whereby DAS Nordisk may, from time to time purchase ULD spare parts from Nordisk Asia Pacific Ltd. As the ULD is manufactured by the Nordisk group, the purchases of the ULD spare parts could only be made from the manufacturer, i.e. the Nordisk group.

Term

The term of the sale and purchase agreement is for three years commencing from 1 January 2007 and ending on 31 December 2009.

Reason for the transaction

Nordisk Asia Pacific Ltd. provided the relevant ULD spare parts necessary for DAS Nordisk's business in ULD maintenance services at competitive market rates.

Pricing principles and annual caps

For the previous three years, DAS Nordisk has been purchasing ULD spare parts from Nordisk Aviation Products a.s., the holding company of Nordisk Asia Pacific Ltd. The total amount of payment payable by DAS Nordisk to Nordisk Aviation Products a.s. for the three years ended 31 December 2004, 2005 and 2006 were approximately HK$3.9 million, HK$4.5 million and HK$5.4 million respectively. The pricing for these purchases was determined by the market price for the relevant ULD spare parts offered to Independent Third Party purchasers, generally in the open market in Hong Kong.

From September, 2007, DAS Nordisk will purchase ULD spare parts from Nordisk Asia Pacific Ltd., a wholly-owned subsidiary of Nordisk Aviation Products a.s., incorporated in Hong Kong. The amount payable by DAS Nordisk to Nordisk Asia Pacific Ltd. (including the amount paid to Nordisk Aviation Products a.s in 2007) are fair and reasonable at market price in similar businesses and is expected to be subject to an annual cap of HK$6.0 million, HK$6.3 million and HK$6.5 million respectively for the three years ending 31 December 2009. The annual caps have been determined with reference to the market price in similar businesses. These transactions are exempted from the independent shareholders' approval requirements pursuant to Rule 14A.34(1) of the Listing Rules.

6. Leasing of premises for operations of the Group

General terms

The Group has entered into the following tenancy agreements ("Tenancy Agreements") with the respective landlords (all being wholly-owned subsidiaries of CITIC Pacific) for leasing the premises necessary for the operations of its business in Hong Kong and the PRC:

Landlord	Location	Current monthly rental payable to the landlord	Commencement date	Expiry date
Neostar Investment Limited	5/F, 7/F–12/F, 15/F and 16/F, Broadway Centre, 93 Kwai Fuk Road, Kwai Chung, New Territories, Hong Kong	HK$674,820.00	1 January 2006	31 December 2008, with an option to renew for a further term of 3 years*
Glenridge Company Limited	Block C of Yee Lim Industrial Centre, Nos. 2–6 Kwai Hei Street, Nos. 2–28 Kwai Lok Street, Kwai Chung, New Territories, Hong Kong	HK$864,526.50	1 January 2006	31 December 2008, with an option to renew for a further term of 3 years*
Hamborex Company Limited	Factory Unit A (also known as Factory Unit 1), G/F (including loading and unloading platform) and Car Parking Space No. 112 on G/F of Tsuen Wan Industrial Centre, 220–248 Texaco Road, Tsuen Wan, New Territories, Hong Kong	HK$203,968.00	1 January 2006	31 December 2008, with an option to renew for a further term of 3 years

Landlord	Location	Current monthly rental payable to the landlord	Commencement date	Expiry date
Tendo Limited	G/F, Portion of 1/F, Unit 1A on 1/F, 2/F, 3/F, 6/F, 7/F and 8/F of No. 111 Lee Nam Road, Ap Lei Chau, Hong Kong	HK$861,572.10	1 January 2006	31 December 2008, with an option to renew for a further term of 3 years*
Tendo Limited	Unit 1B on 1/F of No. 111 Lee Nam Road, Ap Lei Chau, Hong Kong	HK$22,061.85	1 April 2006	31 December 2008, with an option to renew for a further term of 3 years*
Borgia Limited	DCH Building, No. 20 Kai Cheung Road, Kowloon, Hong Kong	HK$4,902,959.50	1 January 2006	31 December 2008, with an option to renew for a further term of 3 years*
上海中信泰富廣場有限公司 (Shanghai CITIC Square Co., Ltd.)	Unit 801–12, 8th Floor, CITIC Square, 1168 Nanjing West Road, Shanghai, PRC	US$35,898.12	1 July 2006	30 June 2009, with an option to renew for a further term of 3 years

* For these properties, the landlord has the right to terminate with 6 – 12 months' advance notice for redevelopment purpose.

The respective landlords are the registered owners of the above leased premises and the Tenancy Agreements are legally binding, enforceable and are registered.

The following property is subject to an oral tenancy (the "Oral Tenancy") between Cranejoy Limited (a wholly-owned subsidiary of CITIC Pacific) and the Group:

Landlord	Location	Current monthly rental payable to the landlord
Cranejoy Limited	Yuen Long Town Lot No. 508 New Territories, Hong Kong	HK$312,973.20

The Company understands that there was a recent land exchange between the landlord and the Hong Kong Government in respect of the above property. Under the Special Conditions to the Conditions of Exchange (New Grant Number 20394) dated 22 June 2007, the landlord has acknowledged the existence of the Oral Tenancy in respect of the old lot number and it is specifically stated therein that no written tenancy agreement in respect of the new lot number can be entered into by the landlord. By a surrender agreement dated 31 August 2007 entered into between the landlord and Dah Chong Hong, Dah Chong Hong will surrender the Oral Tenancy on or before 29 February 2008. The Company is in the process of relocating its existing business operation to new premises, also located in Yuen Long, at a comparable monthly rental. The relocation costs are approximately HK$5,000,000 and the Company expects that the relocation exercise will complete on or before 29 February 2008.

Reason for the transaction

The Group has been operating in these premises in the past, and in view of administrative convenience will continue to do so provided the rentals are comparable to the market rates and are fair and reasonable.

Pricing principles and annual caps

The aggregate rentals paid by the Group to CITIC Pacific Group in each of the three years ended 31 December 2004, 2005 and 2006 were approximately HK$88.0 million, HK$95.0 million and HK$98.0 million, respectively.

According to the Tenancy Agreements and the Oral Tenancy, the aggregate rentals to be paid by the Group for each of the two years ending 31 December 2008 are expected not to exceed HK$98.0 million. The independent valuer, Knight Frank Petty Limited has confirmed that such rental charge is in line with the market rent.

Knight Frank Petty Limited has reviewed the Tenancy Agreements and the Oral Tenancy and confirmed that the rentals reflect the prevailing market rates.

These transactions are exempted from the independent shareholders' approval requirements pursuant to Rule 14A.34(1) of the Listing Rules.

7. Application for waiver for non-exempt continuing connected transactions

The Directors (including the independent non-executive Directors), having (i) reviewed the relevant documentation, underlying agreements, and historical figures provided by the Company; and (ii) considered the pricing principles and annual caps, reason for the transaction and the confirmations from the property valuer, are of the view that:

(i) the above continuing connected transactions have been entered into in the ordinary and usual course of business of the Group either (a) on normal commercial terms, being terms which a party could obtain if the transaction were on an arm's length basis; or (b) on terms that are no less favourable to the Group than terms available to or from Independent Third Parties; or (c) on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole; and

(ii) the annual caps set for the above continuing connected transactions are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Under the Listing Rules, such transactions will, following the Listing, constitute non-exempt continuing connected transactions of the Company and will be subject to the disclosure requirements provided for in the Listing Rules.

The Company has, pursuant to Rule 14A.42(3) of the Listing Rules, applied to the Stock Exchange for a waiver from strict compliance from the following upon the Listing the announcement requirements under Rule 14A.34 of the Listing Rules, for items A1 to A6 above.

The Stock Exchange has indicated that a wavier would be granted from strict compliance with the applicable requirements under the Listing Rules as mentioned above and the Company should comply with the annual review requirements and the reporting requirements under Rules 14A.37 to 14A.41 and Rules 14A.45 to 14A.46 of the Listing Rules, subject to the respective annual caps for each of the continuing connected transactions set out above.

B. EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Company also expects to enter into the following continuing connected transactions which are exempt from reporting, disclosure and independent shareholders approval requirements under Chapter 14A of the Listing Rules:

- On demand GSE maintenance services and vehicle repair services provided by DAS to connected persons
- Payment of management fees to MSC by DAS
- Payment of management fees to MSC by DSL
- Payment of management fee to DSL by DAS Nordisk
- On demand maintenance services on ULD by DAS Nordisk to connected persons
- On demand purchases of ULD pallets from connected persons
- Leasing of ULD pallets from DAS Nordisk to CX
- Payment of commission fee to Nordisk Asia Pacific Ltd. by DAS Nordisk
- Sharing of administrative services with CITIC Pacific
- Purchases of motor vehicles from the Group by connected persons
- Payment of tunnel passage fees to connected persons
- Supply of food products and edible oils to Cathay Pacific Catering Services (HK) Limited
- On demand provision of vehicle maintenance service to connected persons
- Provision of motor leasing services to connected persons
- On demand engineering services by Dah Chong Hong (Engineering) Limited to the Group
- Licensing the CITIC Pacific trademark from CITIC Pacific
- Leasing of storage space by CITIC Pacific

1. On demand GSE maintenance services and vehicle repair services provided by DAS to connected persons

(i) KA and/or its associates

DAS, a 70%-owned subsidiary of the Company, entered into two maintenance agreements with KA on 1 November 2004 (with a term expired on 31 October 2005) and 8 November 2005 (which will expire in around November 2007) respectively for the provision of GSE maintenance services. As KA is the substantial shareholder of DSL, a 70%-owned subsidiary of the Company, KA and its associates are connected persons of the Company.

From time to time, DAS is also expected to provide GSE maintenance services to (a) CX (the holding company of KA); (b) Cathay Pacific Catering Services (HK) Ltd. (a wholly-owned subsidiary of CX); (c) HAS GSE Solutions Ltd. (a 30% associate of KA); (d) AHK Air Hong Kong Ltd. (a 60%-owned subsidiary of CX); and (e) HK International Airport Service Ltd. (a wholly-owned subsidiary of KA).

The annual maintenance fees payable by each of these persons to DAS shall be less than HK$5,000,000 and on terms no less favourable than those offered by DAS to Independent Third Parties. The annual maintenance fees paid by each of these persons in each of the three years ended 31 December 2006 were approximately (a) HK$21,000, HK$102,000 and HK$67,000, respectively for CX; (b) HK$797,000, HK$854,000 and HK$1,996,000, respectively for Cathay Pacific Catering Services (HK) Ltd.; (c) HK$305,000, HK$61,000 and HK$141,000, respectively for HAS GSE Solutions Ltd.; (d) HK$6,000, HK$4,000 and HK$5,000, respectively for AHK Air Hong Kong Ltd.; (e) HK$216,000, HK$177,000 and HK$256,000, respectively for HK International Airport Service Ltd. and (f) HK$109,000, HK$122,000 and HK$125,000 respectively for KA. The maintenance fees payable by each of these persons to DAS are calculated based on the scope of services, the labour costs and time required to carry out the relevant services. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

(ii) Hong Kong Air Cargo Terminals Ltd. ("HACTL") (an associate of CITIC Pacific)

As HACTL is a company which is held as to 30% by a company in which CITIC Pacific has a 33.33% interest, HACTL is therefore an associate of CITIC Pacific.

Pursuant to three contracts entered into between HACTL and DAS dated 31 October 2005 (with a term which expired on 31 October 2006), 28 November 2006 (which will expire in around November 2007) and 16 March 2007 (with a term expiring on 6 December 2007) respectively, DAS agreed to provide certain GSE maintenance services to HACTL. The total annual maintenance fees payable by HACTL to DAS shall be less than HK$5,000,000 and on terms no less favourable than those offered by DAS to Independent Third Parties. The maintenance fees payable by HACTL to DAS are calculated based on the scope of services, the labour costs and time required to carry out the relevant services. The annual maintenance fees paid in each of the three years ended 31 December 2006 were approximately HK$545,000, HK$1,477,000 and HK$1,396,000 respectively. This transaction is exempt pursuant to Rule 14A.33(3) of the Listing Rules.

2. Payment of management fees to MSC by DAS

MSC, a wholly-owned subsidiary of the Company entered into a shareholders agreement with KA on 5 February 1997, whereby the parties set up a joint venture company known as DAS for granting of a franchise by the Hong Kong Airport Authority to provide maintenance service for GSE at the Hong Kong International Airport for civil aviation. KA is a substantial shareholder of DAS and another subsidiary of the Company (i.e. DSL), and therefore is a connected person of the Company. DAS is also owned as to 30% by KA and therefore is an associate of the Company's connected person. As such, transactions between MSC and DAS are connected transactions of the Company.

Pursuant to the said shareholders agreement, MSC and DAS entered into a management agreement on the same date, whereby MSC will provide certain management services, including and without limitation to administrative, marketing, accounting support services, training services and facilities to DAS, provided that a management fee is payable to MSC. This management agreement will expire upon expiry of the term of the franchise agreement between DAS and the Hong Kong Airport Authority. It may also be terminated unanimously by both parties.

The total annual management fee payable by DAS to MSC shall be less than HK$5,000,000 and on terms no less favourable than those offered to DAS by Independent Third Parties. The charges payable by DAS to MSC are calculated based on the type and level of the services provided (e.g. performing routine personnel services, consulting services) and taking into account the amount of time required for providing such services. The annual management fee paid by DAS in each of the three years ended 31 December 2006 was approximately HK$276,000, HK$428,000 and HK$769,000 respectively. This transaction is exempt pursuant to Rule 14A.33(3) of the Listing Rules.

3. Payment of management fees to MSC by DSL

MSC, a wholly-owned subsidiary of the Company, entered into a shareholders agreement with KA on 1 August 2000, whereby the parties set up DSL in order to exploit through DSL's 70%-owned subsidiary, DAS Nordisk, the business of repair, rental and assembly of and sale of spare parts of the ULD and related air cargo equipment and the provision of other services to the aviation industry. KA is a substantial shareholder of DSL and another subsidiary of the Company (i.e. DAS), and therefore is a connected person of the Company. DSL is also owned as to 30% by KA and therefore is an associate of the Company's connected person. As such, transactions between MSC and DSL are connected transactions of the Company.

Pursuant to the said shareholders agreement, MSC and DSL entered into a management agreement on the same date, whereby MSC will provide certain management services, including and without limitation to administrative, marketing, accounting support services, training services and facilities to DSL, provided that a management fee is payable to MSC. There is no expiry term of this management agreement, and each party may terminate this management agreement by giving three months' prior written notice to the other. As both DAS and DSL have the same shareholders (70% held by MSC and 30% held by KA), DSL is an associate of MSC.

The total annual management fee payable by DSL to MSC shall be less than HK$5,000,000 and on terms no less favourable than those offered to DSL by Independent Third Parties. The charges payable by DSL to MSC are calculated based on the type and level of the services provided (e.g. performing routine personnel service, consulting services) and taking into account the amount of time required for providing such services. The annual management fee paid by DSL in each of the three years ended 31 December 2006 was approximately HK$168,000, HK$167,000 and HK$341,000 respectively. This transaction is exempt pursuant to Rule 14A.33(3) of the Listing Rules.

4. Payment of management fee to DSL by DAS Nordisk

From time to time, DSL (a 70%-owned subsidiary of the Company) is expected to provide certain management and administrative services for the governance and operation of DAS Nordisk. DAS Nordisk is a 70%-owned subsidiary of DSL.

The total annual management fee payable by DAS Nordisk to DSL shall be less than HK$5,000,000 and on terms no less favourable than those offered to DAS Nordisk by Independent Third Parties. The charges payable by DAS Nordisk to DSL are calculated based on the type and level of the services provided (e.g. performing routine personnel service, consulting services) and taking into account the amount of time required for providing such services. The annual management fee paid by DAS Nordisk in each of the three years ended 31 December 2006 was approximately HK$1,335,000, HK$1,503,000 and HK$1,624,000 respectively. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

5. On demand maintenance services on ULD by DAS Nordisk to connected persons

From time to time, DAS Nordisk is expected to provide maintenance services on ULD and trading of ULD spare parts to each of (a) KA (the substantial shareholder of DSL and DAS); (b) AHK Air Hong Kong Limited, a 60%-owned subsidiary of CX; (c) Nordisk Asia Pacific Ltd. (a fellow subsidiary of NAP); (d) DAS Aviation Support Pte Ltd., a wholly-owned subsidiary of DAS Overseas Development Limited (which is owned as to 50% by DSL, an associate of KA). All these persons are connected persons of the Company.

The annual maintenance fees payable by each of these persons to DAS Nordisk shall be less than HK$5,000,000 and on terms no less favourable than those offered by DAS Nordisk to Independent Third Parties. The charges payable by each of these persons to DAS Nordisk are calculated with reference to the relevant costs associated with the estimated maintenance hours, scope of services and parts cost of the relevant type of ULD. The annual maintenance fees paid by these persons (except for Nordisk Asia Pacific Ltd. and DAS Aviation Support Pte Ltd. (which incurred business with DAS Nordisk only from 2007)) in each of the three years ended 31 December 2006 were approximately (a) HK$3,804,000, HK$4,737,000 and HK$4,947,000 respectively for KA; (b) HK$32,000, HK$127,000 and HK$1,863,000 respectively for AHK Air Hong Kong Limited respectively. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

6. On demand purchases of ULD pallets from connected persons

DAS Nordisk is a joint venture company held as to 70% by DSL (a 70%-owned subsidiary of the Company) and 30% by NAP (the substantial shareholder of DAS Nordisk). DAS Nordisk is expected to purchase ULD pallets from Nordisk Aviation Products a.s. (a fellow subsidiary of NAP) or members of the Nordisk group. Nordisk Aviation Products a.s. is a connected person of the Company. As the ULD is manufactured by the Nordisk group, purchases of ULD pallets could only be made from the manufacturer, i.e. the Nordisk group.

The annual payment of purchases of ULD pallets payable by DAS Nordisk to Nordisk Aviation Products a.s. is expected to be less than HK$5,000,000 and on terms no less favourable than those offered to Independent Third Parties. The purchase monies payable by DAS Nordisk are calculated based on the type of the relevant pallet at market price. Annual payment made by DAS Nordisk in each of the two years ended 31 December 2005 was approximately HK$1,600,000 and HK$1,495,000, respectively and there was no purchase in the year ended 31 December 2006. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

7. Leasing of ULD pallets from DAS Nordisk to CX

Pursuant to a rental agreement dated 20 September 2000 entered into between DAS Nordisk, a joint venture company held as to 70% by DSL (a 70%-owned subsidiary of MSC) and CX, whereby DAS Nordisk is expected to lease ULD pallets to CX for their business purposes. CX is the holding company of KA which is the substantial shareholder of two 70%-owned subsidiaries of the Company (i.e. DAS and DSL). CX is a connected person of the Company. The term of this agreement is for an initial period of one year and thereafter automatically renewed for a period of 12 months until the rented pallets are returned to DAS Nordisk.

The total annual fees payable by CX to DAS Nordisk is expected to be less than HK$5,000,000 and on terms no less favourable than those offered to Independent Third Parties. The fees payable by CX are calculated based on the type of the relevant pallet at market price. Annual payment received by the Group in each of the three years ended 31 December 2006 was approximately HK$2,335,000, HK$4,485,000 and HK$3,969,000. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

8. Payment of commission fee to Nordisk Asia Pacific Ltd. by DAS Nordisk

Pursuant to a shareholders agreement entered into between DAS and Nordisk Aviation Products Asia Limited ("**NAPA**") on 19 December 1997, the parties set up DAS Nordisk to exploit the business of repair, rental and assembly of and sale of spare parts of the unit load devices and related air cargo equipment and the provision of other services to the aviation industry. The shareholders agreement was supplemented by a deed dated 1 August 2000 entered into between DAS, NAPA and DSL where DAS transferred its entire shareholding in DAS Nordisk to DSL.

Pursuant to the said shareholders agreement, NAPA and DAS Nordisk entered into a technical services and license agreement on the same date, whereby NAPA agreed to supply to DAS Nordisk certain technical services and to license certain know-how and cause its parent company to license certain trademarks to DAS Nordisk, provided that a commission fee is payable to NAPA. On 1 January 2005, NAPA assigned all its rights and obligations under the said technical services and license agreement to Hydro Aluminium Asia Pte Ltd., including the payment of the commission fee. On 1 January 2007, Hydro Aluminium Asia Pte. Ltd. assigned all its rights and obligations under the said technical services and license agreement to Nordisk Asia Pacific Ltd., a fellow subsidiary of NAP.

The total annual commission fee payable by DAS Nordisk to Nordisk Asia Pacific Ltd. shall be less than HK$5,000,000 and on terms no less favourable than those offered to DAS Nordisk by Independent Third Parties. The annual commission fee paid by DAS Nordisk to NAPA in the year ended 31 December 2004 and to Hydro Aluminium Asia Pte. Ltd. in the two years ended 31 December 2006 was all approximately HK$750,000, HK$870,000 and HK$891,000 respectively. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

9. Sharing of administrative services with CITIC Pacific

The Company is expected to share certain administrative services, namely, company secretarial services, internal audit services and tax compliance matters, with CITIC Pacific, being a substantial shareholder of the Company. This arrangement may be terminated if CITIC Pacific's shareholding in the Company shall fall below 30% or by either party by giving six month's notice in writing to the other. The charges payable by the Company under the relevant administrative services agreement will be determined based on cost of the services and the time spent by CITIC Pacific as recorded monthly and calculated in proportion to their departmental monthly charges. Charges paid by the Company for each of the three years ended 31 December 2006 were approximately HK$4,968,000, HK$4,981,000 and HK$5,033,000 respectively. This transaction is exempt pursuant to Rule 14A.33(3) of the Listing Rules.

10. Purchases of motor vehicles from the Group by connected persons

Each of (a) CITIC Pacific, a substantial shareholder of the Company; (b) associates of CITIC Pacific; and (c) CX, the holding company of KA are expected to purchase motor vehicles from the Group for their business purposes.

The total annual payment payable by each of CITIC Pacific, associates of CITIC Pacific and CX shall be less than HK$5,000,000 and on terms no less favourable than those offered to Independent Third Party. The payment payable by each of these persons is determined by reference to market price for such motor vehicles offered to Independent Third Party purchasers, generally in the open market in Hong Kong. The annual payment made by each of these persons in each of the three years ended 31 December 2006 were approximately (a) HK$246,000, HK$102,000, HK$2,265,000 respectively for CITIC Pacific; (b) HK$462,000, HK$812,000, HK$1,470,000 respectively for Green Valley Landfill Limited, being an associate of CITIC Pacific; (c) nil amount, HK$495,000, nil amount respectively for CX. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

11. Payment of tunnel passage fees to connected persons

The Company is expected to pay New Hong Kong Tunnel Co. Ltd. ("NHKT"), a company in which CITIC Pacific holds a 70.8% interest and therefore an associate of CITIC Pacific, tunnel passage fees on its usual tariffs for vehicles passing through the Eastern Harbour Crossing. The Company is also expected to pay Western Harbour Tunnel Co. Ltd. ("WHT"), a company in which CITIC Pacific holds a 35% interest and therefore an associate of CITIC Pacific, tunnel passage fees on its usual tariffs for vehicles passing through the Western Harbour Tunnel.

The total annual consideration payable by the Group to NHKT and WHT for such services shall be less than HK$5,000,000 and any such services shall be offered to the Group on terms no less favourable to the Group than those offered to Independent Third Parties. Annual consideration paid by the Company to both of NHKT and WHT in each of the three years ended 31 December 2006 were below HK$2,400,000. These transactions are exempt pursuant to Rule 14A.33(1) of the Listing Rules.

12. Supply of food products and edible oils to Cathay Pacific Catering Services (HK) Limited

The Group is expected to supply food products and edible oil upon request to Cathay Pacific Catering Services (HK) Limited, which is a wholly-owned subsidiary of CX (the holding company of KA, a substantial shareholder of the Company's subsidiaries (i.e. DSL and DAS)) and therefore an associate of KA. The total annual consideration payable by Cathay Pacific Catering Services (HK) Limited is expected to be less than HK$5,000,000 and on terms no less favourable than those offered to Independent Third Parties. The charges payable for these purchases by Cathay Pacific Catering Service (HK) Limited to the Group are calculated based on the actual volume of purchases at market price for such products offered to Independent Third Party purchasers in open market in Hong Kong. Annual consideration received by the Company in each of the three years ended 31 December 2006 were approximately HK$2,711,000, HK$3,596,000 and HK$2,541,000 respectively. This transaction is exempt pursuant to Rule 14A.33(3) of the Listing Rules.

13. On demand provision of vehicle maintenance service to connected persons

(i) CITIC Pacific and its associates

From time to time, the Group is expected to provide vehicle maintenance services to each of (a) CITIC Pacific, a substantial shareholder of the Company; (b) NHKT (a company in which CITIC Pacific holds a 70.8% interest and therefore an associate of CITIC Pacific); and (c) WHT (a company in which CITIC Pacific holds a 35% interest and therefore an associate of CITIC Pacific).

Pursuant to a maintenance agreement entered into between WHT and Dah Chong Hong (Motor Leasing) Limited ("ML") (a wholly-owned subsidiary of the Company) dated 14 June 1996, ML agreed to provide maintenance services in respect of certain motor vehicles. The term of this agreement commences from the delivery date of, and expiring on the relevant anniversary of such commencement date in respect of, that particular type of vehicle, and in any event will terminate by 2008. MSC also entered into a maintenance agreement with WHT on 15 June 2004, pursuant to which MSC agreed to provide comprehensive maintenance services in respect of certain motor vehicles. The term of this agreement is from 15 June 2004 until 14 June 2008 at a fixed monthly charge per vehicle. By a letter dated 7 December 2006 from MSC to WHT, MSC offered a 24-month full maintenance package to WHT for its vehicle fleet at a contract sum of HK$930,000 and for a term commencing from 1 January 2007 until 31 December 2008.

The annual payment of such maintenance services payable by each of CITIC Pacific, NHKT and WHT shall be less than HK$5,000,000 and on terms no less favourable than those offered to Independent Third Parties. The charges payable by each of CITIC Pacific, NHKT and WHT (including the 24-month full maintenance package) to the Group are calculated based on the type of the vehicles and the relevant costs associated with the estimated maintenance hours of the relevant type of vehicle. Annual payment received by the Group from each of these persons in each of the three years ended 31 December 2006 was approximately (a) HK$367,000, HK$325,000 and HK$438,000, respectively for CITIC Pacific; (b) HK$99,000, HK$175,000 and HK$70,000, respectively for NHKT; and (c) HK$1,746,000, HK$1,450,000 and HK$1,528,000, respectively for WHT. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

(ii) Ground Support Engineering Ltd. (an associate of KA)

The Group is expected to provide vehicle maintenance services to Ground Support Engineering Ltd., a company in which CX (the holding company of KA, the substantial shareholder of the Company's subsidiaries (i.e. DSL and DAS)), holds a 50% interest and is therefore an associate of the Company. The total annual payment of such services payable by Ground Support Engineering Ltd. is expected to be less than HK$5,000,000 and on terms no less favourable than those offered to Independent Third Parties. The charges payable by Ground Support Engineering Ltd. to the Group are calculated based on the type of the vehicles and the relevant costs associated with the estimated maintenance hours of the relevant type of vehicle. Annual payment received by the Group in each of the three years ended 31 December 2006 was approximately HK$168,000, HK$140,000 and HK$113,000, respectively. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

14. Provision of motor leasing services to connected persons

(i) Associates of CITIC Pacific

Pursuant to two lease agreements entered into between NHKT (a company in which CITIC Pacific holds a 70.8% interest and therefore an associate of CITIC Pacific) and ML (a wholly-owned subsidiary of the Company) dated 20 June 2003 (with a term which expired on 23 July 2007) and 25 May 2007 (with a term expiring on 23 July 2011) respectively, ML agreed to lease certain passenger cars to NHKT at a monthly rental.

Pursuant to a lease agreement entered into between WHT (a company in which CITIC Pacific holds a 35% interest and therefore an associate of CITIC Pacific) and ML (a wholly-owned subsidiary of the Company) dated 20 June 2003, ML agreed to lease two different types of passenger cars to WHT for a term commencing from 22 July 2003 to 21 May 2005 and from 22 May 2005 to 21 May 2009 for the two different types of passenger cars respectively.

The annual payment of such leasing services payable by each of NHKT and WHT is expected to be less than HK$5,000,000 and on terms no less favourable than those offered to Independent Third Parties. The charges payable by NHKT and WHT are calculated based on the type and brand of the relevant passenger cars and the term of rental at market price. Aggregate annual payment received by the Group from each of NHKT and WHT in each of the three years ended 31 December 2006 was approximately (a) HK$159,000, HK$148,000 and HK$144,000, respectively for NHKT; and (b) HK$165,000, HK$165,000 and HK$188,000, respectively for WHT. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

15. On demand engineering services by Dah Chong Hong (Engineering) Limited to the Group

Dah Chong Hong (Engineering) Limited, a wholly-owned subsidiary of CITIC Pacific is expected to provide certain engineering services to the Group, including maintenance and repair services of the machinery/equipments (e.g. air-conditioners) and may also be involved in engineering projects of the Group.

The total annual payment of such engineering services payable by the Group is expected to be less than HK$5,000,000 and on terms no less favourable than those offered to Independent Third Parties. The charges payable by the Group are calculated based on the type of the engineering services required based on market terms. Annual payment made by the Group in each of the three years ended 31 December 2006 was approximately HK$2.7 million, HK$6.2 million and HK$3.5 million, respectively. These transactions are exempt pursuant to Rule 14A.33(3) of the Listing Rules.

16. Licensing the CITIC Pacific Trademark from CITIC Pacific

The Company entered into a trademark licence agreement on 28 September 2007 with CITIC Pacific, pursuant to which CITIC Pacific agreed to licence, on a non-exclusive basis, the trademark, for use in connection with the Group's business. The term of this agreement is from 28 September 2007 until the expiration of the current trademark registration on 26 July 2014. Either party may terminate the licence before the term by giving six month's written advance notice. No consideration is payable by the Company to CITIC Pacific for the use of the trademark as the Company is an associate of CITIC Pacific and the trademark licence agreement was entered into on normal or better commercial terms. This transaction is exempt pursuant to Rule 14A.33(3) of the Listing Rules.

17. Leasing of storage space by CITIC Pacific

From time to time, CITIC Pacific, a substantial shareholder of the Company is expected to lease certain storage space from Yee Lim Godown & Cold Storage Limited (a wholly-owned subsidiary of the Company) in its ordinary course of business. Yee Lim Godown & Cold Storage Limited was previously a wholly-owned subsidiary of CITIC Pacific, which was transferred to the Company on 29 June 2007. As a result, this transaction becomes a connected transaction of the Company.

The annual payment of rentals payable by CITIC Pacific is expected to be less than HK$5,000,000 and on terms no less favourable than those offered to Independent Third Parties. The rentals payable by CITIC Pacific is determined by reference to market price for similar premises, generally in the open market in Hong Kong. The payment made by CITIC Pacific in each of the three years ended 31 December 2006 was approximately HK$246,000, HK$211,000 and HK$205,000 respectively. This transaction is exempt pursuant to Rule 14A.33(3) of the Listing Rules.

C. CONFIRMATION FROM THE SPONSOR

The Sponsor has (i) reviewed the relevant documentation, underlying agreements and historical figures provided by the Company, (ii) participated in due diligence and discussion among the Company and its advisers (iii) considered the pricing principles and annual caps, reasons for the transactions and the confirmations from the property valuer.

Based on the above, the Sponsor considers that:

(i) the above continuing connected transactions have been entered into in the ordinary and usual course of business of the Group either (a) on normal commercial terms, being terms which a party could obtain if the transaction were on an arm's length basis; or (b) on terms that are no less favourable to the Group than terms available to or from Independent Third Parties; or (c) on terms that are fair and reasonable and in the interest of the shareholders of the Company as a whole; and

(ii) the annual caps set for the above continuing connected transactions are fair and reasonable and in the interest of the shareholders of the Company as a whole.

D. WAIVERS FOR CONTRACTUAL ARRANGEMENTS

Apart from being shareholders of OPCOs under the Contractual Arrangements, some of the Registered Owners also act as directors or legal representatives of the OPCOs or are directors of other subsidiaries of the Company. In particular, 嚴夢英 (Yan Mengying), 仲玉林 (Zong Yulin), 王靜芬 (Wang Jingfen), 楊福祥 (Yang Fuxiang), 沈學鋒 (Shen Xuefeng), 孫海文 (Sun Haiwen), 蔡兆敏 (Cai Zhaomin) and 閆肅(Yan Su) are Registered Owners who are also directors or legal representatives of the relevant OPCOs, whereas 區兆昌 (Ou Zhaochang), 張江長 (Zhang Jiangchang), 宋志良 (Zhong Zhiliang), 程濟美 (Cheng Jimei) and 許學華 (Xu Xuehua) do not have relationships with the Group other than as employees.

Details and particulars of each of the Contractual Arrangements, including the Registered Owners involved, are set out in the sections headed "Business — Contractual Arrangements" and the paragraph headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in Appendix VI to this Prospectus.

Each of the Contractual Arrangements involving the Registered Owners who are also directors or legal representatives as mentioned above would technically be a connected transaction and, unless an exemption is available under the Listing Rules, must comply with the applicable announcement, reporting and independent shareholders approval requirements of Chapter 14A of the Listing Rules.

The Directors are of the view that the Contractual Arrangements are fundamental to the legal structure and the business operations of the Group and are on terms that are fair and reasonable so far as the Group is concerned and in the interests of the Company's shareholders as a whole.

In particular, the unique nature of the Contractual Arrangements allow the results and financial condition of the subsidiary OPCOs to be consolidated with the Group's financial statements as if they were subsidiaries, and the economic benefit of their business flows to the Group. The substance of the Contractual Arrangements is not for the Group to transact with the Registered Owners. The loan, management, dividend and option arrangements under the Contractual Arrangements are not stand-alone transactions with the Registered Owners. The Registered Owners are employees of the Group and are not involved in the business operation of the relevant OPCOs. The Contractual Arrangements do not confer any benefits on the Registered Owners. The substance of the Contractual Arrangements taken as a whole have no value to the Registered Owners.

Given that each of the Contractual Arrangements are fundamental to the legal structure and the business operations of our Group, the Directors consider that it would not be practicable for the Contractual Arrangements which constitute connected transactions as mentioned above to be subject to, amongst other-things, strict compliance with the periodic approval of independent shareholders, if required. The Company has therefore applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a specific waiver in respect of each Contractual Arrangements from strict compliance with the applicable announcement and independent shareholders approval requirements of Chapter 14A of the Listing Rules during the subsistence of the Contractual Arrangements, on the following basis:

(a) the Contractual Arrangements in place during each financial period will be disclosed in the Company's annual report and accounts in accordance with the relevant provisions of Rule 14A.45 of the Listing Rules;

(b) the independent non-executive Directors will review the Contractual Arrangements annually and confirm in the annual report and accounts for the relevant year that (i) the terms of any subsisting Contractual Arrangements have remain unchanged, (ii) the transactions carried out during such year remain consistent with the relevant provisions of the Contractual Arrangements as disclosed in this Prospectus, (iii) any dividends or other distributions declared by OPCOs have been paid to the Holding subsidiary and not to the Registered Owners and (iv) if any new Contractual Arrangements are entered into during the relevant financial period, whether they are fair and reasonable so far as the Group is concerned and in the interests of the shareholders of the Company as a whole;

(c) for the purposes of applicable requirements under the Listing Rules, the OPCOs will be treated as wholly owned subsidiaries (if the Group's aggregate economic interest in the relevant OPCO as a result of the Contractual Arrangement or otherwise is 100%) or non-wholly owned subsidiaries (if the Group's aggregate economic interest in the relevant OPCO as a result of the Contractual Arrangement or otherwise more than 50% but less than 100%) of the Company, and their directors, chief executive and substantial shareholders (and their respective associates) will be connected persons, and transactions between the Group and such connected persons (other than the relevant Contractual Arrangements) will be subject to the provisions under Chapter 14A of the Listing Rules;

(d) each of the OPCOs will provide the company with an undertaking that, as long as the Shares remain listed on the Stock Exchange, it will provide the Company and its auditors with full access to the relevant books and records of the OPCOs for the purposes of compliance with applicable Listing Rule requirements (including review by Company's auditors of connected transactions);

(e) the auditors of the Company will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to the Board, with a copy to the Listing Division, at least 10 business days before bulk printing of the annual report, confirming that the transactions have received the approval of the Board, have been entered into in accordance with the relevant Contractual Arrangements and that any dividends or other distributions declared by OPCOs have been paid to the Holding Subsidiary and not to the Registered Owners; and

(f) the conditions set out herein are set out in this Prospectus.

In addition to the Contractual Arrangements, there may be other transactions between members of the Group (including the Holding Subsidiaries), on the one hand, and the OPCOs, on the other. Given that the results of the OPCOs (which are treated as subsidiaries of the Company) are consolidated into the Group's accounts, and given the relationship between the various companies within the Group (including the OPCOs) created by the Contractual Arrangements, transactions between member of the Group (including the Holding Subsidiaries) and the OPCOs will also be exempted from the "continuing connected transactions" provisions of the Listing Rules on the same basis set out above.

Based on the documents and information provided by the Company and relying upon the representations and confirmations by the Directors that the Contractual Arrangements taken as a whole are on terms that are fair and reasonable so far as the Group is concerned and in the interests of the Company's Shareholders as a whole, the Sponsor is of the view that the Contractual Arrangements taken as a whole are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DIRECTORS

Executive Directors

Mr. Hui Ying Bun, aged 61, an executive director of the Company, is the Chairman of the Company. Mr. Hui finished his secondary education in Hong Kong and joined Dah Chong Hong in February 1966 as a management trainee. He had since then been appointed to various executive positions with increased responsibilities in the Company, and was appointed as the Group Chief Executive in January 2003 and as the Chairman of the Company in July 2007. Mr. Hui has more than 40 years experience with the Company in motor vehicle businesses and corporate management. He has contributed significantly to and has been driving the growth of the Company's businesses in Hong Kong, the PRC and overseas. In the late seventies, Mr. Hui championed the development of the motor vehicle businesses in the PRC and laid the strong foundation for the later developments. In the late eighties, he further championed the development of the motor and trading businesses in Singapore; these businesses are now among the major players in the Lion City. Furthermore, Mr. Hui also led the structural rationalization of the Company to cope with the growth of the businesses.

Mr. Chu Hon Fai, aged 61, an executive director of the Company, is the Deputy Chairman of the Company. Mr. Chu finished his secondary education in Hong Kong and joined Dah Chong Hong in August 1964 as a management trainee. Since then, he has been appointed to various executive positions with increased responsibilities in the Company. He was appointed as the Chief Executive of Trading in January 2001 and as the Deputy Chairman in July 2007. Mr. Chu has over 40 years experience in the trading and logistics businesses. During his tenure, he has led the development of the food trading businesses in Hong Kong and the PRC and championed the growth of the logistics business in Hong Kong, the PRC and Macao.

Mr. Yip Moon Tong, aged 55, an executive director of the Company, is the Chief Executive Officer of the Company. He joined Dah Chong Hong in June 1992. Mr. Yip holds a Bachelors Degree in Engineering from the University of Hong Kong and is a member of the U.K. Institution of Mechanical Engineers and the Hong Kong Institution of Engineers. Prior to joining Dah Chong Hong, he was serving in the Electrical and Mechanical Service Department of Hong Kong Government for 16 years. In 1992, Mr. Yip left Hong Kong Government and joined Dah Chong Hong as the Operations and Technical Director. Prior to his appointment as the Chief Executive Officer in July 2007, he was the Managing Director for both Dah Chong Hong (Motor Service Centre) Ltd., which conducts businesses including after sales service, motor leasing, airport ground support workshops in both Hong Kong and the PRC; and Honest Motors Ltd., which distributes Nissan products in Hong Kong. Mr. Yip has over 30 years experience, in both public and private sectors, in engineering and motor vehicle businesses. Mr. Yip serves in the Vocational Training Council as a member and then the chairman of the Automobile Training Board from 1993 to March 2007. He was appointed as the chairman of the Automotive Industry Training Advisory Committee by the Secretary for the Education and Manpower in 2005 and as a member of the Energy Advisory Committee by the Secretary for Economic Development and Labour in 2006. He was also invited to be a member on the Advisory Committee for the Department of Mechanical Engineering of The Hong Kong Polytechnic University from 2002 to 2007.

Mr. Mak Kwing Tim, aged 59, an executive director of the Company, is the Executive-in-charge of a number of dealerships and distributorships of renowned motor brands such as Acura, Audi, Bentley, Honda, MAN, UD Nissan Diesel and Volkswagen in Hong Kong. Mr. Mak is also responsible for managing the distributorship of Bentley vehicles in the PRC. Mr. Mak finished his secondary education in Hong Kong and joined Dah Chong Hong in February 1967 as a management trainee. Since then, he had been appointed to various positions with increased responsibilities in the Company. He was appointed as a Director of Dah Chong Hong in July 1993. Mr. Mak has over 40 years experience in the motor vehicle businesses in Hong Kong.

Mr. Lau Sei Keung, aged 54, an executive director of the Company, is the Executive-in-charge of a number of dealerships such as the Isuzu dealership for Hong Kong and the PRC, General Motors' products such as Saab and Opel and over 20 city dealerships in the PRC. He finished his secondary education in Macao and joined the Company in February 1973 as a management trainee. Since then, he had been appointed to various positions of increased responsibilities in the motor group of the Company, and as a Director of Dah Chong Hong in January 2003. Mr. Lau has over 30 years experience in the motor vehicle businesses of Hong Kong and the PRC.

Mr. Tsoi Tai Kwan, Arthur, aged 58, an executive director of the Company, is the Executive-in-charge of the trading, import/export, wholesale and retail of frozen and non-frozen food products in the PRC, Hong Kong and Macao. He holds a Bachelor Degree in Liberal Arts from the University of Wisconsin, US. He joined the Company in June 1976. Since then, he has been appointed to various positions with increased responsibilities and as Director of Dah Chong Hong in January 2003. Mr. Tsoi has over 30 years experience in food trading in Hong Kong. Mr Tsoi holds the office of Director-General of the Hong Kong General Association of Edible Oil Import and Export Ltd since December 2004. He has been a committee member of the Hong Kong Food Council since 2004 and a committee member of Import/Export/Wholesale Trade Training Board of Vocational Training Council since April 2005. He was also recently appointed as a member of the Retail and Distribution Committee of the Hong Kong General Chamber of Commerce in May 2007.

Mr. Glenn Robert Sturrock Smith, aged 54, an executive director of the Company, is the Chief Executive of Sims Trading, looking after the marketing and distribution business for FMCG products in the PRC, Hong Kong and Macao. He holds a Bachelor of Arts Degree in Economics and Marketing from the Strathclyde University of United Kingdom. He joined CITIC Pacific in 2001 when Sims Trading was acquired by CITIC Pacific from Dairy Farm Company Ltd of the Jardine Matheson Group. He was transferred to the Group when Sims Trading became part of the Group in 2004. Prior to joining CITIC Pacific and the Group, he had over 20 years experience with the Dairy Farm Group, and since 1994, he held the Chief Executive position of Dairy Farm Ice and Cold Storage Co. Ltd. and Sims Trading. He has over 30 years experience in the marketing and distribution of FMCG. Mr. Smith is a past chairman and present board member of GS1 Hong Kong, an organization driving RFID/EPC and Data Syncronisation, since 2000. He is also a board member and past chairman of the Supply Chain Management Board since 1996, and an executive committee member and past chairman of the Food, Drink and Grocery Association, formerly the Liquor and Provisions Industry Association, since 1993.

Mr. Chan Kin Man, Andrew, aged 49, an executive director of the Company, is the Group Financial Controller of the Company. He joined the Company in March 2001. Mr. Chan holds a Higher Diploma in Accountancy from the Hong Kong Polytechnic, now the Hong Kong Polytechnic University, and a Bachelor Degree in China Law from the Beijing University. Mr. Chan has over 25 years experience in the finance and accounting profession. He is a fellow member of the Chartered Institute of Management Accountants and the Hong Kong Institute of Certified Public Accountants (the former Hong Kong Society of Accountants). Prior to joining Dah Chong Hong, he worked for Deloitte Touche Tohmatsu, a professional accountancy firm, local conglomerates such as Swire Marketing/Camberley Group and Dairy Farm Group as well as multinational companies including Bausch & Lomb.

Non-executive Directors

Mr. Ho Hau Hay, Hamilton, aged 56, a non-executive director of the Company, has been a director of the Company since October 1991 and was designated as a non-executive director on 18 July 2007. Mr. Ho is also an independent non-executive director of CITIC Pacific, a non-executive director of King Fook Holdings Limited and New World Development Company Limited, all being companies whose shares are listed on the Stock Exchange. Mr. Ho is experienced in acting as a non-executive director's role in listed conglomerates with diversified business. He is also an executive director of Honorway Investments Limited and Tak Hung (Holding) Company Limited.

Mr. Chau Chi Yin, aged 52, a non-executive director of the Company since 18 July 2007. Mr. Chau is an executive director of CITIC Pacific, a director of CITIC Hong Kong (Holdings) Limited, Jiangyin Xingcheng Special Steel and Hong Kong Resort Company Limited. Mr. Chau joined CITIC Pacific in 1990 after experience in public accounting and in financial management with a major Hong Kong listed company. Mr. Chau has over 25 years of experience in the accounting, auditing and financial management field. Mr. Chau obtained a Master degree in Business from The University of Newcastle in Australia. Mr. Chau is a certified public accountant (practicing) and a member of the Hong Kong Institute of Certified Public Accountants and also a member of Institute of Chartered Accountants in England and Wales.

Ms. Chan Chui Sheung, Stella, aged 44, a non-executive director of the Company since 18 July 2007. She has been the company secretary of the Company since 1995 up to 16 September 2007. Ms. Chan is also the company secretary of CITIC Pacific. She is an associate member of The Institute of Chartered Secretaries and Administrators since 1987 and obtained a Master Degree in Arts from the City University of Hong Kong in 1995. She has extensive experience in the company secretarial field and has served the Group for more than 12 years.

Mr. Kwok Man Leung, aged 38, a non-executive director of the Company since 18 July 2007. Mr. Kwok obtained a Master Degree in Business Administration (EMBA) from the Chinese University of Hong Kong. He is a Chartered Financial Analyst. Mr. Kwok is the Director of Business Development Department of CITIC Pacific. He is also a non-executive director of CITIC 1616 Holdings Limited, a director of Adaltis Inc. (a Canadian listed company), CITIC Guoan Co. Ltd. and New Hong Kong Tunnel Company Limited. He joined CITIC Pacific in 1993 after gaining experience in sales and business development with a major Hong Kong listed company.

Independent non-executive Directors

Mr. Cheung Kin Piu, Valiant, aged 61, an independent non-executive director of the Company since 17 September 2007. Mr Cheung also serves as the chairman of the Audit Committee of the Company. Mr. Cheung was a partner at KPMG, a leading international accounting firm in Hong Kong, until his retirement in March 2001. Mr. Cheung has extensive experience in assurance and corporate finance work, especially in trading and manufacturing corporations in Hong Kong and the PRC and has assisted a number of companies in obtaining listings on stock exchanges in Hong Kong, the PRC, Singapore and the US. In addition, Mr. Cheung has provided financial advisory and due diligence services to foreign investors on investments in the PRC. Mr. Cheung is a fellow member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Mr. Cheung is currently an independent non-executive director of Dream International Limited, Pacific Century Premium Developments Limited and Wing Shan International Limited, all of which shares are listed on the Stock Exchange. In addition, Mr. Cheung is also an independent non-executive director of The Bank of East Asia (China) Limited which is incorporated in the PRC and is a wholly-owned subsidiary of The Bank of East Asia, Limited whose shares are listed on the Stock Exchange.

Mr. Hsu Hsung, Adolf, aged 69, an independent non-executive director of the Company since 17 September 2007. Mr. Hsu spent some 40 years with the Hong Kong Government and retired in 1998 as Director of Regional Services, in the rank of an Administrative Officer, Staff Grade A. During his service in the Government, he was posted to various important positions overseeing the management of manpower, finance, materials supply and land administration, and thus has a wealth of experience in these fields. Mr. Hsu joined New World First Bus Services Ltd as the Managing Director between 1 April 1998 and 31 January 2004. He was also the Managing Director of New World First Holdings Ltd, the holding company that wholly owns, inter alia, New World First Ferry Services Ltd, New World First Ferry (Macau) Services Ltd, and New World First Bus Service (China) Ltd. He was a Non-executive Director of New World Services Ltd. and an Executive Director of Kwoon Chung Bus Holdings Ltd which is a publicly listed company. Mr. Hsu's active participation in community services include his appointment as the Vice-President of New Life Psychiatric Rehabilitation Association (1990 – present), a Member of the Council of Lingnan University (2004 – present), the President/Hon President of Scout Association of various districts in Hong Kong and a Member of the Hong Kong Tourism Board (2001–2004). He was awarded the Companion of the Imperial Service Order (ISO) in 1992 and the Silver Bauhinia Star in 2006. He is also a Justice of Peace. His other distinguished awards include the Director of The Year Award 2002 (private Company – Executive Director) awarded by the Hong Kong Institute of Directors and the Executive Award – Hong Kong Business Awards 2002 organized by DHL and South China Morning Post. He is a Fellow Hong Kong Institute of Directors (FHKIoD) and Fellow Chartered Institute of Logistics and Transport (FCILT). He possesses the professional qualification to act as director and the relevant knowledge in the logistics sector in which the Group is operating.

Professor Yeung Yue Man, aged 69, an independent non-executive director of the Company since 17 September 2007. Professor Yeung is Research Professor of the Hong Kong Institute of Asia-Pacific Studies, Director of the Shanghai-Hong Kong Development Institute at The Chinese University of Hong Kong. Since 1984, Professor Yeung has had a number of key appointments at the University, including Chairman of the Department of Geography, University Registrar, Head of Shaw College and Director of the Hong Kong Institute of Asia-Pacific Studies. In addition, he has been appointed Honorary Professor, Visiting Professor or Advisory Professor in eight universities on Mainland China, including Peking University, Nanjing University and East China Normal University in Shanghai. Internationally, Professor Yeung served in many capacities, such as Director of the Commonwealth Geographical Bureau, 1992–1996, and a member of the International Scientific Board of UNESCO, 1997–1999. In Hong Kong, Professor Yeung has made contributions to policy affairs by being a member of a large number of bodies, such as the Town Planning Board, Hong Kong Housing Authority, Consultative Committee in the New Airport and Related Projects, Barrister Disciplinary Tribunal Panel, Kowloon-Canton Railways, etc. He served as Chairman of the Land and Building Advisory Committee and is presently Chairman of the Pan-Pearl River Delta Panel under the Central Policy Unit. He is also a member of the Commission on Strategic Development of Hong Kong Government. He has been awarded SBS, OBE and JP. Professor Yeung has a multi-faceted career that spanned administration, research and international development. He is well experienced in acting as an advisory and consultational role in various organisations. He has the exposure in the Asia Pacific region and the Mainland China where the Group is developing its business.

SENIOR MANAGEMENT

Mr. Kuk Tai Wai, David, aged 56, is the Managing Director of DCH Logistics Company Ltd and is primarily responsible for overall management and performance of the logistics business of the Group. He joined CITIC Pacific Group in March 2001 when Sims Trading was acquired by CITIC Pacific from the Dairy Farm Group. He was transferred to the Group when Sims Trading became part of the Group in 2004. Mr. Kuk holds a Bachelor Degree of Arts in Business Administration from Concordia University, Canada and a Master Degree in Business Administration from Asia International Open University, Macao. As at the Latest Practicable Date, Mr. Kuk has 28 years of experience in logistics operations. Mr. Kuk is a committee member of the Hong Kong Logistics Industry and an advisor of the Logistics Council of Trade Development Council.

Ms. Kwong Sum Mei, Esther, aged 50, is the Director and General Manager of Shiseido Dah Chong Hong Cosmetics Ltd. and is primarily responsible for the overall management and performance of the cosmetics business of the Group. Ms. Kwong joined Dah Chong Hong in April 1994. She has a Master Degree in Arts (Communications) from the Wheaton College Graduate School, US. Prior to joining the Group, she worked in the marketing research and the business consulting division of Coopers and Lybrand, (now PricewaterhouseCoopers). As at the Latest Practicable Date, Ms. Kwong has over 25 years of experience in business development and management.

Mr. Hui Kwong Lok, aged 51, is the General Manager of Electrical Appliances Division of the Company and is primarily responsible for the overall management and performance of the electrical appliances business of the Group. Mr. Hui holds a Bachelor Degree in Economics and Management from the University of Hong Kong. He joined the Company in July 1978 as an executive trainee. Since then, he has been appointed to positions with increased responsibilities in the Company. As at the Latest Practicable Date, Mr. Hui has close to 30 years of experience in trading, distribution and retail of electrical appliances operations.

Mr. Cheuk Chun Wai, Simon, aged 51, is the President and Director of DCH (Japan) Holding Co. Ltd. and is based in Tokyo, Japan. Mr. Cheuk is primarily responsible for the overall management of DCH (Japan) Holding Co. Ltd. and the Group's operations in Japan. In 1987, he joined CITIC Hong Kong (Holdings) Ltd, which later became CITIC Pacific. He was transferred to the Group in 1992 when the Group was acquired by CITIC Pacific. Mr. Cheuk holds a Bachelor Degree in Economics and a Master Degree in Business Administration from the Chinese University of Hong Kong. During his service in CITIC Pacific and the Group, he holds a number of senior positions in the business development and management across different industries. As at the Latest Practicable Date, Mr. Cheuk has approximately 25 years of experience in business development and management.

Mr. Wong Chit Chong, aged 56, is the Director and General Manager of Triangle Auto Pte Ltd. in Singapore and is primarily responsible for overall management of Dah Chong Hong Trading (Singapore) Pte. Ltd. and the Group's motor operations in Singapore. He joined Triangle Auto Pte Ltd. in December 1987. Mr. Wong holds a Diploma in Automobile Engineering from the Institute of Motor Industry, UK, a Diploma in Mechanical Engineering from the Singapore Polytechnic, a Diploma in Management Science from Singapore Institute of Management and a Master Degree in Business Administration from Brunel University, UK. He is a member of the Institute of Motor Industry, UK and a member of the Mechanical Engineering Academic Advisory Committee of the Singapore Institute of Technical Education. As at the Latest Practicable Date, Mr. Wong has around 38 years of experience in the motor operations in Singapore. He was also elected recently as the President of the Motor Traders Association of Singapore in May 2007.

Mr. Liang Chun Kit, Henry, aged 52, is the Deputy President of Dah Chong Hong (Canada) Ltd. in Vancouver, Canada and is primarily responsible for overall management of Dah Chong Hong (Canada) Ltd. and the Group's operations in Canada. He joined Dah Chong Hong (Canada) Ltd. in May 1984. Mr. Liang holds a Bachelor Degree in Economics from the Wharton School of the University of Pennsylvania, US. Prior to joining Dah Chong Hong (Canada) Ltd, he worked in the insurance industry and ran his own business. As at the Latest Practicable Date, Mr. Liang has about 20 years of experience in the motor operations in Canada.

嚴夢英 (Yan Mengying), aged 59, is the Managing Director of Dah Chong Hong (China) Ltd., based in Shanghai, China and is primarily responsible for overall management of Dah Chong Hong (China) Ltd. and in support of the Group's operations in the PRC. She joined CITIC Pacific Group in July 1997 and was transferred to the Group in May 2000. Ms. Yan graduated from the Shanghai Television University in economics and holds the professional qualification of senior economist. Prior to joining the CITIC Pacific Group and the Group, she held senior planning and management positions in the Shanghai Municipal Government. As at the Latest Practicable Date, Ms. Yan has around 38 years of experience in planning and business management.

Mr. Ho Ming Kei, Wayne, aged 46, is the General Manager, Corporate Planning and Management of the Company and is primarily responsible for performing business monitoring, planning and development of the Group's business in support of the Group's business performance and development initiatives. He joined the Company in October 1995. Mr. Ho holds a Bachelor of Science Degree in Business Administration from Saint John's University, US and a Master Degree in Business Administration from St. Cloud State University, US. Prior to joining the Company, he held senior positions in Peregrine Brokerage Limited and conducted extensive investment research and analysis. As at the Latest Practicable Date, Mr. Ho has over 18 years of experience in corporate and business development operations.

Mr. Wong Hoi Ming, Alan, aged 54, is the General Manager, Group Human Resources and Administration of the Company and is primarily responsible for the overall management of the human resources functions of the Group. He joined the Company in June 2005. Mr. Wong holds a Bachelor Degree in Social Science and a Diploma in Training Management from the Chinese University of Hong Kong. Prior to joining the Company, he held senior positions in Philip Morris and Kraft Foods. While he was with Kraft Foods, he was based in Beijing, China with the responsibility for the Greater China Region. As at the Latest Practicable Date, Mr. Wong has over 30 years of experience in the human resources and administration operations.

Mr. Chau Wai Man, aged 52, is the General Manager, Group Information Technology of the Company and is primarily responsible for administration and operation of the Group's information technology to provide the requisite information technology platform and programs in support of business needs. He joined the Company in January 2000. Mr. Chau holds a Bachelor Degree in Computing and Mathematics from the University of Hong Kong. Prior to joining the Company, he held various senior positions in Oracle systems Hong Kong Limited, TA & I Consultants Limited, and TA Consultants Limited. As at the Latest Practicable Date, Mr. Chau has over 27 years experience in IT Management, IT Consulting, System Development and Maintenance, developed and implemented more than 30 large IT projects in banking and finance, insurance, trading and manufacturing industries in Hong Kong, the PRC and Taiwan.

COMPANY SECRETARY

Ms. Tso Mun Wai, aged 45, is the Company Secretary of the Company. Ms. Tso joined CITIC Pacific in 1990 and is currently Assistant Director, Company Secretariat Department of CITIC Pacific. She has been an associate member of the Hong Kong Institute of Chartered Secretaries since 1987 and has obtained a Master of Arts from the City University of Hong Kong in 1996. She has over 20 years of experience in company secretarial field.

QUALIFIED ACCOUNTANT

Mr. Chan Kin Man, Andrew. Please refer to information set out in the paragraph headed "Executive Directors" above.

AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 28 September 2007 in compliance with Rules 3.21 to 3.23 and Appendix 14 of the Listing Rules. The primary duties of the audit committee are to oversee the financial reporting process and internal control procedure of the Group, to review the financial information of the Group and to consider issues relating to the external auditors. The audit committee consists of three independent non-executive Directors and Mr. Cheung Kin Piu, Valiant is the Chairman of the audit committee.

REMUNERATION COMMITTEE

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 28 September 2007 in compliance with Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration. The remuneration committee consists of three independent non-executive Directors and Mr. Hsu Hsung, Adolf is the Chairman of the remuneration committee.

DIRECTORS' REMUNERATION

During the three years ended 31 December 2006 and the six months ended 30 June 2007, the total remuneration (comprising fees, salaries and allowances, discretionary bonuses and pension scheme contributions) and benefits in kind of the Directors were about HK$25.4 million, HK$22.9 million, HK$26.7 million and HK$12.6 million, respectively. The aggregate remuneration and benefits in kind payable to the Directors for the year ending 31 December 2007 are estimated to be about HK$24.3 million.

In respect of the three years ended 31 December 2006, no remuneration was paid to the Directors as an inducement to join or upon joining the Group. No compensation was paid to, or receivable by, the Directors or past Directors for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of the Directors has waived any emoluments.

Further information about the service agreements entered into between the Company and the Directors is set out in the paragraph headed "Particulars of service contracts and Directors' remuneration" in Appendix VI to this Prospectus.

PRE-IPO SHARE OPTION SCHEME

The principal terms of the Pre-IPO Share Option Scheme approved and adopted by (i) written resolutions of all the shareholders of the Company on 28 September 2007; and (ii) ordinary resolutions of the shareholders of CITIC Pacific on 3 October 2007 are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms:

(a) the subscription price per Share shall be the Offer Price;

(b) no options will be offered or granted upon the commencement of dealings in the Shares on the Stock Exchange;

(c) the grantee shall not, within 6 months from the Listing Date, exercise any of the options granted under the Pre-IPO Share Option Scheme;

(d) any exercise of option shall only become effective upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to Pre-IPO Share Option Scheme; and (ii) the commencement of dealings in the Shares on the Stock Exchange;

(e) the maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme shall not exceed 18,000,000 Shares, being 1% of the total number of issued Shares immediately following the commencement of dealings in the Shares on the Stock Exchange; and

(f) the conditions precedent to the adoption of the Post-IPO Share Option Scheme shall not apply and any options granted or to be granted under the Pre-IPO Share Option Scheme shall lapse automatically should listing not take place on or before 31 December 2008.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

Options have been granted under the Pre-IPO Share Option Scheme to recognise the contributions of certain directors and employees of the Group to the growth of the Group and to incentivise them going forward. As at the date of this Prospectus, in consideration of HK$1.00 from each grantee, options to subscribe for an aggregate of 18,000,000 Shares at a subscription price equal to the Offer Price had been granted to 64 grantees under the Pre-IPO Share Option Scheme.

Each option has a 5-year exercise period from the date of the offer of the option. Save for the number of Shares which may be subscribed for pursuant to the exercise of options, each option so granted under the Pre-IPO Share Option Scheme has the same terms and conditions. Assuming that all of the options granted under the Pre-IPO Share Option Scheme are exercised in full, the forecast earnings per Share will be HK$0.229 based on the Offer Price of HK$5.22 per Share. The potential dilution effect on the shareholdings of the Company upon the Listing and the impact on the earnings per Share arising from the exercise of the options granted under the Pre-IPO Share Option Scheme have been taken into account in the calculation of the forecast earnings per Share, as disclosed in the paragraph headed "Profit Forecast for the year ending 31 December 2007" in the "Summary" and "Financial information" sections, respectively of this Prospectus.

Assuming the Over-allotment Option is not exercised, the shareholding structure of the Company before and after the full exercise of all options granted under the Pre-IPO Share Option Scheme is as follows:

Name of Shareholders	**Shareholding structure immediately after completion of the Global Offering but before exercise of the options granted under the Pre-IPO Share Option Scheme**		**Shareholding structure immediately after completion of the Global Offering and after full exercise of the options granted under the Pre-IPO Share Option Scheme**	
	Number of Shares	*%*	*Number of Shares*	*%*
1. CITIC Pacific	1,018,800,000	56.60	1,018,800,000	56.04
2. Grantees under the Pre-IPO Share Option Scheme	—	—	18,000,000	0.99
3. Shareholders taking up Shares under the Global Offering	781,200,000	43.40	781,200,000	42.97
Total	1,800,000,000	100.00	1,818,000,000	100.00

For details of the options that have been granted to directors and employees of the Group under the Pre-IPO Share Option Scheme, please refer to the paragraph headed "9. Pre-IPO Share Option Scheme" in Appendix VI to this Prospectus.

Save as disclosed above and in Appendix VI to this Prospectus, no options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme as at the date of this Prospectus. No options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

EMPLOYEES

General

Set out below is a breakdown of employees of the Group as at 31 December 2004, 2005 and 2006 and as at the Latest Practicable Date.

	As at 31 December			As at the Latest Practicable
	2004	2005	2006	Date
Management	76	76	115	120
Sales and marketing	1,597	1,695	1,884	2,105
Finance and administration	1,530	1,565	1,839	2,042
Technical	1,105	1,129	1,421	1,632
Logistics	469	491	509	524
Total	4,777	4,956	5,768	6,423

Amongst the 6,423 full-time employees as at the Latest Practicable Date, approximately 16% of them were university graduates and 3% were post graduates.

The following table shows a breakdown of employees of the Group as at the Latest Practicable Date by functions and locations:

	Hong Kong	PRC	Overseas	Total
Management	26	80	14	120
Sales and marketing	1,003	1,008	94	2,105
Finance and administration	978	998	66	2,042
Technical	725	826	81	1,632
Logistics	349	173	2	524
Total	3,081	3,085	257	6,423

For each of the years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2007, the Group incurred staff cost, from its continuing operations, of approximately HK$763.0 million, HK$798.3 million, HK$887.4 million and HK$480.6 million respectively, representing approximately 6.6%, 7.6%, 6.9% and 6.9% respectively of the Group's total turnover.

Relationship with staff

The Group has not experienced any significant problems with the employees or disruption to the Group's operations due to labour disputes nor has the Group experienced any difficulties in the recruitment and retention of experienced staff. The Directors are of the view that the Group has good working relations with its employees. Save as disclosed in the section headed "Business — Compliance", the Group has also complied with all the relevant requirements of fair labour standards, working environment and code of conduct for the Group's employees and have never been penalised in this regard during the three years ended 31 December 2006 and the six months ended 30 June 2007.

In addition, the Directors are of the view that the Group's ability in retaining experienced employees, especially senior executives is mainly attributable to the market competitive compensation packages offered by the Group to its employees. The Group conducts regular as well as off-cycle reviews of its compensation packages offered to its employees to ensure they remain market competitive. The Group conducts annual salary review in January every year and rewards employees with discretionary bonus every year end, and may further rewards top performers across various functions during mid-year reviews, as an effort to staff retention.

The Group offers subsidy to employees for their pursuit of graduate or postgraduate academic qualifications to assist employees in their career development. It also promotes cross-functional or units transfers to facilitate experience accumulation and career development of the employees.

The Group believes a friendly working environment helps to retain employees. The Group regularly organises various social, recreational and community work programs for its employees to enrich their work and personal lives. The Employee Wellness Committee of the Group organises various kinds of social and recreational activities monthly for enjoyment and relaxation of its employees and to promote team building and bonding among the employees through such social and recreational activities. The Group's Community Services Committee organises social services quarterly for the Group's employees' to serve the community voluntarily.

Training and Development

The Group is committed to enhancing the capabilities of its employees. This is achieved through organising need-based in-house programs as well as sponsoring the participation in external programs. In-house training programs organised ranges from orientation programs for new employees, providing them with an understanding of the Group's vision and values, code of conduct and compliance, terms and conditions of employment, performance management and benefits, customer service training programs for frontline employees to achieve service excellence, to management training programs to enhance managerial effectiveness.

Employees are also sponsored to attend external programs to acquire requisite knowledge or skills related to their job. On a highly selective basis, the Group also sponsors employees to pursue studies leading to advance academic qualifications relating to their profession or business management. Employees provided with such sponsorship should comply with the terms and conditions imposed by the Group, including commitment to work for the Group for a pre-determined period after completion of the studies.

Benefit schemes

The Group offers benefit programs that are in compliance with the local regulatory requirement as well as competitive with the market practice. Such benefits include annual leave and other kinds of leave, life, accident and medical insurance, and retirement plans. Executive prerequisites such as car and club membership are also provided to directors and senior executives in accordance with the policy of these items.

As for retirement benefits, the employees in Hong Kong are given the option to join the CITIC Group Mandatory Provident Fund Scheme ("MPF Scheme") in accordance with the arrangements prescribed by the Mandatory Provident Fund Schemes Ordinance, Chapter 485 of the Laws of Hong Kong. Employees and the Group are required to contribute 5% of the relevant employee's monthly wage (up to a maximum contribution of HK$1,000 by the Group) on a monthly basis to the fund respectively. Employees may contribute more than 5% into the fund. At the moment, some employees of the Group, who joined before August 2003, are members of the CITIC Group Retirement Plan ("ORSO Plan"). They are entitled to contributions made by the Group ranging from 5% to 10% of monthly base salary, with no cap. However, the ORSO Plan has been replaced by the above MPF Scheme from August 2003. All new contributions are made to the MPF Scheme. The ORSO Plan is now a closed fund and will be dissolved by 1 August 2008 when vested benefits of these members have to be transferred to the MPF Scheme before then. The contributions paid for the three years ended 31 December 2006 were approximately HK$26.5 million, HK$28.8 million and HK$29.3 million respectively.

In PRC, in accordance with the relevant national and local labour and social welfare laws and regulations, the Group is required to pay in respect of each of its relevant employees various social security funds including basic pension insurance (基本養老保險), basic medical insurance (基本醫療保險), unemployment insurance (失業保險), occupational injury insurance (工傷保險) and insurance for maternity leave (生育保險). According to the currently applicable local regulations, the percentages of basic pension insurance, basic medical insurance, unemployment insurance, occupational injury insurance and insurance for maternity leave to be contributed by the Group are not exceeding 22%, not exceeding 12%, approximately 2%, not exceeding 1% and not exceeding 1% respectively of the relevant employees' average monthly salary of the preceding year. The contributions paid for the three years ended 31 December 2006 were approximately RMB10.1 million (equivalent to approximately HK$9.5 million), RMB12.0 million (equivalent to approximately HK$11.6 million), and RMB12.4 million (equivalent to approximately HK$12.4 million) respectively.

In accordance with the laws of Macao, the Group also makes mandatory contribution to the Social Security Fund in respect of each employee of the Group in Macao. The contributions paid for the three years ended 31 December 2006 were approximately MOP6,840, MOP6,615 and MOP19,310 (equivalent to approximately HK$6,584, HK$6,367 and HK$18,586) respectively.

In Singapore, the Group is required to pay in respect of each relevant employee of the Group a monthly contribution to the Singapore Central Provident Fund at the required rate in accordance with the laws of Singapore. The contributions paid for the three years ended 31 December 2006 were approximately SGD538,022, SGD535,483 and SGD546,269 (equivalent to approximately HK$2,555,605, HK$2,483,570 and HK$2,766,306) respectively.

In Japan, the Group is subject to the Employees' Pension Insurance Law and is required to make mandatory contribution to the National Pension in respect of each employee of the Group in Japan. The contributions paid for the three years ended 31 December 2006 were approximately JPY27,333,829, JPY28,524,648 and JPY28,561,807 (equivalent to approximately HK$2,069,171, HK$1,882,627 and HK$1,867,942) respectively.

In Canada, the Group has also made contribution to the Canada Pension Plan in respect of each employee of the Group in Canada. The contributions paid for the three years ended 31 December 2006 were approximately CAD119,474, CAD118,436 and CAD120,164 (equivalent to approximately HK$771,208, HK$791,031 and HK$805,099) respectively.

Other than the disclosed sum of staff benefits (as required statutorily or otherwise), there were no material expenditures paid by the Group in respect of its employees in all jurisdictions in which the Group operates. Given that the level of underpaid housing accumulation funds, maternity insurance, medical insurance and unemployment insurance for certain PRC subsidiaries are immaterial, the Directors confirm that sufficient provision has been made for the social welfare benefit schemes in all jurisdictions in which the Group operates.

Share option scheme

The Group has adopted an employee share option scheme. Please refer to Appendix VI for details.

COMPLIANCE ADVISER

The Company will appoint BNP Paribas as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to the Company pursuant to the requirements thereunder. BNP Paribas will, inter alia, provide advice to the Company in the following circumstances:

(i) before the publication by the Company of any regulatory announcement (whether required by the Listing Rules or requested by the Stock Exchange or otherwise), circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction under Chapters 14 or 14A of the Listing Rules, is contemplated by the Company including share issues and share repurchases;

(iii) where the Company proposes to use the proceeds of the Listing in a manner different from that detailed in this prospectus in respect of the Listing or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in this prospectus; and

(iv) where the Stock Exchange makes an inquiry of the Company under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on 30 September 2009. The Company shall comply with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing final result.

		HK$
Authorised share capital:		
4,000,000,000	Shares	600,000,000
Shares issued and to be issued, fully paid or credited as fully paid:		
1,620,000,000	Shares in issue at the date of this Prospectus	243,000,000
180,000,000	Shares to be issued pursuant to the Global Offering	27,000,000
Total:		
1,800,000,000	Shares	270,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional but does not take into account any Shares which may be allotted and issued or repurchased by the Company pursuant to the general mandate for the allotment and issue or repurchase of Shares granted to the Directors as described below.

RANKING

The Offer Shares will rank pari passu in all respects with all other Shares in issue and to be issued as mentioned in this Prospectus, and in particular, will rank equally for all dividends and other distributions declared, made or paid after the date of this Prospectus.

ISSUING MANDATE

Subject to the fulfilment of the conditions stated in "Structure and conditions of the Global Offering — Conditions of the Global Offering" of this Prospectus, the Directors have been granted a general unconditional mandate to allot, issue and deal with unissued Shares and to make all grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with, subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than pursuant to a rights issue, or script dividend scheme or similar arrangement, or a specific authority granted by shareholders, shall not exceed the sum of:

— 20% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering; and

— the aggregate nominal value of the share capital of the Company repurchased by the Company, if any, pursuant to the general mandate to repurchase Shares referred to below.

The allotment and issue of Shares under a rights issue, scrip dividend scheme or similar arrangement, or any adjustment of rights to subscribe for Shares under options and warrants or a specific authority granted by the Shareholders do not generally require the approval of the Shareholders in general meeting. The aggregate nominal value of Shares which the Directors are authorised to allot and issue under this mandate will not be reduced by the allotment and issue of such Shares.

The Issuing Mandate will expire:

- at the conclusion of the next annual general meeting of the Company; or
- on the expiration of the period within which the next annual general meeting of the Company is required to be held by the Articles or any applicable laws of Hong Kong to be held; or
- when it is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, see the sub-paragraph headed "Resolutions of the shareholders of the Company" under the paragraph headed "Further information about the Company" in Appendix VI to this Prospectus.

REPURCHASE MANDATE

Subject to the fulfilment of the conditions stated in "Structure and conditions of the Global Offering — Conditions of the Global Offering" in this Prospectus. The Directors have been granted a general unconditional mandate to exercise all the powers of and on behalf of the Company to repurchase Shares with an aggregate nominal value of not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering.

This mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed, and which is recognised by the SFC and the Stock Exchange for this purpose, and which are made in accordance with all applicable laws and requirements of the Listing Rules. A summary of the relevant Listing Rules regarding the repurchase of Shares is set out in the paragraph headed "Repurchase by the Company of its own securities" in Appendix VI to this Prospectus.

The mandate will expire:

- at the conclusion of the next annual general meeting of the Company; or
- on the expiration of the period within which the next annual general meeting of the Company is required to be held by the Articles or any applicable laws of Hong Kong to be held; or
- when it is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, see the sub-paragraph headed "Resolutions of the shareholders of the Company" under the paragraph headed "Further information about the Company" in Appendix VI to this Prospectus.

SUBSTANTIAL SHAREHOLDERS

As far as the Directors are aware as at the Latest Practicable Date, the following persons (other than Directors) will, immediately following the completion of the Global Offering (assuming the Over-allotment Option and any options granted under the Pre-IPO Share Option Scheme are not exercised), have an interest or short position in the Shares or the underlying Shares of the Company which is required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Interests and short positions in Shares

Name	Number of Shares	Approximate attributable interest
		(%)
Cornaldi Enterprises Limited	95,317,400	5.30%
Chadacre Developments Limited	245,102,000	13.62%
Colton Pacific Limited	800,922,200	44.50%
Ascari Holdings Ltd.	217,877,800	12.10%
Davenmore Limited	1,018,800,000	56.60%
CITIC Pacific	1,018,800,000	56.60%

Notes:

1. Colton Pacific Limited beneficially holds 378,802,200 Shares and is deemed to be interested in 422,120,000 additional Shares held by the following wholly-owned subsidiaries:

Chadacre Developments Limited	245,102,000
Cornaldi Enterprises Limited	95,317,400
Corton Enterprises Limited	54,467,000
Dashing Investments Limited	13,616,800
Karaganda Limited	13,616,800

2. Ascari Holdings Ltd. is deemed to be interested in 217,877,800 Shares through the following wholly-owned subsidiaries:

Silver Ray Enterprises Inc.	55,877,800
Grogan Inc.	81,000,000
Greenlane International Holdings Inc.	81,000,000

3. Davenmore Limited is deemed to be interested in 1,018,800,000 Shares as Colton Pacific Limited and Ascari Holdings Ltd. are its wholly-owned subsidiaries.

4. CITIC Pacific is deemed to be interested in 1,018,800,000 Shares as Davenmore Limited is its wholly-owned subsidiary.

Interests in shares of other members of the Group

Name of subsidiary	Name of shareholder	Percentage of issued share capital
Dah Chong Hong-Dragonair Airport GSE Service Limited	Hong Kong Dragon Airlines Limited	30%
CITIC Interlocal Pte. Ltd.	Kauri Woods Pte. Ltd.	30%
DAS Nordisk Limited	Nordisk Asia Pacific Pte. Ltd.	30%
DAS Aviation Support Limited	Hong Kong Dragon Airlines Limited	30%
Bright Billion Limited	Jungle Investment Limited	10%
Alixon Co. Ltd.	RFC Management Limited	10%
Dah Chong Hong Macau Total Supply Chain Management Company Limited	CBA Investments Company Limited	35%
Dah Chong Hong Macau Consulting Company Limited	CBA Investments Company Limited	35%
Dah Chong Hong Macau General Supply Company Limited	CBA Investments Company Limited	35%
Dah Chong Hong Macau Food Supply Company Limited	CBA Investments Company Limited	35%
Dah Chong Hong Macau Logistics Warehouse Company Limited	CBA Investments Company Limited	35%
DCH Supply Chain Management Company Limited	Excel Epoch International Limited	20%
Mainstream Holdings Limited	IBP Caribbean Inc.	34.91%
Regal Heights Limited	Perdue Farms Incorporated	40%
廣東大昌食品有限公司 (Guangdong Dah Chong Foodstuffs Co., Ltd.)	廣東國際貿易旅游公司 (Guangdong International Trade Travel Service Co.)	30%

Name of subsidiary	Name of shareholder	Percentage of issued share capital
上海大昌江南鳳有限公司 (Shanghai DCH Jiangnanfeng Co., Ltd.)	上海市農業投資總公司 (Shanghai Agriculture Investment Holding Co., Ltd.)	12.67%
	上海浦東匯侖實業總公司 (Shanghai Pudong Huilun Enterprise Holding Co., Ltd.)	10.56%
深圳中糧大昌食品有限公司 (Shenzhen Zhongliangdachang Foodstuffs Co., Ltd.)	中糧集團（深圳）有限公司 (COFCO (Shenzhen) Co., Ltd.)	30%
昆明大昌汽車服務有限公司 (Kunming Dah Chong Motor Service Co., Ltd.)	雲南客車廠 (Yunnan Coach Factory)	30%
江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited)	江門市華天實業投資有限公司 (Jiangmen Huatian Investment Limited)	10%
雲南聯迪汽車服務有限公司 (Yunnan Liandi Motors Service Limited)	雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited)	20%
雲南寶泰隆汽車服務有限公司 (Yunnan Bao Tailong Motors Service Limited)	雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited)	20%
江門市怡誠汽車銷售服務有限公司 (Jiangmen Yicheng Motors Sale and Service Limited)	譚德華先生 (Mr. Tan Dehua)	20%
湛江市合榮汽車銷售服務有限公司 (Zhanjiang Herong Motors Sale and Service Limited)	江門市華天實業投資有限公司 (Jiangmen Huatian Investment Limited)	20%
昆明合澤企業管理有限公司 (Kunming Heze Corporate Management Limited)	雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited)	20%
上海網富電子商貿有限公司 (Shanghai Wangfu Electrical Trading Limited)	中國國際經濟諮詢公司 (China International Economics Consulting Company)	10%
廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited)	廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited)	20%

Name of subsidiary	Name of shareholder	Percentage of issued share capital
昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited)	廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited)	20%
廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited)	李勵先生 (Mr. Li Li)	10%
青島安達塗料化學材料有限公司 (Qingdao Adachi Paints and Chemical Materials Co., Ltd.)	青島新亞太國際貿易有限公司 (New Asia Pacific Group Co., Ltd.)	25%

Save as disclosed above, the Directors are not aware of any other person who will, immediately following completion of the Global Offering (assuming of the Over-allotment Option is not exercised), have an interest or short position in the Shares or the underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

The Selling Shareholder has undertaken to the Stock Exchange and the Company that it shall not and shall procure that the relevant registered holder(s) shall not (except pursuant to or in connection with implementation of the Stock Borrowing Agreement and the Over-allotment Option):

(a) in the period commencing on the Latest Practicable Date and ending on the date which is six months from the Listing Date, dispose of, nor enter into agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it is shown by this Prospectus to be the beneficial owner; or

(b) in the period of six months commencing on the date on which the period referred to in (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise of enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling shareholder.

The Selling Shareholder has also undertaken to the Stock Exchange and the Company that within the period from the Latest Practicable Date and ending on the date which is 12 months after the Listing Date, it shall:

(1) when it pledges/charges any securities of the Company beneficially owned by it in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company of such pledge/charge together with the number of Shares so pledged/charged; and

(2) when it receives indications, whether verbal or written, from the pledgee/chargee that any of the pledged/charged Shares will be disposed of, immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in (1) and (2) above by the Selling Shareholder and disclose such matters by way of an announcement.

OVERVIEW

The Group is an integrated and international trading group with business operations in Hong Kong, Macao, the PRC, Japan, Singapore and Canada, providing quality products and services in the three core businesses of trading and distribution of motor vehicles, trading and distribution of food and consumer products, such as food, electrical appliances and cosmetics and the provision of logistics services.

The Group's aggregate turnover is primarily from the following three segments:

(a) the trading and distribution of motor vehicles and motor vehicle related business was HK$6,681.0 million, HK$5,532.8 million, HK$7,683.9 million and HK$4,312.7 million for the three years ended 31 December 2006 and six months ended 30 June 2007, respectively;

(b) the trading and distribution of food and consumer products and other trading were HK$4,677.8 million, HK$4,821.5 million, HK$5,047.1 million and HK$2,567.3 million for the three years ended 31 December 2006 and six months ended 30 June 2007, respectively; and

(c) the provision of logistics services was HK$85.6 million, HK$117.8 million, HK$144.4 million and HK$84.8 million for the three years ended 31 December 2006 and six months ended 30 June 2007, respectively.

FACTORS AFFECTING THE RESULTS OF OPERATIONS OF THE GROUP

The Group's sales and its ability to continue to generate profits are affected by a number of factors, many of which may not be within the Group's control. A list of these factors is set out below:

- *Market competition*. Keen competition has been constantly affecting the Group's profit margin. The Group provides similar products and services as other market players, customers of the Group are price sensitive and price competition between the Group and competitors can affect the Group's results. This is particularly relevant for the motor vehicle trading business in China, as well as food commodities business during periods of market downturns.

- *Fluctuations in Cost of Sales for Traded Goods*. The Group's gross profit margins are affected by price fluctuations related to the cost of sales of goods that the Group is selling. Any significant increase in the cost of such goods, which the Group may not be able to pass on to its customers through price increases, will affect the Group's gross profit margin.

- *Regulations and Compliance*. Government regulations have played a significant role affecting the Group's sales and profit margins where the Group sells its products. For instance, in the Group's motor vehicle trading business, government regulations may affect vehicle price, design and running cost by way of levying additional tax or fees or promulgating more stringent environmental or quality or safety control regulations. With respect to the Group's sales of food products, with increasing concern on food and product safety, compliance with relevant regulations is the key to maintain a product's presence in the market. If there is a new regulation or a change in the application or interpretation of the existing regulations that the Group's suppliers are not able to meet, the Group's turnover could be adversely affected. In certain less developed markets, the risk of non-compliance of relevant regulations may be higher because such markets are more prone to have relatively more frequent changes in regulations.

- *Suppliers' product defect.* The Group distributes products that are designed and produced by suppliers, and in the case of substantial product defects, the Group will under certain circumstances be jointly liable with the suppliers for loss of end customers, and the defect in products will result in lost of sales or otherwise materially affect the sales of products and other products from the same suppliers that are handled by the Group.

- *Macro-economic Factors.* Strong economic growth may significantly boost sales of luxury products (such as automobiles, abalone and cosmetics), while sales increment of basic necessities (such as frozen meat, rice and edible oil) may be relatively less in most markets.

- *Change in Customers' Preference.* If a brand or product that the Group sells fails to innovate with features or appearance that can synchronise with prevailing trends, the Group's sales and gross profit could be adversely affected. The sales of cosmetic products, for instance, may be affected by consumers' pursuit of trendy products in terms of product form, colour, usage and packaging, which has growing influence in brand choice and thus, decisions to buy. The sales of motor vehicles are also affected by the product life cycle, product quality, brand image and financial condition of the motor manufacturers.

- *Foreign exchange fluctuations.* Fluctuations in foreign currencies may affect the Groups' cost of goods sold as a substantial portion of the Group's purchases is sourced from overseas suppliers and settled in foreign currencies. The Group's turnover and gross margin may be adversely affected by foreign exchange fluctuations, as any adverse impact from foreign currency movement may not be fully transferable to end customers. The risk of foreign exchange fluctuations will also impact the Group's gross margin even in the case when purchases are settled in local or pegged foreign currencies due to the market practice of allowing the supplier to transfer the currency fluctuation to the Group by increasing the purchase price.

- *Weather Conditions.* Sales of some of the Group's food and consumer products are heavily influenced by weather. Some of the Group's sports drinks, for instance, sell well with an extended period of hot and sunny weather in summer, as well as the Group's sun block products and air conditioners. On the other hand, sustained cold weather in winter can boost sales of hot pot items of the Group like beef and mutton.

- *Industry-specific Conditions.* The Group's logistics services are provided to operators in certain industries and therefore are highly dependent on conditions specific to those industries. For instance, the Group's sourcing, processing, and logistics business has been growing strong in Macao due to the fast growth in the gaming industry in that region. If there is any unfavourable change in the economic and operating environment of the industry where the Group provides its logistics services, the Group's logistics business may be adversely affected.

- *Animal diseases.* Certain animal diseases, such as bird flu, mad-cow, Streptococcus Suis, have in the past drastically dampened the demand for the Group's frozen meat products and adversely affected the Group's sales and gross profit of such products.

BASIS OF PRESENTATION

On 1 January 2004 and on 29 June 2007, the Group acquired from the wholly-owned subsidiaries of its ultimate holding company, CITIC Pacific, the entire equity interests in Broadview Investments Holdings Ltd. and its subsidiaries for a cash consideration of HK$301,175,000 and Yee Lim Godown & Cold Storage Limited for a cash consideration of HK$12,598,000 respectively.

The control is not transitory and, consequently, there was a continuation of the risks and benefits to the controlling party, and therefore these are considered as business combinations under common control and that Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA is applied for these transactions. The "Financial information" has been prepared using the merger basis of accounting as if the Group had always been in existence. The net assets of the combining companies are consolidated using the existing book values from the controlling equity shareholder's perspective.

Other acquisitions, being the acquisition of equity interests in companies from independent third parties, were accounted for under the purchase accounting method.

Historically, PRC rules and regulations restricted foreign ownership of companies in certain industries. The Group has been conducting its operations in these industries through Contractual Arrangements with OPCOs which are wholly-owned by Registered Owners.

The Group does not have direct equity interests in these OPCOs. However, the Group has implemented a series of Contractual Arrangements with the Registered Owners of these OPCOs, such that:

- The Group is entitled to enjoy all the economic benefits of the OPCOs. All the dividends, capital bonus or any other assets distributed to the respective Registered Owners by the respective OPCOs are required to transfer to the Group at nil consideration within three working days after such distribution;
- The Group is granted an exclusive right to acquire, to the extent permissible under PRC laws, equity interests in the OPCOs at nil consideration or for a nominal price; and
- The respective Registered Owners are required to consult with and follow the instructions of the Group, whenever they exercise their rights as the equity shareholders of the OPCOs.

As a result of the above Contractual Arrangements, the Group has effective control over the operational and financial policies of the OPCOs and derives economic benefits from the operations of the OPCOs. Accordingly, the financial results and positions of the OPCOs have been consolidated into the Group since their respective dates of establishment or acquisitions.

The business-by-business analysis on importance and contribution by the OPCOs are summarized below.

Turnover

The following table shows the breakdown of the Group's turnover in the PRC by OPCOs and non-OPCOs for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*%*	*HK$ 'm*	*%*	*HK$ 'm*	*%*	*HK$ 'm* (unaudited)	*%*	*HK$ 'm*	*%*
PRC (other than Hong Kong and Macao)										
Motor Segment										
OPCOs *(Note 1)*	1,022.8	21.3	1,239.5	35.2	2,813.2	50.5	1,128.4	47.4	1,655.5	51.5
Non-OPCOs *(Note 2)*	2,291.4	47.9	666.3	19.0	951.5	17.1	512.3	21.6	613.4	19.0
	3,314.2	69.2	1,905.8	54.2	3,764.7	67.6	1,640.7	69.0	2,268.9	70.5
Food and Consumer Products Segment										
OPCOs *(Note 3)*	858.1	17.9	854.1	24.3	981.7	17.6	377.0	15.8	456.8	14.2
Non-OPCOs *(Note 4)*	619.3	12.9	750.3	21.3	814.3	14.6	361.1	15.2	481.0	15.0
	1,477.4	30.8	1,604.4	45.6	1,796.0	32.2	738.1	31.0	937.8	29.2
Logistics Segment										
OPCO *(Note 5)*	0.0	0.0	5.8	0.2	5.2	0.1	0.2	0.0	6.4	0.2
Non-OPCOs *(Note 5)*	0.0	0.0	0.6	0.0	3.2	0.1	0.7	0.0	3.4	0.1
	0.0	0.0	6.4	0.2	8.4	0.2	0.9	0.0	9.8	0.3
Total	**4,791.6**	**100.0**	**3,516.6**	**100.0**	**5,569.1**	**100.0**	**2,379.7**	**100.0**	**3,216.5**	**100.0**

Notes:

1. Motor OPCOs are mainly set up for engaging in motor distribution and motor related businesses, in particular the city dealership business. In general, the city dealership business enjoys a higher gross profit margin than imported vehicle business as it also provides vehicle maintenance services and parts sales.

2. Motor non-OPCOs are mainly focus on the trading and importation of vehicles and parts to the PRC and conduct supporting services for the Group.

3. Trading OPCOs are engaged in the trading and distribution of food commodities (mainly locally sourced frozen meat) and FMCG, with the latter accounted for a majority of the turnover. FMCG products distributed include confectionary, beverages and milk powder. These FMCG are branded with advertising and promotion support from principals to build brand name and brand loyalty and thus, necessitate relatively higher price and gross profit to sustain the business.

4. Trading non-OPCOs are mainly engaged in the trading and distribution of both imported and locally sourced food commodities such as frozen meat, frozen seafood, frozen vegetable and edible oil. As product differentiation in food commodities is not as obvious as that in FMCG, branding effect in food commodities is minimal and thus, cannot offer much room for price premium. As such, the gross profit margins for the trading of food commodities are usually lower than those of FMCG products.

5. Logistics OPCO basically provides importation services which do not enjoy high margins such as the Logistics non-OPCOs activities which include bonded and non-bonded warehousing services as well as food processing and valued-added services such as re-packing and labeling.

Gross Profit

The following table shows the breakdown of the Group's gross profit and gross profit margin in the PRC by OPCOs and non-OPCOs for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm* *(unaudited)*	*GP %*	*HK$ 'm*	*GP %*
PRC (other than Hong Kong and Macao)										
Motor Segment										
OPCOs *(Note 1)*	54.6	5.3	67.7	5.5	182.7	6.5	86.7	7.7	132.5	8.0
Non-OPCOs *(Note 2)*	64.6	2.8	46.9	7.0	37.4	3.9	24.1	4.7	46.1	7.5
	119.2	3.6	114.6	6.0	220.1	5.8	110.8	6.8	178.6	7.9
Food and Consumer Products Segment										
OPCOs *(Note 3)*	88.4	10.3	114.7	13.4	138.1	14.1	53.7	14.2	84.0	18.4
Non-OPCOs *(Note 4)*	84.7	13.7	80.4	10.7	114.6	14.1	39.3	10.9	48.5	10.1
	173.1	11.7	195.1	12.2	252.7	14.1	93.0	12.6	132.5	14.1
Logistics Segment										
OPCO *(Note 5)*	0.0	0.0	0.2	3.4	0.1	1.9	0.0	0.0	0.0	0.0
Non-OPCOs *(Note 5)*	0.0	0.0	0.6	100.0	0.9	28.1	(0.2)	(28.6)	2.0	58.8
	0.0	0.0	0.8	12.5	1.0	11.9	(0.2)	(22.2)	2.0	20.4
Total	**292.3**	**6.1**	**310.5**	**8.8**	**473.8**	**8.5**	**203.6**	**8.6**	**313.1**	**9.7**

Notes:

1. Motor OPCOs are mainly set up for engaging in motor vehicle distribution and motor vehicle related businesses, in particular the city dealership business. In general, the city dealership business enjoys a higher gross profit margin than imported vehicle business as it also provides vehicle maintenance services and parts sales.

2. Motor non-OPCOs are mainly focus on the trading and importation of vehicles and parts to the PRC and conduct supporting services for the Group.

3. Trading OPCOs are engaged in the trading and distribution of food commodities (mainly locally sourced frozen meat) and FMCG, with the latter accounted for a majority of the turnover. FMCG products distributed include confectionary, beverages and milk powder. These FMCG are branded with advertising and promotion support from principals to build brand name and brand loyalty and thus, necessitate relatively higher price and gross profit to sustain the business.

4. Trading non-OPCOs are mainly engaged in the trading and distribution of both imported and locally sourced food commodities such as frozen meat, frozen seafood, frozen vegetable and edible oil. As product differentiation in food commodities is not as obvious as that in FMCG, branding effect in food commodities is minimal and thus, cannot offer much room for price premium. As such, the gross profit margins for the trading of food commodities are usually lower than those of FMCG products.

5. Logistics OPCO basically provides importation services which do not enjoy high margins such as the Logistics non-OPCOs activities which include bonded and non-bonded warehousing services as well as food processing and valued-added services such as re-packing and labelling.

Six months ended 30 June 2007

As at 30 June 2007, there were 34 OPCOs. 30 of them were accounted for by the Group as subsidiaries on a combined basis and 4 of them were accounted for by the Group as jointly controlled entities or associated companies using equity method of accounting. Of the 30 subsidiary OPCOs in the PRC, 20 were engaged in motor vehicle distribution business ("Motor OPCOs"), 9 in trading business ("Trading OPCOs") and 1 in logistics business ("Logistics OPCO"). For the six months ended 30 June 2007, the subsidiary OPCOs accounted for 30.3% and 7.3% of the Group's turnover and net profits; the Motor OPCOs, the Trading OPCOs and the Logistics OPCO, respectively, accounted for 23.7%, 6.5% and 0.1% of the Group's total turnover, and 12.5%, -5.3% and 0.1% of the Group's profit attributable to equity shareholders of the Company.

The unfavourable performance in the PRC market through the Contractual Arrangement for the six months ended 30 June 2007 was attributable to the Trading OPCOs where it incurred advertising and promotional expenses of approximately HK$18.5 million for the liquor distribution business, which was the main reason attributable to the net losses of HK$11.1 million of Trading OPCOs. However, the Group expects that such losses would be reduced starting from the second half of 2007 as the principal of the liquor products will absorb the advertising and promotional responsibilities from the fourth quarter of 2007. Other than the liquor business conducted by the Trading OPCOs, other businesses within this segment in aggregate have been making profits contributed mainly by food distribution business in Shanghai. For the Motor OPCOs, the enlarged scale of the Group's city-dealership network enabled it to enjoy synergy in management and resources sharing which enhanced the profitability of existing city dealerships and 4S outlets. This together with the consolidated performance of the additional five city dealerships, the turnover and gross profit contributed by Motor OPCOs for the six months ended 30 June 2007 were HK$1,655.5 million and HK$132.5 million respectively, which reached 58.8% and 72.5% of that of the full year 2006. The increasing customer base of city dealership businesses also improved the high gross profit margin aftersales service in the period and improved the overall profitability of the city dealerships. With city dealership accounted for a substantial portion in Motor OPCOs, the overall gross profit margin of Motor OPCOs recorded a 0.3% point over the same period in 2006 to 8.0%. The turnover of Trading OPCOs marked a growth rate of 21.2%, an increase over that of the same period last year as marketing efforts previously launched bore fruits, with brand awareness enhanced, for both liquor and confectionary business, especially during the festive season of the lunar new year. Regarding gross profits, there has been 4.2% point growth in gross profit margin over same period last year due to, as said, substantial incremental sales in liquor products and confectionery, with the former in particular fetching relatively high gross profit margin. For the Logistics OPCO, both turnover and net profit recorded double digit growth compared to same period 2006, with turnover of HK$6.4 million and net profits of HK$0.3 million.

The turnover of the Group's Motor non-OPCOs reached HK$613.4 million, which achieved 64.5% of the turnover of the full year 2006 with gross profit margin of 7.5% compared to 8.0% of the Motor OPCOs. The increment of 3.6% point in gross margin of Motor non-OPCOs against full year 2006 was mainly attributable to dissolution or termination of some of the non-profitable entities. In addition, after the implementation of WTO and CEPA, the Group also directly invested in motor related businesses and thus enhanced the gross profit margin of Motor non-OPCOs as a whole. On the other hand, the turnover of the Group's PRC food and consumer products business not under Contractual Arrangements accounted for HK$481.0 million, which exceeded that of the Trading OPCOs by HK$24.2 million, despite the Trading OPCOs had better gross profit margin reaching 18.4% from its product mix, compared to the Trading non-OPCOs with product mix recorded a much lower gross profit margin of 10.1%. Nonetheless, there was a drop of 4.0% point in the gross profit margin of Trading non-OPCOs against that of the full year of 2006 as the growth in selling price of edible oils is less than that of the cost while the Group has been taking a more price competitive approach for frozen meat. The Logistics non-OPCO's turnover was HK$3.4 million with an average gross profit margin of 58.8% from the principal activities of repackaging and warehousing services provided at the Xinhui logistics hub.

For the year ended 31 December 2006

As at 31 December 2006, there were 34 OPCOs. 30 of them were accounted for by the Group as subsidiaries on a combined basis and 4 of them were accounted for by the Group as jointly controlled entities or associated companies using equity method of accounting. Of the 30 subsidiary OPCOs in the PRC, 21 were Motor OPCOs, 8 Trading OPCOs and 1 Logistics OPCO. For the year ended 31 December 2006, the subsidiary OPCOs accounted for 29.4% and -0.3% of the Group's turnover and net profits; the Motor OPCOs, the Trading OPCOs and the Logistics OPCO, respectively, accounted for 21.8%, 7.6% and 0% of the Group's total turnover, and 5.2%, -5.6% and 0.1% of the Group's net profit attributable to equity shareholders of the Company.

The unfavourable performance in the PRC market through the Contractual Arrangement for the year ended 31 December 2006 was attributable to the performance of the Trading OPCOs where a substantial amount of HK$26.5 million was incurred as the advertising and promotional expenses in order to expand the liquor distribution business, which caused the losses of HK$18.1 million of Trading OPCOs. On the other hand, the food commodities and FMCG distribution business in the PRC conducted by the Trading OPCOs did make profits. The turnover of Trading OPCOs at HK$981.7 million, marked 14.9% growth over last year as marketing efforts previously launched bore fruits, with brand awareness enhanced, for both liquor business in particular, whilst confectionary business also marked a healthy growth. The 0.7% point improvement in gross profit margin for the year 2006 against that of 2005 was due to the drastic growth in high margin liquor business. On the other hand, the turnover of Motor OPCOs improved substantially, which increased by 127.0% from HK$1,239.5 million in 2005 to HK$2,813.2 million in 2006. The improving performance of city-dealership was the main reason for the improvement in Motor OPCOs. The turnover, gross profit and gross profit margin of city dealership were pushed up by organic growth in customer base. In addition, the improvement was also attributed to the consolidation of the profit of the 7 additional city dealerships over the peiod. These city dealerships were in matured stage and able to contribute profit after acquisition. Meanwhile, the Group also converted an OPCO from a city dealership into an importer for passenger cars that was set up to meet the new China automobile policy requirement for imported car. This improved the Group's sales and profit through Motor OPCOs. In addition, the Group also ceased the operation of other non-profit making businesses conducted by Motor OPCOs. Taking into account of the above factors, the gross profit margin was improved by 1.0% point from 5.5% in 2005 to 6.5% in 2006. For the Logistics OPCO, turnover had been stabilised at over HK$5 million for the year ended 31 December 2006.

Compared to the performance of Motor non-OPCOs, as a result of the successful strategy, the turnover and gross profit generated by the city dealership conducted through Motor OPCOs surpassed the vehicle business of Motor non-OPCOs. The turnover of Motor non-OPCOs increased by 42.8% from HK$666.3 million in 2005 to HK$951.5 million in 2006 with gross profit margin of 3.9% compared to 6.5% as that enjoyed by Motor OPCOs. Such an increase was primarily due to the rebounded importation of commercial vehicle business in 2006 as a result of new models imported to the market. However, the gross profit margin of the overall Motor non-OPCOs was diluted by the resumption of the relatively low margin PRC imported commercial vehicle business. On the other hand, the turnover of the Group's Trading non-OPCOs generated from the food commodity business of HK$814.3 million, was lower than that of Trading OPCOs of HK$981.7 million, despite both attained the same gross profit margin at 14.1%. In addition, Trading non-OPCOs' gross profit margin recorded a growth of 3.4% point over that of last year due to an increase in the sales of imported frozen meat and edible oil to suit market demand and both were able to fetch satisfactory selling price. Logistics non-OPCOs' turnover was HK$3.2 million with gross profit margin of 28.1% from the principal activities of repackaging and warehousing services provided at the Xinhui logistics hub. On the other hand, the Logistics OPCO's gross profit margin was only 1.9%.

For the year ended 31 December 2005

As at 31 December 2005, there were 35 OPCOs. 30 of them were accounted for by the Group as subsidiaries on a combined basis and 5 of them were accounted for by the Group as jointly controlled entities or associated companies using equity method of accounting. Of the 30 subsidiary OPCOs in the PRC, 22 were Motor OPCOs, 7 Trading OPCOs and 1 Logistics OPCO. For the year ended 31 December 2005, the subsidiary OPCOs accounted for 20.0% and -0.1% of the Group's turnover and net profits; the Motor OPCOs, the Trading OPCOs and the Logistics OPCOs, respectively, accounted for 11.8%, 8.1% and 0.1% of the Group's total turnover, and -3.1%, 3.0% and 0% of the Group's profit attributable to equity shareholders of the Company.

The unfavourable performance in the PRC market through the Contractual Arrangement was attributable to the performance of the Motor OPCOs where the performance was still hindered by the difficulties in the initial investment stage. The turnover of the Motor OPCOs' business increased by 21.2% from HK$1,022.8 million in 2004 to HK$1,239.5 million in 2005. The gross profit increased as well from HK$54.6 million in 2004 to HK$67.7 million in 2005. The increase in turnover was mainly due to consolidating the performance of additional 4 city dealerships and the sales improvement of existing city dealerships in respect of better trained sales people and sales channel management. However, because the city dealerships were still in investment phase, the customer base was not up to the scale to generate sustainable aftersales service income and the gross profit margin could not grow. The Trading OPCOs' turnover has been stable as compared to that of last year except for a prominent growth in the liquor business and the food commodity sales to a fast food chain. The Trading OPCOs had generated gross profits of HK$114.7 million, attributable to the Group's food commodities and FMCG distribution business which started to gather momentum in Shanghai and Guangdong. The growth in the gross profit over last year by HK$26.3 million was mainly due to the commencement of liquor business and a sharp growth in food commodity sales to a fast food retail chain. For the Logistics OPCO, the importation business commenced in year 2005 with both turnover and gross profits tracking a stable growth trend. Break-even result was recorded during such an investment period.

As to the performance of Motor non-OPCOs, the turnover dropped by 70.9% from HK$2,291.4 million in 2004 to HK$666.3 million in 2005 with gross profit margin of 7.0% compared to 5.5% of that enjoyed by Motor OPCOs, mainly due to the implementation of a component replacement scheme for one of the major motor brand and preparation for applying China Compulsory Certification (CCC) for a new model, which adversely affected the imported commercial vehicle business in that period. Since this lower margin commercial vehicle import business accounted for a large portion of Motor non-OPCOs business in 2004, the 2005 gross profit margin shot up significantly while the gross profit was down by 27.4%. On the other hand, the turnover of the Group's Trading non-OPCOs accounted for HK$750.3 million, generated from the food commodity business which was lower than Trading OPCOs which recorded turnover of HK$854.1 million with higher gross profit margin of 13.4% compared to 10.7% of the Trading non-OPCOs. Gross profit margin of the Trading non-OPCOs also dropped against last year by 3.0% point which was due to animal diseases which trimmed the spread between selling price and cost of frozen meat whereas there was also a downturn in market's edible oil price. The Logistics non-OPCOs' turnover was HK$0.6 million.

For the year ended 31 December 2004

As at 31 December 2004, there were 29 OPCOs. 23 of them were accounted for by the Group as subsidiaries on a combined basis and 6 of them were accounted for by the Group as jointly controlled entities or associated companies using equity method of accounting. Of the 23 subsidiary OPCOs in the PRC, 17 were Motor OPCOs, 5 Trading OPCOs and 1 Logistics OPCO. For the year ended 31 December 2004, the subsidiary OPCOs accounted for 16.4% and -9.3% of the Group's turnover and net profits; the Motor OPCOs, the Trading OPCOs and the Logistics OPCO, respectively, accounted for 8.9%, 7.5% and 0% of the Group's total turnover, and -8.6%, -0.7% and 0% of the Group's profit attributable to equity shareholders of the Company.

The unfavourable performance in the PRC market through the Contractual Arrangement was attributable to the performance of the Motor OPCOs and the Trading OPCOs. In relation to the Motor OPCOs, the Group was exploring the opportunities and potentials of the market and had incurred substantial expenses for investment in the setting up of dealer network for different products, including but not limited to locally manufactured commercial vehicles, locally manufactured passenger cars and imported vehicles through self-developed city dealerships and 4S outlets. However, the Group faced challenges associated with initial investment such as a small customer base at the initial stage, in particular for the aftersale services, under utilisation, high depreciation costs and low productivity associated with inexperienced local staff, which on the whole hindered the profitability of these projects. At the initial stage of development, vehicle sales were the major sources of income of the city dealership business and the small customer base was not up to a sustainable scale to generate sufficient high gross profit margin aftersales services. Thus, a net loss was incurred in 2004 with turnover generated for the year of HK$1,022.8 million. In addition, the performance of the Trading OPCOs, which were mainly engaged in food commodities and FMCG products' trading and distribution in the PRC, with sales generated mainly from FMCG for the time being, incurred an aggregate loss of HK$1.9 million due to substantial initial investment expenses and start up costs. The Group had not yet commenced logistics business in the PRC in the financial year 2004.

Compared to the Motor OPCOs, the Group's PRC turnover of import business through Motor non-OPCOs is HK$2,291.4 million with gross profit margin of 2.8% compared to 5.3% as that enjoyed by Motor OPCOs. It is mainly due to the imported vehicle business and other parts import business, with the relatively low margin imported commercial vehicle business accounted for most of the turnover, the overall gross profit margin for Motor non-OPCOs was lower than that of the Motor OPCOs. On the other hand, the turnover of the Group's Trading non-OPCOs accounted for HK$619.3 million, which recorded a worse sales performance than that of the Trading OPCOs which recorded a turnover of HK$858.1 million, despite Trading non-OPCOs had a better gross profit margin of 13.7% when both edible oil and frozen meat were being sold at a satisfactory gross profit margin, compared to 10.3% enjoyed by Trading OPCOs. The Group had not yet commenced logistics business in the PRC in the financial year 2004.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Provision for warranties

There are two types of warranty that the Group provides to its customers for its motor vehicle distribution business in Hong Kong and Macao, namely, product warranty and goodwill warranty. However, in the PRC, the Group only provides product warranty to its customers for its motor vehicle distributorship and dealership business. Product warranty is provided by the Group on behalf of the automobile manufacturers, for product defects occurring during the warranty period which are covered by the manufacturers' warranty policy. For costs incurred by the Group for such product warranty, they will be treated as receivables from manufacturers until settlement. No provision is required to be made for product warranty.

Goodwill warranty is provided by the Group, in addition to the product warranty, to its customers in Hong Kong. It is granted by the Group to maintain customer loyalty and to gain customer confidence by covering reasonable claims on product defects or quality problems which fall outside the manufacturers' warranty policy or outside the warranty period. The costs for rendering the repair and maintenance services under such goodwill warranty are borne solely by the Group and there is no reimbursement of such parts and labour costs from the manufacturers. Accordingly, a provision of such goodwill warranty will be recorded as part of the costs of sales when a vehicle is sold.

The Group makes provisions under the warranties it gives on sale of products taking into account the Group's recent claim experience. As the manufacturers are continually upgrading its product designs and launching new models, it is possible that the recent claim experience is not indicative of future claims that the Group will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

(b) Construction contracts

Revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed on the combined balance sheets will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(c) Valuation of investment properties

The Group's investment properties are revalued by independent professional valuers on a market value basis at each balance sheet date. Such valuations are based on certain assumptions as set out in the sub-section headed "Valuation Assumptions" in Appendix IV to this Prospectus, which are subject to uncertainty and might materially differ from actual results.

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which the such determination is made.

Recognition of deferred tax assets, which principally related to tax losses, depends on the management's expectation of future taxable profits that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(e) Impairment of assets

The Group reviews the carrying amounts of assets at each balance sheet date to determine whether there is indication that the assets may be impaired. When an indication of impairment is identified, the assets recoverable amount would be estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, management prepares discounted future cashflow to assess the differences between the carrying amount and value in use and provided for impairment loss. Any change in the assumptions in the cash flow forecasts would increase or decrease the provision of impairment loss and affect the Group's net asset value.

Impairment loss for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the net profit in future years.

(f) Inventories costing and provision for inventories

The cost of inventories is calculated on first-in-first-out, specific identification or weighted average basis as appropriate. The Group normally calculated the costs of perishable products, mainly food products, using first-in-first-out basis while those of generic consumer products, such as motor spare parts, electrical appliances, etc., using weighted average basis. For motor vehicles, specific identification basis is normally adopted in calculating the related cost, which comprises all costs of purchases and other costs incurred in bringing that specific item to their present location and condition.

The Group reviews the carrying amounts of inventories at each balance sheet date to determine whether inventories are carried at lower of cost and net realisable value. Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net asset value.

(g) Depreciation

Property, plant and equipment, other than investment property, are depreciated on a straight-line basis over their estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

FINANCIAL HIGHLIGHTS

Turnover

The Group generates turnover primarily from its three core business segments: the motor vehicles and related business segment, the food and consumer products segment and the logistics segment.

- Turnover for the motor vehicle segment includes revenues from (i) the motor vehicle distribution and dealership business, which includes the sale of motor vehicles and their Genuine Parts and from the provision of after-sale services for vehicles the Group distributes, and (ii) other motor vehicle related business, including revenues from operation of independent service outlets and car testing centres, trading of used cars, OE Parts and after-market parts and environmental products, as well as revenues from motor leasing and airport and aviation support businesses.
- Turnover for the food and consumer products segment primarily includes revenues from (i) trading in food products including food commodities and FMCG through wholesale, food service and retail channels including sales of self-owned DCH Food Mart chain stores (ii) trading in electrical appliance products and (iii) other general trading, including the turnover from the Group's provision of certain raw material sourcing services for its customers and trading of other consumer products.
- Turnover for the logistics segment includes service fees paid by customers for the Group's logistics and related services.

During the three years ended 31 December 2006 and for the six months ended 30 June 2007, the turnover of the Group was HK$11,494.1 million, HK$10,520.0 million, HK$12,926.4 million and HK$6,989.0 million, respectively.

The following table shows the breakdown of the Group's turnover by business segment for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*%*	*HK$ 'm*	*%*	*HK$ 'm*	*%*	*HK$ 'm* (unaudited)	*%*	*HK$ 'm*	*%*
Motor Segment										
Motor Vehicle Distribution and Dealership	5,714.5	49.7	4,708.3	44.8	6,859.2	53.1	3,044.6	52.1	3,882.4	55.6
Motor Vehicle Related Business	966.5	8.4	824.5	7.8	824.7	6.4	425.0	7.3	430.3	6.2
	6,681.0	58.1	5,532.8	52.6	7,683.9	59.5	3,469.6	59.4	4,312.7	61.8
Food and Consumer Products Segment										
Food Products	4,204.1	36.6	4,235.8	40.3	4,229.7	32.7	1,915.9	32.8	2,180.8	31.2
Electrical Appliance Products	397.3	3.5	435.6	4.1	522.6	4.0	260.0	4.4	254.6	3.6
Other General Trading	76.4	0.7	150.1	1.4	294.8	2.3	108.8	1.9	131.9	1.9
	4,677.8	40.8	4,821.5	45.8	5,047.1	39.0	2,284.7	39.1	2,567.3	36.7
Logistics Segment	85.6	0.7	117.8	1.1	144.4	1.1	64.0	1.1	84.8	1.2
Others	49.7	0.4	47.9	0.5	51.0	0.4	24.0	0.4	24.2	0.3
Total	**11,494.1**	**100.0**	**10,520.0**	**100.0**	**12,926.4**	**100.0**	**5,842.3**	**100.0**	**6,989.0**	**100.0**

The analysis of the Group's turnover by geographical location for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007 as below:

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*%*	*HK$ 'm*	*%*	*HK$ 'm*	*%*	*HK$ 'm* (unaudited)	*%*	*HK$ 'm*	*%*
Hong Kong and Macao	5,364.8	46.7	5,683.6	54.0	5,791.7	44.8	2,771.2	47.4	2,949.3	42.2
PRC (other than Hong Kong and Macao)	4,791.6	41.7	3,516.6	33.4	5,569.1	43.1	2,379.7	40.7	3,216.5	46.0
Others	1,337.7	11.6	1,319.8	12.6	1,565.6	12.1	691.4	11.9	823.2	11.8
Total	**11,494.1**	**100.0**	**10,520.0**	**100.0**	**12,926.4**	**100.0**	**5,842.3**	**100.0**	**6,989.0**	**100.0**

Hong Kong and Macao market and the PRC market have together consistently represented over 85% of the Group's turnover for the three years ended 31 December 2006 and also the first half of 2006 and 2007. The Hong Kong and Macao market, compared to the PRC market, is relatively mature and the Group has commenced its various trading businesses in Hong Kong and Macao market since its incorporation. This was evidenced by a steady growth in turnover from this market over the period 2004 to 2006 from HK$5,364.8 million in 2004 to HK$5,791.7 million in 2006, representing the compound annual growth rate of 3.9%. Due to higher growth potential and more volatile market condition in the PRC market, the Group's turnover from this market shows more fluctuation. In particular, the fluctuation in the Group's turnover from the PRC market was primarily driven by the Group's motor vehicle distribution and dealership business, which caused the Group's turnover from this market to decrease from HK$4,791.6 million in 2004 to HK$3,516.6 million in 2005, and increase to HK$5,569.1 million in 2006. See "— Results of operations — Year ended 31 December 2005 compared to year ended 31 December 2004 — Turnover" for detailed analysis.

Cost of goods sold/services

The cost of goods sold/services of the Group's motor vehicle business primarily consists of cost of motor vehicles, parts and accessories purchased from its motor vehicle principals or other suppliers, as well as direct labor cost in motor vehicle maintenance services and other expenses relating to the provision of motor vehicle related services. The cost of goods sold of the Group's food and consumer products business primarily consists of cost of goods for sale purchased from food and consumer product suppliers. The cost of services of the Group's logistics business primarily consists of rent for warehouses leased, delivery expenses and staff costs related to the provision of logistics services.

In the three years ended 31 December 2006 and in the six months ended 30 June 2006 and 2007, cost of goods sold/services accounted for approximately 85.9%, 84.1%, 85.3%, 85.1% and 84.9%, respectively, of the total turnover of the Group.

The following table shows the breakdown of the Group's cost of goods sold/services by each business segment and the percentage of turnover from each respective segment, for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*%*	*HK$ 'm*	*%*	*HK$ 'm*	*%*	*HK$ 'm* *(unaudited)*	*%*	*HK$ 'm*	*%*
Motor Segment										
Motor Vehicle Distribution and Dealership	5,107.4	89.4	4,012.8	85.2	6,000.1	87.5	2,669.6	87.7	3,390.2	87.3
Motor Vehicle Related Business	796.2	82.4	698.7	84.7	682.0	82.7	347.3	81.7	352.4	81.9
	5,903.6	88.4	4,711.5	85.2	6,682.1	87.0	3,016.9	87.0	3,742.6	86.8
Food and Consumer Products Segment										
Food Products	3,544.2	84.3	3,577.3	84.5	3,551.7	84.0	1,600.6	83.5	1,810.3	83.0
Electrical Appliance Products	293.9	74.0	327.4	75.2	401.4	76.8	203.2	78.2	196.0	77.0
Other General Trading	61.2	80.1	130.0	86.6	267.0	90.6	96.8	89.0	117.0	88.7
	3,899.3	83.4	4,034.7	83.7	4,220.1	83.6	1,900.6	83.2	2,123.3	82.7
Logistics Segment	68.9	80.5	98.0	83.2	120.3	83.3	53.6	83.8	67.8	80.0
Others	0.2	0.4	0.3	0.6	0.2	0.4	0.1	0.4	0.3	1.2
Total	**9,872.0**	**85.9**	**8,844.5**	**84.1**	**11,022.7**	**85.3**	**4,971.2**	**85.1**	**5,934.0**	**84.9**

Due to the nature of trading business that the Group is engaged in, the fluctuation in the Group's cost of goods sold/services was primarily due to the fluctuation in the cost of goods for sale purchased from its motor vehicle and food and consumer products suppliers. For detailed discussion of such fluctuation in cost of goods sold/services, see "— Results of operations — Year ended 31 December 2006 compared to year ended 31 December 2005 — Cost of sales" and "— Results of operations — Year ended 31 December 2005 compared to year ended 31 December 2004 — Cost of sales".

Gross profit

The following table sets forth the Group's gross profit and gross profit margin by business segment for the period indicated below:

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm*	*GP %*
							(unaudited)			
Motor Segment										
Motor Vehicle Distribution and Dealership	607.1	10.6	695.5	14.8	859.1	12.5	375.0	12.3	492.2	12.7
Motor Vehicle Related Business	170.3	17.6	125.8	15.3	142.7	17.3	77.7	18.3	77.9	18.1
	777.4	11.6	821.3	14.8	1,001.8	13.0	452.7	13.0	570.1	13.2
Food and Consumer Products Segment										
Food Products	659.9	15.7	658.5	15.5	678.0	16.0	315.3	16.5	370.5	17.0
Electrical Appliance Products	103.4	26.0	108.2	24.8	121.2	23.2	56.8	21.8	58.6	23.0
Other General Trading	15.2	19.9	20.1	13.4	27.8	9.4	12.0	11.0	14.9	11.3
	778.5	16.6	786.8	16.3	827.0	16.4	384.1	16.8	444.0	17.3
Logistics Segment	16.7	19.5	19.8	16.8	24.1	16.7	10.4	16.2	17.0	20.0
Others	49.5	99.6	47.6	99.4	50.8	99.6	23.9	99.6	23.9	98.8
Total	**1,622.1**	**14.1**	**1,675.5**	**15.9**	**1,903.7**	**14.7**	**871.1**	**14.9**	**1,055.0**	**15.1**

The gross profit margin of the motor segment showed more volatility during the period between 2004 and 2006 as compared to other business segments. The fluctuation in gross profit margin for the Group's motor segment during the period of 2004 to 2006 was primarily due to the fluctuation in the motor vehicle sales in the PRC market, as the gross profit margin from motor vehicles sales in the PRC is relatively lower compared to the gross profit margin in motor vehicles sales in the other markets due to a more competitive market conditions in the PRC motor business.

For the Group's food and consumer products segment, the fluctuation in gross profit margin during the three years ended 31 December 2006 was primarily due to the outbreak of animal diseases in 2005 which caused decrease in demand for food products and therefore impaired the margin, and since the fourth quarter of 2006 the demand for poultry and pork products started to recover which caused the increase in gross profit margin. In addition, starting from 2005 the sale of the Group's palm oil products increased as a result of a change in customers' preference, which products have a relatively lower gross profit margin. Another factor causing the fluctuation in gross profit for food and consumer products is due to the fluctuation in selling price of edible oil, which principally follows that of the global market price trend and such price has been on the rebound track since the second half year of 2006.

For the Group's logistics business, the fluctuation in gross profit margin during the three years ended 31 December 2006 was primarily due to an increase in staff cost in 2005 for the Group's providing services to a leading convenient store chain in Hong Kong. The increase in gross profit margin for the six months ended 30 June 2007 was primarily due to the Group's successful expansion in logistics business in the PRC and Macao as a result of the improved market condition in the gaming industry.

The breakdown of the Group's gross profit and gross profit margin by business segment and by geographical location for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007 as follows:

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm*	*GP %*
							(unaudited)			
Hong Kong and Macao										
Motor Segment										
Motor Vehicle Distribution and Dealership	448.1	21.5	529.5	21.6	559.4	22.1	231.5	19.8	253.4	20.0
Motor Vehicle Related Business	119.8	21.4	86.9	18.0	113.8	22.8	62.0	21.4	61.0	21.0
	567.9	21.4	616.4	21.0	673.2	22.2	293.5	20.1	314.4	20.2
Food and Consumer Products Segment										
Food Products	441.0	18.9	422.4	18.3	433.3	19.0	207.6	19.5	223.0	19.6
Electrical Appliance Products	76.3	26.7	79.7	26.0	82.6	25.9	42.1	25.1	44.3	25.9
Other General Trading	0.0	12.2	0.0	8.6	—	—	—	—	—	—
	517.3	19.8	502.1	19.2	515.9	19.8	249.7	20.2	267.3	20.5
Logistics Segment	16.7	19.5	19.0	17.1	23.1	16.9	10.6	16.7	15.0	20.0
Others	14.5	97.7	16.2	97.9	24.5	99.1	10.7	98.7	10.7	97.1
Total	**1,116.4**	**20.8**	**1,153.7**	**20.3**	**1,236.7**	**21.4**	**564.5**	**20.4**	**607.4**	**20.6**

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm* *(unaudited)*	*GP %*	*HK$ 'm*	*GP %*
PRC (other than Hong Kong and Macao)										
Motor Segment										
Motor Vehicle Distribution and Dealership	89.8	3.1	95.5	6.0	203.2	5.8	102.3	6.7	166.7	7.8
Motor Vehicle Related Business	29.4	8.0	19.1	6.3	16.9	5.8	8.5	7.5	11.9	9.4
	119.2	3.6	114.6	6.0	220.1	5.8	110.8	6.8	178.6	7.9
Food and Consumer Products Segment										
Food Products	146.0	10.7	166.2	11.7	210.4	14.8	77.0	13.0	116.5	14.8
Electrical Appliance Products	27.1	24.3	28.5	22.2	38.6	19.0	14.7	15.9	14.3	17.1
Other General Trading	—	—	0.4	0.8	3.7	2.2	1.3	2.6	1.7	2.4
	173.1	11.7	195.1	12.2	252.7	14.1	93.0	12.6	132.5	14.1
Logistics Segment	—	—	0.8	12.5	1.0	11.9	(0.2)	(22.2)	2.0	20.4
Others	—	—	—	—	—	—	—	—	—	—
Total	**292.3**	**6.1**	**310.5**	**8.8**	**473.8**	**8.5**	**203.6**	**8.6**	**313.1**	**9.7**

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm*	*GP %*	*HK$ 'm* (unaudited)	*GP %*	*HK$ 'm*	*GP %*
Others										
Motor Segment										
Motor Vehicle Distribution and Dealership	69.2	10.1	70.5	10.8	96.5	11.3	41.2	11.9	72.1	15.2
Motor Vehicle Related Business	21.1	59.8	19.8	49.6	12.0	36.6	7.2	33.3	5.0	35.7
	90.3	12.6	90.3	13.1	108.5	12.2	48.4	13.2	77.1	15.8
Food and Consumer Products Segment										
Food Products	72.9	14.3	69.9	14.0	34.3	6.6	30.7	12.0	31.0	11.9
Electrical Appliance Products	—	—	—	—	—	—	—	—	—	—
Other General Trading	15.2	19.9	19.7	20.0	24.1	19.0	10.7	19.3	13.2	21.1
	88.1	15.1	89.6	15.0	58.4	9.0	41.4	13.3	44.2	13.7
Logistics Segment	—	—	—	—	—	—	—	—	—	—
Others	35.0	100.0	31.4	100.0	26.3	100.0	13.2	100.0	13.2	100.0
Total	**213.4**	**15.9**	**211.3**	**16.0**	**193.2**	**12.3**	**103.0**	**14.9**	**134.5**	**16.3**

As compared to turnover contributed by the PRC operations as a percentage of the Group's total turnover, which were 41.7%, 33.4% and 43.1% for the three years ended 31 December 2006, respectively, and 40.7% and 46.0% for the six months ended 30 June 2006 and 2007, respectively, gross profit contributed by the PRC operations as a percentage of the Group's total gross profits are substantially lower, which was 18.0%, 18.5% and 24.9% for the three years ended 31 December 2006, respectively, and 23.4% and 29.7% for the six months ended 30 June 2006 and 2007, respectively. This was due to a comparatively lower gross profit margin in the PRC, both in the motor segment and the food and consumer trading segment.

The difference in the gross profit margin between the motor distribution business in Hong Kong and the PRC was mainly due to the Group is playing different roles in distributing vehicles in these two areas. In Hong Kong, given the smaller market size, the Group is the distributor and dealer for the motor brands, and therefore the relatively higher gross profit margin is rewarded to the Group for playing these two functions together. Moreover, the extra gross profit margin for Hong Kong motor business was also to cover high operating costs in the territory, sales and service support to Macao dealer and other commitments to customers as a distributor. In the PRC, city-dealership business accounts for dominant portion in the Group's vehicle distribution business in terms of turnover, and in city-dealership business the Group is playing the role of a dealer only, as such the overall gross profit margin is lower than that in Hong Kong, see "Business — Motor Vehicle Distribution and Dealership — Hong Kong and Macao" and "Business — Motor Vehicle Distribution and Dealership — PRC."

The reason for lower gross profit margin of food and other consumer products in the PRC varied during different periods of time as a result of a constant change in product mix, however, in general, the more competitive market conditions and different cost structure in the PRC market as compared to that of Hong Kong and Macao were the primary reasons which caused lower profit margin for such sales in the PRC.

Net valuation gains on investment properties

Investment properties are land and buildings which are owned by the Group to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use. Investment properties are stated in the balance sheet at a fair value based on independent third party appraisal at each balance sheet date. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in the income statement.

Selling and distribution expenses

Selling and distribution expenses comprise mainly staff expenses, staff commission expenses, advertising and promotion expenses, rental expenses and others. The changes in selling and distribution expenses are generally corresponding to changes in turnover, although certain selling and distribution expenses such as staff expenses and showroom expenses require longer time to adjust to the change in turnover.

The following table shows the breakdown of the Group's selling and distribution expenses for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

	For the years ended 31 December						**For the six months ended 30 June**			
	2004		**2005**		**2006**		**2006**		**2007**	
	HK$ 'm	*% of total*	*HK$ 'm*	*% of total*	*HK$ 'm*	*% of total*	*HK$ 'm*	*% of total*	*HK$ 'm*	*% of total*
							(unaudited)			
Staff expenses	179.3	24.7	192.5	25.7	240.6	26.6	120.9	29.6	132.7	27.7
Sales commission expenses	77.9	10.7	103.5	13.8	109.9	12.2	48.4	11.9	52.9	11.0
Advertising & promotion expenses	105.1	14.5	92.6	12.4	153.3	17.0	65.1	16.0	77.9	16.2
Rental expenses	75.9	10.5	88.2	11.8	91.6	10.2	36.2	8.9	44.0	9.2
Others	287.7	39.6	272.7	36.3	306.8	34.0	137.4	33.6	172.0	35.9
Total	**725.9**	**100.0**	**749.5**	**100.0**	**902.2**	**100.0**	**408.0**	**100.0**	**479.5**	**100.0**

Administrative expenses

The Group's administrative expenses comprise primarily administrative staff expenses, management fee expenses, depreciation, rental expenses and other miscellaneous expenses.

The following table shows the breakdown of the Group's administrative expenses for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*% of total*	*HK$ 'm*	*% of total*	*HK$ 'm*	*% of total*	*HK$ 'm (unaudited)*	*% of total*	*HK$ 'm*	*% of total*
Staff expenses	348.8	48.2	353.3	47.7	375.0	47.0	177.9	46.2	213.6	52.1
Management fee expenses	51.3	7.1	52.7	7.1	52.8	6.6	26.4	6.9	26.3	6.4
Depreciation	42.3	5.9	46.7	6.3	50.8	6.4	24.3	6.3	25.7	6.3
Rental expenses	40.0	5.5	34.7	4.7	34.5	4.3	15.7	4.1	16.8	4.1
Others	240.6	33.3	253.4	34.2	284.2	35.7	140.8	36.5	127.6	31.1
Total	**723.0**	**100.0**	**740.8**	**100.0**	**797.3**	**100.0**	**385.1**	**100.0**	**410.0**	**100.0**

Finance costs

Finance costs represent interest expenses on bank borrowings. The Group's bank borrowings bear interest at a variable rate with a fixed margin over a benchmark which changes periodically.

Share of profits less losses of associates and jointly controlled entities

An associate is an entity on which the Group has significant influence, but not control or jointly control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the financial statements of the Group under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's or jointly controlled entity's net assets. The share of profit or loss of an associate or a jointly controlled entity of the Group is the Group's share of the post-acquisition, after-tax results of such associate or jointly controlled entity for the period. Where the Group's share of losses exceeds its interest in an associate or a jointly controlled entity, the Group's interest is reduced to nil and no further loss will be recognised.

Income tax

Profit derived by subsidiaries of the Group incorporated in Hong Kong was liable to Hong Kong profits tax at the prevailing tax rate of 17.5%.

Pursuant to the income tax rules and regulations of the PRC, PRC subsidiaries are liable to PRC Enterprise Income Tax at a rate of 33% during the Relevant Period except for the following:

(a) Subsidiaries which are foreign owned enterprises in the PRC are entitled to tax concessions whereby they are fully exempted from PRC enterprise income tax for 2 years starting from the first profit-making year, followed by a 50% reduction in PRC enterprise income tax for the next three years.

(b) Certain PRC subsidiaries are situated in economic or development zones in Shanghai and Shenzhen and, therefore, enjoy a preferential PRC Enterprise Income Tax rate of 15%, according to the income tax rules and regulations in the PRC for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007.

Subsidiaries in Macao are liable to Macao income tax which is calculated at progressive tax rates ranging from 3% to 12% for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007.

Taxation for subsidiaries outside Hong Kong, Macao and the PRC is charged at the tax rates applicable ruling in the relevant tax jurisdictions during the Relevant Period as set forth below:

	Income tax rate
Japan	40.70%
Canada	34.12%
Singapore	18.00%*

* Tax rate for subsidiaries in Singapore were 20% for year 2004 to 2006.

The subsidiary in Bermuda is not subject to any income tax pursuant to the rules and regulations of Bermuda.

The Group's combined effective income tax rates for profit from continuing operations before share of profits less losses of associates and jointly controlled entities were 20.5%, 24.7%, 21.4% and 23.8% for the three years ended 31 December 2006 and the six months ended 30 June 2007 respectively.

Net profit margin

The Group's net profit margin has been steady, which is 2.5%, 2.4% and 2.6% for the three years ended 31 December 2006, among others, attributable to:

- Motor business: the increase in gross margin in Hong Kong motor vehicle distribution business as a result of competitive model line-up and the increase in profitability of city dealership business.

- Food business: the gross profit margin on food commodity business, after reaching its trough due to animal diseases such as Avian Flu, Streptococcus suis and weak global edible oil price in 2005, gradually pick up from the second half of 2006 onwards.

Discontinued operations

The Group's discontinued operations represent the engineering business, which has been spun-off as being non-core and generate minimal synergistic value with other existing business.

RESULTS OF OPERATIONS

The following table shows the combined income statements of the Group and the percentage of turnover for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

	For the years ended 31 December						For the six months ended 30 June			
	2004		2005		2006		2006		2007	
	HK$ 'm	*%*	*HK$ 'm*	*%*	*HK$ 'm*	*%*	*HK$ 'm* *(unaudited)*	*%*	*HK$ 'm*	*%*
Turnover	11,494.1	100.0	10,520.0	100.0	12,926.4	100.0	5,842.3	100.0	6,989.0	100.0
Cost of goods sold/services	(9,872.0)	(85.9)	(8,844.5)	(84.1)	(11,022.7)	(85.3)	(4,971.2)	(85.1)	(5,934.0)	(84.9)
Gross profit	1,622.1	14.1	1,675.5	15.9	1,903.7	14.7	871.1	14.9	1,055.0	15.1
Net valuation gains on investment properties	57.1	0.5	77.2	0.7	111.7	0.9	62.6	1.1	60.8	0.9
Other revenue	101.6	0.9	107.1	1.0	123.7	1.0	55.4	0.9	61.6	0.9
Other net gain/(loss)	4.4	0.0	(4.6)	(0.0)	37.2	0.3	23.9	0.4	9.6	0.1
Selling and distribution expenses	(725.9)	(6.3)	(749.5)	(7.1)	(902.2)	(7.0)	(408.0)	(7.0)	(479.5)	(6.9)
Administrative expenses	(723.0)	(6.3)	(740.8)	(7.0)	(797.3)	(6.2)	(385.1)	(6.6)	(410.0)	(5.9)
Profit from operations	336.3	2.9	364.9	3.5	476.8	3.7	219.9	3.7	297.5	4.2
Finance costs	(20.9)		(26.4)		(42.9)		(21.8)		(23.3)	
Share of profits less losses of associates	4.5		(7.4)		(1.3)		(0.0)		1.8	
Share of profits less losses of jointly controlled entities	23.7		28.5		35.5		19.8		22.5	
Profit before taxation	343.6		359.6		468.1		217.9		298.5	
Income tax	(64.5)		(83.7)		(92.8)		(49.3)		(65.1)	
Profit for the year/period from continuing operations	279.1		275.9		375.3		168.6		233.4	
Discontinued operations										
Profit/(loss) for the year/period from discontinued operations	6.5		(24.1)		(40.2)		(11.5)		(18.3)	
Profit for the year/period	285.6	2.5	251.8	2.4	335.1	2.6	157.1	2.7	215.1	3.1
Attributable to:										
Equity shareholders of the Company	283.0		243.5		323.7		148.6		209.7	
Minority interests	2.6		8.3		11.4		8.5		5.4	
	285.6		251.8		335.1		157.1		215.1	

Net combined profit attributable to equity shareholders of the Company excluding net valuation gains on investment properties (net of deferred taxation effect), profit/loss from discontinued operations (net of taxation effect) and share options expense

Financial performance indicator, namely, net combined profit attributable to equity shareholders of the Company excluding net valuation gains on investment properties (net of deferred taxation effect), profit/loss from discontinued operations (net of taxation effect) and share options expense, presented in this Prospectus, is not a measure of financial performance under HKFRSs but is a useful tool for the Group to measure operating performance of the continuing operations. However, this financial performance indicator should not be considered in isolation or constructed as an alternative to net income or income from continuing operations or as an indicator of operating performance prepared in accordance with HKFRSs.

During the three years ended 31 December 2006 and for the six months ended 30 June 2006 and 2007, the net combined profit attributable to equity shareholders of the Company excluding net valuation gains on investment properties (net of deferred taxation effect), profits/loss on discontinued operations (net of taxation effect) and share options expense, were HK$234.2 million[note 1], HK$208.7 million[note 2], HK$292.1 million[note 3], HK$119.5 million[note 4] and HK$184.8 million[note 5], respectively.

Notes:

1. For the financial year ended 31 December 2004, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), profit on discontinued operations (net of taxation effect) and share options expense, were HK$283.0 million, HK$44.1 million, HK$6.5 million and HK$1.8 million, respectively.

2. For the financial year ended 31 December 2005, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), loss on discontinued operations (net of taxation effect) and share options expense, were HK$243.5 million, HK$58.9 million, HK$24.1 million and nil, respectively.

3. For the financial year ended 31 December 2006, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), loss on discontinued operations (net of taxation effect) and share options expense, were HK$323.7 million, HK$73.8 million, HK$40.2 million and HK$2.0 million, respectively.

4. For the financial period ended 30 June 2006, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), loss on discontinued operations (net of taxation effect) and share options expense, were HK$148.6 million, HK$42.6 million, HK$11.5 million and HK$2.0 million, respectively.

5. For the financial period ended 30 June 2007, the net profit attributable to equity shareholders of the Company, net valuation gains on investment properties (net of deferred taxation effect), loss on discontinued operations (net of taxation effect) and share options expense, were HK$209.7 million, HK$43.2 million, HK$18.3 million and nil, respectively.

Six months ended 30 June 2007 compared to six months ended 30 June 2006

Turnover

The Group's turnover increased by 19.6%, from HK$5,842.3 million for the six months ended 30 June 2006 to HK$6,989.0 million for the six months ended 30 June 2007. The increase was due to a 24.3% increase in the turnover from motor segment from HK$3,469.6 million for the six months ended 30 June 2006 to HK$4,312.7 million for the six months ended 30 June 2007, a 12.4% increase in turnover from the food and consumer product segment from HK$2,284.7 million for the six months ended 30 June 2006 to HK$2,567.3 million for the six months ended 30 June 2007 and a 32.5% increase in turnover from the logistics segment from HK$64.0 million for the six months ended 30 June 2006 to HK$84.8 million for the six months ended 30 June 2007.

The increase in turnover from the motor segment for the six months ended 30 June 2007 compared to the same period 2006 was primarily due to an increase in volume of motor vehicles sold to the mainland Chinese market from 7,284 units for the six months ended 30 June 2006 to 10,090 unit for the same period 2007 as a result of the increasing market demand. The increase in PRC unit sales contributed the increase in turnover in the region by HK$628.2 million from HK$1,640.7 million for the six months ended 30 June 2006 to HK$2,268.9 million for the same period 2007 and that increment of turnover accounted for 74.5% of the increment of the overall motor segment.

The increase in turnover from the Group's food and consumer product segment for the six months ended 30 June 2007 compared to the six months ended 30 June 2006 was primarily due to an increase in turnover from trading of food products by 13.8% from HK$1,915.9 million for the six months ended 30 June 2006 to HK$2,180.8 million for the same period of 2007, primarily as a result of increase in sales of both food commodities and FMCG, which was partially offset by the slight decrease in turnover from trading of electrical appliance products from HK$260.0 million for the six months ended 30 June 2006 to HK$254.6 million for the same period 2007, primarily as a result of the Group's product mix re-alignment to focus more on products with higher price.

The increase in turnover from logistics segment for the six months ended 30 June 2007 compared to the same period 2006 was primarily due to a substantial growth in logistics turnover in Macao due to additional storage space available in year 2007, as well as a significant increase in volume processed of the import and export customs clearance services provided at Jiangmen, the PRC.

Cost of goods sold/services

The Group's cost of goods sold increased by 19.4% from HK$4,971.2 million for the six months ended 30 June 2006 to HK$5,934.0 million for the six months ended 30 June 2007, which was generally in line with the increase in turnover. In particular:

- Cost of sales of the Group's motor segment increased by 24.1% from HK$3,016.9 million for the six months ended 30 June 2006 to HK$3,742.6 million for the same period 2007. The percentage of change of cost of goods sold and turnover was basically in line in the period. The increase of low gross margin PRC sales did not drag down the overall gross profit margin of the motor segment as there was a gross profit margin improvement in Hong Kong business following the favorable foreign currency movement in the first half of 2007 since the purchase of motor vehicles from Japan were denominated in Yen.

- Cost of sales of the Group's food and consumer product segment increased by 11.7% from HK$1,900.6 million for the six months ended 30 June 2006 to HK$2,123.3 million for the same period 2007. The increase in cost of sales is lower than the increase in turnover due to key food commodity products, such as poultry, edible oil, has been fetching relatively favorable gross profit margin in 2007.

- Cost of services of the Group's logistics business increased by 26.5% from HK$53.6 million for the six months ended 30 June 2006 to HK$67.8 million for the same period 2007, which was primarily as a result of increase in staff costs by 11.9% due to annual increment plus head count increase for expanded third party logistics business in Hong Kong, and rental increased by 47.6% in Macao due to additional space rented.

As a percentage of the total turnover, the cost of sales decreased from 85.1% for the six months ended 30 June 2006 to 84.9% for the same period 2007.

Gross profit and Gross profit margin

As a result of the foregoing, the Group's gross profit increased by 21.1% from HK$871.1 million for the six months ended 30 June 2006 to HK$1,055.0 million for the same period 2007. Gross profit margin slightly improved from 14.9% for the six months ended 30 June 2006 to 15.1% for the same period 2007.

Of the Group's gross profit for the six months ended 30 June 2007,

- HK$607.4 million, or 57.6%, was contributed by the Group's sales in the Hong Kong and Macao market, among which HK$314.4 million, or 51.8%, was from the motor segment, HK$267.3 million, or 44.0%, was from the food and consumer product segment, and HK$15.0 million, or 2.5% was from the logistics segment,

- HK$313.1 million, or 29.7%, was contributed by the Group's sales in the PRC market, among which HK$178.6 million, or 57.0%, was from the motor segment, HK$132.5 million, or 42.3%, was from the food and consumer product segment, and HK$2.0 million, or 0.7%, was from the logistics segment,

- HK$134.5 million, or 12.7%, was contributed by the Group's sales in other markets, among which HK$77.1 million, or 57.3%, was from the motor segment, HK$44.2 million, or 32.9%, was from the food and consumer product segment and none from the logistics segment.

Of the Group's gross profit for the six months ended 30 June 2006,

- HK$564.5 million, or 64.8%, was contributed by the Group's sales in the Hong Kong and Macao, among which HK$293.5 million, or 52.0%, was from the motor segment, HK$249.7 million, or 44.2%, was from the food and consumer product segment, and HK$10.6 million, or 1.9%, was from the logistics segment,

- HK$203.6 million, or 23.4%, was contributed by the Group's sales in the PRC market, among which HK$110.8 million, or 54.4%, was from the motor segment, HK$93.0 million, or 45.7%, was from the food and consumer product segment, which was partly offset by a gross loss of HK$0.2 million from the logistics segment,

- HK$103.0 million, or 11.8%, was contributed by the Group's sales in other markets, among which HK$48.4 million, or 47.0%, was from the motor segment, HK$41.4 million, or 40.2%, was from the food and consumer product segment and none from the logistics segment.

Net valuation gains on investment properties

The Group's net valuation gains on investment properties decreased by 2.9% from HK$62.6 million for the six months ended 30 June 2006 to HK$60.8 million for the six months ended 30 June 2007. The decrease was primarily due to the decrease in valuation gains on the Group's property for logistics services in Jiangmen, the PRC, in the amount of HK$19.2 million, partially offset by increase in valuation gains on the Group's properties in Hong Kong in the amount of HK$13.4 million.

Other revenue and other net gain/(loss)

The Group's other revenue increased by 11.2% from HK$55.4 million for the six months ended 30 June 2006 to HK$61.6 million for the six months ended 30 June 2007, which was primarily due to an increase in income realized from the sale of motor accessories and an increase in commission income. Interest income also increased as a result of increase in deposit rate.

The Group's other net gain decreased by 59.8% from HK$23.9 million for the six months ended 30 June 2006 to HK$9.6 million for the six months ended 30 June 2007, primarily as a result of the gain realized from the disposal of properties located in Shanghai by Shanghai DCH Jiangnanfeng Co., Ltd. in 2006.

Selling and distribution expenses

The Group's selling and distribution expenses increased by 17.5% from HK$408.0 million for the six months ended 30 June 2006 to HK$479.5 million for the six months ended 30 June 2007, which was primarily due to the increase in other selling and distribution expenses including trade commissions, sales center and showroom expenses.

Administrative expenses

The Group's administrative expenses increased by 6.5% from HK$385.1 million for the six months ended 30 June 2006 to HK$410.0 million for the six months ended 30 June 2007, which was primarily due to a 20.0% increase in staff expenses as a result of the Group's expansion in motor trading business in the PRC starting from the second half of 2006.

Profit from operations

As a result of the foregoing, the Group's profit from operations increased by 35.3% from HK$219.9 million for the six months ended 30 June 2006 to HK$297.5 million for the same period 2007.

Finance costs

The Group's finance costs increased by 6.9% from HK$21.8 million for the six months ended 30 June 2006 to HK$23.3 million for the six months ended 30 June 2007, which was primarily due to the increased interest rate for the Group's borrowings.

Share of profits less losses of associates

The share of net loss of associates was HK$0.03 million for the six months ended 30 June 2006 as compared to the share of net profit of associates of HK$1.8 million for the six months ended 30 June 2007, which was primarily due to an increase in the profitability from a beverage manufacturing associate and a motor vehicle financing associate.

Share of net profits of jointly controlled entities

The share of net profits of jointly controlled entities increased by 13.6% from HK$19.8 million for the six months ended 30 June 2006 to HK$22.5 million for the six months ended 30 June 2007, which were mainly contributed by profits from the Group's jointly controlled entities engaging in the trading of cosmetics products due to the improvement in sales of such products in their respective regional markets.

Profit before taxation

As a result of the foregoing, the Group's profit before taxation increased by 37.0% from HK$217.9 million for the six months ended 30 June 2006 to HK$298.5 million for the six months ended 30 June 2007.

Income tax

The Group's income tax increased by 32.0% from HK$49.3 million for the six months ended 30 June 2006 to HK$65.1 million for the same period in 2007, which was primarily due to the increase in profit before taxation.

Profit for the period from continuing operations

The Group's profit for the period from continuing operations increased by 38.4% from HK$168.6 million for the six months ended 30 June 2006 to HK$233.4 million for the six months ended 30 June 2007.

Year ended 31 December 2006 compared to year ended 31 December 2005

Turnover

The Group's turnover increased by 22.9%, from HK$10,520.0 million for the year ended 31 December 2005 to HK$12,926.4 million for the year ended 31 December 2006. The increase was mainly due to a 38.9% increase in turnover from the motor segment from HK$5,532.8 million for the year ended 31 December 2005 to HK$7,683.9 million for the year ended 31 December 2006 and a 4.7% increase in turnover from the food and consumer product segment from HK$4,821.5 million for the year ended 31 December 2005 to HK$5,047.1 million for the year ended 31 December 2006 and a 22.6% increase in turnover from the logistics segment from HK$117.8 million for the year ended 31 December 2005 to HK$144.4 million for the year ended 31 December 2006.

The increase in turnover from the motor segment for the year ended 31 December 2006 compared to the same period in 2005 was primarily due to an increase in the number of motor vehicles sold in the PRC from 9,409 units for the year ended 31 December 2005 to 17,528 units for the year ended 31 December 2006, primarily due to the increase in sales in the PRC market as a result of the recovery of vehicle sales of a major brand, as well as the increase in sales of other motor vehicles as a result of the expansion of the Group's sales channels over the country. The year-on-year increment of PRC turnover of HK$1,858.9 million contributed 86.4% of the overall turnover increment of the motor segment, and the PRC turnover increased from HK$1,905.8 million in 2005 to HK$3,764.7 million in 2006.

The turnover from the Group's food and consumer product segment increased by 4.7% from HK$4,821.5 million in 2005 compared to HK$5,047.1 million in 2006. In particular:

- turnover from trading of food products remained stable, which was HK$4,235.8 million for the year ended 31 December 2005 and HK$4,229.7 million for the same period in 2006,

- turnover from trading of electrical appliances increased from HK$435.6 million for the year ended 31 December 2005 to HK$522.6 million for the same period in 2006 primarily as a result of the increase in sales of professional audio products, digital audio and video products and air-conditioners.

The turnover from the logistics segment remained stable during these periods, which was HK$117.8 million for the year ended 31 December 2005 and HK$144.4 million for the same period in 2006 due to commencement of business with a leading Macao casino resort by mid 2006 and the expanded service scale to a Hong Kong leading convenient store chain.

Cost of goods sold/services

The Group's cost of goods sold/services increased by 24.6% from HK$8,844.5 million for the year ended 31 December 2005 to HK$11,022.7 million for the year ended 31 December 2006, which was generally in line with the increase in the Group's turnover. In particular:

- Cost of goods sold/services of the Group's motor vehicle segment increased by 41.8% from HK$4,711.5 million for the year ended 31 December 2005 to HK$6,682.1 million for the same period in 2006. Since PRC vehicle distribution has lower gross profit margin than that in Hong Kong and PRC vehicle distribution was the main contributor to the turnover growth, the overall gross profit margin of motor segment was diluted. As a result, the growth rate of cost of goods sold was faster than that of sales turnover.

- Cost of goods sold/services of the Group's food and consumer product segment increased by 4.6% from HK$4,034.7 million for the year ended 31 December 2005 to HK$4,220.1 million for the same period in 2006. The increase in cost of good sold is largely in line with the increase in turnover as key food commodities products such as poultry, pork and edible oil's gross profit margin in 2006 and 2005 were by and large on similar level.

- Cost of services of the Group's logistics segment increased by 22.8% from HK$98.0 million for the year ended 31 December 2005 to HK$120.3 million for the same period in 2006 primarily due to staff costs increased by 15.1% due to annual increment plus head count increase for expanded third party logistics business in Hong Kong and rental cost increased by 31.7% because of renewal of certain rental agreements in Hong Kong.

As a percentage to total turnover, cost of sales increased from 84.1% for the year ended 31 December 2005 to 85.3% for the same period in 2006.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased 13.6% from HK$1,675.5 million for the year ended 31 December 2005 to HK$1,903.7 million for the same period in 2006. Gross profit margin decreased from 15.9% for the year ended 31 December 2005 to 14.7% for the same period 2006. The decrease was attributed to a higher proportion of the Group's turnover from its motor vehicle distribution business in China, which generally realised lower gross profit margins due to intense market competition.

Of the Group's gross profit for the year ended 31 December 2006,

- HK$1,236.7 million, or 65.0%, was contributed by the Group's sales in the Hong Kong and Macao market, among which HK$673.2 million, or 54.4%, was from the motor segment, HK$515.9 million, or 41.7%, was from the food and consumer product segment, and HK$23.1 million, or 1.9% was from logistics segment,

- HK$473.8 million, or 24.9%, was contributed by the Group's sales in the PRC market, among which HK$220.1 million, or 46.5%, was from the motor segment, HK$252.7 million, or 53.3%, was from the food and consumer product segment, and HK$1.0 million, or 0.2%, was from the logistics segment,

- HK$193.2 million, or 10.1%, was contributed by the Group's sales in other markets, among which HK$108.5 million, or 56.2%, was from the motor segment, HK$58.4 million, or 30.2%, was from the food and consumer product segment and none from the logistics segment.

Of the Group's gross profit for the year ended 31 December 2005,

- HK$1,153.7 million, or 68.9%, was contributed by the Group's sales in the Hong Kong and Macao market, among which HK$616.4 million, or 53.4%, was from the motor segment, HK$502.1 million, or 43.5%, was from the food and consumer product segment, and HK$19.0 million, or 1.6% was from the logistics segment,

- HK$310.5 million, or 18.5%, was contributed by the Group's sales in the PRC market, among which HK$114.6 million, or 36.9%, was from the motor segment, HK$195.1 million, or 62.8%, was from the food and consumer product segment, and HK$0.8 million, or 0.3%, was from the logistics segment,

- HK$211.3 million, or 12.6%, was contributed by the Group's sales in other markets, among which HK$90.3 million, or 42.7%, was from the motor segment, HK$89.6 million, or 42.4%, was from the food and consumer product segment and none from the logistics segment.

Net valuation gains on investment properties

The Group's valuation gains on investment properties increased by 44.7% from HK$77.2 million for the year ended 31 December 2005 to HK$111.7 million for the year ended 31 December 2006. The increase was primarily due to the increase in revaluation gains of the Group's owned commercial buildings in Japan and the land for future development in Xinhui, the PRC in the amount of HK$77.6 million due to the improved real estate market in these regions, partially offset by drop in valuation gains on the Group's properties in Hong Kong in the amount of HK$37.2 million.

Other revenue and other net gain/loss

The Group's other revenue increased by 15.5% from HK$107.1 million for the year ended 31 December 2005 to HK$123.7 million for the year ended 31 December 2006, which was primarily due to an increase in referral fees received from motor vehicle insurers and hire purchase companies in connection with the Group's motor vehicle sales. Interest income of the Group also increased as a result of increase in deposit rate.

The Group's other net gain/loss comprised primarily gain/loss derived from the disposal of fixed assets and foreign exchange gain/loss. The Group's other net loss was HK$4.6 million for the year ended 31 December 2005, primarily as a result of net loss from disposal of 廣州–大昌合資汽車服務有限公司 (Guangzhou–Dah Chong Joint Venture Motor Service Co., Ltd.) and net foreign exchange loss due to the depreciation of the Japanese Yen against the Hong Kong dollar derived from the Group's receivables denominated in Japanese Yen, as compared to other net gain of HK$37.2 million for the year ended 31 December 2006, primarily as a result of the gains from the disposal of investment properties located in Shanghai by Shanghai DCH Jiangnanfeng Co., Ltd.

Selling and distribution expenses

The Group's selling and distribution expenses increased by 20.4% from HK$749.5 million for the year ended 31 December 2005 to HK$902.2 million for the year ended 31 December 2006, which was primarily due to an increase in staff costs by 25.0% as a result of increase in headcount, and an increase in advertising and promotion expenses by 65.6% primarily as a result of expansion of liquor distribution business in the PRC.

Administrative expenses

The Group's administrative expenses increased by 7.6% from HK$740.8 million for the year ended 31 December 2005 to HK$797.3 million for the year ended 31 December 2006, which was primarily due to an increase in staff costs by 6.1% as a result of the Group's expansion in its motor vehicle trading business in the PRC.

Profit from operations

As a result of the foregoing, the Group's profit from operations increased by 30.7% from HK$364.9 million for the year ended 31 December 2005 to HK$476.8 million for the same period in 2006.

Finance costs

Finance costs comprise interest on bank borrowings. The Group's finance costs increased by 62.5% from HK$26.4 million for the year ended 31 December 2005 to HK$42.9 million for the year ended 31 December 2006, which was primarily due to increased borrowings to fund investments in motor vehicle dealerships, as well as the increased interest rate for such borrowings.

Share of profits less losses of associates

The share of net losses of associates decreased by 82.4% from HK$7.4 million for the year ended 31 December 2005 to HK$1.3 million for the year ended 31 December 2006. It was contributed by, among the others, the improvement in operating results of a beverage manufacturing associate from 2005 to 2006 as there was a high initial set-up cost in 2005. The share of net losses of associates for the year ended 31 December 2006 was also affected by a decrease in profits of another associated company engaging in motor vehicle financing business primarily due to increased cost of funding its lending business.

Share of profits less losses of jointly controlled entities

The share of net profits of jointly controlled entities increased by 24.6% from HK$28.5 million for the year ended 31 December 2005 to HK$35.5 million for the year ended 31 December 2006, which were mainly contributed by profits from the Group's jointly controlled entities engaging in the trading of cosmetics products and motor vehicles due to the improvement in sales of such products in their respective regional markets.

Profit before taxation

As a result of the foregoing, the Group's profit before taxation increased by 30.2% from HK$359.6 million for the year ended 31 December 2005 to HK$468.1 million for the year ended 31 December 2006.

Income tax

The Group's income tax increased by 10.9% from HK$83.7 million for the year ended 31 December 2005 to HK$92.8 million for the same period 2006, which was primarily due to the increase in profit before taxation.

Profit for the year from continuing operations

The Group's profit for the year from continuing operations increased by 36.0% from HK$275.9 million for the year ended 31 December 2005 to HK$375.3 million for the year ended 31 December 2006.

Year ended 31 December 2005 compared to year ended 31 December 2004

Turnover

The Group's turnover decreased by 8.5% from HK$11,494.1 million for the year ended 31 December 2004 to HK$10,520.0 million for the year ended 31 December 2005. The decrease was primarily due to a decrease in turnover from the Group's motor segment, which decreased by 17.2% from HK$6,681.0 million for the year ended 31 December 2004 to HK$5,532.8 million for the same period 2005, partially offset by an increase in turnover from the Group's food and consumer products segment, which increased by 3.1% from HK$4,677.8 million for the year ended 31 December 2004 to HK$4,821.5 million for the same period 2005, and an increase in turnover from the logistics business, which increased by 37.6% from HK$85.6 million for the year ended 31 December 2004 to HK$117.8 million for the same period 2005.

The decrease in turnover from the motor segment was primarily due to a significant drop in sales of motor vehicles in the PRC, which decreased by 42.5% from HK$3,314.2 million for the year ended 31 December 2004 to HK$1,905.8 million for the same period in 2005. This was primarily due to a significant drop in sales of motor vehicles provided by one of the Group's major motor vehicle principals in 2005 as a result of the decrease and delay in supply of motor vehicles provided by such motor vehicle principal caused by the implementation of a component replacement scheme related to one model of motor vehicle, and to apply for the China Compulsory Certification (CCC), a mandatory certification system concerning product safety in the PRC, for the new model. Such decrease in turnover was partially offset by an increase in turnover and units sold by the Group's dealerships for other motor vehicle brands in the PRC and the motor vehicle distribution business in Hong Kong. As a result of the foregoing, the sales volume of motor vehicles of the Group in the PRC decreased by 24.9% from 12,527 units for the year ended 31 December 2004 to 9,409 units for the year ended 31 December 2005.

The increase in turnover from the Group's food and consumer products segment was primarily attributable to:

- an increase in sales of food products by 0.8% from HK$4,204.1 million for the year ended 31 December 2004 to HK$4,235.8 million for the same period in 2005, which was primarily due to increase in sales in the PRC market of China-sourced frozen meat, edible oil products, beans and marine products in Japanese market, which was partially offset by a decrease in sales of FMCG products as a result of the discontinued sale of certain low profit margin product lines in Mainland China,

- an increase in sales of electrical appliances by 9.6% from HK$397.3 million for the year ended 31 December 2004 to HK$435.6 million for the same period 2005, which was primarily due to the increase in sales of air-conditioners and professional audio products for the entertainment business in the PRC.

The increase in turnover from the logistics segment in 2005 compared to 2004 was primarily due to Hong Kong logistics' turnover growth which was mainly due to an increase in delivery service volume for a Hong Kong leading convenient store chain as the business started from November 2004 onwards, as well as an increase in turnover from the provision of customs clearance services to its customers in Southern China.

Cost of goods sold/services

The Group's cost of goods sold/services decreased by 10.4% from HK$9,872.0 million for the year ended 31 December 2004 to HK$8,844.5 million for the year ended 31 December 2005. The decrease in cost of goods sold/services was primarily due to decrease in cost of goods sold/services in the motor distribution and dealership business.

- Cost of goods sold/services of the Group's motor distribution and dealership decreased by 21.4% from HK$5,107.4 million for the year ended 31 December 2004 to HK$4,012.8 million for the same period 2005. The lower rate of decline for cost of goods sold than that in turnover was due to the decline in turnover was mainly triggered by the PRC business, which has a lower gross profit margin than the Hong Kong business. As the PRC business turnover accounted for smaller portion of the overall turnover, the overall gross profit margin of the motor segment improved and thus the rate of decline of cost of goods sold was less than that of turnover.

- In the food and consumer products segment, the increase in cost of goods sold is larger than the increase in turnover as key food commodity products such as pork and edible oil's gross profit margin got slimmer in 2005 due to unfavorable market environment.

- Cost of service of the Group's logistics business increased by 42.2% from HK$68.9 million for the year ended 31 December 2004 to HK$98.0 million for the same period 2005, which was primarily due to expanded third party logistics business in Hong Kong (mainly due to commencement of service provision to a Hong Kong leading convenient store chain from Nov 2004 onwards) which cause the Group's staff costs increased by 46.3%.

As a percentage of total turnover, cost of sales decreased from 85.9% for the year ended 31 December 2004 to 84.1% for the same period 2005.

Gross profit and gross profit margin

As a result of the foregoing, the Group's gross profit increased by 3.3% from HK$1,622.1 million for the year ended 31 December 2004 to HK$1,675.5 million for the same period 2005. Gross profit margin increased from 14.1% for the year ended 31 December 2004 to 15.9% for the same period 2005.

Of the Group's gross profit for the year ended 31 December 2004,

- HK$1,116.4 million, or 68.8%, was contributed by the Group's sales in the Hong Kong and Macao market, among which HK$567.9 million, or 50.9%, was from the motor segment, HK$517.3 million, or 46.3%, was from the food and consumer product segment, and HK$16.7 million, or 1.5% was from the logistics segment,

- HK$292.3 million, or 18.0%, was contributed by the Group's sales in the PRC market, among which HK$119.2 million, or 40.8%, was from the motor segment, HK$173.1 million, or 59.2%, was from the food and consumer product segment, and none was from the logistics segment,

- HK$213.4 million, or 13.2%, was contributed by the Group's sales in other markets, among which HK$90.3 million, or 42.3%, was from the motor segment, HK$88.1 million, or 41.3%, was from the food and consumer product segment and none from the logistics segment.

Net valuation gains on investment properties

The Group's valuation gains on investment properties increased by 35.2% from HK$57.1 million for the year ended 31 December 2004 to HK$77.2 million for the year ended 31 December 2005, which was primarily due to the increase in revaluation gains of the Group's properties in Hong Kong in the amount of HK$3.0 million, and commercial buildings in Japan in the amount of HK$10.8 million, as a result of a strong performance in overall real estate market in these two regions.

Other revenue and other net gain/loss

The Group's other revenue increased by 5.4% from HK$101.6 million for the year ended 31 December 2004 to HK$107.1 million for the year ended 31 December 2005. Such increase was primarily due to an increase in referral fees from motor vehicle insurers and hire purchase companies, as well as allowance received from the Group's food suppliers for promoting their products.

The Group's other net gain was HK$4.4 million for the year ended 31 December 2004, primarily contributed by an exchange gain of HK$9.3 million, partially offset by loss on disposal of Shenzhen Dah Chong Motor Service Co., Ltd. (深圳大昌汽車服務有限公司) of HK$3.2 million and loss incurred by disposal of fixed assets. The Group's other net loss was HK$4.6 million for the year ended 31 December 2005, primarily as a result of a net loss from disposal of Guangzhou–Dah Chong Joint Venture Motor Service Co., Ltd. (廣州–大昌合資汽車服務有限公司) and net foreign exchange loss due to the depreciation of the Japanese Yen against the Hong Kong dollar derived from the Group's receivables denominated in Japanese Yen.

Selling and distribution expenses

The Group's selling and distribution expenses increased by 3.3% from HK$725.9 million for the year ended 31 December 2004 to HK$749.5 million for the year ended 31 December 2005, primarily due to an increase in sales commission expenses by 32.9% payable to sales personnel for motor sales.

Administrative expenses

The Group's administrative expenses slightly increased by 2.5% from HK$723.0 million for the year ended 31 December 2004 to HK$740.8 million for the year ended 31 December 2005. Such increase was primarily due to an increase in other administrative expenses by 5.3%, including office running expenses, consultation fee and impairment loss on fixed assets.

Profits from operations

As a result of the foregoing, the Group's profits from operations increased by 8.5% from HK$336.3 million for the year ended 31 December 2004 to HK$364.9 million for the same period in 2005.

Finance costs

The Group's finance costs increased by 26.3% from HK$20.9 million for the year ended 31 December 2004 to HK$26.4 million for the year ended 31 December 2005, primarily due to increase in both bank borrowings and the interest rate for such borrowings for the Group's expansion in its motor trading business in the PRC.

Share of profits less losses of associates

The share of net profits of associates for the year ended 31 December 2004 was HK$4.5 million compared to a share of net loss of associates of HK$7.4 million for the year ended 31 December 2005. The share of net loss of associates for the year ended 31 December 2005 was, amongst the others, due to initial investment costs of a beverage manufacturing joint venture for such period, primarily as a result of high marketing and other costs to introduce its products into the PRC and high initial set-up costs. The share of net losses of associates for the year ended 31 December 2005 was also affected by a decrease in profits of another associated company engaging in motor vehicle related business primarily due to its increased cost of funding for its lending business.

Share of profits less losses of jointly controlled entities

The share of net profits of jointly controlled entities increased by 20.3% from HK$23.7 million for the year ended 31 December 2004 to HK$28.5 million for the year ended 31 December 2005, primarily contributed by the profits made by the Group's jointly controlled entities in cosmetics product and motor vehicle trading businesses due to the improvement in sales of such products in their respective regional markets.

Income tax

Provisions for income tax increased by 29.8% from HK$64.5 million for the year ended 31 December 2004 to HK$83.7 million for the year ended 31 December 2005. The increase in income tax payment was primarily due to the increased proportion of the Group's profits in overseas and the PRC where higher income tax rates were applied.

Profit for the year from continuing operations

The Group's profit for the year from continuing operations decreased by 1.1% from HK$279.1 million for the year ended 31 December 2004 to HK$275.9 million for the year ended 31 December 2005 primarily as a result of the decline in the motor vehicles business due to a product recall and new certifications required in the PRC.

MAJOR BALANCE SHEET ITEMS

	As of 31 December			As of 30 June
	2004	2005	2006	2007
	HK$' m	*HK$' m*	*HK$' m*	*HK$' m*
Inventories	1,454.9	1,386.6	1,529.2	1,759.9
Trade receivables	1,163.8	1,032.5	1,255.9	1,201.5
Bills receivable	26.4	29.2	25.4	16.8
Trade receivables and bills receivable	1,190.2	1,061.7	1,281.3	1,218.3
Other receivables, deposits and prepayments	525.2	988.3	860.9	874.1

The ageing analysis (based on dates of invoices) of trade receivables (net of impairment losses for bad and doubtful debts) and bills receivable of the Group as of each balance sheet date are as follows:

	As of 31 December			As of 30 June	
	2004	2005	2006	2007	
	HK$' m	*HK$' m*	*HK$' m*	*HK$' m*	*% of total*
Within 3 months	1,099.9	977.8	1,203.4	1,167.4	96%
More than 3 months but less than 1 year	84.0	70.9	70.5	49.0	4%
1 year to 3 years	6.3	13.0	7.4	1.9	0%
	1,190.2	1,061.7	1,281.3	1,218.3	100%
Balance settled up to 15 August 2007				(850.0)	(70%)
				368.3	30%

	As of 31 December			As of 30 June
	2004	2005	2006	2007
	HK$' m	*HK$' m*	*HK$' m*	*HK$' m*
Trade payables	542.2	495.1	596.5	496.9
Bills payable	37.5	43.3	200.3	133.0
	579.7	538.4	796.8	629.9
Other payables and accrued charges	678.3	698.3	799.3	868.7

The ageing analysis (based on overdue dates) of trade payables and bills payable for the Group as of each balance sheet date are as follows:

	As of 31 December			As of 30 June	
	2004	2005	2006	2007	
	HK$' m	*HK$' m*	*HK$' m*	*HK$' m*	*% of total*
Current or within 1 month	524.0	500.1	752.2	543.2	86%
1 to 3 months	27.3	11.9	23.6	66.9	11%
3 to 6 months	24.3	16.2	7.2	14.3	2%
6 months to 3 years	4.1	10.2	13.8	5.5	1%
	579.7	538.4	796.8	629.9	100%
Balance paid up to 15 August 2007				(443.0)	(70%)
				186.9	30%

Inventories

Inventory balance decreased from HK$1,454.9 million as at 31 December 2004 to HK$1,386.6 million as at 31 December 2005, mainly due to decrease in stock of motor business as a result of a drop in turnover of the segment.

Inventory balance increased from HK$1,386.6 million as at 31 December 2005 to HK$1,529.2 million as at 31 December 2006, mainly as a result of acquisition of several motor companies in the year.

Inventory balance increased from HK$1,529.2 million as at 31 December 2006 to HK$1,759.9 million as at 30 June 2007 mainly due to seasonal factor since passenger car business generally clear stock at year end to avoid stock to become "old fashioned" in next year and keep more stock at mid-year for the high season in the second half of the year.

Up to 21 August 2007, inventories with cost of HK$916.4 million had been subsequently sold, which amounted to 52% of total balance as at 30 June 2007.

Trade receivables and bills receivable

Trade receivables and bills receivable decreased from HK$1,190.2 million as at 31 December 2004 to HK$1,061.7 million as at 31 December 2005. Drop in trade receivables was mainly due to substantial decrease of imported car sales in the PRC.

Trade receivables and bills receivable increased from HK$1,061.7 million as at 31 December 2005 to HK$1,281.3 million as at 31 December 2006. Increase in trade receivables mainly due to the recovery of imported car sales in the PRC.

Trade receivables and bills receivable decreased from HK$1,281.3 million as at 31 December 2006 to HK$1,218.3 million as at 30 June 2007. Decrease in balance was mainly due to drop in FMCG trading business's balance by HK$148.3 million, partly offset by increase in motor business's balance. FMCG sales reached seasonal high near year end due to Chinese New Year effects which increase trade receivables at year end, while trade debtors settle their balances after credit period and thus trade receivables balance dropped back to lower level at interim period end.

As at 30 June 2007, 96% of trade receivables and bills receivable are aged within 3 months based on invoice dates. Up to 15 August 2007, HK$850.0 million had been subsequently settled, which comprised 70% of total balance as at 30 June 2007.

Other receivables, deposits and prepayments

Other receivables, deposits and prepayments increased from HK$525.2 million as at 31 December 2004 to HK$988.3 million as at 31 December 2005. The increase was mainly due to increase in the Group's investments in city dealership in the PRC in 2005, which amount was recorded as other receivables prior to completion of approval process with principals. On the other hand, there was increase in advanced payment to suppliers for purchasing motor inventories to meet market demand. In addition, deposit was paid for purchase of land for the Group's development of logistics business in Xinhui.

Other receivables, deposits and prepayments decreased from HK$988.3 million as at 31 December 2005 to HK$860.9 million as at 31 December 2006. The decrease was mainly due to the completion of the Group's investments in city dealership in the PRC in 2006.

Trade payables and bills payable

Trade payables and bills payable decreased from HK$579.7 million as at 31 December 2004 to HK$538.4 million as at 31 December 2005 mainly due to substantial decrease of imported car sales in the PRC.

Trade payables increased from HK$538.4 million as at 31 December 2005 to HK$796.8 million as at 31 December 2006 mainly due to recovery of imported car sales in China and increase in balances of newly acquired and established motor trading subsidiaries in the PRC.

Trade payables and bills payable decreased from HK$796.8 million as at 31 December 2006 to HK$629.9 million as at 30 June 2007. The decrease was mainly due to a drop in FMCG trading business's balance by HK$68.0 million. FMCG trading business reached seasonal high near year end due to Chinese New Year effects which increased trade payable at year end, while balance dropped to lower level after payment made before interim period end.

As at 30 June 2007, 97% of trade payables and bills payable were within 3 months based on overdue dates. Up to 15 August 2007, HK$443.0 million had been subsequently paid, which comprised 70% of total balance as at 30 June 2007.

Other payables and accrued charges

The balance of other payables and accrued charges remained stable between year ended 2004 and year ended 2005. Balance increased from HK$698.3 million as at 31 December 2005 to HK$799.3 million as at 31 December 2006 mainly due to increase in deposits or advance received by newly acquired and established motor trading subsidiaries.

Other payables and accrued charges increased from HK$799.3 million as at 31 December 2006 to HK$868.7 million as at 30 June 2007 mainly due to increase in the Group's provision for year end bonus since bonus are paid to employees near but before year end.

WORKING CAPITAL ANALYSIS

Liquidity ratios

	For the years ended 31 December			For the six months ended 30 June	
	2004	2005	2006	2006[4]	2007[4]
				(unaudited)	
Inventory turnover days[1]	50	59	48	53	50
Trade receivable turnover days[2]	36	39	33	31	32
Trade payable turnover days[3]	21	23	22	18	22

Notes:

(1) Inventory turnover days means the average amount of beginning and ending inventory balances divided by cost of sales and multiplied by 365 days.

(2) Trade receivable turnover days means the average amount of beginning and ending balances of bills receivable and trade receivable divided by sales and multiplied by 365 days.

(3) Trade payable turnover days means the average amount of beginning and ending balances of bills payable and trade payable divided by cost of goods sold/services and multiplied by 365 days.

(4) The above 3 liquidity ratios calculated for the six months ended 30 June 2006 and 2007 are based on 180 days.

Inventory turnover days

The Group has formulated a set of inventory policies which enable it to maintain an optimal inventory level. According to the inventory policy, the Group projects inventory level by estimating the turnover day for the goods. The inventory turnover days were usually calculated based on the days for shipment, production turnaround and storage (which is usually around 1 month), plus seasonal factors. All these estimations are made in the Group's ERP system for inventory procurement, through which the Group can readily access updated information on the goods for trade on a daily basis. Based on these policies, the Group maintains inventory necessary to sustain one to two months' sales.

The Group's inventory turnover days for 2004, 2005 and 2006 were 50, 59 and 48, respectively. The increase in the inventory turnover days from 2004 to 2005 was primarily due to the decrease in sales of motor vehicle business in the PRC in 2005, which increased inventory turnover days for that year as such sales were made on an indent basis where the Group was not required to keep inventory. The decrease in the inventory turnover days from 2005 to 2006 was primarily due to the increase in such sales, as well as the acquisition of new motor companies with sole dealership of popular brands in the PRC with low inventory turnover days in 2006.

For the six months ended 30 June 2007, the Group's inventory turnover days was 50. This decrease in the inventory turnover days as compared to the six months ended 30 June 2006 was primarily due to the acquisition of new motor distributors in the PRC with lower stock turnover days in the second half of 2006.

Trade receivable turnover days

The Group's motor vehicles trading business is primarily settled in cash upon delivery. The Group's food and consumer products generally extends to its customers credit terms ranging from 0 to 90 days following the date of delivery of its products. The Group may adjust its usual credit terms according to a customer's credit history as well as local market practice. The Group also allows certain of its major customers to pay by using letter of credit with maturities up to 120 days.

The Group has adopted internal control measures in relation to payment arrangements with its customers, whereby it conducts a creditworthiness assessment on the relevant customer's assets and liabilities, financial strength and prior dealing history before approving any such arrangement. Once the arrangement has been approved, the Group frequently and closely monitors the settlements from customers to ensure that outstanding balances are timely followed up and customers with financial difficulties are handled at an early stage.

The Group's trade receivable turnover days for 2004, 2005 and 2006 were 36, 39 and 33, respectively. The increase in the trade receivable turnover days from 2004 to 2005 resulted principally from substantial decrease of imported car sales in the PRC which sales are settled by cash or letter of credit. The decrease in the trade receivable turnover days from 2005 to 2006 resulted principally due to recovery of imported car sales in the PRC.

For the six months ended 30 June 2007, the Group's trade receivable turnover days was 32, which was similar to the trade receivable turnover days for the six months ended 30 June 2006.

Trade payable turnover days

The Group's trade payable turnover days for 2004, 2005 and 2006 were 21, 23 and 22, respectively. The increase in trade payable turnover days in 2005 was primarily due to increase of purchase from a supplier with a longer credit. The decrease in the trade payable turnover days from 2005 to 2006 was primarily due to the increase in motor trading business in the PRC in 2006, where purchase price payable to local motor manufacturers were made in cash or by letter of credit with no credit term granted for such purchase.

For the six months ended 30 June 2007, the Group's trade payable turnover days was 22. The increase in trade payable turnover days as compared to six months ended 30 June 2006 resulted primarily from increase in bills payable which was in line with expansion of the motor trading business.

Capital risk management

Consistent with others in the industry, the Group monitors capital on the bases of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings as shown in the combined balance sheets less cash and bank deposits. Total capital is calculated as shareholders' funds (i.e. total equity attributable to equity shareholders of the Company), as shown in the combined balance sheets, plus net debt.

The gearing ratios as at 31 December 2004, 2005 and 2006 and 30 June 2007 were as follows:

	As of 31 December			As of 30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total bank borrowings	515,538	783,109	864,025	936,334
Less: cash and bank deposits	(587,814)	(530,735)	(741,728)	(649,502)
Net (cash)/debt	(72,276)	252,374	122,297	286,832
Shareholders' funds	3,361,430	3,374,299	3,655,121	3,900,535
Total capital	3,289,154	3,626,673	3,777,418	4,187,367
Gearing ratio	(2.20)%	6.96%	3.24%	6.85%

Gearing ratio increased from the year 2004 to 2005 because of an increase in total bank borrowings in both Hong Kong and the PRC to fund increased investments in the PRC, as well as for the working capital for the new projects in the PRC. The gearing ratio decreased in 2006 compared to the year 2005 because there was more cash at year ended 2006 due to new capital injection to motor distributors in the PRC. Besides, there were also more foreign currencies held for hedging purpose in Hong Kong. The gearing ratio increased in the six months ended 30 June 2007 compared to the year ended 31 December 2006 was due to an increase in total bank borrowings from HK$864.0 million to HK$936.3 million as a result of increased bank borrowings in the PRC and a decrease in cash and bank deposits from HK$741.7 million to HK$649.5 million.

LIQUIDITY AND FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Overview

The principal sources of liquidity and capital resources of the Group have been, and are expected to continue to be, cash flow from operations and bank borrowings. The principal uses of cash of the Group have been and are expected to continue to be purchases of inventory for the Group's trading business, investment in fixed assets and investment in associates and jointly controlled entities for the expansion of the Group's trading and logistic businesses. As at 30 June 2007, the Group had cash and bank deposits of HK$649.5 million.

As at 31 December 2004, 2005 and 2006, the Group had net current assets, defined as the current assets less current liabilities, of HK$1,981.2 million, HK$1,978.0 million and HK$1,831.3 million, respectively.

As at 31 August 2007, being the Latest Practicable Date for the purpose of this net current asset statement, the Group had net current assets of HK$2,078.0 million. The current assets primarily comprised inventories of HK$1,834.6 million, trade and other receivables of HK$2,268.8 million and cash and bank deposits of HK$971.3 million. The current liabilities primarily comprised trade and other payables of HK$1,827.7 million, bank loans and overdrafts of HK$1,091.9 million.

Based on its current and anticipated levels of operations and conditions in its markets and industry, the Group believes that its cash and bank deposits, cash flow from operations, availability under its credit facilities will enable it to meet its working capital, capital expenditures, dividend payments to shareholders and other funding requirements for the foreseeable future. However, the Group's ability to fund its working capital needs, repay its indebtedness and finance other obligations depend on its future operating performance and cash flow, which are in turn subject to prevailing economic conditions, the level of spending by its end-user customers in the regions in which it sells its products and other factors, many of which are beyond its control. Any future significant acquisition or expansion may require additional capital and there is no assurance that such capital will be available to the Group on acceptable terms, if at all.

In general, the Group has the ability to generate adequate cash from its operations to fund its on-going operating cash needs and the continuing expansion of the Group's business. Due to seasonal fluctuation, the Group may use short-term bank borrowings to finance its operations and repay bank borrowings once the funding position is in surplus. If cash surplus cannot fully repay the bank borrowings at the maturity dates, the Group will repay part of the bank borrowings and rollover the residuals. The Group has a repayment schedule which takes into the consideration of its cash flow pattern. For new businesses, capital injection will mainly be financed by the Group's surplus fund while working capital will be financed by bank borrowings, if necessary. The Group will use part of the proceeds from the Global Offering to fulfill its capital commitments for future expansion.

Cash Flows

The following table shows the combined cash flow statements of the Group for the three years ended 31 December 2006 and the six months ended 30 June 2006 and 2007:

	For the years ended 31 December			**For the six months ended 30 June**	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$ 'm	*HK$ 'm*	*HK$ 'm*	*HK$ 'm (unaudited)*	*HK$ 'm*
Net cash generated from operating activities	611.5	21.0	378.9	206.4	131.2
Net cash used in investing activities	(247.9)	(140.9)	(99.7)	(14.4)	(61.8)
Net cash (used in)/generated from financing activities	(357.1)	46.8	(64.4)	(98.4)	(188.2)
Net increase/(decrease) in cash and cash equivalents	6.5	(73.1)	214.8	93.6	(118.8)

Net cash generated from operating activities

The Group's net cash generated from operating activities reflects the Group's profit for the year/period, as the case may be, as adjusted for non-cash items, such as depreciation and amortisation, and the effects of changes in working capital, such as increases or decreases in inventories, trade and other receivables, and trade and other payables. The Group's net cash generated from operating activities was HK$611.5 million for 2004, HK$21.0 million for 2005 and HK$378.9 million for 2006. The Group's net cash generated from operating activities for the six months ended 30 June 2006 was HK$206.4 million as compared to HK$131.2 million for the six months ended 30 June 2007.

The decrease in net cash generated from operating activities for the six months ended 30 June 2007 as compared to the same period 2006 was mainly due to an increase in inventories for the six months ended 30 June 2007 compared to the same period 2006 as a result of an increase in inventory level of edible oil by HK$67.8 million for the six months ended 30 June 2007 as compared to a decline of such inventory by HK$27.9 million for the six months ended 30 June 2006 to support the growth in sales of such products in the PRC in 2007, as well as lower decrease in trade and other receivables for the six months ended 30 June 2007 as compared to the same period 2006, which was primarily due to (i) growth in trade and other receivables relating to the Hong Kong motor business for the six months ended 30 June 2007 compared to a decline of trade and other receivables for the six months ended 30 June 2006 as a result of the increase in sales in Hong Kong motor market in 2007 and (ii) the magnitude of decline in trade and other receivables relating to the PRC motor business for the six months ended 30 June 2007 is greater than the magnitude of decline of trade and other receivables for the six months ended 30 June 2006 and (iii) the speed of motor delivery from principals is increasing so more prepayment changed to purchase in 2007 when compared to 2006.

The increase in net cash generated from operating activities in 2006 as compared to 2005 were primarily due to (i) an increase in operating profits before changes in working capital from HK$358.9 million in 2005 to HK$490.0 million in 2006 and (ii) an increase of HK$140.4 million in trade and other payables in 2006 as compared to a decrease of HK$48.5 million in 2005.

The decrease in net cash generated from operating activities in 2005 as compared to 2004 was primarily due to (i) a decrease in the operating profits before changes in working capital from HK$445.8 million in 2004 to HK$358.9 million in 2005, (ii) an increase of HK$292.5 million in trade and other receivables in 2005 as compared to a decrease of HK$507.5 million in 2004. The increase in trade and other receivables in 2005 was mainly due to an increase in advanced payment to suppliers of HK$193.3 million as a result of an increase in motor sales in Hong Kong. Purchase terms for some brands, including Audi, Bentley, Honda and MAN, require prepayment before delivery. The decrease in trade and other receivables in 2004 was primarily a result of the decrease in the discounted bills receivables relating to the sales of Isuzu motor vehicles in the PRC in the last quarter of 2004.

Net cash used in investing activities

The Group's net cash used in investing activities was HK$247.9 million in 2004, HK$140.9 million and HK$99.7 million for the years ended 31 December 2004, 2005 and 2006, respectively. The Group's net cash used in investing activities for the six months ended 30 June 2006 was HK$14.4 million as compared to HK$61.8 million for the six months ended 30 June 2007.

The increase in net cash used in investing activities for the six months ended 30 June 2007 as compared to the same period 2006 was primarily due to in 2006, the Group's net cash used in investing activities was offset by the investment proceeds from sale of a parcel of land in Shanghai and a special dividend received from a jointly controlled entity. Set aside this investment proceeds, the Group's net cash used in purchase of fixed assets and net cash generated from disposal of fixed assets have both dropped for the six months ended 30 June 2007 after the peak of motor leasing fleet renewal for the Group's logistic business in Hong Kong and Canada occurred in 2006.

The decrease in net cash used in investing activities in 2006 compared to 2005 was primarily due to (i) HK$56.2 million of advanced payment for the purchase of subsidiaries in 2005, (ii) net repayment of HK$5.2 million from associates in 2006 as compared to the net advance of HK$33.0 million to associates in 2005, and (iii) an increase in dividends received from jointly controlled entities of HK$49.5 million in 2006 and of HK$24.9 million in 2005, which were partially offset by (a) the increase in the amount of payment for the purchase of fixed assets, net of proceeds from disposal of fixed assets, which was HK$160.6 million in 2006 and HK$105.0 million in 2005, and (b) repayment of HK$34.9 million from a fellow subsidiary in 2005, where there was an advance of HK$4.5 million in 2006.

The decrease in net cash used in investing activities in 2005 compared to 2004 was primarily due to (i) a lower amount of payment for the purchase of fixed assets, net of proceeds from disposal of fixed assets, which was HK$105.0 million in 2005 and HK$146.3 million in 2004, while the larger amount of 2004 was mainly the result of cash used in the purchase of new motor vehicles for the motor leasing business in Hong Kong and Canada and (ii) net receipts of repayment of loans from jointly controlled entities of HK$6.9 million in 2005, as compared to net advances to jointly controlled entities of HK$55.3 million in 2004.

Net cash used in/generated from financing activities

The Group's net cash used in financing activities was HK$357.1 million in 2004, net cash generated from financing activities was HK$46.8 million in 2005, compared to net cash used in financing activities of HK$64.4 million in 2006. The Group's net cash used in financing activities for the six months ended 30 June 2006 was HK$98.4 million as compared to HK$188.2 million for the six months ended 30 June 2007.

The increase in net cash used in financing activities for the six months ended 30 June 2007 compared to the same period 2006 was mainly due to repayment of shareholder's advances in the amount of HK$202.0 million for the six months ended 30 June 2007 as compared to shareholder's advances in the amount of HK$27.4 million for the same period 2006, which was offset by an increase in bank borrowings in the amount of HK$36.0 million for the six months ended 30 June 2007 as compared to repayment of bank loans in the amount of HK$103.9 million for the same period 2006.

The Group's net cash used in financing activities in 2006 compared to net cash generated from financing activities in 2005 was primarily due to an increase in repayment of bank borrowings in Hong Kong resulted from increased cash flow from business operations in this region, which was partially offset by an increase in proceeds from bank borrowings in 2006 which was primarily the new bank loans from banks in the PRC for the expansion of the Group's motor dealership business in the PRC.

The Group has net cash generated from financing activities in 2005 compared to net cash used in financing activities in 2004. This was primarily due to a net repayment of bank loans of HK$652.6 million in 2004, as compared to net proceeds from bank loans of HK$241.5 million in 2005, resulted from the decrease in the outstanding amount of bank loans relating to its trade receivable factoring as a result of reduced turnover in 2005. This was partially offset by an advance from ultimate holding company of HK$453.9 million in 2004 relating to the purchase consideration for the Sims Trading acquisition.

Capital Expenditures

The Group has made capital expenditures, primarily in connection with the expansion of its motor vehicle dealership business in various locations in the PRC, motor leasing business in Hong Kong, Canada and the PRC, food processing facilities and modern logistics warehouse hub in Xinhui, Jiangmen, the PRC, and addition of properties, plant and equipment. The total capital expenditures amounted to HK$171.2 million, HK$148.1 million, HK$431.1 million and HK$86.1 million for the three years ended 31 December 2006 and for the six months ended 30 June 2007, respectively.

INDEBTEDNESS

Borrowings

As at 31 August 2007, for the purpose of this indebtedness statement, the Group had total outstanding borrowings of approximately HK$1,095.1 million as set forth below:

	Secured	Unsecured	Total
	HK$ 'm	*HK$ 'm*	*HK$ 'm*
Short-term bank borrowings	31.0	826.8	857.8
Long-term bank borrowings	10.2	—	10.2
Borrowings arising from discounted bills receivables	165.0	—	165.0
Bank overdraft	—	62.1	62.1
	206.2	888.9	1,095.1

On 25 September 2007, the Group obtained two 3-year unsecured term loans and the four 3-year unsecured revolving credit facilities for an aggregate amount of HK$1.2 billion to finance the payment of the interim dividend and for use as general working capital and other commercial uses. On 3 October 2007, the Group has drawn down an amount of HK$800 million from the said credit facilities to pay the interim dividend declared.

Securities and guarantees

As at 31 August 2007, certain of the Group's assets comprising accounts receivable, inventories and fixed assets were pledged to secure bank loans of HK$41.2 million and banking facilities granted to its subsidiaries of HK$165.0 million. There were guarantees of HK$65.0 million and HK$44.6 million in favour of the banks in respect of banking facilities granted to and utilised by an associated company respectively.

Contingent liabilities

Save in respect of the guarantees granted in favour of the banks in respect of banking facilities granted to and utilised by its subsidiaries and an associated company, the Group had no other material contingent liabilities as at 31 August 2007.

Disclaimer

Save as disclosed above and apart from normal trade payables, as at the close of business on 31 August 2007, the Group did not have any outstanding mortgages, charges, pledges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, acceptance liabilities or acceptance credits, any guarantees or other material contingent liabilities.

Save for the two 3-year unsecured term loans and the four 3-year unsecured revolving credit facilities of an aggregate amount of HK$1.2 billion, there is no material change in the Group's indebtedness and contingent liability since 31 August 2007.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Group is, in the normal course of business, exposed to market risks relating primarily to fluctuations in interest rates and exchange rates, as well as commodity price risk. The Group's risk management strategy aims to minimize the adverse effects of these risks on its financial performance.

(a) Commodity price risk

The Group is exposed to fluctuations in the prices of goods it purchased from its principals, primarily for the trading of edible oil, sugar, frozen meat and soy beans. The Group makes such purchases at market prices, which may fluctuate and are beyond the Group's control. Therefore, fluctuations in the purchase prices of the Group's goods for trading may have a significant effect on its results of operations. As such, the Group may enter into future contracts to hedge commodity price changes aiming to reduce the impact of these price fluctuations. As at 31 August 2007, some commodity at a cost of HK$8.2 million was being hedged by future contracts.

The Group may enter into forward contract when it has committed a corresponding purchase order with physical delivery schedule for certain food commodity, with pre-set maximum exposure (open position ceiling) for each kind of product and pre-set the maximum tonnage to be hedged for each type of product. The Group may enter into forward contract for hedging purpose for the following food products: soybean oil, palm olien and sugar. The Group only commenced the hedging transactions since May 2007, and the realised gain since then until 30 June 2007 was about HK$0.7 million.

(b) Credit risk

The Group's credit risk is primarily attributable to cash and bank deposits as well as trade and other receivables. The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis. The Group's cash and bank deposits are placed with major financial institutions. Trade receivables are presented net of the allowances for doubtful debts.

Credit risk in respect of trade and other receivables is limited because the Group's customer base is comprised of a large number of customers and their dispersion across different industries and geographical areas. The Group has no significant concentration of credit risk. In addition, credit evaluations are performed on all customers requiring credit over a certain amount.

The credit committees of the Group conduct monthly meeting with the senior management of each business unit to review each of the outstanding trade receivable balance on a customer-to-customer basis on their recoverability. For overdue trade receivable, the Group initiates its internal dunning procedures and customer site visits established under the credit policy for collection. The Group also engages professional credit agency to assist the Group on collections from customers with overdue trade receivable. For any extension of payment terms and amount, prior approval of the Group's management is required.

(c) Liquidity risk

The cash management of all operating entities in Hong Kong is centralised, including the raising of loans to cover expected cash demands. Individual operating entities within the Group outside Hong Kong are responsible for their own cash management. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group monitors its current and expected liquidity requirements after taking into consideration of the regular twelve months cash flow forecast, three year budgeted cash flow and quarterly business review. Prior to initiating any new business, each business unit will provide the details of new funding requirements and the relevant cash flow projection for the underlying projects. The Group will from time to time review and arrange sufficient cash or banking facility (bank borrowings) based on the expected liquidity requirements. The funding needs for trading business are usually short-term and fluctuating. Large portion of the Group's banking facilities are short-term and un-committed in order to match with needs and standby purpose. These facilities are usually without financial covenants. Referring to the committed bank lines, the Group will ensure that the consolidated net worth of the Guarantor and its subsidiaries at all times is equal to or exceeds the acceptable level. The Group will ensure that the combined net borrowing will not at any time exceed its combined net worth. The management, group financial controller and the treasury manager will involve in liabilities monitoring.

(d) Interest rate risk

The Group's bank borrowings are mainly denominated in Renminbi, Canadian dollars, Singapore dollars, Japanese Yen and Hong Kong dollars. Due to the Group's borrowings are mainly in short-terms, interest rates are based on prevailing interest rate (such as LIBOR) plus a fixed margin. If necessary, the Group aims to maintain a suitable mixture of fixed rate/floating rate borrowings in order to stabilize interest costs. Interest rate hedging ratio is determined after taking into consideration of the general market condition and trend, the Group's overall cash flow pattern and etc. Interest rate swap and interest rate option may be employed to maintain the desired hedging ratio.

As at 31 August 2007, there were interest bearing bank borrowings of HK$1,095.1 million, of which HK$1,091.9 million will mature within a year's time, with effective interest rate 4.8% per annum.

(e) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currency giving rise to this risk is primarily US dollars and Japanese Yen. The Directors do not expect any significant movement in the exchange rate of US dollars as against the Hong Kong dollars. In addition, the Directors endeavour to ensure that the net exposure is kept to an acceptable level by entering into forward exchange contracts in order to manage the Group's exposure to fluctuation in foreign currency exchange rates on specific transactions. Foreign exchange contracts are matched with anticipated future cash flows in foreign currencies, primarily from purchase. As at 31 August 2007, the Group had recognised net fair value of forward exchange contracts of HK$20.9 million as derivative financial assets.

The respective proportion in currency exposure in terms of turnover and purchases for the year ended 31 December 2006 and the six months ended 30 June 2007 and cash and deposits and borrowings as of 31 December 2006 and 30 June 2007 are as follows:

	For the year ended 31 December 2006		As of 31 December 2006	
	Turnover	**Purchases**	**Cash & Bank Deposits**	**Bank Borrowings**
Australian dollars	N/A	0.1%	0.1%	0.0%
British Pounds Sterling	0.2%	6.0%	4.1%	0.0%
Canadian dollars	2.1%	2.4%	0.5%	7.6%
Euro	0.1%	5.3%	3.9%	N/A
Hong Kong dollars	46.4%	13.8%	9.3%	7.5%
Japanese Yen	9.8%	20.7%	15.2%	13.0%
Renminbi	31.3%	27.3%	57.2%	67.9%
Singapore dollars	6.3%	1.5%	2.2%	2.8%
US dollars	3.6%	22.9%	6.9%	1.2%
Others	0.2%	0.0%	0.6%	N/A
Total	100.0%	100.0%	100.0%	100.0%

	For the six months ended 30 June 2007		As of 30 June 2007	
	Turnover	**Purchases**	**Cash & Bank Deposits**	**Bank Borrowings**
Australian dollars	N/A	0.1%	0.2%	N/A
British Pounds Sterling	0.3%	5.9%	0.2%	0.7%
Canadian dollars	2.4%	4.7%	0.5%	6.8%
Euro	0.0%	5.4%	2.5%	N/A
Hong Kong dollars	43.4%	9.5%	13.4%	6.0%
Japanese Yen	11.2%	21.4%	15.4%	15.9%
Renminbi	32.1%	28.8%	55.0%	66.1%
Singapore dollars	6.2%	1.8%	1.1%	3.3%
US dollars	4.1%	22.4%	10.8%	1.2%
Others	0.3%	0.0%	0.9%	N/A
Total	100.0%	100.0%	100.0%	100.0%

For bank borrowings, each business unit's income currency generally matches with their liabilities. For operations that involve foreign currency denominated receivables and payables, the Group's treasury policy has the following guidelines:

- Back-to-back foreign currency transactions (indent orders) should be fully hedged in order to protect the Group's profit margin

- Hedging position equals to hedged stocks/WIP, plus foreign exchange receivables and booked forward contracts

- Total exposure equals to hedged positions, plus unhedged stock/WIP, foreign exchange payables and committed orders

For Hong Kong business units of motor segment, minimum hedging positions should not be less than 25% of total exposure or one month cost of sales, whichever is higher.

Minimum hedging positions for other business units are determined by their management where and when necessary.

Generally, over-hedging is not allowed. In case a business unit applies for over-hedging, each transaction should be approved by the Chief Executive Officer of the Group individually and under no circumstance should a business unit enter into foreign exchange transactions for the purpose of position taking without prior approval from the finance department of the Group.

Foreign exchange swap or forward contract (include non-deliverable forward) and foreign exchange option may be employed to minimize the net exposure to foreign currency fluctuations. Derivatives can be applied in hedging only if the product is reviewed and approved by the finance department of the Group.

For hedging vehicles consist of variable contract amount (e.g. Accumulator, European knock-out forward), the business units should count the largest contingent obligation for calculation of their hedging positions. Details of exposures and all outstanding forward contracts should be provided to the finance department of the Group on a monthly basis for management's review.

In general, the business units of the Group will hedge its foreign currency exposure by forward contracts and forward rates are applied to calculate the cost of overseas purchases.

The unutilized foreign currency at the year end including foreign currency receivable and foreign currency taking up from forward contracts totally recognized an exchange gain of HK$16.0 million as of 31 December 2006 and HK$5.8 million as of 30 Jun 2007.

Off-Balance Sheet Arrangements

The Group does not have any off-balance sheet transactions. The Group is expected to be able to minimise its exposure to the above mentioned risks by the existing control policies and procedures.

PROPERTY INTERESTS

Knight Frank Petty Limited, an independent property valuer, has valued the Group's property interests, including land use rights, as at 31 July 2007 at approximately HK$1,327.6 million. The text of its letter, summary of valuation and valuation certificates are set out in Appendix IV to this Prospectus.

A reconciliation of the net book value of the relevant property interest, including land use rights, as at 30 June 2007 to their fair value as at 31 July 2007 as stated in Appendix IV to this Prospectus is as follows:

	HK$'000
Net book value of the investment properties as at 30 June 2007 as per the combined balance sheets Appendix I to the Prospectus	
Investment properties	697,622
Land and buildings held for own use	283,336
Lease prepayments of land use rights	134,511
	1,115,469
Interest attributable to minority shareholder of a subsidiary for an investment property in the PRC	(3,300)
Valuation surplus for land and buildings for own use and lease prepayments, net of minority shareholders' interest	194,200
Valuation surplus for a property rented by the Group in the PRC and sub-leased to a third party	8,300
Valuation as at 30 June 2007 as per Appendix IV to this Prospectus	1,314,669
Valuation surplus for investment properties during July 2007	10,756
Valuation surplus for land and buildings for own use and lease prepayment during owner-occupation in July 2007	2,176
Valuation as at 31 July 2007 as per Appendix IV to this Prospectus	1,327,601

Certain of the Group's properties or properties where the Group operates its business have certain title defects. See "Business — Properties."

According to relevant PRC regulations, in respect of owned properties, since land use right certificates have been obtained, the Group will be able to obtain building ownership certificates by complying with the relevant procedures. Buildings on these properties have already passed property inspection tests conducted by the relevant PRC governmental authority. Accordingly, the PRC legal advisers of the Company were of the opinion that there was no foreseeable legal impediment to obtaining the relevant land use right certificates and building ownership certificates for the Group's owned properties. The Directors expect the relevant land use right certificates and building ownership certificates to be obtained by the end of 2007.

In respect of leased properties, once the land use right certificates have been obtained by their landlords, the landlords will be able to obtain building ownership certificates by complying with the relevant procedures. So long as landlords comply with such procedures as advised by the Company's legal advisers, there is no foreseeable legal impediment to the landlords obtaining such certificates, and the Directors are of the view that there will be no material adverse impact on the Group's operations in the meantime. In addition, the controlling shareholder has given an indemnity to the Group in respect of any claim, loss or expenses suffered or incurred by the Group arising out of or in connection with these properties with respect to any defects in title.

PROFIT FORECAST FOR THE YEAR ENDING 31 DECEMBER 2007

	HK$ *(in million)*
Forecast combined profit attributable to equity shareholders of the Company [(1)]	not less than 415.6
Before:	
(i) Net valuation gains on investment properties (net of deferred taxation effect) [(2)]	(49.6)
(ii) Losses from discontinued operations [(3)]	18.3
(iii) Pre-IPO Share Option Scheme [(4)]	22.3
Net forecast combined profit attributable to equity shareholders of the Company before (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme	not less than 406.6

	After (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme *HK$*	**Before (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme** *HK$*
Pro forma forecast earnings per share		
— Fully diluted [(5)]	0.229	0.224
— Weighted average [(6)]	0.231	0.226

Notes:

(1) The bases and assumptions on which the above profit forecast for the year ending 31 December 2007 has been prepared and summarized in Appendix III to this Prospectus. The Directors have prepared the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 based on the audited combined results of the Group for the six months ended 30 June 2007, the unaudited combined management accounts of the Group for the month ended 31 July 2007 and a forecast of the combined results of the Group for the remaining five months ending 31 December 2007. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in note 1 of Section C of the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

(2) Under HKFRSs, gains or losses arising from changes in fair values of investment properties recognised in the income statement in the period in which they arise. Assumptions are set out in the sub-section headed "Assumptions with respect to valuation gains on investment properties" in Appendix III to this Prospectus.

(3) Under HKFRSs, gains or losses arising from the discontinued operations are included in the period in which they arise.

(4) Under HKFRSs, the fair value of the share options granted under the Pre-IPO Share Option Scheme is recognised in the combined income statement with a corresponding increase in amount due to the ultimate controlling party as the expense will be settled in cash by the Group. The fair value is measured at the grant date using binomial model (an applicable option-pricing model) based on the Offer Price of HK$5.22. Assumptions are set out in the sub-section headed "Assumptions with respect to Pre-IPO Share Option Scheme" in Appendix III to this Prospectus.

(5) The calculation of the pro forma forecast earnings per share on a fully diluted basis is based on the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007, assuming that the Company had been listed on the Stock Exchange since 1 January 2007 and that a total of 1,818,000,000 Shares had been in issue during the entire year. The calculation is based on the assumption of 1,800,000,000 Shares expected to be in issue and 18,000,000 Shares expected to be exercised under the Pre-IPO Share Option Scheme following the Global Offering.

(6) The calculation of the pro forma forecast earnings per share on a weighted average basis is based on the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 and a weighted average number of approximately 1,800,000,000 Shares assumed to be in issue during the year. This calculation assumes no exercise of the options that may be granted under the Pre-IPO Share Option Scheme.

DIVIDENDS, WORKING CAPITAL AND DISTRIBUTABLE RESERVES

Dividends

Dividends in the amounts of HK138.8 million, HK138.8 million and HK$138.8 million were declared by the Company during the years ended 31 December 2004, 2005 and 2006, respectively. Such dividends were paid in cash and out of the distributable profits of the Company. In addition, an interim dividend of approximately HK$900 million was declared and paid before the Listing Date to its controlling shareholders. In determining the amount of the above interim dividend, the Directors have taken into account the level of the Group's retained earnings, the expected cash flow and the Group's assets and liabilities and consider that the size of such dividend is approximately around HK$900 million and the size of the Global Offering is approximately HK$5,281.4 million assuming an Offer Price of HK$5.88 and the full exercise of the Over-allotment Option. HK$800 million of such interim dividend was financed partly by new bank borrowings comprising two 3-year unsecured term loans and four 3-year unsecured revolving credit facilities. See "Risk factor — Dividend declared immediately prior to Listing and dividend policy not indicative of future dividends." The Directors confirmed that during the three years ended 31 December 2006 and the six months ended 30 June 2007 all dividends were paid during periods when the Company was able to pay its debts as they became due.

Subject to the availability of the Company's cash and distributable reserves, the Group's investment requirements, and the Group's cashflow and working capital requirements, the Directors currently intend to declare and recommend dividends which would amount to not less than 30% of the net profit, if any, from ordinary activities for the first financial year subsequent to the Global Offering. The Group's general dividend policy is to determine the dividend on any given year with reference to the net profit generated and dividends are funded by a combination of the Group's operating cash flow and internal financial resources. Going forward, the Company currently expects to maintain a general policy that not less than 30% of its profits available for distribution in each year commencing from the Listing Date will be distributed to its shareholders. However, final dividends, if any, on the outstanding shares must be recommended by the Company's Board and approved at the Company's annual general meeting of shareholders. In addition, the board may declare interim dividends as appear to the Board to be justified by the Company's profits. The payment and the amount of any dividends declared will be subject to the articles of association and the Companies Ordinance. No dividends are payable if doing so would render the Company unable to pay its liabilities as they become due or the realisable assets would be less than the aggregate of its liabilities and its issued share capital. The declaration or recommendation of, payment and amount of dividends will be subject to the discretion of the Board and will be dependent upon the Group's future operations, earnings, financial condition, business needs, prospects, cash requirements and availability and other factors as the Board may deem relevant at such time.

The timing, amount and form of future dividends, if any, will depend, among other things, on:

- the Group's results of operations and cash flows;
- the Group's future prospects;
- general business conditions;
- the Group's capital requirements and surplus;
- contractual restrictions on the payment of dividends by the Company to its shareholders or by subsidiaries to the Company;
- taxation considerations;
- possible effects on the Company's creditworthiness;
- statutory and regulatory restrictions; and
- any other factors the Board may deem relevant.

The Company's ability to pay cash dividends will also depend upon the amount of distributions, if any, received by the Company from its operating subsidiaries. In particular, the PRC laws and regulations governing dividend distributions for foreign invested enterprises differ from those for domestic enterprises.

There are 2 types of PRC subsidiaries:

- Foreign invested enterprises

  Pursuant to articles of association of certain subsidiaries of the Group incorporated in the PRC, these subsidiaries are required to transfer their profits after taxation to the general reserve fund. The amounts allocated to this reserve are determined by the respective boards of directors.

- Domestic Enterprises

  Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC are required to transfer no less than 10% of their profit after taxation, as determined under PRC accounting regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Working capital

As of 31 December 2006, the cash and bank deposits amounted to approximately HK$741.7 million. As of 30 June 2007, the cash and bank deposits amounted to approximately HK$649.5 million.

The Directors are of the opinion that, taking into account the present available banking facilities, internal resources (including cash and bank deposits) of the Group and the estimated net proceeds of the Global Offering, the Group has sufficient working capital for its requirements in the next 12 months commencing from the date of this Prospectus.

Distributable reserves

Subject to the Companies Ordinance and the articles of association of the Company, as referred to in section headed "Dividends" in Appendix V to this Prospectus), the Company may pay dividends out of its retained profits. The Company's ability to distribute dividends depends on, among other factors, the available balance of retained profits and distributable profits and the cash flow of the Company (but not the Group).

As at 30 June 2007, being the date to which the latest financial statements of the Group were made up, the Company had distributable reserves amounting to HK$1.5 billion.

Capital Commitments

The following table sets forth the aggregate amounts of the Group's capital commitments as at 30 June 2007:

	HK$' million
Capital commitments in respect of plant, property and equipment	99.0
Operating lease commitments in respect of future minimum lease payment under non-cancellable operating leases comprising	
(a) Commitments on properties	522.9
(b) Commitments on others	0.2

The Group's capital commitments in respect of plant, property and equipment outstanding as at 30 June 2007 was HK$99.0 million, of which HK$98.0 million has been contracted for and HK$1.0 million has been authorised but not contracted for. All of the capital commitments are expected to be paid within this year. The largest capital commitment in the amount of HK$75.7 million will be paid by the IPO proceeds, and the balance will be by internal funding.

As at 30 June 2007, the Group's operating lease commitments in respect of future minimum lease payment under non-cancellable operating leases comprises HK$522.9 million of operating leases for property and HK$0.2 million of operating leases for others. These leases typically run for an initial period of one to ten years, with an option to renew the leases when all the terms are renegotiated. None of these leases includes contingent rentals.

Of the HK$522.9 million commitments in respect of operating leases for property, HK$191.5 million would be payable within one year, HK$210.3 million after one year but within five years and the balance of HK$121.0 million after five years.

Of the HK$0.2 million commitments in respect of operating leases for others, HK$0.16 million would be payable within one year and the balance would be after one year but within five years.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2007. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 30 June 2007 or at any future date.

	Adjusted net tangible assets of the Group attributable to the equity shareholders of the Company as at 30 June 2007[(1)]	**Interim dividend[(2)]**	**Estimated net proceeds of the Global Offering to be received by the Group[(3)]**	**Unaudited pro forma adjusted net tangible assets attributable to the equity shareholders of the Company**	**Unaudited pro forma adjusted net tangible asset value per Share[(4)]**
	HK$' 000	*HK$'000*	*HK$' 000*	*HK$' 000*	*HK$' 000*
Based on Offer Price of HK$4.55 per Offer Share	3,687,282	(900,000)	776,300	3,563,582	1.98
Based on Offer Price of HK$5.88 per Offer Share	3,687,282	(900,000)	1,009,700	3,796,982	2.11

Notes:

1. The adjusted net tangible assets of the Group as at 30 June 2007 is based on the audited combined net assets of the Group attributable to the equity shareholders of the Company of HK$3,900,535,000 as at 30 June 2007 extracted from the Accountants' Report set out in Appendix I to this Prospectus with an adjustment for the goodwill and intangible assets of HK$170,092,000 and HK$43,161,000 respectively as at 30 June 2007.

2. An interim dividend of approximately HK$900 million was declared and paid before the Listing Date to its controlling shareholders. For illustrative purpose, the interim dividend was assumed to be declared and paid on 30 June 2007.

3. The estimated net proceeds from the Global Offering to be received by the Group are based on the Offer Prices of HK$4.55 and HK$5.88, after deductions of the underwriting fees and other related expenses payable by the Group. No account has been taken of the Shares which may fall to be issued upon exercise of the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme.

4. The unaudited pro forma adjusted net tangible asset value per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 1,800,000,000 Shares expected to be in issue following the Global Offering and Capitalisation Issue and the respective Offer Prices of HK$4.55 and HK$5.88, but takes no account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme.

5. With reference to the valuation of property interests of the Group as set out in Appendix IV to this Prospectus, the aggregate revalued amount of the property interests of the Group as at 31 July 2007 was about HK$1,327.6 million. The unaudited net book value of these property interests as at 31 July 2007 was about HK$1,124.6 million. The revaluation surplus for land and buildings for own use, lease prepayments and a property rented by the Group and sub-leased to a third party is about HK$203.0 million and has not been included in the above adjusted net tangible assets of the Group. Such revaluation surplus has not been recorded in the Financial Information as set out in Appendix I and will not be recorded in the financial statements of the Group for the year ending 31 December 2007 as the Group's property, plant and equipment and lease prepayments are stated at cost less accumulated depreciation or amortisation and impairment losses if any. If such revaluation surplus would be included to the financial statements of the Group for the year ending 31 December 2007, an additional depreciation of approximately HK$6.4 million per annum would be incurred.

6. No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 June 2007.

DISCLOSURE UNDER CHAPTER 13 OF THE LISTING RULES

The Directors have confirmed that as at the three years ended 31 December 2006 and the six months ended 30 June 2007, they are not aware of any circumstances which would give rise to a disclosure under rule 13.13 to rule 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that there is no adverse material change in the financial or trading position or prospects of the Group since 30 June 2007 (being the date to which the latest financial statements of the Group were made up).

MISSION STATEMENT AND STRATEGIES

The mission of the Group is to enhance its leading position in the Hong Kong market for its main businesses, namely motor vehicles, food and consumer products, and logistics, and to become a leading player and partner of choice for its suppliers and customers in Hong Kong and the PRC.

The Group views the Hong Kong and the PRC markets as the two major markets of the Group. In view of the different market conditions in Hong Kong and the PRC, the Group has different objectives in these two markets. For its Hong Kong business, the Group will maintain growth in its core businesses and to continue to generate strong and stable recurring cash flows. The Group has adopted a high growth strategy in its PRC business to capture the continuously expanding market growth in the PRC.

The Group intends to achieve its 2 business objectives by pursuing the following business strategies:

- Motor vehicle business
  - to expand its national and city dealership and motor vehicle related services in the PRC through strategic partnership with local partners or merger and acquisition exercises
  - to diversify motor vehicle related services in Hong Kong and Macao
- Food and consumer product business
  - to enlarge the Group's scale and market share in Hong Kong, Macao and major cities in the PRC
  - focus on expanding the distribution network in the branded imported FMCG products in major cities in the PRC through strategic partnership with local partners or merger and acquisition exercises
- Logistics business
  - to establish integrated logistics centres to provide services such as warehousing, food processing, repacking, and food safety assurance to customers in the PRC, Hong Kong, and Macao
  - to provide fully integrated food supply chain solutions to its customers, with a longer term plan to provide total supply chain solutions for other industries

FUTURE PLANS

For its motor vehicle business in Hong Kong and Macao, the Group seeks to maintain a strong organic profit growth by pursuing an increase in the unit sales and market share through the communication with principals on supplying and developing models that can comply with the latest regulation and cope with customers demand. The Group will also invest in facilities and brand building for better service and to meet customers' satisfaction. The Group will keep watching for potential brands to introduce to the Hong Kong and Macao markets so as to enhance the competitiveness of the Group's brand portfolio and profitability. These plans aim to optimise the market share and profitability while continuously strengthening the Group's major market player position in Hong Kong. The Group will also seek to enhance profitability from its motor vehicle related business such as motor leasing, used car trading, environmental products, aviation supporting business, parts trading, auto finance and insurance. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for potential target companies in the PRC, Hong Kong, Macao and South East Asia, with the right automobile dealerships which can complement the Group's existing automobile product portfolio, create synergy with the Group's existing business and have successful trading histories with proven track records. The Group has developed and launched since mid 2006 its self-owned brands of lubricants, batteries, wiper blades and filters which were manufactured by third party sub-contractors in the PRC, Malaysia and Korea for the Group for the Hong Kong, Macao, PRC and overseas markets. It will continue to work with these third party sub-contractors or other third party sub-contracted manufacturers on other types of self-owned brands parts and source good quality and price competitive vehicle spare parts and accessories from the PRC and other countries for the overseas markets over the next 3 years.

In the PRC, the Group plans to achieve high growth by expanding the number of city dealership with a target to add on average 6 city dealerships annually in the next 3 years through merger and acquisition exercises and strategic partnerships. As at the Latest Practicable Date, the Group has yet to identify any potential targets for acquisition but any potential targets must be with the right automobile dealerships which can complement the Group's existing automobile product portfolio, create synergy with the Group's existing business and have successful trading histories with proven track records. The Group will strive to secure national distributorships of niche market brands so as to complement its current brand portfolio. The Group aims to enhance its profitability of existing dealerships by integrating its Hong Kong experience, modern management system, and advance business model with local business know-how. It also plans to expand sources of revenue from every aspect in the trade, such as to provide value added service accessories, and agency service of automobile insurance and other financing products so as to be a one stop centre for its vehicle customers. Riding on its expertise gained in Hong Kong, the Group will also develop the motor vehicle related business in the PRC, including motor leasing, used car trading, aviation support business, vehicle examination centre and environmental products. The Group will further work together with 中遠實業有限公司 (COSCO) and 北京中遠豐田汽車銷售服務有限公司 (Beijing Zhongyuan Toyota Motors Sale and Service Limited), to expand and set up an extensive leasing network in the PRC by increasing the number of fleet size as well as by extending such motor leasing business to other major cities in PRC. The Group will continue to seek other opportunities to establish strategic partnership in other areas in the motor industry in the PRC such as to be involved in sales network management, automobile finance and insurance service, and parts manufacturing.

In the food and consumer products trading business, the Group seeks to grow its food processing business by providing HACCP accredited, value-added services through expanding product range and introducing more portion control foods and semi-processed foods. It will further expand its market share in the catering and hospitality sectors. The Group will also diversify its food retail business by building on the success of the Group's current retail chain which comprises 48 DCH Food Mart outlets for the mass markets and 4 DCH Food Mart Deluxe outlets which concentrate on premium food products. The Group plans to open an additional 10 DCH Food Mart outlets and 8 DCH Food Mart Deluxe outlets in Hong Kong in the next three years to expand market share and to capture the rising demand for high end food products. In addition, it will continue to enhance the Group's competitive edge in the trading and distribution of cosmetics and electrical appliances.

In the PRC, the Group will strengthen its presence in trading and distribution of food commodities in major cities such as Guangzhou, Beijing, and Shanghai, and further expand to second-tier cities by leveraging on the Group's nationwide logistics network. The Group intends to expand its product range to cater for food service and retail customers. Focus will be on leveraging the Group's HACCP and ISO-accredited food processing facilities to supply processed food products that meet the increasingly stringent requirements of chain buyers amidst the society's increasing awareness of food safety. The Group will further penetrate the food service sector by acquiring companies which have strong foothold in this segment as well as to develop house brand food products to lower influence from the cyclical fluctuations that are associated with these food commodities in order to fetch higher profits through the brand equity built. It will continue to secure more distributorships of world-renowned FMCG brands in food and beverage by building on the Group's professional distribution and trading platform and expertise in these segments. The Group will widen its product range through agency pitching. Focus will be on establishing links or identifying targets at international FMCG trade shows, like the Food Marketing Institute show held in Chicago, US, and other important food shows like Anuga in Germany and SIAL in France. The Group may further venture into developing its house brands to provide more choices to customers. In addition, the Group will line up more electrical appliances manufacturers or brand owners in the PRC to secure new product distributorships as well as to explore opportunities for equity participation in exceptional cases where there are good business prospects.

For its logistics business, the Group will further develop into a leading regional logistics service provider capable of sourcing globally and providing nationwide distribution coverage for Hong Kong, Macao, and the PRC. The Group will ride on its know-how, recognised expertise and experience and develop its food supply chain management which comprises services such as processing, inspection certification, and other value-added aspects for the markets in which the Group operates. The Group also plans to diversify its value added services into food processing, laboratory testing and certification services, which will be provided in its new food processing centres. The Company believes that fully integrated total supply chain solutions could be provided to its customers with one-stop services on the basis of the expanded facilities.

Other manufacturing opportunities which the Group is currently pursuing include the setting up of a peanut oil manufacturing plant in the PRC through joint venture for the manufacturing, sales and export of peanut oil as well as the setting up of a repackaging materials manufacturing plant in its Xinhui logistics hub for sales to its readily available customers.

USE OF PROCEEDS

The Directors believe that the Global Offering will raise the corporate profile and enhance the capital base of the Group, enabling it to further expand the scale and scope of its operations.

The net proceeds of the Global Offering to be received by the Company after deduction of underwriting commission and estimated expenses payable by the Group, and assuming an Offer Price of HK$5.22 (being the mid-point of the Offer Price between HK$4.55 and HK$5.88 per Offer Share), are estimated to be approximately HK$893.9 million. The Directors currently plan to use such net proceeds as follows:

- approximately 45% or HK$400 million will be spent over the next three years for expansion of the Group's motor vehicle business, including approximately HK$300 million for future expansion of city dealerships in the PRC, including acquisition of quality city dealerships with a target to add on average 6 city dealerships annually in the next 3 years through merger and acquisition exercises and strategic partnerships; and approximately HK$100 million for the development of motor vehicle related business in Hong Kong and the PRC. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for potential target companies in the PRC, Hong Kong, Macao and South East Asia, with the right automobile dealerships which can complement the Group's existing automobile product portfolio, create synergy with the Group's existing business and have successful trading histories with proven track records. A substantial part of the budgeted sum of HK$300 million allocated for merger and acquisition exercises will be spent as acquisition costs mainly comprising the purchase price of the target companies. As the Group is only interested in acquiring potential targets which are profitable and are able to generate profits immediately, the Group expects no or minimal additional investment or that start up costs required to run these newly acquired companies, if any, would have been capable of being funded through the operating cash flow of these newly acquired companies. The Group will spend approximately HK$80 million in developing motor leasing business in Hong Kong and the PRC, including for fleet replacement of its Hong Kong motor leasing business. It will continue to work with its existing third party sub-contractors or other third party sub-contractors manufacturers on other types of parts with self-owned brands and source good quality and price competitive vehicle spare parts and accessories from the PRC and other countries for the overseas markets over the next 3 years. In aggregate, HK$10 million is planned for other motor related business development. The Group will spend approximately HK$10 million as capital injection to further work together with 中遠實業有限公司 (COSCO) and 北京中遠豐田汽車銷售服務有限公司 (Beijing Zhongyuan Toyota Motors Sale and Service Limited), to expand and set up an extensive leasing network in the PRC by increasing the number of fleet size as well as by extending such motor leasing business to other major cities in the PRC.

- approximately 22% or HK$200 million will be spent over the next three years for the expansion of the Group's food and consumer products trading business, including approximately HK$160 million for acquisition of and investment in food commodities or FMCG businesses especially in companies which have strong foothold in this segment as well as companies with the right FMCG distributorship to synergise with the existing operations and further enlarge market penetration in the PRC, Hong Kong, Macao and South East Asia. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for potential targets in the PRC, Hong Kong, Macao and South East Asia to acquire. These potential targets include food trading, distribution, processing and manufacturing companies as well as food related FMCG marketing and distribution companies which have successful trading histories with proven track records, are willing to sell a majority stake, have good potential for future business expansion especially those with a business focus in the PRC, and can create synergy with the Group's existing business. Approximately HK$40 million for expansion of the Group's retail business by opening 10 DCH Food Mart outlets and 8 DCH Food Mart Deluxe outlets in Hong Kong. Among other plans, the Group is pursuing the opportunity to set up a peanut oil manufacturing plant in the PRC through joint venture for the manufacturing, sales, and export of peanut oil as well as to develop other house brand food products. In this regard, the Group has not, as at the Latest Practicable Date, identified any specific investment targets nor entered into any legally binding agreement or arrangement with respect to the aforementioned investments and manufacturing opportunities and there is no such acquisition in progress. For details of the future plans of the Group, please refer to the paragraph headed "Future plans" above.

- approximately 29% or HK$260 million will be spent over the next three years for expansion of the Group's logistics and food supply chain business, including approximately HK$110 million for the establishment of sizable warehouse and food processing facilities to provide value added services, and a food safety inspection center in Hong Kong.

  The Company plans to establish an integrated food processing and repackaging complex for fresh produce, frozen food, oil and rice, and FMCG with a laboratory for quality assurance and food safety in Hong Kong. The total investment is estimated to be HK$320 million for a period of 7 years. It is intended that approximately HK$110 million will be funded from proceeds of the Global Offering. Balance will be from the Company's internal resources and bank borrowing.

The purpose-built complex will be situated on a site measuring approximately 34,186 square metres. The initial stage of the 2-storey complex will have a total floor area of over 20,000 square metres planned to be used for food processing and over 7,000 square metres to be used for covered storage and will have 40 car parks. Completion of the development of the first stage complex is expected to be within 24 months from the completion of the lease assignment.

The second phase of the complex will have a total floor area of over 9,000 square metres. A total floor area of over 8,000 square metres in the second stage complex will be used for food processing with part of the area air-conditioned for temperature-controlled food processing.

The integrated food processing complex is planned to repackage retail packs of food, fruit and vegetables from bulk for delivery to retail customers, including Food Mart, re-process portion control packs of food, fruit and vegetables for delivery to hotels and other food service outlets, and provide cold chain management services.

The Company has entered into an agreement with an Independent Third Party for the assignment of a lease in the Hong Kong Science & Technology Parks in favour of the Company. Such an assignment has been approved by the Hong Kong Science & Technology Parks. It is expected that completion of the lease assignment will take place on or before 28 November 2007.

In addition, approximately HK$150 million will be spent in the next 3 years to develop facilities such as cold chain, an additional import bonded warehouse, logistics and distribution centres, and a re-packaging material manufacturing plant in Xinhui to provide comprehensive food supply chain logistics and management services and value added services. The Group plans to spend approximately HK$25 million, HK$20 million, and HK$25 million on the cold chain facilities, additional import bonded warehouse, and logistics and distribution centres respectively, which were the three major projects planned by the Group as at the Latest Practicable Date. The construction works to develop these facilities have yet to have commenced as at the Latest Practicable Date. While the Group has yet to identify any specific potential targets as at the Latest Practicable Date, the Group is constantly looking out for acquisition opportunities in the logistics businesses in Hong Kong, Macao, the PRC and South East Asia with a sizeable customer base, have successful trading histories with proven track records, are willing to sell a majority stake, with good potential for future business expansion, and can create synergy with the Group's existing logistics business in order to have faster access and penetration of the logistics market.

- the balance in an amount of not more than 10% of the aggregate proceeds as funding for general working capital and general corporate uses.

As at the Latest Practicable Date, the Group has not identified any specific investment targets, nor entered into any legally binding agreement or arrangement with respect to the future acquisition opportunities mentioned above. For details of the future plans of the Group, please refer to the paragraph headed "Future plans" in the section headed "Future plans and use of proceeds".

Assuming an Offer Price of HK$5.88 per Offer Share (being the high-end of the stated range of the Offer Price between HK$4.55 and HK$5.88 per Offer Share), the amount of additional net proceeds to be received by the Company are estimated to be approximately HK$115.8 million, which the Directors intend to apply as additional funding for the Group's investments in automobile, food and consumer products and logistics businesses in the same proportion in the use of proceeds as shown above.

Assuming an Offer Price of HK$4.55 per Offer Share (being the low-end of the stated range of the Offer Price between HK$4.55 and HK$5.88 per Offer Share), the Directors intend that the respective amounts to be applied for each of the above purposes will be proportionately reduced.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Group may hold such funds in short-term deposits with banks and/or financial institutions in Hong Kong for so long as it deems to be in the best interests of the Group.

The net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering after deducting the related expenses, and assuming an Offer Price of HK$5.22 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK$4.55 and HK$5.88 per Offer Share) and that the Over-allotment Option is not exercised in whole or in part, are estimated to amount to approximately HK$2,985.5 million. If the Over-allotment Option is exercised in full, and assuming an Offer Price of HK$5.88 per Offer Share (being the high-end of the stated range of the Offer Price of between HK$4.55 and HK$5.88 per Offer Share), the Selling Shareholder will receive additional net proceeds of approximately HK$1,054.6 million. The Company will not receive any proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering. All of the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering will be for the account of the Selling Shareholder.

CORNERSTONE INVESTORS

- **Chow Tai Fook Nominee Limited ("CTF")**

CTF is a company incorporated in Hong Kong and is principally engaged in investment holding business. It is wholly and beneficially owned by Dato' Dr Cheng Yu-Tung.

- **Dayjoro International Limited ("DIL")**

DIL is a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of Cheung Kong (Holdings) Limited. Cheung Kong (Holdings) Limited is a company listed on the Main Board of the Hong Kong Stock Exchange, and its principal activities are investment holding, property development and investment, hotel and serviced suite operation, property and project management and investments in securities.

- **Li Ka Shing Foundation Limited ("Li Ka Shing Foundation")**

Li Ka Shing Foundation is a company incorporated in Hong Kong in 1980, which was set up to co-ordinate donations towards medical, education, cultural and other community welfare projects in a systemic manner. The Li Ka Shing Foundation and other private charitable foundations established by Mr. Li Ka-Shing have supported numerous charitable activities with grants, sponsorships and commitments of over HK$8.4 billion.

- **Longfit Limited ("LF")**

LF is a company incorporated in the British Virgin Islands and is indirectly wholly owned by Shau Kee Financial Enterprises Limited which in turn is wholly owned by Lee Financial (Cayman) Limited of which Dr. the Hon. Lee Shau Kee is a substantial shareholder.

- **Otsuka Pharmaceutical Co., Ltd. ("Otsuka")**

Otsuka is a company incorporated in Japan and its principal activities are manufacturing, distributing, exporting and importing pharmaceuticals, clinical testing equipment, medical equipment, food products, cosmetics and other related products. Otsuka is the holding company of Otsuka (China) Investment Co., Ltd., which holds a 60% interest in Otsuka Sims (Guangdong) Beverage Co., Ltd., a 40% associated company of the Company. Otsuka Sims (Guangdong) Beverage Co., Ltd. is engaged in the manufacturing and marketing of POCARI SWEAT in the province of Guangdong, the PRC.

Each of CTF, DIL, Li Ka Shing Foundation, LF, and Otsuka (collectively the "**Cornerstone Investors**" and each a "**Cornerstone Investor**") will not have any board representation in the Company and so far as the Company is aware, the Cornerstone Investors are Independent Third Parties.

The Cornerstone Placing

As part of the International Placing, the Company, the Selling Shareholder and the Global Coordinator have entered into placing agreements (collectively known as "**Cornerstone Placing Agreements**" and each of them a "**Cornerstone Placing Agreement**") with each Cornerstone Investor to place such number of Shares that may be purchased by the Cornerstone Investors with an aggregate of US$105 million (exclusive of brokerage fee of 1%, SFC transaction levy of 0.004%, and Stock Exchange trading fee of 0.005%), rounded down to the nearest whole number or board lot not exceeding 1,000 Shares (the "**Cornerstone Shares**"). Assuming the mid-point Offer Price is HK$5.22 per Offer Share and the exchange rate adopted is US$1.00

to HK$7.80, the total number of Shares to be purchased by them would be 156,893,000 Shares, representing approximately 8.72% of the issued and outstanding share capital of the Company after the Global Offering or approximately 20.08% of the Offer Shares. Under the Cornerstone Placing Agreements dated 21 September 2007:

(i) CTF has agreed to purchase such number of Offer Shares that may be purchased with US$30 million, rounded down to the nearest whole number or board lot. Assuming the mid-point Offer Price is HK$5.22 per Offer Share and the exchange rate adopted is US$1.00 to HK$7.80, CTF would purchase approximately 44,827,000 Offer Shares, representing approximately 2.49% of the issued share capital of the Company after the Global Offering or approximately 5.74% of the Offer Shares

(ii) DIL has agreed to purchase such number of Offer Shares that may be purchased with US$15 million, rounded down to the nearest whole number or board lot. Assuming the mid-point Offer Price is HK$5.22 per Offer Share and the exchange rate adopted is US$1.00 to HK$7.80, DIL would purchase approximately 22,413,000 Offer Shares, representing approximately 1.25% of the issued share capital of the Company after the Global Offering or approximately 2.87% of the Offer Shares.

(iii) Li Ka Shing Foundation has agreed to purchase such number of Offer Shares that may be purchased with US$15 million, rounded down to the nearest whole number or board lot. Assuming the mid-point Offer Price is HK$5.22 per Offer Share and the exchange rate adopted is US$1.00 to HK$7.80, Li Ka Shing Foundation would purchase approximately 22,413,000 Offer Shares, representing approximately 1.25% of the issued share capital of the Company after the Global Offering or approximately 2.87% of the Offer Shares.

(iv) LF has agreed to purchase such number of Offer Shares that may be purchased with US$30 million, rounded down to the nearest whole number or board lot. Assuming the mid-point Offer Price is HK$5.22 per Offer Share and the exchange rate adopted is US$1.00 to HK$7.80, LF would purchase approximately 44,827,000 Offer Shares, representing approximately 2.49% of the issued share capital of the Company after the Global Offering or approximately 5.74% of the Offer Shares.

(v) Otsuka has agreed to purchase such number of Offer Shares that may be purchased with US$15 million, rounded down to the nearest whole number or board lot. Assuming the mid-point Offer Price is HK$5.22 per Offer Share and the exchange rate adopted is US$1.00 to HK$7.80, Otsuka would purchase approximately 22,413,000 Offer Shares, representing approximately 1.25% of the issued share capital of the Company after the Global Offering or approximately 2.87% of the Offer Shares.

The offer of Shares to the Cornerstone Investors will not be affected by any reallocation of Offer Shares between the International Placing and the Public Offer in the event of over-subscription under the Public Offer. The number of Shares allocated to the Cornerstone Investors pursuant to the Cornerstone Placing Agreements will be disclosed in the allocation result announcement which is expected to be published on or about 16 October 2007. The Shares to be placed to each of the Cornerstone Investors shall be counted towards the public float of the Shares.

Conditions

The subscription obligation of each Cornerstone Investor will be conditional upon (a) the Underwriting Agreements being entered into and having become unconditional in accordance with their respective terms, (b) none of the Underwriting Agreements having been terminated by the date and time for that purpose as specified in such agreements, (c) the Global Coordinator, the Selling Shareholder and the Company having entered into the Price Determination Agreement; and (d) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Shares. If such conditions have not been fulfilled on or before 2 November 2007 (or such other date as may be agreed among the Company, the relevant Cornerstone Investor and the Global Coordinator), the obligation of such Cornerstone Investor to purchase the relevant Cornerstone Shares shall cease.

Restrictions on disposals by each of the Cornerstone Investors

Each of the Cornerstone Investors has agreed that without the prior written consent of the Company and the Global Coordinator, it shall not, whether directly or indirectly, at any time during the period of six months following the date of Listing dispose of any of the Cornerstone Shares and any shares or other securities of the Company which are derived therefrom pursuant to any rights issue, capitalisation issue or other form of capital reorganisation (the "Cornerstone Relevant Shares") or any interest in any company or entity holding any of the Cornerstone Relevant Shares, other than to wholly-owned subsidiary.

UNDERWRITERS

Public Offer Underwriters

BNP Paribas Capital (Asia Pacific) Limited
CITIC Securities Corporate Finance (HK) Limited
Daiwa Securities SMBC Hong Kong Limited
China International Capital Corporation (Hong Kong) Limited
DBS Asia Capital Limited
Guotai Junan Securities (Hong Kong) Limited
Shenyin Wanguo Capital (H.K.) Limited
Taifook Securities Company Limited

International Underwriters

BNP Paribas Capital (Asia Pacific) Limited
CITIC Securities Corporate Finance (HK) Limited
Daiwa Securities SMBC Hong Kong Limited
China International Capital Corporation (Hong Kong) Limited
DBS Asia Capital Limited
Guotai Junan Securities (Hong Kong) Limited
Shenyin Wanguo Capital (H.K.) Limited
Taifook Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer Underwriting Agreement, the Company is offering the Public Offer Shares for subscription by way of the Public Offer on, and subject to, the terms and conditions of this Prospectus and the relevant application forms.

Subject to: (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and such listing and permission not subsequently being revoked prior to 8:00 a.m. on the Listing Date (which is currently expected to be on 17 October 2007); (b) certain other conditions set out in the Public Offer Underwriting Agreement (including but not limited to the Offer Price being agreed between the Company, the Selling Shareholder and the Global Coordinator (on behalf of the Underwriters)); and (c) the International Underwriting Agreement (which is expected to be entered into on or about 10 October 2007) having been duly executed and delivered and having become unconditional in accordance with its terms (save as regards any condition relating to the Public Offer Underwriting Agreement having become unconditional) and not having been terminated in accordance with its terms or otherwise, prior to 8:00 a.m. on the Listing Date (which is currently expected to be on 17 October 2007), the Public Offer Underwriters have severally agreed to subscribe or procure subscribers for, on the terms and conditions of this Prospectus and the application forms, their respective applicable proportions of the Public Offer Shares now being offered and which are not taken up under the Public Offer.

GROUNDS FOR TERMINATION

The obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement will be subject to termination by notice in writing from the Global Coordinator (for itself and on behalf of the Public Offer Underwriters) if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on 17 October 2007):

1. there has come to the notice of the Global Coordinator:

   (i) that any statement, considered by the Global Coordinator in its sole and absolute opinion to be material, contained in any offer documents (including this Prospectus and the offering circular to be issued for the purpose of the International Placing) and/or the relevant application forms in relation to the Global Offering was, when it was issued, or has become, untrue, incorrect or misleading in any respect or that any forecasts, expressions of opinion, intention or expectation expressed in any offer documents and/or the relevant application forms are not, in the sole and absolute opinion of the Global Coordinator, in all material respects, fair and honest and based on reasonable assumptions, when taken as a whole; or

   (ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this Prospectus, constitute an omission therefrom considered by the Global Coordinator to be material to the Global Offering; or

   (iii) any breach of any of the obligations imposed upon any party to the Public Offer Underwriting Agreement or the International Underwriting Agreement (other than on any of the Underwriters); or

   (iv) any change or development involving a prospective change in the conditions, business affairs, prospects, profits, losses or the financial or trading position or performance of any Group Company which is considered by the Global Coordinator in its sole and absolute opinion to be material in the context of the Global Offering; or

   (v) any breach of any of the warranties under the Public Offer Underwriting Agreement reasonably considered by the Global Coordinator in its sole and absolute opinion to be material in the context of the Global Offering; or

   (vi) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares is refused or not granted, other than subject to customary conditions, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

   (vii) the Company withdraws any of the offer documents (and any other documents used in connection with the contemplated subscription and sale of the Offer Shares) or the Global Offering; or

   (viii) any person (other than the Global Coordinator and any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the offer documents or to the issue of any of the offer documents.

2. there shall develop, occur, exist or come into effect:

   (ix) any event, or series of events, beyond the reasonable control of the Underwriters (including, without limitation, acts of government, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases or epidemics including Severe Acute Respiratory Syndrome and H5N1 and such related or mutated forms or interruption or delay in transportation); or

   (x) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, international, financial, economic, political, military, industrial, fiscal, regulatory, currency or market conditions or matters and/or disaster or monetary or trading settlement system (including without limitation any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the American Stock Exchange, the Nasdaq Global Market, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange or, the Chicago Board of Trade, or a material fluctuation in the exchange rate of the Hong Kong dollar against any foreign currency, or any interruption in securities settlement or clearance service or procedures in Hong Kong or anywhere in the world); or

   (xi) any new Law or change or development involving a prospective change in existing Laws or any change or development involving a prospective change in the interpretation or application thereof by any court or other competent authority in any of Hong Kong, the PRC, the United States, Japan or any other jurisdictions relevant to any Group Company (the "Specific Jurisdictions"); or

   (xii) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for the United States or by the European Union (or any member thereof) on any of the Specific Jurisdictions; or

   (xiii) a change or development occurs involving a prospective change in taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws in any of the Specific Jurisdictions or affecting an investment in the Shares; or

   (xiv) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk factors" in the Prospectus; or

   (xv) any litigation or claim of material importance of any third party being threatened or instigated against any Group Company; or

   (xvi) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

   (xvii) the chairman or chief executive officer of the Company vacating his office in circumstances where the operations of the Group will be materially and adversely affected; or

(xviii) the commencement by any regulatory body of any public action against a Director in his or her capacity as such or an announcement by any regulatory body that it intends to take any such action; or

(xix) a contravention by any member of the Group of the Companies Ordinance or any of the Listing Rules; or

(xx) a prohibition on the Company and the Selling Shareholder for whatever reason from allotting or selling the Offer Shares pursuant to the terms of the Global Offering; or

(xxi) non-compliance of this Prospectus (or any other documents used in connection with the subscription and purchase of the Offer Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law; or

(xxii) other than with the approval of the Global Coordinator, the issue or requirement to issue by the Company of a supplementary prospectus (or any other documents used in connection with the subscription or sale of the Offer Shares) pursuant to the Companies Ordinance or the Listing Rules; or

(xxiii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity; or

(xxiv) any loss or damage sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xxv) a petition is presented for the winding-up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xxvi) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary of Hong Kong and/or the Hong Kong Monetary Authority or otherwise), New York (imposed at the United States federal or New York state level or otherwise), Japan or the PRC or a material disruption in commercial banking or securities settlement or clearance services in any of the Specific Jurisdictions,

which in each case in the sole and absolute opinion of the Global Coordinator (for itself and on behalf of the Public Offer Underwriters):

(a) is or will or could be expected to have an adverse effect on the general affairs, management, business, financial, trading or other condition or prospects of the Company or the Group or any Group Company or on any present or prospective shareholder in his, her or its capacity as such; or

(b) has or will have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Public Offer or the level of interest under the International Placing; or

(c) makes it inadvisable, inexpedient or impracticable for the Global Offering to proceed or to market the Global Offering; or

(d) would have the effect of making any part of the Public Offer Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof,

then the Global Coordinator, at its sole and absolute discretion, may, for itself and on behalf of the Public Offer Underwriters, upon giving notice in writing to the Company at or prior to 8:00 a.m. on the Listing Date (with a copy of such notice to each of the other Public Offer Underwriters), terminate the Public Offer Underwriting Agreement with immediate effect.

The International Underwriting Agreement

In connection with the International Placing, it is expected that the Company, the Selling Shareholder among other parties, will enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set out therein, the International Underwriters would severally agree to procure subscribers or purchaser for, or failing which, agree to themselves subscribe a purchase as principal for, the International Placing Shares being offered pursuant to the International Placing. It is also expected that the International Underwriting Agreement may be terminated upon similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

The Selling Shareholder intends to grant to BNP Paribas, the Over-allotment Option exercisable by BNP Paribas on behalf of the International Underwriters to require the Selling Shareholder to sell up to an aggregate of 117,000,000 Sale Shares, representing 15% of the Shares initially offered under the Global Offering, solely to cover over-allocations in the International Placing, if any. The Over-allotment Option will expire on the date which is the 30th day after the last day for lodging applications under the Public Offer. Please refer to the paragraph headed "Over-allotment Option and Stabilisation" in the section headed "Structure and conditions of the Global Offering" of this Prospectus for further details.

UNDERTAKINGS

The Selling Shareholder has undertaken to the Sponsor, each of the Underwriters and the Company that it shall not, except pursuant to the Stock Borrowing Agreement or employees share option schemes which have been or may be adopted by the Company:

(i) during the period commencing from the date of this Prospectus and ending on the date which is six months from the Listing Date (the "**First Period**"), it shall not, and shall procure that the relevant registered holder(s) and its associates and companies controlled by it and any nominee or trustee holding in trust for it shall not, without the prior written consent of the Global Coordinator and unless as a result of any exercise of the Over-allotment Option or otherwise in compliance with the requirements of the Listing Rules,

(a) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares or any securities convertible into or exercisable or exchangeable for, or that represent the right to receive any such Shares or such securities; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Shares, whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise; or

(c) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (a) or (b) above; or

(d) announce any intention to enter into or effect any of the transactions referred to in paragraphs (a), (b) or (c) above;

(ii) it shall not, and shall procure that the relevant registered holder(s) and its associates or companies controlled by it and any nominee or trustee holding in trust for it shall not, without the prior written consent of the Stock Exchange in the six-month period commencing on the expiry of the First Period set out in paragraph (i) above, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares held by it or any of its associates or companies controlled by it or any nominee or trustee holding in trust for it if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be controlling shareholder (as defined in the Listing Rules) of the Company or would together cease to be controlling shareholders (as defined in the Listing Rules) of the Company;

(iii) in the event of a disposal of any Shares or securities of the Company or any interest therein within six months immediately following the expiry of the First Period set out in paragraph (i) above, it shall take all reasonable steps to ensure that such a disposal shall not create a disorderly or false market for any Shares or other securities of the Company; and

(iv) it shall, and shall procure that its associates and companies controlled by and nominees or trustees holding in trust for it shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it or by the registered holder controlled by it of any Shares.

The Selling Shareholder has also undertaken to the Sponsor and to each of the Public Offer Underwriters and the Company that it and its Associates will not apply for any of the Offer Shares pursuant to the Global Offering, either directly or indirectly, whether in their own names or through nominees.

The Selling Shareholder has further undertaken to the Company, the Global Coordinator (for itself and on behalf of the Public Offer Underwriters), the Sponsor and the Stock Exchange that, within the period commencing on the Latest Practicable Date and ending on the date which is 12 months after the Listing Date, it will:

(i) if and when it pledges or charges any Shares or other securities of the Company ("securities") beneficially owned by it in favour of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform the Company, the Global Coordinator (on behalf of the Public Offer Underwriters) and the Sponsor in writing of such pledge or charge together with the number of Shares or securities so pledged or charged; and

(ii) if and when it receives any indication, either verbal or written, from the pledgee or chargee that any of the pledged/charged Shares or securities will be sold, transferred or disposed of, immediately inform the Company, the Global Coordinator (on behalf of the Public Offer Underwriters) and the Sponsor of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of any of the above matters by any of the Covenantors and will disclose such matters by way of a press announcement which will be published in the newspapers as soon as possible after being so informed by any of the Covenantors.

It is also expected that the Company and the Selling Shareholder will give a similar undertaking to the Sponsor and each of the International Underwriters pursuant to the International Underwriting Agreement.

Except pursuant to the Global Offering and options which may be granted under a share option scheme or with the prior written consent of the Global Coordinator (for itself and on behalf of the Underwriters) and unless in compliance with the requirements of the Listing Rules, the Company will not, and will procure that its subsidiaries will not, allot or issue, or agree to allot or issue, Shares or other securities of the Company (including warrants or other convertible or exchangeable securities) or grant or agree to grant any options, warrants, or other rights to subscribe for or convertible or exchangeable into Shares or other securities of the Company or repurchase Shares or other securities of the Company or enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing or announce any intention to do so during the six months immediately following the Listing Date and in the event of the Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the first six months period after the Listing Date, it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of the Company.

COMMISSION AND EXPENSES

The Underwriters will receive a commission of 2.5% of the aggregate Offer price of all the Offer Shares, out of which they will pay any sub-underwriting commission. The Sponsor will receive a financial advisory fee and a documentation fee in relation to the Global Offering. Such fee and commission, together with the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Global Offering which are currently estimated to be approximately HK$198.2 million in aggregate (based on an Offer Price of HK$5.22 per Offer Share, being the mid-point of the stated range of the Offer Price of between HK$4.55 and HK$5.88 per Offer Share) and assuming Over-allotment Option is not exercised. Such commission, fees and expenses are payable by the Company and the Selling Shareholder in proportion to the number of Offer Shares issued or sold by each under the Global Offering. Stamp duty (if any) payable in respect of the Sale Shares shall be borne by the Selling Shareholder.

UNDERWRITERS' INTERESTS IN THE COMPANY AND INDEPENDENCE OF THE SPONSOR

BNP Paribas has been appointed as the compliance adviser of the Company with effect from the Listing Date and the Company shall pay an agreed fee to BNP Paribas for its provision of services.

As of the Latest Practicable Date, a group of companies ("BNP Paribas Group"), to which the Global Coordinator belongs, had banking related business with various members of the Group and the controlling shareholder, CITIC Pacific, which represented less than 1% of the total assets of BNP Paribas Group (based on its consolidated balance sheet as at 31 December 2006). As of the Latest Practicable Date, BNP Paribas Group beneficially owned certain shares of CITIC Pacific, representing less than 1% of the issued share capital of CITIC Pacific and less than 1% of the net consolidated equities of BNP Paribas Group (based on its consolidated balance sheet as at 31 December 2006). In addition, on 25 September 2007, a member of BNP Paribas Group entered into a loan agreement with the Company, pursuant to which it has provided a facility up to HK$600 million to the Company for the payment of the interim dividend and for use as general working capital and other commercial uses. The Company does not intend to apply any use of proceeds from such loan agreement to repay any existing and committed banking borrowings, especially any debt due to BNP Paribas Group.

Other than disclosed in the preceding paragraphs and pursuant to the Underwriting Agreements, none of the Underwriters has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

THE GLOBAL OFFERING

The Global Offering comprises the International Placing and the Public Offer. The 781,200,000 Offer Shares initially being offered in the Global Offering will represent approximately 43.40% of the Company's enlarged share capital immediately after the completion of the Global Offering, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 49.90% of the enlarged share capital of the Company immediately after the completion of the Global Offering and the exercise of the Over-allotment Option. Further information about the Over-allotment Option is set out in the paragraph headed "Over-allotment Option and stablisation" below

BNP Paribas is the Global Coordinator, bookrunner, lead manager and the Sponsor of the Global Offering. A total of 781,200,000 Offer Shares will be offered under the Global Offering, of which (a) 658,180,000 Offer Shares will be conditionally placed with professional, institutional and other investors which are expected to have sizeable demand for the Offer Shares at the Offer Price under the International Placing, and (b) 123,020,000 Offer Shares will be offered to the public in Hong Kong for subscription at the Offer Price under the Public Offer (subject to reallocation on the basis described in the paragraph headed "Allocation of Offer Shares between the Public Offer and the International Placing" below).

Of the 123,020,000 Offer Shares to be offered under the Public Offer, (a) 44,900,000 Offer Shares will be offered as Reserved Shares to the Qualifying CP Shareholders for subscription at the Offer Price under the Preferential Offer, and (b) 11,718,000 of the Offer Shares under the Public Offer will be available for subscription by Eligible Employees, on a preferential basis. The Public Offer is fully underwritten by the Public Offer Underwriters, subject to the terms and conditions of the Public Offer Underwriting Agreement. The Offer Shares are being offered at the Offer Price which will be determined by the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company at or about 8:00 a.m., 10 October 2007 (Hong Kong time), or such later time or date as may be agreed between the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company but in any event no later than noon, 10 October 2007. The International Placing is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Investors may apply for Public Offer Shares under the Public Offer or indicate an interest for the International Placing Shares under the International Placing, but may not do both.

References in this Prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer and/or the Preferential Offer (as the case may be).

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for the Offer Shares are conditional upon:

(a) Listing

The Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this Prospectus; and

(b) Underwriting Agreements

The obligations of the Underwriters under each of the Underwriting Agreements becoming unconditional in all respects. This requires that (i) neither of the Underwriting Agreements is terminated in accordance with its terms or otherwise prior to 8:00 a.m. on the Listing Date, which is expected to be 17 October 2007 and (ii) all other conditions set out in the Underwriting Agreements are fulfilled, on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event, not later than 8:00 am on 17 October 2007.

If the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company are unable to reach an agreement on the Offer Price at or around 8:00 a.m., 10 October 2007, or such later time as may be agreed between the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company but in any event no later than noon, 10 October 2007, the Global Offering will not become unconditional and will lapse.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be caused to be published by the Company in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the paragraph headed "Refund of your application money" on the notes attached to the Application Forms.

In the meantime, your money will be held in one or more separate bank accounts with the receiving bank or other licenced bank or banks in Hong Kong.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK$5.88 per Offer Share and is expected to be not less than HK$4.55 per Offer Share. Applicants under the Public Offer must pay, on application, the maximum price of HK$5.88 per Offer Share plus 1% brokerage fee, a SFC transaction levy of 0.004% and a Stock Exchange trading fee of 0.005% amounting to a total of approximately HK$5,939.33 per board lot of 1,000 Shares.

DETERMINING THE OFFER PRICE

The International Underwriters are soliciting from prospective investors indications of interest in acquiring the International Placing Shares. Prospective investors will be required to specify the number of International Placing Shares they would be prepared to acquire either at different prices or at a particular price.

The Offer Price is expected to be determined by the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company on at or around 8:00 a.m., 10 October 2007 (Hong Kong time), or such later date as may be agreed between the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company but in any event no later than noon, 10 October 2007. If the Global Coordinator (on behalf of the Underwriters), the Selling Shareholder and the Company are unable to reach an agreement on the Offer Price by noon, 10 October 2007, the Global Offering will not proceed.

If, based on the level of interest expressed by prospective investors under the book-building, the Global Coordinator (on behalf of the Underwriters, and with the consent of the Company) thinks it appropriate, the indicative offer price range may be reduced below that stated in this Prospectus. **Prospective investors should be aware that the Offer Price may be, but is not expected to be, lower than the indicative offer price range stated in this Prospectus. If the final Offer Price, as determined in the manner described above, is lower than the maximum offer price of HK$5.88 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy and Stock Exchange trading fee) in respect of the excess application monies will be made to successful applicants, without interest. Further details are set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" of this Prospectus.**

Prospective investors should also be aware that the indicative offer price range may be reduced below that stated in this Prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer and the Preferential Offer, cause to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) notice of the reduction of the offer price range. **Applicants should have regard to the possibility that any announcement of a reduction in the indicative offer price range may not be made until the day which is the last day for lodging applications under the Public Offer and the Preferential Offer (which is expected to be 9 October 2007) before submitting applications for Shares prior to that date.** Such notice will also include confirmation or revision, as appropriate, of the working capital at present, the offer statistics as set out in the section headed "Summary" of this Prospectus and any other financial information which may change as a result of any such reduction. **Applicants under the Public Offer (including Qualifying CP Shareholders and eligible full time employees of the Group) should note that, even if the offer price range is so reduced, in no circumstances can applications be withdrawn once submitted, except where a person responsible for this Prospectus under section 40 of the Companies Ordinance gives a public notice under that section before the fifth day after the time of the opening of the application lists (the opening of the application lists is expected to be 9 October 2007) (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) which excludes or limits the responsibility of that person for this Prospectus, in which case applications made may be revoked before the said fifth day.**

PUBLIC OFFER

Pursuant to the Public Offer, the Company is initially offering 123,020,000 Offer Shares, representing approximately 15.75% of the total number of Offer Shares initially being offered in the Global Offering, for subscription by way of a public offer in Hong Kong at the Offer Price. Applicants under the Public Offer are required to pay, on application, the maximum offer price of HK$5.88 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. Further information is set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" of this Prospectus.

The Public Offer Shares initially being offered for subscription by the public under the Public Offer less (a) the 44,900,000 Offer Shares available for subscription under the Preferential Offer (as more particularly set out in the paragraph "The Preferential Offer" below), and (b) the 11,718,000 Offer Shares available for subscription by Eligible Employees (as more particularly set out in the paragraph "Preference to Full-time Employees" below) (without taking into account any adjustment of Offer Shares between the International Placing and the Public Offer referred to in the paragraph "Allocation of Offer Shares between the Public Offer and the International Placing" below) will be divided equally into two pools for allocation purposes: pool A and pool B. Assuming there is no adjustment of Offer Shares between the International Placing and the Public Offer, 33,201,000 Offer Shares will be available for subscription under each of pool A and pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have validly applied for Public Offer Shares with an aggregate subscription price (excluding amounts of brokerage, SFC transaction levy and Stock Exchange trading fee payable) of HK$5 million or less. The Public Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have validly applied for Public Offer Shares with an aggregate subscription price (excluding amounts of brokerage, SFC transaction levy and Stock Exchange trading fee payable) of more than HK$5 million and up to the total value of pool B. You should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Public Offer Shares in one pool (but not both pools) are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that pool and be allocated accordingly. For the purposes of this paragraph only, "subscription price" for the Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Investors can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools and may only apply for Public Offer Shares in either pool A or pool B. In addition, multiple or suspected multiple applications within either pool or between pools will be rejected. No application will be accepted from applicants applying for more than 33,201,000 Offer Shares, being 50% of the initial number of Public Offer Shares 123,020,000 less (a) the 11,718,000 Offer Shares available for subscription by full-time employees of the Company or any of its subsidiaries, and (b) the 44,900,000 Reserved Shares. Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application form submitted by him that he and any person(s) for whose benefit he is making the application have not indicated and will not indicate an interest for and have not received or been placed or allotted (including conditionally and/or provisionally) any International Placing Share under or otherwise participated in the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be). The Company and BNP Paribas have full discretion to reject or accept any application, or to accept only part of any application.

Allocation of Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants in each pool A and pool B, but will otherwise be made strictly on a pro-rata basis. However, this may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of Public Offer Shares and that applicants who are not successful in the ballot may not receive any Public Offer Share.

THE PREFERENTIAL OFFER

In order to enable shareholders of CITIC Pacific to participate in the Global Offering on a preferential basis as to allocation only, Qualifying CP Shareholders are being invited to apply for an aggregate of 44,900,000 Reserved Shares (representing approximately 5.7% of the Offer Shares and approximately 2.5% of the share capital of the Company upon completion of the Global Offering assuming the Over-allotment Option is not exercised) in the Preferential Offer on the basis of an Assured Entitlement of one Reserved Share for every whole multiple of 25 CP Shares held by them at 4:30 p.m. on the Record Date. The Reserved Shares are being offered out of the Public Offer Shares under the Public Offer.

With a view to maximising the percentage of the Company's Shares in the hands of the public immediately after the Global Offering, CITIC Hong Kong (Holdings) Limited ("CITIC HK"), Mr. Yung Chi Kin (Chairman of CITIC Pacific) and Mr. Fan Hung Ling (Managing Director of CITIC Pacific) have indicated that they (together with subsidiaries of CITIC HK) would not take up any Reserved Shares to the extent that they are Qualifying CP Shareholders and the Company will not allocate any Reserved Shares to them.

The Assured Entitlements may represent Shares not in a multiple of a full board lot of 1,000 Shares and dealings in odd lot Shares may be at below their prevailing market price.

A **BLUE** Application Form is being despatched to each Qualifying CP Shareholder with an Assured Entitlement together with an electronic copy of this Prospectus on CD ROM. Printed copies of this Prospectus are available at the share registrar and transfer office of CITIC Pacific, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. on 4 October 2007 and 12:00 noon on 9 October 2007 for exclusive collection by Qualifying CP Shareholders. Qualifying CP Shareholders may also collect printed copies of this Prospectus from the receiving banks details of which are set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" of this Prospectus.

Qualifying CP Shareholders are permitted to apply for a number of Reserved Shares which is greater than, less than or equal to, their Assured Entitlement under the Preferential Offer. A valid application in respect of a number of Reserved Shares less than or equal to a Qualifying CP Shareholder's Assured Entitlement will be accepted in full, subject to the terms and conditions set out in this Prospectus and the **BLUE** Application Forms. Where a Qualifying CP Shareholder applies for a number of Reserved Shares which is greater than his or her Assured Entitlement, his or her Assured Entitlement will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying CP Shareholders with an Assured Entitlement declining to take up all or some of their Assured Entitlements. The Global Coordinator, on behalf of the Underwriters, will allocate any Reserved Shares not taken up by Qualifying CP Shareholders first to satisfy the excess applications for the Reserved Shares from Qualifying CP Shareholders by way of balloting on a fair and reasonable basis (which would mean that some applicants may be allotted more DCH Shares than others who have made excess application in respect of the same number of DCH Shares and that applicants who are not successful in the ballot may not receive any DCH Shares beyond the Assured Entitlement), and thereafter, at the discretion of the Global Coordinator, to the Public Offer. Save for the above, the Preferential Offer will not be subject to the clawback arrangement between the International Placing and the Public Offer.

In addition to any application for Reserved Shares on a **BLUE** Application Form, each Qualifying CP Shareholder will be entitled to make one application for Offer Shares on **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS. Qualifying CP Shareholders will receive no preference as to entitlement or allocation in respect of applications for Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC under the Public Offer. Qualifying CP Shareholders who are Eligible Employees may also apply for Public Offer Shares using **PINK** Application Forms.

Assured Entitlements of Qualifying CP Shareholders to Reserved Shares are not transferable and there will be no trading in nil-paid entitlements on the Stock Exchange. The Global Coordinator has the authority to reallocate all or any of the Reserved Shares not taken up by the Qualifying CP Shareholders to the Public Offer.

The procedures for application under, and the terms and conditions of, the Preferential Offer are set out in the section headed "How to apply for Public Offer Shares and Reserved Shares" of this Prospectus and on the **BLUE** Application Forms.

The documents to be issued in connection with the Public Offer and the Preferential Offer will not be registered under applicable securities legislation of any jurisdiction other than Hong Kong. Accordingly, no Reserved Shares are being offered to Overseas CP Shareholders under the Preferential Offer and no **BLUE** Application Forms will be sent to such persons. Applications will not be accepted from Overseas CP Shareholders or persons who are acting for the benefit of Overseas CP Shareholders.

PREFERENCE TO FULL-TIME EMPLOYEES

Up to 11,718,000 Public Offer Shares, representing approximately 9.5% of the Public Offer Shares initially being offered under the Public Offer, approximately 1.50% of the Offer Shares and approximately 0.65% of the share capital of the Company upon completion of the Global Offering, are available for subscription by the Eligible Employees on a preferential basis. Valid applications from Eligible Employees in respect of two board lots of Shares or less (i.e. 1,000 Shares or 2,000 Shares) will be accepted in full on an assured basis, subject to the terms and conditions set out in this Prospectus and the **PINK** Application Form. Where an Eligible Employee applies for a number of Shares which is greater than 2,000 Shares, the application to the extent of 2,000 Shares will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be met to the extent that there are sufficient remaining Shares after satisfaction of all valid applications from Eligible Employees on assured basis as mentioned above. Such remaining Shares, if sufficient, will be allocated to such applicants on a pro-rata basis in proportion (as nearly as possible without involving portions of a board lot) to the level of outstanding valid applications received from the Eligible Employees, or balloted if such remaining Shares are not sufficient. If balloting is conducted, some Eligible Employees may be allocated more Shares than others who have applied for the same number of Shares. No favour will be given to the employees who apply for a large number of Shares or any employees who held a senior position within the Group. Application in excess of 11,718,000 Shares initially available to applicants on **PINK** Application Forms will be rejected. Allocation of Public Offer Shares to applications made on **PINK** Application Forms will be based on the allocation guidelines contained in Practice Note 20 to the Listing Rules.

As at the Latest Practicable Date, there were 3,074 eligible full-time employees.

In case not all the 11,718,000 Shares are subscribed for by the Eligible Employees, the under-subscribed Shares will be available for subscription by the public under the Public Offer.

INTERNATIONAL PLACING

Pursuant to the International Placing, an aggregate of 658,180,000 Offer Shares, representing approximately 84.25% of the total number of Offer Shares initially being offered in the Global Offering (assuming the Over-allotment Option is not exercised), will be available for subscription (being 56,980,000 New Shares) or purchase (being 601,200,000 Sale Shares) by way of the International Placing.

If the Public Offer is not fully subscribed, the Global Coordinator (on behalf of the Underwriters) has the authority to reallocate the unsubscribed Public Offer Shares to the International Placing as described in the paragraph headed "Allocation of Offer Shares between the Public Offer and the International Placing" below.

It is expected that the International Underwriters or selling agents nominated by them on behalf of the Company and the Selling Shareholder will conditionally place the International Placing Shares at the Offer Price with professional, institutional and other investors who are expected to have sizeable demand for the Offer Shares. Such professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Placing Shares are unlikely to be allocated to individual retail investors, who are expected to subscribe for Shares in the Public Offer and apply through banks and other institutions.

The International Placing is subject to the same conditions as stated in this section. The total number of the International Placing Shares to be allotted and issued or transferred pursuant to the International Placing may change as a result of the clawback arrangement referred to in the paragraph headed "Allocation of Offer Shares between the Public Offer and the International Placing" below, exercise of the Over-allotment Option and any reallocation of unsubscribed Shares originally included in the Public Offer or the International Placing.

Allocation of the International Placing Shares to investors pursuant to the International Placing will be effected in accordance with the "book-building" process, undertaken by the International Underwriters. Final allocation of the International Placing Shares pursuant to the International Placing is based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to buy further and/or hold or sell its International Placing Shares after the Listing. Such allocation is generally intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a broad shareholder base for the benefit of the Company and its Shareholders as a whole.

If you are a professional and institutional investor, you may apply for Offer Shares under the Public Offer or receive Offer Shares under the International Placing. However, you will only receive Offer Shares under either the Public Offer or the International Placing, but not under both tranches.

ALLOCATION OF OFFER SHARES BETWEEN THE PUBLIC OFFER AND THE INTERNATIONAL PLACING

The allocation of Offer Shares between the Public Offer and the International Placing is subject to adjustment on the following basis:

(a) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Shares initially available under the Public Offer, then such number of Shares will be reallocated to the Public Offer from the International Placing, so that an aggregate of 234,360,000 Shares will be available under the Public Offer, representing 30% of the Shares to be offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised);

(b) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Shares initially available under the Public Offer, then such number of Shares will be reallocated to the Public Offer from the International Placing, so that an aggregate of 312,480,000 Shares will be available under the Public Offer, representing 40% of the Shares to be offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised); and

(c) if the number of Shares validly applied for under the Public Offer represents 100 times or more of the number of Shares initially available under the Public Offer, then such number of Shares will be reallocated to the Public Offer from the International Placing, so that an aggregate of 390,600,000 Shares will be available under the Public Offer, representing 50% of the Shares to be offered pursuant to the Global Offering (assuming the Over-allotment Option is not exercised).

If the Public Offer Shares are not fully subscribed for the Global Coordinator (on behalf of the Underwriters) has the authority to re-allocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the International Placing in such proportions as it deems appropriate.

If the International Placing Shares are not fully subscribed for or purchased, the Global Coordinator (on behalf of the Underwriters) has the authority to re-allocate all or any of the unsubscribed International Placing Shares originally included in the International Placing to the Public Offer in such proportions as it deems appropriate.

Neither the Preferential Offer of 44,900,000 Offer Shares to Qualifying CP Shareholders nor the offer of 11,718,000 Offer Shares to eligible full-time employees of the Company or any of its subsidiaries will be subject to clawback arrangement between the International Placing and the Public Offer.

OVER-ALLOTMENT OPTION AND STABLISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public offer prices of the securities. In Hong Kong and certain other jurisdictions, stabilisation activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Global Coordinator, as stabilising manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Global Coordinator or any person acting for it to conduct any such stabilising action. Such stabilising action, if taken, will be done at the absolute discretion of the Global Coordinator or any person acting for it and may be discontinued at any time, and is required to be brought to an end after a limited period.

Such stabilising action may include the over-allocation by the Global Coordinator of up to, but not more than, an aggregate of 117,000,000 Sale Shares. The Global Coordinator may cover such over-allocations by exercising the Over-allotment Option up to the date which is the 30th day after the last day for lodging applications under the Public Offer, by making purchases in the secondary market at prices that do not exceed the Offer Price or by stock borrowing or through a combination of these means. Any such purchase will be made in compliance with all applicable laws, rules and regulatory requirements. The number of Shares that may be over-allocated will not exceed the total number of Shares that may be issued upon exercise of the Over-allotment Option, being 117,000,000 Sale Shares in aggregate, which is approximately 15% of the number of the Offer Shares initially available under the Global Offering.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilization) Rules of the SFO includes (i) over-allocation for the purpose of preventing or minimising any reduction in the market price, (ii) selling or agreeing to sell shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, shares pursuant to the over-allotment option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, shares for the sole purpose of preventing or minimising any reduction in the market price, (v) selling or agreeing to sell shares in order to liquidate any position established as a result of those purchases or agreements for purchases in (iv) above, and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

As a result of effecting transactions to stabilise or maintain the market price of the Shares, the Global Coordinator, or any person acting for it, may maintain a long position in the Shares. The size of the long position, and the period for which the Global Coordinator, or any person acting for it, will maintain the long position is at the discretion of the Global Coordinator and is uncertain. In the event that the Global Coordinator liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

In particular, for the purpose of covering such over-allocations, the Global Coordinator may borrow up to an aggregate of 117,000,000 Sale Shares from the Selling Shareholder, equivalent to the maximum number of Shares to be offered on a full exercise of the Over-allotment Option, under the Stock Borrowing Agreement entered into between the Global Coordinator and the Selling Shareholder. In reliance on Rule 10.07(3) of the Listing Rules, the Selling Shareholder and the Global Coordinator are expected to enter into the Stock Borrowing Agreement on the following basis:

a. The Stock Borrowing Agreement will only be effected by the Global Coordinator for settlement of over-allocation in the International Placing;

b. The maximum number of Shares borrowed from the Selling Shareholder will be limited to the maximum number of Shares which may be sold upon exercise of the Over-allotment Option;

c. The same number of Shares so borrowed must be returned to the Selling Shareholder or its nominee on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, or (ii) the day on which the Over-allotment Option is exercised in full, or (iii) such earlier time as may be agreed in writing between the Global Coordinator and the Selling Shareholder;

d. The Stock Borrowing Agreement will be effected in compliance with all applicable laws and regulatory requirements; and

e. No payments or benefit will be made to the Selling Shareholder by the Global Coordinator in relation to the Stock Borrowing Agreement.

Stabilising action by the Global Coordinator, or any person acting for it, is not permitted to support the price of the Shares for a period longer than the stabilising period, which begins on the Listing Date and ends on the 30th day after the last day for the lodging of applications under the Public Offer. The stabilising period is expected to end on 8 November 2007. After that date, when no further stabilising action may be taken, demand for the Shares, and therefore their market price, could fall.

The Company will ensure or will procure that a public announcement in compliance with the Securities and Futures (Price Stabilization) Rules will be made within seven days of the expiration of the stabilising period.

Any stabilising action taken by the Global Coordinator, or any person acting for it, may not necessarily result in the market price of the Shares staying at or above the Offer Price either during or after the stabilising period. Bids for or market purchases of the Shares by the Global Coordinator, or any person acting for it, may be made at a price at or below the Offer Price and therefore at or below the price paid by subscribers or purchasers for the Shares.

1. HOW TO APPLY FOR PUBLIC OFFER SHARES AND RESERVED SHARES

You may apply for the Public Offer Shares by using one of the following methods:

- using a **WHITE** or **YELLOW** Application Form; or
- electronically instructing HKSCC to cause HKSCC Nominees to apply for Public Offer Shares on your behalf.

In addition, you may apply by

- using a **PINK** Application Form, if you are an Eligible Employee; and
- using a **BLUE** Application Form, if you are a Qualifying CP Shareholder.

2. WHICH APPLICATION METHOD YOU SHOULD USE

(a) WHITE Application Forms

Use a **WHITE** Application Form if you want the Public Offer Shares to be registered in your own name.

(b) YELLOW Application Forms

Use a **YELLOW** Application Form if you want the Public Offer Shares to be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

(c) BLUE Application Forms

Use a **BLUE** Application Form despatched to you by the Company if you are a Qualifying CP Shareholder applying for the Reserved Shares. Qualifying CP Shareholders may apply on an assured basis for a number of Reserved Shares less than or equal to their Assured Entitlement, which will be specified on their **BLUE** Application Form. Qualifying CP Shareholders may also apply for a number of Reserved Shares in excess of their Assured Entitlement specified on their **BLUE** Application Form.

(d) PINK Application Forms

Use a **PINK** Application Form if you are an Eligible Employee and want your application to be given preferential consideration. Up to 11,718,000 Public Offer Shares, representing approximately 9.5% of the Shares initially available for subscription under the Public Offer, are available to Eligible Employees.

(e) Instruct HKSCC to make an electronic application on your behalf

Instead of using a **YELLOW** Application Form, you may electronically instruct HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf via CCASS. Any Public Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

3. WHERE TO COLLECT THE APPLICATION FORMS

(a) You can collect a **WHITE** Application Form and a Prospectus from:

Any participant of the Stock Exchange

or

BNP Paribas Capital (Asia Pacific) Limited
61st Floor
Two International Finance Centre
8 Finance Street
Central
Hong Kong

or

CITIC Securities Corporate Finance (HK) Limited
26/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

or

Daiwa Securities SMBC Hong Kong Limited
Level 26
One Pacific Place
88 Queensway
Hong Kong

or

China International Capital Corporation (Hong Kong) Limited
Suite 2307, 23rd Floor
One International Finance Centre
1 Harbour View Street
Central
Hong Kong

or

DBS Asia Capital Limited
22nd Floor, The Center
99 Queen's Road Central
Hong Kong

or

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block
Grand Millemium Plaza
181 Queen's Road Central
Hong Kong

or

Shenyin Wanguo Capital (H.K.) Limited,
28th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

or

Taifook Securities Company Limited
25/F, New World Tower
16-18 Queen's Road Central
Hong Kong

or any of the following branches of Bank of China (Hong Kong) Limited:

Branches	**Address**
Hong Kong Island	
Bank of China Tower Branch	3/F, 1 Garden Road
409 Hennessy Road Branch	409–415 Hennessy Road, Wan Chai
Taikoo Shing Branch	Shop G1006–7, Hoi Sing Mansion, Taikoo Shing
Chai Wan Branch	Block B, Walton Estate, 341–343 Chai Wan Road, Chai Wan
Kowloon	
Kwun Tong Branch	20–24 Yue Man Square, Kwun Tong
Mong Kok Branch	589 Nathan Road, Mong Kok
Tsim Sha Tsui East Branch	Shop G02–03, Inter-Continental Plaza, 94 Granville Road, Tsim Sha Tsui
New Territories	
Lucky Plaza Branch	Lucky Plaza, Wang Pok Street, Shatin
East Point City Branch	Shop 101, East Point City, Tseung Kwan O
Castle Peak Road (Tsuen Wan) Wealth Management Centre	167 Castle Peak Road, Tsuen Wan

or any of the following branches of Hang Seng Bank Limited:

Branches	Address
Hong Kong Island	
Head Office	83 Des Voeux Road Central
Des Voeux Road West Branch	52 Des Voeux Road West
Quarry Bay Branch	989 King's Road
Causeway Bay Branch	28 Yee Wo Street
North Point Branch	335 King's Road
Kowloon	
Tsim Sha Tsui Branch	18 Carnarvon Road
Yaumati Branch	363 Nathan Road
Kowloon Main Branch	618 Nathan Road
Hung Hom Branch	21 Ma Tau Wai Road
Kowloon Bay Branch	Shop P18–P19 Telford Gardens
New Territories	
Tsuen Wan Branch	289 Sha Tsui Road Tsuen Wan

or any of the following branches of The Bank of East Asia, Limited:

Branches	**Address**
Hong Kong Island	
Main Branch	10 Des Voeux Road Central, Hong Kong
Queen's Road Central Branch	Shop A–C, G/F, Wah Ying Cheong Central Building, 158–164 Queen's Road Central
Wanchai Branch	Shop A–C, G/F, Easey Commercial Building, 253–261 Hennessy Road, Wanchai
Kowloon	
Prince Edward Branch	G/F, Hanley House, 776–778 Nathan Road
Kwun Tong Branch	7 Hong Ning Road
Mongkok Branch	638–640 Nathan Road
Tsim Sha Tsui Branch	Shop A and B, Milton Mansion, 96 Nathan Road
New Territories	
Ha Kwai Chung Branch	202 Hing Fong Road
Shatin Plaza Branch	Shop 3–4, Level 1, Shatin Plaza
Tai Po Branch	62–66 Po Heung Street, Tai Po Market
Tuen Mun Town Plaza Branch	Shop 2–10, UG/F, Tuen Mun Town Plaza Phase II, 3 Tuen Lung Street, Tuen Mun

or any of the following branches of Industrial and Commercial Bank of China (Asia) Limited:

Branches	Address
Hong Kong Island	
Queen's Road Central Branch	122–126 Queen's Road Central, Central
Sheung Wan Branch	Shop F G/F., Kai Tak Commercial Building, 317–319 Des Voeux Road Central, Sheung Wan
West Point Branch	242–244 Queen's Road West, Sai Ying Pun
Kowloon	
Mong Kok Branch	G/F., Belgian Bank Building, 721–725 Nathan Road, Mong Kok
Mei Foo Branch	Shop N95A, 1/F, Mount Sterling Mall, Mei Foo Sun Chuen
Sham Shui Po Branch	G/F., 290 Lai Chi Kok Road, Sham Shui Po,
Mok Cheong Street Branch	12–14 Mok Cheong Street, To Kwa Wan
New Territories	
Tseung Kwan O Branch	Shop Nos. 2011–2012, Level 2, Metro City Plaza II, 8 Yan King Road, Tseung Kwan O
Kwai Chung Branch	Unit G02 Tower A Regent Centre, 63 Wo Yi Hop Road, Kwai Chung

(b) You can collect a **YELLOW** Application Form and a Prospectus during normal business hours from 9:00 a.m. on 4 October 2007 till 12:00 noon on 9 October 2007 from:

(1) the Depository Counter of HKSCC at 2nd Floor, Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong; or

(2) Your broker may have **YELLOW** Application Forms and this Prospectus available.

(c) You may collect a **PINK** Application Form and a Prospectus at the registered office of the Company at 8th Floor, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong.

(d) A **BLUE** Application Form is being despatched with an electronic copy of this Prospectus on CD ROM to you by the Company if you are a Qualifying CP Shareholder with an Assured Entitlement. Printed copies of this Prospectus are available at the branch share registrar and transfer office of CITIC Pacific, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong between 9:00 a.m. on 4 October 2007 and 12:00 noon on 9 October 2007 for exclusive collection by Qualifying CP Shareholders.

4. WHEN TO APPLY FOR THE PUBLIC OFFER SHARES

(a) WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Form, with a cheque or banker's cashier order attached, must be lodged by 12:00 noon on 9 October 2007, or, if the application lists are not open on that day, by the time and date stated in the sub-paragraph headed "Effect of bad weather conditions on the opening of the application lists" below.

Your completed **WHITE** or **YELLOW** Application Form, with payment attached, should be deposited in the special collection boxes provided at any of the branches of Bank of China (Hong Kong) Limited, Hang Seng Bank Limited, The Bank of East Asia, Limited and Industrial and Commercial Bank of China (Asia) Limited listed under the paragraph headed "Where to collect the Application Forms" in this section at the following times:

4 October 2007	**—**	**9:00 a.m. to 4:00 p.m.**
5 October 2007	**—**	**9:00 a.m. to 4:00 p.m.**
6 October 2007	**—**	**9:00 a.m. to 12:30 p.m.**
8 October 2007	**—**	**9:00 a.m. to 4:00 p.m.**
9 October 2007	**—**	**9:00 a.m. to 12:00 noon**

(b) PINK Application Form

Completed **PINK** Application Forms, together with payment attached, must be returned to the registered office of the Company, at 8th Floor, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong by 1:00 p.m. on 8 October 2007.

(c) BLUE Application Form

Completed **BLUE** Application Form, with a cheque or banker's cashier order attached, must be lodged by 12:00 noon on 9 October 2007, or, if the application lists are not open on that day, by the time and date specified in the sub-paragraph headed "Effect of bad weather conditions on the opening of the application lists" below.

Your completed **BLUE** Application Form, with payment attached, should be lodged in the special collection boxes provided at Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong at the following times:

4 October 2007	**—**	**9:00 a.m. to 4:00 p.m.**
5 October 2007	**—**	**9:00 a.m. to 4:00 p.m.**
6 October 2007	**—**	**9:00 a.m. to 12:30 p.m.**
8 October 2007	**—**	**9:00 a.m. to 4:00 p.m.**
9 October 2007	**—**	**9:00 a.m. to 12:00 noon**

(d) Electronic application instructions to HKSCC

CCASS Broker/Custodian Participants should input **electronic application instructions** via CCASS at the following times:

4 October 2007	**—**	**9:00 a.m. to 8:30 p.m.(1)**
5 October 2007	**—**	**8:00 a.m. to 8:30 p.m.(1)**
6 October 2007	**—**	**8:00 a.m. to 1:00 p.m.(1)**
8 October 2007	**—**	**8:00 a.m. to 8:30 p.m.(1)**
9 October 2007	**—**	**8:00 a.m.(1) to 12:00 noon**

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Broker/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9 a.m. on 4 October 2007 until 12 noon on 9 October 2007 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** via CCASS (if you are a CCASS Participant) is 12:00 noon on 9 October 2007 or if the application lists are not open on that day, by the time and date stated in the sub-paragraph headed "Effect of bad weather conditions on the opening of the application lists" below.

(e) Application lists

The application lists will be opened from 11:45 a.m. to 12:00 noon on 9 October 2007, except as provided in the sub-paragraph headed "Effect of bad weather conditions on the opening of the application lists" below. No proceedings will be taken on applications for the Public Offer Shares and no allocation of any such Shares will be made until after the closing of the application lists.

(f) Effect of bad weather conditions on the opening of the application lists

The application lists will not be open in relation to the Public Offer if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning signal

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on 9 October 2007. Instead, they will be open between 11:45 a.m. and 12:00 noon on the next business day which does not fall within the above circumstances at any time between 9:00 a.m. and 12:00 noon in Hong Kong. **Business day** means a day that is not a Saturday, Sunday or public holiday in Hong Kong.

5. HOW TO APPLY USING A WHITE, YELLOW, PINK OR BLUE APPLICATION FORM

(a) Obtain a **WHITE**, **YELLOW**, **PINK** or **BLUE** Application Form.

(b) You should read the instructions in this Prospectus and the relevant Application Form carefully. If you do not follow the instructions, your application is liable to be rejected and returned by ordinary post together with the accompanying cheque or banker's cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated on your Application Form. **PINK** Application Form applicants should apply in your own name.

(c) Decide how many Offer Shares you would like to apply for. Calculate the amount you must pay on the basis of the maximum Offer Price of HK$5.88 per Share, plus brokerage fee of 1%, the SFC transaction levy of 0.004% and the Stock Exchange trading fee of 0.005%.

(d) Complete the Application Form in English (save as otherwise indicated) and sign it. Only written signatures will be accepted. Applications made by corporations, whether on their own behalf, or on behalf of other persons, must be stamped with the company chop (bearing the company name) and signed by a duly authorised officer, whose representative capacity must be stated. If you are applying for the benefit of someone else, you, rather than that person, must sign the Application Form. If it is a joint application, all applicants must sign it. If your application is made through a duly authorised attorney, the Company and BNP Paribas (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney.

(e) Each Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left-hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in HK$;

- be drawn on your Hong Kong dollar bank account in Hong Kong;

- show your account name, which must either be pre-printed on the cheque, or be endorsed on the back by a person authorised by the bank. This account name must be the same as the name on the Application Form. If the cheque is drawn on a joint account, one of the joint account names must be the same as the name of the first-named applicant;

- be made payable to "Hang Seng (Nominee) Limited — Dah Chong Hong Public Offer" for Public Offer Shares or payable to "Hang Seng (Nominee) Limited — Dah Chong Hong Preferential Offer" for Reserved Shares;

- be crossed "Account Payee Only"; and

- not be post-dated.

Your application may be rejected if your cheque does not meet all these requirements or is dishonoured on its first presentation.

If you pay by banker's cashier order, the banker's cashier order must:

- be issued by a licenced bank in Hong Kong and have your name certified on the back by a person authorised by the bank. The name on the back of the banker's cashier order and the name on the Application Form must be the same. If it is a joint application, the name on the back of the banker's cashier order must be the same as the name of the first-named joint applicant;

- be in HK$;

- be made payable to "Hang Seng (Nominee) Limited — Dah Chong Hong Public Offer" for Public Offer Shares or payable to "Hang Seng (Nominee) Limited — Dah Chong Hong Preferential Offer" for Reserved Shares;
- be crossed "Account Payee Only"; and
- not be post-dated.

Your application is liable to be rejected if your banker's cashier order does not meet all these requirements.

(f) If you are applying for Shares using a **WHITE** or **YELLOW** Application Form, you should lodge your Application Form in one of the collection boxes by the time and at one of the locations, as referred to in sub-paragraph 4(a) above. If you are applying using a **PINK** Application Form, you should lodge your application with the Company Secretary as referred to 4(b) above. If you are applying for Shares using a **BLUE** Application Form, you should lodge your Application Form in the special collection boxes provided at Tricor Investor Services Limited, as referred to in sub-paragraph 4(c) above.

(g) Multiple or suspected multiple applications are liable to be rejected. Please see the paragraph headed "How many applications you can make" in the section headed "Terms and conditions of the Public Offer and Preferential Offer".

(h) In order for the **YELLOW** Application Forms to be valid:

- If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):
  - — the designated CCASS Participant or its authorised signatories must sign in the appropriate box; and
  - — the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its CCASS Participant I.D. in the appropriate box.
- If you are applying as an individual CCASS Investor Participant:
  - — you must fill in your full name and your Hong Kong Identity Card number; and
  - — you must insert your CCASS Participant I.D. and sign in the appropriate box.
- If you are applying as a joint individual CCASS Investor Participant:
  - — you must insert all joint CCASS Investor Participants' names and the Hong Kong Identity Card numbers of all joint CCASS Investor Participants; and
  - — you must insert your CCASS Participant I.D. and the authorised signatory or signatories of the CCASS Investor Participant's stock account must sign in the appropriate box.

- If you are applying as a corporate CCASS Investor Participant:
  - — you must insert your company name and your company's Hong Kong business registration number; and
  - — you must fill in your CCASS Participant I.D., stamp your company chop (bearing your company's name) and insert the authorised signatory or signatories of the CCASS Investor Participant's stock account in the appropriate box.

The written signature(s), number of signatories and form of chop, where appropriate, in each **YELLOW** Application Form should match the records kept by HKSCC. Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of authorised signatory or signatories (if applicable), CCASS Participant I.D. or other similar matters may render the application invalid.

(i) Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" an identification number for each beneficial owner.

6. HOW TO COMPLETE THE APPLICATION FORM

There are detailed instructions on each Application Form. You should read these instructions carefully. If you do not strictly follow the instructions, your application may be rejected.

If the Offer Price as finally determined is less than HK$5.88 per Share, appropriate refund payments (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful or partially successful applications, without interest. Details of the procedure for refunds are set out below in the paragraph headed "Refund of your money — additional information" in the section headed "Terms and conditions of the Public Offer and Preferential Offer" of this Prospectus.

7. HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

(a) CCASS Participants may give **electronic application instructions** via CCASS to HKSCC to apply for Public Offer Shares and to arrange payment of the money due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

(b) If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or CCASS Internet System at https://ip.ccass.com (according to the procedures contained in "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input **electronic application instructions** for you if you go to:

HKSCC's Customer Service Centre
2/F, Vicwood Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

(c) If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for Public Offer Shares.

(d) You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application whether submitted by you or through your CCASS Broker Participant or CCASS Custodian Participant to the Company and the Hong Kong share registrar.

(e) You may give **electronic application instructions** in respect of a minimum of 1,000 Public Offer Shares. Each **electronic application instruction** in respect of more than 1,000 Public Offer Shares must be in one of the multiples set out in the table in the Application Form.

(f) Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Public Offer Shares:

  (i) HKSCC Nominees is only acting as nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this Prospectus; and

  (ii) HKSCC Nominees does all the things on behalf of each of such persons as stated in sub-paragraph (d) in the paragraph headed "Effect of making any application" in the section headed "Terms and conditions of the Public Offer and Preferential Offer".

(g) If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application.

(h) For the purpose of allocating Public Offer Shares, HKSCC Nominees shall not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instruction is given shall be treated as an applicant.

(i) The paragraph headed "Personal data" in the section headed "Terms and conditions of the Public Offer and Preferential Offer" applies to any personal data held by the Sponsor, the Company and the Hong Kong share registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Warning

Application for Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. The Company, the Underwriters, the Sponsor, their respective directors and any parties involved in the Global Offering take no responsibility for the application and provide no assurance that any CCASS Participant will be allocated any Public Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions to HKSCC through the CCASS Phone System or CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input instructions. If CCASS Investor Participants have problems in connecting to the CCASS Phone System or CCASS Internet System to submit electronic application instructions, they should either:

(a) submit the WHITE or YELLOW Application Form (as appropriate); or

(b) go to HKSCC's Customer Service Centre to complete an application instruction input request form before 12:00 noon on 9 October 2007 or such later time as described under the sub-paragraph headed "Effect of bad weather conditions on the opening of the application lists" above.

8. RESULTS OF ALLOCATIONS

The results of allocations of the Public Offer Shares under the Public Offer (including the Reserved Shares under the Preferential Offer) in respect of applications made under **WHITE**, **YELLOW**, **BLUE** and **PINK** Application Forms and by giving **electronic application instructions** to HKSCC, which will include the Hong Kong identity card numbers, passport numbers or Hong Kong business registration numbers of successful applicants and the number of the Public Offer Shares (and Reserved Shares, in the case of the Preferential Offer) successfully applied for, are expected to be published in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on 16 October 2007.

1. GENERAL

(a) If you apply for the Public Offer Shares in the Public Offer (including the Reserved Shares in the Preferential Offer), you will be agreeing with the Company and the Global Coordinator (on behalf of the Public Offer Underwriters) as set out below.

(b) If you electronically instruct HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf, you will have authorised HKSCC Nominees to apply on the terms and conditions set out below, as supplemented and amended by the terms and conditions applicable to the relevant application method.

(c) In this section, references to "you", "applicants", "joint applicants" and other like references shall, if the context so permits, include references to both nominees and principals on whose behalf HKSCC Nominees are applying for the Public Offer Shares; and references to the making of an application shall, if the context so permits, include references to making applications electronically by giving instructions to HKSCC.

(d) Applicants should read this Prospectus carefully, including other terms and conditions of the Public Offer, the paragraphs headed "The Public Offer" and "The Preferential Offer" in the section headed "Structure and conditions of the Global Offering", and in the section headed "How to apply for Public Offer Shares and Reserved Shares" and the terms and conditions set out in the relevant application form or imposed by HKSCC (as the case may be) prior to making an application.

2. OFFER TO SUBSCRIBE THE PUBLIC OFFER SHARES

(a) You offer to subscribe from the Company at the Offer Price the number of the Public Offer Shares indicated in your application form (or any smaller number in respect of which your application is accepted) on the terms and conditions set out in this Prospectus and the relevant application form.

(b) For applicants using application forms, a refund cheque in respect of the surplus application monies (if any) representing the Public Offer Shares applied for but not allocated to you and representing the difference (if any) between the final Offer Price and the maximum Offer Price (including brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable thereto), is expected to be sent to you at your own risk to the address stated on your application form.

Details of the procedure for refunds relating to each of the Public Offer methods are contained below in the paragraphs headed "If your application for the Public Offer Shares or the Reserved Shares is successful (in whole or in part)" and "Refund of your money — additional information" in this section.

(c) Any application may be rejected in whole or in part.

(d) Applicants under the Public Offer should note that in no circumstances (save for those provided under section 44A of the Companies Ordinance) can applications be withdrawn once submitted. For the avoidance of doubt, the Company and all other parties involved in the preparation of this Prospectus acknowledge that each CCASS Participant who gives, or causes to give, **electronic application instructions** to HKSCC via CCASS is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

3. ACCEPTANCE OF YOUR OFFER

(a) The Public Offer Shares will be allocated after the application lists close. The Company expects to announce the final number of Public Offer Shares, the level of applications under the Public Offer and the basis of allocations of the Public Offer Shares in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on 16 October 2007.

(b) The results of allocations of the Public Offer Shares under the Public Offer, including the Hong Kong Identity Card numbers, passport numbers or Hong Kong business registration numbers (where applicable) of successful applicants and the number of Public Offer Shares successfully applied for, will be made available on 16 October 2007, in the manner described in the paragraph headed "Results of allocations" in the section headed "How to apply for Public Offer Shares and Reserved Shares".

(c) The Company may accept your offer to purchase (if your application is received, valid, processed and not rejected) by announcing the basis of allocations and/or making available the results of allocations publicly.

(d) If the Company accepts your offer to purchase (in whole or in part), there will be a binding contract under which you will be required to purchase the Public Offer Shares in respect of which your offer has been accepted if the conditions of the Global Offering are satisfied or the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure and conditions of the Global Offering".

(e) You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

4. HOW MANY APPLICATIONS YOU CAN MAKE

(a) You may make more than one application for the Public Offer Shares only if:

- You are a **nominee**, in which case you may make an application as a nominee by: (i) giving **electronic application instructions** to HKSCC (if you are a CCASS Participant); and (ii) lodging more than one application form in your own name on behalf of different beneficial owners. In the box on the application form marked "For nominees" you must include:

  — an account number; or

  — another identification number

  for **each** beneficial owner. If you do not include this information, the application will be treated as being for your benefit.

- You are a Qualifying CP Shareholder applying for Reserved Shares under the Preferential Offer on a **BLUE** Application Form, as beneficial owner, you may also make one application for Offer Shares either on a **WHITE** or **YELLOW** Application Form or electronically through CCASS (if you are a CCASS Investor Participant or act through a CCASS Broker or Custodian Participant). However, in respect of applications for Offer Shares made using the above-mentioned methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offer as described in the section headed "Conditions and structure of the Global Offering — The Preferential Offer" in this Prospectus.

- You are an Eligible Employee and apply on a **PINK** application form, you may also apply for the Public Offer shares on a **WHITE** or **YELLOW** application form or by giving (if you are a CCASS Investor Participant), or instructing your broker or custodian (who is a CCASS Broker/Custodian Participant) to give, **electronic application instructions** to HKSCC.

  Otherwise, multiple applications are liable to be rejected.

(b) **All** of your applications under the Public Offer are liable to be rejected as multiple applications if you, or you and other joint applicants together:

- make more than one application on a **WHITE** or **YELLOW** application form or by giving **electronic application instructions** to HKSCC;
- make more than one application on a **PINK** application form;
- apply on one **WHITE** or **YELLOW** application form (whether individually or jointly with others) or by giving **electronic application instructions** to HKSCC to apply for more than 33,201,000 Shares, being 50% of the Public Offer Shares initially available for subscription under the Public Offer (excluding the Public Offer Shares initially available to eligible full-time employees of the Group and the Reserved Shares);
- apply on one **PINK** application form for more than 100% of the Public Offer Shares being offered to Eligible Employees on a preferential basis;
- receive any International Placing Shares under the International Placing.

(c) All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (or you and your joint applicant's benefit) (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be deemed to be made for your benefit.

Unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of that company; or
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

5. EFFECT OF MAKING ANY APPLICATION

(a) By making any application, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee:

- **instruct** and **authorise** the Company and BNP Paribas (or their respective agents or nominees) to execute any transfer forms, contract notes or other documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Public Offer Shares (including any Reserved Shares) allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles and otherwise to give effect to the arrangements described in this Prospectus and the relevant application form;

- **undertake** to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Public Offer Shares (including the Reserved Shares) allocated to you, and as required by the Articles;

- **represent** and **warrant** that you understand that the Public Offer Shares (including the Reserved Shares) have not been and will not be registered under the U.S. Securities Act and you are outside the United States when completing the application form (as defined in Regulation S) and are not a U.S. person described under the U.S. Securities Act;

- **confirm** that you have received a copy of this Prospectus and have only relied on the information and representations contained in this Prospectus in making your application, and not on any other information or representation concerning the Company and you agree that neither the Company, BNP Paribas and the Underwriters nor any of their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Global Offering will have any liability for any such other information or representations;

- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not revoke or rescind it because of an innocent misrepresentation;

- (if the application is made by an agent on your behalf) **warrant** that you have validly and irrevocably conferred on your agent all necessary power and authority to make the application;

- (if you are an agent for another person) **warrant** that reasonable enquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE**, **YELLOW**, **PINK** or **BLUE** application form or by giving **electronic application instructions** to HKSCC, and that you are duly authorised to sign the application form or to give **electronic application instructions** as that other person's agent;

- **agree** that once your application is accepted, your application will be evidenced by the results of the Public Offer or the Preferential Offer made available by the Company;

- **undertake** and **confirm** that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any International Placing Shares in the International Placing, nor otherwise participate in the International Placing;

- **warrant** the truth and accuracy of the information contained in your application;

- **agree** to disclose to the Company, BNP Paribas and their respective agents any information about you or the person(s) for whose benefit you have made the application which they require;

- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

- **undertake** and **agree** to accept the Public Offer Shares or the Reserved Shares applied for, or any lesser number allocated to you under the application;

- **authorise** the Company to place your name(s) or the name of HKSCC Nominees, as the case may be, on the register of members of the Company as the holder(s) of any Public Offer Shares or Reserved Shares allocated to you, and the Company and/or its agents to send any share certificate(s) (where applicable) and/or any refund cheque (where applicable) to you or (in case of joint applicants) the first-named applicant in the application form by ordinary post at your own risk to the address stated on your application form (except that if you have applied for 1,000,000 or more Public Offer Shares or Reserved Shares and have indicated in your application form, you can collect your share certificate(s) and/or refund cheque (where applicable) in person between 9:00 a.m. and 1:00 p.m. on 16 October 2007 (Hong Kong time) from the Share Registrar;

- if the laws of any place outside Hong Kong are applicable to your application, you **agree** and **warrant** that you have complied with all such laws and none of the Company, BNP Paribas and the Underwriters nor any of their respective officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to subscribe, or any actions arising from your rights and obligations under the terms and conditions contained in this Prospectus;

- **agree** with the Company, for itself and for the benefit of each shareholder of the Company (and so that the Company will be deemed by its acceptance in whole or in part of the application to have agreed, for itself and on behalf of each shareholder of the Company) to observe and comply with the Companies Ordinance and the Articles;

- **confirm** that you are aware of the restrictions on offering of the Public Offer Shares or the Reserved Shares described in this Prospectus; and

- **understand** that these declarations and representations will be relied upon by the Company and BNP Paribas in deciding whether or not to allocate any Public Offer Shares in response to your application.

(b) If you apply for the Public Offer Shares using a **YELLOW** application form, in addition to the confirmations and agreements referred to in (a) above you **agree** that

- any Public Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, in accordance with your election on the application form;

- each of HKSCC and HKSCC Nominees reserves the right (1) **not to accept** any or part of such allotted Public Offer Shares issued in the name of HKSCC Nominees or **not to accept** such allotted Public Offer Shares for deposit into CCASS; (2) to cause such allotted Public Offer Shares to be **withdrawn** from CCASS and transferred into your name at your own risk and costs; and (3) to cause such **allotted Public Offer Shares to be issued in your name** (or, if you are a joint applicant, to the first-named applicant) and in such a case, **to post the share certificates for** such allotted Public Offer Shares at your own risk to the address on your application form by ordinary post or to make available the same for your collection;

- each of HKSCC and HKSCC Nominees may adjust the number of allotted Public Offer Shares issued in the name of HKSCC Nominees;

- neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this Prospectus and the application forms;

- neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

(c) If you apply for the Reserved Shares using a **BLUE** application form, in addition to the confirmations and agreements referred to in (a) above you **warrant** that in making an application, you or any person(s) for whose behalf you may be acting is/are Qualifying CP Shareholder(s) and that each of the persons you are applying for has not applied for more than 44,900,000 Reserved Shares.

(d) In addition, by giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Broker Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to do the following additional things and neither HKSCC nor HKSCC Nominees will be liable to the Company nor any other person in respect of such things:

- **instruct** and **authorise** HKSCC to cause HKSCC Nominees (acting as nominee for the CCASS Participants) to apply for the Public Offer Shares on your behalf;

- **instruct** and **authorise** HKSCC to arrange payment of the maximum Offer Price, brokerage fee, the SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of wholly or partly unsuccessful applications and/or if the final Offer Price is less than the maximum Offer Price of HK$5.88 per Share, refund the appropriate portion of the application money by crediting your designated bank account;

- **instruct** and **authorise** HKSCC to cause HKSCC Nominees to do on your behalf the following:

  — **agree** that the Public Offer Shares to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or the stock account of the CCASS Participant who has inputted **electronic application instructions** on your behalf;

  — **undertake** and **agree** to accept the Public Offer Shares in respect of which you have given **electronic application instructions** or any lesser number;

  — **undertake** and **confirm** that that person has not applied for or taken up any offer shares under the placing nor otherwise participated in the placing;

  — (if the **electronic application instructions** are given for your own benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;

  — (if you are an agent for another person) **declare** that you have given only one set of **electronic application instructions** for the benefit of that other person, and that you are duly authorised to give those instructions as that other person's agent;

  — **understand** that the above declaration will be relied upon by the Company and BNP Paribas in deciding whether or not to make any allocation of the Public Offer Shares in respect of the **electronic application instructions** given by you and that you may be prosecuted if you make a false declaration;

  — **authorise** the Company to place the name of HKSCC Nominees on the register of members of the Company as the holder of the Public Offer Shares allocated in respect of your **electronic application instructions** and to send share certificates and/or refund in accordance with arrangements separately agreed between the Company and HKSCC;

  — **confirm** that you have read the terms and conditions and application procedures set out in this Prospectus and agree to be bound by them;

  — **confirm** that you have only relied on the information and representations in this Prospectus in giving your **electronic application instructions** or instructing your CCASS Broker Participant or CCASS Custodian Participant to give **electronic application instructions** on your behalf;

  — **agree** that the Company, BNP Paribas and the Underwriters and any of their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering are liable only for the information and representations contained in this Prospectus;

  — **agree** (without prejudice to any other rights which you may have) that once the application of HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

— **agree** to disclose your personal data to BNP Paribas, the Underwriters, the Company, the Hong Kong share registrar, the receiving banker(s), their respective agents and advisers together with any information about you which they require;

— **agree** that you cannot revoke any application made by HKSCC Nominees on behalf of that person pursuant to electronic application instructions given by that person before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day) unless a person responsible for this Prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this Prospectus;

— **agree** that once the application of HKSCC Nominees is accepted, neither that application nor your **electronic application instructions** can be revoked and that acceptance of that application will be evidenced by the results of the Public Offer made available by the Company; and

— **agree** to the arrangements, undertakings and warranties specified in the participant agreement between you and HKSCC and read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to the Public Offer Shares.

6. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED PUBLIC OFFER SHARES OR RESERVED SHARES

You should note the following situations in which Public Offer Shares or Reserved Shares will not be allocated to you or your application is liable to be rejected:

(a) If your application is revoked:

By completing and submitting an application form or submitting **electronic application instructions** to HKSCC, you agree that you cannot revoke your application or the application made by HKSCC Nominees on your behalf before the end of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is not a business day) unless a person responsible for this Prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this Prospectus. This agreement will take effect as a collateral contract with the Company, and will become binding when you lodge your Application Form or submit your **electronic application instructions** to HKSCC and an application has been made by HKSCC Nominees on your behalf accordingly. This collateral contract will be in consideration of the Company agreeing that it will not offer any Public Offer Shares to any person before 8 November 2007 except by means of one of the procedures referred to in this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicants shall be deemed to have applied on the basis of this prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(b) If the allocation of Public Offer Shares or Reserved Shares is void:

Your allocation of Public Offer Shares will be void if the listing committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing of the applications lists; or
- within a longer period of up to six weeks if the listing committee of the Stock Exchange notifies the Company of that longer period within three weeks of the closing of the application lists.

(c) If you make applications under the Public Offer as well as the International Placing:

By filling in any of the application forms or giving application instructions to HKSCC electronically, you agree not to apply for International Placing Shares under the International Placing. Reasonable steps will be taken to identify and reject applications under the Public Offer from investors who have received International Placing Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Public Offer Shares in the Public Offer.

(d) If the Company, BNP Paribas or their respective agents exercise their discretion:

The Company, BNP Paribas or their respective agents have full discretion to reject or accept any application, or to accept only part of any application, without having to give any reasons for any rejection or acceptance.

(e) If:

- your application is a multiple or a suspected multiple application;
- your application form is not completed correctly;
- your payment is not made correctly or you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured on its first presentation;
- you or the person for whose benefit you are applying have applied for and/or received or will receive International Placing Shares under the International Placing;
- you apply for more than 50% of the Public Offer Shares initially being offered to the public for subscription;
- the Company is of the view that by accepting your application, it would violate applicable securities laws, rules or regulations or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed;

- the Public Offer Underwriting Agreement and/or the International Underwriting Agreement do/does not become unconditional or it is terminated in accordance with its terms.

7. IF YOUR APPLICATION FOR THE PUBLIC OFFER SHARES OR THE RESERVED SHARES IS SUCCESSFUL (IN WHOLE OR IN PART)

(a) If you are applying using a WHITE or BLUE application form and you elect to receive any share certificate(s) in your name:

- Refund cheques for these applicants are expected to be despatched on or before 16 October 2007.

- Applicants who apply for 1,000,000 Public Offer Shares or Reserved Shares or more on **WHITE** or **BLUE** application forms and have indicated in their application forms that they wish to collect share certificates and (where applicable) refund cheques in person from the Company's Hong Kong share registrar may collect share certificates and (where applicable) refund cheques in person from the Company's Share Registrar, Tricor Investor Services Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on 16 October 2007.

- Applicants who apply for 1,000,000 Public Offer Shares or Reserved Shares or more on **WHITE** or **BLUE** application forms but have not indicated in their application forms that they wish to collect the share certificates and (where applicable) refund cheques in person, or applicants who apply for less than 1,000,000 Public Offer Shares or Reserved Shares, their share certificates and (where applicable) refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses as specified in the relevant application forms on 16 October 2007.

- Applicants will receive one share certificate each for all the Public Offer Shares or the Reserved Shares allocated.

- Applicants being individuals who opt for personal collection cannot authorise any other person to make collection on their behalf. Corporate applicants who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from the corporation stamped with the corporation's respective chops. Both individuals and authorised representative (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Company's Hong Kong share registrar.

- Uncollected share certificates and (where applicable) refund cheques will be despatched by ordinary post at the applicants' own risk to the addresses specified in the relevant application forms.

(b) If: (i) you are applying on a YELLOW application form; or (ii) you are giving electronic application instructions to HKSCC, and in each case you elect to have allocated Public Offer Shares deposited directly into CCASS:

If your application is wholly or partly successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you (on the application form or electronically, as the case may be), at the close of business on 16 October 2007 or, under certain contingent situations, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- **If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant) on a YELLOW application form:**

  For Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allocated to you with that CCASS Participant.

- **If you are applying as a CCASS Investor Participant on a YELLOW application form:**

  The Company is expected to make available the results of the Public Offer, including the results of CCASS Investor Participants' applications, in the manner described in the paragraph headed "Results of allocations" in the section headed "How to apply for Public Offer Shares and Reserved Shares", on 16 October 2007. You should check the results made available by the Company and report any discrepancies to HKSCC before 5:00 p.m. on 16 October 2007 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System or CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

- **If you have given electronic application instructions to HKSCC:**

  The Company is expected to make available the application results of the Public Offer, including the results of CCASS Participants' applications (and in the case of CCASS Broker Participants and CCASS Custodian Participants, the Company shall include information relating to the beneficial owner), your Hong Kong identity card/passport/Hong Kong business registration number or other identification code (as appropriate) in the manner described in the paragraph headed "Results of allocations" in the section headed "How to apply for Public Offer Shares and Reserved Shares", on 16 October 2007. You should check the results made available by the Company and report any discrepancies to HKSCC before 5:00 p.m. on 16 October 2007 or any other date HKSCC or HKSCC Nominees chooses.

- **If you are instructing your CCASS Broker Participant or CCASS Custodian Participant to give electronic application instructions to HKSCC on your behalf:**

  You can also check the number of Public Offer Shares allocated to you and the amount of refund (if any) payable to you with that CCASS Broker Participant or CCASS Custodian Participant.

- **If you are applying as a CCASS Investor Participant by giving electronic instruction to HKSCC:**

  You can also check the number of the Public Offer Shares allotted to you and the amount of refund (if any) payable to you via the CCASS Phone System and CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on 16 October 2007. Immediately following the credit of the Public Offer Shares to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of the Public Offer Shares credited to your stock account and the amount of refund credited to your designated bank account (if any).

If you apply on a **PINK** application form, the Company and/or its agent will send any share certificate and/or any refund cheque (where applicable) to you by ordinary post at your own risk to the address stated on your application form, except that if you have applied for 1,000,000 Public Offer Shares or more and have indicated in your application form that you wish to collect your share certificate and/or refund cheque (if any) in person, you may collect your share certificate and/or refund cheque (if any) in person from the Company Secretary, Ms. Tso Mun Wai, at the registered office of the Company, at 8th Floor, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong by 5:00 p.m. on 16 October 2007.

No receipt will be issued for application monies paid. The Company will not issue temporary documents of title.

8. REFUND OF YOUR MONEY — ADDITIONAL INFORMATION

(a) You will be entitled to a refund (any interest accrued on refund money prior to the date of despatch of refund cheques will be retained for the benefit of the Company) if:

- your application is not successful, in which case the Company will refund your application money together with the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee to you, without interest;

- your application is accepted only in part, in which case the Company will refund the appropriate portion of your application money, the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee, without interest;

- the Offer Price (as finally determined) is less than the price per Offer Share initially paid by the applicant on application, in which case the Company will refund the surplus application money together with the appropriate portion of the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee, without interest; and

- the conditions of Global Offering are not fulfilled in accordance with the section headed "Structure and conditions of the Global Offering".

(b) If you apply on a **WHITE**, **BLUE** or **YELLOW** application form for 1,000,000 Public Offer Shares or Reserved Shares or more and have indicated in your application form that you wish to collect your refund cheque (if any) in person, you may collect your refund cheque (if any) in person from the Company's Share Registrar, Tricor Investor Services Limited. at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong on 16 October 2007. The procedure for collection of refund cheques is set out in sub-paragraph (a) of the paragraph headed "If your application for the Public Offer Shares and the Reserved Shares is successful (in whole or in part)" in this section.

If you apply on a **WHITE**, **BLUE** or **YELLOW** application form for 1,000,000 Public Offer Shares or Reserved Shares or more but have not indicated in your application form that you wish to collect your refund cheque (if any) in person, or if you apply for less than 1,000,000 Public Offer Shares or Reserved Shares, your refund cheque (if any) will be despatched by ordinary post at your own risk to the address as specified in your application form on 16 October 2007.

(c) If you apply on a **PINK** application form for 1,000,000 Public Offer Share or more and have indicated in your application form that you wish to collect your refund cheque (if any) in person, you may collect your refund cheque (if any) in person at the registered office of the Company at 8th Floor, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong by 5:00 p.m. on 16 October 2007.

(d) If you are applying by giving electronic instructions to HKSCC to apply on your behalf, all refunds are expected to be credited to your designated bank account (if you are applying as a CCASS Investor Participant) or the designated bank account of your broker or custodian (if you are applying through a CCASS Broker/Custodian Participant) on 16 October 2007.

(e) All refunds by cheque will be crossed "Account Payee Only", and made out to you, or if you are a joint applicant, to the first-named applicant on your application form.

(f) Refund cheques are expected to be despatched on 16 October 2007. The Company intends to make special efforts to avoid undue delays in refunding money.

9. PERSONAL DATA

The main provisions of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (the "Ordinance") came into effect in Hong Kong on 20th December 1996. This Personal Information Collection Statement informs the applicant for and holder of the Public Offer Shares or the Reserved Shares of the policies and practices of the Company and the Hong Kong share registrar in relation to personal data and the Ordinance.

(a) Reasons for the collection of your personal data

From time to time it is necessary for applicants of securities or registered holders of securities to supply their latest correct personal data to the Company and the Hong Kong share registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the Hong Kong share registrar.

Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of the Company or its Hong Kong share registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Public Offer Shares or the Reserved Shares which you have successfully applied for and/or the despatch of share certificate(s), and/or refund cheque(s) to which you are entitled.

It is important that holders of securities inform the Company and the Hong Kong share registrar immediately of any inaccuracies in the personal data supplied.

(b) Purposes

The personal data of the applicants and the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and verification of compliance with the terms and application procedures set out in the application forms and this Prospectus and announcing results of allocations of the Public Offer Shares;
- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the name of holders of securities including, where applicable, in the name of HKSCC Nominees;
- maintaining or updating the registers of holders of securities of the Company;
- conducting or assisting to conduct signature verifications, any other verification or exchange of information;
- establishing benefit entitlements of holders of securities of the Company, such as dividends, rights issues and bonus issues;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by any laws, rules or regulations;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the Hong Kong share registrar to discharge their obligations to holders of securities and/or regulators and/or any other purpose to which the holders of securities may from time to time agree.

(c) Transfer of personal data

Personal data held by the Company and the Hong Kong share registrar relating to the applicants and the holders of securities will be kept confidential but the Company and the Hong Kong share registrar, to the extent necessary for achieving the above purposes or any of them, make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain or provide (whether within or outside Hong Kong) the personal data of the applicants and the holders of securities to or from any and all of the following persons and entities:

- the Company or its appointed agents such as financial advisers and receiving bankers;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Public Offer Shares to be deposited into CCASS);
- any agents, contractors or third party service providers who offer administrative, telecoms, computer, payment or other services to the Company and/or the Hong Kong share registrar in connection with the operation of their businesses;
- the Stock Exchange, the SFC and any other statutory, regulatory or governmental bodies; and
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers.

By signing an application form or by giving **electronic application instructions** to HKSCC, you agree to all of the above.

(d) Access and correction of personal data

The Ordinance provides the applicants and the holders of securities with rights to ascertain whether the Company and/or the Hong Kong share registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. In accordance with the Ordinance, the Company and the Hong Kong share registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices or the kinds of data held should be addressed to the Company for the attention of the Company Secretary or (as the case may be) the Hong Kong share registrar for the attention of the Privacy Compliance Officer (for the purposes of the Ordinance).

10. MISCELLANEOUS

(a) Commencement of dealings in the Shares

- Dealings in the Shares on the Stock Exchange are expected to commence on 17 October 2007.
- The Shares will be traded in board lots of 1,000 Shares.
- Any Share certificates in respect of Public Offer Shares or the Reserved Shares collected or received by successful applicants will not be valid if the Global Offering is terminated in accordance with the terms of the Public Offer Underwriting Agreement.

(b) The Shares will be eligible for admission into CCASS

- If the Stock Exchange grants the listing of and permission to deal in the Shares and the stock admission requirements of HKSCC are complied with, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

- All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

- All necessary arrangements have been made for the Shares to be admitted into CCASS.

The following is the full text of a report, prepared for the purpose of incorporation in this Prospectus, received from the independent reporting accountants of the Company, KPMG, Certified Public Accountants, Hong Kong. As described under "Documents delivered to the Registrar of Companies in Hong Kong and available for inspection" in Appendix VII to this Prospectus, a copy of the following Accountants' Report is available for public inspection.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

4 October 2007

The Directors
Dah Chong Hong Holdings Limited
BNP Paribas Capital (Asia Pacific) Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information relating to Dah Chong Hong Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), including the combined income statements, the combined statements of changes in equity and the combined cash flow statements of the Group for each of the three years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2007 (collectively the "Relevant Period"), the combined balance sheets of the Group as at 31 December 2004, 2005 and 2006 and 30 June 2007 and the balance sheets of the Company as at 31 December 2004, 2005 and 2006 and 30 June 2007 together with explanatory notes thereto (the "Financial Information") for inclusion in the Prospectus of the Company dated 4 October 2007 (the "Prospectus").

The Company was incorporated in Hong Kong with limited liability on 2 January 1964. The principal subsidiaries of the Company are listed in Section A of this report. Except for the companies listed below, we have acted as auditors of the Company and its principal subsidiaries as listed in Section A of this report during the Relevant Period (or where the companies were incorporated/established/acquired at a date later than 1 January 2004, for the period from their respective dates of incorporation/establishment/acquisition to 30 June 2007):

Name of company	Financial year ended	Auditors
Dah Chong Hong Macau Food Supply Company Limited	Year ended 31 December 2006	CSC & Associados — Sociedade de Auditores
Dah Chong Hong Macau Logistics Warehouse Company Limited	Year ended 31 December 2006	CSC & Associados — Sociedade de Auditores
Shanghai DCH Food Industries Ltd. (上海大昌行食品工業有限公司)	Years ended 31 December 2004, 2005 and 2006	Shanghai Hongda Xinyu Certified Public Accountants Co., Ltd. (上海宏大信宇會計師事務所有限公司)

Name of company	Financial year ended	Auditors
Yee Lim Godown & Cold Storage Limited	Years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2007	Pricewaterhouse Coopers
Jiangmen Dah Chong Hong — Sims Food Processing and Warehousing Limited (江門大昌慎昌食品加工倉儲有限公司)	Years ended 31 December 2005 and 2006 and six months ended 30 June 2007	Jiangmen Xinhui Fangyuan Certified Public Accountants (江門市新會方圓會計師事務所有限公司)
Jiangmen Dah Chong Hong — Sims Industrial Development Limited (江門大昌慎昌工業開發有限公司)	Years ended 31 December 2005 and 2006 and six months ended 30 June 2007	Jiangmen Xinhui Fangyuan Certified Public Accountants (江門市新會方圓會計師事務所有限公司)
江門慎昌貿易有限公司 (Sims Trading (Jiangmen) Company Limited)	Years ended 31 December 2004 and 2005	Guangzhou Zhengde Certified Public Accountants Co., Ltd. (廣州正德會計師事務所有限公司)
	Year ended 31 December 2006 and six months ended 30 June 2007	Jiangmen Xinhui Fangyuan Certified Public Accountants (江門市新會方圓會計師事務所有限公司)
江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited)	Years ended 31 December 2004 and 2005	Jiangmen Pengjiang Jiangyuan Accountant Office Co., Ltd. (江門市蓬江區江源會計師事務所有限公司)
	Year ended 31 December 2006 and six months ended 30 June 2007	Zhishang Certified Public Accountants Co., Ltd. (江門市新會志尚會計師事務所有限公司)
上海賓利汽車銷售有限公司 (Shanghai Bentley Motors Sale Limited)	Years ended 31 December 2004, 2005 and 2006	Shanghai Hongda Xinyu Certified Public Accountants Co., Ltd. (上海宏大信宇會計師事務所有限公司)

BASIS OF PREPARATION

The Financial Information has been prepared by the directors of the Company based on the audited financial statements or, where appropriate, unaudited management accounts of the companies now comprising the Group, on the basis set out in Section A of this report, after making such adjustments as are appropriate. Adjustments have been made, for the purpose of this report, to restate the Financial Information to conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirement of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("SEHK").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to form an opinion on the Financial Information based on our audit.

BASIS OF OPINION

As a basis for forming an opinion on the Financial Information, for the purpose of this report, we have carried out appropriate audit procedures in respect of the Financial Information of the Group for the Relevant Period (or where the companies were incorporated/established/acquired at a date later than 1 January 2004, for the period from their respective dates of incorporation/establishment/acquisition to 30 June 2007) in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have carried out such additional procedures as we considered necessary in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have not audited any financial statements of the companies now comprising the Group in respect of any period subsequent to 30 June 2007.

OPINION

In our opinion, for the purpose of this report, all adjustments considered necessary have been made and the Financial Information, on the basis of presentation set out in Section A of this report, gives a true and fair view of the profits and cash flows of the Group for the Relevant Period and of the financial position of the Group and the Company as at 31 December 2004, 2005 and 2006 and 30 June 2007.

COMPARATIVE FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited financial information of the Group including the combined income statement, the combined statement of changes in equity and the combined cash flow statement for the six months ended 30 June 2006, together with explanatory notes thereto (the "30 June 2006 Corresponding Information"), for which the directors are responsible, in accordance with Statement of Auditing Standards 700 "Engagements to Review Interim Financial Reports" issued by the HKICPA. A review consists principally of making enquiries of the Group's management and applying analytical procedures to the 30 June 2006 Corresponding Information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the 30 June 2006 Corresponding Information.

On the basis of our review of the 30 June 2006 Corresponding Information, which does not constitute an audit, for the purpose of this report, we are not aware of any material modifications that should be made to the unaudited financial information presented for the six months ended 30 June 2006.

A BASIS OF PRESENTATION

On 1 January 2004 and on 29 June 2007, the Group acquired from the wholly-owned subsidiaries of its ultimate holding company, CITIC Pacific Limited ("CITIC Pacific"), the entire equity interests in Broadview Investments Holdings Ltd. and its subsidiaries for a cash consideration of HK$301,175,000 and Yee Lim Godown & Cold Storage Limited for a cash consideration of HK$12,598,000 respectively.

The control is not transitory and, consequently, there was a continuation of the risks and benefits to the controlling party, and therefore these are considered as business combinations under common control and that Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA is applied for these transactions. The Financial Information has been prepared using the merger basis of accounting as if the Group had always been in existence. The net assets of the combining companies are combined using the existing book values from the controlling equity shareholder's perspective.

Other acquisitions, being the acquisition of equity interests in companies from independent third parties, were accounted for under the purchase accounting method.

The Financial Information relating to the combined income statements, the combined statements of changes in equity and the combined cash flow statements of the Group as set out in Section B for the Relevant Period includes the results of operations of the companies comprising the Group for the Relevant Period (or where the companies were incorporated/established/acquired at a date later than 1 January 2004, for the period from the date of incorporation/establishment/acquisition to 30 June 2007). The combined balance sheets of the Group and the balance sheets of the Company as at 31 December 2004, 2005 and 2006 and 30 June 2007 as set out in Section B of this report have been prepared to present the combined assets and liabilities of the Group and the assets and liabilities of the Company respectively as at those dates.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests represent the portion of the net assets of subsidiaries attributable to interests that are not owned by the Company, whether directly or indirectly through subsidiaries, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests are presented in the combined balance sheets within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the combined income statements as an allocation of the total profit or loss for the period between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority interests in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

The following are the principal subsidiaries of the Group which in the opinion of the directors, principally affect the results and net assets of the Group. To give details of other subsidiaries would in the opinion of the directors result in particulars of excessive length.

Name of company	*Note*	Place and date of incorporation/ operation	Authorised/registered/ paid-in/issued capital	Proportion of ownership interest held by the Company %	Proportion of ownership interest held by a subsidiary %	Principal activities
Broadview Investments Holdings Ltd.		British Virgin Islands 2 January 2001	Authorised share capital of US$50,000 at US$1 per share and issued share capital of US$1 at US$1 per share	100%	—	Investment holding
Consolidated Parts & Accessories Sales Centre Limited		Hong Kong 16 October 1987	Authorised and issued share capital of HK$100,000 at HK$100 per share	—	100%	Trading of motor vehicle spare parts
Dah Chong Hong — Dragonair Airport GSE Service Limited		Hong Kong 6 June 1996	Authorised and issued share capital of HK$10,000 at HK$1 per share	—	70%	Provision of airport ground support equipment maintenance services
Dah Chong Hong (Japan) Limited		Japan 31 October 1951	Authorised share capital of JPY1,280,000,000 at JPY1,000 per share and issued share capital of JPY480,000,000 at JPY1,000 per share	—	100%	Importer and exporter of foodstuffs, motor vehicles and garments, property investment and investment holding
Dah Chong Hong (Motor Leasing) Limited		Hong Kong 22 October 1992	Authorised and issued share capital of HK$100,000 at HK$10 per share	—	100%	Motor leasing
Dah Chong Hong (Motor Service Centre) Limited		Hong Kong 4 July 1972	Authorised and issued share capital of HK$200,000 at HK$100 per share	—	100%	Motor vehicle repairing, servicing and parts trading
Dah Chong Hong, Limited		Hong Kong 26 January 1949	Authorised and issued share capital of HK$50,000,000 at HK$1,000 per share	100%	—	Investment holding, general importers, retailers and exporters dealing in foodstuffs, electrical appliances and other products
Dah Chong Hong (China) Limited		Hong Kong 17 July 1984	Authorised and issued share capital of HK$100,000 at HK$100 per share	100%	—	Investment holding and provision of management services

Name of company	Note	Place and date of incorporation/ operation	Authorised/registered/ paid-in/issued capital	Proportion of ownership interest held by the Company %	held by a subsidiary %	Principal activities
Dah Chong Hong Macau Food Supply Company Limited		Macao 13 September 2005	Registered and paid-in capital of MOP100,000	—	55%	Wholesaler of frozen food
Dah Chong Hong Macau Logistics Warehouse Company Limited		Macao 13 September 2005	Registered and paid-in capital of MOP100,000	—	55%	Provision of logistics and warehouse services
Dah Chong Hong Motors (China) Limited		Hong Kong 13 July 1984	Authorised and issued share capital of HK$2,000,000 at HK$100 per share	—	100%	Investment holding
Dah Chong Hong Trading (Singapore) Pte. Ltd.		Republic of Singapore 20 May 1983	Authorised and issued share capital of SGD3,500,000 at SGD1 per share	—	100%	Investment holding and trading of foodstuffs
DCH Food Industries Limited		Hong Kong 30 June 1992	Authorised share capital of HK$1,000,000 at HK$10 per share and issued share capital of HK$20 at HK$10 per share	—	100%	Investment holding
DCH Insurance Company Limited		Bermuda 4 December 1995	Authorised and issued share capital of HK$936,000 at HK$1 per share	100%	—	Insurance business
DCH Logistics Company Limited		Hong Kong 22 October 1992	Authorised and issued share capital of HK$100,000 at HK$10 per share	—	100%	Warehouse and transportation service
DCH Motors (Bentley) Limited		Hong Kong 1 March 1994	Authorised share capital of HK$10,000 at HK$1 per share and issued share capital of HK$2 at HK$1 per share	—	100%	Motor vehicle distributor
DCH Motors Ltd.		Canada 18 December 1985	Authorised share capital of CAD100,000 at CAD1 per share and issued share capital of CAD100 at CAD1 per share	—	100%	Motor vehicle distributor
Harmony Motors Limited		Hong Kong 9 August 1988	Authorised and issued share capital of HK$100,000 at HK$100 per share	—	100%	Motor vehicle distributor

Name of company	Note	Place and date of incorporation/ operation	Authorised/registered/ paid-in/issued capital	Proportion of ownership interest held by the Company %	Proportion of ownership interest held by a subsidiary %	Principal activities
Honest Motors, Limited		Hong Kong 25 April 1964	Authorised share capital of HK$5,000,000 at HK$1,000 per share and issued share capital of HK$3,000,000 at HK$1,000 per share	—	100%	Motor vehicle distributor
Japan Auto Parts Company Limited		Hong Kong 5 December 1978	Authorised and issued share capital of HK$100,000 at HK$100 per share	—	100%	Trading of motor vehicle spare parts
Metro Motors Limited		Hong Kong 1 September 2004	Authorised and issued share capital of HK$3,000,000 at HK$1 per share	—	100%	Motor vehicle distributor
Premium Motors Limited		Hong Kong 9 January 1998	Authorised share capital of HK$10,000 at HK$1 per share and issued share capital of HK$2 at HK$1 per share	—	100%	Motor vehicle distributor
Regal Motors, Limited		Hong Kong 17 November 1970	Authorised share capital of HK$500,000 at HK$100 per share and issued share capital of HK$200,000 at HK$100 per share	—	100%	Motor vehicle distributor
Reliance Motors, Limited		Hong Kong 27 August 1963	Authorised share capital of HK$5,000,000 at HK$1,000 per share and issued share capital of HK$3,000,000 at HK$1,000 per share	—	100%	Motor vehicle distributor
Shanghai DCH Food Industries Ltd. (上海大昌行食品工業有限公司)	(i)	The PRC 4 January 1995	Registered capital of US$8,000,000 and paid-in capital of US$4,700,000	—	100%	Food processing and trading
Sims (China) Limited		Hong Kong 28 March 1967	Authorised share capital of HK$1,000 at HK$10 per share and issued share capital of HK$20 at HK$10 per share	—	100%	Marketing co-ordination services
Sims Trading Company Limited		Hong Kong 26 November 1963	Authorised and issued share capital of HK$300,000 at HK$100 per share	—	100%	Wholesaling and distribution of grocery stuffs and foodstuffs

Name of company	Note	Place and date of incorporation/ operation	Authorised/registered/ paid-in/issued capital	Proportion of ownership interest held by the Company %	Proportion of ownership interest held by a subsidiary %	Principal activities
Triangle Auto Pte. Ltd.		Republic of Singapore 14 January 1987	Authorised and issued share capital of SGD3,000,000 at SGD1 per share	—	100%	Motor vehicle distributor
Triangle Motors Limited		Hong Kong 1 December 1960	Authorised share capital of HK$5,000,000 at HK$100 per share and issued share capital of HK$3,000,000 at HK$100 per share	—	100%	Motor vehicle distributor
Triangle Motors (China) Limited		Hong Kong 30 March 1993	Authorised share capital of HK$10,000 at HK$10 per share and issued share capital of HK$20 at HK$10 per share	—	100%	Investment holding and trading of motor vehicles
Yee Lim Godown & Cold Storage Limited		Hong Kong 2 January 1979	Authorised and issued share capital of HK$1,000,000 at HK$1 per share	—	100%	Operation of dry and cold storage godown
Jiangmen Dah Chong Hong — Sims Food Processing and Warehousing Limited (江門大昌慎昌食品加工倉儲有限公司)	(i)	The PRC 11 June 2003	Registered capital of US$10,000,000 and paid-in capital of US$5,000,000	—	100%	Provision of food products and logistics services
Jiangmen Dah Chong Hong — Sims Industrial Development Limited (江門大昌慎昌工業開發有限公司)	(i)	The PRC 25 May 2004	Registered and paid-in capital of US$5,000,000	—	100%	Construction and development of industrial factories and warehouses
江門慎昌貿易有限公司 (Sims Trading (Jiangmen) Company Limited)	(ii), (iii)	The PRC 20 May 2003	Registered and paid-in capital of RMB10,000,000	—	100%	Wholesaling of food products
江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited)	(ii), (iii)	The PRC 16 April 2003	Registered and paid-in capital of RMB12,000,000	—	100%	Motor vehicle distributor
上海賓利汽車銷售服務有限公司 (Shanghai Bentley Motors Sale Limited)	(ii), (iii)	The PRC 9 October 2001	Registered and paid-in capital of RMB12,000,000	—	100%	Motor vehicle distributor

(i) These entities are wholly foreign owned enterprises established in the PRC.

(ii) The equity interest of these entities are held by PRC nationals and/or entities on behalf of the Group.

Historically, PRC rules and regulations restricted foreign ownership of companies in certain industries. The Group has been conducting its operations in these industries through Contractual Arrangements with various companies incorporated in the PRC (i.e. OPCOs) which are wholly-owned by PRC nationals and/or entities (i.e. Registered Owners).

The Group does not have direct equity interests in these OPCOs. However, the Group has implemented a series of Contractual Arrangements with the Registered Owners of these OPCOs, such that:

- The Group is entitled to enjoy all the economic benefits of the OPCOs. All the dividends, capital bonus or any other assets distributed to the respective Registered Owners by the respective OPCOs are required to transfer to the Group at nil consideration within three working days after such distribution;
- The Group is granted an exclusive right to acquire, to the extent permissible under PRC laws, equity interests in the OPCOs at nil consideration or for a nominal price; and
- The respective Registered Owners are required to consult with and follow the instructions of the Group, whenever they exercise their rights as the equity shareholders of the OPCOs.

As a result of the above Contractual Arrangements, the Group has effective control over the operational and financial policies of the OPCOs and derives economic benefits from the operations of the OPCOs. Accordingly, the financial results and positions of OPCOs have been consolidated into the Group since their respective dates of establishment.

(iii) The English translation of the company names is for reference only. The official names of these companies are in Chinese.

B FINANCIAL INFORMATION

1 Combined Income Statements

	Section C Note	Years ended 31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	Six months ended 30 June 2006 HK$'000 (unaudited)	2007 HK$'000
Turnover	2	11,494,102	10,519,991	12,926,416	5,842,339	6,988,985
Cost of goods sold/ services		(9,871,938)	(8,844,487)	(11,022,753)	(4,971,245)	(5,933,946)
Gross profit		1,622,164	1,675,504	1,903,663	871,094	1,055,039
Net valuation gains on investment properties		57,065	77,171	111,735	62,592	60,755
Other revenue	3	101,595	107,072	123,743	55,396	61,554
Other net gain/(loss)	3	4,400	(4,639)	37,252	23,951	9,653
Selling and distribution expenses		(725,853)	(749,402)	(902,237)	(408,015)	(479,487)
Administrative expenses		(723,017)	(740,795)	(797,311)	(385,099)	(410,034)
Profit from operations		336,354	364,911	476,845	219,919	297,480
Finance costs	4(a)	(20,866)	(26,450)	(42,915)	(21,843)	(23,271)
Share of profits less losses of associates		4,540	(7,407)	(1,341)	(28)	1,812
Share of profits less losses of jointly controlled entities		23,694	28,498	35,537	19,799	22,548
Profit before taxation	4	343,722	359,552	468,126	217,847	298,569
Income tax	5	(64,530)	(83,703)	(92,824)	(49,257)	(65,137)
Profit for the year/ period from continuing operations		279,192	275,849	375,302	168,590	233,432
Discontinued operations						
Profit/(loss) for the year/period from discontinued operations	8	6,453	(24,095)	(40,182)	(11,475)	(18,336)
Profit for the year/ period		285,645	251,754	335,120	157,115	215,096

		Years ended 31 December			Six months ended 30 June	
	Section C Note	**2004** *HK$'000*	**2005** *HK$'000*	**2006** *HK$'000*	**2006** *HK$'000 (unaudited)*	**2007** *HK$'000*
Attributable to:						
Equity shareholders of the Company		283,086	243,446	323,746	148,575	209,717
Minority interests		2,559	8,308	11,374	8,540	5,379
		285,645	251,754	335,120	157,115	215,096
Dividends:						
Interim dividend declared and paid during the year/period	10	138,810	138,810	138,810	—	—
Basic and diluted earnings/(losses) per share						
From continuing and discontinued operations (HK cents)	11(a)	17.47	15.03	19.98	9.17	12.95
From continuing operations (HK cents)	11(b)	17.07	16.52	22.46	9.88	14.08
From discontinued operations (HK cents)	11(c)	0.40	(1.49)	(2.48)	(0.71)	(1.13)

The accompanying notes form part of the Financial Information.

2 Combined Balance Sheets

		31 December			30 June
	Section C	**2004**	**2005**	**2006**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Fixed assets	12				
— Investment properties		526,964	587,393	706,627	697,622
— Other properties, plant and equipment		572,340	538,611	665,658	665,408
		1,099,304	1,126,004	1,372,285	1,363,030
Lease prepayments	13	20,983	22,196	67,092	134,511
Intangible assets	14	—	—	43,445	43,161
Goodwill	15	169,328	169,328	169,530	170,092
Interest in associates	17	89,157	105,906	111,479	116,277
Interest in jointly controlled entities	18	137,172	107,644	159,868	155,435
Other financial assets	19	72,936	81,963	156,375	190,348
Deferred tax assets	30(b)	20,519	17,313	18,792	24,794
		1,609,399	1,630,354	2,098,866	2,197,648
Current assets					
Assets held for sale	20	2,102	—	1,830	—
Inventories	21	1,454,859	1,386,648	1,529,233	1,759,906
Trade and other receivables	22	2,186,205	2,521,060	2,608,864	2,542,201
Gross amount due from customers for contract work	23	71,550	95,059	69,441	—
Current tax recoverable	30(a)	3,627	5,686	5,559	3,176
Cash and bank deposits	24	587,814	530,735	741,728	649,502
		4,306,157	4,539,188	4,956,655	4,954,785
Current liabilities					
Bank loans and overdrafts	25				
— secured		124,116	78,975	173,449	209,854
— unsecured		351,139	684,503	683,406	722,650
Trade and other payables	26	1,796,657	1,730,310	2,215,952	1,964,638
Gross amount due to customers for contract work	23	19,211	26,098	10,591	—
Current tax payable	30(a)	33,832	41,336	41,959	68,807
		2,324,955	2,561,222	3,125,357	2,965,949
Net current assets		1,981,202	1,977,966	1,831,298	1,988,836
Total assets less current liabilities		3,590,601	3,608,320	3,930,164	4,186,484

	Section C Note	31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	30 June 2007 HK$'000
Non-current liabilities					
Bank loans — secured	25	40,283	19,631	7,170	3,830
Deferred tax liabilities	30(b)	135,268	146,325	160,009	167,529
		175,551	165,956	167,179	171,359
Net assets		3,415,050	3,442,364	3,762,985	4,015,125
Capital and reserves					
Share capital	31(a)	210,318	210,318	210,318	210,318
Reserves		3,151,112	3,163,981	3,444,803	3,690,217
Total equity attributable to equity shareholders of the Company		3,361,430	3,374,299	3,655,121	3,900,535
Minority interests		53,620	68,065	107,864	114,590
Total equity		3,415,050	3,442,364	3,762,985	4,015,125

The accompanying notes form part of the Financial Information.

3 Balance sheets

		31 December			30 June
	Section C	**2004**	**2005**	**2006**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets					
Investment property	12	48,000	53,000	53,000	53,000
Investment in subsidiaries	16	19,060	19,060	19,060	19,060
Other financial assets	19	444	444	444	444
		67,504	72,504	72,504	72,504
Current assets					
Trade and other receivables	22	1,827,515	1,962,302	2,194,872	2,073,167
Current tax recoverable	30(a)	212	—	—	—
Cash and bank deposits	24	42,730	220	448	540
		1,870,457	1,962,522	2,195,320	2,073,707
Current liabilities					
Trade and other payables	26	419,573	399,731	560,408	402,497
Current tax payable	30(a)	—	5,805	7,257	12,433
		419,573	405,536	567,665	414,930
Net current assets		1,450,884	1,556,986	1,627,655	1,658,777
Total assets less current liabilities		1,518,388	1,629,490	1,700,159	1,731,281
Non-current liabilities					
Deferred tax liabilities	30(b)	8,298	9,172	9,172	9,172
Net assets		1,510,090	1,620,318	1,690,987	1,722,109
Capital and reserves					
Share capital	31(a)	210,318	210,318	210,318	210,318
Reserves		1,299,772	1,410,000	1,480,669	1,511,791
Total equity		1,510,090	1,620,318	1,690,987	1,722,109

The accompanying notes form part of the Financial Information.

4 Statements of Changes in Equity

The Group

	Attributable to equity shareholders of the Company												
	Share capital *(note 31(a))*	General reserve *(note 31(b)(i))*	Capital reserve *(note 31(b)(ii))*	Statutory surplus reserve *(note 31(b)(iii))*	Merger reserve *(note 31(b)(iv))*	Exchange fluctuation reserve *(note 31(b)(v))*	Asset revaluation reserve *(note 31(b)(vi))*	Hedging reserve *(note 31(b)(vii))*	Fair value reserve *(note 31(b)(viii))*	Retained profits	Total	Minority interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2004	210,318	237,728	68,245	1,407	84,322	217,310	—	3,075	23,380	2,320,035	3,165,820	48,377	3,214,197
Capital injection by minority shareholders	—	—	—	—	—	—	—	—	—	—	—	2,518	2,518
Exchange differences on translation of:													
— the financial statements of subsidiaries outside Hong Kong	—	—	—	—	—	38,339	—	—	—	—	38,339	166	38,505
— the financial statements of associates and jointly controlled entities outside Hong Kong	—	—	—	—	—	152	—	—	—	—	152	—	152
Cash flow hedge: effective portion of changes in fair value	—	—	—	—	—	—	—	8,720	—	—	8,720	—	8,720
Cash flow hedge: transfer from equity to initial carrying amount of non-financial hedged items	—	—	—	—	—	—	—	(3,075)	—	—	(3,075)	—	(3,075)
Changes in fair value of available-for-sale securities	—	—	—	—	—	—	—	—	5,505	—	5,505	—	5,505
Transfer from retained profits	—	117	316	1,845	—	—	—	—	—	(2,278)	—	—	—
Disposal of a jointly controlled entity	—	(469)	(469)	—	—	2,631	—	—	—	—	1,693	—	1,693
Profit for the year	—	—	—	—	—	—	—	—	—	283,086	283,086	2,559	285,645
Dividends *(Section C note 10)*	—	—	—	—	—	—	—	—	—	(138,810)	(138,810)	—	(138,810)
At 31 December 2004	210,318	237,376	68,092	3,252	84,322	258,432	—	8,720	28,885	2,462,033	3,361,430	53,620	3,415,050
At 1 January 2005	210,318	237,376	68,092	3,252	84,322	258,432	—	8,720	28,885	2,462,033	3,361,430	53,620	3,415,050
Capital injection by minority shareholders	—	—	—	—	—	—	—	—	—	—	—	4,413	4,413
Revaluation surplus, net of deferred tax	—	—	—	—	—	—	1,542	—	—	—	1,542	—	1,542
Exchange differences on translation of:													
— the financial statements of subsidiaries outside Hong Kong	—	—	—	—	—	(100,972)	—	—	—	—	(100,972)	1,724	(99,248)
— the financial statements of associates and jointly controlled entities outside Hong Kong	—	—	—	—	—	1,407	—	—	—	—	1,407	—	1,407
Cash flow hedge: effective portion of changes in fair value	—	—	—	—	—	—	—	(2,021)	—	—	(2,021)	—	(2,021)
Cash flow hedge: transfer from equity to initial carrying amount of non-financial hedged items	—	—	—	—	—	—	—	(8,720)	—	—	(8,720)	—	(8,720)
Changes in fair value of available-for-sale securities	—	—	—	—	—	—	—	—	15,816	—	15,816	—	15,816
Transfer from retained profits	—	137	228	2,835	—	—	—	—	—	(3,200)	—	—	—
Disposal of a jointly controlled entity	—	(556)	(564)	—	—	2,301	—	—	—	—	1,181	—	1,181
Profit for the year	—	—	—	—	—	—	—	—	—	243,446	243,446	8,308	251,754
Dividends *(Section C note 10)*	—	—	—	—	—	—	—	—	—	(138,810)	(138,810)	—	(138,810)
At 31 December 2005	210,318	236,957	67,756	6,087	84,322	161,168	1,542	(2,021)	44,701	2,563,469	3,374,299	68,065	3,442,364
At 1 January 2006	210,318	236,957	67,756	6,087	84,322	161,168	1,542	(2,021)	44,701	2,563,469	3,374,299	68,065	3,442,364
Capital injection by minority shareholders	—	—	—	—	—	—	—	—	—	—	—	8,621	8,621
Minority interests arising from business combination	—	—	—	—	—	—	—	—	—	—	—	16,589	16,589
Exchange differences on translation of:													
— the financial statements of subsidiaries outside Hong Kong	—	—	—	—	—	12,486	—	—	—	—	12,486	3,215	15,701
— the financial statements of associates and jointly controlled entities outside Hong Kong	—	—	—	—	—	4,339	—	—	—	—	4,339	—	4,339
Cash flow hedge: effective portion of changes in fair value	—	—	—	—	—	—	—	2,697	—	—	2,697	—	2,697
Cash flow hedge: transfer from equity to initial carrying amount of non-financial hedged items	—	—	—	—	—	—	—	2,021	—	—	2,021	—	2,021
Changes in fair value of available-for-sale securities	—	—	—	—	—	—	—	—	74,343	—	74,343	—	74,343
Transfer from retained profits	—	897	53	2,986	—	—	—	—	—	(3,936)	—	—	—
Profit for the year	—	—	—	—	—	—	—	—	—	323,746	323,746	11,374	335,120
Dividends *(Section C note 10)*	—	—	—	—	—	—	—	—	—	(138,810)	(138,810)	—	(138,810)
At 31 December 2006	210,318	237,854	67,809	9,073	84,322	177,993	1,542	2,697	119,044	2,744,469	3,655,121	107,864	3,762,985

	Attributable to equity shareholders of the Company												
	Share capital *(note 31(a))*	**General reserve** *(note 31(b)(i))*	**Capital reserve** *(note 31(b)(ii))*	**Statutory surplus reserve** *(note 31(b)(iii))*	**Merger reserve** *(note 31(b)(iv))*	**Exchange fluctuation reserve** *(note 31(b)(v))*	**Asset revaluation reserve** *(note 31(b)(vi))*	**Hedging reserve** *(note 31(b)(vii))*	**Fair value reserve** *(note 31(b)(viii))*	**Retained profits**	**Total**	**Minority interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2006	210,318	236,957	67,756	6,087	84,322	161,168	1,542	(2,021)	44,701	2,563,469	3,374,299	68,065	3,442,364
Exchange differences on translation of:													
— the financial statements of subsidiaries outside Hong Kong *(unaudited)*	—	—	—	—	—	28,052	—	—	—	—	28,052	904	28,956
— the financial statements of associates and jointly controlled entities outside Hong Kong *(unaudited)*	—	—	—	—	—	1,744	—	—	—	—	1,744	—	1,744
Cash flow hedge: effective portion of changes in fair value *(unaudited)*	—	—	—	—	—	—	—	9,445	—	—	9,445	—	9,445
Cash flow hedge: transfer from equity to initial carrying amount of non-financial hedged items *(unaudited)*	—	—	—	—	—	—	—	2,021	—	—	2,021	—	2,021
Changes in fair value of available-for-sale securities *(unaudited)*	—	—	—	—	—	—	—	—	24,874	—	24,874	—	24,874
Transfer from retained profits *(unaudited)*	—	55	—	—	—	—	—	—	—	(55)	—	—	—
Profit for the period *(unaudited)*	—	—	—	—	—	—	—	—	—	148,575	148,575	8,540	157,115
At 30 June 2006 *(unaudited)*	210,318	237,012	67,756	6,087	84,322	190,964	1,542	9,445	69,575	2,711,989	3,589,010	77,509	3,666,519
At 1 January 2007	210,318	237,854	67,809	9,073	84,322	177,993	1,542	2,697	119,044	2,744,469	3,655,121	107,864	3,762,985
Capital injection by minority shareholders	—	—	—	—	—	—	—	—	—	—	—	1,027	1,027
Acquisition of interests from minority shareholders	—	—	—	—	—	—	—	—	—	—	—	(1,457)	(1,457)
Exchange differences on translation of:													
— the financial statements of subsidiaries outside Hong Kong	—	—	—	—	—	(1,485)	—	—	—	—	(1,485)	1,777	292
— the financial statements of associates and jointly controlled entities outside Hong Kong	—	—	—	—	—	3,701	—	—	—	—	3,701	—	3,701
Cash flow hedge: effective portion of changes in fair value	—	—	—	—	—	—	—	3,801	—	—	3,801	—	3,801
Cash flow hedge: transfer from equity to initial carrying amount of non-financial hedged items	—	—	—	—	—	—	—	(2,697)	—	—	(2,697)	—	(2,697)
Changes in fair value of available-for-sale securities	—	—	—	—	—	—	—	—	34,838	—	34,838	—	34,838
Disposal of associates	—	—	(2,465)	—	—	4	—	—	—	—	(2,461)	—	(2,461)
Transfer from retained profits	—	2,346	—	—	—	—	—	—	—	(2,346)	—	—	—
Profit for the period	—	—	—	—	—	—	—	—	—	209,717	209,717	5,379	215,096
At 30 June 2007	210,318	240,200	65,344	9,073	84,322	180,213	1,542	3,801	153,882	2,951,840	3,900,535	114,590	4,015,125

The Company

	Section C Note	Share capital (note 31(a)) HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2004		210,318	1,231,936	1,442,254
Profit for the year		—	206,646	206,646
Dividends	10	—	(138,810)	(138,810)
At 31 December 2004		210,318	1,299,772	1,510,090
At 1 January 2005		210,318	1,299,772	1,510,090
Profit for the year		—	249,038	249,038
Dividends	10	—	(138,810)	(138,810)
At 31 December 2005		210,318	1,410,000	1,620,318
At 1 January 2006		210,318	1,410,000	1,620,318
Profit for the year		—	209,479	209,479
Dividends	10	—	(138,810)	(138,810)
At 31 December 2006		210,318	1,480,669	1,690,987
At 1 January 2006		210,318	1,410,000	1,620,318
Profit for the period *(unaudited)*		—	26,075	26,075
At 30 June 2006 *(unaudited)*		210,318	1,436,075	1,646,393
At 1 January 2007		210,318	1,480,669	1,690,987
Profit for the period		—	31,122	31,122
At 30 June 2007		210,318	1,511,791	1,722,109

The accompanying notes form part of the Financial Information.

5 Combined Cash Flow Statements

	Section C Note	Years ended 31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	Six months ended 30 June 2006 HK$'000 (unaudited)	2007 HK$'000
Operating activities						
Profit/(loss) before taxation						
— from continuing operations		343,722	359,552	468,126	217,847	298,569
— from discontinued operations		6,453	(24,095)	(40,182)	(11,475)	(18,336)
		350,175	335,457	427,944	206,372	280,233
Adjustment for:						
— Net valuation gains on investment properties		(57,065)	(77,171)	(111,735)	(62,592)	(60,755)
— Depreciation and amortisation		126,883	134,342	142,531	66,468	69,724
— Impairment loss on amount due from a jointly controlled entity		2,209	—	—	—	2,052
— Impairment loss on amount due from an associate		—	24,456	8,283	1,664	2,809
— Impairment loss provided on trade receivables		2,803	600	15,180	1,869	811
— Bad debts written off		9,213	—	—	—	—
— Expected losses on construction contracts		—	—	22,664	—	7,500
— Finance costs		20,866	26,450	42,915	21,843	23,271
— Dividend income from listed investments		(3,526)	(1,338)	(2,202)	(892)	(1,658)
— Interest income		(4,365)	(7,957)	(14,698)	(6,633)	(8,003)
— Share of profits less losses of associates		(4,540)	7,407	1,341	28	(1,812)
— Share of profits less losses of jointly controlled entities		(23,694)	(28,498)	(35,537)	(19,799)	(22,548)
— Net loss/(gain) on disposal of fixed assets		1,330	(3,293)	(21,178)	(15,628)	(3,671)
— Net loss/(gain) on disposal of subsidiaries		—	280	(31)	—	(2,694)
— Net loss on disposal of jointly controlled entities		3,543	4,696	—	—	—
— Net loss on disposal of associates		—	—	—	—	2,682
— Foreign exchange loss/(gain)		22,008	(56,522)	14,488	21,083	6,714
		445,840	358,909	489,965	213,783	294,655
(Increase)/decrease in inventories		(129,534)	75,702	(53,165)	(112,792)	(230,361)
Decrease/(increase) in trade and other receivables		507,453	(292,492)	(106,020)	160,453	92,716
(Increase)/decrease in gross amount due from customers for contract work		(17,270)	(23,509)	2,954	10,971	30,454
(Decrease)/increase in trade and other payables		(155,458)	(48,460)	140,430	(37,713)	(35,060)
Increase/(decrease) in gross amount due to customers for contract work		5,800	6,887	(15,507)	(6,521)	12,700
Cash generated from operations		656,831	77,037	458,657	228,181	165,104

	Section C Note	Years ended 31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	Six months ended 30 June 2006 HK$'000 (unaudited)	2007 HK$'000
Tax paid:						
— Hong Kong Profits Tax paid		(20,837)	(26,349)	(50,667)	(4,626)	(5,751)
— Hong Kong Profits Tax refunded		879	1,701	2,389	—	—
— Taxation outside Hong Kong paid		(25,359)	(31,404)	(31,534)	(17,217)	(28,139)
Net cash generated from operating activities		611,514	20,985	378,845	206,338	131,214
Investing activities						
Payment for the purchase of fixed assets		(169,350)	(142,409)	(254,944)	(105,843)	(86,094)
Proceeds from disposal of fixed assets		23,046	37,390	94,365	59,302	33,646
Payment for the purchase of available-for-sale securities		(654)	(14)	(374)	—	—
Proceeds from disposal of available-for-sale securities		1,938	1,633	—	—	—
Repayment of amounts due from associates		5,472	18,782	61,745	51,779	46,537
Advances to associates		(18,782)	(51,779)	(56,503)	(55,214)	(48,413)
Capital injections to associates		(31,089)	(31,168)	(4,102)	—	—
Repayment of amount due from jointly controlled entities		16,046	71,330	64,400	64,400	64,779
Advances to jointly controlled entities		(71,330)	(64,400)	(64,779)	(63,167)	(67,550)
Capital injections to jointly controlled entities		(7,541)	(3,951)	(33,986)	(4,096)	(10,184)
Proceeds from disposal of jointly controlled entities		2,350	4,719	—	—	—
Advance payment for purchase of subsidiaries		—	(56,248)	—	—	—
Net cash (outflow)/inflow from purchase of subsidiaries	32	—	(3,938)	24,660	(19,895)	(2,000)
Net cash outflow from disposal of subsidiaries		—	—	—	—	(15,844)
Interest received		4,365	7,957	14,698	6,633	8,003
Dividend received from listed investments		3,526	1,338	2,202	892	1,658
Dividend received from an associate		6,500	10,000	8,000	8,000	—
Dividend received from jointly controlled entities		6,397	24,944	49,486	49,486	18,696
(Advances to)/repayment from a fellow subsidiary		(18,782)	34,928	(4,521)	(6,691)	(5,022)
Net cash used in investing activities		(247,888)	(140,886)	(99,653)	(14,414)	(61,788)

	Section C Note	Years ended 31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	Six months ended 30 June 2006 HK$'000 (unaudited)	2007 HK$'000
Financing activities						
Proceeds from new bank loans		559,636	838,229	948,150	428,261	741,972
Repayment of bank loans		(1,212,266)	(596,731)	(964,980)	(532,208)	(705,979)
Proceeds from issuance of shares to minority shareholders		2,518	4,413	8,621	—	1,027
Advances from/(repayment to) ultimate holding company		453,865	(33,848)	125,514	27,440	(201,991)
Repayment to minority shareholders		(1,200)	—	—	—	—
Interest paid		(20,866)	(26,450)	(42,915)	(21,843)	(23,271)
Dividends paid to equity shareholders of the Company		(138,810)	(138,810)	(138,810)	—	—
Net cash (used in)/generated from financing activities		(357,123)	46,803	(64,420)	(98,350)	(188,242)
Net increase/(decrease) in cash and cash equivalents		6,503	(73,098)	214,772	93,574	(118,816)
Cash and cash equivalents at 1 January		543,030	551,586	475,719	475,719	697,286
Effect of foreign exchange rates changes		2,053	(2,769)	6,795	3,991	11,007
Cash and cash equivalents at 31 December/30 June	24	551,586	475,719	697,286	573,284	589,477

The accompanying notes form part of the Financial Information.

C NOTES TO THE FINANCIAL INFORMATION

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Financial Information have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. The Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on SEHK. A summary of the significant accounting policies adopted by the Group is set out below.

In 2004, the HKICPA issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. For the purposes of preparing this Financial Information, the Group has adopted all these new and revised HKFRSs to the Relevant Period, except for any new standards or interpretations that are not yet effective for the current accounting period. The revised and new accounting standards and interpretations issued but not yet effective for the six months ended 30 June 2007 are set out in note 39.

(b) Basis of preparation of the Financial Information

The Financial Information for the Relevant Period comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The measurement basis used in the preparation of the Financial Information is the historical cost basis except as otherwise stated in the accounting policies set out below.

The preparation of the Financial Information in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the Financial Information and estimates with a significant risk of material adjustment in the next period are discussed in note 38.

(c) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the Financial Information from the date that control commences until the date that control ceases.

In the Company's balance sheet, investment in subsidiaries is stated at cost less impairment losses (see note 1(m)).

(d) Associates and jointly controlled entities

An associate is an entity in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A jointly controlled entity is an entity which operates under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entity.

An investment in an associate or a jointly controlled entity is accounted for in the Financial Information of the Group under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's or the jointly controlled entity's net assets. The combined income statements includes the Group's share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the period.

When the Group's share of losses exceeds its interest in the associate or the jointly controlled entity, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or the jointly controlled entity. For this purpose, the Group's interest in the associate or the jointly controlled entity is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the jointly controlled entity.

Unrealised profits and losses resulting from transactions between the Group and its associates and jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(e) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's or the controlling equity shareholder's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 1(m)).

Any excess of the Group's or the controlling equity shareholder's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

On disposal of a cash-generating unit during the period, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

In accordance with the transitional arrangements under HKFRS 3, goodwill which had previously been taken directly to reserve (i.e. goodwill which arose before 1 January 2001) will not be recognised in profit or loss on disposal or impairment of the acquired business, or under other circumstances.

(f) Other investments in equity securities

The Group's and the Company's accounting policies for investments in equity securities, other than investments in subsidiaries, associates and jointly controlled entities, are as follows:

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

— Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 1(m)).

— Other investments in securities are classified as available-for-sale securities. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except foreign exchange gains and losses in respect of monetary items such as debt securities which are recognised directly in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss. When these investments are derecognised or impaired (see note 1(m)), the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Investments are recognised/derecognised on the date the Group and/or the Company commits to purchase/sell the investments or they expire.

(g) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange risks arising from operating, financing and investing activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged (see note 1(h)).

(h) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a highly probable forecast transaction or the foreign currency risk of a committed future transaction, the effective portion of any gain or loss on remeasurement of the derivative financial instrument to fair value is recognised directly in equity. The ineffective portion of any gain or loss is recognised immediately in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or liability.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above accounting policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised immediately in profit or loss.

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use.

Investment properties are stated in the balance sheet at fair value. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(w)(vii).

When the Group holds a property interest held under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 1(l)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 1(l).

(j) Property, plant and equipment

The following items of property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 1(m)):

— freehold land and buildings;

— land held under operating leases and buildings thereon, where the fair values of the leasehold interest in the land and buildings cannot be measured separately at the inception of the lease and the building is not clearly held under an operating lease (see note 1(l));

— buildings held for own use which are situated on leasehold land, where the fair value of the building could be measured separately from the fair value of the leasehold land at the inception of the lease (see note 1(l)); and

— other items of plant and equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads.

No depreciation is provided in respect of construction in progress. Upon completion and commissioning for operation, depreciation will be provided at the appropriate rates specified below.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method or reducing balance basis over their estimated useful lives as follows:

— Freehold land is not depreciated.

— Buildings situated on freehold land are depreciated on a straight line basis over their estimated useful life, being no more than 50 years after the date of completion.

— Buildings situated on leasehold land are depreciated on a straight line basis over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

— Motor vehicles held for use under operating leases are depreciated on a reducing balance basis at 30% per annum.

— Other plant and equipment are depreciated on a straight line basis over their estimated useful lives of 4 to 10 years.

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(m)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives, being 8 years to 10 years.

Both the period and method of amortisation are reviewed annually.

(l) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

— property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 1(i)); and

— land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

(ii) Assets held for use under operating leases

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 1(j). Impairment losses are accounted for in accordance with the accounting policy as set out in note 1(m).

Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 1(w)(vii).

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight line basis over the period of the lease term except where the property is classified as an investment property (see note 1(i)).

(m) Impairment of assets

(i) Impairment of investments in equity securities and trade and other receivables

Investments in equity securities and trade and other receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

— For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial assets where the effect of discounting is material. Impairment losses for equity securities are not reversed.

— For trade and other receivable and other financial assets carried at cost or amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior periods.

— For available-for-sale securities, the cumulative loss that has been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

  Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— pre-paid interests in leasehold land classified as being held under an operating lease;

— intangible assets;

— investments in subsidiaries, associates and jointly controlled entities; and

— goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior periods. Reversals of impairment losses are credited to the profit or loss in the period in which the reversals are recognised.

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated on first-in-first-out, specific identification or weighted average basis as appropriate and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Construction contracts

The accounting policy for contract revenue is set out in note 1(w)(vi). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the balance sheet date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the balance sheet date are recorded in the balance sheet at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the balance sheet as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Amounts received before the related work is performed are included in the balance sheet, as a liability, as "Trade and other payables". Amounts billed but not yet paid by the customer for work performed on a contract are included in the balance sheet under "Trade and other receivables".

(p) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 1(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

(q) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 1(v)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(s) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the combined cash flow statement.

(t) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Share based payments

The fair value of share options granted to employees of the Group by the ultimate controlling party, CITIC Pacific, under the CITIC Pacific Share Incentive Plan 2000 (the "Plan"), is recognised as an employee cost with a corresponding increase in amount due to the ultimate controlling party as the employee cost will be settled in cash by the Group. The fair value is measured at the grant date using applicable option-pricing models, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior periods is charged/credited to the profit or loss for the period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the amount due to the ultimate controlling party. On the vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the ultimate controlling party's shares.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(u) Income tax

Income tax for the period comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(v) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 1(v)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(w) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sales of motor vehicles

Revenue arising from the sale of motor vehicles is recognised when the registration document is issued or on delivery of motor vehicles, whichever is earlier, which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes any government taxes and is after deduction of any trade discounts.

(ii) Sales of food and consumer products

Revenue arising from the sale of foodstuffs and consumer products is recognised on delivery of goods to customers. Revenue is after deduction of any trade discounts.

(iii) Repairing services income

Revenue arising from repairing services is recognised when the relevant service is rendered without further performance obligations.

(iv) Warehouse service income and other related services income

Revenue is recognised when the service is rendered to customers.

(v) Transportation service income

Revenue on transportation service provided to customers is recognised when the service is completed.

(vi) Contract work income

Revenue from contract work is recognised when the outcome of a construction contract can be estimated reliably:

— revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract; and

— revenue from a cost plus contract is recognised by reference to the recoverable costs incurred during the period plus an appropriate proportion of the total fee, measured by reference to the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(vii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(viii) Commission income

Commission income is recognised at the time when the services concerned are rendered.

(ix) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(x) Interest income

Interest income is recognised as it accrues using the effective interest method.

(xi) Publicity allowances from principals

Publicity allowances from principals are recognised when the right to receive payment has been established.

(x) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transactions dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of operations outside Hong Kong are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in operations outside Hong Kong are taken to equity.

On disposal of an operation outside Hong Kong, the cumulative amount of the exchange differences recognised in equity which relate to that operation is included in the calculation of the profit or loss on disposal.

(y) Borrowing costs

Borrowing costs are expensed in profit or loss in the period in which they are incurred.

(z) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs when the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the income statement, which comprises:

— the post-tax profit or loss of the discontinued operation; and

— the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal groups constituting the discontinued operation.

(aa) Related parties

For the purposes of the Financial Information, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(ab) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of this Financial Information.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and inter-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

(ac) Business combinations involving entities under common control

The combined financial statements incorporate the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

2 TURNOVER AND SEGMENT REPORTING

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Section A of this report.

Turnover represents the total invoiced value of goods supplied and services rendered to customers. The amount of each significant category of turnover recognised during the Relevant Period is analysed as follows:

		Years ended 31 December			**Six months ended 30 June**	
		2004	**2005**	**2006**	**2006**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Continuing operations						
Revenue from motor vehicle trading and provision of motor vehicle related business		6,681,009	5,532,802	7,683,869	3,469,585	4,312,720
Sales of food and consumer products		4,677,836	4,821,495	5,047,089	2,284,764	2,567,281
Revenue from logistics services		85,561	117,756	144,434	63,984	84,811
Others		49,696	47,938	51,024	24,006	24,173
		11,494,102	10,519,991	12,926,416	5,842,339	6,988,985
Discontinued operations						
Revenue from construction contracts	8	410,879	179,256	86,281	42,875	40,437
		11,904,981	10,699,247	13,012,697	5,885,214	7,029,422

Segment information is presented in respect of the Group's business and geographical segments. Business segments information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Motor:	the trading and distribution of motor vehicles and the provision of motor vehicle related business.
Food and consumer products:	the trading and distribution of food and consumer products and other trading.
Logistics:	the provision of warehousing and transportation services.
Others:	mainly represents property and securities investments.

	Motor	**Food and consumer products**	**Logistics**	**Others**	**Inter-segment elimination**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2004						
Revenue from external customers	6,681,009	4,677,836	85,561	49,696	—	11,494,102
Inter-segment revenue	4,893	35	59,368	37,639	(101,935)	—
Total	6,685,902	4,677,871	144,929	87,335	(101,935)	11,494,102
Segment result	188,685	126,142	11,196	62,459	—	388,482
Net valuation gains on investment properties						57,065
Unallocated operating income and expenses						(109,193)
Profit from operations						336,354
Finance costs						(20,866)
Share of profits less losses of associates	6,985	(2,445)	—	—	—	4,540
Share of profits less losses of jointly controlled entities	(5,397)	29,091	—	—	—	23,694
Profit before taxation						343,722
Income tax						(64,530)
Profit for the year from continuing operations						279,192
Depreciation and amortisation for the year	86,697	22,052	5,791	11,295	—	125,835
Impairment loss (reversed)/provided on trade receivables	(444)	3,264	—	(17)	—	2,803
Bad debts written off	9,213	—	—	—	—	9,213
Net reversal of write down of inventories	(9,854)	(255)	—	—	—	(10,109)
Segment assets	1,926,776	2,006,084	74,059	641,121	(41,573)	4,606,467
Interests in associates	15,518	73,639	—	—	—	89,157
Interests in jointly controlled entities	36,593	100,579	—	—	—	137,172
Unallocated assets						1,082,760
Total assets						5,915,556
Segment liabilities	681,365	618,692	45,839	28,997	(41,573)	1,333,320
Unallocated liabilities						1,167,186
Total liabilities						2,500,506
Capital expenditure incurred during the year	130,168	22,365	9,440	9,252	—	171,225

	Motor	Food and consumer products	Logistics	Others	Inter-segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2005						
Revenue from external customers	5,532,802	4,821,495	117,756	47,938	—	10,519,991
Inter-segment revenue	3,961	579	62,646	34,491	(101,677)	—
Total	5,536,763	4,822,074	180,402	82,429	(101,677)	10,519,991
Segment result	210,041	116,432	12,303	64,938	—	403,714
Net valuation gains on investment properties						77,171
Unallocated operating income and expenses						(115,974)
Profit from operations						364,911
Finance costs						(26,450)
Share of profits less losses of associates	499	(7,906)	—	—	—	(7,407)
Share of profits less losses of jointly controlled entities	(3,432)	31,930	—	—	—	28,498
Profit before taxation						359,552
Income tax						(83,703)
Profit for the year from continuing operations						275,849
Depreciation and amortisation for the year	91,277	23,163	6,129	12,649	—	133,218
Impairment loss (reversed)/provided on trade receivables	(676)	294	—	(9)	—	(391)
Net reversal of write down of inventories	(6,709)	(886)	—	—	—	(7,595)
Segment assets	1,991,130	2,169,277	146,794	665,983	(41,950)	4,931,234
Interests in associates	7,986	97,920	—	—	—	105,906
Interests in jointly controlled entities	20,767	86,877	—	—	—	107,644
Unallocated assets						1,024,758
Total assets						6,169,542
Segment liabilities	587,156	673,122	65,342	23,145	(41,950)	1,306,815
Unallocated liabilities						1,420,363
Total liabilities						2,727,178
Capital expenditure incurred during the year	74,305	16,714	42,185	14,885	—	148,089

	Motor	Food and consumer products	Logistics	Others	Inter-segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2006						
Revenue from external customers	7,683,869	5,047,089	144,434	51,024	—	12,926,416
Inter-segment revenue	4,141	160	59,992	31,472	(95,765)	—
Total	7,688,010	5,047,249	204,426	82,496	(95,765)	12,926,416
Segment result	297,588	101,015	11,195	80,895	—	490,693
Net valuation gains on investment properties						111,735
Unallocated operating income and expenses						(125,583)
Profit from operations						476,845
Finance costs						(42,915)
Share of profits less losses of associates	(4,709)	3,368	—	—	—	(1,341)
Share of profits less losses of jointly controlled entities	(2,280)	37,817	—	—	—	35,537
Profit before taxation						468,126
Income tax						(92,824)
Profit for the year from continuing operations						375,302
Depreciation and amortisation for the year	95,875	23,525	10,667	11,647	—	141,714
Impairment loss provided/(reversed) on trade receivables	2,208	7,223	—	(10)	—	9,421
Net write down of inventories	2,304	26,005	—	—	—	28,309
Segment assets	2,409,852	2,015,362	203,490	960,416	(81,344)	5,507,776
Interests in associates	6,931	104,548	—	—	—	111,479
Interests in jointly controlled entities	51,617	108,251	—	—	—	159,868
Unallocated assets						1,276,398
Total assets						7,055,521
Segment liabilities	923,907	666,432	98,538	41,450	(81,344)	1,648,983
Unallocated liabilities						1,643,553
Total liabilities						3,292,536
Capital expenditure incurred during the year	329,781	13,593	51,210	36,565	—	431,149

	Motor	Food and consumer products	Logistics	Others	Inter-segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2006 *(unaudited)*						
Revenue from external customers	3,469,585	2,284,764	63,984	24,006	—	5,842,339
Inter-segment revenue	2,308	2	28,691	15,025	(46,026)	—
Total	3,471,893	2,284,766	92,675	39,031	(46,026)	5,842,339
Segment result	136,972	41,238	5,308	34,590	—	218,108
Net valuation gains on investment properties						62,592
Unallocated operating income and expenses						(60,781)
Profit from operations						219,919
Finance costs						(21,843)
Share of profits less losses of associates	(2,422)	2,394	—	—	—	(28)
Share of profits less losses of jointly controlled entities	750	19,049	—	—	—	19,799
Profit before taxation						217,847
Income tax						(49,257)
Profit for the period from continuing operations						168,590
Depreciation and amortisation for the period	43,699	11,909	4,839	5,559	—	66,006
Impairment loss (reversed)/provided on trade receivables	(19)	5,655	—	(15)	—	5,621
Net write down of inventories	12,194	11,037	—	—	—	23,231
Segment assets	2,252,432	1,857,181	161,123	845,758	(44,021)	5,072,473
Interests in associates	4,856	101,744	—	—	—	106,600
Interests in jointly controlled entities	24,130	107,706	—	—	—	131,836
Unallocated assets						1,076,933
Total assets						6,387,842
Segment liabilities	735,495	523,120	76,878	30,638	(44,021)	1,322,110
Unallocated liabilities						1,399,213
Total liabilities						2,721,323
Capital expenditure incurred during the period	94,486	7,076	31,194	25,797	—	158,553

	Motor	Food and consumer products	Logistics	Others	Inter-segment elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2007						
Revenue from external customers	4,312,720	2,567,281	84,811	24,173	—	6,988,985
Inter-segment revenue	1,773	61	30,270	12,912	(45,016)	—
Total	4,314,493	2,567,342	115,081	37,085	(45,016)	6,988,985
Segment result	201,660	63,201	10,655	35,087	—	310,603
Net valuation gains on investment properties						60,755
Unallocated operating income and expenses						(73,878)
Profit from operations						297,480
Finance costs						(23,271)
Share of profits less losses of associates	(1,074)	2,886	—	—	—	1,812
Share of profits less losses of jointly controlled entities	(2,062)	24,610	—	—	—	22,548
Profit before taxation						298,569
Income tax						(65,137)
Profit for the period from continuing operations						233,432
Depreciation and amortisation for the period	46,091	11,821	5,416	6,140	—	69,468
Impairment loss provided/(reversed) on trade receivables	399	439	—	(27)	—	811
Net write down/(reversal of write down) of inventories	23,305	(3,216)	—	—	—	20,089
Segment assets	2,786,979	1,702,662	248,573	1,001,997	(30,696)	5,709,515
Interests in associates	5,975	110,302	—	—	—	116,277
Interests in jointly controlled entities	60,151	95,284	—	—	—	155,435
Unallocated assets						1,171,206
Total assets						7,152,433
Segment liabilities	1,038,689	382,978	122,135	63,493	(30,696)	1,576,599
Unallocated liabilities						1,560,709
Total liabilities						3,137,308
Capital expenditure incurred during the period	64,566	14,032	4,137	3,371	—	86,106

Geographical segments

The Group's business is managed on a worldwide basis, but participates in three principal economic environments. Hong Kong and Macao and the PRC (other than Hong Kong and Macao) are the major markets for all the Group's businesses.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong and Macao *HK$'000*	**The PRC (other than Hong Kong and Macao)** *HK$'000*	**Others** *HK$'000*
Year ended 31 December 2004			
Revenue from external customers	5,364,812	4,791,584	1,337,706
Segment assets	2,647,318	1,246,736	855,678
Capital expenditure incurred during the year	120,710	22,785	27,730
Year ended 31 December 2005			
Revenue from external customers	5,683,635	3,516,619	1,319,737
Segment assets	2,628,659	1,607,379	812,351
Capital expenditure incurred during the year	84,808	55,405	7,876
Year ended 31 December 2006			
Revenue from external customers	5,791,694	5,569,161	1,565,561
Segment assets	2,686,509	2,176,864	894,803
Capital expenditure incurred during the year	130,073	294,658	6,418
Six months ended 30 June 2006 *(unaudited)*			
Revenue from external customers	2,771,178	2,379,733	691,428
Segment assets	2,679,924	1,557,391	934,397
Capital expenditure incurred during the period	44,045	110,091	4,417
Six months ended 30 June 2007			
Revenue from external customers	2,949,230	3,216,534	823,221
Segment assets	2,945,738	1,889,528	992,030
Capital expenditure incurred during the period	41,960	42,079	2,067

3 OTHER REVENUE AND NET GAIN/(LOSS)

	Note	2004	2005	2006	2006	2007
		Years ended 31 December			Six months ended 30 June	
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(unaudited)	
Other revenue						
Continuing operations						
Commission income		38,978	45,926	60,826	25,213	26,955
Publicity allowance from principals		19,808	25,441	25,112	11,599	10,244
Interest income from						
— bank deposits		3,177	6,881	13,303	6,055	6,631
— a fellow subsidiary		1,186	1,066	1,239	568	1,274
Write off of long outstanding trade payables		6,506	4,207	4,285	1,358	317
Dividend income from listed investments		3,526	1,338	2,202	892	1,658
Miscellaneous		28,414	22,213	16,776	9,711	14,475
		101,595	107,072	123,743	55,396	61,554
Discontinued operations						
Write off of long outstanding trade payables		2,029	1,342	—	—	371
Interest income from bank deposits		2	10	156	10	98
Miscellaneous		3	—	248	217	—
	8	2,034	1,352	404	227	469
		103,629	108,424	124,147	55,623	62,023
Other net gain/(loss)						
Continuing operations						
Net (loss)/gain on disposal of fixed assets						
— investment property		—	—	18,385	18,385	—
— other fixed assets		(1,344)	3,312	2,824	(2,709)	3,810
Net foreign exchange gain/(loss)		9,287	(2,975)	16,012	8,275	5,831
Net (loss)/gain on disposal of subsidiaries		—	(280)	31	—	2,694
Net loss on disposal of associates		—	—	—	—	(2,682)
Net loss on disposal of jointly controlled entities		(3,543)	(4,696)	—	—	—
		4,400	(4,639)	37,252	23,951	9,653
Discontinued operations						
Net gain/(loss) on disposal of fixed assets		14	(19)	(31)	(48)	(139)
Net foreign exchange loss		—	—	—	—	(39)
	8	14	(19)	(31)	(48)	(178)
		4,414	(4,658)	37,221	23,903	9,475

4 PROFIT BEFORE TAXATION

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

	Years ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(unaudited)	
(a) Finance costs:					
Continuing operations					
Interest on bank advances and other borrowings wholly repayable within five years	20,866	26,450	42,915	21,843	23,271
(b) Staff costs:					
Continuing operations					
Contributions to defined contribution retirement plans	40,307	44,477	46,507	21,898	22,263
Equity-settled share based payment expenses	1,770	—	1,960	1,960	—
Salaries, wages and other benefits	720,884	753,859	838,913	405,719	458,331
	762,961	798,336	887,380	429,577	480,594
Discontinued operations					
Contributions to defined contribution retirement plans	1,096	1,087	651	292	265
Salaries, wages and other benefits	21,985	23,740	15,811	9,034	6,796
	23,081	24,827	16,462	9,326	7,061
	786,042	823,163	903,842	438,903	487,655
(c) Rentals receivables:					
Continuing operations					
Rentals receivables from investment properties	(41,581)	(40,901)	(42,224)	(20,832)	(21,138)
Less: direct outgoings	13,382	13,315	15,426	8,996	6,380
	(28,199)	(27,586)	(26,798)	(11,836)	(14,758)
Rentals receivables from other operating leases less outgoings	(152,364)	(140,288)	(132,957)	(70,589)	(61,749)
	(180,563)	(167,874)	(159,755)	(82,425)	(76,507)

	Years ended 31 December			Six months ended 30 June	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
(d) Other items:					
Continuing operations					
Amortisation					
— land lease premium	508	324	989	211	1,518
— intangible assets	—	—	1,981	—	2,625
Depreciation	125,327	132,894	138,744	65,795	65,325
Impairment losses provided/(reversed)					
— trade receivables	2,803	(391)	9,421	5,621	811
— amount due from a jointly controlled entity	2,209	—	—	—	2,052
— amount due from an associate	—	24,456	8,283	1,664	2,809
Bad debts written off	9,213	—	—	—	—
Auditors' remuneration	6,180	6,333	6,817	2,798	3,053
Operating lease charges: minimum lease payments on properties rentals	179,780	186,125	202,178	97,951	109,177
Share of associates' taxation	1,772	36	(771)	(504)	—
Share of jointly controlled entities' taxation	6,546	7,615	9,342	4,521	6,600
Discontinued operations					
Depreciation	1,048	1,124	817	462	256
Impairment losses provided/(reversed) on trade receivables	—	991	5,759	(3,752)	—
Expected losses on construction contracts	—	—	22,664	—	7,500
Auditors' remuneration	130	125	136	47	48
Operating lease charges: minimum lease payments on properties rentals	569	530	662	362	201

5 INCOME TAX IN THE COMBINED INCOME STATEMENT

(a) Taxation in the combined income statements represents:

	Years ended 31 December			Six months ended 30 June	
	2004	2005	2006	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Continuing operations					
Current tax — Hong Kong Profits Tax					
Provision for the year/period	23,877	33,671	44,734	23,501	31,142
Under/(over)-provision in respect of prior years	1,894	192	(3,640)	127	(2,670)
	25,771	33,863	41,094	23,628	28,472
Current tax — Outside Hong Kong					
Provision for the year/period	27,091	26,359	39,438	18,128	29,861
Under/(over)-provision in respect of prior years	377	1,020	(600)	(749)	4,713
	27,468	27,379	38,838	17,379	34,574
Deferred tax					
Origination and reversal of temporary differences *(note 30(b))*	11,291	22,461	12,892	8,250	2,091
	64,530	83,703	92,824	49,257	65,137

(i) Provision for Hong Kong Profits Tax for the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007 is calculated at 17.5% of the estimated assessable profits for the Relevant Period.

(ii) Pursuant to the income tax rules and regulations of the PRC, PRC subsidiaries are liable to PRC Enterprise Income Tax at a rate of 33% during the Relevant Period, except for the following:

(a) Subsidiaries which are foreign owned enterprises in the PRC are entitled to tax concessions whereby they are fully exempted from PRC Enterprise Income Tax for 2 years starting from the first profit-making year, following by a 50% reduction in PRC Enterprise Income Tax for the next three years.

(b) Certain PRC subsidiaries are situated in economic or development zones in Shanghai and Shenzhen and, therefore, enjoy a preferential PRC Enterprise Income Tax rate of 15%, according to the income tax rules and regulations in the PRC for the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the PRC ("new tax law") which will take effect on 1 January 2008. Income tax for PRC subsidiaries comprising the Group and PRC associates and jointly controlled entities in the Financial Information is calculated based on the applicable rates of income tax ruling in the relevant provinces or economic or development zones in the PRC ranged from 15% to 33%. From 1 January 2008, the PRC Enterprise Income Tax rate is expected to be gradually adjusted to the standard rate of 25% over a five-year transition period. However, the new tax law has not set out the details as to how the existing preferential income tax rate will be gradually adjusted to the standard rate of 25%. Consequently, the Group is not able to make an estimate of the expected financial effect of the new tax law on its deferred tax assets and liabilities. The expected financial effect of the new tax law, if any, will be reflected in the Group's 2007 annual financial statements. The enactment of the new tax law is not expected to have any financial effect on the amounts accrued in the balance sheets in respect of current tax payable.

Further under the new tax law, from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business in the PRC, will be subject to withholding tax at the rate of 20% on various types of passive income such as dividends derived from sources in the PRC. The Group has already commenced an assessment on the impact of the new tax law regarding the above mentioned withholding tax but is not yet in a position to state whether the new tax law would have a significant impact on the Group's results of operations and financial position.

(iii) Subsidiaries in Macao are liable to Macao income tax during the Relevant Period. The Macao income tax is calculated at progressive tax rates ranged from 3% to 12% for the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007.

(iv) Taxation for the subsidiaries outside Hong Kong, Macao and the PRC is charged at the appropriate current rates of taxation ruling in the relevant tax jurisdictions during the Relevant Period as follows:

	Years ended 31 December			**Six months ended 30 June**	
	2004	**2005**	**2006**	**2006**	**2007**
				(unaudited)	
Japan	40.70%	40.70%	40.70%	40.70%	40.70%
Canada	34.12%	34.12%	34.12%	34.12%	34.12%
Republic of Singapore	20.00%	20.00%	20.00%	20.00%	18.00%

The subsidiary in Bermuda is not subject to any income tax pursuant to the rules and regulations of Bermuda.

(v) No provision for Hong Kong Profits Tax was made for the discontinued operations as the companies comprising the discontinued operations have sustained losses for taxation purposes during the Relevant Period.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Years ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (unaudited)	*HK$'000*
Profit/(loss) before taxation					
— from continuing operations	343,722	359,552	468,126	217,847	298,569
— from discontinued operations	6,453	(24,095)	(40,182)	(11,475)	(18,336)
	350,175	335,457	427,944	206,372	280,233
Tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	70,667	70,275	91,003	39,815	58,960
Tax effect of non-deductible expenses	9,531	17,799	23,692	17,852	21,194
Tax effect of non-taxable income	(22,072)	(12,295)	(16,868)	(4,312)	(8,679)
Tax effect of unused tax losses not recognised	13,173	13,295	16,140	8,412	7,521
Tax effect of prior years' unrecognised deferred tax assets utilised	(6,920)	(3,433)	(9,402)	(5,590)	(8,107)
Effect of tax concessions obtained	(2,120)	(3,150)	(7,501)	(6,298)	(7,953)
Effect of decrease in tax rate on deferred tax balance	—	—	—	—	158
Under/(over)-provision in respect of prior years	2,271	1,212	(4,240)	(622)	2,043
Actual tax expense	64,530	83,703	92,824	49,257	65,137

The combined effective income tax rates for profit from continuing operations before share of profits less losses of associates and jointly controlled entities for the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007 was 20.5%, 24.7%, 21.4%, 24.9% and 23.8% respectively. The fluctuation is mainly caused by a change in the profitability of the Group's subsidiaries in the respective countries.

6 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance are as follows:

	Year ended 31 December 2004						
	Directors' fees	**Salaries, allowances and other benefits**	**Discretionary bonuses**	**Contributions to defined contribution retirement schemes**	**Sub-total**	**Share based payments**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors							
Hui Ying Bun	64	1,581	3,113	146	4,904	1,062	5,966
Chu Hon Fai	54	1,440	2,200	130	3,824	708	4,532
Yip Moon Tong Donald	—	1,234	1,600	120	2,954	—	2,954
Mak Kwing Tim	—	1,467	950	131	2,548	—	2,548
Lau Sei Keung Victor	—	911	1,212	85	2,208	—	2,208
Tsoi Tai Kwan Arthur	—	859	1,400	79	2,338	—	2,338
Glenn Robert Sturrock Smith	—	2,639	662	68	3,369	—	3,369
Chan Kin Man Andrew	—	1,011	450	46	1,507	—	1,507
Total	118	11,142	11,587	805	23,652	1,770	25,422

	Year ended 31 December 2005						
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contributions to defined contribution retirement schemes	Sub-total	Share based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors							
Hui Ying Bun	55	1,575	2,812	146	4,588	—	4,588
Chu Hon Fai	47	1,426	2,000	130	3,603	—	3,603
Yip Moon Tong Donald	—	1,240	1,500	120	2,860	—	2,860
Mak Kwing Tim	—	1,455	1,150	131	2,736	—	2,736
Lau Sei Keung Victor	—	1,136	860	108	2,104	—	2,104
Tsoi Tai Kwan Arthur	—	1,175	974	108	2,257	—	2,257
Glenn Robert Sturrock Smith	—	2,455	793	68	3,316	—	3,316
Chan Kin Man Andrew	—	1,035	400	47	1,482	—	1,482
Total	102	11,497	10,489	858	22,946	—	22,946

	Year ended 31 December 2006						
	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Contributions to defined contribution retirement schemes	Sub-total	Share based payments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors							
Hui Ying Bun	55	1,591	3,113	145	4,904	1,176	6,080
Chu Hon Fai	47	1,499	2,200	130	3,876	784	4,660
Yip Moon Tong Donald	—	1,253	1,600	120	2,973	—	2,973
Mak Kwing Tim	—	1,409	1,600	131	3,140	—	3,140
Lau Sei Keung Victor	—	1,143	1,110	108	2,361	—	2,361
Tsoi Tai Kwan Arthur	—	1,176	1,100	108	2,384	—	2,384
Glenn Robert Sturrock Smith	—	2,669	880	68	3,617	—	3,617
Chan Kin Man Andrew	—	1,054	400	48	1,502	—	1,502
Total	102	11,794	12,003	858	24,757	1,960	26,717

	Six months ended 30 June 2006 *(unaudited)*						
	Directors' fees	**Salaries, allowances and other benefits**	**Discretionary bonuses**	**Contributions to defined contribution retirement schemes**	**Sub-total**	**Share based payments**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors							
Hui Ying Bun	—	795	1,398	73	2,266	1,176	3,442
Chu Hon Fai	—	749	1,002	65	1,816	784	2,600
Yip Moon Tong Donald	—	625	750	60	1,435	—	1,435
Mak Kwing Tim	—	677	576	66	1,319	—	1,319
Lau Sei Keung Victor	—	571	432	54	1,057	—	1,057
Tsoi Tai Kwan Arthur	—	588	492	54	1,134	—	1,134
Glenn Robert Sturrock Smith	—	1,402	357	34	1,793	—	1,793
Chan Kin Man Andrew	—	567	204	24	795	—	795
Total	—	5,974	5,211	430	11,615	1,960	13,575

	Six months ended 30 June 2007						
	Directors' fees	**Salaries, allowances and other benefits**	**Discretionary bonuses**	**Contributions to defined contribution retirement schemes**	**Sub-total**	**Share based payments**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors							
Hui Ying Bun	—	819	1,548	73	2,440	—	2,440
Chu Hon Fai	—	775	1,098	67	1,940	—	1,940
Yip Moon Tong Donald	—	651	804	63	1,518	—	1,518
Mak Kwing Tim	—	701	804	68	1,573	—	1,573
Lau Sei Keung Victor	—	599	558	56	1,213	—	1,213
Tsoi Tai Kwan Arthur	—	620	552	56	1,228	—	1,228
Glenn Robert Sturrock Smith	—	1,468	396	34	1,898	—	1,898
Chan Kin Man Andrew	—	590	204	25	819	—	819
Total	—	6,223	5,964	442	12,629	—	12,629

A number of the Company's directors were granted share options of CITIC Pacific. Details of the share options plan are set out in note 29.

The discretionary bonuses of the Group were determined and approved by the Board with reference to the performance of the Group and the respective directors.

During the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office and none of the directors has waived or agreed to waive any emoluments. No remuneration was paid to independent non-executive directors during the Relevant Period.

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group for the Relevant Period are also the directors of the Group, whose emoluments are disclosed in note 6.

8 DISCONTINUED OPERATIONS

On 29 June 2007, the Group's operation in provision of construction works were discontinued following the disposal of Dah Chong Hong (Engineering) Limited and its subsidiaries (collectively known as "DCH (Engineering) group") to a wholly-owned subsidiary of CITIC Pacific at the carrying value. The disposal has resulted in a net gain of HK$1,946,000 for the period ended 30 June 2007.

(a) The results of the discontinued operations for the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007 were as follows:

		Years ended 31 December			Six months ended 30 June	
		2004	**2005**	**2006**	**2006**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (*unaudited*)	*HK$'000*
Turnover	2	410,879	179,256	86,281	42,875	40,437
Cost of goods sold/services		(390,659)	(187,647)	(104,282)	(42,907)	(51,615)
Gross profit/(loss)		20,220	(8,391)	(18,001)	(32)	(11,178)
Other revenue	3	2,034	1,352	404	227	469
Other net gain/(loss)	3	14	(19)	(31)	(48)	(178)
Selling and distribution expenses		(4,184)	(3,327)	(3,424)	(1,062)	(1,610)
Administrative expenses		(11,631)	(13,710)	(19,130)	(10,560)	(5,839)
Profit/(loss) for the year/period		6,453	(24,095)	(40,182)	(11,475)	(18,336)

(b) The net assets of the discontinued operations as at the date of discontinuance were as follows:

	HK$'000
Property, plant and equipment	926
Asset held for sale	1,830
Trade and other receivables	35,072
Gross amount due from customers for contract work	38,574
Cash and bank deposits	15,622
Trade and other payables	(68,734)
Gross amount due to customers for contract work	(23,290)
Net assets	—
Release of exchange reserve upon disposal	1,946
	1,946

(c) The cash flows of the discontinued operations for the years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2006 and up to the date of disposal on 29 June 2007 were as follows:

	Years ended 31 December			**Six months ended 30 June**	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Net cash (used in)/generated from operating activities	(2,473)	(10,233)	(13,460)	(5,967)	9,068
Net cash used in investing activities	(20,821)	(289)	(165)	(7)	(8,714)
Net cash generated from/(used in) financing activities	44,990	13,964	6,899	(801)	(5,439)
Increase/(decrease) in cash and cash equivalents	21,696	3,442	(6,726)	(6,775)	(5,085)

9 PROFITS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The combined profit attributable to equity shareholders of the Company includes profits of HK$206,646,000, HK$249,038,000, HK$209,479,000, HK$26,075,000 *(unaudited)* and HK$31,122,000 for the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007 respectively which have been dealt with in the financial statements of the Company.

10 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable to the year/period:

	Years ended 31 December			**Six months ended 30 June**	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Interim dividend declared and paid of HK$6.6 per share	138,810	138,810	138,810	—	—

11 BASIC AND DILUTED EARNINGS/(LOSSES) PER SHARE

(a) From continuing and discontinued operations

The basic earnings per share for each of the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007 is calculated based on the profits attributable to the equity shareholders of the Company of HK$283,086,000, HK$243,446,000, HK$323,746,000, HK$148,575,000 *(unaudited)* and HK$209,717,000 respectively and 1,620,000,000 ordinary shares pursuant to the sub-division of share capital of the Company in connection with the Reorganisation (see Appendix VI to the Prospectus), as if the shares were outstanding throughout the entire Relevant Period, and immediately before the share offering.

(b) From continuing operations

The basic earnings per share from continuing operations for each of the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007 is calculated based on the profit from continuing operations attributable to the equity shareholders of the Company of HK$276,633,000, HK$267,541,000, HK$363,928,000, HK$160,050,000 *(unaudited)* and HK$228,053,000 respectively and 1,620,000,000 ordinary shares pursuant to the sub-division of share capital of the Company in connection with the Reorganisation (see Appendix VI to the Prospectus), as if the shares were outstanding throughout the entire Relevant Period, and immediately before the share offering.

(c) From discontinued operations

The basic earnings/(losses) per share from discontinued operations for each of the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007 is calculated based on the profit/(loss) from discontinued operations attributable to the equity shareholders of the Company of HK$6,453,000, HK$(24,095,000), HK$(40,182,000), HK$(11,475,000) *(unaudited)* and HK$(18,336,000) respectively and 1,620,000,000 ordinary shares pursuant to the sub-division of share capital of the Company in connection with the Reorganisation (see Appendix VI to the Prospectus), as if the shares were outstanding throughout the entire Relevant Period, and immediately before the share offering.

(d) Diluted earnings per share

There were no diluted potential ordinary shares during the Relevant Period and, therefore, diluted earnings per share are not presented.

12 FIXED ASSETS

The Group

	Land and buildings held for own use *HK$'000*	Others *(note (a))* *HK$'000*	Sub-total *HK$'000*	Investment properties *HK$'000*	Total fixed assets *HK$'000*
Cost or valuation:					
At 1 January 2004	211,615	1,072,265	1,283,880	458,608	1,742,488
Exchange adjustments	4,781	9,272	14,053	11,104	25,157
Additions	250	170,490	170,740	485	171,225
Disposals	—	(71,877)	(71,877)	(298)	(72,175)
Fair value adjustment	—	—	—	57,065	57,065
At 31 December 2004	216,646	1,180,150	1,396,796	526,964	1,923,760
Representing:					
Cost	216,646	1,180,150	1,396,796	—	1,396,796
Valuation — 2004	—	—	—	526,964	526,964
	216,646	1,180,150	1,396,796	526,964	1,923,760
Accumulated depreciation and impairment:					
At 1 January 2004	76,921	664,197	741,118	—	741,118
Exchange adjustments	1,304	2,497	3,801	—	3,801
Charge for the year	6,123	120,252	126,375	—	126,375
Written back on disposals	—	(46,838)	(46,838)	—	(46,838)
At 31 December 2004	84,348	740,108	824,456	—	824,456
Net book value:					
At 31 December 2004	132,298	440,042	572,340	526,964	1,099,304

	Land and buildings held for own use *HK$'000*	Others *(note (a))* *HK$'000*	Sub-total *HK$'000*	Investment properties *HK$'000*	Total fixed assets *HK$'000*
Cost or valuation:					
At 1 January 2005	216,646	1,180,150	1,396,796	526,964	1,923,760
Exchange adjustments	(4,763)	6,087	1,324	(34,484)	(33,160)
Additions					
— through acquisition of subsidiaries	3,372	2,844	6,216	—	6,216
— others	6,748	126,050	132,798	265	133,063
Transfer					
— among fixed assets	(7,217)	(10)	(7,227)	7,227	—
— from lease prepayments *(note 13)*	—	—	—	8,148	8,148
— from assets held for sale *(note 20)*	—	—	—	2,102	2,102
Disposals	(789)	(135,624)	(136,413)	—	(136,413)
Fair value adjustment	2,630	—	2,630	77,171	79,801
Less: elimination of accumulated depreciation	(1,664)	(44)	(1,708)	—	(1,708)
At 31 December 2005	214,963	1,179,453	1,394,416	587,393	1,981,809
Representing:					
Cost	214,963	1,179,453	1,394,416	—	1,394,416
Valuation — 2005	—	—	—	587,393	587,393
	214,963	1,179,453	1,394,416	587,393	1,981,809
Accumulated depreciation and impairment:					
At 1 January 2005	84,348	740,108	824,456	—	824,456
Exchange adjustments	(1,586)	1,577	(9)	—	(9)
Through acquisition of subsidiaries	431	235	666	—	666
Charge for the year	6,468	127,550	134,018	—	134,018
Written back on disposals	(739)	(100,879)	(101,618)	—	(101,618)
Less: elimination of accumulated depreciation	(1,664)	(44)	(1,708)	—	(1,708)
At 31 December 2005	87,258	768,547	855,805	—	855,805
Net book value:					
At 31 December 2005	127,705	410,906	538,611	587,393	1,126,004

	Land and buildings held for own use *HK$'000*	Others *(note (a))* *HK$'000*	Sub-total *HK$'000*	Investment properties *HK$'000*	Total fixed assets *HK$'000*
Cost or valuation:					
At 1 January 2006	214,963	1,179,453	1,394,416	587,393	1,981,809
Exchange adjustments	5,891	8,601	14,492	(1,826)	12,666
Additions					
— through acquisition of subsidiaries	79,161	19,205	98,366	—	98,366
— others	26,396	210,053	236,449	18,464	254,913
Transfer					
— among fixed assets	60,783	(60,884)	(101)	101	—
— from lease prepayments *(note 13)*	—	—	—	5,041	5,041
— to inventories	—	(6,231)	(6,231)	—	(6,231)
Disposals	(79)	(185,109)	(185,188)	(14,281)	(199,469)
Fair value adjustment	—	—	—	111,735	111,735
Less: elimination of accumulated depreciation	(42)	(1)	(43)	—	(43)
At 31 December 2006	387,073	1,165,087	1,552,160	706,627	2,258,787
Representing:					
Cost	387,073	1,165,087	1,552,160	—	1,552,160
Valuation — 2006	—	—	—	706,627	706,627
	387,073	1,165,087	1,552,160	706,627	2,258,787
Accumulated depreciation and impairment:					
At 1 January 2006	87,258	768,547	855,805	—	855,805
Exchange adjustments	1,260	3,882	5,142	—	5,142
Through acquisition of subsidiaries	11,289	5,584	16,873	—	16,873
Charge for the year	16,267	123,294	139,561	—	139,561
Transfer to inventories	—	(4,050)	(4,050)	—	(4,050)
Written back on disposals	(19)	(126,767)	(126,786)	—	(126,786)
Less: elimination of accumulated depreciation	(42)	(1)	(43)	—	(43)
At 31 December 2006	116,013	770,489	886,502	—	886,502
Net book value:					
At 31 December 2006	271,060	394,598	665,658	706,627	1,372,285

	Land and buildings held for own use HK$'000	Others *(note (a))* HK$'000	Sub-total HK$'000	Investment properties HK$'000	Total fixed assets HK$'000
Cost or valuation:					
At 1 January 2007	387,073	1,165,087	1,552,160	706,627	2,258,787
Exchange adjustments	8,037	11,426	19,463	(6,159)	13,304
Additions	8,951	74,475	83,426	—	83,426
Transfer					
— among fixed assets	5,742	(5,742)	—	—	—
— to lease prepayments *(note 13)*	—	—	—	(63,601)	(63,601)
Disposals					
— through disposals of subsidiaries	—	(3,510)	(3,510)	—	(3,510)
— others	(872)	(72,270)	(73,142)	—	(73,142)
Fair value adjustment	—	—	—	60,755	60,755
At 30 June 2007	408,931	1,169,466	1,578,397	697,622	2,276,019
Representing:					
Cost	408,931	1,169,466	1,578,397	—	1,578,397
Valuation — 2007	—	—	—	697,622	697,622
	408,931	1,169,466	1,578,397	697,622	2,276,019
Accumulated depreciation and impairment:					
At 1 January 2007	116,013	770,489	886,502	—	886,502
Exchange adjustments	1,400	4,755	6,155	—	6,155
Charge for the period	8,182	57,399	65,581	—	65,581
Written back on disposals	—	(42,664)	(42,664)	—	(42,664)
Disposals of subsidiaries	—	(2,585)	(2,585)	—	(2,585)
At 30 June 2007	125,595	787,394	912,989	—	912,989
Net book value:					
At 30 June 2007	283,336	382,072	665,408	697,622	1,363,030

The Company

	31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	30 June 2007 HK$'000
Investment property at valuation:				
At 1 January	40,000	48,000	53,000	53,000
Fair value adjustment	8,000	5,000	—	—
At 31 December/30 June	48,000	53,000	53,000	53,000

(a) Other fixed assets comprise cargo lighters, computer installations, motor vehicles, plant, machinery, furniture, fixtures and equipment.

(b) Property valuations

All investment properties of the Group and the Company were revalued at each balance sheet date by independent firms of surveyors on an open market value basis by making reference to comparable market transactions and where appropriate on the basis of the capitalisation of the net rental income with due allowance for the reversionary income potential. Details of the independent valuers are as follows:

Investment properties located in	Name of valuers	Financial year/period ended
Hong Kong	Knight Frank Petty Limited	Years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2007
The PRC	Knight Frank Petty Limited	Years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2007
Japan	Tekko Building Co., Limited	Years ended 31 December 2004, 2005 and 2006
	Knight Frank Petty Limited	Six months ended 30 June 2007

Among the staff of Knight Frank Petty Limited are fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued.

Among the staff of Tekko Building Co., Limited are member of the Japanese Association of Real Estate Appraisal with recent experience in the location and category of property being valued.

(c) The analysis of net book value of properties is as follows:

	The Group			
	31 December			**30 June**
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment properties				
Long term leasehold properties held in Hong Kong	257,850	313,750	330,350	360,250
Medium term leasehold properties held outside Hong Kong	—	14,418	64,580	5,852
Freehold properties held outside Hong Kong	269,114	259,225	311,697	331,520
	526,964	587,393	706,627	697,622
Other properties				
Leasehold properties held in Hong Kong				
— Long term leases	5,527	5,411	5,295	5,235
— Medium term leases	18,369	17,853	17,337	17,079
— Short term leases	30,546	26,958	23,370	21,576
Leasehold properties held outside Hong Kong				
— Medium term leases	31,578	39,139	167,436	176,117
— Short term leases	—	—	19,173	23,695
Freehold properties held outside Hong Kong	46,278	38,344	38,449	39,634
	132,298	127,705	271,060	283,336

	The Company			
	31 December			**30 June**
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Investment property				
Long term leasehold property held in Hong Kong	48,000	53,000	53,000	53,000

(d) Certain buildings situated in the PRC with an aggregate net book value of HK$17,034,000, HK$24,332,000 and HK$110,822,000 and HK$130,720,000 as at 31 December 2004, 2005, 2006 and 30 June 2007 respectively are built on land leased from third parties which has yet to obtain the property ownership certificates. Notwithstanding this, the directors are of the opinion that the Group has the right to use these buildings during the Relevant Period.

(e) Fixed assets leased out under operating leases

The Group leases out investment properties and a number of items of other properties, equipment and motor vehicles under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

		31 December		**30 June**
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	77,330	70,154	57,013	64,264
After 1 year but within 5 years	58,997	59,607	25,908	47,939
After 5 years	603	382	237	5,156
	136,930	130,143	83,158	117,359

13 LEASE PREPAYMENTS

			The Group	
		31 December		**30 June**
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost:				
At 1 January	25,504	25,858	26,104	72,259
Exchange adjustments	354	208	1,879	2,760
Additions	—	9,476	—	2,680
Additions through acquisitions of subsidiaries *(note 32)*	—	—	49,317	—
Transfer (to)/from investment property *(note 12)*	—	(8,148)	(5,041)	63,601
Less: elimination of accumulated amortisation	—	(1,290)	—	—
At 31 December/30 June	25,858	26,104	72,259	141,300
Accumulated amortisation:				
At 1 January	4,275	4,875	3,908	5,167
Exchange adjustments	92	(1)	270	104
Charge for the year	508	324	989	1,518
Less: elimination of accumulated amortisation	—	(1,290)	—	—
At 31 December/30 June	4,875	3,908	5,167	6,789
Net book value:				
At 31 December/30 June	20,983	22,196	67,092	134,511

The lease prepayments of the Group represent cost of the land use rights in respect of land located in the PRC. The remaining period of the land use rights of the Group ranges from 35 to 48 years.

14 INTANGIBLE ASSETS

	The Group	
	31 December 2006	**30 June 2007**
	HK$'000	*HK$'000*
Cost:		
At 1 January	—	45,426
Exchange adjustments	—	2,464
Addition through acquisition of subsidiaries *(note 32)*	45,426	—
At 31 December/30 June	45,426	47,890
Accumulated amortisation:		
At 1 January	—	1,981
Exchange adjustments	—	123
Charge for the year/period	1,981	2,625
At 31 December/30 June	1,981	4,729
Net book value:		
At 31 December/30 June	43,445	43,161

There was no identifiable intangible assets recognised by the Group as at 1 January and 31 December 2004 and 1 January and 31 December 2005.

The Group's principal identifiable intangible assets as at 31 December 2006 and 30 June 2007 represent dealership agreements in the PRC with various vehicle manufacturers acquired from independent third parties. The dealership agreements do not include a specified contract period or termination arrangement. The management determined the useful life of these rights by making reference to the operating life granted by the relevant PRC government body of these subsidiaries. The amortisation charge for the Relevant Period is included in "administrative expenses" in the combined income statements.

15 GOODWILL

	The Group			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost and carrying amount:				
At 1 January	169,328	169,328	169,328	169,530
Exchange adjustments	—	—	—	19
Addition through business combination *(note 32)*	—	—	202	543
At 31 December/30 June	169,328	169,328	169,530	170,092

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the country of operation and business segment as follows:

	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Food and consumer products — Hong Kong	169,328	169,328	169,328	169,328
Motor — the PRC *(notes 32(iv) and 32(vi))*	—	—	163	725
Food and consumer products — Macao *(note 32(v))*	—	—	39	39
	169,328	169,328	169,530	170,092

Food and consumer products — Hong Kong

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations:

	31 December 2006	**30 June 2007**
	%	*%*
Gross margin	20.80	20.80
Growth rate	10.20	10.20
Discount rate	5.35	5.35

Management determined the budgeted gross margin based on past performance and its expectation for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

16 INVESTMENT IN SUBSIDIARIES

	The Company			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	19,160	19,160	19,160	19,160
Less: impairment loss	(100)	(100)	(100)	(100)
	19,060	19,060	19,060	19,060

Details of the Company's principal subsidiaries are set out in Section A of this report.

All of these are controlled subsidiaries as defined under note 1(c) of Section C and have been combined into the Financial Information of the Group during the Relevant Period.

17 INTEREST IN ASSOCIATES

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	89,157	105,906	111,479	116,277

(a) Particulars of associates

The following are the principal associates of the Group which in the opinion of the directors, principally affect the results and net assets of the Group. To give details of other associates would in the opinion of the directors result in particulars of excessive length.

Name of associate	*Note*	Place and date of incorporation/ operation	Registered and paid-in capital	Proportion of ownership interest: the Group's effective interest	Proportion of ownership interest: held by a subsidiary	Principal activities
Otsuka Sims (Guangdong) Beverage Co., Ltd.	(i)	The PRC 1 February 2005	USD10,000,000	40%	40%	Production of beverage
Shanghai Shineway DCH Tyson Co., Ltd.	(ii)	The PRC 25 March 1998	RMB154,750,000	22%	40%	Production and selling of meat and related food products
廣東偉德利電器製造有限公司 (Guangdong Victory Electrical Appliances Manufacturing Co., Ltd.)	(i), (iii)	The PRC 14 May 2004	USD10,000,000	20%	20%	Production and selling of household electrical

(i) These entities are wholly foreign owned enterprises established in the PRC.

(ii) This entity is a sino-foreign co-operative joint venture established in the PRC.

(iii) The English translation of the company name is for reference only. The official name of this company is in Chinese.

(b) Summary financial information on associates

	Assets	Liabilities	Equity	Revenue	Profit/(loss)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 31 December 2004					
100 per cent	1,463,251	(1,272,012)	191,239	471,515	9,115
Group's effective interest	661,591	(572,434)	89,157	200,603	4,540
At 31 December 2005					
100 per cent	1,769,369	(1,600,681)	168,688	658,711	(16,372)
Group's effective interest	761,012	(655,106)	105,906	272,229	(7,407)
At 31 December 2006					
100 per cent	1,933,348	(1,765,672)	167,676	981,047	(1,202)
Group's effective interest	776,850	(665,371)	111,479	328,040	(1,341)
At 30 June 2007					
100 per cent	2,097,438	(1,919,119)	178,319	487,903	5,725
Group's effective interest	765,528	(649,251)	116,277	159,754	1,812

The Group has not recognised its share of accumulated losses of associates to the extent of HK$Nil, HK$19,888,000, HK$31,629,000 and HK$32,378,000 as at 31 December 2004, 2005 and 2006 and 30 June 2007 respectively.

18 INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Share of net assets	137,172	107,644	159,868	155,435

(a) Particulars of jointly controlled entities

The following are the principal jointly controlled entities of the Group which in the opinion of the directors, principally affect the results and net assets of the Group. To give details of other jointly controlled entities would in the opinion of the directors result in particulars of excessive length.

Name of jointly controlled entity	*Note*	Place and date of incorporation/ operation	Authorised/ registered/paid-in/ issued capital	Proportion of ownership interest: the Group's effective interest	Proportion of ownership interest: held by a subsidiary	Principal activities
北京中遠大昌汽車租賃有限公司 (COSCO - DCH (Beijing) Motor Leasing Company Limited)	(i),(ii)	The PRC 10 April 2002	Registered capital of RMB80,000,000 and paid-in capital of RMB60,000,000	50%	50%	Motor vehicle leasing
DAS Nordisk Phoenix Aviation Equipment Limited	(i)	The PRC 20 October 2003	Registered and paid-in capital of RMB4,000,000	24.5%	50%	Manufacture and distribution of air cargo equipment and related spare parts
上海東實航空地面設備有限公司 (Shanghai China Eastern Aero-Equipment Engineering Co., Ltd.)	(i),(ii)	The PRC 5 August 2003	Registered and paid-in capital of RMB4,000,000	24.5%	50%	Manufacture and distribution of air cargo equipment and related spare parts
Shiseido Dah Chong Hong Cosmetics Limited		Hong Kong 22 June 1998	Authorised and issued share capital of HK$123,000,001 at HK$1 per share	50%	50%	Trading of cosmetic products

(i) These entities are sino-foreign co-operative joint ventures established in the PRC.

(ii) The English translation of the company name is for reference only. The official name of this company is in Chinese.

(b) Summary financial information on jointly controlled entities — The Group's effective interest

	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current assets	68,531	71,614	101,935	108,641
Current assets	240,811	239,959	250,085	314,214
Non-current liabilities	(9,636)	(6,728)	(2,492)	(2,374)
Current liabilities	(162,534)	(197,201)	(189,660)	(265,046)
Net assets	137,172	107,644	159,868	155,435
Income	477,328	559,594	614,810	394,363
Expenses	(453,634)	(531,096)	(579,273)	(371,815)
Profit for the year/period	23,694	28,498	35,537	22,548

19 OTHER FINANCIAL ASSETS

The Group

	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale equity securities				
— Unlisted	43,951	37,162	37,231	36,366
— Listed in Hong Kong	28,985	44,801	119,144	153,982
	72,936	81,963	156,375	190,348
Market value of listed securities	28,985	44,801	119,144	153,982

The Company

	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Available-for-sale equity securities				
— Unlisted	444	444	444	444

Included in the unlisted equity securities of the Group amounted to HK$34,718,000, HK$30,269,000, HK$29,994,000 and HK$29,214,000 as at 31 December 2004, 2005 and 2006 and 30 June 2007 respectively is an investment in a company which holds a leveraged aircraft lease. The fair value of this investment is estimated using discounted cash flow techniques. The estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at each balance sheet date.

The amount of HK$9,233,000, HK$6,893,000, HK$7,237,000 and HK$7,152,000 included in the unlisted equity securities of the Group as at 31 December 2004, 2005 and 2006 and 30 June 2007 respectively and the amount of HK$444,000 included in the unlisted equity securities of the Company as at each balance sheet date are carried at cost. Management considers that the fair values of these securities cannot be measured reliably as there are no quoted prices available.

20 ASSETS HELD FOR SALE

As at 31 December 2004, a property situated in Hong Kong was presented as an asset held for sale as the Group's management was committed to a plan to dispose of the property and actively identified potential buyers. During the year ended 31 December 2005, due to the change in property market situation, the management changed its disposal plan and leased out the property to a third party. Accordingly, the property was transferred from assets held for sale to investment property at the fair value prevailing at the date of transfer.

As at 31 December 2006, a property situated in Hong Kong is presented as an asset held for sale following the commitment of the Group's management to a plan to dispose of the property. Efforts to sell the property have been commenced and a sale is expected by end of 2007. At 31 December 2006, the property was carried at HK$1,830,000 being the lower of its carrying amount and fair value less costs to sell. No impairment loss has been recognised. As part of the disposal of DCH (Engineering) group, the assets held for sale were disposed of to a wholly-owned subsidiary of CITIC Pacific.

21 INVENTORIES

(a) Inventories at each balance sheet date represent finished goods and are analysed as follows:

	The Group			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Motor vehicles and spare parts	777,303	704,289	959,417	1,137,735
Food and consumer products	677,556	682,359	569,816	622,171
	1,454,859	1,386,648	1,529,233	1,759,906

(b) An analysis of the amount of inventories recognised as an expense is as follows:

	The Group			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount of inventories sold	9,260,239	8,346,473	10,399,126	5,643,965
Write-down of inventories	20,928	14,863	46,436	36,758
Reversal of write-down of inventories	(31,037)	(22,458)	(18,127)	(16,669)
	9,250,130	8,338,878	10,427,435	5,664,054

The reversal of write-down of inventories made in prior years arose due to an increase in the estimated net realisable value of certain merchandises, mainly motor vehicles, as a result of a change in consumer preferences.

22 TRADE AND OTHER RECEIVABLES

	The Group			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	1,163,791	1,032,450	1,255,900	1,201,447
Bills receivable	26,433	29,249	25,353	16,811
Other receivables, deposits and prepayments	525,180	988,336	860,941	874,135
Amounts due from fellow subsidiaries *(note (a))*	275,649	238,401	243,319	238,833
Amounts due from associates *(note (b))*	33,388	61,078	89,655	74,721
Amounts due from jointly controlled entities *(note (c))*	161,764	171,546	133,696	136,254
	2,186,205	2,521,060	2,608,864	2,542,201

Included in trade and other receivables are trade receivables (net of impairment losses for bad and doubtful debts) and bills receivable of the Group with the following ageing analysis (based on dates of invoices) as of each balance sheet date:

	The Group			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 3 months	1,099,862	977,771	1,203,359	1,167,340
More than 3 months but less than 1 year	84,008	70,917	70,466	49,047
1 year to 3 years	6,354	13,011	7,428	1,871
	1,190,224	1,061,699	1,281,253	1,218,258

The Group's credit policy is set out in note 33(a).

Included in the Group's trade receivables are balances with a carrying amount of HK$363,809,000, HK$344,850,000, HK$334,618,000 and HK$245,671,000 as at 31 December 2004, 2005 and 2006 and 30 June 2007 respectively which are past due as at each balance sheet date but not impaired. These relate to a number of individual customers for whom there is no recent history of default. The ageing analysis of these trade receivables as of each balance sheet date is as follows:

	The Group			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Overdue for 1 to 3 months	290,538	288,326	271,508	212,214
Overdue for more than 3 months but less than 1 year	68,467	44,923	56,502	32,630
Overdue for 1 year to 3 years	4,804	11,601	6,608	827
	363,809	344,850	334,618	245,671

Movements on the provision for impairment of trade receivables of the Group are as follows:

	The Group			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	38,077	37,304	30,930	35,133
Exchange adjustments	377	(568)	112	428
Amount written off during the year/period	(3,953)	(6,406)	(11,089)	(2,250)
Disposal of subsidiaries	—	—	—	(7,466)
Charged to the combined income statement	2,803	600	15,180	811
At 31 December/30 June	37,304	30,930	35,133	26,656

Included in trade and other receivables at each balance sheet date are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group							
	31 December						30 June	
		2004		2005		2006		2007
		$'000		$'000		$'000		$'000
United States Dollars	USD	1,134	USD	6,607	USD	16,771	USD	14,361
Renminbi	RMB	235,164	RMB	232,740	RMB	111,528	RMB	89,566
Japanese Yen	JPY	741,390	JPY	1,081,551	JPY	591,774	JPY	438,671
Euros	EUR	311	EUR	6,869	EUR	—	EUR	2,135
British Sterling	GBP	1,603	GBP	451	GBP	—	GBP	1,874
Hong Kong Dollars	HKD	—	HKD	4,662	HKD	6,291	HKD	4,115

	The Company			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Other receivables	29	31	33	2,376
Amounts due from subsidiaries *(note (d))*	1,827,486	1,962,271	2,194,839	2,070,791
	1,827,515	1,962,302	2,194,872	2,073,167

(a) The analysis of amounts due from fellow subsidiaries is as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Trade				
— unsecured and non-interest bearing	3,008	688	1,022	2
Non-trade				
— unsecured, interest bearing and recoverable on demand	272,641	237,713	242,233	237,211
— unsecured, non-interest bearing and recoverable on demand	—	—	64	1,620
	275,649	238,401	243,319	238,833

The amount due from fellow subsidiaries of HK$238,831,000 as at 30 June 2007 will be recovered prior to the listing of the Company's share on the SEHK.

(b) The analysis of amounts due from associates is as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade				
— unsecured and non-interest bearing	14,498	33,643	75,742	61,700
Non-trade				
— unsecured, interest bearing and recoverable on demand	14,102	25,357	12,410	11,621
— unsecured, non-interest bearing and recoverable on demand	4,788	2,078	1,503	1,400
	33,388	61,078	89,655	74,721

(c) The analysis of amounts due from jointly controlled entities is as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade				
— unsecured and non-interest bearing	37,921	24,781	14,598	14,622
Non-trade				
— unsecured, interest bearing and recoverable on demand	61,049	64,400	64,779	65,702
— unsecured, non-interest bearing and recoverable on demand	62,794	82,365	54,319	55,930
	161,764	171,546	133,696	136,254

(d) The amounts due from subsidiaries are unsecured, interest-free and recoverable on demand.

23 CONSTRUCTION CONTRACTS

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from/to customers for contract work as at 31 December 2004, 2005 and 2006 are HK$1,169,971,000, HK$1,223,676,000 and HK$829,357,000 respectively.

The gross amount due from customers for contract work as at 31 December 2004, 2005 and 2006 that is expected to be recovered after more than one year are HK$8,621,000, HK$2,488,000 and HK$6,247,000 respectively. The gross amount due to customers for contract work as at 31 December 2004, 2005 and 2006 that is expected to be settled after more than one year is HK$15,771,000, HK$8,400,000 and HK$9,328,000 respectively.

In respect of construction contracts in progress at each balance sheet date, the amount of retentions receivable from customers, recorded within "Trade and other receivables" as at 31 December 2004, 2005 and 2006 are HK$1,886,000, HK$1,548,000 and HK$590,000 respectively.

24 CASH AND CASH EQUIVALENTS

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits with banks	58,784	23,313	16,329	37,368
Cash at bank and on hand	529,030	507,422	725,399	612,134
Cash and bank deposits	587,814	530,735	741,728	649,502
Bank overdrafts *(note 25(b))*	(36,228)	(55,016)	(44,442)	(60,025)
Cash and cash equivalents	551,586	475,719	697,286	589,477

Included in cash and bank deposits at each balance sheet date are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group							
	31 December						30 June	
		2004		2005		2006		2007
		$'000		*$'000*		*$'000*		*$'000*
United States Dollars	USD	3,449	USD	2,205	USD	6,574	USD	8,908
Euros	EUR	1,808	EUR	2,901	EUR	2,807	EUR	1,555
Japanese Yen	JPY	534,027	JPY	921,555	JPY	693,417	JPY	774,444
Renminbi	RMB	1,744	RMB	6,927	RMB	3,597	RMB	3,185
British Sterling	GBP	—	GBP	20	GBP	1,992	GBP	92
Hong Kong Dollars	HKD	5,383	HKD	3,188	HKD	8,856	HKD	14,901

	The Company			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits with banks	42,500	—	—	—
Cash at bank and on hand	230	220	448	540
Cash and bank deposits	42,730	220	448	540

25 BANK LOANS AND OVERDRAFTS

(a) At each balance sheet date, the bank loans and overdrafts were repayable as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year or on demand	475,255	763,478	856,855	932,504
After 1 year but within 2 years	21,834	11,933	3,690	2,693
After 2 years but within 5 years	18,449	7,698	3,480	1,059
After 5 years	—	—	—	78
	40,283	19,631	7,170	3,830
	515,538	783,109	864,025	936,334

(b) At each balance sheet date, the bank loans and overdrafts were secured as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank overdrafts *(note 24)*				
— secured	2,948	2,297	—	2,210
— unsecured	33,280	52,719	44,442	57,815
	36,228	55,016	44,442	60,025
Bank loans				
— secured	161,451	96,309	180,619	211,474
— unsecured	317,859	631,784	638,964	664,835
	479,310	728,093	819,583	876,309
	515,538	783,109	864,025	936,334

(c) Included in bank loans and overdrafts at each balance sheet date are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group							
	31 December						30 June	
		2004		2005		2006		2007
		$'000		*$'000*		*$'000*		*$'000*
United States Dollars	USD	5,645	USD	5,078	USD	1,389	USD	1,429
Renminbi	RMB	2,000	RMB	—	RMB	—	RMB	—
Japanese Yen	JPY	320,011	JPY	68,169	JPY	—	JPY	—

(d) Certain of the Group's assets were pledged to secure loans and banking facilities granted to certain subsidiaries as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	92,019	27,011	123,666	149,906
Inventories	34,354	52,030	70,056	70,120
Property, plant and equipment	—	—	—	16,801
	126,373	79,041	193,722	236,827

Details of the secured banking facilities are as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Facilities granted	1,792,275	1,922,177	1,860,151	1,824,195
Facilities utilised	320,721	424,983	499,942	558,797

Some of the Group's banking facilities are subject to the fulfilment of covenants relating to certain subsidiaries' balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 33(b). As each balance sheet date none of the covenants relating to drawn down facilities had been breached.

26 TRADE AND OTHER PAYABLES

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables	542,184	495,140	596,457	496,874
Bills payable	37,542	43,330	200,301	133,017
Other payables and accrued charges	678,314	698,301	799,300	868,709
Provision for warranties *(note 27)*	56,068	43,947	42,334	77,999
Amount due to ultimate holding company *(note (a))*	461,222	427,374	552,888	350,900
Amounts due to fellow subsidiaries *(note (b))*	19,386	20,063	19,821	18,706
Amounts due to associates *(note (c))*	3	3	3	8,457
Amounts due to jointly controlled entities *(note (d))*	1,938	2,152	4,848	9,976
	1,796,657	1,730,310	2,215,952	1,964,638

Included in trade and other payables are trade payables and bills payable with the following ageing analysis as at each balance sheet date:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Current or within 1 month	524,028	500,147	752,180	543,154
1 to 3 months	27,292	11,965	23,545	66,915
3 to 6 months	24,340	16,180	7,218	14,331
6 months to 3 years	4,066	10,178	13,815	5,491
	579,726	538,470	796,758	629,891

Apart from certain receipts in advance and payables of HK$26,597,000, HK$27,326,000, HK$28,039,000 and HK$20,472,000 of the Group as at 31 December 2004, 2005 and 2006 and 30 June 2007 respectively, all the amounts of trade and other payables are expected to be settled within one year.

Included in trade and other payables at each balance sheet date are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group							
	31 December						30 June	
	2004		2005		2006		2007	
	$'000		$'000		$'000		$'000	
United States Dollars	USD	5,117	USD	4,570	USD	12,576	USD	7,649
Renminbi	RMB	121,417	RMB	144,170	RMB	123,628	RMB	106,423
Japanese Yen	JPY	800,468	JPY	400,728	JPY	197,247	JPY	487,558
Euros	EUR	222	EUR	1,789	EUR	3,263	EUR	3,989
Hong Kong Dollars	HKD	—	HKD	—	HKD	2,124	HKD	791

	The Company			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Other payables and accrued charges	278	278	297	357
Amount due to ultimate holding company *(note (a))*	372,950	295,780	419,650	256,650
Amounts due to subsidiaries *(note (e))*	46,345	103,673	140,461	145,490
	419,573	399,731	560,408	402,497

(a) Included in the amount due to ultimate holding company of the Group is an amount of HK$80,731,000, HK$104,771,000, HK$98,663,000 and HK$101,633,000 as at 31 December 2004, 2005 and 2006 and 30 June 2007 respectively, which is non-trade in nature, unsecured, interest bearing and repayable on demand.

Apart from the foregoing, all the remaining balances are non-trade in nature, unsecured, interest-free and repayable on demand.

The amount due to ultimate holding company of HK$350,900,000 of the Group and HK$256,650,000 of the Company as at 30 June 2007 will be settled by the Group and the Company prior to the listing of the Company's shares on the SEHK.

(b) The analysis of amounts due to fellow subsidiaries is as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	HK$'000	HK$'000	HK$'000
Trade				
— unsecured and non-interest bearing	—	—	—	273
Non-trade				
— unsecured, interest bearing and recoverable on demand	16,205	16,882	16,640	18,433
— unsecured, non-interest bearing and recoverable on demand	3,181	3,181	3,181	—
	19,386	20,063	19,821	18,706

The amounts due to fellow subsidiaries of HK$18,706,000 as at 30 June 2007 will be settled by the Group prior to the listing of the Company's shares on the SEHK.

(c) The analysis of amounts due to associates is as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade				
— unsecured and non-interest bearing	—	—	—	8,457
Non-trade				
— unsecured, non-interest bearing and repayable on demand	3	3	3	—
	3	3	3	8,457

(d) The analysis of amounts due to jointly controlled entities is as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade				
— unsecured and non-interest bearing	1,855	1,849	1,104	1,165
Non-trade				
— unsecured, non-interest bearing and repayable on demand	83	303	3,744	8,811
	1,938	2,152	4,848	9,976

(e) The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

27 PROVISION FOR WARRANTIES

Included in trade and other payables *(note 26)* of the Group are provision for warranties as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	53,631	56,068	43,947	42,334
Exchange adjustments	131	(89)	339	112
Additional provisions made	25,961	14,260	25,265	49,498
Provisions utilised	(23,655)	(26,292)	(27,217)	(13,945)
At 31 December/30 June	56,068	43,947	42,334	77,999

Under the terms of the Group's certain sales agreements, the Group will rectify product defects in accordance with the agreements within the specified period of time. Provision is therefore made based on the directors' best estimate of the expected settlement under these agreements in respect of sales made prior to the balance sheet date. The amount of provision takes into account the Group's recent claim experience and provision is only made where a warranty claim is probable.

28 EMPLOYEE RETIREMENT BENEFITS

With the consent of the majority of its members, the Group ceased making contributions to The CITIC Group Retirement Plan ("ORSO Plan"), one of the CITIC Pacific's principal defined contribution retirement schemes in Hong Kong, with effect from 1 August 2003. The ORSO Plan will be operated as a closed fund and continue to be managed by an independent trustee according to the provisions of the Trust Deed and Rules.

All ORSO Plan members were enrolled onto the CITIC Group Mandatory Provident Fund Scheme ("MPF Scheme"), contributed by the employers at a rate of 5%, with a choice of either the Fidelity Retirement Master Trust or the Hang Seng Mandatory Provident Fund — SuperTrust. Contributions to the MPF Scheme as well as forfeited amounts derived from the employer voluntary contributions are administered in accordance with the terms and provisions of the master trusts.

Assets of the ORSO Plan and the MPF Scheme are held separately in funds under the custody of the respective trustees.

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement benefit scheme administered and operated by respective local municipal government. The Group's PRC subsidiaries are required to make contributions to the scheme at 12% to 30% for the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2007 to fund the retirement benefits of the employees.

The Group has no other material obligations for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

29 EQUITY COMPENSATION BENEFITS

CITIC Pacific adopted the CITIC Pacific Share Incentive Plan 2000 ("the Plan") on 31 May 2000 under which the board of CITIC Pacific may invite any director, executive or employee of CITIC Pacific or any of its subsidiaries to subscribe for options over CITIC Pacific's shares. The subscription price determined by the board of CITIC Pacific will be at least the higher of (i) the closing price of the CITIC Pacific's shares as stated in the SEHK's daily quotations sheet on the date of grant; (ii) the average closing price of the CITIC Pacific's shares as stated in the SEHK's daily quotations sheets for the five business days immediately preceding the date of grant and (iii) the nominal value of the CITIC Pacific's shares.

Since adoption of the Plan, CITIC Pacific has granted three lots of share options on 28 May 2002, 1 November 2004 and 20 June 2006. All options granted and accepted can be exercised in whole or in part within 5 years from the date of grant.

The options that remained to be exercised by the directors of the Group represented less than 1% of the issued share capital of CITIC Pacific as at each balance sheet date. The share options granted to the Company's non-executive directors are in respect of their services to CITIC Pacific as a whole.

(a) The terms and conditions of the share options granted to the directors (other than non-executive directors) in respect of their services rendered to the Group during the Relevant Period are as follows, whereby all options are settled by physical delivery of shares:

Date of grant	Number of share options granted	Vesting conditions	Contractual life of options	Market value per share at date of grant of options
28 May 2002	400,000	Fully vested on date of grant	5 years	HK$18.20
1 November 2004	500,000	Fully vested on date of grant	5 years	HK$19.90
20 June 2006	500,000	Fully vested on date of grant	5 years	HK$22.10

During the Relevant Period, the following directors (other than the non-executive directors) had exercised their share options as follows:

Date of grant	Name of directors	Number of share options exercised	Exercise price	Market value per share on exercise of options	Financial period during which options were exercised
28 May 2002	Hui Ying Bun	200,000	HK$18.20	HK$30.15	Six months ended 30 June 2007
28 May 2002	Chu Hon Fai	200,000	HK$18.20	HK$30.15	Six months ended 30 June 2007

Apart from the above mentioned, none of the options of the directors (other than the non-executive directors) was exercised, lapsed or cancelled during the years ended 31 December 2004, 2005 and 2006 and six months ended 30 June 2006 and 2007.

(b) The number and weighted average exercise prices of share options granted to the directors (other than non-executive directors) of the Company in respect of their services rendered to the Group are as follows:

	31 December						30 June	
	2004		2005		2006		2007	
	Weighted average exercise price	Number of options *'000*	Weighted average exercise price	Number of options *'000*	Weighted average exercise price	Number of options *'000*	Weighted average exercise price	Number of options *'000*
Outstanding at the beginning of the year/period	HK$18.20	400	HK$19.14	900	HK$19.14	900	HK$20.20	1,400
Exercised during the year/period	N/A	—	N/A	—	N/A	—	HK$18.20	(400)
Granted during the year/period	HK$19.90	500	N/A	—	HK$22.10	500	N/A	—
Outstanding at the end of the year/period	HK$19.14	900	HK$19.14	900	HK$20.20	1,400	HK$21.00	1,000
Exercisable at the end of the year/period	HK$19.14	900	HK$19.14	900	HK$20.20	1,400	HK$21.00	1,000

(c) Details of the options granted to the directors (other than non-executive directors) that remained outstanding as at each balance sheet date are as follows:

	31 December			30 June
	2004	2005	2006	2007
	Number of options *'000*	Number of options *'000*	Number of options *'000*	Number of options *'000*
Number of share options outstanding				
Granted on 28 May 2002 with an exercise price of HK$18.20	400	400	400	—
Granted on 1 November 2004 with an exercise price of HK$19.90	500	500	500	500
Granted on 20 June 2006 with an exercise price of HK$22.10	—	—	500	500
	900	900	1,400	1,000
Weighted average remaining contractual life	3.75 years	2.75 years	2.72 years	3.15 years

(d) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair values of the share options granted during the years ended 31 December 2004 and 2006 are measured based on Black-Scholes Model and Binomial Model respectively. The Group believes that the revised pricing model represents a more likely projection of actual outcomes. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the Binomial Model.

	2004	**2006**
Fair value of share options and assumptions		
Fair value at measurement date	HK$3.54	HK$3.92
Exercise price	HK$19.90	HK$22.10
Expected volatility	35%	25%
Option life	3.01 years	3.93 years
Expected dividend yield	5%	5%
Risk-free interest rate (based on Hong Kong Exchange Fund Notes)	1.95%	4.69%
Rate of eligible grantees leaving service per annum	N/A	1%

The expected volatility is based on the historic volatility. Expected dividend yield are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

(e) Recharge from the ultimate controlling party

When CITIC Pacific grants the share options to the directors of the Company during the years ended 31 December 2004 and 2006, the fair values of share options received by two of the directors have been recharged to the Group and an amount of HK$1,770,000 and HK$1,960,000 respectively has been recognised in the combined income statements of the respective year. For the share options granted to the rest of the directors, they are granted in respect of these directors' services to CITIC Pacific as a whole. Accordingly, no charge for these share options have been recognised in the Financial Information of the Group.

30 INCOME TAX IN THE BALANCE SHEETS

(a) Current taxation in the balance sheets represents:

	The Group			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Provision for Hong Kong Profits Tax for the year/period	23,877	33,671	44,734	31,142
Provisional Profits Tax paid	(12,818)	(12,824)	(26,931)	(1,625)
	11,059	20,847	17,803	29,517
Balance of Profits Tax provision relating to prior years	3,545	2,972	(1,168)	9,839
	14,604	23,819	16,635	39,356
Taxation outside Hong Kong	15,601	11,831	19,765	26,275
	30,205	35,650	36,400	65,631
Representing:				
Current tax payable	33,832	41,336	41,959	68,807
Current tax recoverable	(3,627)	(5,686)	(5,559)	(3,176)
	30,205	35,650	36,400	65,631

	The Company			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Provision for Hong Kong Profits Tax for the year/period	901	6,481	12,117	6,797
Provisional Profits Tax paid	(1,113)	(676)	(4,860)	—
	(212)	5,805	7,257	6,797
Balance of Profits Tax provision relating to prior years	—	—	—	5,636
	(212)	5,805	7,257	12,433
Representing:				
Current tax payable	—	5,805	7,257	12,433
Current tax recoverable	(212)	—	—	—
	(212)	5,805	7,257	12,433

(b) Deferred tax assets and liabilities recognised:

The Group

The components of deferred tax (assets)/liabilities recognised in the combined balance sheets and the movements during the year/period are as follows:

	Depreciation allowances in excess of related depreciation	Aircraft leasing	Revaluation of investment property	Asset revaluation reserve	Provisions	Future benefits of tax losses	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Deferred tax arising from:								
At 1 January 2004	19,793	27,835	85,438	—	(7,456)	(21,559)	(4,689)	99,362
Exchange adjustments	2,122	995	953	—	(82)	—	(217)	3,771
Acquisition of subsidiaries	1,358	—	—	—	(1,033)	—	—	325
Charged/(credited) to the combined income statement *(note 5(a))*	1,243	(1,523)	13,038	—	(997)	(1,831)	1,361	11,291
At 31 December 2004	24,516	27,307	99,429	—	(9,568)	(23,390)	(3,545)	114,749
At 1 January 2005	24,516	27,307	99,429	—	(9,568)	(23,390)	(3,545)	114,749
Exchange adjustments	1,210	(3,499)	(7,625)	—	247	—	381	(9,286)
Charged to reserves	—	—	—	1,088	—	—	—	1,088
Charged/(credited) to the combined income statement *(note 5(a))*	1,780	(1,889)	15,818	—	93	6,659	—	22,461
At 31 December 2005	27,506	21,919	107,622	1,088	(9,228)	(16,731)	(3,164)	129,012
At 1 January 2006	27,506	21,919	107,622	1,088	(9,228)	(16,731)	(3,164)	129,012
Exchange adjustments	89	(199)	(552)	—	15	—	(40)	(687)
Charged/(credited) to the combined income statement *(note 5(a))*	(3,007)	(6,957)	37,688	—	(9,992)	(8,044)	3,204	12,892
At 31 December 2006	24,588	14,763	144,758	1,088	(19,205)	(24,775)	—	141,217
At 1 January 2007	24,588	14,763	144,758	1,088	(19,205)	(24,775)	—	141,217
Exchange adjustments	1,044	(246)	(1,781)	—	410	—	—	(573)
Charged/(credited) to the combined income statement *(note 5(a))*	(6,533)	(1,476)	17,463	—	(9,601)	2,238	—	2,091
At 30 June 2007	19,099	13,041	160,440	1,088	(28,396)	(22,537)	—	142,735

	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net deferred tax asset recognised on the combined balance sheets	(20,519)	(17,313)	(18,792)	(24,794)
Net deferred tax liability recognised on the combined balance sheets	135,268	146,325	160,009	167,529
	114,749	129,012	141,217	142,735

The Company

Deferred tax liabilities of the Company recognised in the balance sheets are arising from revaluation of investment property and the movements during the year/period are as follows:

	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	6,898	8,298	9,172	9,172
Charged to the income statement	1,400	874	—	—
At 31 December/30 June	8,298	9,172	9,172	9,172

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(u), the Group has not recognised deferred tax assets in respect of the following items:

	The Group			
	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deductible temporary differences	23,549	26,546	11,181	10,142
Future benefits of tax losses	493,785	422,262	427,717	293,919
	517,334	448,808	438,898	304,061

Tax losses in certain tax jurisdictions of HK$206,313,000, HK$158,270,000, HK$121,740,000 and HK$98,587,000 as at 31 December 2004, 2005 and 2006 and 30 June 2007 respectively will expire within the next five years. The rest of the amount does not expire under the current tax legislation.

(d) Deferred tax liabilities not recognised

Temporary differences relating to the undistributed profits of subsidiaries amounted to HK$715,062,000, HK$641,296,000, HK$626,727,000 and HK$619,106,000 as at 31 December 2004, 2005 and 2006 and 30 June 2007 respectively. Deferred tax liabilities of HK$145,458,000, HK$130,858,000, HK$128,032,000 and HK$126,811,000 as at 31 December 2004, 2005 and 2006 and 30 June 2007 respectively have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

31 CAPITAL AND RESERVES

(a) Share capital

	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Authorised:				
30,000,000 ordinary shares of HK$10 each	300,000	300,000	300,000	300,000
Issued and fully paid:				
21,031,837 ordinary shares of HK$10 each	210,318	210,318	210,318	210,318

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) Nature and purpose of reserves

(i) General reserve

Pursuant to articles of association of certain subsidiaries of the Group incorporated in the PRC and Japan, these subsidiaries are required to transfer their profits after taxation to the general reserve. The amounts allocated to this reserve are determined by the respective boards of directors.

For the PRC subsidiaries concerned, in accordance with Company Law of the People's Republic of China (revised), the general reserve fund can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the equity shareholders' existing equity holdings, provided that the balance after such conversion is not less than 25% of the registered capital.

(ii) Capital reserve

The capital reserve mainly represents the premium paid on acquisitions of subsidiaries before 1 January 2001.

(iii) Statutory surplus reserve

Pursuant to the relevant PRC rules and regulations, those PRC subsidiaries which are domestic enterprises in the PRC as mentioned in section A of this report are required to transfer no less than 10% of their profit after taxation, as determined under PRC accounting regulations, to statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

(iv) Merger reserve

The merger reserve mainly represents the amount of considerations paid to CITIC Pacific in excess of the net book value of the subsidiaries acquired from CITIC Pacific.

(v) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the accounts of operations outside Hong Kong. The reserve is dealt with in accordance with the accounting policy set out in note 1(x).

(vi) Asset revaluation reserve

The asset revaluation reserve comprises the change arising on the revaluation of properties held for own use upon transfer to investment properties. The revaluation surplus is transferred from the asset revaluation reserve to retained profits upon disposal of related properties.

(vii) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition of the hedged cash flow in accordance with the accounting policy adopted for cash flow hedges set out in note 1(h).

(viii) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies set out in notes 1(f) and 1(m).

(ix) Distributability of reserves

The aggregate amounts of distributable reserves as at 31 December 2004, 2005 and 2006 and 30 June 2007 of the Company was HK$1,299,772,000, HK$1,410,000,000, HK$1,480,669,000 and HK$1,511,791,000 respectively.

32 BUSINESS COMBINATION — ACQUISITION OF SUBSIDIARIES

(i) On 24 January 2005, the Group extended its equity interest in a jointly controlled entity, 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited), in the PRC from 50% to 100% for a cash consideration of HK$5,273,000. Thereafter, the Group has accounted for the subsidiary in accordance with the accounting policy as set out in note 1(c). The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Note	**Pre-acquisition carrying amount and recognised fair values on acquisition** *HK$'000*
Properties, plant and equipment	12	5,550
Inventories		7,349
Trade and other receivables		4,963
Cash and bank deposits		1,335
Trade and other payables		(13,924)
Net identifiable assets and liabilities		5,273
Consideration paid, satisfied in cash		5,273
Cash acquired		(1,335)
Net cash outflow		3,938

The new subsidiary is a motor distributor and contributed turnover of HK$135,577,000 and a net loss of HK$2,351,000 to the Group after acquisition for the year ended 31 December 2005.

(ii) As part of the Group's plan to expand its motor business in the PRC, the Group has acquired the entire equity interests in the following companies engaged in automotive distribution business in the PRC from independent third parties on 1 January 2006 with a total consideration of HK$56,248,000:

昆明聯亞豐田汽車銷售服務有限公司
(Kunming Lianya Toyota Motors Sale and Service Limited)
湛江市駿華豐田汽車銷售服務有限公司
(Zhanjiang Junhua Toyota Motors Sale and Service Limited)
湛江市駿浩汽車有限公司
(Zhanjiang Junhao Motors Limited)
湛江市駿凱汽車技術服務有限公司
(Zhanjiang Junkai Motors Technology and Service Limited)
雲南中馳汽車銷售服務有限公司
(Yunnan Zhongchi Motors Sale and Service Limited)

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Note	Pre-acquisition carrying amount HK$'000	Fair value adjustment HK$'000	Recognised values on acquisition HK$'000
Properties, plant and equipment	12	46,270	—	46,270
Intangible assets	14	—	14,262	14,262
Inventories		42,971	—	42,971
Trade and other receivables		50,040	—	50,040
Cash and bank deposits		43,792	—	43,792
Trade and other payables		(115,935)	—	(115,935)
Bank loans		(24,932)	—	(24,932)
Current tax payable		(220)	—	(220)
Net identifiable assets and liabilities		41,986	14,262	56,248
Consideration paid, satisfied in cash				56,248
Consideration paid in prior year				(56,248)
				—
Cash acquired				(43,792)
Net cash inflow				(43,792)

The newly acquired subsidiaries are motor distributors and contributed aggregate turnover of HK$933,188,000 and aggregate profit of HK$18,774,000 to the Group after acquisition for the year ended 31 December 2006.

(iii) As part of the Group's plan to expand its motor business in the PRC, the Group has further acquired 80% of the equity interests in the following companies engaged in automotive distribution business in the PRC from independent third parties on 15 September 2006 with a total consideration of HK$67,087,000:

雲南聯迪汽車服務有限公司 (Yunnan Liandi Motors Service Limited)
雲南寶泰隆汽車服務有限公司 (Yunnan Bao Tailong Motors Service Limited)

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Note	Pre-acquisition carrying amount HK$'000	Fair value adjustment HK$'000	Recognised values on acquisition HK$'000
Properties, plant and equipment	12	29,753	—	29,753
Lease prepayments	13	20,142	29,175	49,317
Intangible assets	14	—	31,164	31,164
Inventories		38,800	—	38,800
Trade and other receivables		44,458	—	44,458
Cash and bank deposits		33,903	—	33,903
Trade and other payables		(95,626)	—	(95,626)
Bank loans		(47,910)	—	(47,910)
Net identifiable assets and liabilities		23,520	60,339	83,859
Minority interest arising from business combination				(16,772)
Consideration paid, satisfied in cash				67,087
Cash acquired				(33,903)
Net cash outflow				33,184

The newly acquired subsidiaries are motor distributors and contributed aggregate turnover of HK$141,384,000 and aggregate profit of HK$2,012,000 to the Group after acquisition for the year ended 31 December 2006.

The aggregate turnover and net profit of these acquired subsidiaries as though the acquisitions had been completed at the beginning of 2006 are HK$449,864,000 and HK$3,495,000 respectively.

(iv) On 29 December 2006, the Group extended its interest in an associate, 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited), in the PRC from 40% to 80% for a cash consideration of HK$148,000. Thereafter, the Group has accounted for the subsidiary in accordance with the accounting policy as set out in note 1(c). The acquisition had the following effect on the Group's assets and liabilities on the acquisition date:

	Note	**Pre-acquisition carrying amount and recognised fair values on acquisition** *HK$'000*
Properties, plant and equipment	12	5,470
Inventories		5,573
Trade and other receivables		6,953
Cash and bank deposits		14,400
Trade and other payables		(10,745)
Bank loans		(21,688)
Net identifiable assets and liabilities		(37)
Minority interest arising from business combination		22
Goodwill on acquisition	15	163
Consideration paid, satisfied in cash		148
Cash acquired		(14,400)
Net cash inflow		(14,252)

The aggregate turnover and net loss of this subsidiary as though the acquisition for the business combination had been at the beginning of 2006 are HK$68,307,000 and HK$610,000 respectively.

(v) On 30 November 2006, the Group extended its interest in a subsidiary, Sims Macau Trading Company Limited, in Macao, from 70% to 100% for a cash consideration of HK$200,000. The acquisition resulted in a release of minority interests of HK$161,000 at the acquisition date and a recognition of goodwill of HK$39,000 (note 15).

(vi) On 1 January 2007, the Group extended its interest in a subsidiary, 福州合創汽車貿易有限公司 (Fuzhou Hechuang Motors Trading Co., Ltd.), in the PRC from 80% to 100% for a cash consideration of HK$2,000,000. The acquisition resulted in a release of minority interests of HK$1,457,000 at the acquisition date and a recognition of goodwill of HK$543,000 (note 15).

Pre-acquisition carrying amounts were determined based on applicable HKFRSs immediately before the acquisition. The values of assets and liabilities are their estimated fair values. In determining the fair value of the intangible assets acquired, the Group applied a discount rate of 10%–15% to the expected future cash flow generated from the rights under dealership agreements with vehicle manufacturers.

The goodwill recognised on the acquisitions is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiaries into the Group's existing business (note 15).

33 FINANCIAL INSTRUMENTS

Financial risk factors

Exposure to market risk (including currency risk, interest rate risk, commodity price risk, supply risk and automotive dealership/distributionship risk), credit risk and liquidity risk arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices as described below.

(a) Credit risk

The Group's credit risk is primarily attributable to cash and bank deposits, trade and other receivables and over the derivative financial instruments entered into for hedging purposes. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's cash and bank deposits are placed with major financial institutions. Trade receivables are presented net of the allowance for bad and doubtful debts. Credit risk in respect of trade and other receivables is limited since the Group's customer base is comprised of a large number of customers and their disperse across different industries and geographical areas. Accordingly, the Group has no significant concentration of credit risk. In addition, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 15 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

Transactions involving derivative financial instruments are with counter parties with sound credit ratings and management does not expect any significant credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheets. Except for the financial guarantee given by the Group as set out in note 35, the Group or the Company does not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at each balance sheet date is disclosed in note 35.

(b) Liquidity risk

The cash management of all operating entities in Hong Kong is centralised, including the raising of loans to cover expected cash demands. Individual operating entities within the Group outside Hong Kong are responsible for their own cash management. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

(c) Market risk

(i) Interest rate risk

No derivative financial instruments are used as fair value or cash flow hedges on borrowings.

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at each balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

	The Group							
	31 December						30 June	
	2004		2005		2006		2007	
	Effective interest rate	1 year or less	Effective interest rate	1 year or less	Effective interest rate	1 year or less	Effective interest rate	1 year or less
	%	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*
Repricing dates for assets/(liabilities) which reprice before maturity								
Cash and bank deposits	0.38	267,760	0.68	402,238	0.78	652,761	0.84	579,194
Bank overdrafts	2.76	(36,228)	4.21	(55,016)	3.78	(44,442)	4.11	(60,025)
Bank loans	3.21	(142,604)	4.92	(266,875)	5.93	(99,876)	5.61	(112,189)
		88,928		80,347		508,443		406,980
Maturity dates for assets/(liabilities) which do not reprice before maturity								
Cash and bank deposits	0.53	58,784	2.06	23,313	3.00	4,379	4.16	17,811
Bank loans	4.07	(336,706)	4.58	(461,218)	4.67	(719,707)	4.63	(764,120)
Amounts due from jointly controlled entities	4.63	61,049	4.79	64,400	4.97	64,779	5.17	65,702
Amounts due from associates	4.75	14,102	5.02	25,357	5.55	12,410	5.66	11,621
Amount due from a fellow subsidiary	0.44	272,641	0.46	237,713	1.08	242,233	1.08	237,211
Amount due to ultimate holding company	4.60	(80,731)	4.88	(104,771)	5.18	(98,663)	5.30	(101,633)
Amount due to a fellow subsidiary	2.49	(16,205)	4.08	(16,882)	5.04	(16,640)	4.93	(18,433)
		(27,066)		(232,088)		(511,209)		(551,841)

	The Company							
	31 December						30 June	
	2004		2005		2006		2007	
	Effective interest rate	1 year or less	Effective interest rate	1 year or less	Effective interest rate	1 year or less	Effective interest rate	1 year or less
	%	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000*
Repricing dates for assets which reprice before maturity								
Cash and bank deposits	0.010	230	2.250	220	0.500	279	0.064	373
Maturity dates for assets which do not reprice before maturity								
Cash and bank deposits	0.001	42,500	N/A	—	N/A	—	N/A	—

(ii) Currency risk

The Group enters into forward exchange contracts in order to manage its exposure to fluctuation in foreign currency exchange rates on specific transaction. Foreign exchange contracts are matched with anticipated future cash flows in foreign currencies, primarily from purchase. All of the forward exchange contracts have maturities of less than one year after the balance sheet date.

As at 31 December 2004, 2005 and 2006 and 30 June 2007, the Group had recognised net fair value of forward exchange contracts of HK$8,720,000, (HK$2,021,000), HK$2,697,000 and HK$3,801,000 respectively as derivative financial assets/(liabilities).

Derivative financial assets and liabilities are included in trade and other receivables and trade and other payables respectively.

(iii) Commodity price risk

The Group is exposed to fluctuations in the prices of goods it purchased from its principals, primarily for the trading of edible oils, sugar, frozen meat and soy beans. The Group makes such purchases at market prices, which may fluctuate and are beyond the Group's control. Therefore, fluctuations in the purchase prices of the Group's goods for trading may have a significant effect on its results of operations. As such, the Group has entered into future contracts to hedge commodity price changes aiming to reduce the impact of these price fluctuations.

(iv) Supply risk

Shortage of products supply is a major risk facing by the Group's food and consumer products business. This can be caused by the interplay of global market demand and supply, which in turn depends heavily on various economic factors that the Group cannot be controlled or predicted. As a result, there is a risk that the Group will be unable to fulfil its customers' orders as well as to secure profits, which may have a material and adverse impact on the operating results and financial position of the Group.

(v) Automotive dealership/distributionship risk

The Group's revenue from automotive business depends significantly on its ability to renew and/or obtain dealerships/distributionships from the principals. Any loss of dealerships may have a material and adverse impact on the operating results and financial position of the Group.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total bank borrowings as shown in the combined balance sheets less cash and bank deposits. Total capital is calculated as shareholders' funds (i.e. total equity attributable to equity shareholders of the Company), as shown in the combined balance sheets, plus net debt.

During the Relevant Period, the Group's strategy was to maintain a gearing ratio below 40%. The gearing ratios as at 31 December 2004, 2005 and 2006 and 30 June 2007 were as follows:

	31 December			30 June
	2004	**2005**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total bank borrowings *(note 25)*	515,538	783,109	864,025	936,334
Less: cash and bank deposits *(note 24)*	(587,814)	(530,735)	(741,728)	(649,502)
Net (cash)/debt	(72,276)	252,374	122,297	286,832
Shareholders' funds	3,361,430	3,374,299	3,655,121	3,900,535
Total capital	3,289,154	3,626,673	3,777,418	4,187,367
Gearing ratio	(2.20)%	6.96%	3.24%	6.85%

Fair value estimation

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2004, 2005 and 2006 and 30 June 2007 except for the amounts due from/to subsidiaries, fellow subsidiaries, ultimate holding company, associates and jointly controlled entities which have no fixed repayment terms. Given these terms, it is not meaningful to disclose the fair value of such balances.

(v) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the Financial Information.

(a) Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

(b) Derivatives financial instruments

Forward exchange contracts are either marked to market using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

(c) Interest-bearing loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

34 COMMITMENTS

(a) Capital commitments

Capital commitments of the Group in respect of plant, property and equipment outstanding at each balance sheet date not provided for in the Financial Information were as follows:

	The Group			
	31 December			30 June
	2004	2005	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted for	2,943	14,417	12,443	97,955
Authorised but not contracted for	1,074	926	—	1,022
	4,017	15,343	12,443	98,977

(b) Operating lease commitments

At each balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases payable as follows:

	The Group							
	31 December						30 June	
	2004		2005		2006		2007	
	Properties	Others	Properties	Others	Properties	Others	Properties	Others
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within 1 year	170,451	2,357	181,641	2,549	200,716	2,770	191,537	161
After 1 year but within 5 years	73,682	10,163	280,801	10,123	209,515	8,778	210,313	28
After 5 years	31,855	10,902	39,146	8,939	89,765	8,371	121,010	—
	275,988	23,422	501,588	21,611	499,996	19,919	522,860	189

The Group is the lessee in respect of a number of properties and items of plant and equipment held under operating leases. The leases typically run for an initial period of one to ten years, with an option to renew the leases when all the terms are renegotiated. None of the leases includes contingent rentals.

35 CONTINGENT LIABILITIES

The Group and the Company have issued the following guarantees to banks in respect of banking facilities granted to and utilised by the following parties:

	31 December						30 June	
	2004		2005		2006		2007	
	Granted	Utilised	Granted	Utilised	Granted	Utilised	Granted	Utilised
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
The Group								
An associate	—	—	14,304	13,749	70,304	70,065	70,304	69,809
A related party of an associate	30,000	28,203	56,000	53,827	—	—	—	—
	30,000	28,203	70,304	67,576	70,304	70,065	70,304	69,809
The Company								
Subsidiaries	1,792,275	320,721	1,922,177	424,983	1,860,151	499,942	1,824,195	558,797

At each balance sheet date, the Company is also one of the entities covered by a cross guarantee arrangement issued by the Company and its subsidiaries to a bank in respect of banking facilities granted to the Group which remains in force so long as the Group has drawn down under the banking facilities. Under the guarantee, the Company and all the subsidiaries that are a party to the guarantee are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee.

At each balance sheet date, the directors do not consider it probable that a claim will be made against the Company under any of the guarantees. The maximum liability of the Company at each balance sheet date under the guarantees issued is the amounts utilised as disclosed above.

36 MATERIAL RELATED PARTY TRANSACTIONS

In addition to those disclosed notes 6, 7, 8, 20, 22, 26, 29 and 35 to the Accountants' Report, the Group and the Company had the following material related party transactions during the Relevant Period.

		Years ended 31 December			**Six months ended 30 June**	
		2004	**2005**	**2006**	**2006**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Continuing operations					*(unaudited)*	
(a) Recurring transactions						
Transactions with ultimate holding company						
Dividends declared by the Company	(iv)	138,810	138,810	138,810	—	—
Administration fee paid	(ii), (iv)	4,968	4,981	5,033	2,517	3,500
Sales	(iii), (iv)	613	427	2,703	251	337
Transactions with associates						
Sales	(iii), (iv)	—	29,044	148,161	40,195	65,189
Dividend income	(iii), (iv)	10,000	8,000	—	—	—
Purchase	(iii), (iv)	—	4,817	19,749	8,892	12,651
Transactions with jointly controlled entities						
Dividend income	(iii), (iv)	24,847	49,544	18,736	—	37,146
Sales	(iii), (iv)	1,296	848	862	275	1,815
Management fee income	(iii), (iv)	2,999	3,196	3,652	2,004	1,845
Service charges	(iii), (iv)	—	846	533	149	266
Service income	(iii), (iv)	80	602	917	144	633
Transactions with fellow subsidiaries						
Rental expenses	(iii), (iv)	87,998	94,989	97,797	48,457	49,218
Rental income	(iii), (iv)	246	211	205	101	133

	Note	Years ended 31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	Six months ended 30 June 2006 HK$'000 (unaudited)	2007 HK$'000
Transactions with affiliates						
Sales	(iii), (iv), (vi)	3,177	5,937	5,278	2,768	4,280
Service income	(iii), (iv), (vi)	47,256	50,046	53,818	24,560	26,157
Purchase	(iii), (iv), (vi)	3,876	4,502	5,448	2,715	—
Purchase of property, plant and equipment	(iii), (iv), (vi)	1,600	1,495	—	—	—
Commission paid	(iii), (iv), (vi)	750	870	891	505	529
Key management personnel						
Remuneration	(i), (iv)	10,573	8,333	8,874	4,082	4,380
(b) Non-recurring transactions						
Transaction with ultimate holding company						
Service charges	(iii)	25,848	25,008	25,211	12,659	—
Management fee paid	(v)	46,292	47,699	47,727	23,863	22,750
Transaction with an associate						
Commission income	(iii)	18,088	22,798	24,038	12,740	5,160
Transactions with jointly controlled entities						
Sales	(iii)	39,895	31,492	7,070	7,070	—
Management fee income	(iii)	780	780	195	195	—
Transactions with fellow subsidiaries						
Rental expenses	(iii)	383	1,511	575	276	229
Interest income	(iii)	1,186	1,066	1,239	568	1,274
Interest expenses	(iii)	1,979	3,285	4,015	2,072	1,962
Transactions with affiliates						
Sales	(iii), (vi)	1,130	1,444	1,917	1,166	212

	Note	Years ended 31 December 2004 HK$'000	2005 HK$'000	2006 HK$'000	Six months ended 30 June 2006 HK$'000 (unaudited)	2007 HK$'000
Discontinued operations						
Recurring transactions						
Transaction with ultimate holding company						
Revenue from construction contracts	(iii)	—	15	—	—	17
Transactions with jointly controlled entities						
Revenue from construction contracts	(iii)	—	—	1,237	—	188
Transactions with fellow subsidiaries						
Revenue from construction contracts	(iii)	23,247	13,261	2,520	1,676	—
Transactions with affiliates						
Revenue from construction contracts	(iii), (vi)	1,206	639	719	599	71

Notes:

(i) Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 6 is as follows:

	Years ended 31 December			Six months ended 30 June	
	2004	**2005**	**2006**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* *(unaudited)*	*HK$'000*
Short-term employee benefits	10,246	8,058	8,599	3,944	4,240
Post-employment benefits	327	275	275	138	140
	10,573	8,333	8,874	4,082	4,380

Total remuneration is included in "staff costs" (see note 4(b)).

(ii) Administration fee was paid/payable to the ultimate holding company for the provision of financial and administrative services. The administration fee was determined based on arm's length principles with reference to the actual time and expenses incurred by the ultimate holding company in the provision of financial and administrative services to the Group.

(iii) The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business.

(iv) The directors of the Company have confirmed that the above recurring transactions listed in continuing operations will continue in the future after listing the Company's shares on the SEHK.

(v) Management fee was paid/payable to the ultimate holding company in respect of various business arrangements (including one-off business projects, strategical and consulting management services) between the Group and the ultimate holding company during the Relevant Period. The management fee was determined based on arm's length principles with reference to the actual time and expenses incurred by the ultimate holding company in the provision of these management services. The directors of the Company have confirmed that these transactions will not continue in the future after listing the Company's shares on the SEHK.

(vi) Affiliates represent (a) associated companies of the ultimate holding company and (b) minority shareholders of non-wholly owned subsidiaries of the Group and the group companies of such minority shareholders.

37 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

The directors consider the immediate parent and ultimate controlling party of the Group to be Colton Pacific Limited and CITIC Pacific Limited respectively, which are incorporated in the British Virgin Islands and Hong Kong respectively.

38 ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

The methods, estimates and judgements the directors used in applying the Group's accounting policies have a significant impact on the Group's financial position and operating results. Some of the accounting policies require the Group to apply estimates and judgements, on matters that are inherently uncertain. The critical accounting judgements in applying the Group's accounting policies are described below.

(a) Provision for warranties

As explained in note 27, the Group makes provisions under the warranties it gives on sale of products taking into account the Group's recent claim experience. As the manufacturers are continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that the Group will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

(b) Construction contracts

As explained in accounting policies set out in notes 1(o) and 1(w)(vi), revenue and profit recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed on the combined balance sheets will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at the balance sheet date, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

In addition, the Group has filed a writ of summons to the Court to claim for a total sum of HK$43,000,000 in respect of a construction contract during the year ended 31 December 2006. Based on the advice of the Group's legal advisors and the management's internal assessment, a provision for expected losses of HK$8,000,000 and an impairment loss of trade receivables of HK$6,000,000 have been provided in the financial statements for the year ended 31 December 2006. Any change in the assumptions of the internal assessment would increase or decrease the Group's results and affect the Group's net asset value.

(c) Valuation of investment properties

As described in note 12, the investment properties were revalued by independent professional valuers on a market value basis at each balance sheet date. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. Any increase or decrease in the valuations would affect the Group's results in future years.

(d) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made.

Recognition of deferred tax assets, which principally related to tax losses, depends on the management's expectation of future taxable profits that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(e) Impairment of assets

The Group reviews the carrying amounts of the assets at each balance sheet date to determine whether there is objective evidence of impairment. When indication of impairment is identified, management prepares discounted future cashflow to assess the differences between the carrying amount and value in use and provided for impairment loss. Any change in the assumptions adopted in the cash flow forecasts would increase or decrease in the provision of impairment loss and affect the Group's net asset value.

Impairment loss for bad and doubtful debts are assessed and provided based on the directors' regular review of ageing analysis and evaluation of collectibility. A considerable level of judgement is exercised by the directors when assessing the credit worthiness and past collection history of each individual customer.

An increase or decrease in the above impairment loss would affect the net profit in future years.

(f) Provision for inventories

The Group reviews the carrying amounts of the inventories at each balance sheet date to determine whether the inventories are carried at lower of cost and net realisable value as in accordance with accounting policy as set out in note 1(n). Management estimates the net realisable value based on current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net asset value.

(g) Depreciation

Property, plant and equipment, other than investment property, are depreciated on a straight-line basis over the estimated useful lives. The Group reviews annually the useful life of an asset and its residual value, if any. The depreciation expense for future periods is adjusted if there are significant changes from previous estimation.

39 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2007

Up to the date of issue of the Financial Information, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the six months ended 30 June 2007 and which have not been adopted in the Financial Information.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the following developments may result in new or amended disclosures in the Financial Information:

		Effective for periods beginning on or after
HK(IFRIC) 11	HKFRS 2 – Group and treasury share transactions	1 March 2007
HK(IFRIC) 12	Services concession arrangements	1 January 2008
HKFRS 8	Operating segments	1 January 2009
HKAS 23 (revised)	Borrowing costs	1 January 2009

D NON-ADJUSTING POST — BALANCE SHEET EVENTS

(a) Capitalisation issue

Management has proposed plans to increase the authorised share capital of the Company and capitalisation issue prior to the placing and public offer of the Company's shares ("Global Offering").

Pursuant to the proposed plan, the following will be undertaken:

(i) allotment of 2 shares of HK$10 each to Silver Ray Enterprises Inc., at par;

(ii) divide the authorised share capital of HK$300,000,000 at 30,000,000 ordinary shares of HK$10 each to 2,000,000,000 ordinary shares of HK$0.15 each;

(iii) increase in authorised share capital to HK$600,000,000 by the creation of 2,000,000,000 new ordinary shares of HK$0.15 each; and

(iv) allotment of 2 shares at initial par value of HK$10.00 each and 217,877,400 new shares at the par value of HK$0.15 each to certain subsidiaries of the ultimate holding company for settlement of the amount due to the ultimate holding company of HK$32,681,630.

The proposed plan is expected to be completed prior to the Global Offering and upon completion the total issued capital of the Company will be HK$243,000,000, comprising 1,620,000,000 ordinary shares of HK$0.15 each fully paid or credited as fully paid.

(b) Valuation of properties

For the purpose of the listing of the Company's shares on the SEHK, the properties of the Group were revalued as at 31 July 2007 by Knight Frank Petty Limited.

(c) Pre-IPO Share option scheme

Pursuant to the written resolutions of the shareholders of the Company passed on 28 September 2007, the Company has conditionally adopted the Pre-IPO Share Option Scheme. The principal terms of the Pre-IPO Share Option Scheme are set out in appendix VI to the Prospectus. Employee compensation expenses recognised on the grant date on 4 October 2007 as a result of adoption of the Pre-IPO Share Option Scheme amounted to HK$22,320,000 by reference to the fair value of the shares at the date of grant.

(d) Declaration of interim dividend

An interim dividend of HK$900 million at HK$0.56 per share was declared on 28 September 2007 and was paid on 3 October 2007.

(e) Disposal of an available-for-sale equity security

Subsequent to balance sheet date, one of the subsidiaries of the Company has disposed of an available-for-sale equity security to a wholly-owned subsidiary of CITIC Pacific at an agreed price of HK$100,000. The fair value of the available-for-sale equity security which is listed in Hong Kong as at 30 June 2007 was HK$153,982,000.

E SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2007.

Yours faithfully
KPMG
Certified Public Accountants
Hong Kong

The information set forth in this appendix does not form part of the Accountants' Report prepared by KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the Accountants' Report set forth in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 30 June 2007. This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as at 30 June 2007 or at any future date.

	Adjusted net tangible assets of the Group attributable to the equity shareholders of the Company as at 30 June 2007	**Interim dividend**	**Estimated net proceeds of the Global Offering to be received by the Group**	**Unaudited pro forma adjusted net tangible assets attributable to the equity shareholders of the Company**	**Unaudited pro forma adjusted net tangible assets value per Share**
	(Note 1)	*(Note 2)*	*(Note 3)*		*(Note 4)*
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$*
Based on an Offer Price of HK$4.55 per share	3,687,282	(900,000)	776,300	3,563,582	1.98
Based on an Offer Price of HK$5.88 per share	3,687,282	(900,000)	1,009,700	3,796,982	2.11

Notes

(1) The adjusted net tangible assets of the Group attributable to the equity shareholders of the Company as at 30 June 2007 is based on the combined net assets of the Group attributable to the equity shareholders of the Company of HK$3,900,535,000 as at 30 June 2007 extracted from the Accountants' Report set out in Appendix I to this Prospectus with an adjustment for the goodwill and intangible assets of HK$170,092,000 and HK$43,161,000 respectively as of 30 June 2007.

(2) An interim dividend of approximately HK$900 million was declared and paid before the Listing Date to its controlling shareholders. For illustrative purpose, the interim dividend was assumed to be declared and paid on 30 June 2007.

(3) The estimated net proceeds from the Global Offering to be received by the Group are based on the respective Offer Prices of HK$4.55 and HK$5.88 after deduction of the underwriting fees and other related expenses payable by the Group. No account has been taken of the shares which may fall to be issued upon exercise of the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme.

(4) The unaudited pro forma adjusted net tangible assets value per Share is arrived at after the adjustments referred to in the preceding paragraph and on the basis that 1,800,000,000 Shares expected to be in issue following the Global Offering and Capitalisation Issue and the respective Offer Prices of HK$4.55 and HK$5.88, but takes no account of any shares which may be allotted and issued upon the exercise of the Over-allotment Option and the options that may be granted under the Pre-IPO Share Option Scheme.

(5) With reference to the valuation of property interests of the Group as set out in Appendix IV to this Prospectus, the aggregate revalued amount of the property interests of the Group as at 31 July 2007 was about HK$1,327.6 million. The unaudited net book value of these property interests as at 31 July 2007 was about HK$1,124.6 million. The revaluation surplus for land and buildings for own use, lease prepayments and a property rented by the Group and sub-leased to a third party is about HK$203.0 million and has not been included in the above adjusted net tangible assets of the Group. Such revaluation surplus has not been recorded in the Financial Information as set out in Appendix I and will not be recorded in the financial statements of the Group for the year ending 31 December 2007 as the Group's property, plant and equipment and lease prepayments are stated at cost less accumulated depreciation or amortisation and impairment losses if any. If such revaluation surplus would be included to the financial statements of the Group for the year ending 31 December 2007, an additional depreciation of approximately HK$6.4 million per annum would be incurred.

(6) No adjustment has been made to reflect any trading result or other transaction of the Group entered into subsequent to 30 June 2007.

B. UNAUDITED PRO FORMA FORECAST EARNINGS PER SHARE

The following unaudited pro forma forecast earnings per share of the Group for the year ending 31 December 2007 has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering as if it had taken place on 1 January 2007. This unaudited pro forma forecast earnings per share has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the earnings per share of the Group for the year ending 31 December 2007 or for any future period.

	HK$ *(in million)*
Forecast combined profit attributable to equity shareholders of the Company [1]	not less than 415.6
Before:	
(i) Net valuation gains on investment properties (net of deferred taxation effect) [2]	(49.6)
(ii) Losses from discontinued operations [3]	18.3
(iii) Pre-IPO Share Option Scheme [4]	22.3
Net forecast combined profit attributable to equity shareholders of the Company before (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme	not less than 406.6

	After (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme *HK$*	**Before (i) net valuation gains on investment properties, (ii) losses from discontinued operations and (iii) Pre-IPO Share Option Scheme** *HK$*
Pro forma forecast earnings per share		
— Fully diluted [5]	0.229	0.224
— Weighted average [6]	0.231	0.226

Notes

(1) The forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 is extracted from the section headed "Financial Information — Profit Forecast for the year ending 31 December 2007" in this Prospectus. The bases and assumptions on which the above profit forecast for the year ending 31 December 2007 has been prepared and summarised in Appendix III to this Prospectus. The Directors have prepared the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 based on the audited combined results of the Group for the six months ended 30 June 2007, the unaudited management accounts of the Group for the month ended 31 July 2007 and a forecast of the combined results of the Group for the remaining five months ending 31 December 2007. The forecast has been prepared on a basis consistent in all material respects with the accounting policies presently adopted by the Group as set out in note 1 of Section C of the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

(2) Under HKFRSs, gains or losses arising from changes in fair values of investment properties are recognised in the income statement in the period in which they arise. Assumptions are set out in the sub-section headed "Assumptions with respect to valuation gains on investment properties" in Appendix III to this Prospectus.

(3) Under HKFRSs, gains or losses arising from the discontinued operations are included in the period in which they arise.

(4) Under HKFRSs, the fair value of the share options granted under the Pre-IPO Share Option Scheme is recognised in the combined income statement with a corresponding increase in amount due to the ultimate controlling party as the expense will be settled in cash by the Group. The fair value is measured at the grant date using binomial model (an applicable option-pricing model) based on the Offer Price of HK$5.22. Assumptions are set out in the sub-section headed "Assumptions with respect to Pre-IPO Share Option Scheme" in Appendix III to this Prospectus.

(5) The calculation of the pro forma forecast earnings per share on a fully diluted basis is based on the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007, assuming that the Company had been listed on the Stock Exchange since 1 January 2007 and that a total of 1,818,000,000 Shares had been issued during the entire year. The calculation of 1,818,000,000 Shares is based on the assumption of 1,800,000,000 Shares expected to be in issue following the Global Offering and 18,000,000 Shares expected to be exercised under the Pre-IPO Share Option Scheme.

(6) The calculation of the pro forma forecast earnings per share on a weighted average basis is based on the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 and a weighted average number of approximately 1,800,000,000 Shares assumed to be in issue during the year. This calculation also assumes no exercise of the options that may be granted under the Pre-IPO Share Option Scheme.

(C) COMFORT LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information of the Group.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

4 October 2007

The Directors
Dah Chong Hong Holdings Limited
BNP Paribas Capital (Asia Pacific) Limited

Dear Sirs,

We report on the unaudited pro forma statement of adjusted net tangible assets and unaudited pro forma forecast earnings per share (the "Unaudited Pro Forma Financial Information") of Dah Chong Hong Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out in Parts A and B of Appendix II to the prospectus dated 4 October 2007 (the "Prospectus"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about how the Global Offering might have affected the financial information presented. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Parts A and B of Appendix II to the Prospectus.

RESPONSIBILITIES

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

It is our responsibility to form an opinion, as required by paragraph 4.29 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29 (1) of the Listing Rules.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Accounting Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

— the financial position of the Group as at 30 June 2007 or any future date; or

— the earnings per share of the Group for the year ending 31 December 2007 or any future periods.

We make no comments regarding the reasonableness of the amount of net proceeds from the Global Offering to be received by the Group, the application of those net proceeds, or whether such use will actually take place as described under "Use of Proceeds" in the section headed "Future Plans and Use of Proceeds" set out in the Prospectus.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29 (1) of the Listing Rules.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

(A) Basis and Assumptions

The Directors have prepared the forecast combined profit attributable to equity shareholders of the Company for the year ending 31 December 2007 on the basis of the audited combined results of the Group for the six months ended 30 June 2007, the unaudited combined management accounts of the Group for the month ended 31 July 2007, and a forecast of the combined results of the Group for the remaining five months ending 31 December 2007 on the basis that the current group structure had been in existence throughout the whole financial year ending 31 December 2007 and that the accounting policies consistent in all material respects with those adopted by the Group as summarised in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus, and is based on the following principal assumptions:

General Assumptions

(i) there will be no material changes in the existing political, legal, fiscal or economic conditions in the PRC, or any other countries and territories in which the Group carries on business or which are otherwise to the Group's business;

(ii) there will be no material changes in legislation or regulations' rules, whether in the PRC, Hong Kong or any other countries and territories, which materially affect the business, suppliers or customers of the Group;

(iii) the inflation rate, exchange rates and interest rates will not differ materially from those currently prevailing;

(iv) there will be no material changes in the bases or rates of taxation in the PRC or any other countries and territories in which the Group operates or in the countries or territories in which the Company or its subsidiaries were incorporated; and

(v) the Group's operations will not be materially affected or interrupted by any force majeure events or unforeseeable factors or any unforeseeable reasons that are beyond the control of the Directors, including but not limited to the occurrence of natural disasters, epidemics or serious accidents.

(vi) there will be no material changes in the Group's fixed operating cost items, such as rental expenses, while other variable cost items such as advertising and promotion, commission are forecasted according to the forecasted sales and other marketing activities.

(vii) The PRC Government will continue to adopt the macroeconomic and monetary policies similar to those of 2006, in order to maintain a consistent rate of economic growth.

(viii) There are no significant changes in the critical accounting estimates and judgments.

Assumptions with respect to Pre-IPO Share Option Scheme

Changes in the fair value of the share options are dependent on a number of variables and other factors affected by market conditions that are beyond the Group's control at the relevant time.

Under HKFRSs, the fair value of share options at the date of grant is required to be recognised in the Group's income statement. This charge is a non-cash item. The value of the share options is determined taking into account all features of the grant and is calculated by binomial model (an applicable option-pricing model) by an independent actuary, Watson Wyatt Hong Kong Limited under the following major assumptions:

(i) volatility of the Company's share price of 30% per annum;

(ii) expected dividend yield of 2% per annum; and

(iii) rate of leaving service: 4% per annum

(iv) risk-free rate of interest of 4.38% per annum

The actual amount of fair value adjustment on the Pre-IPO Share Option Scheme will depend on the Offer Price of the Shares.

The following table illustrates the sensitivity of the combined profit attributable to equity shareholders of the Company, by the changes in fair value adjustments on the Pre-IPO Share Option Scheme if the Offer Price is at the respective offer prices of HK$4.55, HK$5.22 and HK$5.88 per Share:

	Based on an Offer Price of HK$4.55	**Based on an Offer Price of HK$5.22**	**Based on an Offer Price of HK$5.88**
Decrease in combined profit attributable to equity shareholders of the Company (HK$ million)	19.5	22.3	25.1

This sensitivity illustration is intended for reference only. Investors should note in particular that (i) this sensitivity illustration is not intended to be exhaustive and is limited to the quantum of the fair value adjustment on share options (before any further exchange rate adjustment) and (ii) the profit forecast is generally subject to further and additional uncertainties.

Assumptions with respect to net valuation gains on investment properties

Forecasts of net valuation gains on the investment properties (net of deferred taxation effect) of HK49.6 million for year ending 31 December 2007, for which the directors of the Company (the "Directors") are sole responsible and have been prepared by them based on the valuation of HK$705.1 million for the period ended 31 July 2007 extracted from the valuation report in Appendix IV to this prospectus and a forecast of the valuation on a "not less than" basis for the remaining five months ending 31 December 2007.

The independent property valuers, Knight Frank Petty Limited, have adopted a direct comparison approach, under which the investment properties are directly compared with other comparable properties of similar character and location. Such comparable properties are analysed in respect of their particular characteristics, both advantageous and disadvantageous, in order to provide a fair comparison of capital values. Characteristics considered in conducting such comparisons include the size and other physical features of the property, its location and its economic situation.

In preparing the analysis of the effect of fair value gains on the profit forecast, the estimates are based on transactions in comparable properties currently available, with prices projected as of 31 July 2007 and based on stable upward market trends as reflected in independent market research reports. The Directors have prepare the forecast on a "not less than" basis and estimated "zero" net valuation gain of the investment properties for the remaining five months ending 31 December 2007. Accordingly, the Directors have forecasted the fair value of the investment properties as of 31 December 2007 to remain unchanged from the valuation as of 31 July 2007. It should be noted that any fair value gains on investment properties, to continue to be dependent on market conditions and other factors that are beyond the control of the Directors, and to be based on the valuation performed by an independent professional property valuer of which fair value gains are forecasted, involve the use of assumptions that are, by their nature, subjective and uncertain.

Under HKFRSs, net valuation gains on investment properties are included in the period in which they arise.

(1) Net valuation gains on investment properties

The forecast net valuation gains on investment properties (net of deferred taxation effect) for the year ending 31 December 2007 is HK$49.6 million. No cash inflow will be generated from any such net valuation gains. The major contribution to the forecast net valuation gains on investment properties (net of deferred taxation effect) in 2007 comes from the properties listed below, mainly due to market growth.

Property number in the valuation report in appendix IV	**Address**	**Year ended 31 December 2006** *(HK$ million)*	**Period ended 31 July 2007** *(HK$ million)*	**Year ending 31 December 2007** *(HK$ million)*
8-13	Jinguzhou, Jiangmen	24.8	1.8	1.8
22	115 Hennessy Road	1.2	1.3	1.3
23	56 Percival Street	2.5	7.4	7.4
24	Westlands Gardens	—	3.1	3.1
26	67 Sai Yeung Choi Street	3.3	4.1	4.1
27	58 & 60 Sai Yeung Choi Street	6.6	8.3	8.3
28	Mok Chong Street	0.1	0.1	0.1
29	Siu Man Court	—	0.4	0.4
30	Haiwang Hatchery Plant	0.2	0.2	0.2
31	Xing Guang Farm	0.2	—	—
32 to 41	Japan properties	35.1	22.9	22.9
Fair value gains recognised during the year/period		74.0	49.6	49.6

(2) Sensitivity Analysis

The following table illustrates the sensitivity of the forecast net valuation gains on investment properties (net of deferred taxation effect) for the year ending 31 December 2007:

Changes in valuation of investment properties compared to the forecast net valuation gains on investment properties (net of deferred taxation effect) of HK$49.6 million for the year ending 31 December 2007	-15%	-10%	-5%	0%	5%	10%	15%
Impact on the forecast combined profit attributable to equity shareholders of the Company (HK$ 'million)	(7.5)	(5.0)	(2.5)	—	2.5	5.0	7.5

This sensitivity illustration is intended for reference only, and any variation could be different from and could exceed or fall short of the ranges given. Investors should note in particular that (i) this sensitivity illustration is not intended to be exhausive and is limited to the impact of changes in the level of revaluation of investment properties and (ii) the profit forecast is generally subject to further and additional uncertainties. While the Group have considered, for the purposes of the profit forecast, what the Group believes is the best estimate of the net valuation gains on the Group's investment properties for the year ending 31 December 2007, the actual net valuation on the Group's investment properties for that year may differ materially from the Group's estimate and is dependent on market conditions and other factors that are beyond the Group's control.

(B) Letter from KPMG

The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this Prospectus, in respect of the forecast of combined profit attributable to equity shareholders of the Company.

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

4 October 2007

The Board of Directors
Dah Chong Hong Holdings Limited
BNP Paribas Capital (Asia Pacific) Limited

Dear Sirs,

We have reviewed the accounting policies and calculations adopted in arriving at the forecast combined profit attributable to the equity shareholders of Dah Chong Hong Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the Group's interests in associates and jointly controlled entities for the year ending 31 December 2007 (the "Profit Forecast"), for which the directors of the Company (the "Directors") are solely responsible, as set forth in the section headed "Financial Information — Profit Forecast for the year ending 31 December 2007" in the prospectus of the Company dated 4 October 2007 (the "Prospectus").

The Profit Forecast has been prepared by the Directors based on the audited combined results of the Group for the six months ended 30 June 2007, the unaudited combined management accounts of the Group for the month ended 31 July 2007 and a forecast of the combined results of the Group for the remaining five months ending 31 December 2007.

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Forecast has been properly compiled on the bases and assumptions adopted by the Directors as set out in Part A of Appendix III to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies adopted by the Group as set out in our accountants' report dated 4 October 2007, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,
KPMG
Certified Public Accountants
Hong Kong

(C) Letter from BNP Paribas

BNP PARIBAS
CORPORATE & INVESTMENT BANKING

BNP Paribas Capital (Asia Pacific) Limited
63/F Two International Finance Centre,
8 Finance Street, Central, Hong Kong

4 October 2007

The Board of Directors
Dah Chong Hong Holdings Limited

Dear Sirs,

We refer to the forecast combined profit attributable to equity shareholders of Dah Chong Hong Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the Group's interests in associates and jointly controlled entities for the year ending 31 December 2007 (the "Profit Forecast") as set out in the paragraph headed "Profit Forecast for the year ending 31 December 2007" under the section headed "Financial Information" in the prospectus of the Company dated 4 October 2007.

The Profit Forecast, for which the directors of the Company (the "Directors") are solely responsible, has been prepared by them based on the audited combined results of the Group for the six months ended 30 June 2007, the unaudited combined management accounts of the Group for the month ended 31 July 2007 and a forecast of the combined results of the Group for the remaining five months ending 31 December 2007.

We have discussed with you the bases and assumptions upon which the Profit Forecast has been made. We have also considered the letter dated 4 October 2007 addressed to you and us from KPMG regarding the accounting policies and calculations upon which the Profit Forecast has been made.

On the basis of the foregoing and on the bases and assumptions made by you and the accounting policies and calculations adopted by you and reviewed by KPMG, we have formed the opinion that the Profit Forecast, for which you as the Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
BNP Paribas Capital (Asia Pacific) Limited
Isadora Li
Head of Investment Banking — North Asia

The following is the text of a letter, summary of values and valuation report, prepared for the purpose of incorporation in this Prospectus, received from Knight Frank Petty Limited, an independent qualified property valuer, in connection with its valuation as at 30 June 2007 and 31 July 2007.

Knight Frank 萊坊

4th Floor, Shui On Centre,
6-8 Harbour Road,
Wan Chai, Hong Kong

4 October 2007

The Directors
Dah Chong Hong Holdings Limited
8th Floor
DCH Building
20 Kai Cheung Road
Kowloon Bay
Kowloon
Hong Kong

Dear Sirs

In accordance with your instructions for us to value various property interests as set out in the attached Summary of Values held by Dah Chong Hong Holdings Limited ("the Company") or its subsidiaries (hereinafter together referred to as the "Group") in Hong Kong, the People's Republic of China (the "PRC"), Macao, Japan, Singapore and Canada, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of these property interests as at 30 June 2007 and 31 July 2007 ("the dates of valuation").

BASIS OF VALUATION

Our valuation is our opinion of the "Market Value" which we would define as intended to mean the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale or purchase, and without offset for any associated taxes.

VALUATION METHODOLOGIES

We have valued Property Nos 1 to 7, 18 to 21 of Group 1 by using direct comparison approach whenever market comparable transactions are available and assumed sale of the property interests with the benefit of vacant possession.

We have valued the property interests in Group 2 by reference to sales evidence as available on the market and where appropriate on the basis of capitalization of the net incomes shown on the documents handed to us by the Group.

In valuing Property Nos 8 to 17 in Group 1 which are held by the Group for owner-occupation, due to the specific purpose for which the buildings and structures of the properties have been constructed, there is no readily identifiable market comparables, thus, the buildings and structures cannot be valued on the basis of direct comparison. These properties have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach is an estimate of the market value for the existing use of the land, plus the gross replacement costs of the improvements as at the date of valuation, less allowances for age, condition and functional obsolescence. This approach generally provides the most reliable indication of value for property in the absence of a known market based on comparable sales. Our valuations based on the depreciated replacement cost approach shall be subject to the adequate potential profitability of the business. We must state that cessation of the existing business (if any) would have significant impact on the market values of the properties as derived by the depreciated replacement cost approach.

We have attributed no commercial value to the property interests in Group 3 (except Property No 185), which are leased by the Group and property interest in Group 4 which is contracted to be acquired by the Group due to prohibition against assignment or sub-letting or otherwise due to lack of substantial profit rents.

We have valued Property No 185 in Group 3 which is leased by the Group by reference to its profit rent originate from the lease term interest and its right in sub-letting and/or transferring the lease term interest of the property.

VALUATION ASSUMPTIONS

In addition to the basis of valuation as set out above, our valuation is subject to the following assumptions and principles.

Unexpired Government lease term

We have valued the property interests based on the unexpired term of their respective Government leases under which the property interests are held from the Government.

Inspection and Measurement

We have inspected the exterior and where possible, the interior of the properties valued. However, we have not carried out on-site measurement to verify the correctness of site areas and/or floor areas of the properties valued and assumed that the site areas and floor areas shown on the documents handed to us are correct.

Title Documents and Encumbrances

We have caused sample ownership search to be made at the Land Registry for the Hong Kong properties valued and have been provided with extracts of documents in respect of the title to the property interests in the PRC. We have not scrutinized the original documents to verify the ownership and encumbrances or to ascertain any amendment which may or may not appear on the copies handed to us. We have relied to a very considerable extent on the information given by the Group and the opinion given by the Group's legal advisor Johnson Stokes & Master and PRC legal advisor, Jingtian & Gongcheng Attorneys At Law and assumed the information is correct.

No allowance has been made in our valuation for any compensation, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests valued were free from encumbrances, restrictions and outgoings of any onerous nature which could affect their market values.

Whilst we have taken every care to investigate the title to the property interests valued, including examination of the copies of land grants provided by the Group and land registers obtained from the Land Registry for Hong Kong properties, we do not accept a liability for any interpretation which we have placed on such information, that is more properly the sphere of the legal advisors.

Structural Condition

We have not been instructed to undertake any structural surveys or to test the services of the properties valued. Our valuation has therefore been undertaken on the basis that the properties valued were all in satisfactory repair and condition with services functioning satisfactorily and are free of rot, infestation or any other structural defects.

Contamination

We have not been instructed to arrange for any investigation to be carried out to determine whether any deleterious or hazardous material has been used in the construction of the properties valued and therefore assumed in our valuation that none of the said material was contained in the properties. However, should it be established subsequently that contamination exists at the properties or on any neighbouring land, or that the properties have been or are being put to any contaminative use, we reserve the right to adjust the values reported herein.

Source of Information

We have relied to a very considerable extent on information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, completion dates of buildings, particular of occupancies, incomes, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation report are based on information contained in the documents provided to us and are therefore only approximations.

We have not verified the information provided to us by the Group and have assumed that they are correct. We have no reason to doubt the truth and accuracy of the information provided to us by the Group and/or its legal advisor/PRC legal advisor which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided.

Currency and Conversion Factor

Unless otherwise stated, all monetary terms quoted in this report are in Hong Kong Dollars. Where appropriate, the exchange rates we have adopted are HK$1 to RMB0.9733, HK$1 to JPY15.7155, HK$1 to SGD0.1953, HK$1 to MOP1.0247 and HK$1 to CAD0.1355 which were the prevailing exchange rates as at 30 June 2007. In addition, we have adopted HK$1 to RMB0.9675, HK$1 to JPY 15.2216, HK$1 to SGD0.1937, HK$1 to MOP1.0298 and HK$1 to CAD0.1362 which were the prevailing exchange rates as at 31 July 2007.

REMARKS

In preparing our valuation report, we have complied with "The HKIS Valuation Standards on Properties (First Edition 2005)" published by the Hong Kong Institute of Surveyors and all the requirements contained in the provision of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

For property interests in Japan, Singapore and Canada, our valuations are with regard to the valuation works performed by our overseas companies or alliances.

We enclose herewith our summary of values and valuation report.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited

Alex S L Ng
MRICS MHKIS RPS(GP)
Executive Director

Note : Alex S L Ng, MRICS, MHKIS, RPS(GP), has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 21 years' experience in the valuation of properties in Hong Kong and has been involved in the valuation of properties in the People's Republic of China and Asia Pacific regions since 1988.

SUMMARY OF VALUES

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
GROUP 1 — PROPERTY INTERESTS HELD BY THE GROUP FOR OWNER-OCCUPATION						
Group 1A — Property Interests held by the Group for Owner-occupation in Hong Kong						
1.	1st Floor, Front Portion 11 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong	660,000	660,000	100%	660,000	660,000
2.	Shops Nos 1 and 2 on Ground Floor and External Wall of Ground Floor Premises, Landwide Commercial Building, 118–120 Austin Road, Tsimshatsui, Kowloon, Hong Kong	70,000,000	70,000,000	100%	70,000,000	70,000,000
3.	Car Parking Spaces Nos 1 and 2 on Basement, Hong Yuen Court, 1–5 Tak Shing Street, Jordan, Kowloon, Hong Kong	900,000	900,000	100%	900,000	900,000
4.	377 Carparking Spaces (Carparking Spaces Nos 8001 to 8125 on 8th Floor, Carparking Spaces Nos 9001 to 9125 on 9th Floor and Carparking Spaces Nos R001 to R127 on roof), Commercial and Garage Block, Richland Gardens, 80 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong	50,000,000	50,000,000	100%	50,000,000	50,000,000
5.	Flats B, C, D, E and F on Ground Floor including the Forecourt, 152A–152D Prince Edward Road West and 222G–222H Fa Yuen Street, Mongkok, Kowloon, Hong Kong	53,000,000	53,000,000	100%	53,000,000	53,000,000

No	Property	Market Value in existing state as at 30 June 2007 HK$	Market Value in existing state as at 31 July 2007 HK$	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group HK$	Market Value in existing state as at 31 July 2007 attributable to the Group HK$
6.	Shop A–9 on Ground Floor, Kwai Chung Centre, 102 Kwai Hing Road, Kwai Chung, New Territories, Hong Kong	6,900,000	6,900,000	100%	6,900,000	6,900,000
7.	12th Floor, Union Park Centre, 771–775 Nathan Road, Mong Kok, Kowloon, Hong Kong	16,000,000	16,000,000	100%	16,000,000	16,000,000
				Sub-total:	197,460,000	197,460,000
Group 1B — Property Interests held by the Group for Owner-occupation in the PRC						
8.	Lot T7-3, No.19, Yinhai Avenue, Jinguzhou, Huicheng, Xinhui District, Jiangmen, Guangdong Province, The PRC	24,100,000	24,200,000	100%	24,100,000	24,200,000
9.	Lot T7-5, No. 6, Jiangyu Road and No. 28 Yinzhou Avenue, Jinguzhou, Huicheng, Xinhui District, Jiangmen, Guangdong Province, The PRC	23,900,000	24,100,000	100%	23,900,000	24,100,000
10.	Lot T7-6, No. 28, Yinzhou Avenue, Huicheng, Xinhui District, Jiangmen, Guangdong Province, The PRC	18,100,000	18,100,000	100%	18,100,000	18,100,000
11.	Lot No. T7-2 located in Lingang Industrial District, Jinguzhou Economic Development Experimental Zone, Xinhui District, Jiangmen, Guangdong Province, The PRC	8,500,000	8,600,000	100%	8,500,000	8,600,000

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
12.	Lot No. T-10 located in Lingang Industrial District, Jinguzhou Economic Development Experimental Zone, Xinhui District, Jiangmen, Guangdong Province, The PRC	46,100,000	46,400,000	100%	46,100,000	46,400,000
13.	Lot No. T18 located in Lingang Industrial District, Jinguzhou Economic Development Experimental Zone, Xinhui District, Jiangmen, Guangdong Province, The PRC	12,300,000	12,400,000	100%	12,300,000	12,400,000
14.	4S shop, No. 508 Bailong Road, Panlong District, Kunming, Yunnan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
15.	4S shop, No. 522 Bailong Road, Yunshan Village, Jinma Town, Guandu District, Kunming, Yunnan Province, The PRC	87,300,000	87,800,000	80%	69,840,000	70,240,000
16.	No. 789 Anchi Road, Shanghai International Automobile City, Jiading District, Shanghai, The PRC	20,700,000	20,800,000	100%	20,700,000	20,800,000
17.	No. 258 Nangang Gong Road, Huinan Town, Nanhui District, Shanghai, The PRC	21,400,000	21,500,000	46.062%	9,857,268	9,903,330
				Sub-total:	233,397,268	234,743,330

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
Group 1C — Property Interest held by the Group for Owner-occupation in Japan						
18.	Portion of Dah Chong No.2 Building, 18-2, Roppongi 5-chome, Minato-Ku, Tokyo, Japan	36,610,000	37,800,000	100%	36,610,000	37,800,000
				Sub-total:	36,610,000	37,800,000
Group 1D — Property Interest held by the Group for Owner-occupation in Canada						
19.	Richmond Acura Auto-Dealership Premises, 4211 No 3 Road, Richmond, British Columbia, Canada	115,130,000	114,540,000	100%	115,130,000	114,540,000
				Sub-total:	115,130,000	114,540,000
Group 1E — Property Interests held by the Group for Owner-occupation in Singapore						
20.	20 Tuas Avenue 2, Singapore 639451	21,510,000	21,680,000	100%	21,510,000	21,680,000
21.	259 Pandan Loop, Singapore 128435	7,940,000	8,000,000	100%	7,940,000	8,000,000
				Sub-total:	29,450,000	29,680,000
GROUP 2 — PROPERTY INTERESTS HELD BY THE GROUP FOR INVESTMENTS						
Group 2A — Property Interests held by the Group for Investments in Hong Kong						
22.	Ground Floor of 115 Hennessy Road, Hip Sang Building, 107–115 Hennessy Road, Wanchai, Hong Kong	17,500,000	17,500,000	100%	17,500,000	17,500,000
23.	Ground Floor, 56 Percival Street, Causeway Bay, Hong Kong	62,000,000	62,000,000	100%	62,000,000	62,000,000

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
24.	Shop No G7 on Ground Floor and Car Parking Spaces Nos LG123 and LG124 on Lower Ground Floor Westlands Gardens, 1025–1037 King's Road and 2–10, 12A–12H Westlands Road, Quarry Bay, Hong Kong	36,300,000	36,300,000	100%	36,300,000	36,300,000
25.	Car Parking Space No 18 on Upper Ground Floor, Kar Man Court, 1–7 Kin Wah Street, North Point, Hong Kong	250,000	250,000	100%	250,000	250,000
26.	Ground and Mezzanine Floors, 67 Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	80,000,000	80,000,000	100%	80,000,000	80,000,000
27.	Ground Floor including its yard and Cockloft of 58 Sai Yeung Choi Street South and Shop 1 on Ground Floor, Cockloft and Flats A and B on 1st Floor of 60 Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong	148,000,000	148,000,000	100%	148,000,000	148,000,000
28.	Ground, 2nd, 3rd, 4th and 5th Floors, Front Portion, 11 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong	6,700,000	6,700,000	100%	6,700,000	6,700,000
29.	Shops Nos. 1 and 2 on Ground Floor, Siu Man Court, 7, 7A and 9 Fort Street, North Point, Hong Kong	9,500,000	9,500,000	100%	9,500,000	9,500,000
				Sub-total:	360,250,000	360,250,000

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
Group 2B — Property Interests held by the Group for Investments in the PRC						
30.	Haiwang Hatchery Plant at Haiwang Village, Huinan Town, Nanhui District, Shanghai, The PRC	2,100,000	2,100,000	46.062%	967,302	967,302
31.	Xing Guang Farm, Xingguang Village, Zhuqiao Town, Nanhui District, Shanghai, The PRC	3,800,000	3,800,000	46.062%	1,750,356	1,750,356
				Sub-total:	2,717,658	2,717,658
Group 2C — Property Interests held by the Group for Investments in Japan						
32.	Hiro-o Garden Hills, West Hill I-1204, Hiro-o 4-chome, Shibuya-ku, Tokyo, Japan	6,800,000	7,020,000	100%	6,800,000	7,020,000
33.	Hiro-o Garden Hills, Centre Hill H-1403, Hiro-o 4-chome, Shibuya-ku, Tokyo, Japan	20,880,000	21,560,000	100%	20,880,000	21,560,000
34.	Hiro-o Garden Hills, South Hill D-507 Hiro-o 4-chome, Shibuya-ku, Tokyo, Japan	25,000,000	25,810,000	100%	25,000,000	25,810,000
35.	Dah Chong No.1 Building, 12–6, Roppongi, 3-chome, Minato-ku, Tokyo, Japan	187,700,000	193,790,000	100%	187,700,000	193,790,000
36.	Dah Chong No.2 Building, 18–2, Roppongi, 5-chome, Minato-ku, Tokyo, Japan	62,360,000	64,380,000	100%	62,360,000	64,380,000
37.	Toriizaka House 14–19, Roppongi, 5-chome, Minato-ku, Tokyo, Japan	28,450,000	29,380,000	100%	28,450,000	29,380,000
38.	Land No. 346-22, Azateradani, Hino-Cho, Nishiwaki-shi, Hyogo Prefecture, Japan	63,000	65,000	100%	63,000	65,000
39.	Land No. 8-162 and 8-179, Ogase-Cho, Kagamihara-shi, Gifu Prefecture, Japan	90,000	93,000	100%	90,000	93,000

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
40.	Land No. 689, Azazendana, Higashiodaka, Isumi-shi, Chiba Prefecture, Japan	4,000	4,000	100%	4,000	4,000
41.	Land No. 692, Azazendana, Higashiodaka, Isumi-shi, Chiba Prefecture, Japan	7,000	8,000	100%	7,000	8,000
				Sub-total:	331,354,000	342,110,000

GROUP 3 — PROPERTIES RENTED OR LICENCED BY THE GROUP

Group 3A — Properties rented or licenced by the Group in Hong Kong

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
42.	Units 1103–1105 on 11th Floor, Union Park Centre, 771–775 Nathan Road, Mong Kok, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
43.	Shop No 10 on Ground Floor, Chee King Garden, 35–55 Kin Tak Street, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
44.	Shop No 9 on Ground Floor, Chee King Garden, 35–55 Kin Tak Street, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
45.	Parking Lot B02 on Basement B1, Car Park of Hong Kong Convention & Exhibition Centre Old Wing, 1 Harbour Road, Wanchai, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
46.	Shops A, B and C on Ground Floor and Cockloft, Tung Shing Building, 402–406 Portland Street, Mongkok, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
47.	Shop 2 on Ground Floor, The Sun's Group Centre, 200 Gloucester Road, Wanchai, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
48.	Shops A and B on Ground Floor, Sing Ho Finance Building, 166–168 Gloucester Road, Wanchai, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
49.	Car parking area on 11/F, Sunshine Plaza, 324–338 Jaffe Road, Wanchai, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
50.	8 car parking spaces on 5th Floor, Park Lane Hotel, 310 Gloucester Road, Causeway Bay, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
51.	Portions of Lot Nos 328 and 329 in Demarcation District No 111, Pat Heung, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
52.	A piece of land situated at Tong Hang Tsuen, Fanling, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
53.	Shops B, C and D on Ground Floor, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
54.	Portion B of Shops 1 to 41 on Ground Floor, Podium of Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
55.	24 car parking spaces on Level 7, United Centre Car Park, United Centre, 95 Queensway, Admiralty, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
56.	Shop No 2 on Ground Floor and car parking spaces Nos C34, C35 & C36 on First Floor, 16 Hi Yip Street, Tung Tau Industrial Area, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
57.	Shop C on Ground Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
58.	Parking Bays Nos 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 175, 176, 177, 178, 179, 180, 181, 182, 183 and 184 in Second Basement, Harcourt Block of Admiralty Carpark, Rodney Street, Admiralty, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
59.	Shops G41 and G45–G49 on Ground Floor, Elizabeth House, 250 Gloucester Road, Causeway Bay, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
60.	8 car parking spaces on Levels 1–8 from 1st to 4th Floors, Elizabeth House, 250 Gloucester Road, Causeway Bay, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
61.	Shop Nos A106–A108 on Level 1, 2–8 Sha Tin Centre Street, New Town Plaza Phase III, Shatin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
62.	12 car parking spaces on Level 2, Hilton Plaza Carpark, 3–9 Shatin Centre Street, Shatin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
63.	Shops B and C on Ground Floor, Bonaventure House, 91 Leighton Road, Causeway Bay, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
64.	A car parking space at Football Club Carpark, Sports Road, Causeway Bay, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
65.	Portions of Lot Nos 43A and 50 in Demarcation District No 101, Mai Po, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
66.	Car Parking Spaces L1 to L24 on Roof, Jumbo Plaza, 6 Choi Fai Street, Sheung Shui, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
67.	Units B1–B23 and Corridors and Lavatory on Ground Floor, Jumbo Plaza, 6 Choi Fai Street, Sheung Shui, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
68.	Workshop No 1 on Ground Floor, Car Parking Spaces Nos L12 on Upper Ground Floor and P13 on First Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
69.	Units Nos C & D on Ground Floor, Kingsway Industrial Building Phase I, Nos 167–175 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
70.	Ground Floor, Tong Yuen Factory Building, 505 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong GSE Maintenance Facility No.1	No commercial value	No commercial value		No commercial value	No commercial value
71.	13 Catering Road East, Hong Kong International Airport, Lantau Island, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
72.	Portions A & B on Ground Floor, and loading and unloading bay, Chung On Industrial Building, 28 Lee Chung Street, Chai Wan, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
73.	Ground Floor, Tin's Second House, 94–96 How Ming Street, Kwun Tong, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
74.	DCH Building 20 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
75.	18 Po Yip Street, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
76.	Ground Floor, Portion of 1st Floor, Unit 1A on 1st Floor, 2nd, 3rd, 6th, 7th and 8th Floors, 111 Lee Nam Road, Apleichau, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
77.	Unit 1B on 1st Floor, 111 Lee Nam Road, Apleichau, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
78.	Factory Unit A on Ground Floor and Car Parking Space No 112, Tsuen Wan Industrial Centre, 220–248 Texaco Road, Tsuen Wan, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
79.	Unit A on First Floor, Lucky Industrial Building, 18–24 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
80.	Unit B on 11th Floor, Lucky Industrial Building, 18–24 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
81.	A retail space within New World Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
82.	Shatin Town Lot No 75, 5–11 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
83.	5th, 7th to 12th, 15th and 16th Floors, Broadway Centre, 93 Kwai Fuk Street, Kwai Chung, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
84.	Block C, Yee Lim Industrial Centre, 2–28 Kwai Lok Street & 2–6 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
85.	B4 of Cheung Sha Wan Wholesale Food Market, Cheung Sha Wan, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
86.	B153 of Cheung Sha Wan Wholesale Food Market, Cheung Sha Wan, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
87.	Unit 101 on First Floor, Hang Seng Building, 77 Des Voeux Road Central, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
88.	Units G1–G3 on Ground Floor, Wing Tak Mansion, 15 Canal Road West, Causeway Bay, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
89.	Unit 1 on Ground Floor, Yue Sun Mansion, 68–80 Second Street, Sai Ying Pun, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
90.	Ground Floor, 7 Hau Wong Road, Kowloon City, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
91.	Shop No 1, Yue Shun House, Yue Wan Estate, Chai Wan Road, Chai Wan, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
92.	Shop No 13, Kam Pik House, Choi Hung Estate, Prince Edward Road East, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
93.	Shop Nos B2–3, Commercial Complex III, Choi Wan Estate (I), Clear Water Bay Road, Kwun Tong, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
94.	Shop No 3A on Ground Floor, Kai Yin House, Kai Yip Estate, Kowloon Bay, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
95.	Shop No 119A on Ground Floor, Geranium House, Ma Tau Wai Estate, Ma Tau Chung Road, To Kwa Wan, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
96.	Shop Nos 5 and 6 on Ground Floor, Hong Man House, Oi Man Estate, Chung Hau Street, Ho Man Tin, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
97.	Shop Nos 121–124, Yuk Shek House, Ping Shek Estate, Clear Water Bay Road, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
98.	Shop No D07, Lee Yip Hse, Shun Lee Estate, Kwun Tong, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
99.	Shop No 4 on Ground Floor, Po Hei Shopping Centre, Po Hei Court, Shun Ning Road, Sham Shui Po, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
100.	Shop No 8, Mei Shan House, Shek Kip Mei Estate, Nam Cheong Street, Shek Kip Mei, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
101.	Shop Nos 107–109, Tip Sum House, Butterfly Estate, Wu Chui Road, Tuen Mun, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
102.	Shop No 4, Shopping Centre, Cheung Fat Estate, Tam Kon Shan Road, Tsing Yi, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
103.	Shop Nos G7 & G12, Shopping Centre, Fu Shin Estate, On Po Road, Tai Po, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
104.	Shop Nos 7 and 8, Ground Floor Pok Yue House, Pok Hong Estate, 6 Sha Kok Street, Shatin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
105.	Shop Nos 104 & 105, Shopping Centre, Hin Keng Estate, 69 Che Kung Miu Road, Shatin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
106.	Shop No 8, King Chung House, King Lam Estate, Po Lam Road North, Tseung Kwan O, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
107.	Shop No 2, Commercial Block 1, Kwong Yuen Estate, 68 Siu Lek Yuen Road, Shatin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
108.	Shop No 214, Shopping Centre, Leung King Estate, Ming Kum Road, Tuen Mun, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
109.	Shop Nos M1 & M2, Kang Ping House, Long Ping Estate, Long Ping Road, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
110.	Shop No 219, Ting Cheung House, On Ting Estate, Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
111.	Shop Nos 108 & 109, Po Kan House, Po Lam Estate, Po Lam Road North, Tseung Kwan O, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
112.	Shop Nos 202 & 203, Commercial Centre, Shan King Estate, Ming Kum Road, Tuen Mun, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
113.	Shop Nos 103–104, Tai Yuen Shopping Centre, Tai Yuen Estate, 10 Ting Kok Road, Tai Po, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
114.	Shop Nos S15 to S18, Kwong Yan House, Kwong Fuk Estate, Kwong Fuk Road, Tai Po, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
115.	Shop No 22, Tin Shui Shopping Centre, Tin Shui Estate, Tin Shui Wai, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
116.	Shop Nos 30 & 31, Tin Yiu Shopping Centre, Tin Yiu Estate, Tin Shui Wai, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
117.	Shop Nos 103 & 104, Sau Lam House, Tsui Lam Estate, Tsui Lam Road, Tseung Kwan O, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
118.	Shop No 12, Shopping Centre, Wan Tau Tong Estate, 10 Hiu Wan Road, Tai Po, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
119.	Shop No 3A, Commercial Centre, Wo Che Estate, Shatin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
120.	Shop No 3, Kai Tin Shopping Centre, Kai Tin Estate, Lam Tin, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
121.	Shop 119, Lung Hang Shopping Centre, Lung Hang Estate, Shatin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
122.	Shop 226, Heng On Shopping Centre, Heng On Estate, 1 Hang Kam Street, Ma On Shan, Shatin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
123.	Shop Nos 12 and 13 on Ground Floor, Shek Yam Shopping Centre, Shek Yam Estate, Kwai Chung, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
124.	Shop 74, Siu Sai Wan Shopping Centre, Siu Sai Wan Estate, Siu Sai Wan, Chai Wan, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
125.	Shop 109, Oi Tung Shopping Centre, Shau Kei Wan, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
126.	Shop 6 on Ground Floor, King Cheung Mansion, 6–8 Yuk Sau Street, Happy Valley, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
127.	Shop 208, Second Floor, Sau Mau Ping Shopping Centre, Sau Mau Ping, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
128.	Shops S12 & S13, Wan Tsui Shopping Centre, Chai Wan, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
129.	Shops 219 & 219A, 12 Tai Po Tai Wo Road, Tai Wo Estate, Tai Wo Shopping Centre, Tai Po, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
130.	Shop I on Ground Floor, Sun On Building, 484–496 Queen's Road West, Sai Ying Pun, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
131.	Unit B-1 on Ground Floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
132.	Shop No 137, Chung On Shopping Centre, Chung On Estate, Ma On Shan, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
133.	Shop 122, Lei Muk Shue Shopping Centre, Lei Muk Shue Estate, Tsuen Wan, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
134.	Shop Nos 202–203 on Level 2, Lei Tung Shopping Centre, Lei Tung Estate, Ap Lei Chau, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
135.	Shop MS 2 and Signboard No 1, Mei Lam Wet Market, Mei Lam Shopping Centre, Mei Lam Estate, Sha Tin, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
136.	Shop 221 on 2nd Floor, Shek Lei (II) Shopping Centre, Shek Lei Estate (II) Tsuen Wan, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
137.	Flat 6 on 2nd Floor of Block P, Telford Gardens, 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
138.	Flat 5 on 2nd Floor of Block E, Telford Gardens, 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
139.	Unit A on Ground Floor, Wang Yip Centre, 18 Wang Yip Street East, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
140.	G/F & Back Yard, 7 Soares Avenue, Mongkok, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
141.	Portions of Lot Nos 1472, 1473, 1474, Remaining Portion of Lot No 1475, Remaining Portion of Lot No 1476 and Lot No 1477; all of Demarcation District No 125, Ha Tsuen, Yuen Long, New Territories, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
142.	Ground Floor, Rainbow Factory Building, 149 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
				Sub-total:	No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
Group 3B — Properties rented or licenced by the Group in the PRC						
143.	Unit 7007, Liye Building, No. 71 Majiabao Dong Road, Fengtai District, Beijing, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
144.	Unit 3510, Block C, Zhongyun Building, No. 208 Wangjinglize Zhong Yuan District 2, Chaoyang District, Beijing, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
145.	A service centre, No. 51 Yangzhaguojiadian, Chaoyang District, Beijing, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
146.	Unit 409, Blue Diamond Business Tower, No. 1 Shenggu Zhong Road, Dongcheng District, Beijing, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
147.	Unit 501, Dakang Building, No. 44 Chongwenmenwai Main Street, Chongwen District, Beijing, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
148.	Unit 06 on Level 8, Times Plaza, No. 2 Zongfu Road, Jinjiang District, Chengdu, Sichuan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
149.	Units 5-9 and 12-3, Jianye Building, No. 123 Yusha Road, Qingyang District, Chengdu, Sichuan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
150.	Unit 4-1-23 on Level 1, Chengdu Ruida Electrical Appliances City, No. 25 Guiwangqiao West Street, Jinjiang District, Chengdu, Sichuan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
151.	Unit 534, Taihua Building, Free Trade Zone, Dalian, Liaoning Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
152.	Unit 1202B, Zhujiang International Building, No. 99 Xinkai Road, Xigang District, Dalian, Liaoning Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
153.	4S shop, No. 631 Zexu Dadao, Cangshan District, Fuzhou, Fujian Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
154.	4S shop, Lot No. 2, No. 1080 Huangpu East Road, Huangpu District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
155.	Portions of Levels 1 and 4, No. 228 Shiguang Road, Shiqiao Town, Panyu District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
156.	Ground Floor, No. 29 Nanhua West Road, Haizhu District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
157.	4S shop, No. 297 Longxi Dadao, Fangcun District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
158.	4S shop, Yingbin Roadside, Longmei Village, Donghuan Street, Shiqiao Town, Panyu District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
159.	4S shop, No. 188 Guangzhou Dadao South, Haizhu District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
160.	Ground Floor, No. 602 Yingbin Road, Dashi Town, Panyu District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
161.	Unit 320, Section 9, No. 82 Guangbao Dadao, Free Trade Zone, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
162.	Room 704, East Financial Plaza, No. 140 Dongfeng West Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
163.	Levels 3, 6 and 7, Tower A, No. 94 Liwan Road, Liwan District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
164.	A warehouse on Level 4, No. 4 Warehouse, Xiamao Logistics Center, Baiyun District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
165.	Units 1101, 02, 07 – 13 on Level 11, Dongbao Building, No. 767 Dong Feng Dong Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
166.	No 156 Shixiang Road, Hangzhou, Zhejiang Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
167.	No. 103 Dongpo Road, Hangzhou Xihu Modern Square, Hangzhou, Zhejiang Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
168.	4S shop, North to Huaqing Bowling Centre, Jianshe San Road, Jiangmen, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
169.	4S shop No.10 Xinhui Avenue East, Xinhui District, Jiangmen, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
170.	4S Shop, East of No.121 Wuyi Road, Jiangmen, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
171.	Blocks I & J, Huang Zhuang Ye Keng Industrial Zone, Pengjiang District, Jiangmen, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
172.	An office unit No.10 Jinguzhou Jiangyu Road, Jiangmen, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
173.	Unit 501, 5/F, Block 36, Jiande Street, Pengjiang District, Jiangmen, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
174.	Unit 206, No. 3, Block 32, Jude Street, Jiangmen, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
175.	4S shop, Lot No. 8 of Xiaotun Motor Vehicle City, Erhuan West Road North Section, Gaoxin District, Kunming, Yunnan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
176.	Lot A8, Yunnan Motor Vehicle Market Zone C, Erhuan West Road North Section, Gaoxin District, Kunming, Yunnan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
177.	Lot C15-2, Yunnan Motor Vehicle Market Zone C, Erhuan West Road North Section, Gaoxin District, Kunming, Yunnan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
178.	Lot 13–3, Kaixuanli Motor Vehicle Market No. 2, Nos. 637–639 Erhuan South Road, Gaoxin District, Kunming, Yunnan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
179.	4S shop, No. 668 Erhuan West Road, Gaoxin District, Kunming, Yunnan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
180.	4S shop, Block Nos. 2–7 West of Xierhuan Road, Gaoxin District, Kunming, Yunnan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
181.	Level 1, No. 129 Daming Road, Qinhuai District, Nanjing, Jiangsu Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
182.	A showroom, No. 278 Nanyuan Street, Huancheng West Road, Haishu District, Ningbo, Zhejiang Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
183.	Level 1, Yangquan Garden, Baozhou Road, Fengze District, Quanzhou, Fujian Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
184.	A parcel of land situated at the junction of Huancheng Dong Road and Zhu Street, Qujing, Yunnan Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
185.	Ground Floor of Hualin Building, No. 190 Caoxi Road, Xuhui District, Shanghai, The PRC	8,300,000	8,300,000	100%	8,300,000	8,300,000
186.	Unit B on Level 3 and Units S on Level 7, Shimei Building, No. 79 Rijing Road, Waigaoqiao Free Trade Zone, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
187.	No. 957 Wenshui East Road, Hongkou District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
188.	No. 2628 Longwu Road, Xuhui District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
189.	Level 1, No. 839 Beijing West Road, Jing'an District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
190.	Unit 10, No. 1500 Jiujing Road, Jiuting High-Technology Park, Songjiang District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
191.	Level 1, No. 833 Beijing West Road, Jing'an District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
192.	Units 1020, No. 500 Bingke Road, Waigaoqiao Free Trade Zone, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
193.	Units 1602 and 1603, LT Square, No. 500, Chengdu North Road, Huangpu District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
194.	No. 15 Lane 345 Shilong Road, Xuhui District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
195.	No. 2138 Sichuan North Road, Hongkou District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
196.	Unit 303, No. 550 Longwu Road, Xuhui District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 HK$	Market Value in existing state as at 31 July 2007 HK$	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group HK$	Market Value in existing state as at 31 July 2007 attributable to the Group HK$
197.	A warehouse, No. 231 Xitai Road, Xuhui District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
198.	Units 801–812, Citic Square, No. 1168 Nanjing West Road, Jing'an District, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
199.	Unit 313, No. 1 Building, No. 80 Xinling Road, Pudong New Area, Shanghai, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
200.	Three units, Bao'an Plaza, No. 1002 Sungang Dong Road, Luohu District, Shenzhen, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
201.	Units 708 and 709 on Level 7, Block 503, Tairan Ba Road, Jugongmiao, Futian District, Shenzhen, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
202.	An industrial unit on Level 1 District A, Block 1, New Century Technology Industrial Park, Lijing Road, Shenzhen Export Processing District, Longgang District, Shenzhen, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
203.	Units 230–232 on Level 2, Block 2, Yanzi Ancillary Living Area, Jinniu Road, Large Industrial District, Longguang District, Shenzhen, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
204.	Four units, Zhongjian Building, No. 2105 Shennan Dong Road, Luohu District, Shenzhen, The PRC	No commercial value	No commercial value		No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 HK$	Market Value in existing state as at 31 July 2007 HK$	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group HK$	Market Value in existing state as at 31 July 2007 attributable to the Group HK$
205.	Level 1, Block 1, No. 18 Huitong Road, Gaoxin District, Suzhou, Jiangsu Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
206.	Lot No. 1, 325 Guo Dao, Wuchuan, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
207.	4S shop, No. 38 Renmin Dadao North Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
208.	4S shop, 68 Haitian Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
209.	4S shop, 46 Renmin Dadao North Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
210.	4S shop, 73 Haitian Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
211.	4S shop, No. 50 Renmin Dadao North Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	No commercial value	No commercial value		No commercial value	No commercial value
				Sub-total:	8,300,000	8,300,000

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
Group 3C — Properties rented or licenced by the Group in Japan						
212.	26-1-509, Ebisu 2-chome, Shibuya-ku, Tokyo, Japan	No commercial value	No commercial value		No commercial value	No commercial value
213.	13-6-1202, Kachidoki 1-chome, Chuo-ku, Tokyo, Japan	No commercial value	No commercial value		No commercial value	No commercial value
				Sub-total:	No commercial value	No commercial value
Group 3D — Property rented or licenced by the Group in Canada						
214.	7280 River Road, Richmond, British Columbia, Canada	No commercial value	No commercial value		No commercial value	No commercial value
				Sub-total:	No commercial value	No commercial value
Group 3E — Properties rented or licenced by the Group in Singapore						
215.	61 Ubi Avenue 2 #01-18 “Automobile Megamart” Singapore 408898	No commercial value	No commercial value		No commercial value	No commercial value
216.	60 Tuas Crescent Singapore 638740	No commercial value	No commercial value		No commercial value	No commercial value
217.	15 Benoi Sector “GMODC” Singapore 629849	No commercial value	No commercial value		No commercial value	No commercial value
218.	9 Old Toh Tuck Road Singapore 597651	No commercial value	No commercial value		No commercial value	No commercial value
				Sub-total:	No commercial value	No commercial value

No	Property	Market Value in existing state as at 30 June 2007 *HK$*	Market Value in existing state as at 31 July 2007 *HK$*	Interest attributable to the Group	Market Value in existing state as at 30 June 2007 attributable to the Group *HK$*	Market Value in existing state as at 31 July 2007 attributable to the Group *HK$*
Group 3F — Properties rented or licenced by the Group in Macao						
219.	Shop I on Ground Floor and car parking spaces Nos 7 to 10, Jardim Dragao Precioso (Po Lung Garden), 504–520 Avenida de Guimaraes, Taipa, Macao	No commercial value	No commercial value		No commercial value	No commercial value
220.	Units D and E on Level 9, Edificio Tai Wah (Tai Wah Building), 689–697 Avenida de Praia Grande, Macao	No commercial value	No commercial value		No commercial value	No commercial value
221.	Car Park No 9 on Level 2, Edificio Tai Wah (Tai Wah Building), 689–697 Avenida da Praia Grande, Macao	No commercial value	No commercial value		No commercial value	No commercial value
				Sub-total:	No commercial value	No commercial value
Group 4 — Property interest contracted to be acquired by the Group in Hong Kong						
222.	Nos 67-73 Fuk Hi Street, Yuen Long Industrial Estate, Yuen Long, New Terriroites, Hong Kong	No commercial value	No commercial value		No commercial value	No commercial value
				Sub-total:	No commercial value	No commercial value
				Grand total:	1,314,668,926	1,327,600,988

VALUATION REPORT

GROUP 1 — PROPERTY INTERESTS HELD BY THE GROUP FOR OWNER-OCCUPATION

Group 1A — Property Interests held by the Group for Owner-occupation in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
1.	1st Floor, Front Portion, 11 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong Situated within Kowloon Inland Lot No 7630	The property comprises the 1st Floor of a 5-storey industrial building erected on a site with a registered area of approximately 2,450 sq ft. The building was completed in 1958. The saleable area of the property is approximately 2,283 sq ft plus flat roof 85 sq ft. The property is held under a Government Lease for a term of 75 years from 17 March 1952 renewable for 75 years. The Government rent payable for the lot is HK$90 per annum.	The property is occupied by the Group for storage purpose.	HK$660,000	HK$660,000

Notes:

(1) The registered owner of the property is Ixonia Limited, which is a wholly-owned subsidiary of the Company.

(2) According to Ma Tau Kok Outline Zoning Plan No S/K10/18 dated 8 June 2004, the property is zoned for "Comprehensive Development Area (3)" use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
2.	Shops Nos 1 and 2 on Ground Floor and External Wall of Ground Floor Premises, Landwide Commercial Building, 118–120 Austin Road, Tsim Sha Tsui, Kowloon, Hong Kong 92/1,000th shares of and in Kowloon Inland Lot No 8375 and the Remaining Portion of Kowloon Inland Lot No 8832	The property comprises two adjoining shop units on the ground floor of a 16-storey commercial building completed in 1974. The saleable area of the property is approximately 3,875 sq ft. The property is held under two Conditions of Regrant each for a term of 150 years from 25 December 1893. The total Government rent for the two lots is HK$572 per annum.	The property is occupied by the Group as a motor vehicle showroom with ancillary offices.	HK$70,000,000	HK$70,000,000

Notes:

(1) The registered owner of the property is Dah Chong Hong, Limited, which is a wholly-owned subsidiary of the Company.

(2) According to Tsim Sha Tsui Outline Zoning Plan No S/K1/22 dated 17 October 2006, the property is zoned for "Commercial" use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
3.	Car Parking Spaces Nos 1 and 2 on Basement, Hong Yuen Court, 1–5 Tak Shing Street, Jordan, Kowloon, Hong Kong 4/2,100th shares of and in Kowloon Inland Lot No 11009	The property comprises two adjoining car parking spaces in the basement of a 17-storey (including basement) residential building completed in about 1980. The property is held under a Government Lease for a term from 25 June 1990 to 30 June 2047. The annual Government rent for the property is an amount equal to 3 per cent of the then rateable value of the property.	The property is occupied by the Group for car parking purpose.	HK$900,000	HK$900,000

Notes:

(1) The registered owner of the property is Dah Chong Hong, Limited, which is a wholly-owned subsidiary of the Company.

(2) According to Tsim Sha Tsui Outline Zoning Plan No S/K1/22 dated 17 October 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
4.	377 Carparking Spaces (Carparking Spaces Nos 8001 to 8125 on 8th Floor, Car Parking Spaces Nos 9001 to 9125 on 9th Floor and Car Parking Spaces Nos R001 to R127 on Roof), Commercial and Garage Block, Richland Gardens, 80 Wang Kwong Road, Kowloon Bay, Kowloon, Hong Kong 627/106,352nd shares of and in New Kowloon Inland Lot No 5928	The property comprises 377 private car parking spaces on the 8th and 9th Floors and top roof of a 10-storey commercial and car parking complex in a private sector participation scheme residential estate completed in about 1985. Except for 127 car parking spaces on the roof which are open, the remaining car parking spaces are covered. The property is held under a Conditions of Sale for a term of 99 years less the last three days from 1 July 1898 and the lease term has been statutorily extended to 30 June 2047. The annual Government rent for the property is an amount equal to 3 per cent of the then rateable value of the property.	With the exception of 35 car parking spaces which are licensed to independent third parties under various licences for terms of 6 months or 1 year with the latest licence expiring in April 2008 at a total monthly licence fee of approximately HK$42,000, the property is occupied by the Group for car parking purpose.	HK$50,000,000	HK$50,000,000

Notes:

(1) The registered owner of the property is Sing Wo Chong Investment Company, Limited, which is a wholly-owned subsidiary of the Company.

(2) The Roof of the property is subject to a Letter from the Buildings and Lands Department registered in the Land Registry vide Memorial No UB4277162 dated 1 December 1989.

(3) According to Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No S/K13/25 dated 12 September 2006, the property is zoned for “Residential (Group A)” use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
5.	Flats B, C, D, E and F on Ground Floor including the Forecourt, 152A–152D Prince Edward Road West and 222G-222H Fa Yuen Street, Mong Kok, Kowloon, Hong Kong 6/64th shares of and in Kowloon Inland Lot No 7634	The property comprises five adjoining shop units on the ground floor together with an adjoining open forecourt in a 10-storey composite building completed in about 1960. The saleable area of the property is approximately 2,271 sq.ft. and the area of the forecourt is approximately 3,870 sq.ft. The property is held under a Conditions of Sale for a term of 75 years from 8 September 1958 renewable for 75 years. The Government rent for the property is HK$34 per annum.	The property is occupied by the Group as a motor vehicle showroom with ancillary offices.	HK$53,000,000	HK$53,000,000

Notes:

(1) The registered owner of the property is Dah Chong Hong Holdings Limited, the Company.

(2) According to Mong Kok Outline Zoning Plan No S/K3/24 dated 9 May 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
6.	Shop A-9 on Ground Floor, Kwai Chung Centre, 102 Kwai Hing Road, Kwai Chung, New Territories, Hong Kong 13/1,706th shares of and in Kwai Chung Town Lot No 294	The property comprises a shop unit on the Ground Floor of a 23-storey composite building completed in 1978. The saleable area of the property is approximately 573 sq ft. The property is held under a New Grant for a term of 99 years less the last three days from 1 July 1898 and the lease term has been statutorily extended to 30 June 2047. The annual Government rent for the property is an amount equal to 3 per cent of the then rateable value of the property.	The property is occupied by the Group as a food store.	HK$6,900,000	HK$6,900,000

Notes:

(1) The registered owner of the property is Dah Chong Hong Limited, which is a wholly-owned subsidiary of the Company.

(2) According to Kwai Chung Outline Zoning Plan No S/KC/21 dated 29 June 2004, the property is zoned for "Commercial" use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
7.	12th Floor, Union Park Centre, 771–775 Nathan Road, Mong Kok, Kowloon, Hong Kong 493/10,000th shares of and in the Remaining Portions of Kowloon Inland Lot Nos 2570, 2571 and 2572	The property comprises the whole of office spaces on 12th Floor of a 15-storey (including ground floor and basement) commercial building completed in about 1983. The saleable area of the property is approximately 2,929 sq ft. The property is held under three Government Leases each for a term of 75 years from 26 May 1930 and the lease term has been renewed for a further term of 75 years. The Government rent for the property is HK$12,600 per annum.	The property is occupied by the Group as office.	HK$16,000,000	HK$16,000,000

Notes:

(1) The registered owner of the property is Triangle Motors Limited, which is a wholly-owned subsidiary of the Company.

(2) According to Mong Kok Outline Zoning Plan No S/K3/24 dated 9 May 2006, the property is zoned for "Commercial" use.

(3) The property was acquired by the Group at a consideration of HK$5,650,000 vide an assignment dated 1 April 2003 (Memorial No UB8194539) registered in the Land Registry.

Group 1B — Property Interests held by the Group for Owner-occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
8.	Lot T7-3, No.19, Yinzhou Avenue, Jinguzhou, Huicheng, Xinhui District, Jiangmen, Guangdong Province, The PRC	The property comprises a parcel of land with a site area of 32,319.00 sq m (347,882 sq ft) and two 2-storey industrial buildings erected thereon with a total gross floor area of 12,677.51 sq m (136,461 sq ft) completed in 2006. The land use right of the property has been granted for a land use term expiring on 30 November 2054 for industrial use.	The property is currently occupied as food processing and warehouse uses.	HK$24,100,000	HK$24,200,000

Notes:

(1) Pursuant to the Contract for Grant of State-owned Land Use Right entered into between 廣東省江門市新會區國土資源局 (the "Grantor") and 江門大昌慎昌食品加工倉儲有限公司 (the "Grantee"), which is a wholly-owned subsidiary of the Company, dated 30 November 2004, the Grantor agreed to grant the land use right of a parcel of land with a site area of 32,319 sq m to the Grantee. The Contract for Grant of State-owned Land Use Right and its supplementary contract contains, inter-alia, the following salient conditions:

(i)	Use	:	Industrial
(ii)	Land use term	:	50 years
(iii)	Land grant fee	:	RMB 678,699
(iv)	Building covenant	:	The construction work of the property should be commenced before 30 December 2004

(v) The land use right of the property can be transferred, let, mortgaged after obtaining the land use right certificate. However, for initial transfer of the residual term of the land use right, the investment of the project should reach 25% of the total investment amount.

(2) Pursuant to the State-owned Land Use Right Certificate No. Xin Guo Yong (2005) Di 02038 issued by the People's Government of Jiangmen dated 21 July 2005, the land use right of the property with a site area of 32,319 sq m has been granted to 江門大昌慎昌食品加工倉儲有限公司 for a land use term expiring on 30 November 2054 for industrial use.

(3) Pursuant to two Building Ownership Certificates No. Yue Fang Di Zheng Zi Di C5033720 and C5033721 both dated 21 November 2006 and issued by the People's Government of Jiangmen, the ownership of the buildings, having a total gross floor area of approximately 3,603 sq m and 9,074.51 sq m respectively, are vested in 江門大昌慎昌食品加工倉儲有限公司.

(4) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Contract for Grant of State-owned Land Use Right is legal, valid and enforceable;

(ii) The State-owned Land Use Right Certificate is legal and valid and 江門大昌慎昌食品加工倉儲有限公司 legally owns the subject land;

(iii) The Building Ownership Certificates are legal and valid and 江門大昌慎昌食品加工倉儲有限公司 legally owns the subject buildings and can use, occupy, transfer, let, mortgage the buildings according to the Chinese Law; and

(iv) According to the Contract for Grant of State-owned Land Use Right and the Chinese Law, 江門大昌慎昌食品加工倉儲有限公司 can use, occupy, transfer, let, mortgage the subject land. However, for initial transfer of the residual term of the land use right, the investment of the project by 江門大昌慎昌食品加工倉儲有限公司 should reach 25% of the total investment amount.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
9.	Lot T7-5, No. 6, Jiangyu Road, and No. 28 Yinzhou Avenue Jinguzhou, Huicheng, Xinhui District, Jiangmen, Guangdong Province, The PRC	The property comprises a parcel of land with a site area of 51,514.00 sq m (554,497 sq ft) and a single storey office building, a single storey warehouse erected thereon with a total gross floor area of 4,570.18 sq m (49,193 sq ft) completed in 2005 and 2006. In addition, there is also a 3-storey management office building which is under construction with a total gross floor area of 3,148.00 sq m (33,885 sq ft). The land use right of the property has been granted for a land use term expiring on 30 November 2054 for industrial use.	The property is currently occupied as food processing an warehouse uses whereas the management office is currently under construction.	HK$23,900,000	HK$24,100,000

Notes:

(1) Pursuant to the Contract for Grant of State-owned Land Use Right entered into between 廣東省江門市新會區國土資源局 (the "Grantor") and 江門大昌慎昌食品加工倉儲有限公司 (the "Grantee"), which is a wholly-owned subsidiary of the Company, dated 30 November 2004, the Grantor agreed to grant the land use right of a parcel of land with a site area of 51,514 sq m to the Grantee. The Contract for Grant of State-owned Land Use Right and its supplementary contract contains, inter-alia, the following salient conditions:

(i)	Use	:	Industrial
(ii)	Land use term	:	50 years
(iii)	Land grant fee	:	RMB 1,081,794
(iv)	Building covenant	:	The construction work of the property should be commenced before 30 December 2004

(v) The land use right of the property can be transferred, let, mortgaged after obtaining the land use right certificate. However, for initial transfer of the residual term of the land use right, the investment of the project should reach 25% of the total investment amount.

(2) Pursuant to the State-owned Land Use Right Certificate No. Xin Guo Yong (2005) Di 02039 issued by the People's Government of Jiangmen dated 21 July 2005, the land use right of the property with a site area of 51,514.00 sq m has been granted to 江門大昌慎昌食品加工倉儲有限公司 for a land use term expiring on 30 November 2054 for industrial use.

(3) Pursuant to Building Ownership Certificate No. Yue Fang Di Zheng Zi Di C4114775 dated 10 February 2006 issued by the People's Government of Jiangmen, the ownership of a building of the property, having a gross floor area of 4,025.68 sq m, is vested in 江門大昌慎昌食品加工倉儲有限公司.

(4) Pursuant to Building Ownership Certificate No. Yue Fang Di Zheng Zi Di C4100373 dated 29 April 2006 issued by the People's Government of Jiangmen, the ownership of a building of the property, having a gross floor area of 544.50 sq m, is vested in 江門大昌慎昌食品加工倉儲有限公司.

(5) Pursuant to the Construction Engineering Planning Permit Certificate No. 2005J050 issued by the Jiangmen Planning Bureau, Xinhui Branch dated 7 July 2005, the construction work of the management office of the property with a gross floor area of 3,148 sq m is permitted.

(6) Pursuant to the Construction Work Commencement Permit Certificate No. 440721200510260101 issued by the Xinhui District, Jiangmen Construction Bureau dated 26 October 2005, the construction work of the management office of the property with a gross floor area of 3,148 sq m is permitted to be commenced.

(7) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Contract for Grant of State-owned Land Use Right is legal, valid and enforceable;

(ii) The State-owned Land Use Right Certificate is legal and valid and 江門大昌慎昌食品加工倉儲有限公司 legally owns the subject land;

(iii) The Building Ownership Certificates are legal and valid and 江門大昌慎昌食品加工倉儲有限公司 legally owns the subject buildings and can use, occupy, transfer, let, mortgage the buildings according to the Chinese Law;

(iv) According to the Contract for Grant of State-owned Land Use Right and the Chinese Law, 江門大昌慎昌食品加工倉儲有限公司 can use, occupy, transfer, let, mortgage the subject land. However, for initial transfer of the residual term of the land use right, the investment of the project by 江門大昌慎昌食品加工倉儲有限公司 should reach 25% of the total investment amount; and

(v) The Construction Engineering Planning Permit Certificate and the Construction Work Commencement Permit Certificate are legal and valid and the construction work have been approved by relevant authorities.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
10.	Lot T7-6, No. 28, Yinzhou Avenue, Huicheng, Xinhui District, Jiangmen, Guangdong Province, The PRC	The property comprises a parcel of land with a site area of 32,211.00 sq m (346,719 sq ft) and a single storey warehouse erected thereon with a total gross floor area of 8,378.09 sq m (90,182 sq ft) completed in 2006. The land use right of the property has been granted for a land use term expiring on 15 July 2054 for industrial use.	The property is currently occupied as warehouse use.	HK$18,100,000	HK$18,100,000

Notes:

(1) Pursuant to the Contract for Grant of State-owned Land Use Right entered into between 廣東省江門市新會區國土資源局 (the "Grantor") and 江門大昌慎昌食品加工倉儲有限公司 (the "Grantee"), which is a wholly-owned subsidiary of the Company, dated 15 July 2004, the Grantor agreed to grant the land use right of a parcel of land with a site area of 32,211 sq m to the Grantee. The Contract for Grant of State-owned Land Use Right and its supplementary contract contains, inter-alia, the following salient conditions:

(i) Use : Industrial
(ii) Land use term : 50 years
(iii) Land grant fee : RMB 676,431
(iv) Building covenant : The construction work of the property should be commenced before 15 August 2004
(v) The land use right of the property can be transferred, let, mortgaged after obtaining the land use right certificate. However, for initial transfer of the residual term of the land use right, the investment of the project should reach 25% of the total investment amount.

(2) Pursuant to the State-owned Land Use Right Certificate No. Xin Guo Yong (2004) Di 02528 issued by the People's Government of Jiangmen dated 27 July 2004, the land use right of the property with a site area of 32,211 sq m has been granted to 江門大昌慎昌食品加工倉儲有限公司 for a land use term expiring on 15 July 2054 for industrial use.

(3) Pursuant to Building Ownership Certificate No. Yue Fang Di Zheng Zi Di C5037976 dated 25 May 2007 issued by the People's Government of Jiangmen, the ownership of the building, having a total gross floor area of approximately 8,378.09 sq m, is vested in 江門大昌慎昌食品加工倉儲有限公司.

(4) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Contract for Grant of State-owned Land Use Right is legal, valid and enforceable;
(ii) The State-owned Land Use Right Certificate is legal and valid and 江門大昌慎昌食品加工倉儲有限公司 legally owns the subject land;
(iii) The Building Ownership Certificates are legal and valid and 江門大昌慎昌食品加工倉儲有限公司 legally owns the subject buildings and can use, occupy, transfer, let, mortgage the buildings according to the Chinese Law; and
(iv) According to the Contract for Grant of State-owned Land Use Right and the Chinese Law, 江門大昌慎昌食品加工倉儲有限公司 can use, occupy, transfer, let, mortgage the subject land. However, for initial transfer of the residual term of the land use right, the investment of the project by 江門大昌慎昌食品加工倉儲有限公司 should reach 25% of the total investment amount.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
11.	Lot No. T7-2 located in Lingang Industrial District, Jinguzhou Economic Development Experimental Zone, Xinhui District, Jiangmen, Guangdong Province, The PRC	The property comprises a roughly square-shaped site named as Lot No. T7-2 with a site area of 34,410 sq m (370,389 sq ft). The land use right of the property has been granted for a land use term expiring on 31 December 2055 for industrial use.	The property is currently a bare site covered by shrubs and grass.	HK$8,500,000	HK$8,600,000

Notes:

(1) Pursuant to the Contract for Grant of State-owned Land Use Right No. 江國土資新地政出[2005]99號 and its supplementary contract entered into between 廣東省江門市國土資源局 (the "Grantor"), and 江門大昌慎昌工業開發有限公司 (the "Grantee") which is a wholly-owned subsidiary of the Company, both dated 31 December 2005, the Grantor agreed to grant the land use right of a parcel of land with a site area of 34,410 sq m to the Grantee. The Contract for Grant of State-owned Land Use Right and its supplementary contract contains, inter-alia, the following salient conditions:

(i) Use : Warehouse
(ii) Plot ratio : ≥0.8
(iii) Land use term : 50 years
(iv) Land grant fee : RMB1,087,356
(v) Building covenant : The construction work of the property should be commenced before 30 June 2006
(vi) The total investment amount (including land, building and plant and machinery) should not less than RMB42,016,000.
(vii) The land use right of the property can be transferred, let, mortgaged after obtaining the land use right certificate. However, for initial transfer of the residual term of the land use right, the investment of the project should reach 25% of the total investment amount.

(2) Pursuant to the State-owned Land Use Right Certificate No. Xin Guo Yong (2006) Di 00022 issued by the People's Government of Jiangmen dated 11 January 2006, the land use right of the property with a site area of 34,410 sq m has been granted to 江門大昌慎昌工業開發有限公司 for a land use term expiring on 31 December 2055 for industrial use.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Contract for Grant of State-owned Land Use Right and its supplementary contract are legal, valid and enforceable;
(ii) The State-owned Land Use Right Certificate is legal and valid and 江門大昌慎昌工業開發有限公司 legally owns the subject land;
(iii) According to the Contract for Grant of State-owned Land Use Right, its supplementary contract and the Chinese Law, 江門大昌慎昌工業開發有限公司 can use, occupy, transfer, let, mortgage the subject land. However, for initial transfer of the residual term of the land use right, the investment of the project by 江門大昌慎昌工業開發有限公司 should reach 25% of the total investment amount; and
(iv) 江門大昌慎昌工業開發有限公司 should commence the construction work of the property before 30 June 2006 and should apply for the delay if the construction work is not in schedule. However, such delay should not be more than one year. According to relevant law, if 江門大昌慎昌工業開發有限公司 do not commence the construction work before 30 June 2007, the Jiangmen land bureau have the right to charge a land idle fee of maximum 20% of the land grant fee. As advised by the Company, 江門大昌慎昌工業開發有限公司 will apply for the construction engineering planning permit certificate and construction work commencement permit certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
12.	Lot No. T-10 located in Lingang Industrial District, Jinguzhou Economic Development Experimental Zone, Xinhui District, Jiangmen, Guangdong Province, The PRC	The property comprises an irregular shaped site named as Lot No. T-10 with a site area of 219,918 sq m (2,367,197 sq ft). The land use right of the property has been granted for a land use term expiring on 31 December 2055 for industrial use.	The property is currently a bare site covered by shrubs and grass.	HK$46,100,000	HK$46,400,000

Notes:

(1) Pursuant to the Contract for Grant of State-owned Land Use Right No. 江國土資新地政出[2005]100號 and its supplementary contract entered into between 廣東省江門市國土資源局 (the "Grantor") and 江門大昌慎昌工業開發有限公司 (the "Grantee"), which is a wholly-owned subsidiary of the Company, both dated 31 December 2005, the Grantor agreed to grant the land use right of a parcel of land with a site area of 219,918 sq m to the Grantee. The Contract for Grant of State-owned Land Use Right and its supplementary contract contains, inter-alia, the following salient conditions:

(i)	Use	:	Warehouse
(ii)	Plot ratio	:	$\geq$0.8
(iii)	Land use term	:	50 years
(iv)	Land grant fee	:	RMB6,949,408.80
(v)	Building covenant	:	The construction work of the property should be commenced before 30 June 2006

(vi) The total investment amount (including land, building and plant and machinery) should not less than RMB240,784,000.

(vii) The land use right of the property can be transferred, let, mortgaged after obtaining the land use right certificate. However, for initial transfer of the residual term of the land use right, the investment of the project should reach 25% of the total investment amount.

(2) Pursuant to the State-owned Land Use Right Certificate No. Xin Guo Yong (2006) Di 00021 issued by the People's Government of Jiangmen dated 11 January 2006, the land use right of the property with a site area of 219,918 sq m has been granted to 江門大昌慎昌工業開發有限公司 for a land use term expiring on 31 December 2055 for industrial use.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Contract for Grant of State-owned Land Use Right and its supplementary contract are legal, valid and enforceable;

(ii) The State-owned Land Use Right Certificate is legal and valid and 江門大昌慎昌工業開發有限公司 legally owns the subject land;

(iii) According to the Contract for Grant of State-owned Land Use Right, its supplementary contract and the Chinese Law, 江門大昌慎昌工業開發有限公司 can use, occupy, transfer, let, mortgage the subject land. However, for initial transfer of the residual term of the land use right, the investment of the project by 江門大昌慎昌工業開發有限公司 should reach 25% of the total investment amount; and

(iv) 江門大昌慎昌工業開發有限公司 should commence the construction work of the property before 30 June 2006 and should apply for the delay if the construction work is not in schedule. However, such delay should not be more than one year. According to relevant law, if 江門大昌慎昌工業開發有限公司 do not commence the construction work before 30 June 2007, the Jiangmen land bureau have the right to charge a land idle fee of maximum 20% of the land grant fee. As advised by the Company, 江門大昌慎昌工業開發有限公司 will apply for the construction engineering planning permit certificate and construction work commencement permit certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
13.	Lot No. T18 located in Lingang Industrial District, Jinguzhou Economic Development Experimental Zone, Xinhui District, Jiangmen, Guangdong Province, The PRC	The property comprises a trapezium shaped site named as Lot No. T18 with a site area of 55,346 sq m (595,744 sq ft). The land use right of the property has been granted for a land use term expiring on 31 December 2055 for industrial use.	The property is currently a bare site covered by shrubs and grass.	HK$12,300,000	HK$12,400,000

Notes:

(1) Pursuant to the Contract for Grant of State-owned Land Use Right No. 江國土資新地政出[2005]103號 and its supplementary contract entered into between 廣東省江門市國土資源局 (the "Grantor") and 江門大昌慎昌工業開發有限公司 (the "Grantee"), which is a wholly-owned subsidiary of the Company, both dated 31 December 2005, the Grantor agreed to grant the land use right of a parcel of land with a site area of 55,346 sq m to the Grantee. The Contract for Grant of State-owned Land Use Right and its supplementary contract contains, inter-alia, the following salient conditions:

(i) Use : Warehouse
(ii) Plot ratio : ≥0.8
(iii) Land use term : 50 years
(iv) Land grant fee : RMB1,748,933.60
(v) Building covenant : The construction work of the property should be commenced before 30 June 2006
(vi) The total investment amount (including land, building and plant and machinery) should not less than RMB67,064,000.
(vii) The land use right of the property can be transferred, let, mortgaged after obtaining the land use right certificate. However, for initial transfer of the residual term of the land use right, the investment of the project should reach 25% of the total investment amount.

(2) Pursuant to the State-owned Land Use Right Certificate No. Xin Guo Yong (2006) Di 00023 issued by the People's Government of Jiangmen dated 11 January 2006, the land use right of the property with a site area of 55,346 sq m has been granted to 江門大昌慎昌工業開發有限公司 for a land use term expiring on 31 December 2055 for industrial use.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Contract for Grant of State-owned Land Use Right and its supplementary contract are legal, valid and enforceable;
(ii) The State-owned Land Use Right Certificate is legal and valid and 江門大昌慎昌工業開發有限公司 legally owns the subject land;
(iii) According to the Contract for Grant of State-owned Land Use Right, its supplementary contract and the Chinese Law, 江門大昌慎昌工業開發有限公司 can use, occupy, transfer, let, mortgage the subject land. However, for initial transfer of the residual term of the land use right, the investment of the project by 江門大昌慎昌工業開發有限公司 should reach 25% of the total investment amount; and
(iv) 江門大昌慎昌工業開發有限公司 should commence the construction work of the property before 30 June 2006 and should apply for the delay if the construction work is not in schedule. However, such delay should not be more than one year. According to relevant law, if 江門大昌慎昌工業開發有限公司 do not commence the construction work before 30 June 2007, the Jiangmen land bureau have the right to charge a land idle fee of maximum 20% of the land grant fee. As advised by the Company, 江門大昌慎昌工業開發有限公司 will apply for the construction engineering planning permit certificate and construction work commencement permit certificate.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
14.	4S shop, No. 508 Bailong Road, Panlong District, Kunming, Yunnan Province, The PRC	The property comprises a 2-storey 4S shop with a total gross floor area of 4,608.46 sq m (49,605 sq ft) completed in 2004 erected upon a parcel of land with a site area of 7,382.34 sq m (79,464 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) Pursuant to the Property Transfer Contract entered into between 昆明中乾房地產開發有限公司 and 昆明大昌行管理諮詢有限公司, which is a wholly-owned subsidiary of the Company, on 26 September 2005, 昆明中乾房地產開發有限公司 agreed to transfer the property with a total net site area of 10.68 mu and building with a total gross floor area of 4,608.46 sq m to 昆明大昌行管理諮詢有限公司 at a consideration of RMB29,650,000.

(2) Pursuant to the State-owned Land Use Right Transfer Application dated 15 December 2005, the land use right of the property with a site area of 7,382.34 sq m has been applied to change to 昆明大昌行管理諮詢有限公司.

(3) Pursuant to the Building Ownership Certificate No. Kun Ming Shi Fang Quan Zheng Zi Di 200551465 issued by the Kunming Real Estate Administrative Bureau dated 8 December 2005, the title to the building of the property with a total gross floor area of 4,608.46 sq m is vested in 昆明大昌行管理諮詢有限公司 for non-residential use.

(4) Pursuant to the Lease Agreement entered into between 昆明大昌行管理諮詢有限公司 and 雲南中馳汽車銷售服務有限公司 on 29 September 2006, 昆明大昌行管理諮詢有限公司 has leased portion of the property, having a total area of 7,382.33 sq m (including building and land), to 雲南中馳汽車銷售服務有限公司 from 26 September 2006 to 25 September 2007 at an annual rental of RMB800,000. New tenancy is under negotiation.

(5) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) According to the Property Transfer Contract, the Building Ownership Certificate and the Chinese Law, 昆明大昌行管理諮詢有限公司 can use and occupy the subject building;

(ii) The land use right certificate of the property is being applied by 昆明大昌行管理諮詢有限公司 as advised by the Company; and

(iii) Portion of the property is leased to 雲南中馳汽車銷售服務有限公司.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
15.	4S shop, No. 522 Bailong Road,Yunshan Village, Jinma Town, Guandu District, Kunming, Yunnan Province, The PRC	The property comprises a 2-storey car showroom, 2-storey maintenance workshop, a 4-storey office building, a 3-storey dormitory and a single storey transformer room erected upon two parcels of land with a total site area of 16,824.56 sq m (181,100 sq ft) completed in between 2002 to 2005. The property has the following gross floor areas: **Building** — **Gross Floor Area** *(sq m)* / *(sq ft)* Car showroom — 2,381.41 / 25,634 Maintenance workshop — 3,189.08 / 34,327 Office building — 732.97 / 7,890 Dormitory — 603.07 / 6,491 Transformer room — 54.79 / 590 Total: — 6,961.32 / 74,933 The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	HK$87,300,000 (80% interest attributable to the Group: HK$69,840,000)	HK$87,800,000 (80% interest attributable to the Group: HK$70,240,000)

Notes:

(1) Pursuant to the State-owned Land Use Right Certificate No. Kun Guo Yong (2004) Di 01298 issued by the People's Government of Kunming dated 28 December 2005, the land use right of portion of the property with a site area of 7,437.72 sq m has been granted to 雲南聯迪汽車服務有限公司, which is a 80% owned subsidiary of the Company, for a land use term expiring on 12 September 2045 for commercial use.

(2) Pursuant to the State-owned Land Use Right Certificate No. Kun Guo Yong (2004) Di 01299 issued by the People's Government of Kunming dated 28 December 2005, the land use right of portion of the property with a site area of 9,386.84 sq m has been granted to 雲南聯迪汽車服務有限公司 for a land use term expiring on 12 September 2045 for commercial use.

(3) Pursuant to the Building Ownership Certificate No. Kun Ming Shi Fang Quan Zheng Guan Zi Di 200614638 issued by the Kunming Real Estate Administrative Bureau dated 22 May 2006, the title to three buildings of the property with a total gross floor area of 3,846.94 sq m is vested in 雲南聯迪汽車服務有限公司 for residential use and non-residential use respectively.

(4) Pursuant to the Building Ownership Certificate No. Kun Ming Shi Fang Quan Zheng Guan Zi Di 200614586 issued by the Kunming Real Estate Administrative Bureau dated 22 May 2006, the title to two buildings of the property with a total gross floor area of 3,114.38 sq m is vested in 雲南聯迪汽車服務有限公司 for non-residential use.

(5) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The State-owned Land Use Right Certificates are legal and valid and 雲南聯迪汽車服務有限公司 legally owns the subject land. According to the Chinese Law, 雲南聯迪汽車服務有限公司 can use, occupy, transfer, let, mortgage the subject land; and

(ii) The Building Ownership Certificates are legal and valid and 雲南聯迪汽車服務有限公司 legally owns the subject buildings with a total gross floor area of 6,961.32 sq m. According to the Chinese Law, 雲南聯迪汽車服務有限公司 can use, occupy, transfer, let, mortgage the subject buildings.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
16.	No. 789 Anchi Road, Shanghai International Automobile City, Jiading District, Shanghai, The PRC	The property comprises a 3-storey main building comprising two showrooms, one maintenance workshop and several office rooms completed in 2007 erected upon a parcel of land with a site area of 3,866 sq m (41,614 sq ft). The property has a total gross floor area of 3,640.64 sq m (39,188 sq ft). The land use right of the property has been granted for a term of 40 years from 28 April 2003 to 27 April 2043 for commercial use.	The property is used for showroom and cars storage.	HK$20,700,000	HK$20,800,000

Notes:

(1) Pursuant to the Contract for Grant of State-owned Land Use Right No. 嘉房地(2003)出讓合同內字第48號 entered into between 上海市嘉定區房屋土地管理局 (the "Grantor") and 上海眾泰汽車銷售有限公司 (the "Grantee"), which is a wholly-owned subsidiary of the Company, dated 28 April 2003, the Grantor agreed to grant the land use right of a parcel of land with a site area of 3,866 sq m to the Grantee. The Contract for Grant of State-owned Land Use Right contains, inter-alia, the following salient conditions:

(i)	Use	:	Commercial
(ii)	Total gross floor area	:	not exceeding 3,630 sq m
(iii)	Land use term	:	40 years
(iv)	Land grant fee	:	RMB501,486
(v)	Building covenant	:	The construction work of the property should be completed before 30 June 2004

(vi) The land use right of the property can be transferred provided that the investment of the project reaches 25% of the total investment amount.

(2) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Jia Zi (2004) Di 011387 issued by the Shanghai Housing and Land Resources Administration Bureau on 11 June 2004, the land use right of the property with a site area of 3,866 sq m has been granted to 上海眾泰汽車銷售有限公司 for a term from 28 April 2003 to 27 April 2043 for commercial use.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Contract for Grant of State-owned Land Use Right is legal, valid and enforceable;

(ii) The Certificate of Real Estate Ownership is legal and valid and 上海眾泰汽車銷售有限公司 legally owns the subject land;

(iii) As advised by the Company, 上海眾泰汽車銷售有限公司 has constructed buildings on the property and is in the process of applying for the relevant building ownership certificate. 上海眾泰汽車銷售有限公司 has no legal obstacles in obtaining the building ownership certificate if the Chinese Law and regulations have been complied with and the relevant procedure has been legally applied. After obtaining the building ownership certificate, 上海眾泰汽車銷售有限公司 can use, occupy, transfer, mortgage the subject buildings according to the Chinese Law; and

(iv) According to the Certificate of Real Estate Ownership and the Chinese Law, 上海眾泰汽車銷售有限公司 can use, occupy, let, mortgage the subject land. The land use right of the property can be transferred after obtaining settling the land grant fee and provided that the investment of the project reaches 25% of the total investment amount.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
17.	No. 258 Nangang Gong Road, Huinan Town, Nanhui District, Shanghai, The PRC	The property comprises 15 single-storey buildings, 2 two-storey buildings and a three-storey building erected upon a site with a site area of approximately 50,179 sq m (540,127 sq ft). The buildings were completed in phases from 1998 to 1999.	The property is currently vacant.	HK$21,400,000 (46.062% interest attributable to the Group: HK$9,857,268)	HK$21,500,000 (46.062% interest attributable to the Group: HK$9,903,330)

The gross floor areas of the property are approximately as follows:

Block	Gross Floor Area (sq m)	(sq ft)
Block 1	30.91	333
Block 2	1,590.30	17,118
Block 3	868.87	9,353
Block 4	68.16	734
Block 5	34.42	370
Block 6	35.01	377
Block 7	35.27	380
Block 8	122.60	1,320
Block 9	256.34	2,759
Block 10	3,297.87	35,498
Block 11	1,982.17	21,336
Block 12	392.16	4,221
Block 13	370.85	3,992
Block 14	120.78	1,300
Block 15	34.75	374
Block 16	339.59	3,655
Block 17	339.59	3,655
Block 18	68.54	738
Total:	9,988.18	107,513

The land use right of the property has been granted for a term expiring on 25 February 2048 for industrial use.

Notes:

(1) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Shi Zi (1999) Di 004448 issued by the Shanghai Housing and Land Administration Bureau on 20 September 1999, the land use right of the property with a site area of 50,179 sq m and thirteen buildings of the property with a total of gross floor area of 9,695.85 sq m are vested in 上海大昌江南鳳有限公司, a 76.77% owned subsidiary of Regal Heights Limited which is a 60% owned subsidiary of the Company, for a land use term expiring on 25 February 2048 for industrial use.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Certificate of Real Estate Ownership is legal and valid and 上海大昌江南鳳有限公司 legally owns the land use right and buildings of the property; and

(ii) According to the Chinese Law, 上海大昌江南鳳有限公司 can use, occupy, transfer, let, mortgage the subject land and buildings.

Group 1C – Property Interest held by the Group for Owner-occupation in Japan

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
18.	Portion of Dah Chong No.2 Building, 18-2, Roppongi 5-chome, Minato-Ku, Tokyo, Japan	The property comprises portion of a 9- storey commercial/office building together with a level of basement with a total floor area of 898.20 sq m (9,668 sq ft) completed in between 1977 to 1989.	The property is occupied by the Group as office.	HK$36,610,000	HK$37,800,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited which is a wholly-owned subsidiary of the Company.

(2) The property is zoned as "Commercial area district".

Group 1D – Property Interest held by the Group for Owner-occupation in Canada

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
19.	Richmond Acura Auto-Dealership Premises, 4211 No 3 Road, Richmond, British Columbia, Canada Lot 18 (Except Part Subdivided by Plan 70548 and Part on Plan LMP48197) Section 32, Block 5, North Range 6 West, New Westminster District Plan 37477	The property comprises an irregular shaped site having a site area of about 9,420.9 sq m (101,407 sq ft) on which a single-storey plus a mezzanine automobile dealership building is erected. For the rest of the site, about 213 parking stalls are provided. The building was originally completed in the early 1980s with renovations carried out in 2003. It is located on the west side of No 3 Road between Browngate Road and Leslie Road in the West Cambie neighbourhood of Richmond, British Columbia. The floor area of the property is approximately 2,013.4 sq m (21,672 sq ft) including mezzanine floor of approximately 546 sq m (5,877 sq ft). The property was held by Dah Chong Hong (Canada) Ltd under fee simple.	The property is occupied by the Group as showroom, service bays, storage and office.	HK$115,130,000	HK$114,540,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Canada) Ltd., which is a wholly-owned subsidiary of the Company.

(2) The property is subject to two Mortgages both in favour of Montreal Trust Company.

(3) According to the zoning plan of Automobile-Oriented Commercial District, the property is zoned “C-6”.

Group 1E – Property Interests held by the Group for Owner-occupation in Singapore

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
20.	20 Tuas Avenue 2, Singapore 639451 Lot No 1349C Mukim 7	The property comprises a single-storey detached factory with a mezzanine level office erected on a site with site area of approximately 8,413.2 sq m (90,560 sq ft). The building was originally completed in the 1980s and additions/alterations were carried out in 1989. Further renovation was carried out in December 2005. It is located at the eastern junction of Tuas Avenue 2 and Tuas Avenue 3, off Jalan Ahmad Ibrahim, within Jurong Industrial Estate and some 24 km from the City Centre. The floor area of the property is approximately 4,840.5 sq m (52,103 sq ft). Triangle Auto Pte Limited was granted a lease for a term of 30 years from 16 October 1981 renewable for 30 years at a fixed ground rent of SGD92,545 per annum with the tenant responsible for the property tax.	The property is occupied by the Group as car showroom.	HK$21,510,000	HK$21,680,000

Notes:

(1) We are instructed to value the leasehold interest of the property held by Triangle Auto Pte Ltd under a ground lease for a term of 30 years from 16 October 1981 renewable for 30 years. Triangle Auto Pte Ltd is a wholly-owned subsidiary of the Company.

(2) According to Master Plan 2003, the property is zoned for “Business 2” use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
21.	259 Pandan Loop Singapore 128435 Lot No 4009A (JTC Pte Lot A14379) Mukim 5	The property comprises a single-storey terrace factory with a mezzanine level and a rear extension erected on a site with site area of approximately 1,495.6 sq m (16,099 sq ft). Two cold rooms are provided within the property. The building was originally completed in the early 1980's and the rear extension was erected in about 1991. It is located on the north-western side of Pandan Loop, off West Coast Highway and some 14.5 km form the City Centre. The floor area of the property is approximately 1,137.5 sq m (12,244 sq ft). Dah Chong Hong Trading (Singapore) Pte. Ltd. was granted a lease for a term of 30 years from 1 December 1982 renewable for 30 years at a fixed ground rent of SGD23,665.56 per annum with the tenant responsible for the property tax.	The property is occupied by the Group as a cold store.	HK$7,940,000	HK$8,000,000

Notes:

(1) We are instructed to value the leasehold interest of the property held by Dah Chong Hong Trading (Singapore) Pte. Ltd under a ground lease for a term of 30 years from 16 October 1981 renewable for 30 years. Dah Chong Hong Trading (Singapore) Pte. Ltd is a wholly-owned subsidiary of the Company.

(2) According to Master Plan 2003, the property is zoned for "Business 2" use.

GROUP 2 — PROPERTY INTERESTS HELD BY THE GROUP FOR INVESTMENTS

Group 2A — Property Interests held by the Group for Investments in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
22.	Ground Floor of 115 Hennessy Road, Hip Sang Building, 107–115 Hennessy Road, Wanchai, Hong Kong 6/45th shares of and in the Remaining Portion of Inland Lot No 3831	The property comprises a shop unit on the Ground Floor of a 17-storey composite building completed in about 1969. The saleable area of the property is approximately 735 sq ft. The property is held under a Government Lease for a term of 99 years from 25 May 1929 renewable for 99 years. The Government rent payable for the whole lot is HK$12 per annum.	The property is subject to a tenancy for a term of two years from 30 August 2006 to 29 August 2008 at a rent of HK$64,000 per month exclusive of rates and management fee.	HK$17,500,000	HK$17,500,000

Notes:

(1) The registered owner of the property is Dah Chong Hong, Limited, which is a wholly-owned subsidiary of the Company.

(2) According to Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006, the property is zoned for "Commercial/Residential" use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
23.	Ground Floor, 56 Percival Street, Causeway Bay, Hong Kong 2/96th shares of and in the Remaining Portions of Sections A and C of Marine Lot No 365 and the Remaining Portion of Sub-section 1 of Section W of Inland Lot No 29	The property comprises a shop unit on the Ground Floor of a 9-storey tenement building completed in about 1963. The saleable area of the property is approximately 866 sq ft plus a yard of 24 sq ft. The property is held under two Government Leases each for a term of 982 years from 25 June 1860. The total Government rent payable for the subject lot sections is HK$62 per annum.	The property is subject to a tenancy for a term of three years from 21 May 2005 to 20 May 2008 at a rent of HK$200,000 per month exclusive of rates and management charges with an option to renew for a further term of two years at open market rent.	HK$62,000,000	HK$62,000,000

Notes:

(1) The registered owner of the property is Sand Grain Limited, which is a wholly-owned subsidiary of the Company.

(2) According to Causeway Bay Outline Zoning Plan No S/H6/14 dated 13 September 2005, the property is zoned for "Commercial/Residential" use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
24.	Shop No G7 on Ground Floor and Car Parking Spaces Nos LG 123 and LG 124 on Lower Ground Floor, Westlands Gardens, 1025–1037 King's Road and 2-10, 12A-12H Westlands Road, Quarry Bay, Hong Kong 14/6,952nd shares of and in the Remaining Portion of Quarry Bay Inland Lot No 15	The property comprises a shop unit on the Ground Floor and two covered car parking spaces on the Lower Ground Floor in a 2-storey commercial and car parking podium of a composite development completed in 1975. The saleable area of the shop unit is approximately 1,370 sq ft. The property is held under a Government Lease for a term of 999 years from 2 February 1882. The Government rent payable for the whole lot is HK$480 per annum.	The shop unit is subject to a tenancy for a term of two years from 15 February 2007 to 14 February 2009 at a monthly rent exclusive of rates and management fees to be determined by the surveyor appointed by The Hong Kong Institute of Surveyors. The current passing rent of the shop unit is HK$188,000 per month which will be adjusted after the decision of the aforesaid surveyor. Car Parking Space No LG123 is subject to a licence for a term of 12 months from 15 August 2007 to 14 August 2008 at a monthly licence fee of HK$1,600 inclusive of rates and management fee whilst Car Parking Space No LG124 is subject to a licence for a term of 24 months from 20 April 2007 to 19 April 2009 at a monthly licence fee of HK$1,450 inclusive of rates and management fee.	HK$36,300,000	HK$36,300,000

Notes:

(1) The registered owner of the property is Dah Chong Hong, Limited, which is a wholly-owned subsidiary of the Company.

(2) According to Quarry Bay Outline Zoning Plan No S/H21/23 dated 29 December 2006, the property is zoned for "Commercial/Residential" use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
25.	Car Parking Space No 18 on Upper Ground Floor, Kar Man Court, 1–7 Kin Wah Street, North Point, Hong Kong 1/713th share of and in the Remaining Portions of Subsections 1, 2, 3 and 4 of Section X of Inland Lot No 2366 and the Extension thereto	The property comprises an open car parking space on the Ground level forecourt of a 23-storey residential building (erected over a 2-level car parking floors) completed in 1981. The property is held under a Conditions of Sale for a term of 75 years from 13 February 1922 and the lease term has been renewed for a further term of 75 years. The Government rent payable for the property is HK$504 per annum.	The property is subject to a licence for a term of 12 months from 3 January 2007 to 2 January 2008 at a monthly licence fee of HK$1,200 inclusive of rates and management fee.	HK$250,000	HK$250,000

Notes:

(1) The registered owner of the property is Dah Chong Hong, Limited, which is a wholly-owned subsidiary of the Company.

(2) According to North Point Outline Zoning Plan No S/H8/20 dated 8 June 2007, the property is zoned “Residential (Group A)” use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
26.	Ground and Mezzanine Floors, 67 Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong 3/11th shares of and in the Remaining Portion of Subsection 2 of Section C and the Remaining Portion of Section A of Subsection 3 of Section C of Kowloon Inland Lot No 1259	The property comprises a shop unit on the Ground Floor together with the Mezzanine Floor of a 9-storey composite building completed in about 1967. The saleable areas of the property are approximately as follows: Ground Floor : 765 sq ft Mezzanine Floor : 470 sq ft Total : 1,235 sq ft In addition, there is a yard with an area of approximately 73 sq ft. The property is held under a Government lease for a term of 75 years from 18 February 1910 and the lease term has been renewed for a further term of 75 years. The Government rent payable for the property is HK$15,120 per annum.	The property is subject to a tenancy for a term of three years from 1 April 2007 to 31 March 2010 at a rent of HK$310,000 per month exclusive of rates and management fee.	HK$80,000,000	HK$80,000,000

Notes:

(1) The registered owner of the property is Sand Grain Limited, which is a wholly-owned subsidiary of the Company.

(2) The Mezzanine Floor of the property is subject to an Order No UBZ/U19-036/001/06 issued by the Building Authority under S.24(1) of the Buildings Ordinance registered in the Land Registry vide Memorial No 0706/201670394 dated 12 March 2007.

(3) According to Mong Kok Outline Zoning Plan No S/K3/24 dated 9 May 2006, the property is zoned for “Commercial” use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
27.	Ground Floor including its yard and Cockloft of 58 Sai Yeung Choi Street South and Shop 1 on Ground Floor, Cockloft and Flats A and B on 1st Floor of 60 Sai Yeung Choi Street South, Mongkok, Kowloon, Hong Kong 2/8th shares of and in the Remaining Portion of Kowloon Inland Lot No 2191 and 12/50th shares of and in Kowloon Inland Lot No 2192	The property comprises two shop units on the Ground Floor together with their appurtenant Cocklofts, a yard and two units on the 1st Floor of two adjoining 6-storey composite buildings completed in about 1972. The saleable areas of the property are approximately as follows: Ground Floor : 782 sq ft Yard : 227 sq ft Cockloft : 976 sq ft 1st Floor : 788 sq ft Total : 2,773 sq ft The property is held under two Government Leases each for a term of 75 years from 24 March 1923 and the lease term has been renewed for a further term of 75 years. The Government rent payable for the property is HK$110,752 per annum.	The property is subject to a tenancy for a term of three years from 20 March 2005 to 19 March 2008 at a rent of HK$500,000 per month exclusive of rates and management charges.	HK$148,000,000	HK$148,000,000

Notes:

(1) The registered owner of the property is Dah Chong Hong, Limited, which is a wholly-owned subsidiary of the Company.

(2) The property is subject to a Building Order No. INVO 00009/K/05 under S.26A(1) of The Buildings Ordinance vide Memorial No 05031701800113 dated 28 January 2005 (Re: Canopy at First Floor of 60 Sai Yeung Choi Street South).

(3) According to Mong Kok Outline Zoning Plan No S/K3/24 dated 9 May 2006, the property is zoned for “Residential (Group A)” use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
28.	Ground, 2nd, 3rd, 4th and 5th Floors, Front Portion, 11 Mok Cheong Street, Tokwawan, Kowloon, Hong Kong Situated within Kowloon Inland Lot No 7630	The property comprises the Ground, 2nd, 3rd, 4th and 5th (Roof) Floors of a 5-storey industrial building erected on a site with a registered area of approximately 2,450 sq ft. The building was completed in 1958. The total saleable area of the property is approximately 6,065 sq ft plus flat roof 1,495 sq ft on 3th Floor and roof 758 sq ft. The property is held under a Government Lease for a term of 75 years from 17 March 1952 renewable for 75 years. The Government rent payable for the lot is HK$90 per annum.	The property is subject to five tenancies with the latest one expiring in March 2009 at a total rent of HK$49,000 per month mostly inclusive of rates and management charges. As advised by the Company, the tenant on the Ground Floor had early terminated the tenancy unilaterally in August 2007.	HK$6,700,000	HK$6,700,000

Notes:

(1) The registered owner of the property is Ixonia Limited, which is a wholly-owned subsidiary of the Company.

(2) According to Ma Tau Kok Outline Zoning Plan No S/K10/18 dated 8 June 2004, the property is zoned for "Comprehensive Development Area (3)" use.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
29.	Shops Nos 1 and 2 on Ground Floor, Siu Man Court, 7, 7A and 9 Fort Street, North Point, Hong Kong 51/543rd shares of and in the Remaining Portions of Sections P and Q of Inland Lot No 2366 and the Extension thereto	The property comprises two adjoining shop units on the Ground Floor of a 24-storey composite building completed in about 1983. The saleable area of the property is 1,814 sq ft plus a yard area of 476 sq ft. The property is held under a Conditions of Sale for a term of 75 years from 13 February 1922 and has been renewed for a further term of 75 years. The total Government rent for the subject lot sections and the Extension is HK$14,580 per annum.	The property is subject to a tenancy for a term of three years from 8 November 2005 to 7 November 2008 at a rent of HK$32,000 per month exclusive of rates and management charges with an option to renew for a further term of three years at open market rent.	HK$9,500,000	HK$9,500,000

Notes:

(1) The registered owner of the property is Tak Sing Chong Investment Company, Limited, which is a wholly-owned subsidiary of the Company.

(2) According to North Point Outline Zoning Plan No S/H8/20 dated 8 June 2007, the property is zoned for "Commercial/Residential" use.

Group 2B — Property Interests held by the Group for Investments in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
30.	Haiwang Hatchery Plant at Haiwang Village, Huinan Town, Nanhui District, Shanghai, The PRC	The property comprises 6 single-storey buildings and a 2-storey building with a total gross floor area of 2,052.87 sq m (22,097 sq ft) erected upon a site with a site area of approximately 6,204 sq m (66,780 sq ft) completed in 1997. The land use right of the property has been granted for a term commencing from 12 July 1999 and expiring on 25 February 2048 for farmland use.	The property is subject to a lease agreement for a term of three years commencing on 15 January 2005 and expiring on 15 January 2008 at a yearly rent of RMB 100,000, 120,000 and 140,000 respectively and is currently used mostly as storage purpose.	HK$2,100,000 (46.062% interest attributable to the Group: HK$967,302)	HK$2,100,000 (46.062% interest attributable to the Group: HK$967,302)

Notes:

(1) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Nanhui Zi (1999) Di 002518 issued by the Shanghai Housing and Land Administration Bureau on 29 July 1999, the land use right of the property with a site area of 6,204 sq m and seven buildings of the property with a total of gross floor area of 2,052.87 sq m are vested in 上海大昌江南鳳有限公司, is a 76.77% owned subsidiary of Regal Heights Limited which is a 60% owned subsidiary of the Company, for a land use term commencing from 12 July 1999 and expiring on 25 February 2048 for farmland use.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Certificate of Real Estate Ownership is legal and valid and 上海大昌江南鳳有限公司 legally owns the land use right and buildings of the property; and

(ii) According to the Chinese Law, 上海大昌江南鳳有限公司 can use, occupy, transfer, let, mortgage the subject buildings.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
31.	Xing Guang Farm, Xingguang Village, Zhuqiao Town, Nanhui District, Shanghai, The PRC	The property comprises 11 single-storey buildings and two 2-storey buildings erected upon a site with a site area of 17,326.00 sq m (186,497 sq ft). The buildings were completed in phases from 1981 to 1996. The gross floor areas of the property are approximately as follows:	The property is subject to a lease agreement for a term of 5 years commencing on 1 January 2005 and expiring on 31 December 2009 at an annual rental of RMB 80,000 and is currently used as poultry raising purpose.	HK$3,800,000 (46.062% interest attributable to the Group: HK$1,750,356)	HK$3,800,000 (46.062% interest attributable to the Group: HK$1,750,356)

Block	**Gross Floor Area** *(sq m)*	*(sq ft)*
Block 1	23.22	250
Block 2	174.58	1,879
Block 3	226.03	2,433
Block 4	41.92	451
Block 5	127.17	1,369
Block 6	101.84	1,096
Block 7	11.80	127
Block 8	1,234.31	13,286
Block 9	1,234.31	13,286
Block 10	1,234.31	13,286
Block 11	244.71	2,634
Block 12	1,293.24	13,921
Block 13	93.97	1,012
Total:	6,041.41	65,030

The land use right of the property has been granted for collective nature for a term commencing from 26 February 1998 and expiring on 25 February 2048 for farmland use.

Notes:

(1) Pursuant to the Shanghai Certificate of Real Estate Ownership No. Hu Fang Di Nanhui Zi (1998) Di 000280 issued by the Shanghai Housing and Land Administration Bureau on 13 March 1998, the land use right of the property with a site area of 17,326 sq m and thirteen buildings with a total of gross floor area of 6,041.41 sq m are vested in 上海大昌江南鳳有限公司, a 76.77% owned subsidiary of Regal Heights Limited which is a 60% owned subsidiary of the Company, for a land use term of collective nature commencing from 26 February 1998 and expiring on 25 February 2048 for farmland use.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Certificate of Real Estate Ownership is legal and valid and 上海大昌江南鳳有限公司 legally owns the land use right and buildings of the property; and

(ii) According to the Chinese Law, 上海大昌江南鳳有限公司 can use, occupy, transfer, let, mortgage the subject buildings.

Group 2C — Property Interests held by the Group for Investments in Japan

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
32.	I1204, Hiroo Garden Hills, 3, Hiroo 4-chome, Shibuya-ku, Tokyo, Japan	The property comprises a residential unit of a large-scale residential development with a floor area of 88.98 sq m (958 sq ft). The subject building has 14 storeys together with two levels of basement and was completed in about 1985.	The property is currently subject to a tenancy from 16 July 2007 to 15 June 2009 at JPY 450,000.	HK$6,800,000	HK$7,020,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited, which is a wholly-owned subsidiary of the Company.

(2) The property is zoned as “Category 2 middle/ high-rise exclusively residential district”.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
33.	H1403, Hiroo Garden Hills, 3, Hiroo 4-chome, Shibuya-ku, Tokyo, Japan	The property comprises a residential unit of a large-scale residential development with a floor area of 193.37 sq m (2,081 sq ft). The subject building has 14 storeys together with two levels of basement and was completed in about 1985.	The property is currently subject to a tenancy from 1 July 2006 to 30 June 2008 at JPY 1,000,000.	HK$20,880,000	HK$21,560,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited, which is a wholly-owned subsidiary of the Company.

(2) The property is zoned as “Category 2 middle/ high-rise exclusively residential district”.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
34.	D507, Hiroo Garden Hills, 3, Hiroo 4-chome, Shibuya-ku, Tokyo, Japan	The property comprises a residential unit of a large-scale residential development with a floor area of 217.58 sq m (2,342 sq ft). The subject building has 9 storeys together with two levels of basement and was completed in about 1985.	The property is currently subject to a tenancy from 15 September 2006 to 14 September 2008 at JPY 1,300,000.	HK$25,000,000	HK$25,810,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited, which is a wholly-owned subsidiary of the Company.

(2) The property is zoned as “Category 2 middle/high-rise exclusively residential district”.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
35.	Dah Chong No.1 Building, 12-6, Roppongi 3-chome, Minato-Ku, Tokyo, Japan	The property comprises a main building and an ancillary building. The main building is a 9- storey commercial/ office building together with a level of basement with a total floor area of 3,207.78 sq m (34,529 sq ft) completed in about 1971 and 1977. The ancillary building is a single storey car parking which accommodates 30 ca parking spaces building with a floor area of 35.96 sq m (387 sq ft) completed in about 1971.	Majority portion of the property with a total floor area of 2,444.04 sq m (26,308 sq ft) is currently subject to various tenancies with the latest term expiring on 26 June 2015 at a total monthly rental of JPY 13,159,230, 11 parking spaces is subject to various tenancies with the latest term expiring on 30 June 2008 at a total monthly rental of JPY 436,096 whereas the remaining portion is vacant/ owner-occupied.	HK$187,700,000	HK$193,790,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited, which is a wholly-owned subsidiary of the Company.

(2) The property is zoned as “Commercial area district”.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
36.	Portion of Dah Chong No.2 Building, 18-2, Roppongi 5-chome, Minato-Ku, Tokyo, Japan	The property comprises portion of a 9- storey commercial/office building together with a level of basement with a total floor area of 1,519.48 sq m (16,356 sq ft) completed in between 1977 to 1989.	Portion of the property with a total floor area of 1,239.54 sq m (13,342 sq ft) is currently subject to various tenancies with the latest term expiring on 31 August 2013 at a total monthly rental of JPY 5,003,690 whereas the remaining portion is vacant.	HK$62,360,000	HK$64,380,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited, which is a wholly-owned subsidiary of the Company.

(2) The property is zoned as "Commercial area district".

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
37.	Toriizaka House, 310-1, Roppongi 5-chome, Minato-Ku, Tokyo, Japan	The property comprises a 3- storey together with a level of basement residential building with a total floor area of 683.07 sq m (7,353 sq ft) completed in 1980. The property also accommodates 4 parking spaces.	Majority portion of the property with a total floor area of 530.44 sq m (5,710 sq ft) and 4 parking spaces is currently subject to three tenancies with the latest term expiring on 30 November 2008 at a total monthly rental of JPY 1,871,429 whereas the remaining portion is vacant/ owner-occupied.	HK$28,450,000	HK$29,380,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited, which is a wholly-owned subsidiary of the Company.

(2) The property is zoned as "Category 2 middle/high-rise exclusively residential district".

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
38.	Land No. 346-22, Azateradani, Hino-Cho, Nishiwaki-shi, Hyogo Prefecture, Japan	The property comprises a parcel of land with a site area of 6,300 sq m (67,813 sq ft).	The property is currently vacant.	HK$63,000	HK$65,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited., which is a wholly-owned subsidiary of the Company.

(2) The zoning of the property is not yet appointed.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
39.	Land Nos. 8-162 and 8-179, Ogase-Cho, Kagamihara-shi, Gifu Prefecture, Japan	The property comprises two parcels of land with a total site area of 7,123 sq m (76,672 ft).	The property is currently vacant.	HK$90,000	HK$93,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited, which is a wholly-owned subsidiary of the Company.

(2) The property is zoned as "Category 1 exclusively low-rise residential district".

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
40.	Land No. 689, Azazendana, Higashiodaka, Isumi-shi, Chiba Prefecture, Japan	The property comprises a parcel of land with a site area of 509 sq m (5,479 sq ft).	The property is currently vacant.	HK$4,000	HK$4,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited, which is a wholly-owned subsidiary of the Company.

(2) The zoning of the property is not yet appointed.

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
41.	Land No. 692, Azazendana, Higashiodaka, Isumi-shi, Chiba Prefecture, Japan	The property comprises a parcel of land with a site area of 694 sq m (7,470 sq ft).	The property is currently vacant.	HK$7,000	HK$8,000

Notes:

(1) The registered owner of the property is Dah Chong Hong (Japan) Limited, which is a wholly-owned subsidiary of the Company.

(2) The zoning of the property is not yet appointed.

GROUP 3 — PROPERTIES RENTED OR LICENCED BY THE GROUP

Group 3A — Properties rented or licenced by the Group in Hong Kong

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
42.	Units 1103–1105 on 11th Floor, Union Park Centre, 771–775 Nathan Road, Mong Kok, Kowloon, Hong Kong	The property comprises two amalgamated office units on 11th Floor of a 15-storey (including ground floor and basement) commercial building completed in about 1983. The floor area of the property is approximately 2,505 sq ft.	The property is rented to a member of the Group for a term from 1 April 2007 to 31 March 2009 at a monthly rent of HK$36,000 exclusive of rates and management fees. The property is occupied by the Group as office.	No commercial value	No commercial value

Note: According to Mong Kok Outline Zoning Plan No S/K3/24 dated 9 May 2006, the property is zoned for "Commercial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
43.	Shop No 10 on Ground Floor, Chee King Garden, 35–55 Kin Tak Street, Yuen Long, New Territories, Hong Kong	The property comprises a shop unit on Ground Floor of a 21-storey composite building completed in about 1986. The floor area of the property is approximately 1,592 sq ft.	The property is rented to a member of the Group for a term from 11 December 2005 to 10 December 2007 at a monthly rent of HK$27,000 exclusive of rates and management fees. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Yuen Long Outline Zoning Plan No S/YL/16 dated 5 January 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
44.	Shop No 9 on Ground Floor, Chee King Garden, 35–55 Kin Tak Street, Yuen Long, New Territories, Hong Kong	The property comprises a shop unit on Ground Floor of a 21-storey composite building completed in about 1986. The floor area of the property is approximately 815 sq ft.	The property is rented to a member of the Group for a term from 1 December 2005 to 30 November 2007 at a monthly rent of HK$16,800 exclusive of rates and management fees. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Yuen Long Outline Zoning Plan No S/YL/16 dated 5 January 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
45.	Parking Lot B02 on Basement B1, Car Park of Hong Kong Convention & Exhibition Centre Old Wing, 1 Harbour Road, Wanchai, Hong Kong	The property comprises a parking area, capable of accommodating 8 private cars, situated on Basement 1 of a comprehensive development comprising a convention and exhibition centre, an office block, an apartment block and two hotels with associated commercial, recreational and car parking facilities. The development was completed in about 1989.	The property is licenced to a member of the Group from 1 March 2007 to 29 February 2008 at a monthly licence fee of HK$36,000. The property is occupied by the Group for parking, display and sale of motor vehicles.	No commercial value	No commercial value

Note: According to Wan Chai North Outline Zoning Plan No S/H25/1 dated 19 April 2002, the property is zoned for "Open Space" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
46.	Shops A, B and C on Ground Floor and Cockloft, Tung Shing Building, 402–406 Portland Street, Mongkok, Kowloon, Hong Kong	The property comprises three adjoining shop units on Ground Floor and Cockloft of a 15-storey (including Ground Floor and Cockloft) composite building completed in about 1987. The floor area of the property is approximately 5,220 sq ft for the Ground Floor units and 2,219 sq ft for the Cockloft.	The property is rented to a member of the Group for a term from 1 June 2007 to 31 May 2009 at a monthly rent of HK$130,000 exclusive of rates and management fees. The property is occupied by the Group as car showroom and office.	No commercial value	No commercial value

Note: According to Mong Kok Outline Zoning Plan No S/K3/24 dated 9 May 2006, the property is zoned for "Commercial"use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
47.	Shop 2 on Ground Floor, The Sun's Group Centre, 200 Gloucester Road Wanchai, Hong Kong	The property comprises a shop unit on Ground Floor of a 29-storey commercial building completed in about 1996. The floor area of the property is approximately 1,750 sq ft.	The property is rented to a member of the Group for a term from 8 October 2006 to 7 October 2008 at a monthly rent of HK$129,000 exclusive of rates and service charges with an option to renew for a further term of two years. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006, the property is zoned for "Commercial/ Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
48.	Shops A and B on Ground Floor, Sing-Ho Finance Building, 166–168 Gloucester Road, Wanchai, Hong Kong	The property comprises two adjoining shop units on Ground Floor of a 25-storey commercial building completed in about 1981. The floor area of the property is approximately 2,777 sq ft.	The property is rented to a member of the Group for a term from 16 July 2005 to 15 July 2008 at a monthly rent of HK$160,000 exclusive of rates and management fees. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006, the property is zoned for "Commercial/ Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
49.	Car parking area on 11/F, Sunshine Plaza, 324–338 Jaffe Road, Wanchai, Hong Kong	The property comprises the car parking area on the 11th Floor of a 37-storey commercial building completed in about 1994.	The property is licenced to a member of the Group on monthly basis at a total monthly licence fee of HK$29,000. The property is occupied by the Group as car parking spaces.	No commercial value	No commercial value

Note: According to Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006, the property is zoned for "Commercial/ Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
50.	8 car parking spaces on 5th Floor, Park Lane Hotel, 310 Gloucester Road, Causeway Bay, Hong Kong	The property comprises 8 stacked open car parking spaces of a 31-storey hotel building completed in about 1973.	The property is licenced to a member of the Group on monthly basis at a total monthly licence fee of HK$8,000. The property is occupied by the Group as car parking spaces.	No commercial value	No commercial value

Note: According to Causeway Bay Outline Zoning Plan No S/H6/14 dated 13 September 2005, the property is zoned for "Commercial/Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
51.	Portions of Lot Nos 328 and 329 in Demarcation District No 111, Pat Heung, Yuen Long, New Territories, Hong Kong	The property comprises two contiguous lots in Pat Heung area, off Fan Kam Road. The site area of the property is approximately 20,000 sq ft.	The property is rented to a member of the Group for a term from 1 May 2007 to 30 April 2010 at a monthly rent of HK$34,650 exclusive of rates. The property is occupied by the Group as car displaying area.	No commercial value	No commercial value

Note: According to Pat Heung Outline Zoning Plan No S/YL-PH/11 dated 17 October 2006, the property is zoned for "Village Type Development" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
52.	A piece of land situated at Tong Hang Tsuen, Fanling, New Territories, Hong Kong	The property comprises a piece of land now being used as an open car park namely “China Travel Car Park”. The site area of the property is approximately 30,000 sq ft.	The property is rented to a member of the Group for a term from 1 July 2007 to 30 September 2007 at a monthly rent of HK$60,000 inclusive of rates and government rent. New tenancy is under negotiation. The property is occupied by the Group as car parking spaces.	No commercial value	No commercial value

Note: According to Fanling/Sheung Shui Outline Zoning Plan No S/FSS/14 dated 27 March 2007, the property is zoned for “Recreation” use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
53.	Shops B, C and D on Ground Floor, AXA Centre, 151 Gloucester Road, Wanchai, Hong Kong	The property comprises three adjoining shop units on Ground Floor of a 26-storey commercial building completed in about 1982. The floor area of the property is approximately 5,196 sq ft.	The property is rented to a member of the Group for a term from 15 November 2006 to 14 November 2009 at a monthly rent of HK$380,000 exclusive of rates and management fees with an option to renew for a term of 3 years. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006, the property is zoned for “Commercial/Residential” use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
54.	Portion B of Shops 1 to 41 on Ground Floor, Podium of Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong	The property comprises a shop area on Ground Floor of a 4-storey commercial podium (excluding the MTR station complex on Basements) on which two high rise office buildings are erected. The property was completed in about 1980. The floor area of the property is approximately 12,166 sq ft.	The property is rented to a member of the Group for a term from 1 June 2006 to 7 May 2015 at a monthly rent of HK$460,000 from 1 June 2006 to 7 May 2009, HK$552,000 from 8 May 2009 to 7 May 2012 and HK$662,400 from 8 May 2012 to 7 May 2015 exclusive of rates and management fees. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Central District Outline Zoning Plan No S/H4/12 dated 28 February 2003, the property is zoned for "Commercial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
55.	24 car parking spaces on Level 7, United Centre Car Park, United Centre, 95 Queensway, Admiralty, Hong Kong	The property comprises 24 floating covered car parking spaces on Level 7 of a 37-storey (including 2 refuge floors) commercial building with public transport interchange and ancillary car park facilities which was completed in about 1981.	The property is licenced to a member of the Group on monthly basis at a total monthly licence fee of HK$36,000. The property is occupied by the Group as car parking spaces.	No commercial value	No commercial value

Note: According to Central District Outline Zoning Plan No S/H4/12 dated 28 February 2003, the property is zoned for "Commercial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
56.	Shop No 2 on Ground Floor and car parking spaces Nos C34, C35 & C36 on First Floor, 16 Hi Yip Street, Tung Tau Industrial Area, Yuen Long, New Territories, Hong Kong	The property comprises a shop unit on Ground Floor and 3 private car parking spaces on the First Floor of a 3-storey commercial/carpark building. The property was completed in about 2005. The floor area of the property is approximately 3,400 sq ft.	The property is rented to a member of the Group for a term from 2 April 2007 to 1 April 2011 at a monthly rent of HK$30,600 inclusive of rates and government rent with an option to renew for a further term of 3 years. The property is occupied by the Group as car showroom and office.	No commercial value	No commercial value

Note: According to Yuen Long Outline Zoning Plan No S/YL/16 dated 5 January 2007, the property is zoned for "Other Specified Uses".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
57.	Shop C on Ground Floor, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong	The property comprises a shop unit on Ground Floor of a 28-storey commercial building completed in about 1985. The floor area of the property is approximately 3,400 sq ft.	The property is rented to a member of the Group for a term from 21 July 2006 to 20 July 2008 at a monthly rent of HK$312,000 exclusive of rates and service charges. A licence for the use of a signage box and a signage space is also granted to the tenant for a term from 21 July 2006 to 20 July 2008 and upon expiry renewed automatically from month to month, unless terminated by either party, at a monthly licence fee of HK$18,000. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006, the property is zoned for "Commercial/ Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
58.	Parking Bays Nos 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 175, 176, 177, 178, 179, 180, 181, 182, 183 and 184 in Second Basement, Harcourt Block of Admiralty Carpark, Rodney Street, Admiralty, Hong Kong	The property comprises 20 covered car parking spaces in the Second Basement of a public car park block completed in the 1980's.	The property is licenced to a member of the Group for a term from 1 July 2007 to 31 December 2007 at a quarterly licence fee of HK$72,000 and subject to a break clause. The property is occupied by the Group as car parking spaces.	No commercial value	No commercial value

Note: According to Central District Outline Zoning Plan No S/H4/12 dated 28 February 2003, the property is zoned for "Open Space" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
59.	Shops G41 and G45–G49 on Ground Floor, Elizabeth House, 250 Gloucester Road, Causeway Bay, Hong Kong	The property comprises various shop units on Ground Floor of a 7-storey commercial/car parking podium on which three high rise residential blocks are erected. The property was completed in about 1978. The floor area of the property is approximately 4,299 sq ft.	The property is rented to a member of the Group under two tenancies for a term from 20 February 2006 to 19 February 2009 at the interim monthly rents for Shop G41 and Shops G45 - G49 are HK$210,000 and HK$49,000 respectively. Negotiation for the rent for the renewed term and terms and conditions of the new tenancy is in progress. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006, the property is zoned for "Commercial/Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
60.	8 car parking spaces on Levels 1–8 from 1st to 4th Floors, Elizabeth House, 250 Gloucester Road, Causeway Bay, Hong Kong	The property comprises 8 covered car parking spaces on 1st to 4th Floors of a 7-storey commercial/car parking podium on which three high rise residential blocks are erected. The property was completed in about 1978.	The property is licenced to a member of the Group on monthly licence basis at a total monthly licence fee of HK$24,000. The property is occupied by the Group as car parking spaces.	No commercial value	No commercial value

Note: According to Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006, the property is zoned for "Commercial/Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
61.	Shop Nos A106–A108 on Level 1, New Town Plaza Phase III, 2–8 Sha Tin Centre Street, Shatin, New Territories, Hong Kong	The property comprises three adjoining shop units on Level 1 of a 5-storey (including 2-storey basement for parking purpose) shopping arcade completed in about 1990. The floor area of the property is approximately 2,535 sq ft.	The property is rented to a member of the Group for a term from 1 May 2007 to 30 April 2010 at a monthly rent of HK$240,825 exclusive of rates, air-conditioning charge and management charge plus additional turnover rental being an amount by which 1% of the monthly gross receipts of the tenant's business at the property during and for the rental payable month exceeds the basic rental. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Sha Tin Outline Zoning Plan No S/ST/23 dated 5 June 2007, the property is zoned for "Commercial/Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
62.	12 car parking spaces on Level 2, Hilton Plaza Carpark, 3–9 Shatin Centre Street, Shatin, New Territories, Hong Kong	The property comprises 12 covered car parking spaces on Level 2 of a 3-storey commercial/car parking podium on which 4 high rise residential blocks are erected. The property was completed in about 1985.	The property is licenced to a member of the Group on monthly licence basis at a total monthly licence fee of HK$12,000 inclusive of rates and management fees. The property is occupied by the Group as car parking spaces.	No commercial value	No commercial value

Note: According to Sha Tin Outline Zoning Plan No S/ST/23 dated 5 June 2007, the property is zoned for "Commercial/Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
63.	Shops B and C on Ground Floor, Bonaventure House, 91 Leighton Road, Causeway Bay, Hong Kong	The property comprises a shop unit on Ground Floor of a 21-storey composite building completed in about 1973. The floor area of the property is approximately 4,297 sq ft.	The property is rented to a member of the Group for a term from 16 October 2005 to 15 October 2008 at a monthly rent of HK$350,000 exclusive of rates, air-conditioning charge and management fees. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Wong Nai Chung Outline Zoning Plan No S/H7/12 dated 8 December 2006, the property is zoned for "Commercial/Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
64.	A car parking space at Football Club Carpark, Sports Road, Causeway Bay, Hong Kong	The property comprises a floating covered car parking space within a private clubhouse completed in about 1994.	The property is rented to a member of the Group on monthly licence basis at a monthly licence fee of HK$2,500 inclusive of rates. The property is occupied by the Group as car parking space.	No commercial value	No commercial value

Note: According to Wong Nai Chung Outline Zoning Plan No S/H7/12 dated 8 December 2006, the property is zoned for "Other Specified Uses".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
65.	Portions of Lot Nos 43A and 50 in Demarcation District No 101, Mai Po, Yuen Long, New Territories, Hong Kong	The property comprises a piece of flat land now being used for storage of vehicles and vehicle parts. The site area of the property is about 250,000 sq ft.	The property is rented to a member of the Group for a term from 1 February 2005 to 31 December 2007 at a monthly rent of HK$115,000 exclusive of rates and subject to a break clause. The property is occupied by the Group as storage of vehicles and vehicle parts.	No commercial value	No commercial value

Note: According to Mai Po & Fairview Park Outline Zoning Plan No S/YL-MP/6 dated 1 February 2005, the property is zoned for "Other Specified Uses".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
66.	Car Parking Spaces Nos L1 to L24 on Roof, Jumbo Plaza, 6 Choi Fai Street, Sheung Shui, New Territories, Hong Kong	The property comprises 24 open lorry parking spaces on Roof Level of a 3-storey industrial building. The property was completed in about 1997.	The property is licenced to a member of the Group for a term from 5 June 2006 to 4 June 2009 at a total monthly licence fee of HK$20,000 exclusive of rates and management fees and subject to a break clause. The property is occupied by the Group as car parking spaces.	No commercial value	No commercial value

Note: According to Fanling/Sheung Shui Outline Zoning Plan No S/FSS/14 dated 27 March 2007, the property is zoned for "Industrial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
67.	Units B1–B23 and Corridors and Lavatory on Ground Floor, Jumbo Plaza, 6 Choi Fai Street, Sheung Shui, New Territories, Hong Kong	The property comprises various workshop units on Ground Floor of a 3-storey industrial building completed in about 1997. The floor area of the property is approximately 62,120 sq ft.	The property is rented to a member of the Group for a term from 5 June 2006 to 4 June 2009 at a monthly rent of HK$434,840 exclusive of rates and management fees for the subject units and air-conditioning charges for the common areas of the subject building. The property is occupied by the Group as a car repair garage.	No commercial value	No commercial value

Note: According to Fanling/Sheung Shui Outline Zoning Plan No S/FSS/14 dated 27 March 2007, the property is zoned for "Industrial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
68.	Workshop No 1 on Ground Floor, Car Parking Spaces Nos L12 on Upper Ground Floor and P13 on First Floor, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong	The property comprises a workshop unit on Ground Floor, a covered lorry parking space on Upper Ground Floor and a covered private car parking space on First Floor of a 24-storey industrial building completed in 1989. The floor area of the property (excluding car parking spaces) is approximately 12,395 sq ft.	The property is rented to a member of the Group for a term from 19 February 2003 to 18 February 2008 at a monthly rent of HK$210,000 exclusive of rates and management fees. The property is occupied by the Group as a workshop and car parking spaces.	No commercial value	No commercial value

Note: According to Quarry Bay Outline Zoning Plan No S/H21/23 dated 29 December 2006, the property is zoned for "Commercial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
69.	Units Nos C & D on Ground Floor, Kingsway Industrial Building Phase I, Nos 167–175 Wo Yi Hop Road, Kwai Chung, New Territories, Hong Kong	The property comprises two workshop units on the Ground Floor of a 26-storey (including the Lower Ground Floor and Sub-lower Ground Floor) industrial building completed in 1977. The floor area of the property is approximately 9,452 sq ft.	The property is rented to a member of the Group for a term from 22 March 2005 to 21 March 2008 at a monthly rent of HK$74,000 exclusive of rates and management fees. There is an option to renew for a term of 2 years. The property is occupied by the Group as a workshop.	No commercial value	No commercial value

Note: According to Kwai Chung Outline Zoning Plan No S/KC/21 dated 29 June 2004, the property is zoned for "Other Specified Uses (Business)".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
70.	Ground Floor, Tong Yuen Factory Building, 505 Castle Peak Road, Lai Chi Kok, Kowloon, Hong Kong	The property comprises a workshop unit on the Ground Floor of a 12-storey industrial building completed in 1953. The floor area of the property is approximately 10,000 sq ft.	The property is rented to a member of the Group for a term from 1 December 2006 to 30 November 2009 at a monthly rent of HK$87,000 exclusive of rates and management fees. The property is occupied by the Group as a workshop.	No commercial value	No commercial value

Note: According to Cheung Sha Wan Outline Zoning Plan No S/K5/30 dated 1 June 2007, the property is zoned for "Other Specified Uses (Business)".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
71.	GSE Maintenance Facility No 1 13 Catering Road East, Hong Kong International Airport, Lantau Island, New Territories, Hong Kong	The property comprises a single-storey workshop building with ancillary office on Mezzanine Floor completed in about 1998. The floor area of the property is approximately 102,689 sq ft.	The property is rented to a member of the Group for a term from 28 February 1997 to 5 July 2013 at a current annual rent of about HK$7,700,000 exclusive of rates and management fees.From 6 July 2008 to 5 July 2013, a GSE maintenance charge will be payable which is an amount equal to the higher of (i) the annual rental specified in the lease; (ii) 10.5% of the gross revenue for that service year and 50% of the operating profit for that service year. The tenancy is subject to a break clause. The property is occupied by the Group as ground support equipment maintenance services centre.	No commercial value	No commercial value

Note: According to Chek Lap Kok Outline Zoning Plan No S/I-CLK/10 dated 19 May 2006, the property is zoned for "Other Specified Uses (Airport Service Area)".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
72.	Portions A & B on Ground Floor and loading and unloading bay, Chung On Industrial Building, 28 Lee Chung Street, Chai Wan, Hong Kong	The property comprises a workshop on the Ground Floor of a 9-storey industrial building completed in 1965. The floor area of the property is approximately 7,618 sq ft.	The property is rented to a member of the Group for a term from 1 September 2005 to 31 August 2008 at a monthly rent of HK$55,200 exclusive of rates and management fees. The tenancy is subject to a break clause. The property is occupied by the Group as a garage.	No commercial value	No commercial value

Note: According to Chai Wan Outline Zoning Plan No S/H20/17 dated 8 November 2005, the property is zoned for "Other Specified Uses".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
73.	Ground Floor, Tin's Second House, 94–96 How Ming Street, Kwun Tong, Kowloon, Hong Kong	The property comprises a workshop on the Ground Floor of a 9-storey industrial building completed in 1964. The floor area of the property is approximately 11,650 sq ft.	The property is rented to a member of the Group for a term from 23 June 2004 to 22 September 2007 at a monthly rent of approximately HK$58,153 inclusive of rates, government rent and management fees with an option to renew for a further term of 3 years. New tenancy is under negotiation. The property is occupied by the Group as a garage.	No commercial value	No commercial value

Note: According to Kwun Tong South Outline Zoning Plan No S/K14S/14 dated 27 March 2007, the property is zoned for "Other Specified Uses".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
74.	DCH Building, 20 Kai Cheung Road, Kowloon Bay, Kowloon, Hong Kong	The property comprises an 11-storey motor services building completed in 1984. Vehicular access to each floor is further provided by car ramps. The total floor area of the property is approximately 1,032,202 sq ft.	The property is rented to the Company for a term from 1 January 2006 to 31 December 2008 at a monthly rent of approximately HK$4,902,959.5 inclusive of government rent but exclusive of rates and management fees with an option to renew for a further term of 3 years at the then open market rent. The property is occupied by the Group as a motor services centre with ancillary office and store.	No commercial value	No commercial value

Note: According to Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No S/K13/25 dated 12 September 2006, the property is zoned for "Other Specified Uses (Business)".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
75.	18 Po Yip Street, Yuen Long, New Territories, Hong Kong	The property comprises a 2-storey motor services building completed in 1989. Vehicular access to First floor is further provided by a car ramp. The total floor area of the property is approximately 115,916 sq ft.	The property is rented to the Company on a verbal agreement for a term from 1 January 2006 to 31 December 2008 at a monthly rent of approximately HK$313,000 inclusive of government rent but exclusive of rates and management fees with an option to renew for a further term of 3 year at the then open market rent. The property is occupied by the Group as a motor services centre with ancillary office.	No commercial value	No commercial value

Note: According to Yuen Long Outline Zoning Plan No S/YL/16 dated 5 January 2007, the property is zoned for "Residential (Group B)1" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
76.	Ground Floor, Portion of 1st Floor, Unit 1A on 1st Floor, 2nd, 3rd, 6th, 7th and 8th Floors, 111 Lee Nam Road, Apleichau, Hong Kong	The property comprises six industrial floors and portion of 1st Floor of a 16-storey (including ground and mezzanine floors) motor services building completed in 1994. Vehicular access to upper floors are further provided by car ramps. The total floor area of the property is approximately 302,306 sq ft.	The property is rented to the Company for a term from 1 January 2006 to 31 December 2008 at a monthly rent of approximately HK$861,572.1 exclusive of rates and management fees with an option to renew for a further term of 3 years at the then open market rent. The property is occupied by the Group as a motor services centre with ancillary office and store.	No commercial value	No commercial value

Note: According to Aberdeen & Ap Lei Chau Outline Zoning Plan No S/H15/24 dated 19 December 2006, the property is zoned for "Industrial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
77.	Unit 1B on 1st Floor, 111 Lee Nam Road, Apleichau, Hong Kong	The property comprises portion of an industrial floor of a 16-storey (including ground and mezzanine floors) motor services building completed in 1994. Vehicular access to upper floors are further provided by car ramps. The total floor area of the property is approximately 7,741 sq ft.	The property is rented to the Company for a term from 1 April 2006 to 31 December 2008 at a monthly rent of approximately HK$22,061.85 exclusive of rates and management fees with an option to renew for a further term of 3 years at the then open market rent. The property is occupied by the Group as car display area.	No commercial value	No commercial value

Note: According to Aberdeen &Ap Lei Chau Outline Zoning Plan No S/H15/24 dated 19 December 2006, the property is zoned for "Industrial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
78.	Factory Unit A on Ground Floor including loading and unloading platform and Car Parking Space No 112 on Ground Floor, Tsuen Wan Industrial Centre, 220–248 Texaco Road, Tsuen Wan, New Territories, Hong Kong	The property comprises a workshop unit and a covered lorry car parking space on the Ground Floor of a 26-storey industrial building completed in 1980. The floor area of the property is approximately 25,496 sq ft.	The property is rented to a member of the Group for a term from 1 January 2006 to 31 December 2008 at a monthly rent of approximately HK$203,968 exclusive of rates, government rent and management fees with an option to renew for a further term of 3 years at the then open market rent. The property is occupied by the Group as a godown.	No commercial value	No commercial value

Note: According to Tsuen Wan Outline Zoning Plan No S/TW/24 dated 6 July 2007, the property is zoned for "Industrial" use .

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
79.	Unit A on First Floor, Lucky Industrial Building, 18–24 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong	The property comprises a workshop unit on the First Floor of a 15-storey industrial building completed in 1979. The floor area of the property is approximately 14,892 sq ft.	The property is rented to a member of the Group for a term from 16 June 2007 to 15 June 2009 at a monthly rent of approximately HK$59,568 exclusive of rates, government rent and management fees and subject to a break clause. The property is occupied by the Group as a godown.	No commercial value	No commercial value

Note: According to Kwai Chung Outline Zoning Plan No S/KC/21 dated 29 June 2004, the property is zoned for "Industrial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
80.	Unit B on 11th Floor, Lucky Industrial Building, 18–24 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong	The property comprises a workshop unit on the 11th Floor of a 15-storey industrial building completed in 1979. The floor area of the property is approximately 9,647 sq ft.	The property is rented to a member of the Group for a term from 18 May 2007 to 17 May 2009 at a monthly rent of approximately HK$38,600 exclusive of rates, government rent and management fees and subject to a break clause. The property is occupied by the Group as a godown.	No commercial value	No commercial value

Note: According to Kwai Chung Outline Zoning Plan No S/KC/21 dated 29 June 2004, the property is zoned for "Industrial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
81.	A retail space within New World Centre, Salisbury Road, Tsim Sha Tsui, Kowloon, Hong Kong	The property comprises a shop unit on the 2nd Floor of a 17-storey commercial development completed in phases from 1978 to 1996. The floor area of the property is approximately 2,314 sq ft.	The property is rented to a member of the Group for a term from 1 January 2007 to 31 December 2007 at a monthly rent calculated at 5% of the total sales proceed. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tsim Sha Tsui Outline Zoning Plan No S/K1/22 dated 17 October 2006, the property is zoned for "Commercial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
82.	Shatin Town Lot No 75, 5–11 Au Pui Wan Street, Fo Tan, Shatin, New Territories, Hong Kong	The property comprises a single-storey (portion 3-storey) warehouse, a 2-storey warehouse and a single-storey warehouse completed in about 1964. The total floor area of the property is approximately 121,097 sq ft.	The property is rented to a member of the Group for a term from 1 January 2006 to 31 December 2007 at a monthly rent of approximately HK$1,080,000 inclusive of rates and government rent and subject to a break clause. The property is occupied by the Group as a warehouse with ancillary office.	No commercial value	No commercial value

Note: According to Sha Tin Outline Zoning Plan No S/ST/23 dated 5 June 2007, the property is zoned for "Comprehensive Development Area (1)".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
83.	5th, 7th to 12th, 15th and 16th Floors, Broadway Centre, 93 Kwai Fuk Street, Kwai Chung, New Territories, Hong Kong	The property comprises nine industrial floors of a 24-storey industrial/office building completed in 1997. The total floor area of the property is approximately 168,705 sq ft.	The property is rented to the Company for a term from 1 January 2006 to 31 December 2008 at a monthly rent of approximately HK$674,820 exclusive of rates, government rent and management fees with an option to renew for a further term of 3 years at the then market rent. The property is occupied by the Group as a godown and ancillary office.	No commercial value	No commercial value

Note: According to Kwai Chung Outline Zoning Plan No S/KC/21 dated 29 June 2004, the property is zoned for "Industrial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
84.	Block C, Yee Lim Industrial Centre, 2-28 Kwai Lok Street & 2-6 Kwai Hei Street, Kwai Chung, New Territories, Hong Kong	The property comprises a 17-storey industrial building completed in 1980. The total floor area of the property is approximately 320,195 sq ft.	The property is rented to the Company for a term from 1 January 2006 to 31 December 2008 at a monthly rent of approximately HK$864,526.5 exclusive of rates and government rent with an option to renew for a further term of 3 years at the then market rent. The property is occupied by the Group as a godown with ancillary office.	No commercial value	No commercial value

Note: According to Kwai Chung Outline Zoning Plan No S/KC/21 dated 29 June 2004, the property is zoned for "Industrial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
85.	B4 of Cheung Sha Wan Wholesale Food Market, Cheung Sha Wan, Kowloon, Hong Kong	The property comprises a market stall within a single-storey food market building completed in 1993. The floor area of the property is approximately 1,453 sq ft.	The property is rented to a member of the Group for a term from 1 April 2006 to 31 March 2008 at a monthly rent of HK$14,050 inclusive of rates. The property is occupied by the Group as a wholesale market stall.	No commercial value	No commercial value

Note: According to South West Kowloon Outline Zoning Plan No S/K20/19 dated 18 May 2007, the property is zoned for "Other Specified Uses (Wholesale Market)".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
86.	B153 of Cheung Sha Wan Wholesale Food Market, Cheung Sha Wan, Kowloon, Hong Kong	The property comprises a market stall within of a single-storey food market building completed in 1993. The floor area of the property is approximately 1,033 sq ft.	The property is rented to a member of the Group for a term from 1 April 2006 to 31 March 2008 at a monthly rent of HK$9,980 inclusive of rates and subject to a break clause. The property is occupied by the Group as a wholesale market stall.	No commercial value	No commercial value

Note: According to South West Kowloon Outline Zoning Plan No S/K20/19 dated 18 May 2007, the property is zoned for "Other Specified Uses (Wholesale Market)".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
87.	Unit 101 on First Floor and advertising light box No 6, Hang Seng Building, 77 Des Voeux Road Central, Hong Kong	The property comprises a shop unit on the First Floor together with an advertising light box on Ground Floor of a 21-storey commercial/office building completed in about 1962. The floor area of the property is approximately 1,714 sq ft.	The property is rented to a member of the Group for a term from 16 May 2005 to 15 June 2007 at a monthly rent of HK$65,000 exclusive of rates and management fees. The lease has been extended from 16 August 2007 to 31 December 2007 at a monthly rent of HK$78,000 exclusive of rates and management fees. The monthly rental of the advertising light box is HK$1,000. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Central District Outline Zoning Plan No S/H4/12 dated 18 February 2003, the property is zoned for "Commercial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
88.	Units G1–G3 on Ground Floor, Wing Tak Mansion, 15 Canal Road West, Causeway Bay, Hong Kong	The property comprises three adjoining shop units on the Ground Floor of a 22-storey commercial/residential building completed in about 1972. The floor area of the property is approximately 1,500 sq ft.	The property is rented to a member of the Group for a term from 1 January 2004 to 31 December 2007 at a monthly rent of HK$112,500 exclusive of rates and management fees. A new tenancy for portion of the property has already been made for a term of 5 years from 1 January 2008 to 31 December 2012 at a monthly rent of HK$130,000 exclusive of rates and management fees. Together with the aforesaid new tenancy, a licence is also made to place an air-conditioners on portion of flat roof of flat A5 on 1st Floor of the building. The licence will terminate as soon as the aforesaid new tenancy expires or terminates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006, the property is zoned for "Commercial/ Residential" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
89.	Unit 1 on Ground Floor, Yue Sun Mansion, 68–80 Second Street, Sai Ying Pun, Hong Kong	The property comprises a shop unit on the Ground Floor of a 24-storey commercial/residential building completed in about 1986. The floor area of the property is approximately 1,000 sq ft.	The property is rented to a member of the Group for a term from 22 April 2007 to 21 April 2011 at a monthly rent of HK$32,000 exclusive of rates and management fees. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Sai Ying Pun & Sheung Wan Outline Zoning Plan No S/H3/21 dated 17 March 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
90.	Ground Floor, 7 Hau Wong Road, Kowloon City, Kowloon, Hong Kong	The property comprises a shop unit on the Ground Floor of a 6-storey tenement building completed in about 1966. The floor area of the property is approximately 1,400 sq ft.	The property is rented to a member of the Group for a term from 18 January 2004 to 17 January 2008 at a monthly rent of HK$47,000 exclusive of rates and management fees. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ma Tau Kok Outline Zoning Plan No S/K10/18 dated 8 June 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
91.	Shop No 1, Yue Shun House, Yue Wan Estate, Chai Wan Road, Chai Wan, Hong Kong	The property comprises a shop unit on the Ground Floor of a 22-storey residential block within a public housing estate known as Yue Wan Estate. The property was completed in about 1977. The floor area of the property is approximately 904 sq ft.	The property is rented to a member of the Group for a term from 16 February 2007 to 15 February 2010 at a monthly rent of HK$13,200 exclusive of rates and management fees. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Chai Wan Outline Zoning Plan No S/H20/17 dated 8 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
92.	Shop No 13, Kam Pik House, Choi Hung Estate, Prince Edward Road East, Kowloon, Hong Kong	The property comprises a shop unit on the Ground Floor of a 7-storey residential block within a public housing estate known as Choi Hung Estate. The property was completed in about 1962. The floor area of the property is approximately 818 sq ft.	The property is rented to a member of the Group for a term from 1 June 2006 to 31 May 2009 at a monthly rent of HK$20,300 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ngau Chi Wan Outline Zoning Plan No S/K12/16 dated 2 November 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
93.	Shop Nos B2–3, Commercial Complex III, Choi Wan Estate (I), Clear Water Bay Road, Kwun Tong, Kowloon, Hong Kong	The property comprises two adjoining shop units on the Ground Floor of a 7-storey commercial complex within a public housing estate known as Choi Wan Estate. The property was completed in about 1980. The floor area of the property is approximately 1,012 sq ft.	The property is rented to a member of the Group for a term from 1 March 2005 to 29 February 2008 at a monthly rent of HK$23,000 exclusive of rates and management fees. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ngau Chi Wan Outline Zoning Plan No S/K12/16 dated 2 November 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
94.	Shop No 3A on Ground Floor, Kai Yin House, Kai Yip Estate, Kowloon Bay, Kowloon, Hong Kong	The property comprises a shop unit on the Ground Floor of a 19-storey residential block within a public housing estate known as Kai Yip Estate. The property was completed in about 1981. The floor area of the property is approximately 1,163 sq ft.	The property is rented to a member of the Group for a term from 16 August 2005 to 15 August 2008 at a monthly rent of HK$29,500 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No S/K13/25 dated 12 September 2006, the property is zoned for “Residential (Group A)” use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
95.	Shop No 119A on Ground Floor, Geranium House, Ma Tau Wai Estate, Ma Tau Chung Road, To Kwa Wan, Kowloon, Hong Kong	The property comprises a shop unit on the Ground Floor of a 14-storey residential block within a public housing estate known as Ma Tau Wai Estate. The development was completed in phases from 1962 to 1965. The floor area of the property is approximately 1,432 sq ft.	The property is rented to a member of the Group for a term from 1 April 2005 to 31 March 2008 at a monthly rent of HK$35,000 exclusive of rates and management fees. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ma Tau Kok Outline Zoning Plan No S/K10/18 dated 8 June 2004, the property is zoned for “Residential (Group A)” use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
96.	Shop Nos 5 and 6 on Ground Floor, Hong Man House, Oi Man Estate, Chung Hau Street, Ho Man Tin, Kowloon, Hong Kong	The property comprises two adjoining shop units on the Ground Floor of a 7-storey residential block within a public housing estate known as Oi Man Estate. The property was completed in about 1974. The floor area of the property is approximately 870 sq ft.	The property is rented to a member of the Group for a term from 1 January 2007 to 31 December 2009 at a monthly rent of HK$20,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ho Man Tin Outline Zoning Plan No S/K7/18 dated 14 May 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
97.	Shop Nos 121–124, Yuk Shek House, Ping Shek Estate, Clear Water Bay Road, Kowloon, Hong Kong	The property comprises four adjoining shop units on the Ground Floor of a 7-storey residential block within a public housing estate known as Ping Shek Estate. The property was completed in about 1970. The floor area of the property is approximately 1,367 sq ft.	The property is rented to a member of the Group for a term from 15 February 2007 to 14 February 2010 at a monthly rent of HK$25,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No S/K13/25 dated 12 September 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
98.	Shop No D07, Lee Yip Hse, Shun Lee Estate, Kwun Tong, Kowloon, Hong Kong	The property comprises a shop unit on the Ground Floor of a 16-storey residential block within a public housing estate known as Shun Lee Estate. The property was completed in about 1978. The floor area of the property is approximately 743 sq ft.	The property is rented to a member of the Group for a term from 29 November 2005 to 28 November 2008 at a monthly rent of HK$20,500 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No S/K13/25 dated 12 September 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
99.	Shop No 4 on Ground Floor, Po Hei Shopping Centre, Po Hei Court, Shun Ning Road, Sham Shui Po, Kowloon, Hong Kong	The property comprises a shop unit on the Ground Floor of a single-storey commercial podium within a Home Ownership Scheme housing estate known as Po Hei Court. The property was completed in about 1993. The floor area of the property is approximately 893 sq ft.	The property is rented to a member of the Group for a term from 1 December 2005 to 30 November 2008 at a monthly rent of HK$25,000 exclusive of rates and subject to a break clause. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Cheung Sha Wan Outline Zoning Plan No S/K5/30 dated 1 June 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
100.	Shop No 8, Mei Shan House, Shek Kip Mei Estate, Nam Cheong Street, Shek Kip Mei, Kowloon, Hong Kong	The property comprises a shop unit on the Ground Floor of a 12-storey residential block within a public housing estate known as Shek Kip Mei Estate. The property was completed in about 1976. The floor area of the property is approximately 1,249 sq ft.	The property is rented to a member of the Group for a term from 1 March 2005 to 29 February 2008 at a monthly rent of HK$26,500 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Shek Kip Mei Outline Zoning Plan No S/K4/21 dated 5 December 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
101.	Shop Nos 107–109, Tip Sum House, Butterfly Estate, Wu Chui Road, Tuen Mun, New Territories, Hong Kong	The property comprises three adjoining shop units on the Ground Floor of a 19-storey residential block within a public housing estate known as Butterfly Estate. The property was completed in about 1983. The floor area of the property is approximately 1,636 sq ft.	The property is rented to a member of the Group for a term from 1 September 2005 to 31 August 2008 at a monthly rent of HK$39,500 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tuen Mun Outline Zoning Plan No S/TM/22 dated 27 October 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
102.	Shop No 4, Cheung Fat Shopping Centre, Cheung Fat Estate, Tam Kon Shan Road, Tsing Yi, New Territories, Hong Kong	The property comprises a shop unit on the Ground floor of a 6-storey plus basement commercial block within a public housing estate known as Cheung Fat Estate. The property was completed in about 1989. The floor area of the property is approximately 1,227 sq ft.	The property is rented to a member of the Group for a term from 1 October 2004 to 30 September 2007 at a monthly rent of HK$32,000 exclusive of rates. New tenancy is under negotiation. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tsing Yi Outline Zoning Plan No S/TY/22 dated 17 October 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
103.	Shop Nos G7 & G12, Shopping Centre, Fu Shin Estate, 12 On Po Road, Tai Po, New Territories, Hong Kong	The property comprises two adjoining shop units on the Ground Floor of a 4-storey commercial block within a public housing estate known as Fu Shin Estate. The property was completed in about 1985. The floor area of the property is approximately 1,518 sq ft.	The property is rented to a member of the Group for a term from 1 September 2005 to 31 August 2008 at a monthly rent of HK$38,500 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tai Po Outline Zoning Plan No S/TP/19 dated 18 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
104.	Shop Nos 7 and 8, Ground Floor, Pok Yue House, Pok Hong Estate, 6 Sha Kok Street, Shatin, New Territories, Hong Kong	The property comprises two adjoining shop unit on the Ground Floor of a 19-storey residential block within a public housing estate known as Pok Hong Estate. The property was completed in about 1982. The floor area of the property is approximately 1,249 sq ft.	The property is rented to a member of the Group for a term from 1 March 2006 to 28 February 2009 at a monthly rent of HK$34,500 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Sha Tin Outline Zoning Plan No S/ST/23 dated 5 June 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
105.	Shop Nos 104 & 105, Hin Keng Shopping Centre, Hin Keng Estate, 69 Che Kung Miu Road, Shatin, New Territories, Hong Kong	The property comprises two adjoining shop units on the Ground Floor of a 6-storey (including a basement for parking purpose) commercial block within a public housing estate known as Hin Keng Estate. The property was completed in about 1986. The floor area of the property is approximately 1,475 sq ft.	The property is rented to a member of the Group for a term from 1 October 2005 to 30 September 2008 at a monthly rent of HK$31,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Sha Tin Outline Zoning Plan No S/ST/23 dated 5 June 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
106.	Shop No 8, King Chung House, King Lam Estate, Po Lam Road North, Tseung Kwan O, New Territories, Hong Kong	The property comprises a shop unit on the Ground Floor of a 20-storey residential block within a public housing estate known as King Lam Estate. The property was completed in about 1990. The floor area of the property is approximately 1,280 sq ft.	The property is rented to a member of the Group for a term from 1 October 2004 to 30 September 2007 at a monthly rent of HK$29,000 exclusive of rates. New tenancy is under negotiation. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tseung Kwan O Outline Zoning Plan No S/TKO/15 dated 12 November 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
107.	Shop No 2, Commercial Block 1, Kwong Yuen Estate, 68 Siu Lek Yuen Road, Shatin, New Territories, Hong Kong	The property comprises a shop unit on the Ground Floor of a 2-storey commercial block within a public housing estate known as Kwong Yuen Estate. The property was completed in about 1989. The floor area of the property is approximately 1,356 sq ft.	The property is rented to a member of the Group for a term from 1 August 2004 to 31 July 2007 at a monthly rent of HK$34,500 exclusive of rates. As advised by the Company, a new tenancy agreement will be signed for a term of 3 years from 1 August 2007 at a monthly rent of HK$40,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Sha Tin Outline Zoning Plan No S/ST/23 dated 5 June 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
108.	Shop No 214, Shopping Centre, Leung King Estate, Ming Kum Road, Tuen Mun, New Territories, Hong Kong	The property comprises a shop unit on the 1st Floor of a 4-storey commercial block within a public housing estate known as Leung King Estate. The property was completed in about 1988. The floor area of the property is approximately 1,625 sq ft.	The property is rented to a member of the Group for a term from 1 October 2004 to 30 September 2007 at a monthly rent of HK$37,500 exclusive of rates. New tenancy is under negotiation. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tuen Mun Outline Zoning Plan No S/TM/22 dated 27 October 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
109.	Shop Nos M1 & M2, Kang Ping House, Long Ping Estate, Long Ping Road, Yuen Long, New Territories, Hong Kong	The property comprises two adjoining shop units on the Podium Level of a 22-storey residential block within a public housing estate known as Long Ping Estate. The property was completed in about 1986. The floor area of the property is approximately 1,378 sq ft.	The property is rented to a member of the Group for a term from 1 October 2004 to 30 September 2007 at a monthly rent of HK$23,000 exclusive of rates. New tenancy is under negotiation. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Yuen Long Outline Zoning Plan No S/YL/16 dated 5 January 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
110.	Shop No 219, Ting Cheung House, On Ting Estate, Tuen Mun Heung Sze Wui Road, Tuen Mun, New Territories, Hong Kong	The property comprises a shop unit on the 2nd Floor of a 3-storey shopping podium of Ting Cheung House within a public housing estate known as On Ting Estate. The property was completed in about 1980. The floor area of the property is approximately 571 sq ft.	The property is rented to a member of the Group for a term from 1 February 2007 to 31 January 2010 at a monthly rent of HK$16,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tuen Mun Outline Zoning Plan No S/TM/22 dated 27 October 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
111.	Shop Nos 108 & 109, Po Kan House, Po Lam Estate, Po Lam Road North, Tseung Kwan O, New Territories, Hong Kong	The property comprises two adjoining shop units on the Ground Floor of a 19-storey residential block within a public housing estate known as Po Lam Estate. The property was completed in about 1989. The floor area of the property is approximately 1,464 sq ft.	The property is rented to a member of the Group for a term from 16 June 2005 to 15 June 2008 at a monthly rent of HK$30,500 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tseung Kwan O Outline Zoning Plan No S/TKO/15 dated 2 November 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
112.	Shop Nos 202 & 203, Commercial Centre, Shan King Estate, Ming Kum Road, Tuen Mun, New Territories, Hong Kong	The property comprises two adjoining shop units on the Second Floor of a 5-storey commercial block within a public housing estate known as Shan King Estate. The property was completed in about 1983. The floor area of the property is approximately 786 sq ft.	The property is rented to a member of the Group for a term from 1 October 2004 to 30 September 2007 at a monthly rent of HK$22,500 exclusive of rates. New tenancy is under negotiation. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tuen Mun Outline Zoning Plan No S/TM/22 dated 27 October 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
113.	Shop Nos 103–104, Tai Yuen Commercial Centre, Tai Yuen Estate, 10 Ting Kok Road, Tai Po, New Territories, Hong Kong	The property comprises two adjoining shop units on the Ground Floor of a 3-storey commercial block within a public housing estate known as Tai Yuen Estate. The property was completed in about 1980. The floor area of the property is approximately 1,485 sq ft.	The property is rented to a member of the Group for a term from 1 February 2005 to 31 January 2008 at a monthly rent of HK$32,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tai Po Outline Zoning Plan No S/TP/19 dated 8 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
114.	Shop Nos S15 to S18, Kwong Yan House, Kwong Fuk Estate, Kwong Fuk Road, Tai Po, New Territories, Hong Kong	The property comprises four adjoining shop units on the Ground Floor of a 2-storey commercial podium on which a 17-storey residential block is erected within a public housing estate known as Kwong Fuk Estate. The property was completed in about 1983. The floor area of the property is approximately 1,593 sq ft.	The property is rented to a member of the Group for a term from 5 November 2005 to 4 November 2008 at a monthly rent of HK$48,000 exclusive of rates and management fees or 6% of monthly gross receipts whichever is the higher. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tai Po Outline Zoning Plan No S/TP/19 dated 8 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
115.	Shop No 22, Tin Shui Shopping Centre, Tin Shui Estate, Tin Shui Wai, Yuen Long, New Territories, Hong Kong	The property comprises a shop unit on the Ground Floor of a 2-storey commercial block within a public housing estate known as Tin Shui Estate. The property was completed in about 1992. The floor area of the property is approximately 1,432 sq ft.	The property is rented to a member of the Group for a term from 1 April 2005 to 31 March 2008 at a monthly rent of HK$49,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tin Shui Wai Outline Zoning Plan No S/TSW/10 dated 8 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
116.	Shop Nos 30 & 31, Tin Yiu Shopping Centre, Tin Yiu Estate, Tin Shui Wai, Yuen Long, New Territories, Hong Kong	The property comprises two adjoining shop units on the Ground Floor of a 2-storey plus 2 basements commercial block within a public housing estate known as Tin Yiu Estate. The property was completed in about 1992. The floor area of the property is approximately 646 sq ft.	The property is rented to a member of the Group for a term from 1 September 2004 to 31 August 2007 at a monthly rent of HK$29,000 exclusive of rates. The tenancy has been renewed for a term of 2 years from 1 September 2007 at a monthly rent of HK$32,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tin Shui Wai Outline Zoning Plan No S/TSW/10 dated 8 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
117.	Shop Nos 103 & 104, Sau Lam House, Tsui Lam Estate, Tsui Lam Road, Tseung Kwan O, New Territories, Hong Kong	The property comprises two adjoining shop units on the Ground Floor of a 20-storey residential block within a public housing estate known as Tsui Lam Estate. The property was completed in about 1989. The floor area of the property is approximately 1,421 sq ft.	The property is rented to a member of the Group for a term from 1 July 2004 to 30 June 2007 at a monthly rent of HK$22,000 exclusive of rates. The tenancy has been renewed for a term of 3 years from 1 July 2007 at a monthly rent of HK$24,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tseung Kwan O Outline Zoning Plan No S/TKO/15 dated 2 November 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
118.	Shop No 12, Shopping Centre, Wan Tau Tong Estate, 10 Hiu Wan Road, Tai Po, New Territories, Hong Kong	The property comprises a shop unit on the Ground Floor of a 2-storey (including a basement for parking purpose) commercial block within a public housing estate known as Wan Tau Tong Estate. The property was completed in about 1991. The floor area of the property is approximately 2,013 sq ft.	The property is rented to a member of the Group for a term from 16 January 2005 to 15 January 2008 at a monthly rent of HK$42,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tai Po Outline Zoning Plan No S/TP/19 dated 8 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
119.	Shop No 3A, Wo Che Commercial Centre, Wo Che Estate, Shatin, New Territories, Hong Kong	The property comprises a shop unit on the Ground Floor of a 2-storey commercial block within a public housing estate known as Wo Che Estate. The property was completed in about 1977. The floor area of the property is approximately 1,755 sq ft.	The property is rented to a member of the Group for a term from 1 August 2005 to 31 July 2008 at a monthly rent of HK$33,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Sha Tin Outline Zoning Plan No S/ST/23 dated 5 June 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
120.	Shop No 3, Kai Tin Shopping Centre, Kai Tin Estate, Lam Tin, Kowloon, Hong Kong	The property comprises a shop unit on the Ground Floor of a 5-storey commercial block within a public housing estate known as Kai Tin Estate. The property was completed in about 1999. The floor area of the property is approximately 754 sq ft.	The property is rented to a member of the Group for a term from 1 July 2005 to 30 June 2008 at a monthly rent of HK$35,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Kwun Tong South Outline Zoning Plan No S/K14S/14 dated 27 March 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
121.	Shop 119, Lung Hang Shopping Centre, Lung Hang Estate, Shatin, New Territories, Hong Kong	The property comprises a shop unit on the Ground Floor of a 3-storey (including a basement for parking purpose) commercial block within a public housing estate known as Lung Hang Estate. The property was completed in about 1983. The floor area of the property is approximately 915 sq ft.	The property is rented to a member of the Group for a term from 16 September 2005 to 15 September 2008 at a monthly rent of HK$28,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Sha Tin Outline Zoning Plan No S/ST/23 dated 5 June 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
122.	Shop 226, Heng On Shopping Centre, Heng On Estate, 1 Hang Kam Street Ma On Shan, Shatin, New Territories, Hong Kong	The property comprises a shop unit on the Level 2 of a 5-storey commercial/ parking block within a public housing estate known as Heng On Estate. The property was completed in about 1987. The floor area of the property is approximately 655 sq ft.	The property is rented to a member of the Group for a term from 1 December 2006 to 30 November 2009 at a monthly rent of HK$22,500 exclusive of rates and subject to a break clause. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ma On Shan Outline Zoning Plan No S/MOS/13 dated 5 October 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
123.	Shop Nos 12 and 13 on Ground Floor, Shek Yam Shopping Centre, Shek Yam Estate, Kwai Chung, New Territories, Hong Kong	The property comprises two adjoining shop units on the Ground Floor of a 7-storey retail/carpark building within a public housing estate known as Shek Yam Estate. The property was completed in about 2000. The floor area of the property is approximately 1,141 sq ft.	The property is rented to a member of the Group for a term from 16 November 2005 to 15 November 2008 at a monthly rent of HK$40,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Kwai Chung Outline Zoning Plan No S/KC/21 dated 29 June 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
124.	Shop 74, Siu Sai Wan Shopping Centre, Siu Sai Wan Estate, Siu Sai Wan, Chai Wan, Hong Kong	The property comprises a shop unit on the Ground Floor of a 5-storey commercial block within a public housing estate known as Siu Sai Wan Estate. The property was completed in about 1990. The floor area of the property is approximately 1,376 sq ft.	The property is rented to a member of the Group for a term from 1 December 2005 to 30 November 2008 at a monthly rent of HK$43,500 exclusive of rates and management fees. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Chai Wan Outline Zoning Plan No S/H20/17 dated 8 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
125.	Shop 109, Oi Tung Shopping Centre, Shau Kei Wan, Hong Kong	The property comprises a shop unit on the First Floor of a 3-storey commercial block within a public housing estate known as Oi Tung Estate. The property was completed in about 2000. The floor area of the property is approximately 1,139 sq ft.	The property is rented to a member of the Group for a term from 16 July 2004 to 15 July 2007 at a monthly rent of HK$30,000 exclusive of rates and management fees. The tenancy has been renewed for a term of 3 years from 16 July 2007 at a monthly rent of HK$33,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Shau Kei Wan Outline Zoning Plan No S/H9/14 dated 4 January 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
126.	Shop 6 on Ground Floor, King Cheung Mansion, 6–8 Yuk Sau Street, Happy Valley, Hong Kong	The property comprises a shop unit on the Ground Floor of an 11-storey commercial/residential building. The property was completed in about 1966. The floor area of the property is approximately 1,118 sq ft.	The property is rented to a member of the Group for a term from 1 January 2004 to 31 December 2007 at a monthly rent of HK$30,000 exclusive of rates and management fees and subject to a break clause. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Wong Nai Chung Outline Zoning Plan No S/H7/12 dated 8 December 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
127.	Shop 208, Second Floor, Sau Mau Ping Shopping Centre, Sau Mau Ping, Kowloon, Hong Kong	The property comprises a shop unit on the 2nd Floor of a 4-storey retail/carpark building within a public housing estate known as Sau Mau Ping Estate. The property was completed in about 2002. The floor area of the property is approximately 935 sq ft.	The property is rented to a member of the Group for a term from 1 January 2006 to 31 December 2008 at a monthly rent of HK$38,000 exclusive of rates and air-conditioning charge. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Kwun Tong South Outline Zoning Plan No S/K14S/14 dated 27 March 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
128.	Shops S12 & S13, Wan Tsui Shopping Centre, Chai Wan, Hong Kong	The property comprises two adjoining shop units on the Second Floor of a 5-storey commercial block within a public housing estate known as Wan Tsui Estate. The property was completed in about 1979. The floor area of the property is approximately 742 sq ft.	The property is rented to a member of the Group for a term from 4 August 2006 to 3 August 2009 at a monthly rent of HK$20,000 or 3% of monthly gross receipts, whichever is higher, exclusive of rates and management fees and subject to a break clause. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Chai Wan Outline Zoning Plan No S/20/17 dated 8 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
129.	Shops 219 & 219A, Tai Wo Shopping Centre, 12 Tai Po Tai Wo Road, Tai Wo Estate, Tai Po, New Territories, Hong Kong	The property comprises two adjoining shop units on the 1st Floor of a 3-storey (including 1st basement for parking space) commercial block within a public housing estate known at Tai Wo Estate. The property was completed in about 1989. The floor area of the property is approximately 1,119 sq ft.	The property is rented to a member of the Group for a term from 16 August 2006 to 15 August 2007 at a monthly rent of HK$41,000 exclusive of rates. The tenancy has been extended to 30 September 2007 at the same rent. New tenancy is under negotiation. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tai Po Outline Zoning Plan No S/TP/19 dated 8 November 2005, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
130.	Shop I on Ground Floor, Sun On Building, 484–496 Queen's Road West, Sai Ying Pun, Hong Kong	The property comprises a shop unit on the Ground Floor of a 15-storey commercial/residential building. The property was completed in about 1965. The floor area of the property is approximately 900 sq ft.	The property is rented to a member of the Group for a term from 1 March 2006 to 29 February 2008 at a monthly rent of HK$62,000 exclusive of rates and management fees. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Sai Ying Pun & Sheung Wan Outline Zoning Plan No S/H3/21 dated 17 March 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
131.	Unit B-1 on Ground Floor, Eastern Centre, 1065 King's Road, Quarry Bay, Hong Kong	The property comprises a shop unit on the Ground Floor of a 23-storey industrial building. The property was completed in about 1985. The floor area of the property is approximately 1,600 sq ft.	The property is rented to a member of the Group for a term from 3 October 2006 to 2 October 2008 at a monthly rent of HK$58,000 exclusive of rates and management fees. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Quarry Bay Outline Zoning Plan No S/H21/23 dated 29 December 2006, the property is zoned for "Commercial" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
132.	Shop No 137, Chung On Shopping Centre, Chung On Estate, Ma On Shan, New Territories, Hong Kong	The property comprises a shop unit on the 1st Floor of a 5-storey commercial block within a public housing estate known as Chung On Estate. The property was completed in about 1996. The floor area of the property is approximately 1,011 sq ft.	The property is rented to a member of the Group for a term from 1 June 2007 to 31 December 2009 at a monthly rent of HK$40,000 exclusive of rates and subject to a break clause. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ma On Shan Outline Zoning Plan No S/MOS/13 dated 15 October 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
133.	Shop 122, Lei Muk Shue Shopping Centre, Lei Muk Shue Estate, Tsuen Wan, New Territories, Hong Kong	The property comprises a shop unit on the First Floor of a 6-storey commercial/car parking building within a public housing estate known as Lei Muk Shue Estate. The property was completed in about 2004. The floor area of the property is approximately 1,098 sq ft.	The property is rented to a member of the Group for a term from 20 December 2004 to 19 December 2007 at a monthly rent of HK$33,500 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Tsuen Wan Outline Zoning Plan No S/TW/24 dated 6 July 2007, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
134.	Shop Nos 202-203 on Level 2, Lei Tung Shopping Centre, Lei Tung Estate, Ap Lei Chau, Hong Kong	The property comprises a two adjoining shop units on Level 2 of a 5-storey commercial block within a public housing estate known as Lei Tung Estate. The property was completed in about 1987. The floor area of the property is approximately 1,251 sq ft.	The property is rented to a member of the Group for a term from 29 June 2006 to 28 June 2009 at a monthly rent of HK$32,000 exclusive of rates and subject to a break clause. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Aberdeen & Ap Lei Chau Outline Zoning Plan No S/H15/24 dated 19 December 2006, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
135.	Shop MS 2 and Signboard No 1, Mei Lam Market, Mei Lam Shopping Centre, Mei Lam Estate, Sha Tin, New Territories, Hong Kong	The property comprises a shop unit on the Ground Floor of a 4-storey carpark building with wet market within a public housing estate known as Mei Lam Estate. The property was completed in about 1981. The floor area of the property is approximately 1,743 sq ft.	The shop unit is rented to a member of the Group for a term from 4 November 2006 to 3 November 2009 at a monthly rent of HK$42,000 exclusive of rates. The signboard is licenced to a member of the Group for a term from 25 November 2006 to 3 November 2009 at a monthly licence fee of HK$ 250 exclusive of rates and government rent. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Sha Tin Outline Zoning Plan No S/ST/23 dated 5 June 2007, the property is zoned for "Residential (Group A) " use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
136.	Shop 221 on 2nd Floor, Shek Lei (II) Shopping Centre, Shek Lei Estate (II), Tsuen Wan, New Territories, Hong Kong	The property comprises a shop unit on the Second Floor of a 6-storey commercial block within a public housing estate known as Shek Lei Estate. The property was completed in about 1999. The floor area of the property is approximately 678 sq ft.	The property is rented to a member of the Group for a term from 27 March 2007 to 26 March 2010 at a monthly rent of HK$20,000 exclusive of rates. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Kwai Chung Outline Zoning Plan No S/KC/21 dated 29 June 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
137.	Flat 6 on 2nd Floor of Block P, Telford Gardens, 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong	The property comprises a residential unit on 2nd Floor of an 11-storey residential block within a large private residential estate known as Telford Gardens. The property was completed in about 1981. The gross floor area of the property is approximately 603 sq ft.	The property is rented to a member of the Group for a term from 18 September 2006 to 17 September 2008 at a monthly rent of HK$8,000 inclusive of rates, government rent and management fees. The property is occupied by the Group as a staff quarters.	No commercial value	No commercial value

Note: According to Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No S/K13/25 dated 12 September 2006, the property is zoned for "Other Specified Uses (Mass Transit Railway Comprehensive Development Area)".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
138.	Flat 5 on 2nd Floor of Block E, Telford Gardens, 33 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong	The property comprises a residential unit on 2nd Floor of an 11-storey residential block within a large private residential estate known as Telford Gardens. The property was completed in about 1980. The gross floor area of the property is approximately 578 sq ft.	The property is rented to a member of the Group for a term from 24 October 2006 to 23 October 2008 at a monthly rent of HK$8,000 inclusive of rates, government rent and management fees. The property is occupied by the Group as a staff quarters.	No commercial value	No commercial value

Note: According to Ngau Tau Kok & Kowloon Bay Outline Zoning Plan No S/K13/25 dated 12 September 2006, the property is zoned for "Other Specified Uses (Mass Transit Railway Comprehensive Development Area)".

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
139.	Unit A on Ground Floor, Wang Yip Centre, 18 Wang Yip Street East, Yuen Long, New Territories, Hong Kong	The property comprises an industrial unit on Ground Floor of a 9-storey industrial building completed in 1992. The floor area of the property is approximately 4,321 sq ft.	The property is rented to a member of the Group for a term from 1 April 2007 to 31 March 2009 at a monthly rent of approximately HK$32,000 exclusive of rates and management fees. The property is occupied by the Group as car repair garage.	No commercial value	No commercial value

Note: According to Yuen Long Outline Zoning Plan No S/YL/16 dated 5 January 2007, the property is zoned for "Other Specified Uses"

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
140.	G/F & Back Yard, 7 Soares Avenue, Mongkok, Kowloon, Hong Kong	The property comprises the Ground Floor shop unit in a 6-storey tenement building completed in about 1959. The floor area of the property is approximately 1,200 sq ft.	The property is rented to a member of the Group for a term from 9 January 2004 to 8 January 2008 at a monthly rent of approximately HK$33,000 exclusive of rates and management fees and subject to a break clause. The property is occupied by the Group as a retail shop.	No commercial value	No commercial value

Note: According to Ho Man Tin Outline Zoning Plan No S/K7/18 dated 14 May 2004, the property is zoned for "Residential (Group A)" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
141.	Portions of Lot Nos 1472, 1473, 1474, Remaining Portion of Lot No 1475, Remaining Portion of Lot No 1476 and Lot No 1477; all of Demarcation District No 125, Ha Tsuen, Yuen Long, New Territories, Hong Kong	The property comprises six contiguous lots now being used as warehouse and open storage. The total site area of the property is about 65,750 sq ft. on which a single storey warehouse having a gross floor area of 19,610 sq ft is erected.	The property is sub-leased to a member of the Group for a term from 15 August 2007 to 14 May 2010 at monthly rent inclusive of rates, government rent and short term waiver fee shown as follows: HK$98,625 for the first month and thereafter at HK$167,260 per month. The property is subject to an option to renew and a break clause. The property is occupied by the Group as warehouse, open storage and ancillary office.	No commercial value	No commercial value

Note: According to Ha Tsuen Outline Zoning Plan No S/YL-HT/8 dated 31 October 2006, the property is zoned for "Recreation" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
142.	Ground Floor, Rainbow Factory Building, 149 Wai Yip Street, Kwun Tong, Kowloon, Hong Kong	The property comprises an industrial space on Ground Floor of a 13-storey industrial building completed in about 1970. The floor area of the property is approximately 4,034 sq ft.	The property is rented to a member of the Group for a term from 16 August 2007 to 15 August 2013 at a monthly rent of HK$65,000 exclusive of rates, government rent and management fees with an option to renew for a further term of 3 years at the then prevailing market rent, but in any event not exceeding HK$91,000. The property is occupied by the Group as workshop.	No commercial value	No commercial value

Group 3B — Properties rented or licenced by the Group in the PRC

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
143.	Unit 7007, Liye Building, No. 71 Majiabao Dong Road, Fengtai District, Beijing, The PRC	The property comprises an office unit of a 16-storey commercial/office/residential building completed in about 2001 with a gross floor area of 137.76 sq m (1,483 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for office.	No commercial value	No commercial value

Notes:

(1) The property is leased from 北京立業世紀飯店管理有限公司 to 上海宏圖電器有限公司北京分公司 from 1 February 2007 to 31 January 2008 at a monthly rental of RMB7,123.34.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The application of title document of the property is being in the process. Therefore, the Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
144.	Unit 3510, Block C, Zhongyun Building, No. 208 Wangjinglize Zhong Yuan District 2, Chaoyang District, Beijing, The PRC	The property comprises an office unit of a 5-storey office building completed in about 2000 with a gross floor area of 55.50 sq m (597 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for office.	No commercial value	No commercial value

Notes:

(1) The property is leased from 北京北汽眾運公司 to 北京大昌行管理諮詢有限公司 from 1 November 2005 to 31 October 2010 at nil rental.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 北京大昌行管理諮詢有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
145.	A service centre, No. 51 Yangzhaguojiadian, Chaoyang District, Beijing, The PRC	The property comprises seven single storey buildings completed in about 1958 with a total gross floor area of 5,252.51 sq m (56,535 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for service centre.	No commercial value	No commercial value

Notes:

(1) The property is leased from 北京北汽眾運汽車貿易有限公司 to 北京北汽眾鈴汽車修理有限公司 (currently renamed as 北京合眾眾鈴汽車銷售服務有限公司) from 1 January 2004 to 31 December 2008 at an annual rental of RMB200,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 北京合眾眾鈴汽車銷售服務有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
146.	Unit 409, Blue Diamond Business Tower, No. 1 Shenggu Zhong Road, Dongcheng District, Beijing, The PRC	The property comprises an office unit of a 5-storey office building completed in about 1979 with a gross floor area of 650.00 sq m (6,997 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for office.	No commercial value	No commercial value

Notes:

(1) The property is leased from 北京藍寶商務大廈有限公司 to 廣東慎昌貿易有限公司北京銷售分公司 from 28 August 2005 to 27 August 2008 at an annual rental of RMB564,660.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 廣東慎昌貿易有限公司北京銷售分公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
147.	Unit 501, Dakang Building, No. 44 Chongwenmenwai Main Street, Chongwen District, Beijing, The PRC	The property comprises an office unit of an 11- storey office building completed in about 2000 with a gross floor area of 247.31 sq m (2,662 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for office.	No commercial value	No commercial value

Notes:

(1) The property is leased from 北京中興業科貿有限責任公司 to 大昌行(北京)貿易有限公司 from 15 September 2006 to 14 September 2008 at a monthly rental of RMB17,300.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 大昌行(北京)貿易有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
148.	Unit 06 on Level 8, Times Plaza, No. 2 Zongfu Road, Jinjiang District, Chengdu, Sichuan Province, The PRC	The property comprises an office unit on Level 8 of a 28-storey office building completed in 2005 with a gross floor area of 130 sq m (1,399 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 成都眾昌隆物流有限公司 to 捷昌汽車零配件貿易(上海)有限公司 for a term from 24 April 2006 to 23 December 2008 at an annual rental of RMB7,800 for the first 2 years and RMB8,970 thereafter.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 捷昌汽車零配件貿易(上海)有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
149.	Units 5-9 and 12-3, Jianye Building, No. 123 Yusha Road, Qingyang District, Chengdu, Sichuan Province, The PRC	The property comprises two office units of a 14-storey office building completed in 1997 with a total floor area of 211 sq m (2,271 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 成都一建物業管理有限公司 to 上海宏圖電器有限公司成都分公司 for a term from 1 January 2007 to 31 December 2007 at a monthly rental of RMB4,220.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 上海宏圖電器有限公司成都分公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
150.	Unit 4-1-23 on Level 1, Chengdu Ruida Electrical Appliances City, No. 25 Guiwangqiao West Street, Jinjiang District, Chengdu, Sichuan Province, The PRC	The property comprises a shop unit on Level 1 of an 8-storey commercial building completed in 1999 with a floor area of 219.92 sq m (2,367 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as retail use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 成都瑞達置業管理有限責任公司 to 上海宏圖電器有限公司數碼港影音店 for a term from 1 May 2006 to 31 May 2009 at a monthly rental of RMB13,212.78.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 上海宏圖電器有限公司數碼港影音店 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
151.	Unit 534, Taihua Building, Free Trade Zone, Dalian, Liaoning Province, The PRC	The property comprises an office unit of a 7-storey office building completed in 1994 with a gross floor area of 20 sq m (215 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 大連保税區泰華貿易公司 to 合眾汽車貿易(大連保税區)有限公司 for a term from 15 March 2007 to 14 March 2008 at an annual rental of RMB5,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 合眾汽車貿易(大連保税區)有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
152.	Unit 1202B, Zhujiang International Building, No. 99 Xinkai Road, Xigang District, Dalian, Liaoning Province, The PRC	The property comprises an office unit of a 28-storey office building completed in 1996 with a gross floor area of 91.95 sq m (990 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently vacant.	No commercial value	No commercial value

Notes:

(1) The property is leased from 大連珠江國際大廈有限公司 to 大連合友汽車貿易有限公司 for a term from 1 December 2006 to 30 November 2007 at a monthly rental of RMB4,314.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property. According to a removal notice, 大連合友汽車貿易有限公司 have moved out from the property, however, the lease contract is still valid.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
153.	4S shop, No. 631 Zexu Dadao, Cangshan District, Fuzhou, Fujian Province, The PRC	The property comprises mainly a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 2,645 sq m (28,471 sq ft) and various structures completed in about 2004 erected upon a parcel of land with a site area of 5,800 sq m (62,431 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as car showroom and maintenance workshop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 福州閩豐投資有限公司 to 福州合創汽車貿易有限公司 for a term from 1 June 2004 to 31 May 2016 at a total monthly rental of RMB55,000 with an increment of 3% for every two years from the third leasing years.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the confirmation of 福州閩豐投資有限公司, the buildings erected on the subject land are constructed by 福州合創汽車貿易有限公司 and 福州合創汽車貿易有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
154.	4S shop, Lot No. 2, No. 1080 Huangpu East Road, Huangpu District, Guangzhou, Guangdong Province, The PRC	The property comprises a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 3,538 sq m (38,083 sq ft) completed in about 2006 erected upon a parcel of land with a site area of approximately 4,200 sq m (45,209 sq ft). The property is leased to the Group for various terms as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 廣州市騰創投資管理有限公司 to 合眾汽車銷售服務(中國)有限公司 for a term from 9 March 2006 to 8 March 2026 at an annual rental of RMB400,000 with an increment of 9% for every 3 years from the fourth leasing year.

(2) Portion of the property with a gross floor area of 2,000 sq m is leased from 廣州市騰創投資管理有限公司 to 合眾汽車銷售服務(中國)有限公司 for a term from 1 December 2006 to 30 November 2007 at a monthly rental of RMB30,000.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The land lease contract is legal, valid and enforceable;

(ii) According to the land lease contract and the Chinese law, 合眾汽車銷售服務(中國)有限公司 can use and occupy the subject land; and

(iii) As advised by the Group, 合眾汽車銷售服務(中國)有限公司 have not used the leased building as mentioned in note (2) above and have constructed buildings on the subject land. According to the confirmation of 廣州市騰創投資管理有限公司, the buildings erected on the subject land is constructed by 合眾汽車銷售服務(中國)有公司 and 合眾汽車銷售服務(中國)有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
155.	Portions of Levels 1 and 4, No. 228 Shiguang Road, Shiqiao Town, Panyu District, Guangzhou, Guangdong Province, The PRC	The property comprises various warehouse portions on Levels 1 and 4 of a 4-storey warehouse building completed in 1992. The property has the following gross floor areas:	The property is currently occupied as warehouse use.	No commercial value	No commercial value

Level	Gross Floor Area (sq m)	(sq ft)
Level 1	700.00	7,535
Level 4	650.00	6,996
Total:	1,350.00	14,531

The property is leased to the Group for various terms as detailed in the notes below.

Notes:

(1) Potions of Levels 1 and 4 of the property with a total gross floor area of 850 sq m is leased from 廣東華橋友誼總公司 to 上海宏圖電器有限公司廣州分公司 for a term from 1 April 2007 to 31 March 2008 at a total monthly rental of RMB8,925.

(2) Portion of Level 4 of the property is leased with a gross floor area of 500 sq m is leased from 廣東華僑友誼總公司 to 上海宏圖電器有限公司廣州分公司 for a term from 1 May 2007 to 30 April 2008 at a monthly rental of RMB5,250.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the leases of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
156.	Ground Floor, No. 29 Nanhua West Road, Haizhu District, Guangzhou, Guangdong Province, The PRC	The property comprises a retail unit on the Ground Floor of a 2-storey composite building with a lettable area of approximately 60 sq m (646 sq ft) completed in 2005. The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as electrical appliance maintenance use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 梁愛儀 to 上海宏圖電器有限公司廣州電器服務分公司 for a term from 16 May 2007 to 15 May 2010 at a monthly rental of RMB3,600.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contracts are legal, valid and enforceable; and
(ii) According to the lease contracts and the Chinese law, 上海宏圖電器有限公司廣州電器服務分公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
157.	4S shop, No. 297 Longxi Dadao, Fangcun District, Guangzhou, Guangdong Province, The PRC	The property comprises a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 2,719 sq m (29,267 sq ft) completed in about 2004 erected upon a parcel of land with a site area of approximately 6,433 sq m (69,245 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 廣州駿悦投資管理有限公司 to 廣東駿現汽車貿易有限公司 for a term from 1 May 2004 to 30 April 2019 at a monthly rental of RMB102,928 with an increment of 4% for every year from the fourth leasing year. The monthly rental for the first three leasing years was deducted to RMB86,845.5.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property; and

(ii) According to the confirmation of 廣州市駿悦投資管理有限公司, the buildings erected on the subject land are constructed by 廣東駿現汽車貿易有限公司 and 廣東駿現汽車貿易有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
158.	4S shop, Yingbin Roadside, Longmei Village, Donghuan Street, Shiqiao Town, Panyu District, Guangzhou, Guangdong Province, The PRC	The property comprises a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 4,300 sq m (46,285 sq ft) completed in about 2004 erected upon a parcel of land with a site area of approximately 10,681 sq m (114,970 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 廣州市順協汽車銷售有限公司 to 廣州眾協汽車貿易有限公司 for a term from 1 November 2003 to 31 December 2021 at a monthly rental of RMB71,820 with an increment of 8% for every two years from the third leasing year.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable;

(ii) According to the lease contract and the Chinese law, 廣州眾協汽車貿易有限公司 can use and occupy the subject land; and

(iii) As advised by the Group, 廣州眾協汽車貿易有限公司 has constructed buildings on the subject land and will agree with 廣州市順協汽車銷售有限公司 such that 廣州眾協汽車貿易有限公司 can use the subject buildings during the lease periods.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
159.	4S shop, No. 188 Guangzhou Dadao South, Haizhu District, Guangzhou, Guangdong Province, The PRC	The property comprises a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 3,780 sq m (40,688 sq ft) completed in about 1999 erected upon a parcel of land with a site area of approximately 6,212.22 sq m (66,868 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 廣州珠江食品飲料集團公司 to 廣州合駿汽車貿易有限公司 for a term from 1 September 2000 to 30 August 2010 at a monthly rental of RMB113,575 for the first leasing years and RMB138,532.51 for the fourth and fifth leasing years with an increment of 8% for every two years from the sixth leasing year.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property; and

(ii) According to the supplementary lease agreement, the rights and obligations of the lease agreement was transferred to 廣州市新滘房地產開發有限公司. According to the confirmation of 廣州市新滘房地產開發有限公司, the buildings erected on the subject land are constructed by 廣州合駿汽車貿易有限公司 and 廣州合駿汽車貿易有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
160.	Ground Floor, No. 602 Yingbin Road, Dashi Town, Panyu District, Guangzhou, Guangdong Province, The PRC	The property comprises a portion of Ground Floor of a 2-storey commercial building with a gross floor area of 400 sq m (4,306 sq ft) completed in about 2004. The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as car maintenance use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 陳湘文 to 廣州合駿汽車貿易有限公司 for a term from 2 August 2006 to 1 August 2011 at a monthly rental of RMB40,000 with an increment of 10% for every year from the third leasing year.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
161.	Unit 320, Section 9, No. 82 Guangbao Dadao, Free Trade Zone, Guangzhou, Guangdong Province, The PRC	The property comprises an office unit on the third floor of a 3-storey office building with a gross floor area of approximately 42.86 sq m (461 sq ft) completed in 1994. The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 廣州保稅區廣保物業管理有限公司 to 捷高汽車零件(廣州)有限公司 for a term from 20 April 2007 to 19 April 2008 at a monthly rental of RMB857.2.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 捷高汽車零件(廣州)有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
162.	Room 704, East Financial Plaza, No. 140 Dongfeng West Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	The property comprises an office unit on the seventh floor of a 15-storey office building with a gross floor area of approximately 175.823 sq m (1,893 sq ft) completed in 2002. The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 廣州市中置房地產發展有限公司 to 捷高汽車零件(廣州)有限公司 for a term from 1 February 2006 to 31 January 2008 at a monthly rental of RMB9,846.09.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 捷高汽車零件(廣州)有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
163.	Levels 3, 6 and 7, Tower A, No. 94 Liwan Road, Liwan District, Guangzhou, Guangdong Province, The PRC	The property comprises three office levels of a 9-storey office building completed in 1994. The property has the following gross floor areas:	The property is currently occupied as office use.	No commercial value	No commercial value

Level	Gross Floor Area (sq m)	(sq ft)
Level 3	849.36	9,143
Level 6	380.00	4,090
Level 7	380.00	4,090
Total:	1,609.36	17,323

The property is leased to the Group for term as detailed in the notes below.

Notes:

(1) The property is leased from 廣東省華大物流總公司 to 廣東慎昌貿易有限公司 for a term from 1 August 2005 to 30 June 2008 at a total monthly rental of RMB40,234.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contracts are legal, valid and enforceable; and
(ii) According to the lease contracts and the Chinese law, 廣東慎昌貿易有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
164.	A warehouse on Level 4, No. 4 Warehouse, Xiamao Logistics Center, Baiyun District, Guangzhou, Guangdong Province, The PRC	The property comprises a warehouse on Level 4 of a 4-storey warehouse building with a gross floor area of approximately 1,325 sq m (14,262 sq ft) completed in 1996. The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as warehouse use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 廣東省電信器材公司 to 廣東慎昌貿易有限公司 for a term from 15 September 2006 to 14 September 2007 at a total monthly rental of RMB33,490. New tenancy is under negotiation.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 廣東慎昌貿易有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
165.	Units 1101, 02, 07–13 on Level 11, Dongbao Building, No. 767 Dong Feng Dong Road, Yuexiu District, Guangzhou, Guangdong Province, The PRC	The property comprises an office level on Level 11 of a 28-storey office building with a total gross floor area of 1,206.50 sq m (12,987 sq ft) completed in 2003. The property is leased to the Group for various terms as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 奧寶房地產開發有限公司 to 香港大昌貿易行有限公司 for a term from 1 October 2005 to 31 December 2007 at a monthly rental of RMB 66,357.50.

(2) Unit 1101 of the property with a gross floor area of 156 sq m is sub-leased from 香港大昌貿易行有限公司 to 上海宏圖電器有限公司廣州分公司 until 31 December 2007 at a monthly rental of RMB12,480.

(3) Unit 1111 of the property with a gross floor area of 99 sq m is sub-leased from 香港大昌貿易行有限公司 to 廣東大昌食品有限公司 until 31 December 2007 at a monthly rental of RMB 7,920.

(4) Unit 1112 of the property with a gross floor area of 164 sq m is sub-leased from 香港大昌貿易行有限公司 to 上海大昌行經貿有限公司 until 31 December 2007 at a monthly rental of RMB 13,120.

(5) Unit 1113 of the property with a gross floor area of 159 sq m is sub-leased from 香港大昌貿易行有限公司 to 江門大昌貿易行有限公司 until 31 December 2007 at a monthly rental of RMB 12,720.

(6) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract and sub-lease contracts are legal, valid and enforceable; and
(ii) According to the sub-lease contracts and the Chinese law, 廣東大昌食品有限公司, 江門大昌貿易行有限公司, 上海大昌行經貿有限公司 and 上海宏圖電器有限公司廣州分公司 can use and occupy their leased portion of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
166.	No 156 Shixiang Road, Hangzhou, Zhejiang Province, The PRC	The property will comprises a 2-storey commercial building with a total gross floor area of 2,400 sq m (25,834 sq ft). The property is leased to the Group for term as detailed in the notes below.	As at the date of inspection, portion of the subject site is used for food market and most of old buildings haven't been demolished The construction work of the property is schedule to be completed in December 2007.	No commercial value	No commercial value

Notes:

(1) The property is leased from 杭州市上塘鎮皐亭村經濟合作社 to 上海衆泰汽車銷售有限公司杭州分公司 from 1 June 2006 to 31 May 2011 at an annual rental of RMB 320,000 with an increment of 5% for every two years.

(2) The property is leased from 杭州市上塘鎮皋亭村經濟合作社 to 杭州眾泰汽車銷售服務有限公司 from 1 December 2007 to 30 November 2015 at an annual rental of RMB800,000 between first leasing year and fourth leasing year, and the annual rental will be RMB864,000 after the fourth leasing year.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

As advised by the Company, the land and building of the property is collectively owned by 杭州市上塘鎮皐亭村經濟合作社 and no title certificates have been issued. However, the subject building has been constructed with the government consent and protected by local protection policy.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
167.	No. 103 Dongpo Road, Hangzhou Xihu Modern Square, Hangzhou, Zhejiang Province, The PRC	The property comprises portion of the Ground Floor of an 8-storey shopping mall completed in about 2002 with a gross floor area of 264 sq m (2,842 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for car showroom.	No commercial value	No commercial value

Notes:

(1) The property is leased from 杭州國商地產投資有限公司 to 浙江賓利汽車銷售服務有限公司 from 1 January 2004 to 31 January 2009 at an annual rental of RMB800,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 浙江賓利汽車銷售服務有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
168.	4S shop, North to Huaqing Bowling Centre, Jianshe San Road, Jiangmen, Guangdong Province, The PRC	The property comprises a 2-storey building with a total gross floor area 2,360 sq m (25,403 sq ft) and is completed in 2003 erected upon a parcel of land with a site area of 8,003.48 sq m (86,149 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property, comprising a total site area of 8,003.48 sq m, is leased from 江門市蓬江區環市鎮房地產開發公司 to 江門市寶昌汽車銷售服務有限公司 for a term of 15 years from 1 January 2005 to 31 December 2019 at an initial monthly rental of RMB40,017.4 for the first three years, with an increment of 8% for every three years from the fourth leasing year.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable;
(ii) According to the lease contract and the Chinese law, 江門市寶昌汽車銷售服務有限公司 can use and occupy the subject land; and
(iii) As advised by the Group, 江門市寶昌汽車銷售服務有限公司 has constructed building on the subject land and will agree with 江門市蓬江區環市鎮房地產開發公司 such that 江門市寶昌汽車銷售服務有限公司 can use the buildings erected on the subject land during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
169.	4S shop No.10 Xinhui Avenue East, Xinhui District, Jiangmen, Guangdong Province, The PRC	The property will comprises a 2-storey building with a gross floor area of approximately 3,505.50 sq m (37,733 sq ft) erected upon a parcel of land with a site area of 13,304.00 sq m (143,204 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently under construction.	No commercial value	No commercial value

Notes:

(1) The land portion of the property, comprising a site area of 13,304.00 sq m, is leased from 江門市新會區都會實業發展公司 to 江門市合禮汽車銷售服務有限公司 for a term of 25 years from 1 May 2006 to 30 April 2031 at an initial monthly rental of RMB34,257.75 for the first three years, with an increment of 3% for every three years from the fourth leasing year.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 江門市合禮汽車銷售服務有限公司 can use and occupy the subject land.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
170.	4S Shop, East of No.121 Wuyi Road, Jiangmen, Guangdong Province, The PRC	The property comprises a 2-storey building with a total gross floor area 3,552.5 sq m (38,239 sq ft) completed in 2006 erected upon a parcel of land with a site area of 4,756.00 sq m (51,194 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property, comprising a site area of 4,756.00 sq m, is leased from 江門市利生物業發展有限公司 to 江門市怡誠汽車銷售服務有限公司 for a term of 15 years from 1 May 2006 to 30 April 2021 at an initial monthly unit rental of RMB2 per sq m per month, if the car sale reaches 800, the unit rental will increase to RMB2.5, if the car sale reaches 1,500, the unit rental will increase to RMB3.0, with an increment of 10% based on unit rental of RMB3.0 for every three years afterward.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable;
(ii) According to the lease contract and the Chinese law, 江門市怡誠汽車銷售服務有限公司 can use and occupy the subject land; and
(iii) As advised by the Group, 江門市怡誠汽車銷售服務有限公司 has constructed building on the subject land and will agree with 江門市利生物業發展有限公司 such that 江門市怡誠汽車銷售服務有限公司 can use the buildings erected on the subject land during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
171.	Blocks I & J, Huang Zhuang Ye Keng Industrial Zone, Pengjiang District, Jiangmen, Guangdong Province, The PRC	The property comprises two industrial units of two 3-storey industrial/office buildings completed in 2001 with a total gross floor area of approximately 3,750.00 sq m (40,365 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as warehouse and office uses.	No commercial value	No commercial value

Notes:

(1) The property is leased from 江門市蓬江區篁莊村仁壽經濟合作社 to 上海大昌行經貿有限公司江門分公司 for a term of 3 years from 1 February 2007 to 31 January 2010 at a total monthly rental of RMB17,250.

(2) A unit on Level 2 of the property with a gross floor area of 56 sq m is sub-leased from 上海大昌行經貿有限公司江門分公司 to 江門大昌行供應鏈管理有限公司 at a monthly rental of RMB3,500 inclusive of service charges.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 上海大昌行貿易有限公司江門分公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
172.	An office unit No.10 Jinguzhou Jiangyu Road, Jiangmen, Guangdong Province, The PRC	The property comprises an office unit of a 3-storey office building completed in 2006 with a gross floor area of 45.00 sq m (484 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 江門昌運油品有限公司 to 江門大昌貿易行有限公司 for a term of 3 years from 1 October 2006 to 30 September 2009 at a monthly rental of RMB1,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 江門大昌貿易行有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
173.	Unit 501, 5/F, Block 36, Jiande Street, Pengjiang District, Jiangmen, Guangdong Province, The PRC	The property comprises a residential unit of an 8-storey residential building completed in 1999 with a gross floor area of 128.00 sq m (1,378 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as dormitory use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 楊愛武 to 江門大昌行供應鏈管理有限公司 from 1 October 2006 to 30 September 2008 at a monthly rental of RMB1,480 inclusive of service charges.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 江門大昌行供應鏈管理有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
174.	Unit 206, No. 3, Block 32, Jude Street, Jiangmen, Guangdong Province, The PRC	The property comprises a residential unit of a 7-storey residential building completed in 2001 with a gross floor area of 126.00 sq m (1,356 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as dormitory use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 陳建正 to 江門大昌行供應鏈管理有限公司 from 1 October 2006 to 30 September 2007 at a monthly rental of RMB1,680 inclusive of service charges. New tenancy is under negotiation.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 江門大昌行供應鏈管理有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
175.	4S shop, Lot No. 8 of Xiaotun Motor Vehicle City, Erhuan West Road North Section, Gaoxin District, Kunming, Yunnan Province, The PRC	The property comprises a 2-storey 4S shop with a total gross floor area of approximately 4,000 sq m (43,056 sq ft) completed in 2006 erected upon a parcel of land with a site area of approximately 8,140.04 sq m (87,232 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 昆明萬杰安商貿有限公司 to 昆明合達汽車銷售服務有限公司 from 1 May 2006 to 30 April 2026 at an annual rental of RMB463,980 with an increment of 5% for every five years from the sixth leasing year.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property; and

(ii) According to the confirmation of 昆明萬杰安商貿有限公司, the buildings erected on the subject land are constructed by 昆明合達汽車銷售服務有限公司 and 昆明合達汽車銷售服務有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
176.	Lot A8, Yunnan Motor Vehicle Market Zone C, Erhuan West Road North Section, Gaoxin District, Kunming, Yunnan Province, The PRC	The property comprises a single storey building completed in 2006 with a lettable floor area of 66 sq m (710 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as exhibition use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 昆明高新汽車城有限公司(雲南汽車交易市場) to 昆明合運汽車貿易有限公司 from 1 January 2007 to 31 December 2007 at an annual rental of RMB43,243.20.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. However, the lessor has provided 市場登記証. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
177.	Lot C15-2, Yunnan Motor Vehicle Market Zone C, Erhuan West Road North Section, Gaoxin District, Kunming, Yunnan Province, The PRC	The property comprises a parcel of land with a site area of 180 sq m (1,938 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as exhibition use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 昆明高新汽車城有限公司(雲南汽車交易市場) to 昆明合運汽車貿易有限公司 from 1 January 2007 to 31 December 2007 at an annual rental of RMB40,824.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. However, the lessor has provided 市場登記証. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
178.	Lot 13–3, Kaixuanli Motor Vehicle Market No. 2, Nos. 637–639 Erhuan South Road, Gaoxin District, Kunming, Yunnan Province, The PRC	The property comprises a parcel of land with a site area of 368 sq m (3,961 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as exhibition use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 昆明德勵汽車修理有限公司 to 昆明合運汽車貿易有限公司 from 22 March 2006 to 21 March 2008 at an annual rental of RMB83,904.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. However, the lessor has provided 市場登記証. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
179.	4S shop, No. 668 Erhuan West Road, Gaoxin District, Kunming, Yunnan Province, The PRC	The property comprises a 2-storey 4S shop with a total gross floor area of approximately 1,135.30 sq m (12,220 sq ft) completed in 2004 erected upon a parcel of land with a site area of 2,375.30 sq m (25,568 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The property is leased from 雲南煙草興雲物業管理有限公司 to 昆明合運汽車貿易有限公司 from 1 January 2004 to 30 April 2010 at an annual rental of RMB360,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. However, the lessor has provided 市場登記証. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
180.	4S shop, Block Nos. 2–7 West of Xierhuan Road, Gaoxin District, Kunming, Yunnan Province, The PRC	The property comprises mainly a 2-storey 4S shop with a total gross floor area of approximately 5,360.59 sq m (57,701 sq ft) completed in 2004 erected upon a parcel of land with a site area of 8,393 sq m (90,342 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 昆明萬杰安商貿有限公司 to 昆明聯亞豐田汽車銷售服務有限公司 from 31 December 2003 to 30 December 2023 at an annual rental of RMB36,000 per mu with an increment of 5% for every five years from the sixth leasing year.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property; and

(ii) According to the confirmation of 昆明萬杰安商貿有限公司, the buildings erected on the subject land are constructed by 昆明聯亞豐田汽車銷售服務有限公司 and 昆明聯亞豐田汽車銷售服務有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
181.	Level 1, No. 129 Daming Road, Qinhuai District, Nanjing, Jiangsu Province, The PRC	The property comprises a shop unit on Level 1 of a 6-storey office building completed in 2005 with a gross floor area of 250 sq m (2,691 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as car showroom use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 南京九龍房地產開發有限責任公司 to 上海眾泰汽車銷售有限公司南京分公司 for a term from 10 April 2007 to 9 April 2008 at an annual rental of RMB170,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

According to the letter issued by 南京九龍房地產開發有限責任公司, the subject land is collective land and application of land use right certificate and building ownership certificate are being in the process.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
182.	A showroom, No. 278 Nanyuan Street, Huancheng West Road, Haishu District, Ningbo, Zhejiang Province, The PRC	The property comprises a car showroom of a 2-storey office building completed in 1994 with a gross floor area of 700 sq m (7,353 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as car showroom use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 寧波市海曙博納汽車服務有限公司 to 寧波眾鈴汽車貿易有限公司 for a term from 1 July 2007 to 1 July 2008 at an annual rental of RMB165,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 寧波眾鈴汽車貿易有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
183.	Level 1, Yangquan Garden, Baozhou Road, Fengze District, Quanzhou, Fujian Province, The PRC	The property comprises a shop unit on Level 1 of a 7-storey composite building completed in 2003 with a gross floor area of 380 sq m (4,090 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as car showroom use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 李寶珍 and 吳志偉 to 福州合創汽車貿易有限公司 for a term from 6 March 2006 to 5 March 2008 at an annual rental of RMB22,800.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 福州合創汽車貿易有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
184.	A parcel of land situated at the junction of Huancheng Dong Road and Zhu Street, Qujing, Yunnan Province, The PRC	The property comprises a parcel of land with a site area of 3,380 sq m (36,382 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently vacant.	No commercial value	No commercial value

Notes:

(1) The property is leased from 曲靖交通運輸集團一弘經貿有限公司 to 昆明合達汽車銷售服務有限公司 for a term from 1 March 2007 to 30 November 2016 at an annual rental of RMB195,000 for the first to fifth leasing year and RMB240,000 afterward.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 昆明合達汽車銷售服務有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
185.	Ground Floor of Hualin Building, No. 190 Caoxi Road, Xuhui District, Shanghai, The PRC	The property comprises the Ground Floor of Hualin Building which is a twelve-storey office building completed in 1993 with a gross floor area of 693.95 sq m (7,470 sq ft). The property is leased to the Group for term as detailed in the notes below.	Portion of the property is currently occupied as car showroom whilst the remaining portion is vacant.	HK$8,300,000	HK$8,300,000

Notes:

(1) The property is leased from 上海華林建材實業有限公司 to 上海眾運汽車貿易有限公司, which is a wholly-owned subsidiary of the Company, from 1 February 1997 to 31 October 2046 at total rental of RMB6,106,760.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable;
(ii) According to the Chinese law, the lease contract is valid until 31 January 2016; and
(iii) According to the lease contract and the Chinese law, 上海眾運汽車貿易有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
186.	Unit B on Level 3 and Units S on Level 7, Shimei Building, No. 79 Rijing Road, Waigaoqiao Free Trade Zone, Shanghai, The PRC	The property comprises two units on Level 3 and Level 7 of an 8-storey office building completed in 1994. The property comprises the following gross floor area: **Unit** / **Gross Floor Area** *(sq m)* *(sq ft)* Unit B on Level 3: 300.00 / 3,229 Units S on Level 7: 300.00 / 3,229 Total: 600.00 / 6,458 The property is leased to the Group for various terms as detailed in the notes below.	The property is used as office.	No commercial value	No commercial value

Notes:

(1) Units B on Level 3 of the property is leased from 上海外投國際貿易有限公司 to Shanghai Hezhong-Isuzu Motors Trading Co., Ltd.合眾–五十鈴汽車貿易(上海)有限公司 from 1 March 2007 to 28 February 2008 at an annual rental of RMB20,000.

(2) Units S on Level 7 of the property is leased from 上海外投國際貿易有限公司 to Shanghai Zhongyun Motor Trading Co., Ltd. (上海眾運汽車貿易有限公司) from 1 March 2007 to 28 February 2008 at an annual rental of RMB20,000.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contracts are legal, valid and enforceable; and

(ii) According to the lease contracts and the Chinese law, 合眾–五十鈴汽車貿易（上海）有限公司 and 上海眾運汽車貿易有限公司 can use and occupy the respective property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
187.	No. 957 Wenshui East Road, Hongkou District, Shanghai, The PRC	The property comprises mainly a three-storey service building, a maintenance workshop and a guardhouse completed in 1998 with a total gross floor area of 19,759 sq m (212,686 sq ft) erected upon a parcel of land with a site area of 8,198 sq m (88,146 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for service room and car maintenance.	No commercial value	No commercial value

Notes:

(1) Pursuant to the Cooperate Contract entered into between 上海信南實業有限公司 ("Party A") and 香港大昌貿易汽車(中國)有限公司 ("Party B") on 1 March 2000 and its supplementary contract entered into between Party A and 上海滬昌汽車服務有限公司 ("Party C") and 上海眾泰汽車銷售有限公司 ("Party D") on 22 May 2005, Party A and Party B agreed to establish a joint venture company with a registered capital of US$1 million for an operation period of 30 years from the date of issue of the business license. Party A was responsible for providing the land use right of the property and Party C and Party D was responsible for providing US$1 million. From 1 January 2000, Party C and Party D shall pay an annual fee of RMB600,000 to Party A, and starting from 1 January 2006, an additional fee of RMB60,000 shall be accumulated to the annual fee every two years.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The Cooperate Contract and its supplementary contract are legal, valid and enforceable;
(ii) According to the Cooperate Contract and the Chinese law, 上海滬昌汽車服務有限公司 can use and occupy the subject land; and
(iii) According to the confirmation of 上海信南實業有限公司, the buildings erected on the subject land are constructed by 上海滬昌汽車服務有限公司 and 上海滬昌汽車服務有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
188.	No. 2628 Longwu Road, Xuhui District, Shanghai, The PRC	The property comprises a 2-storey showroom/maintenance building and a single storey guardhouse completed in 2003 with a total gross floor area of about 3,000 sq m (32,292 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for showroom and car maintenance.	No commercial value	No commercial value

Notes:

(1) The property is leased from 上海鑫達汽車銷售有限公司 to 上海眾鈴汽車銷售服務有限公司 (previously known as 上海眾鈴汽車貿易有限公司) from 18 December 2006 to 31 July 2013 at an annual rental of RMB1,300,000. The rental has a growth rate of 5% every five years.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
189.	Level 1, No. 839 Beijing West Road, Jing'an District, Shanghai, The PRC	The property comprises a commercial unit on Level 1 of a 9-storey office building completed in 2001 with a lettable floor area of 389.32 sq m (4,191 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for showroom.	No commercial value	No commercial value

Notes:

(1) The property is leased from 馬建新 to 上海賓利汽車銷售有限公司 from 16 November 2006 to 15 November 2009 at an annual rental of RMB792,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 上海賓利汽車銷售有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
190.	Unit 10, No. 1500 Jiujing Road, Jiuting High-Technology Park, Songjiang District, Shanghai, The PRC	The property comprises mainly a 2-storey maintenance workshop, a single storey warehouse, a single storey guardhouse completed in 2003 with a total gross floor area of 1,000 sq m (10,764 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently vacant.	No commercial value	No commercial value

Notes:

(1) The property is leased from 上海小寅實業有限公司 to 上海眾威汽車銷售服務有限公司 from 25 June 2003 to 29 July 2013 at an annual rental of RMB209,336 with an 3% rental increment every 3 years from the fourth leasing year.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property. As advised by the Company, 上海眾威汽車銷售服務有限公司 have moved out from the property, however, the lease contract is still valid.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
191.	Level 1, No. 833 Beijing West Road, Jing'an District, Shanghai, The PRC	The property comprises a commercial unit on Level 1 of a 9-storey office building completed in 2001 with a lettable floor area of 294.60 sq m (3,171 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is used for showroom.	No commercial value	No commercial value

Notes:

(1) The property is leased from 馬建新 to 上海眾泰汽車銷售有限公司 from 16 November 2006 to 15 November 2009 at an annual rental of RMB600,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 上海眾泰汽車銷售有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
192.	Units 1020, No. 500 Bingke Road, Waigaoqiao Free Trade Zone, Shanghai, The PRC	The property comprises an office unit on the tenth floor of a 13-storey office building completed in 1992 with a gross floor area of 35.00 sq m (377 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently vacant.	No commercial value	No commercial value

Notes:

(1) The property is leased from 上海外高橋保税區聯合發展有限公司 to 大昌行零件貿易(上海)有限公司 from 10 July 2007 to 9 July 2008 at an annual rental of RMB25,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 大昌行零件貿易(上海)有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
193.	Units 1602 and 1603, LT Square, No. 500, Chengdu North Road, Huangpu District, Shanghai, The PRC	The property comprises two office units both on Level 16 of a 38-storey office building completed in 1997. The property comprises the following gross floor area: **Unit** / **Gross Floor Area** *(sq m)* / *(sq ft)* 1602 / 115.59 / 1,244 1603 / 124.48 / 1,340 Total: / 240.07 / 2,584 The property is leased to the Group for various terms as detailed in the notes below.	The property is currently occupied as office.	No commercial value	No commercial value

Notes:

(1) Unit 1602 of the property is leased from 周華 to 捷昌汽車零配件貿易(上海)有限公司 from 1 March 2007 to 28 February 2009 at a monthly rent of RMB11,250.76.

(2) Unit 1603 of the property is leased from 張如山 to 大昌行零件貿易(上海)有限公司 from 1 March 2007 to 28 February 2009 at a monthly rent of RMB12,116.05.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contracts are legal, valid and enforceable; and

(ii) According to the lease contracts and the Chinese law, 捷昌汽車零配件貿易(上海)有限公司 and 大昌行零件貿易(上海)有限公司 can use and occupy the respective property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
194.	No. 15 Lane 345 Shilong Road, Xuhui District, Shanghai, The PRC	The property is a food processing factory development, which comprises mainly a 3-storey main building, ancillary buildings and other structures completed in about 1989 with a total of gross floor area of approximately 1,500 sq m (16,146 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as food processing use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 上海徐匯區副食品總公司 to 上海大昌行食品工業有限公司 for a term of 15 years commencing from 1 January 1995 to 31 December 2009 at an annual rental of RMB500,000 (RMB320,000 for allowances and RMB180,000 for rental) with a 10% increment for every five years from the sixth leasing year.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 上海大昌行食品工業有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
195.	No. 2138 Sichuan North Road, Hongkou District, Shanghai, The PRC	The property comprises a single-storey building and a single-storey simple canopy completed in 2000 with a gross floor area of 188 sq m (2,024 sq ft) and 190 sq m (2,045 sq ft) respectively. The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as restaurant purpose.	No commercial value	No commercial value

Notes:

(1) The property is leased from 上海虹口老地方酒家 to 上海大昌餐飲服務有限公司 for a term commencing on 1 October 2004 and expiring on 30 September 2007 at a turnover rent of 10%. New tenancy is under negotiation.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
196.	Unit 303, No. 550 Longwu Road, Xuhui District, Shanghai, The PRC	The property comprises an office unit on 3rd floor of a 3-storey commercial building completed in 1994 with a lettable area of approximately 70 sq m (753 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 上海三代商貿有限公司 to 上海宏圖電器有限公司電器服務分公司 for a term of 2 years commencing on 1 December 2006 and expiring on 30 November 2008 at a monthly rent of RMB2,300.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 上海宏圖電器有限公司電器服務分公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
197.	A warehouse, No. 231 Xitai Road, Xuhui District, Shanghai, The PRC	The property comprises a warehouse of a 3-storey building with a gross floor area of 500 sq m (5,382 sq ft) completed in about 1980. The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as storage use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 上海森聯木業發展有限公司 to 上海宏圖電器有限公司 for a term of 1 year commencing on 1 April 2007 and expiring on 31 March 2008 at an annual rental of RMB155,125.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 上海宏圖電器有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
198.	Units 801–812, Citic Square, No. 1168 Nanjing West Road, Jing'an District, Shanghai, The PRC	The property comprises an office floor on the 8th floor of a 45-storey office building completed in 2000 with a total gross floor area of approximately 1,967.02 sq m (21,173 sq ft). The property is leased to the Group for various terms as detailed in the notes below.	The property is currently occupied by four companies as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 上海中信泰富廣場有限公司 to 大昌行(上海)有限公司 for a term of three years commencing from 1 July 2006 and expiring on 30 June 2009 at a monthly rental of US$35,898.12.

(2) Portion of the property is occupied by 上海信昌咨詢服務有限公司, 上海慎昌貿易有限公司 and 上海賓利汽車銷售有限公司 under a joint lease agreement.

(3) Unit 804 of the property is sub-leased from 大昌行(上海)有限公司 to CITIC Interlocal Pte Ltd for office use of 中信慎昌(上海)洋酒貿易有限公司.

(4) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contracts and the Chinese law, 大昌行(上海)有限公司, 上海信昌咨詢服務有限公司, 上海慎昌貿易有限公司, 上海賓利汽車銷售有限公司 and 中信慎昌(上海)洋酒貿易有限公司 can use and occupy the property respectively.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
199.	Unit 313, No. 1 Building, No. 80 Xinling Road, Pudong New Area, Shanghai, The PRC	The property comprises an office unit on the 3rd floor of a 4-storey office building, which is located completed in 1994 with a gross floor area of 53.13 sq m (572 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 上海外高橋保税區三聯發展有限公司 to 大昌行(上海)有限公司 for a term of one year commencing from 1 August 2007 and expiring on 31 July 2008 at a yearly rent of RMB25,000.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 大昌行(上海)有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
200.	Three units, Bao'an Plaza, No. 1002 Sungang Dong Road, Luohu District, Shenzhen, The PRC	The property comprises three office units of a 29-storey office building completed in 1997. The property has the following gross floor areas: **Unit** / **Gross Floor Area** *(sq m)* *(sq ft)* Unit 16-C of Block A: 100.42 / 1,081 Middle room on Level 29 of Block B: 45.08 / 485 Level 29 of Block B: 571.82 / 6,155 Total: 717.32 / 7,721 The property is leased to the Group for various terms as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) Unit 16-C of Block A of the property is leased from 龍美琦 to 深圳市眾運汽車貿易有限公司 for a term of 2 years from 1 March 2007 to 1 March 2009 at a monthly rent of RMB4,700.

(2) Level 29 of Block B of the property is leased from 深圳市寶安區投資管理有限公司 to 深圳市眾運汽車貿易有限公司 for a term of 1 year from 1 June 2007 to 31 May 2008 at a monthly rent of RMB28,591.

(3) Middle room on Level 29 of Block B of the property is leased from 深圳市寶安區投資管理有限公司 to 大連合友汽車貿易有限公司 for a term from 1 April 2007 to 31 March 2008 at a monthly rent of RMB1,127.

(4) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contracts are legal, valid and enforceable; and
(ii) According to the lease contracts and the Chinese law, 深圳市眾運汽車貿易有限公司 and 大連合友汽車貿易有限公司 can use and occupy the respective property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
201.	Units 708 and 709 on Level 7, Block 503, Tairan Ba Road, Jugongmiao, Futian District, Shenzhen, The PRC	The property comprises two industrial units of a 7-storey industrial building completed in 1996 with a total gross floor area of 40 sq m (431 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as industrial use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 深圳市亞芳實業有限公司 to 深圳市深昌汽車貿易有限公司 for a term from 21 March 2006 to 31 December 2007 at a monthly rent of RMB1,400.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
202.	An industrial unit on Level 1 District A, Block 1, New Century Technology Industrial Park, Lijing Road, Shenzhen Export Processing District, Longgang District, Shenzhen, The PRC	The property comprises an industrial unit of a 5-storey industrial building completed in about 2003 with a gross floor area of 1,555.60 sq m (16,744 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office, workshop and warehouse uses.	No commercial value	No commercial value

Notes:

(1) The property is leased from 蔣東濬 to 大聯合環保科技(深圳)有限公司 for a term from 1 September 2006 to 31 August 2007 at a monthly rent of RMB29,556.40. New tenancy is under negotiation.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is are legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 大聯合環保科技(深圳)有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
203.	Units 230-232 on Level 2, Block 2, Yanzi Ancillary Living Area, Jinniu Road, Large Industrial District, Longguang District, Shenzhen, The PRC	The property comprises two residential units of a 7-storey residential building completed in about 2004 with a total gross floor area of 100.35 sq m (1,080 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as dormitory use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 深圳市大工業區(深圳出口加工區)開發管理有限公司 to 大聯合環保科技(深圳)有限公司 for a term from 1 September 2006 to 31 August 2007 at a monthly rent of RMB1,706. New tenancy is under negotiation.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and

(ii) According to the lease contract and the Chinese law, 大聯合環保科技(深圳)有限公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
204.	Four units, Zhongjian Building, No. 2105 Shennan Dong Road, Luohu District, Shenzhen, The PRC	The property comprises four office units of a 26-storey office building completed in 1993. The property has the following gross floor areas:	The property is currently occupied as office use.	No commercial value	No commercial value

Unit	Gross Floor Area (sq m)	Gross Floor Area (sq ft)
1003	161.00	1,733
1006	161.00	1,733
1028	385.00	4,144
1603	40.00	431
Total:	747.00	8,041

The property is leased to the Group for various terms as detailed in the notes below.

Notes:

(1) Unit 1003 of the property is leased from 深圳市中建物業管理有限公司 to 廣東慎昌貿易有限公司深圳分公司 for a term from 1 November 2004 to 31 December 2008 at a monthly rent of RMB6,440.

(2) Unit 1006 of the property is leased from 深圳市中建物業管理有限公司 to 廣東慎昌貿易有限公司深圳分公司 for a term from 16 September 2005 to 31 December 2008 at a monthly rent of RMB6,440.

(3) Unit 1028 of the property is leased from 深圳市中建物業管理有限公司 to 廣東省華大貿易有限公司深圳分公司 (currently renamed as 廣東慎昌貿易有限公司深圳分公司) for a term from 1 January 2004 to 31 December 2008 at a monthly rent of RMB15,400.

(4) Unit 1603 of the property is leased from 深圳市中建物業管理有限公司 to 廣東慎昌貿易有限公司深圳分公司 for a term from 1 May 2007 to 30 April 2008 at a monthly rent of RMB1,600.

(5) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contracts are legal, valid and enforceable; and
(ii) According to the lease contracts and the Chinese law, 廣東慎昌貿易有限公司深圳分公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
205.	Level 1, Block 1, No. 18 Huitong Road, Gaoxin District, Suzhou, Jiangsu Province, The PRC	The property comprises an office level on Level 1 of a 5-storey office building completed in 2004 with a lettable floor area of 205 sq m (2,207 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as office use.	No commercial value	No commercial value

Notes:

(1) The property is leased from 蘇州蘇新機動車服務有限公司 to 上海眾鈴汽車銷售服務有限公司蘇州分公司 (previously known as 上海眾鈴汽車貿易有限公司蘇州分公司) for a term from 22 July 2006 to 21 July 2008 at an annual rental of RMB142,680.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lease contract is legal, valid and enforceable; and
(ii) According to the lease contract and the Chinese law, 上海眾鈴汽車銷售服務有限公司蘇州分公司 can use and occupy the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
206.	Lot No. 1, 325 Guo Dao, Wuchuan, Guangdong Province, The PRC	The property comprises a parcel of land with a site area of 2,242 sq m (24,133 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently vacant.	No commercial value	No commercial value

Notes:

(1) The property is intended to be leased from 凌小佩 and 楊威 to 吳川市駿源汽車服務有限公司 for a term of 10 years at a monthly rental of RMB4,484 for the first three leasing years, RMB6,726 for the next three leasing years and RMB8,968 thereafter.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) As advised by the Company, the formal lease contract has not yet been made. However, both parties have executed the intended lease contract; and
(ii) The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
207.	4S shop, No. 38 Renmin Dadao North Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	The property comprises a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 3,996 sq m (43,013 sq ft) completed in about 2004 erected upon a parcel of land with a site area of approximately 10,000 sq m (107,640 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 湛江市赤坎區百姓村民委員會 to 湛江市駿華豐田汽車銷售服務有限公司 for a term from 30 November 2003 to 29 November 2018 at a total monthly rental of RMB40,000 from 1 June 2004 to 31 May 2009, RMB44,000 from 1 June 2009 to 31 May 2014 and RMB48,000 from 1 June 2014 to 29 November 2018.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property; and

(ii) According to the confirmation of 湛江市赤坎區百姓村民委員會, the buildings erected on the subject land are constructed by 湛江市駿華豐田汽車銷售服務有限公司 and 湛江市駿華豐田汽車銷售服務有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
208.	4S shop, 68 Haitian Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	The property comprises a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 3,878 sq m (41,743 sq ft) completed in about 2000 erected upon a parcel of land with a site area of 5,846 sq m (62,926 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 廣州軍區赤坎生產基地 to 湛江市駿凱汽車技術服務有限公司 for a term from 1 November 1999 to 30 October 2014 at a total monthly rental of RMB17,538 with an increment of 3% every year from the fourth leasing year.

(2) Pursuant to the State-owned Land use Right Certificate No. Zhan Guo Yong (97) Zi Di 05174 issued by the People's Government of Zhanjiang dated 7 November 1997, the land use right of a parcel of land with a site area of 57,680.79 sq m is held by 廣州軍區赤坎生產基地 for military use.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The State-owned Land Use Right Certificate is legal and valid; and

(ii) According to the Chinese Law, 廣州軍區赤坎生產基地 should obtain the approval from 廣州軍區後勤部 to lease the subject land. According to confirmation of 廣州軍區赤坎生產基地, the buildings erected on the subject land are constructed by 湛江市駿凱汽車技術服務有限公司 and 湛江市駿凱汽車技術服務有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
209.	4S shop, 46 Renmin Dadao North Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	The property comprises a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 4,167 sq m (44,854 sq ft) completed in about 2006 erected upon a parcel of land with a site area of 6,630 sq m (71,365 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 湛江市赤坎區百姓村民委員會 to 湛江市駿誠汽車銷售服務有限公司 for a term from 17 June 2006 to 17 June 2018 at a total monthly rental of RMB26,520 from 17 June 2006 to 17 June 2011, RMB29,172 from 18 June 2011 to 17 June 2016 and RMB31,824 from 18 June 2016 to 17 June 2018.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property; and

(ii) According to the confirmation of 湛江市赤坎區百姓村民委員會, the buildings erected on the subject land are constructed by 湛江市駿誠汽車銷售服務有限公司 and 湛江市駿誠汽車銷售服務有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
210.	4S shop, 73 Haitian Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	The property comprises a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 3,694 sq m (39,762 sq ft) completed in about 2003 erected upon a parcel of land with a site area of 4,946 sq m (53,239 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 廣州軍區赤坎生產基地 to 湛江市駿浩汽車有限公司 for a term from 1 March 2000 to 30 October 2014 at a total monthly rental of RMB7,419 for the first leasing year, RMB14,838 for the second leasing year, RMB15,283.14 for the third leasing year with an increment of 3% every year from the fourth leasing year.

(2) Pursuant to the State-owned Land use Right Certificate No. Zhan Guo Yong (97) Zi Di 05174 issued by the People's Government of Zhanjiang dated 7 November 1997, the land use right of a parcel of land with a site area of 57,680.79 sq m is held by 廣州軍區赤坎生產基地 for military use.

(3) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The State-owned Land Use Right Certificate is legal and valid; and

(ii) According to the Chinese Law, 廣州軍區赤坎生產基地 should obtain the approval from 廣州軍區後勤部 to lease the subject land. According to confirmation of 廣州軍區赤坎生產基地, the buildings erected on the subject land are constructed by 湛江市駿浩汽車有限公司 and 湛江市駿浩汽車有限公司 can use the subject buildings during the lease period.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
211.	4S shop, No. 50 Renmin Dadao North Road, Chikan District, Zhanjiang, Guangdong Province, The PRC	The property comprises a 2-storey car showroom and maintenance workshop with a total gross floor area of approximately 3,507 sq m (37,749 sq ft) completed in about 2006 erected upon a parcel of land with a site area of 8,221 sq m (88,491 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as 4S shop.	No commercial value	No commercial value

Notes:

(1) The land portion of the property is leased from 湛江市赤坎區百姓村民委員會 to 湛江市合榮汽車銷售服務有限公司 for a term from 1 September 2006 to 29 November 2018 at a total monthly rental of RMB38,000 from 1 January 2007 to 31 December 2011, RMB41,800 from 1 January 2012 to 31 December 2016 and RMB45,980 from 1 January 2017 to 29 November 2018.

(2) We have been provided with the Group's PRC legal adviser's opinion, which inter-alia, contains the following:

(i) The lessor of the property has not provided any title documents to the Group's PRC legal advisor. The Group's PRC legal advisor is not able to comment on the legality of the lease of the property; and

(ii) According to the confirmation of 湛江市赤坎區百姓村民委員會, the buildings erected on the subject land are constructed by 湛江市合榮汽車銷售服務有限公司 and 湛江市合榮汽車銷售服務有限公司 can use the subject buildings during the lease period.

Group 3C — Properties rented or licenced by the Group in Japan

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
212.	26-1-509, Ebisu 2-chome, Shibuya-ku, Tokyo, Japan	The property comprises a residential unit of a 14- storey together with two levels of basement residential building with a gross floor area of 100.12 sq m (1,078 sq ft) completed in 2000. The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as residential use.	No commercial value	No commercial value

Note: The property is leased from Mitsui Real Estate Residential Lease Co., Ltd. to Dah Chong Hong (Japan) Limited for a term from 1 March 2007 to 28 February 2009 at a monthly rent of JPY 475,000.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
213.	13-6-1202, Kachidoki 1-chome, Chuo-ku, Tokyo, Japan	The property comprises a residential unit of a 43- storey together with a level of basement residential building with a gross floor area of 65.44 sq m (704 sq ft) completed in 2000. The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as residential use.	No commercial value	No commercial value

Note: The property is leased from Inui Tatemono Co., Ltd. to Dah Chong Hong (Japan) Limited for a term from 26 June 2006 to 25 June 2008 at a monthly rent of JPY 225,000.

Group 3D — Property rented or licenced by the Group in Canada

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
214.	7280 River Road, Richmond, British Columbia, Canada	The property comprises a 2-storey composite building completed in between 1970's to 1980's with a total gross floor area of approximately 5,556.76 sq m (59,813 sq ft). The property is leased to the Group for term as detailed in the notes below.	The property is currently occupied as manufacturing, office and storage uses.	No commercial value	No commercial value

Note: The property is leased from BCO Machining and Fabricating Ltd. to Dah Chong Hong (Canada) Ltd. from 1 May 2006 to 30 April 2011 at a monthly rental of CAD1,760.18 for the first leasing year and CAD1,955.75 thereafter.

Group 3E — Properties rented or licenced by the Group in Singapore

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
215.	61 Ubi Avenue 2 #01-18 "Automobile Megamart" Singapore 408898 Lot No U20907N Mukim 23	The property comprises a car showroom on First Level of an 8-storey commercial building which accommodates car showrooms, car display lots, and ancillary offices and uses for car-related business. The property was completed in 1999. The development is located near the junction of Ubi Avenue 2 and Eunos Link, some 9 km from the City Centre. The property has a floor area of approximately 287.0 sq m (3,089 sq ft).	The property is rented from Automobile Megamart Limited, an independent third party to Triangle Auto Pte Ltd, a wholly-owned subsidiary of the Company for a term of two years from 1 June 2006 to 31 May 2008 at a monthly rent of SGD9,000. The property is occupied by the Group as car showroom.	No commercial value	No commercial value

Note: According to Master Plan 2003, the property is zoned for "Business 1" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
216.	60 Tuas Crescent Singapore 638740 Part of Lot No 2891L Mukim 7	The property comprises a concreted open storage yard currently used as vehicle storage area. The property is located near the junction of Tuas Crescent and Tuas Avenue 20 off Pioneer Road, some 24 km from the City Centre. The property has a site area of approximately 3,716.1 sq m (40,000 sq ft).	The property is rented from Ameriod Logistics (S) Pte Ltd, an independent third party to Triangle Auto Pte Ltd, a wholly-owned subsidiary of the Company, for a term of two years from 1 October 2005 to 30 September 2007 at a monthly rent of SGD12,000. New tenancy is under negotiation. The property is occupied by the Group as open storage of cars.	No commercial value	No commercial value

Note: According to Master Plan 2003, the property is zoned for "Business 2" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
217.	15 Benoi Sector "GMODC" Singapore 629849 Part of Lot No 3524P Mukim 7	The property comprises an open storage space currently used as vehicle parking area. The property is located near the junction of Benoi Sector and Jalan Ahmad Ibrahim, some 23 km from the City Centre. The property has a site area of approximately 1,114.8 sq m (12,000 sq ft).	The property is rented from General Motors Overseas Distribution Corporation, an independent third party to Triangle Auto Pte Ltd, a wholly-owned subsidiary of the Company, for a term of one year from 1 September 2006 to 31 August 2007 at a monthly rent of SGD3,600. New tenancy is under negotiation. The property is occupied by the Group as open storage of cars.	No commercial value	No commercial value

Note: According to Master Plan 2003, the property is zoned for "Business 2" use.

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
218.	9 Old Toh Tuck Road Singapore 597651 Lot No 6364N Mukim 5	The property comprises an open yard currently used as vehicle parking area. The property is located on the eastern side of Old Toh Tuck Road, off Toh Tuck Road/Boon Lay Way and some 16 km from the City Centre. The property has a site area of approximately 9,769.4 sq m (105,158 sq ft).	The property is rented from Choon Heng Transport & Warehousing Pte Ltd, an independent third party to Triangle Auto Pte Ltd, a wholly-owned subsidiary of the Company, for a term from 1 June 2007 to 21 June 2009 at a monthly rent of SGD29,500. The property is occupied by the Group as open storage of cars.	No commercial value	No commercial value

Notes:

(1) According to Master Plan 2003, the property is zoned for "Transport Facilities" use.

(2) We are advised by the lawyer that the relevant written approval from the head lessor (being the President of the Republic of Singapore) for such sub-lease has yet to be obtained by the main tenant. In the absence of such approval, the Collector of Land Revenue of Singapore or any officer authorised by him in writing on behalf of the lessor may enter upon and take possession of the land and the premises.

GROUP 3F — Properties Rented or Licenced by the Group in Macao

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
219.	Shop I on Ground Floor and car parking spaces Nos 7 to 10, Jardim Dragao Precioso (Po Lung Garden), 504 – 520 Avenida de Guimaraes, Taipa, Macao	The property comprises a Ground Floor shop unit and 4 car parking spaces of a composite development known as Po Lung Garden which comprising three high rise residential blocks. The development was completed in about 1996. The property (excluding the car parking spaces) has a floor area of approximately 2,800 sq ft.	The property is rented to a member of the Group for a term from 1 January 2005 to 31 December 2007 at a monthly rent of HK$80,000 for the first year, HK$88,000 for the second year and HK$96,800 for the third year exclusive of management fee but inclusive of property tax and Government rent. The property is occupied by the Group as car showroom and car parking space.	No commercial value	No commercial value

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
220.	Units D and E on Level 9, Edificio Tai Wah (Tai Wah Building), 689-697 Avenida da Praia Grande, Macao	The property comprises two office units on Level 9 of a 22-storey commercial building plus a level of basement known as Tai Wah Building which was completed in about 1995. The property has a total floor area of approximately 2,298 sq ft.	The property is rented to a member of the Group for a term from 15 November 2005 to 14 November 2007 at a monthly rent of MOP13,788 exclusive of management fees. The property is occupied by the Group as office.	No commercial value	No commercial value

	Property	Description	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
221.	Car Park No 9 on Level 2, Edificio Tai Wah (Tai Wah Building), 689–697 Avenida da Praia Grande, Macao	The property comprises a covered car parking space on Level 2 of a 22-storey office building plus a level of basement known as Tai Wah Building which was completed in about 1995.	The property is rented to a member of the Group for a term from 1 May 2007 to 30 April 2008 at a monthly rent of MOP1,100 inclusive of management fees. The property is occupied by the Group as car parking space.	No commercial value	No commercial value

Group 4 — Property interest contracted to be acquired by the Group in Hong Kong

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2007	Market value in existing state as at 31 July 2007
222.	Nos 67–73 Fuk Hi Street, Yuen Long Industrial Estate, Yuen Long, New Territories, Hong Kong Sub-lease of Subsections 1 & 2 of Section A and Section O of Yuen Long Town Lot No 313 and Extensions thereto	The property comprises a low-rise industrial complex erected on a roughly L-shape leveled site with a site area of approximately 367,976 sq ft. The property was completed in two phases. Phase 1 of the property comprises a 2 to 3-storey factory building completed in 1988. Phase 2 of the property comprises a 2-storey extension building (extension to the Phase 1 factory building) and a 2-storey workshop building completed in 1995. The property has the following gross floor areas : Main Building (Phase 1) : 269,169 sq ft Extension and Additional Building : 257,992 sq ft Total : 527,161 sq ft The property is held under a sub-lease for a term expiring on 24 June 2047.	The property is vacant.	No commercial value	No commercial value

Notes:

(1) The registered sub-lessee of the property is South China Paper Limited (formerly known as Sharp Dragon Limited) as per an Assignment and a Certificate of Incorporation on Change of Name respectively vide memorial nos YL871177 dated 23 July 1999 and YL877622 dated 30 July 1999.

(2) Pursuant to a Letter of Intent dated 23 April 2007 made between South China Paper Limited and Dah Chong Hong Holdings Limited ("the Company"), the former intented to assign the sub-lease, together with buildings and other erections thereon to the Company at a consideration of HK$78,000,000, subject to approval being obtained by South China Paper Limited and the Company from Hong Kong Science & Technology Parks for the change of user of the property and for the assignment of the property.

(3) Pursuant to a letter dated 29 August 2007, the Board of Hong Kong Science & Technology Parks ("the Landlord") approved the change of user of the property for an integrated food processing complex use and the execution of an assignment of the sub-lease held by South China Paper Limited to the Company.

(4) Pursuant to a formal Agreement for Sale and Purchase dated 12 September 2007 made between South China Paper Limited and the Company, the former agreed to assign the sub-lease, together with buildings and other erections thereon to the Company at a consideration of HK$78,000,000. The formal Assignment will be completed on or before 28 November 2007 with a balance of HK$70,200,000 to be payable.

(5) The property is subject to a Mortgage in favour of Korea Exchange Bank dated 13 September 2005 vide memorial no 05091400880036.

(6) According to Yuen Long Outline Zoning Plan No S/YL/15 dated 5 January 2007, the property is zoned for "Other Specified Uses (Industrial Estate)".

(7) As at 30 June 2007 and 31 July 2007, the Company has only an equitable interest in the property and such interest cannot be transferred without the consent of the Landlord and payment of approval fee. We have assumed that the property interest was not transferable as at 30 June 2007 and 31 July 2007 and have assigned no commercial value to the property interest.

The existing Articles of Association of the Company were conditionally adopted on 28 September 2007, subject to registration of this Prospectus. The following is a summary of certain provisions of the Articles of Association.

CHANGES IN CAPITAL

The Company may exercise any powers conferred or permitted by the Companies Ordinance or any other ordinance from time to time to purchase or otherwise acquire its own shares and warrants (including any redeemable shares) at any price or to give, directly or indirectly, by means of a loan, guarantee, the provision of security or otherwise, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any shares or warrants in the Company and should the Company purchase or otherwise acquire its own shares or warrants neither the Company nor the Board will be required to select the shares or warrants to be purchased or otherwise acquired ratably or in any other particular manner as between the holders of shares or warrants of the same class or as between them and the holders of shares or warrants of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares provided always that any such purchase or other acquisition or financial assistance may only be made or given in accordance with any relevant rules or regulations issued by the Stock Exchange or the SFC from time to time in force.

The Company in general meeting may from time to time, whether or not all the shares for the time being authorised have been issued and whether or not all the shares for the time being issued have been fully paid up, by ordinary resolution increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution prescribes.

The Company may from time to time by ordinary resolution:

(i) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares;

(ii) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled; and

(iii) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Ordinance.

The Company may from time to time by special resolution:

(i) divide its shares into different classes of shares, subject to the provisions of the Companies Ordinance; and

(ii) reduce its share capital, any capital redemption reserve fund or any share premium account in any manner authorised and subject to any conditions prescribed by law.

MODIFICATION OF RIGHTS

All or any of the special rights attached to the shares or any class of shares (unless otherwise provided for by the terms of issue of the shares of that class) may, subject to the provisions of the Companies Ordinance, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares (or issued shares of that class if the capital is divided into different classes) or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares or at a separate general meeting of the holders of shares of that class (if the capital is divided into different classes). To every such separate general meeting the provisions of the Articles of Association relating to general meetings apply mutatis mutandis, but so that the necessary quorum is not less than two persons holding or representing by proxy one-third in nominal value of the issued shares of that class, and at an adjourned meeting one person holding shares of that class or his proxy, and that any holder of the shares of the class present in person or by proxy may demand a poll.

TRANSFERS OF SHARES

All transfers of shares may be effected by transfer in writing in the usual common form or in such other form as the Board may accept and may be under hand only or if the transferor or the transferee is a recognised clearing house, by hand or by machine imprinted signature or such other manner as the Board may resolve. All instruments of transfer must be left at the registered office of the Company or at such other place as the Board may appoint. The instrument of transfer of any share must be executed by or on behalf of the transferor and transferee, and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register in respect thereof.

The Board may, in its absolute discretion and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien. The Board may also decline to recognise any instrument of transfer unless:

(i) a fee not exceeding the maximum fee prescribed or permitted from time to time by the Stock Exchange in the Listing Rules or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof;

(ii) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

(iii) the instrument of transfer is in respect of only one class of share;

(iv) the shares concerned are free of any lien in favour of the Company; and

(v) the instrument of transfer is properly stamped.

No transfer of share (not being a fully paid up share) shall be made to an infant or to a person of unsound mind or under other legal disability.

VOTING AT GENERAL MEETINGS

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative duly authorised under section 115 of the Companies Ordinance has one vote, and on a poll every member present in person or by proxy or being a corporation, by its duly authorised representative has one vote for every share of which he is the holder which is fully paid up or credited as fully paid up (but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share).

A member, being a recognised clearing house within the meaning of the SFO may authorise such person or persons as it thinks fit to act as its representative (or representatives) at any general meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised shall have the same powers on behalf of such clearing house which he represents as that clearing house could exercise as an individual member.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

PROCEDURES FOR DEMANDING VOTING BY POLL

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) demanded:

(a) by the chairman of the meeting in question;

(b) by at least three members present in person or by proxy for the time being entitled to vote at the meeting;

(c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(d) by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that rights.

QUALIFICATION OF DIRECTORS

A director of the Company is not required to hold any qualification shares. No person is required to vacate office or ineligible for re-election or re-appointment as a director, and no person is ineligible for appointment as a director, by reason only of his having attained any particular age.

BORROWING POWERS

The Board may from time to time in its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and uncalled capital or any part thereof. The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and, in particular by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

DIRECTORS' REMUNERATION AND PENSIONS

The directors of the Company are entitled to receive by way of remuneration for their services such sum as is from time to time determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the directors in such proportions and in such manner as the Board may agree, or failing agreement, equally, except that in such event any director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. The foregoing shall not apply to a director who holds any salaried employment or office in the Company except in the case of sums paid in respect of directors' fees. The directors are also entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them respectively in or about the performance of their duties as directors, including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or on the discharge of their duties as directors. The Board may grant special remuneration to any director who, being called upon, performs any special or extra services to or at the request of the Company. Such special remuneration may be made payable to such director in addition to or in substitution for his ordinary remuneration as a director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be arranged.

Notwithstanding the foregoing the remuneration of a managing director, joint managing director, deputy managing director or other executive director or a director appointed to any other office in the management of the Company is fixed from time to time by the Board and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration is in addition to his remuneration as a director.

The Board may establish and maintain or procure the establishment and maintenance of any contributory or non-contributory pension or superannuation funds for the benefit of, or give or procure the giving of donations, gratuities, pensions, allowances or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is a subsidiary of the Company, or is allied or associated with the Company or with any such subsidiary company, or who are or were at any time directors or officers of the Company or of any such other company as aforesaid, and holding or who have held any salaried employment or office in the Company or such other company, and the wives, widows, families and dependants of any such persons, and may make payments for or towards the insurance of any such persons. Any director holding any such employment or office is entitled to participate in and retain for his own benefit any such donation, gratuity, pension, allowance or emolument.

DIRECTORS' INTERESTS

Subject to the Companies Ordinance, no director or proposed or intending director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as Selling shareholder, purchaser or in any other manner whatever, nor shall any such contract or any other contract or arrangement in which any director is in any way interested be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established, provided that such director shall disclose the nature of his interest in any contract or arrangement in which he is interested at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case at the first meeting of the Board after he knows that he is or has become so interested.

A director may not vote or be counted in the quorum in respect of any contract or arrangement or proposal in which he or his associate(s) is/are materially interested, and if he does so his vote will not be counted, but this prohibition does not apply to:

(i) the giving of any security or indemnity either (a) to the director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries, or (b) to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(ii) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iii) any proposal concerning any other company in which the director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his associate(s) is/are beneficially interested in shares of that company, provided that he and any of his associates is/are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associate(s) is derived) or of the voting rights;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his associate(s) may benefit, or (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associate(s) and employees of the Company or any of its subsidiaries and does not provide in respect of any director or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

A director may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine. A director may also be a director or other officer of, or otherwise interested in, any company promoted by the Company or any other Company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profit or other benefit received by him as a director or officer of or from his interest in such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

A director shall not vote or be counted in the quorum on any resolution of the Board concerning his own appointment as the holder of any office or place of profit with the Company or any other company in which the Company is interested (including the arrangement or variation of the terms thereof, or the termination thereof).

In case of any issues of conflict concerning the Company and the controlling shareholder(s) (as defined in the Listing Rules) being decided by the Board, any directors who are also employees or officers of such controlling shareholder(s) may not vote or be counted in the quorum and may not be present at the relevant board meeting.

DIVIDENDS

No dividend shall be payable except out of the profits of the Company. No dividend shall carry interest.

Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends will be declared and paid according to the amounts paid or credited as paid up on the shares in respect whereof the dividend is paid, but no amount paid up or credited as paid up on a share in advance of calls will for this purpose be treated as paid up on the share. The Board may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Board may deduct from any dividend or bonus payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

In respect of any dividend which the Board or the Company in general meeting have resolved that a dividend be paid or declared, the Board may determine (a) that shareholders entitled thereto will receive in lieu of such dividend (or such part thereof as the Board may think fit) an allotment of shares credited as fully paid provided that the shareholders are at the same time accorded the right to elect to receive such dividend (or part thereof as the case may be) in cash in lieu of such allotment, or (b) that the shareholders entitled to such dividend be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may upon the recommendation of the Board by special resolution resolve in respect of any particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Whenever the Board or the Company in General Meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company will not be constituted as a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and will revert to the Company.

1. FURTHER INFORMATION ABOUT THE COMPANY

A. Incorporation

The Company was incorporated with an authorised share capital of HK$20,000,000 divided into 2,000,000 shares of HK$10.00 each on 2 January 1964.

The Company was incorporated in Hong Kong under the Companies Ordinance on 2 January 1964 under the name of Hang Chong Investment Company, Limited (恒昌企業有限公司). The Company changed its name from Hang Chong Investment Company, Limited (恒昌企業有限公司) to Dah Chong Hong Holdings Limited (大昌貿易行集團有限公司) on 10 March 1994 and subsequently to Dah Chong Hong Holdings Limited (大昌行集團有限公司) on 7 January 2005. The Company's registered office is at 8th Floor, DCH Building, 20 Kai Cheung Road, Kowloon Bay, Hong Kong. A summary of various parts of the Company's Memorandum and Articles of Association is set out in Appendix V to this Prospectus.

B. Changes in share capital of the Company

As at 1 January 2004, the Company has an authorised share capital of HK$300,000,000 divided into 30,000,000 shares of HK$10.00 each.

On 28 September 2007, it was resolved, amongst other resolutions, that:

(a) (i) 2 shares of HK$10.00 each was allotted and issued to Silver Ray Enterprises Inc. ("**Silver Ray**") at par, at the direction of CITIC Pacific and in settlement of HK$20.00 due from the Company to CITIC Pacific;

(ii) each of the issued and unissued shares of HK$10.00 each in the share capital of the Company was consolidated into shares of HK$30.00 each ("**Consolidated Share(s)**"), resulting in the issued share capital of the Company being divided into 7,010,613 Consolidated Shares;

(iii) each of the issued and unissued Consolidated Shares was then divided into 200 shares of HK$0.15 each, resulting in the issued share capital of the Company being divided into 1,402,122,600 shares of HK$0.15 each; and

(iv) subject to a(i) to a(iii) above, the authorised share capital of the Company was increased from HK$300,000,000 to HK$600,000,000 by the creation of 2,000,000,000 new ordinary shares of HK$0.15 each; and

(b) subject to (a) above, 217,877,400 shares shall, at the direction of CITIC Pacific and in settlement of HK$32,681,610 due from the Company to CITIC Pacific, be allotted and issued as fully paid to Silver Ray as to 55,877,400 new ordinary shares of HK$0.15 each, Grogan Inc. ("**Grogan**") as to 81,000,000 new ordinary shares of HK$0.15 each and Greenlane International Holdings Inc. ("**Greenlane**") as to 81,000,000 new ordinary shares of HK$0.15 each.

Upon completion of the Global Offering and the issue of Shares as mentioned in this Prospectus being made, but taking no account of any Shares which fall to be issued upon the exercise of any options granted under the Pre-IPO Share Option Scheme or any options which may be granted under the Post-IPO Share Option Scheme, the authorised share capital of the Company will be HK$600,000,000 divided into 4,000,000,000 Shares and the issued share capital of the Company will be HK$270,000,000, comprising 1,800,000,000 Shares, fully paid or credited as fully paid and 2,200,000,000 Shares will remain unissued.

Save as disclosed in this Appendix, there has been no alteration in the share capital of the Company within the two years immediately preceding the date of this Prospectus.

C. Resolutions of the shareholders of the Company

Written resolutions of all the shareholders of the Company were signed on 28 September 2007 which resolved on, amongst other resolutions, effecting the following:

(a) (i) 2 shares of HK$10.00 each was allotted and issued to Silver Ray at par, at the direction of CITIC Pacific and in settlement of HK$20.00 due from the Company to CITIC Pacific;

(ii) each of the issued and unissued shares of HK$10.00 each in the share capital of the Company was consolidated into shares of HK$30.00 each (i.e. the Consolidated Shares), resulting in the issued share capital of the Company being divided into 7,010,613 Consolidated Shares;

(iii) each of the issued and unissued Consolidated Shares was then divided into 200 shares of HK$0.15 each, resulting in the issued share capital of the Company being divided into 1,402,122,600 shares of HK$0.15 each;

(iv) subject to (a)(i) to (a)(iii) above, the authorised share capital of the Company was increased from HK$300,000,000 to HK$600,000,000 by the creation of 2,000,000,000 new ordinary shares of HK$0.15 each;

(v) subject to (a)(iii) above, 217,877,400 new ordinary shares of HK$0.15 each shall, at the direction of CITIC Pacific and in settlement of HK$32,681,610 due from the Company to CITIC Pacific, be allotted and issued as fully paid to Silver Ray as to 55,877,400 new ordinary shares of HK$0.15 each, Grogan as to 81,000,000 new ordinary shares of HK$0.15 each and Greenlane as to 81,000,000 new ordinary shares of HK$0.15 each (the allotment and issue of shares of the Company mentioned in paragraph (a)(i) and (a)(v) above shall be referred to as "***Capitalisation Issue***"); and

(vi) the Company declared an interim dividend of HK$900,000,000;

(b) conditional on (i) the shareholders of CITIC Pacific approving the Global Offering, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme; (ii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares and any Shares which may be issued as mentioned in this Prospectus (including the Capitalisation Issue, the Global Offering, the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme), and (iii) the obligations of the Underwriters under each of the Underwriting Agreements becoming unconditional and not having been terminated in accordance with the terms of the respective agreements or otherwise within 30 days from the date of this Prospectus:

(i) the Global Offering was approved and the Directors were authorised to allot and issue up to 180,000,000 new Shares pursuant to the terms as set out in this Prospectus, provided that this resolution does not constitute approval of the Offer Price without the further written consent of the shareholders of the Company;

(ii) the rules of the Pre-IPO Share Option Scheme were approved and adopted (subject to such amendments as may be required by the Stock Exchange) and the Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Pre-IPO Share Option Scheme; and

(iii) the rules of the Post-IPO Share Option Scheme were approved and adopted (subject to such amendments as may be required by the Stock Exchange) and the Directors were authorised to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Post-IPO Share Option Scheme;

(c) the Articles of Association were adopted, subject to the registration of this Prospectus;

(d) a general unconditional mandate was given to the Directors to allot, issue and deal with Shares, otherwise than pursuant to, or in consequence of, the Capitalisation Issue, the Global Offering, a Rights Issue, the exercise of any options granted under the Pre-IPO Share Option Scheme, the exercise of any options which may be granted under the Post-IPO Share Option Scheme or any other shares option scheme as may be duly adopted by the Company from time to time, any scrip dividend or similar arrangement, any adjustment of rights to subscribe for Shares under options or a specific authority granted by shareholders of the Company, with an aggregate nominal value not exceeding the sum of (i) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalisation Issue; and (ii) the aggregate nominal amount of the share capital of the Company which may be purchased by the Company under the authority referred to in (e) below, such mandate to be exercisable after the commencement of dealings in the Shares on the Stock Exchange and expire (aa) at the conclusion of the next annual general meeting of the Company, (bb) on the date of the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the Companies Ordinance or any other applicable laws of Hong Kong to be held or (cc) when it is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company, whichever is the earliest. For the purpose of this resolution, a "**Rights Issue**" means an offer of shares, or an offer of warrants, options or other securities giving rights to subscribe for shares, open for a period fixed by the Directors of the Company to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusion or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong);

(e) a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of the Shares as will represent up to 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalisation Issue, such mandate to expire (aa) at the conclusion of the next annual general meeting of the Company, (bb) on the date of the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the Companies Ordinance or any other applicable laws of Hong Kong to be held or (cc) when it is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company, whichever is the earliest; and

(f) subject to paragraph (e) above, the general unconditional mandate mentioned in paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering and the Capitalisation Issue.

2. REORGANISATION

The companies comprising the Group underwent a reorganisation to rationalise the Group's corporate structure in preparation for the listing of the Shares on the Stock Exchange and the Company remains as the holding company of the Group. The reorganisation involved the following:

(a) Disposals and acquisitions

(1) On 29 June 2007, Dah Chong Hong transferred the entire issued share capital of Dah Chong Hong (Engineering) Limited, being 601,000 shares of HK$100.00 each, to Gold Essence Holdings Corp., a wholly-owned subsidiary of CITIC Pacific, for HK$1.00. On the same day, Dah Chong Hong assigned to CITIC Pacific a loan in the amount of HK$32,406,232 owed by Dah Chong Hong (Engineering) Limited at the consideration of HK$32,406,232. Dah Chong Hong further assigned to CITIC Pacific a loan in the amount of HK$12,223,833 owed by DCH Interior Products Company Limited, a wholly-owned subsidiary of Dah Chong Hong (Engineering) Limited, at the consideration of HK$12,223,833.

(2) On 9 July 2007, Dah Chong Hong (Macau) Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Xin Kang Heng Holdings Limited to dispose of one share of par value MOP40,000, representing 8% of the entire issued capital in Prosperity Motors Limited, to Xin Kang Heng Holdings Limited (an existing joint venture partner in Prosperity Motors Limited with a 40% interest) for a consideration of MOP140,940.

(3) On 9 July 2007, Dah Chong Hong (Macau) Limited entered into an agreement with Xin Kang Heng Holdings Limited to dispose of one share of par value MOP40,000, representing 8% of the entire issued capital in Dah Chong Hong Motor Service Centre (Macau) Limited to Xin Kang Heng Holdings Limited (an existing joint venture partner in Dah Chong Hong Motor Service Centre (Macau) Limited with a 40% interest) for a consideration of MOP27,026.

(4) On 24 July 2007, Dah Chong Hong (Macau) Limited entered into an agreement with 馬有恒 Ma Iao Hang (an existing joint venture partner in Dah Chong Hong (Macao) Engineering Limited with a 20% interest) to dispose of one share of par value MOP25,000 representing 5% of the entire issued capital in Dah Chong Hong (Macao) Engineering Limited to 馬有恒 Ma Iao Hang for a consideration of MOP25,000.

(5) On 31 July 2007, 王靜芬 (Wang Jingfen) entered into an agreement on behalf of Dah Chong Hong Motors (Nissan-China) Limited with 梁煥玲 (Liang Huanling) (an independent third party) to dispose of 51% of the entire share interest in 青島日產汽車銷售服務有限公司 (Qingdao Nissan Motors Sale and Service Limited) to 梁煥玲 (Liang Huanling) for a consideration of RMB1,000,000, provided that the other existing shareholder of 青島日產汽車銷售服務有限公司 (Qingdao Nissan Motors Sale and Service Limited) refuses to take up its right to purchase the said 51% interest in 青島日產汽車銷售服務有限公司 (Qingdao Nissan Motors Sale and Service Limited).

(6) On 27 July 2007, Triangle Motors (China) Limited, a wholly-owned subsidiary of the Company, entered into an agreement with Isuzu Motors Limited, the joint venture partner in Triangle-Isuzu Motors Limited for the acquisition by Triangle Motors (China) Limited of 23,250 "I" shares of HK$10 each in the issued share capital of Triangle-Isuzu Motors Limited for a total consideration of HK$2,350,000. On 10 August 2007, being the date of completion of the said acquisition, the shareholding of Triangle Motors (China) Limited in Triangle-Isuzu Motors Limited has thereby increased from 60% to 91% and on 30 August 2007, all the "I" and "T" shares in the issued share capital of Triangle-Isuzu Motors Limited were re-designated as ordinary shares.

(7) On 27 July 2007, Mainstream Holdings Limited ("**Mainstream**", a joint venture as to 55% held by DCH Food Industries Limited, a wholly-owned subsidiary of the Company, and as to 45% held by IBP Caribbean Inc.) allotted and issued 2,892 additional shares of HK$1.00 each for cash at par to DCH Food Industries Limited whose shareholding in Mainstream has thereby increased from 55% to 65.0946%.

(8) On 24 August 2007, Adachi Trading Company Limited ("**Adachi Trading**"), a wholly-owned subsidiary of the Company, entered into an agreement with 常大勇 (Chang Dayong) to dispose of 75% of the entire registered capital in 青島安達塗料化學材料有限公司Qingdao Adachi Paints and Chemical Materials Co., Ltd. ("**Qingdao Adachi**") to 常大勇 (Chang Dayong) for nil consideration. Pursuant to the terms of the agreement, Adachi Trading agreed to: (a) repay a loan amount due from Qingdao Adachi to third party creditors of RMB1,059,672.44; (b) waive a loan of RMB1,503,444.18 due from Qingdao Adachi to Adachi Trading; and (c) to repay a loan of RMB1,235,994.08 due from Qingdao Adachi to 上海信昌咨詢服務有限公司 (Shanghai Xinchang Consulting Service Limited), a wholly-owned subsidiary of the Company.

(9) On 14 September 2007, 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) entered into an agreement with 李勵 (Li Li) for the acquisition by it of 10% of the entire share interest in 廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited) from 李勵 (Li Li) for a consideration of RMB3,300,000, whereby the Group's attributable interest in 廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited) has increased from 90% to 100%.

(10) On 14 September 2007, 深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited) entered into an agreement with 廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited) for the acquisition by it of 20% of the entire share interest in 昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited) from 廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited) for a consideration of RMB1,400,000, whereby the Group's attributable interest in 昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited) has increased from 80% to 100%.

(11) On 14 September 2007, 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) entered into an agreement with 廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited) for the acquisition by it of 20% of the entire share interest in 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited) from 廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited) for a consideration of RMB1,300,000, whereby the Group's attributable interest in 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited) has increased from 80% to 100%.

(12) On 7 September 2007, DCH Food Industries Limited 大昌行食品工業有限公司 entered into an agreement with Rise Stand Investments Limited 時添投資有限公司, a wholly-owned subsidiary of CITIC Pacific, to dispose of 51% of the entire registered capital in 上海大昌兒童食品廠有限公司 (Shanghai Dah Chong Children's Food Factory Co., Ltd.) to Rise Stand Investments Limited 時添投資有限公司 for a consideration of US$1.00. On the same day, (a) DCH Food Industries Limited 大昌行食品工業有限公司 assigned to Rise Stand Investments Limited 時添投資有限公司, a loan in the amount of US$600,000 owed by 上海大昌兒童食品廠有限公司 (Shanghai Dah Chong Children's Food Factory Co., Ltd.) at a consideration of US$600,000 and (b)上海信昌咨詢服務有限公司 (Shanghai Xinchang Consulting Service Limited) assigned to 中信泰富(中國)投資有限公司 CITIC Pacific China Holdings Limited, a wholly-owned subsidiary of CITIC Pacific a loan in the amount of RMB58,695,715 owed by 上海大昌兒童食品廠有限公司 (Shanghai Dah Chong Children's Food Factory Co., Ltd.) at a consideration of RMB18,222,830.

(b) Transfer from CITIC Pacific Group

(13) On 29 June 2007, Newmarket Holdings Limited, a wholly-owned subsidiary of CITIC Pacific, transferred the entire issued share capital of Yee Lim Godown & Cold Storage Limited, being 1,000,000 shares of HK$1.00 each, to DCH Logistics Company Limited for HK$1.00. On the same day, Eltonford Limited, a wholly-owned subsidiary of CITIC Pacific, assigned to DCH Logistics Company Limited a loan in the amount of HK$80,545,742 owed by Yee Lim Godown & Cold Storage Limited at the consideration of HK$12,598,103.

(c) Intra-group transfer

(14) On 28 June 2007, Sims Trading Company Limited transferred the entire issued share capital of DCH Logistics Company Limited, being 10,000 shares of HK$10.00 each, to Bestway Enterprises Holdings Corp. for HK$1.00.

(15) On 29 June 2007, Sims Trading Company Limited transferred the entire issued share capital of Sims Logistics Services Limited, being 100,000 shares of HK$1.00 each, to DCH Logistics Company Limited for HK$882,533.68.

(16) On 29 June 2007, Dah Chong Hong (China) Limited transferred the entire issued share capital of Wellstand Investment Limited (which is the holding company of Jiangmen Dah Chong Hong — Sims Food Processing and Warehousing Limited), being 2 shares of HK$1.00 each, to DCH Logistics Company Limited for HK$2.00.

(17) On 29 June 2007, Dah Chong Hong transferred the entire issued share capital of Top New Management Ltd. (which is the holding company of Jiangmen Dah Chong Hong — Sims Industrial Development Limited), being 2 shares of US$1.00 each, to DCH Logistics Company Limited for HK$16.00.

(18) On 29 June 2007, Dah Chong Hong transferred the entire issued share capital of Kingchamp Investments Ltd. (which holds 55% interest in each of Dah Chong Hong Macau Logistics Warehouse Company Limited, Dah Chong Hong Macau Food Supply Company Limited and Dah Chong Hong Macau General Supply Company Limited), being 1 share of US$1.00, to DCH Logistics Company Limited for US$1.00.

(d) Settlement of amount due from the Group to CITIC Pacific and capitalisation

(19) As at 30 June 2007, an amount of HK$130,772,746 was standing due from the Company to CITIC Pacific. This amount (other than accounts payables incurred in the ordinary course of business) has been settled in full by the Company as follows:

(i) HK$20 was settled by the Company allotting and issuing 2 shares of HK$10.00 each to Silver Ray, a wholly-owned subsidiary of CITIC Pacific, at CITIC Pacific's direction as referred to in paragraph (e) below;

(ii) HK$8,381,610 was settled by the Company by allotting and issuing 55,877,400 Shares at par (i.e. at HK$0.15 per Share) to Silver Ray, at CITIC Pacific's direction;

(iii) HK$12,150,000 was settled by the Company by allotting and issuing 81,000,000 Shares at par (i.e. at HK$0.15 per Share) to Grogan, a wholly-owned subsidiary of CITIC Pacific, at CITIC Pacific's direction;

(iv) HK$12,150,000 was settled by the Company by allotting and issuing 81,000,000 Shares at par (i.e. at HK$0.15 per Share) to Greenlane, a wholly-owned subsidiary of CITIC Pacific, at CITIC Pacific's direction; and

(v) the balance was settled by the Company in cash prior to bulk-printing of the Prospectus.

(e) Pre-consolidation arrangement and capitalisation issue of shares

The issued share capital of the Company before pre-consolidation arrangement and capitalisation issue of shares was divided into 21,031,837 shares of HK$10.00 each.

On 4 September 2007, each of Cornaldi Enterprises Limited ("**Cornaldi**") and Chadacre Developments Limited ("**Chadacre**") has transferred 1 share of HK$10.00 in the issued share capital of the Company to Silver Ray at HK$200 each.

On 4 September 2007, Corton Enterprises Limited transferred 2 shares of HK$10.00 each in the issued share capital of the Company to Silver Ray at HK$200 each.

As part of the Capitalisation Issue and on 28 September 2007, the Company allotted and issued 2 shares of HK$10.00 each in the issued share capital of the Company to Silver Ray at par value.

As a result of the above arrangement, the issued share capital of the Company was divided into 21,031,839 shares of HK$10.00 each.

3. SUBSIDIARIES

The Company's principal subsidiaries are listed in the Accountants' Report set out in Appendix I to this Prospectus.

Changes in the share capital of subsidiaries of the Company

The Company's principal subsidiaries are referred to in the Accountants' Report for the Company, the text of which is set out in Appendix I to this Prospectus. The following alterations in the share capital of the Company's subsidiaries have taken place within the two years preceding the date of this Prospectus:

(1) Japco Auto Equipment & Engineering Company Limited

On 13 October 2005, the authorised share capital was increased from HK$5,500,000 to HK$10,500,000 by creation of 5,000,000 ordinary shares of HK$1.00 each. On the same day, 5,000,000 ordinary shares of HK$1.00 each were allotted and issued to Dah Chong Hong (Motor Service Centre) Limited for cash at par value, credited as fully paid.

(2) 湛江市駿誠汽車銷售服務有限公司 (Zhanjiang Juncheng Motors Sale and Service Limited)

On 16 December 2005, 湛江市駿誠汽車銷售服務有限公司 (Zhanjiang Juncheng Motors Sale and Service Limited) was established in the PRC as a limited liability company with a registered capital of RMB12,000,000, which has been fully paid up and owned as to 80% to the order of 蔡兆敏 (Cai Zhaomin) and 20% to the order of 仲玉林 (Zhong Yulin), in each case for the benefit of Dah Chong Hong Motors (China) Limited.

(3) 北京大昌行管理咨詢有限公司 (Beijing Dah Chong Hong Management and Consulting Limited)

On 17 January 2006, 北京大昌行管理咨詢有限公司 (Beijing Dah Chong Hong Management and Consulting Limited) was established in the PRC as a wholly foreign owned enterprise, wholly-owned by Triangle Motors (China) Limited with a registered capital of US$3,500,000, which has been fully paid up.

(4) 江門大昌行供應鏈管理有限公司 (Jiangmen DCH Supply Chain Management Co., Ltd.)

On 14 March 2006, 江門大昌行供應鏈管理有限公司 (Jiangmen DCH Supply Chain Management Co., Ltd.) was established in the PRC as a limited liability company with a registered capital of RMB1,000,000, which has been fully paid up and owned as to 90% by 上海宏圖電器有限公司 (Shanghai Vision Electrical Appliances Co., Ltd.) and 10% by 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited, in each case for the benefit of DCH Supply Chain Management Company Limited (which is a 80%-owned subsidiary of the Company).

(5) CITIC Interlocal Pte. Ltd.

On 28 June 2006, 29,999 shares of S$1.00 each were allotted and issued to Kauri Wood Pte. Ltd. for cash at par which have been fully paid and 70,000 shares of SGD1.00 each were allotted and issued to High Champ Enterprises Corp. for cash at par which have also been fully paid.

(6) 大昌行(北京)貿易有限公司 Dah Chong Hong (Beijing) Trading Ltd.

On 28 April 2006, 大昌行(北京)貿易有限公司 Dah Chong Hong (Beijing) Trading Ltd. was established as a wholly foreign owned enterprise, wholly-owned by Dah Chong Hong (Motor Service Centre) Limited with a registered capital of RMB10,000,000, which has been fully paid up.

(7) 中信慎昌(上海)洋酒貿易有限公司 CITIC Sims (Shanghai) Iconic Beverages Ltd.

On 10 June 2006, 中信慎昌(上海)洋酒貿易有限公司 CITIC Sims (Shanghai) Iconic Beverages Ltd. was established as a wholly foreign owned enterprise, wholly-owned by CITIC Interlocal Pte. Ltd. with a registered capital of US$2,100,000, which has been fully paid up.

(8) 江門市怡誠汽車銷售服務有限公司 (Jiangmen Yicheng Motors Sale and Service Limited)

On 12 July 2006, 江門市怡誠汽車銷售服務有限公司 (Jiangmen Yicheng Motors Sale and Service Limited) was established as a limited liability company with a registered capital of RMB500,000, which has been fully paid up and owned as to 80% by 譚德洪 (Tan Dehong) and 20% by 譚德華 (Tan Dehua).

On 26 September 2006, the registered capital of 江門市怡誠汽車銷售服務有限公司 (Jiangmen Yicheng Motors Sale and Service Limited) was increased to RMB10,000,000 pro rata to the registered holders' registered capital of 江門市怡誠汽車銷售服務有限公司 (Jiangmen Yicheng Motors Sale and Service Limited) in cash, which has been fully paid up.

(9) 杭州眾泰汽車銷售服務有限公司 (Hangzhou Zhongtai Motors Sale and Service Limited)

On 9 August 2006, 杭州眾泰汽車銷售服務有限公司 (Hangzhou Zhongtai Motors Sale and Service Limited was established in the PRC as a limited liability company with a registered capital of RMB2,000,000, which has been fully paid up and owned as to 50% by 深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited) and 50% by 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited).

(10) 湛江市合榮汽車銷售服務有限公司 (Zhanjiang Herong Motors Sale and Service Limited)

On 6 September 2006, 湛江市合榮汽車銷售服務有限公司 (Zhanjiang Herong Motors Sale and Service Limited was established in the PRC as a limited liability company with a registered capital of RMB10,000,000, which has been fully paid up and owned as to 80% by 謝建庭 (Xie Jianting) and 20% by 江門市華天實業投資有限公司 (Jiangmen Huatian Investment Limited). On 30 November 2006, the 80% registered capital held by 謝建庭 (Xie Jianting) was transfered to 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited).

(11) 江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited)

On 13 September 2006, 江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited) was established in the PRC as a limited liability company with a registered capital of RMB20,000,000, which has been fully paid up and owned as to (i) 5% by 江門市美昌汽車貿易有限公司 (Jiangmen Meichang Motors Trading Limited), (ii) 10% by 江門市華天實業有限公司 (Jiangmen Hua Tian Holdings Limited) and (iii) 85% by 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited)

(12) 捷高汽車零件(廣州)有限公司 JAPCO Auto Parts (Guangzhou) Co. Ltd.

On 27 September 2006, the registered capital of 捷高汽車零件(廣州)有限公司 JAPCO Auto Parts (Guangzhou) Co. Ltd. was increased from US$200,000 to US$500,000, which has been fully paid up.

(13) 昆明合澤企業管理有限公司 (Kunming Heze Corporate Management Limited)

On 28 September 2006, 昆明合澤企業管理有限公司 (Kunming Heze Corporate Management Limited) was established in the PRC as a limited liability company with a registered capital of RMB9,000,000, which has been fully paid and owned as to 80% by 昆明大昌行管理諮詢有限公司 (Kunming Dah Chong Hong Management and Consulting Limited) and 20% by 雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited).

(14) Sims Logistics Services Limited

On 8 November 2006, the authorised share capital was increased from HK$10,000 to HK$100,000 by creation of 90,000 ordinary shares of HK$1.00 each.

On 5 February 2007, 99,999 ordinary shares of HK$1.00 each were allotted and issued to Sims Trading Company Limited for cash at par value, credited as fully paid.

(15) 廣東大昌行管理服務有限公司 (Guangdong Dah Chong Hong Management and Service Limited)

On 11 December 2006, 廣東大昌行管理服務有限公司 (Guangdong Dah Chong Hong Management and Service Limited) was established as a wholly foreign owned enterprise wholly-owned by Dah Chong Hong (China) Limited with a registered capital of HK$3,500,000, of which HK$1,750,000 has been paid up and the remaining HK$1,750,000 shall be paid before 11 December 2007.

(16) 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited)

The registered capital of 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited) was increased from RMB5,000,000 to RMB10,000,000 on 26 March 2007, whereby each of 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) and 廣州市駿悦投資管理有限公司 (Guangzhou Junyue Investment Management Limited) contributed an additional RMB4,000,000 and RMB1,000,000 in cash, respectively. 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited) is now 60% owned by 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited), 20% owned by 廣州市駿悦投資管理有限公司 (Guangzhou Junyue Investment Management Limited), and 20% owned by 仲玉林 (Zhong Yulin) for the benefit of Dah Chong Hong Motors (China) Limited.

(17) 吳川市駿源汽車服務有限公司 (Wuchuan Junyuan Motors Service Limited)

On 21 December 2006, 吳川市駿源汽車服務有限公司 (Wuchuan Junyuan Motors Service Limited) was established in the PRC as a limited liability company with a registered capital of RMB500,000, which has been fully paid up and wholly-owned by 湛江市駿浩汽車有限公司 (Zhanjiang Junhao Motors Limited).

(18) 嘉興合雅汽車配件有限公司 (Jiaxing Heya Auto Parts Limited)

On 28 March 2007, 嘉興合雅汽車配件有限公司 (Jiaxing Heya Auto Parts Limited) was established as a wholly foreign owned enterprise, wholly-owned by Dah Chong Hong Motors (China) Limited with a registered capital of US$2,600,000, which has been fully paid up.

(19) Paneri Corp.

On 10 May 2007, Paneri Corp. was incorporated in the BVI with an authorised capital of US$50,000 divided into 50,000 shares of US$1.00 each. On 7 June 2007, one share of US$1.00 was allotted and issued to Dah Chong Hong Holdings Limited for cash at par value, credited as fully paid.

(20) 曲靖合達汽車銷售服務有限公司 (Qujing Heda Motors Sale and Service Limited)

On 14 May 2007, 曲靖合達汽車銷售服務有限公司 (Qujing Heda Motors Sale and Service Limited) was established as a limited liability company with a registered capital of RMB5,000,000, which has been fully paid up and owned as to 50% by 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited) and 50% by 深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited).

On 18 June 2007, the registered capital of 曲靖合達汽車銷售服務有限公司 (Qujing Heda Motors Sale and Service Limited) was increased to RMB5,200,000, which has been fully paid up and owned as to 48.1% by 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited) and 51.9% by 深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited).

(21) Bestway Enterprises Holdings Corp.

On 5 June 2007, Bestway Enterprises Holdings Corp. was incorporated in the BVI with an authorised capital of US$50,000 divided into 50,000 shares of US$1.00 each. On 15 June 2007, one share of US$1.00 was allotted and issued to Dah Chong Hong Holdings Limited for cash at par value, credited as fully paid.

(22) 錫林郭勒大昌行肉業有限公司 (Xilinguole Dah Chong Hong Meat Industry Limited)

On 9 June 2007, 錫林郭勒大昌行肉業有限公司 (Xilinguole Dah Chong Hong Meat Industry Limited was established as a limited liability company with a registered capital of RMB1,000,000, which has been fully paid up and owned as to 90% owned by 上海大昌行食品工業有限公司 Shanghai DCH Food Industries Ltd. and 10% owned by 楊福祥 (Yang Fuxiang).

(23) DCH (Japan) Holding Co., Ltd.

On 2 July 2007, DCH (Japan) Holding Co., Ltd. was incorporated in Japan with an authorised capital of JPY100 million divided into 10,000 shares of JPY10,000 each. On the same day, 1,000 shares of JPY10,000 each were allotted and issued to Dah Chong Hong at par as consideration for the purchase of 480,000 shares of JPY1,000 each in Dah Chong Hong (Japan) Limited, representing its entire issued capital, from Dah Chong Hong.

(24) Mainstream Holdings Limited

On 27 July 2007, the authorised share capital of Mainstream Holdings Limited was increased from HK$10,000 to HK$20,000 by creation of 10,000 ordinary shares of HK$1.00 each.

On 27 July 2007, 2,892 shares of HK$1.00 each were allotted and issued to DCH Food Industries Limited for cash at par value, which have been fully paid.

(25) 上海大昌行賓利汽車銷售服務有限公司 (Shanghai Dah Chong Hong Bentley Motors Sale and Service Limited)

On 14 August 2007, 上海大昌行賓利汽車銷售服務有限公司 (Shanghai Dah Chong Hong Bentley Motors Sale and Service Limited) was established in the PRC as a limited liability company with a registered capital of RMB12,000,000, which has been fully paid up and owned as to 50% by 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited and 50% by 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited).

(26) 嘉興合信汽車銷售服務有限公司 (Jiaxing Hexin Motors Sale and Service Limited)

On 16 August 2007, 嘉興合信汽車銷售服務有限公司 (Jiaxing Hexin Motors Sale and Service Limited) was established in the PRC as a limited liability company with a registered capital of RMB12,000,000, which has been fully paid up and owned as to 50% by 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited) and 50% by 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited).

Save as aforesaid, there has been no other alteration in the share capital of the subsidiaries of the Company in the two years preceding the date of this Prospectus.

4. SUMMARY OF CONTRACTUAL ARRANGEMENTS IN RESPECT OF CERTAIN PRC ENTITIES WITHIN THE GROUP

Below is a summary of the various Contractual Arrangements pursuant to which the Company enjoys the economic benefits of each of the following PRC entities:

Until the mid-1990s, foreign trade in the PRC was tightly regulated and controlled by the State. Only companies with the "Import and Export Enterprise Qualification Certificate" had import and export rights. Most of these companies were State owned businesses. In 1994, the PRC passed the Foreign Trade Law. Since then, China has relaxed the requirements to grant the import and export rights to wholly Chinese-owned enterprises. However, foreign ownerships of companies in the PRC were still restricted. According to《外商投資產業指導目錄》(Foreign Investment Industries Guidance Catalogue), which was introduced in 1995 and was later amended in 1997 (the "1995 Catalogue"), general trading, motor distribution and logistics businesses in which the Group engaged in were classified under the restricted category. Foreign enterprises were not allowed to wholly own businesses under the restricted category. As a result, the Group has been conducting its operations in the PRC since 1997 through various companies incorporated in the PRC as tabled in "Summary of Contractual Arrangements in respect of Certain PRC Entities within the Group" in the Appendix VI of this Prospectus (i.e. OPCOs) which are owned by PRC nationals or PRC companies (i.e. the Registered Owner(s)) for the benefits of the Group by virtue of the Contractual Arrangements set out in the section headed "Business — Contractual Arrangements" and below. All such Registered Owners are: the Group's employees or their associates or companies controlled by the Group except for 江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited), the Registered Owner of which is an Independent Third Party company.

The Group does not have direct equity interests in these OPCOs. However, the Group has implemented a series of Contractual Arrangements (i.e. the Contractual Arrangements) with the Registered Owners of these OPCOs, designed specifically to confer upon the Group the following rights and benefits:

(i) the right to enjoy all the economic benefits of the OPCOs, to exercise management control over the operations of the OPCOs, and to prevent leakages of assets and values to shareholders of the OPCOs; and

(ii) the right to acquire, if and when permitted by PRC law, the equity interests in the OPCOs at nil consideration or at a nominal value.

The written documentation for the Contractual Arrangements were formally signed by the relevant member of the Group and the relevant Registered Owners in July 2007 to ratify the arrangements as implemented and exercised by the parties since the establishment or acquisition of the OPCOs. On such basis, the Group consolidates the financial results of the OPCOs as subsidiaries or treats them as jointly controlled entities or associated companies, depending on the attributable interests in the OPCOs of the Group under the prevailing accounting principles. The Contractual Arrangements have been narrowly tailored based on the legal and compliance history of the Group, its management systems and corporate governance practices, its records in protecting shareholder interests and its financial resources so as to ensure compliance with and to minimise the potential for conflict with the relevant PRC laws and regulations.

The Group, the Registered Owners and the OPCOs have complied with, and are expected to continue to comply with, all relevant PRC laws and regulations insofar as the operations of OPCOs are concerned. As at the Latest Practicable Date, the Company has not received any objection from any PRC governmental authorities in relation to the implementation of the Contractual Arrangements.

The Contractual Arrangements in respect of each of the OPCOs were demonstrated and ratified by way of a Confirmation and Agreement on the Shareholding Arrangements 股權安排的確認及協議 (i.e. the Contractual Arrangements Agreement(s)) with the respective Registered Owner(s) and the relevant member of the Group in Hong Kong or PRC acting as the intermediate holding company (i.e. Holding Subsidiary). Brief summary of the Contractual Arrangements Agreement(s) are set out as follows:

(i) Shareholding and loan advancement

The respective Registered Owner(s) has been registered as the legal shareholder(s) of the respective OPCOs, being the owner(s) of all or a portion of the registered capital of the OPCOs. The Holding Subsidiary has advanced a loan in Renminbi to the Registered Owner(s) for the sole purpose of its investment in the OPCOs without repayment provided that the Registered Owner(s) shall perform its obligations under the Contractual Arrangements Agreement(s). The Company's PRC legal advisers advised that the advance of such loan does not contravene applicable PRC laws or regulations and is valid and enforceable and in compliance with relevant requirements of applicable PRC laws and regulations.

(ii) Management

The respective Registered Owner(s) shall consult and follow the instructions of the respective Holding Subsidiary, when it is involved in the management and exercise of its right as the shareholder(s) of the respective OPCOs, such rights shall include and without limitation to voting at the shareholders or board meetings, appointing directors and making decisions in respect of the operation and financial issues of the OPCOs.

(iii) Dividends

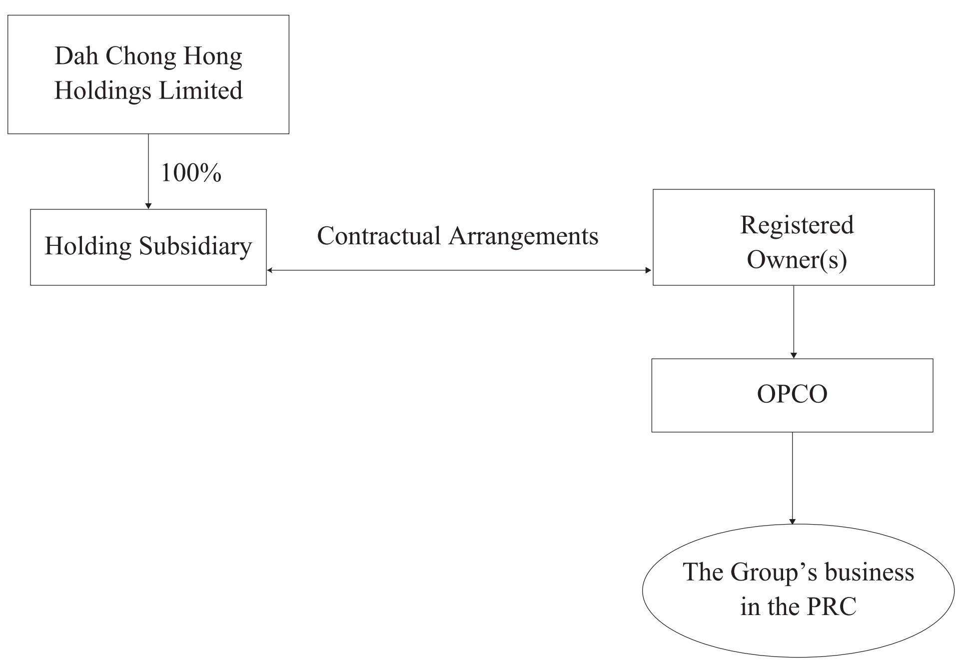
All the dividends, capital bonus or any other assets distributed to the respective Registered Owner(s) by the respective OPCO shall be transferred to the respective Holding Subsidiary or any other party nominated by the Holding Subsidiary at nil consideration within three working days after such distribution.

(iv) Option to purchase

The respective Holding Subsidiary shall have an option to purchase (or nominate a third party to purchase), all the interests of the respective Registered Owner(s) in the respective OPCO at the minimum transfer price permitted under the relevant PRC laws and regulations (i.e. at nil consideration or at a nominal value). Where the PRC laws or regulations require the consideration for such transfer to be at the market value, the said consideration shall firstly be applied to set off the loan advanced from the Holding Subsidiary to the Registered Owner(s) as described in (i) above, and the excess of which (if any) shall be refunded to the Holding Subsidiary (or any third party nominated by the Holding Subsidiary) within three working days after the Registered Owner(s) received such payment.

To ensure compliance, major issues arising from implementation of the Contractual Arrangements and operation of the OPCOs will be reviewed by the board from time to time. The Group conducts regular internal management meeting on a monthly and quarterly basis to review such implementation and operation, and discuss any issues identified. Matters relating to compliance and regulatory enquiries from governmental authorities will be discussed in these meetings. Various business units and divisions of the Company's operation are required to report regularly, on a half-yearly basis, to the Corporate Planning and Management Department of the Company in relation to compliance related matters. The Corporate Planning and Management Department carries out random checking from time to time by way of questionnaire to further enhance compliance. If required, external advisers, e.g. PRC legal advisers, will be retained to address specific issues in relation to PRC laws and regulations.

A brief chart illustrating the Contractual Arrangements is set out below:



The Group will seek specific performance of the Contractual Arrangements judicially, to require the transfer of the relevant equity interest to the Group or its other designates in case a Registered Owner for whatever reasons cease to hold the equity interests in the relevant OPCO. As at the Latest Practicable Date, the Group is not aware of any circumstances which would require the Group to do so. The Company's PRC legal advisers advised that:

(a) same as paragraph (e) below, the Contractual Arrangements do not contravene PRC laws, rules or regulations effective since the incorporation of the OPCOs and are enforceable in accordance with their terms and conditions;

(b) no consent, approval, registration or licence, other than those already obtained is, or has been required under any existing PRC laws, rules and regulations for the effectiveness and enforceability of the Contractual Arrangements during the three years ended 31 December 2006 and six months ended 30 June 2007;

(c) the Group, the OPCOs and/or the Registered Owners are not required to obtain any relevant approval or licence for entering into the Contractual Arrangement;

(d) the Contractual Arrangements taken individually and together as a whole do not result, nor has it resulted during the three years ended 31 December 2006 and six months ended 30 June 2007, in a breach of any provisions of the respective articles of association of the OPCOs, and the Contractual Arrangements are not, and has not during the three years ended 31 December 2006 and six months ended 30 June 2007 been, prohibited under existing applicable laws and regulations in the PRC.

(e) As part of the Contractual Arrangements, 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited), a subsidiary of the Company, has extended an interest-free loan in the amount of RMB15 million to 江門市美昌汽車貿易有限公司 (Jiangmen Meichang Motors Trading Limited) in its capacity as the Registered Owner of 75% registered capital of 江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited). Also, DCH Supply Chain Management Company Limited, another subsidiary of the Company, has extended an interest-free loan in the amount of RMB0.9 million and RMB0.1 million to 上海宏圖電器有限公司 (Shanghai Vision Electrical Appliances Co., Ltd.) and 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited in the capacity as the Registered Owners of 90% and 10% registered capital of 江門大昌行供應鏈管理有限公司 (Jiangmen DCH Supply Chain Management Co., Ltd.), respectively. A corporation shall not extend a loan to another corporation and the Company's PRC legal advisers are of the view that such loan violated PRC laws and regulations relating to the banking administrative system, including Article 61 of 《貸款通則》 (the PRC General Principles of Loans) promulgated by the People's Bank of China ("PBOC") on 28 June 1996. Article 73 of 《貸款通則》 (the PRC General Principles of Loans) further provides that the PBOC may impose a penalty on the lender of up to five times the income to be generated from such lending, and may declare the loan invalid.

The Company's PRC legal advisers further advised that:

- no income-base penalty could be imposed in relation to the loan mentioned in paragraph (e) above, as no interest is payable on the loan

- the borrower has to repay the loan to the lender if the loan is declared invalid

Based on the above, the Company does not consider the full repayment of the loan extended by 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited) and DCH Supply Chain Management Company Limited will be adversely affected.

It is not a common practice in the PRC to seek confirmation from the appropriate authorities regarding the legality of the Contractual Arrangements and such confirmation may or may not be forthcoming if sought. Notwithstanding the aforesaid, the Company has contacted the relevant authorities with the view to obtaining such confirmations but no response has yet been given. In arriving at their opinion, the Company's PRC legal advisers have taken all possible action and steps to enable themselves to arrive at its legal opinion and have considered the following matters:

- General Principles of Civil Laws of the People's Republic of China

- Contract Laws of the People's Republic of China

- the fact that the Group does not have direct equity interests in any OPCOs

- the fact that, to the extent the relevant motor vehicle sales, motor vehicle-related business and services, sales of food and consumer products and logistics services in the PRC were not permitted to be legally owned by the Group in the PRC,

  (i) the Group has been conducting its operations in the PRC through the OPCOs; and

  (ii) no members of the Group (other than the OPCOs) has been conducting such business in the PRC.

For further details on the Contractual Arrangements, please refer to the section headed "Business — Contractual Arrangements" in this Prospectus.

In November 2001, China officially became a member of the WTO. After China joined the WTO, amendments to its foreign investment laws were made to meet its WTO obligations to further liberalize industries including general trading; motor distribution and logistics businesses in which the Group engages. The objective of these changes was to bring China's foreign investment laws in line with WTO stipulations and provide investors with greater opportunities to compete with Chinese enterprises in the domestic market on equal footing. In March 2002, the State Development and Reform Commission and the Ministry of Commerce jointly promulgated a revised "Foreign Investment Industries Guidance Catalogue" (the "2002 Catalogue") to replace the 1995 Catalogue. The 2002 Catalogue came into effect on 1 April 2002. In the 2002 Catalogue, general trading (excluding dealerships) and logistics businesses were added in the encouraged category. Enterprises falling under this category can be 'wholly owned by foreign enterprises. The 2002 Catalogue allows general trading (including distributorship) and motor distribution businesses to be wholly owned by foreign enterprises by the end of 2006. In November 2004, a newly revised "Foreign Investment Industries Guidance Catalogue" (the "2004 Catalogue") was promulgated to replace the 2002 Catalogue. The 2004 Catalogue came into effect on 1 January 2005 and did not amend the provisions in the 2002 Catalogue in respect of general trading and motor distribution. Therefore, the Group intends to and is in the process of converting the existing Contractual Arrangements into direct equity interests owned by the Group. In 2005, the Group has successfully set up a foreign wholly-owned company, namely 合眾汽車銷售服務(中國)有限公司 (Triangle Motor Sales and Services (China) Co., Ltd.) in the PRC to conduct motor vehicles retail business in the PRC under CEPA. In the fourth quarter of 2006, the Group has started conversion in respect of two of its Contractual Arrangements for 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited) and 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited) under WTO on a trial basis. As at the Latest Practicable Date, the Group could have converted its interest in the OPCOs into direct equity interest either under the CEPA approach or the WTO approach. Subject to the successful conversion of the said two trial cases, and the time and cost effectiveness of the conversion under the WTO approach, the Group expects to implement conversion for other Contractual Arrangements under the WTO approach. It is expected that the conversion of these two trial cases will be completed by the end of this year. The PRC legal advisers of the Company advised that there was no foreseeable legal impediment to the conversion of these two Contractual Arrangements and to the conversion of all other Contractual Arrangements since the applicable foreign investment restrictions have been lifted (subject to the approval of the relevant authorities in the PRC as mentioned in the section headed "Risk factors" in the Prospectus), and conversion of all Contractual Arrangements would not adversely affect the tax payments and other financial matters of the Company. Due to the various necessary submission and approval procedures, the conversion for the above-mentioned companies is still in the process. If before the completion of such conversion, any of these Contractual Arrangements is challenged by the governmental authorities, or the contracts for such arrangements are breached by the counterparties and the Group is unable to obtain a judgment to its favour to enforce its contractual rights, or if there is change of the PRC laws or regulations to explicitly prohibit arrangements, the Group may lose control over, and revenues from, these companies, which will materially affect the Group's financial condition and results of operations. Please also refer to the section headed "Risk factors — Contractual Arrangements in respect of certain companies in the PRC may be subject to challenge by the relevant governmental authorities and may affect the Group's investment and control over these companies and their operations".

The Selling Shareholder, CITIC Pacific has provided an indemnity in favour of the Group to cover any losses or leakage of assets that the Group may suffer in relation to any Contractual Arrangements in place prior to the Listing Date.

Certain Contractual Arrangements also constitute connected transactions of the Company. Please refer to the section headed "Connected transactions" of this Prospectus.

The Sponsor is of the view that the Company has satisfied all applicable conditions for listing under the Listing Rules (save for any aspects of the Listing Rules in relation to which waivers from strict compliance have been sought) and no alteration of such confirmation is necessary by reason of the existence of the Contractual Arrangements.

Details of each OPCOs and the Contractual Arrangements Agreement(s) as at the Latest Practicable Date are set out in the following table:

	Name of OPCOs	Name of Registered Owner(s)/Owner(s) and shareholding	Name of Holding Subsidiary	Date of establishment of OPCOs	Registered capital/ Total investment	Nature & Term of OPCOs	Amount of loan advanced under the Contractual Arrangements Agreement(s) *(RMB million)*	Group's attributable interests	Subsidiary/ Associate/ Jointly controlled entity
1.	江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited	區兆昌 (Ou Zhaochang) (90%) 嚴夢英 (Yan Mengying)(10%)	Dah Chong Hong (China) Limited	20 May 2003	RMB5 million/ N/A	Limited liability company/Till 1 Feb 2009	4.5 0.5	100%	Subsidiary
2.	江門昌運油品有限公司 Chang Yun Oil Products Co. Ltd.	區兆昌 (Ou Zhaochang) (50%)	Dah Chong Hong (China) Limited	20 May 2003	RMB10.1 million/ N/A	Limited liability company/Till 1 Feb 2009	5.05	50%	Jointly controlled entity
3.	上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd.	上海大昌行食品工業有限公司 Shanghai DCH Food Industries Ltd. (88%) 王靜芬 (Wang Jingfen) (8%) 嚴夢英 (Yan Mengying) (4%)	Dah Chong Hong (China) Limited	14 April 1998	RMB12.5 million/ N/A	Limited liability company/Till 13 April 2008	— 1 0.5	100%	Subsidiary
4.	上海大昌行儲運有限公司 (Shanghai Dah Chong Hong Storage and Transportation Limited)	上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd. (80%) 楊福祥 (Yang Fuxiang) (20%)	Dah Chong Hong (China) Limited	27 May 2005	RMB0.5 million/ N/A	Limited liability company/Till 26 May 2025	— 0.1	100%	Subsidiary
5.	上海大昌行國際貿易有限公司 Dah Chong Hong International Shanghai Ltd.	上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd. (80%) 楊福祥 (Yang Fuxiang) (20%)	Dah Chong Hong (China) Limited	27 May 2005	RMB5 million/ N/A	Limited liability company/Till 26 May 2025	— 1	100%	Subsidiary
6.	上海上昌工貿有限公司 (Shanghai Shangchang Industry and Trading Limtied)	王靜芬 (Wang Jingfen) (60%) 許學華 (Xu Xuehua) (40%)	Dah Chong Hong (China) Limited	26 Dec 2000	RMB5.88 million/ N/A	Limited liability company/Till 25 Dec 2010	3.528 2.352	100%	Subsidiary
7.	上海宏圖電器有限公司 (Shanghai Vision Electrical Appliances Co., Ltd.)	上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd. (80%) 嚴夢英 (Yan Mengying) (20%)	Dah Chong Hong (China) Limited	14 Dec 2000	RMB1 million/ N/A	Limited liability company/Till 13 Dec 2010	— 0.2	100%	Subsidiary
8.	廣東慎昌貿易有限公司 Guang Dong Sims Trading Co., Ltd.	江門慎昌貿易有限公司 Sims Trading (Jiangmen) Company Limited) (75.25%) 嚴夢英 (Yan Mengying) (24.75%)	Sims (China) Limited	4 April 1999	RMB4 million/ N/A	Limited liability company/ Perpetual existence	— 0.99	100%	Subsidiary

	Name of OPCOs	Name of Registered Owner(s)/Owner(s) and shareholding	Name of Holding Subsidiary	Date of establishment of OPCOs	Registered capital/ Total investment	Nature & Term of OPCOs	Amount of loan advanced under the Contractual Arrangements Agreement(s) *(RMB million)*	Group's attributable interests	Subsidiary/ Associate/ Jointly controlled entity
9.	江門慎昌貿易有限公司 Sims Trading (Jiangmen) Company Limited	區兆昌 (Ou Zhaochang) (90%) 張江長 (Zhang Jiangchang) (10%)	Sims (China) Limited	20 May 2003	RMB10 million/ N/A	Limited liability company/ Perpetual existence	9 1	100%	Subsidiary
10.	上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited	王靜芬 (Wang Jingfen) (45.83%) 程濟美 (Cheng Jimei) (32.5%) 仲玉林 (Zhong Yulin) (16.67%) 宋志良 (Song Zhiliang) (5%)	Triangle Motors (China) Limited	14 July 1998	RMB12 million/ N/A	Limited liability company/Till 13 July 2008	5.5 3.9 2.0 0.6	100%	Subsidiary
11.	上海眾鈴汽車銷售服務有限公司 (Shanghai Zhongling Motors Sale and Service Limited)	沈學鋒 (Shen Xuefeng) (50%) 程濟美 (Cheng Jimei) (41.5%) 上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd. (8.5%)	Triangle Motors (China) Limited	14 April 1997	RMB12 million/ N/A	Limited liability company/Till 13 April 2047	6 4.98 —	100%	Subsidiary
12.	寧波眾鈴汽車貿易有限公司 (Ningbo Zhongling Motors Trading Limited)	上海眾鈴汽車銷售服務有限公司 (Shanghai Zhongling Motors Sale and Service Limited). (67%) 仲玉林 (Zhong Yulin) (33%)	Triangle Motors (China) Limited	17 Aug 2000	RMB12 million/ N/A	Limited liability company/Till 31 July 2010	— 4	100%	Subsidiary
13.	深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited)	仲玉林 (Zhong Yulin) (60%) 上海眾鈴汽車銷售服務有限公司 (Shanghai Zhongling Motors Sale and Service Limited) (40%)	Triangle Motors (China) Limited	16 Feb 1998	RMB10 million/ N/A	Limited liability company/Till 16 Feb 2008	6 —	100%	Subsidiary
14.	昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited)	深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited)(30%) 沈學鋒 (Shen Xuefeng) (10%) 仲玉林 (Zhong Yulin) (40%)	Triangle Motors (China) Limited	14 Aug 2001	RMB5 million/ N/A	Limited liability company/Till 14 Aug, 2011	— 0.5 2	80%	Subsidiary
15.	昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited)	仲玉林 (Zhong Yulin) (30%) 程濟美 (Cheng Jimei) (44%) 上海賓利汽車銷售有限公司 (Shanghai Bentley Motors Sale Limited) (20%) 上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd. (6%)	Triangle Motors (China) Limited	15 Nov 1999	RMB5 million/ N/A	Limited liability company/Till 15 Nov 2009	1.5 2.2 — —	100%	Subsidiary

	Name of OPCOs	Name of Registered Owner(s)/Owner(s) and shareholding	Name of Holding Subsidiary	Date of establishment of OPCOs	Registered capital/ Total investment	Nature & Term of OPCOs	Amount of loan advanced under the Contractual Arrangements Agreement(s) *(RMB million)*	Group's attributable interests	Subsidiary/ Associate/ Jointly controlled entity
16.	江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited)	仲玉林 (Zhong Yulin) (50%) 蔡兆敏 (Cai Zhaomin) (50%)	Dah Chong Hong Motors (China) Limited	16 April 2003	RMB12 million/ N/A	Limited liability company/ Perpetual existence	6 6	100%	Subsidiary
17.	廣東駿現汽車貿易有限公司 (Guangdong Junxian Motors Trading Limited)	程濟美 (Cheng Jimei) (20%) 仲玉林 (Zhong Yulin) (80%)	Dah Chong Hong Motors (China) Limited	7 July 2004	RMB10 million/ N/A	Limited liability company/ Perpetual existence	2 8	100%	Subsidiary
18.	湛江市駿華豐田汽車銷售服務有限公司 (Zhanjiang Junhua Toyota Motors Sale and Service Limited)	蔡兆敏 (Cai Zhaomin) (50%) 仲玉林 (Zhong Yulin) (50%)	Dah Chong Hong Motors (China) Limited	2 July 2003	RMB6 million/ N/A	Limited liability company/ Perpetual existence	3 3	100%	Subsidiary
19.	湛江市駿誠汽車銷售服務有限公司 (Zhangjiang Juncheng Motors Sale and Service Limited)	蔡兆敏 (Cai Zhaomin) (80%) 仲玉林 (Zhong Yulin) (20%)	Dah Chong Hong Motors (China) Limited	16 Dec 2005	RMB12 million/ N/A	Limited liability company/ Perpetual existence	9.6 2.4	100%	Subsidiary
20.	雲南中馳汽車銷售服務有限公司 (Yunnan Zhongchi Motors Sale and Service Limited)	蔡兆敏 (Cai Zhaomin) (50%) 仲玉林 (Zhong Yulin) (50%)	Dah Chong Hong Motors (China) Limited	30 Dec 2003	RMB6.15 million/ N/A	Limited liability company/Till 29 Dec 2013	3.075 3.075	100%	Subsidiary
21.	昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited)	孫海文 (Sun Haiwen) (70%) 宋志良 (Song Zhiliang) (30%)	Dah Chong Hong Motors (China) Limited	30 Sep 2003	RMB5 million/ N/A	Limited liability company/Till 30 Oct 2013	3.5 1.5	100%	Subsidiary
22.	廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited)	湛江市駿凱汽車技術服務有限公司 (Zhangjiang Junkai Motors Technology and Service Limited)(60%) 仲玉林 (Zhong Yulin) (20%)	Dah Chong Hong Motors (China) Limited	28 Sep 2003	RMB10 million/ N/A	Limited liability company/ Till 30 Nov 2008	— 2	80%	Subsidiary
23.	廣東通達舊機動車交易市場經營有限公司 (Guangdong Tongda Used Automobiles Trading Limited)	蔡兆敏 (Cai Zhaomin) (22.68%)	Dah Chong Hong Motors (China) Limited	31 Oct 2003	RMB19.22 million/ N/A	Limited liability company/ Perpetual existence	4.36	22.68%	Associate
24.	東莞市東昌汽車銷售服務有限公司 (Dongguan Dongchang Motors Sale and Service Limited)	蔡兆敏 (Cai Zhaomin) (77.50%)	Dah Chong Hong Motors (China) Limited	4 Sep 2001	RMB10 million/ N/A	Limited liability company/Till 3 Sep 2006	7.75	77.5%	Jointly controlled entity
25.	深圳市深昌汽車貿易有限公司 (Shenzhen Shenchang Motors Trading Limited)	蔡兆敏 (Cai Zhaomin) (50%) 仲玉林 (Zhong Yulin) (50%)	Dah Chong Hong Motors (China) Limited	5 Sep 2003	RMB5 million/ N/A	Limited liability company/Till 5 Sep 2013	2.5 2.5	100%	Subsidiary

	Name of OPCOs	Name of Registered Owner(s)/Owner(s) and shareholding	Name of Holding Subsidiary	Date of establishment of OPCOs	Registered capital/ Total investment	Nature & Term of OPCOs	Amount of loan advanced under the Contractual Arrangements Agreement(s) *(RMB million)*	Group's attributable interests	Subsidiary/ Associate/ Jointly controlled entity
26.	廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited)	程濟美 (Cheng Jimei) (56.50%) 仲玉林 (Zhong Yulin) (33.50%)	Dah Chong Hong Motors (China) Limited	18 August 2000	RMB10 million/ N/A	Limited liability company/ Perpetual existence	5.65 3.35	90%	Subsidiary
27.	湛江市駿浩汽車有限公司 (Zhanjiang Junhao Motors Limited)	蔡兆敏 (Cai Zhaomin) (50%) 仲玉林 (Zhong Yulin) (50%)	Dah Chong Hong Motors (China) Limited	18 Apr 2003	RMB5 million	Limited liability company/ perpetual existence	2.5 2.5	100%	Subsidiary
28.	廣東日產汽車貿易有限公司 (Guangdong Nissan Motors Trading Limited)	王靜芬 (Wang Jingfen) (50%)	Dah Chong Hong Motors (Nissan-China) Limited	15 Aug 2000	RMB10 million/ N/A	Limited liability company/ Perpetual existence	5	50%	Jointly controlled entity
29.	福州合創汽車貿易有限公司 (Fuzhou Hechuang Motors Trading Limited)	蔡兆敏 (Cai Zhaomin) (80%) 仲玉林 (Zhong Yulin) (20%)	Reliance Motors, Limited	21 April 2004	RMB10 million/ N/A	Limited liability company/ Till 20 April 2024	8 2	100%	Subsidiary
30.	上海捷高汽車零配件銷售有限公司 (Shanghai JAPCO Auto Parts Sale Limited)	宋志良 (Song Zhiliang) (33.33%) 閻肅 (Yan Su) (66.67%)	捷高汽車零件（廣州）有限公司 JAPCO Auto Parts (Guangzhou) Co., Ltd.	10 June 1998	RMB0.6 million/ N/A	Limited liability company/ Till 9 June 2008	0.2 0.4	100%	Subsidiary
31.	錫林郭勒大昌行肉業有限公司 (Xilingguole Dah Chong Hong Meat Industry Limited)	上海大昌行食品工業有限公司 Shanghai DCH Food Industries Ltd. (90%) 楊福祥 (Yang Fuxiang)(10%)	Dah Chong Hong (China) Limited	9 June 2007	RMB1 million/ N/A	Limited liability company/ Till 8 June 2017	— 0.1	100%	Subsidiary
32.	江門大昌行供應鏈管理有限公司 (Jiangmen DCH Supply Chain Management Co., Ltd.)	上海宏圖電器有限公司 (Shanghai Vision Electrical Appliances Co., Ltd.) (90%) 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited (10%)	DCH Supply Chain Management Company Limited	14 March 2006	RMB1 million/ N/A	Limited liability company/ Perpetual existance	0.9 0.1	100%	Subsidiary
33.	江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited)	江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited) (10%) 江門市美昌汽車貿易有限公司 (Jiangmen Meichang Motors Trading Limited) (75%)*(note)*	江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited)	13 September 2006	RMB20 million/ N/A	Limited liability company/ Perpetual existance	— 15	85%	Subsidiary

Note: This Registered Owner is not a natural person because of the commercial agreement between the joint venture parties.

5. REPURCHASE BY THE COMPANY OF ITS OWN SECURITIES

This section sets out information required by the Stock Exchange to be included in this Prospectus concerning the repurchase by the Company of its own securities.

A. Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) Shareholders' approval

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association and the Listing Rules and the applicable laws of Hong Kong. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by the Company may be made out of the Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of the Company's share premium account.

(c) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(d) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(e) Suspension of repurchase

A listed company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of: (i) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(f) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchase, where relevant, and the aggregate prices paid.

(g) Connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "connected person", that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their associates (as defined in the Listing Rules) and a connected person is prohibited from knowingly selling his securities to the company.

B. Reasons for repurchase

The Directors believe that it is in the best interest of the Company and its shareholders for the Directors to have general authority from the shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and its shareholders.

C. Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of Hong Kong.

On the basis of the Company's current financial position as disclosed in this Prospectus and taking into account the Company's current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the Company's working capital and/or the Company's gearing position as compared with the position disclosed in this Prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

D. General

Exercise in full of the Repurchase Mandate, on the basis of 1,800,000,000 Shares in issue after completion of the Global Offering (assuming the options granted under the Pre-IPO Share Option Scheme are not exercised), could accordingly result in up to 180,000,000 Shares being repurchased by the Company during the period prior to:

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within which the Company's next annual general meeting is required by the Articles of Association or the Companies Ordinance or any other applicable laws of Hong Kong to be held; or
- the revocation or variation of the Repurchase Mandate by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and Articles of Association and the applicable laws in Hong Kong.

If, as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Code on Takeovers and Mergers (the "***Takeovers Code***"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No connected person (as defined in the Listing Rules) has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

6. FURTHER INFORMATION ABOUT THE BUSINESS

A. Summary of material contracts

The Company has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this Prospectus that are or may be material:

(1) an agreement dated 27 July 2007 between Triangle Motors (China) Limited and Isuzu Motors Limited in respect of the transfer of 23,250 "I" ordinary shares of HK$10 each in the issued share capital of Triangle Isuzu Motors Limited from Isuzu Motors Limited to Triangle Motors (China) Limited for a consideration of HK$2,350,000;

(2) a share transfer agreement dated 31 July 2007 between 王靜芬 (Wang Jingfen) (on behalf of Dah Chong Hong Motors (Nissan-China) Limited 大昌貿易行汽車(日產—中國)有限公司) and 梁煥玲 (Liang Huanling) in respect of a transfer of 51% of the entire share interest in 青島日產汽車銷售服務有限公司 (Qingdao Nissan Motors Sale and Service Limited) from 王靜芬 (Wang Jingfen) to 梁煥玲 (Liang Huanling) for a consideration of RMB1,000,000;

(3) a share transfer agreement dated 14 September 2007 between 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) and 李勵 (Li Li) in respect of the transfer of 10% of the entire share interest in 廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited) from 李勵 (Li Li) to 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) for a consideration of RMB3,300,000;

(4) a share transfer agreement dated 14 September 2007 between 深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited) and 廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited) in respect of a transfer of 20% of the entire share interest in 昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited) from 廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited) to 深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited) for a consideration of RMB1,400,000;

(5) a share transfer agreement dated 14 September 2007 between 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) and 廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited) in respect of a transfer of 20% of the entire share interest in 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited) from 廣州市駿悅投資管理有限公司 (Guangzhou Junyue Investment Management Limited) to 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) for a consideration of RMB1,300,000;

(6) an instrument of transfer dated 29 June 2007 in respect of a transfer of 100,000 shares of HK$ 1.00 each in Sims Logistics Services Limited by Sims Trading Company Limited to DCH Logistics Company Limited for a consideration of HK$882,533.68;

(7) a deed of assignment dated 29 June 2007 between Eltonford Limited and DCH Logistics Company Limited in respect of the assignment of a loan in the amount of HK$80,545,742 from Eltonford Limited to DCH Logistics Company Limited owed by Yee Lim Godown & Cold Storage Limited for a consideration of HK$12,598,103;

(8) a deed of assignment dated 29 June 2007 between Dah Chong Hong and CITIC Pacific in respect of the assignment of a loan in the amount of HK$32,406,232.23 from Dah Chong Hong to CITIC Pacific owed by Dah Chong Hong (Engineering) Limited at a consideration of HK$32,406,232.23;

(9) a deed of assignment dated 29 June 2007 between Dah Chong Hong and CITIC Pacific in respect of the assignment of a loan in the amount of HK$12,223,832.85 from Dah Chong Hong to CITIC Pacific owed by DCH Interior Products Company Limited at a consideration of HK$12,223,832.85;

(10) a supplemental agreement dated 6 December 2005 between DAS Aviation Support Limited and Nordisk Aviation Products Asia Limited in respect of certain amendment of the shareholders' agreement dated 19 December 1997 between Dah Chong Hong — Dragonair Airport GSE Service Limited and Nordisk Aviation Products Asia Limited;

(11) a deed dated 29 December 2005 between DAS Aviation Support Limited ("**DASL**"), Nordisk Aviation Products Asia Limited ("**NAPA**") and Hydro Asia Pacific Pte. Ltd. (now known as Nordisk Asia Pacific Pte. Ltd.) ("**NAP**") whereby NAP acknowledged and undertook that it should be bound by the shareholders agreement in relation to DASL in place of NAPA. DASL released and discharged NAPA all further obligations and future claims and accepted NAP as party to the shareholders agreement;

(12) a joint venture agreement dated 7 November 2005 between 大塚食品株式會社 (Otsuka Foods Co., Ltd.), 大塚(中國)投資有限公司 (Otsuka (China) Investment Limited), 大塚化學控股株式會社 (Otsuka Chemical Holdings Co., Ltd), 大塚化學株式會社 (Otsuka Chemical Co., Ltd), Neosota Corp. and 維維食品飲料股份有限公司 (VV Food and Beverage Co., Ltd) in respect of the establishment of a foreign invested joint venture 大塚(上海)食品安全研究開發有限公司 (Otsuka (Shanghai) Foods Safety Research & Development Co., Ltd.) in the PRC with the registered capital of US$1.6 million in the proportion of 53:20:10:10:5:2;

(13) an agreement dated 23 January 2006 between Otsuka Foods Co., Ltd. and Neosota Corp. in respect of the contribution of an additional 5% of the registered capital of 大塚(上海)食品安全研究開發有限公司 (Otsuka (Shanghai) Foods Safety Research & Development Co., Ltd), by Neosota Corp. in the amount of US$80,000;

(14) a share transfer agreement dated 23 November 2006 between 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited), 廣東新協力集團有限公司 (Guangdong Xin Xie Li Holdings Limited), 仲玉林 (Zhong Yulin) and 廣州市駿悦投資管理有限公司 (Guangzhou Junyue Investment Management Limited) in respect of the transfer of 40% of the registered capital in 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited) from 廣東新協力集團有限公司 (Guangdong Xin Xie Li Holdings Limited) to 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) in the amount of RMB2,000,000;

(15) a share transfer agreement dated 13 September 2006 entered into between 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) and 雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited) in respect of the transfer of 79% of the registered capital in 雲南聯迪汽車服務有限公司 (Yunnan Liandi Motors Service Limited) from 雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited) to 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) in the amount of RMB7,900,000;

(16) a share transfer agreement dated 13 September 2006 between 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited) and 雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited) in respect of the transfer of 79% of the registered capital in 雲南寶泰隆汽車服務有限公司 (Yunnan Bao Tailong Motors Service Limited) from 雲南中凱集團有限公司 (Yunnan Zhongkai Holdings Limited) to 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited) in the amount of RMB3,950,000;

(17) a share transfer agreement dated 26 September 2006 between 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited) and 譚德洪 (Tan Dehong) in respect of the transfer of 80% of the registered capital in 江門市怡誠汽車銷售服務有限公司 (Jiangmen Yicheng Motors Sale and Service Limited) from 譚德洪 (Tan Dehong) to 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited) for a consideration of RMB8,000,000;

(18) a share transfer agreement dated 30 November 2006 between 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited) and 謝健庭 (Xie Jianting) in respect of the transfer of 80% of the registered capital in 湛江市合榮汽車銷售服務有限公司 (Zhangjiang Herong Motors Sale and Service Limited) from 謝健庭 (Xie Jianting) to 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited) for a consideration of RMB8,000,000;

(19) a share transfer agreement dated 24 August 2007 between 安達貿易株式會社 Adachi Trading Company Limited ("Adachi Trading") and 常大勇 (Chang Dayong) in respect of the disposal of 75% of the entire registered capital in 青島安達塗料化學材料有限公司 Qingdao Adachi Paints and Chemical Materials Co., Ltd. ("Qingdao Adachi") from Adachi Trading to 常大勇 (Chang Dayong) for nil consideration; Pursuant to the terms of the agreement, Adachi Trading agreed to: (a) repay a loan amount due from Qingdao Adachi to third party creditors of RMB1,250,096.04; (b) waive a loan of RMB1,503,444.18 due from Qingdao Adachi to Adachi Trading; and (c) repay a loan of RMB1,235,994.08 due from Qingdao Adachi to 上海信昌咨詢服務有限公司 (Shanghai Xinchang Consulting Service Limited), a wholly owned subsidiary of the Company.

(20) an agreement for sale and purchase dated 12 September 2007 between South China Paper Limited, and the Company in respect of, inter alia, the purchase of the property situated in Yuen Long by the Company from South China Paper Limited at a consideration of HK$78,000,000.

(21) an asset transfer contract dated 5 September 2007 between 廣東慎昌貿易有限公司 (Guangdong Sims Trading Company Limited), 上海慎昌貿易有限公司 (Shanghai Sims Trading Company Limited) and Diageo China Limited in respect of the disposal of certain assets and novation of certain business contracts in 廣東慎昌貿易有限公司 (Guangdong Sims Trading Company Limited) and 上海慎昌貿易有限公司 (Shanghai Sims Trading Company Limited) to Diageo China Limited for a consideration of RMB32,836,875;

(22) a shareholders' agreement dated 5 September 2007 between Diageo Highlands Holding B.V., High Champ Enterprises Corp. and Royale Wood Trading Limited in relation to the establishment of a foreign invested joint venture in the PRC with the registered capital of US$200,000 in the proportion of 51:29:20 respectively;

(23) an assignment agreement dated 1 January 2007 between Hydro Aluminium Asia Pte. Ltd., Nordisk Asia Pacific Ltd. and Das Nordisk Limited in respect of the assignment of all the rights and liabilities under (i) the technical support and know-how licence agreement dated 19 December 1997 entered into between Nordisk Aviation Products Asia Ltd. and Das Nordisk Limited; and (ii) the assignment agreement dated 1 January 2005 entered into between Nordisk Aviation Products Asia Ltd., Hydro Aluminium Asia Pte. Ltd. and Das Nordisk Limited from Hydro Aluminium Asia Pte. Ltd. to Nordisk Asia Pacific Ltd. with effect from 1 January 2007.

(24) an agreement of assignment of loan dated 7 September 2007 between Rise Stand Investments Limited 時添投資有限公司, DCH Food Industries Limited 大昌行食品工業有限公司, 中信泰富（中國）投資有限公司 CITIC Pacific China Holdings Limited, 上海信昌咨詢服務有限公司 (Shanghai Xinchang Consulting Service Limited) and 上海大昌兒童食品廠有限公司 (Shanghai Dah Chong Children's Food Factory Co., Ltd.) in respect of (a) the assignment of a loan in the amount of US$600,000 from DCH Food Industries Limited 大昌行食品工業有限公司 to Rise Stand Investments Limited 時添投資有限公司 owed by 上海大昌兒童食品廠有限公司 (Shanghai Dah Chong Children's Food Factory Co., Ltd.) at a consideration of US$600,000; and (b) the assignment of a loan in the amount of RMB58,695,715 from 上海信昌咨詢服務有限公司 (Shanghai Xinchang Consulting Service Limited) to 中信泰富（中國）投資有限公司 CITIC Pacific China Holdings Limited owed by 上海大昌兒童食品廠有限公司 (Shanghai Dah Chong Children's Food Factory Co., Ltd.) at a consideration of RMB18,222,830;

(25) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司 and Chu Hon Fai 朱漢輝 in respect of the confirmation of the Contractual Arrangements implemented between the parties during which Chu Hon Fai 朱漢輝 was the registered shareholder of 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(26) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 區兆昌 (Ou Zhaochang) and 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited in respect of the Contractual Arrangements implemented between the parties for 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(27) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 嚴夢英 (Yan Mengying) and 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited in respect of the Contractual Arrangements implemented between the parties for 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(28) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司 and Chu Hon Fai 朱漢輝 in respect of the comfirmation of the Contractual Arrangements implemented between the parties during which Chu Hon Fai 朱漢輝 was the registered shareholder of 江門昌運油品有限公司 (Chang Yun Oil Products Co. Ltd.). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(29) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司 and 區兆昌 (Ou Zhaochang) in respect of the Contractual Arrangements implemented between the parties for 江門昌運油品有限公司 (Chang Yun Oil Products Co. Ltd.). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(30) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 嚴夢英 (Yan Mengying) and 上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd. in respect of the Contractual Arrangements implemented between the parties for 上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd.. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(31) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 王靜芬 (Wang Jingfen) and 上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd. in respect of the Contractual Arrangements implemented between the parties for 上海大昌行經貿有限公司 Shanghai Dah Chong Hong Trading Ltd.. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(32) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 楊福祥 (Yang Fuxiang) and 上海大昌行儲運有限公司 (Shanghai Dah Chong Hong Storage and Transportation Limited) in respect of the Contractual Arrangements implemented between the parties for 上海大昌行儲運有限公司 (Shanghai Dah Chong Hong Storage and Transportation Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(33) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 楊福祥 (Yang Fuxiang) and 上海大昌行國際貿易有限公司 Dah Chong Hong International Shanghai Ltd. in respect of the Contractual Arrangements implemented between the parties for 上海大昌行國際貿易有限公司 Dah Chong Hong International Shanghai Ltd.. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(34) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 王靜芬 (Wang Jingfen) and 上海上昌工貿有限公司 (Shanghai Shangchang Industry and Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 上海上昌工貿有限公司 (Shanghai Shangchang Industry and Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(35) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 許學華 (Xu Xuehua) and 上海上昌工貿有限公司 (Shanghai Shangchang Industry and Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 上海上昌工貿有限公司 (Shanghai Shangchang Industry and Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(36) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 嚴夢英 (Yan Mengying) and 上海宏圖電器有限公司 (Shanghai Vision Electrical Appliances Co., Ltd.) in respect of the Contractual Arrangements implemented between the parties for 上海宏圖電器有限公司 (Shanghai Vision Electrical Appliances Co., Ltd.). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(37) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Sims (China) Limited 慎昌（中國）有限公司, 嚴夢英 (Yan Mengying) and 廣東慎昌貿易有限公司 Guang Dong Sims Trading Co., Ltd. in respect of the Contractual Arrangements implemented between the parties for 廣東慎昌貿易有限公司 Guang Dong Sims Trading Co., Ltd.. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(38) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 entered into between Sims (China) Limited 慎昌（中國）有限公司 and Chu Hon Fai 朱漢輝 in respect of the confirmation of the Contractual Arrangements implemented between the parties during which Chu Hon Fai 朱漢輝 was the registered shareholder of 江門慎昌貿易有限公司 Sims Trading (Jiangmen) Company Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(39) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 entered into between Sims (China) Limited 慎昌（中國）有限公司 and Kuk Tai Wai 谷大偉 in respect of the confirmation of the Contractual Arrangements implemented between the parties during which Kuk Tai Wai 谷大偉 was the registered shareholder of 江門慎昌貿易有限公司 Sims Trading (Jiangmen) Company Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(40) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 entered into between Sims (China) Limited 慎昌（中國）有限公司, 區兆昌 (Ou Zhaochang) and 江門慎昌貿易有限公司 Sims Trading (Jiangmen) Company Limited in respect of the Contractual Arrangements implemented between the parties for 江門慎昌貿易有限公司 Sims Trading (Jiangmen) Company Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(41) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 entered into between Sims (China) Limited 慎昌（中國）有限公司, 張江長 (Zhang Jiang Chang) and 江門慎昌貿易有限公司 Sims Trading (Jiangmen) Company Limited in respect of the Contractual Arrangements implemented between the parties for 江門慎昌貿易有限公司 Sims Trading (Jiangmen) Company Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(42) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 王靜芬 (Wang Jingfen) and 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited in respect of the Contractual Arrangements implemented between the parties for 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(43) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 程濟美 (Cheng Jimei) and 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited in respect of the Contractual Arrangements implemented between the parties for 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(44) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited in respect of the Contractual Arrangements implemented between the parties for 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(45) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 宋志良 (Song Zhiliang) and 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited in respect of the Contractual Arrangements implemented between the parties for 上海眾泰汽車銷售有限公司 Shanghai Zhongtai Motor Sales Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(46) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 沈學鋒 (Shen Xuefeng) and 上海眾鈴汽車貿易有限公司 (Shanghai Zhongling Motors Trading Limited) (now known as 上海眾鈴汽車銷售服務有限公司 (Shanghai Zhongling Motors Sale and Service Limited)) in respect of the Contractual Arrangements implemented between the parties for 上海眾鈴汽車貿易有限公司 (Shanghai Zhongling Motors Trading Limited) (now known as 上海眾鈴汽車銷售服務有限公司 (Shanghai Zhongling Motors Sale and Service Limited)). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(47) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 程濟美 (Cheng Jimei) and 上海眾鈴汽車貿易有限公司 (Shanghai Zhongling Motors Trading Limited) (now known as 上海眾鈴汽車銷售服務有限公司 (Shanghai Zhongling Motors Sale and Service Limited)) in respect of the Contractual Arrangements implemented between the parties for 上海眾鈴汽車貿易有限公司 (Shanghai Zhongling Motors Trading Limited) (now known as 上海眾鈴汽車銷售服務有限公司 (Shanghai Zhongling Motors Sale and Service Limited)). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(48) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 寧波眾鈴汽車貿易有限公司 (Ningbo Zhongling Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 寧波眾鈴汽車貿易有限公司 (Ningbo Zhongling Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(49) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(50) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(51) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 沈學鋒 (Shen Xuefeng) and 昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 昆明合達汽車銷售服務有限公司 (Kunming Heda Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(52) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(53) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司, 程濟美 (Cheng Jimei) and 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 昆明合運汽車貿易有限公司 (Kunming Heyun Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(54) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司,仲玉林 (Zhong Yulin) and 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(55) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司,蔡兆敏 (Cai Zhaomin) and 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(56) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 廣東駿現汽車貿易有限公司 (Guangdong Junxian Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 廣東駿現汽車貿易有限公司 (Guangdong Junxian Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(57) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 程濟美 (Cheng Jimei) and 廣東駿現汽車貿易有限公司 (Guangdong Junxian Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 廣東駿現汽車貿易有限公司 (Guangdong Junxian Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(58) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 湛江市駿華豐田汽車銷售服務有限公司 (Zhanjiang Junhua Toyota Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 湛江市駿華豐田汽車銷售服務有限公司 (Zhanjiang Junhua Toyota Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(59) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 蔡兆敏 (Cai Zhaomin) and 湛江市駿華豐田汽車銷售服務有限公司 (Zhanjiang Junhua Toyota Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 湛江市駿華豐田汽車銷售服務有限公司 (Zhanjiang Junhua Toyota Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(60) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 湛江市駿誠汽車銷售服務有限公司 (Zhanjiang Juncheng Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 湛江市駿誠汽車銷售服務有限公司 (Zhanjiang Juncheng Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(61) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 蔡兆敏 (Cai Zhaomin) and 湛江市駿誠汽車銷售服務有限公司 (Zhanjiang Juncheng Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 湛江市駿誠汽車銷售服務有限公司 (Zhanjiang Juncheng Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(62) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 雲南中馳汽車銷售服務有限公司 (Yunnan Zhongchi Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 雲南中馳汽車銷售服務有限公司 (Yunnan Zhongchi Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(63) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 蔡兆敏 (Cai Zhaomin) and 雲南中馳汽車銷售服務有限公司 (Yunnan Zhongchi Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 雲南中馳汽車銷售服務有限公司 (Yunnan Zhongchi Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(64) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 宋志良 (Song Zhiliang) and 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited.) Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(65) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 孫海文 (Sun Haiwen) and 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited) in respect of the Contractual Arrangements implemented between the parties for 昆明聯亞豐田汽車銷售服務有限公司 (Kunming Lianya Toyota Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(66) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 廣州眾協汽車貿易有限公司 (Guangzhou Zhongxie Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(67) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司 and 蔡兆敏 (Cai Zhaomin) in respect of the Contractual Arrangements implemented between the parties for 廣東通達舊機動車交易市場經營有限公司 (Guangdong Tongda Used Automobiles Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(68) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司 and 蔡兆敏 (Cai Zhaomin) in respect of the Contractual Arrangements implemented between the parties for 東莞市東昌汽車銷售服務有限公司 (Dongguan Dongchang Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(69) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 深圳市深昌汽車貿易有限公司 (Shenzhen Shenchang Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 深圳市深昌汽車貿易有限公司 (Shenzhen Shenchang Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(70) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 蔡兆敏 (Cai Zhaomin) and 深圳市深昌汽車貿易有限公司 (Shenzhen Shenchang Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 深圳市深昌汽車貿易有限公司 (Shenzhen Shenchang Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(71) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 仲玉林 (Zhong Yulin), and 廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(72) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 程濟美 (Cheng Jimei) and 廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 廣州合駿汽車貿易有限公司 (Guangzhou Hejun Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(73) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 仲玉林 (Zhong Yulin) and 湛江市駿浩汽車有限公司 (Zhanjiang Junhao Motors Limited) in respect of the Contractual Arrangements implemented between the parties for 湛江市駿浩汽車有限公司 (Zhanjiang Junhao Motors Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(74) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司, 蔡兆敏 (Cai Zhaomin) and 湛江市駿浩汽車有限公司 (Zhanjiang Junhao Motors Limited) in respect of the Contractual Arrangements implemented between the parties for 湛江市駿浩汽車有限公司 (Zhanjiang Junhao Motors Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(75) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (Nissan — China) Limited 大昌貿易行汽車（日產—中國）有限公司 and 王靜芬 (Wang Jingfen) in respect of the Contractual Arrangements implemented between the parties for 青島日產汽車銷售服務有限公司 (Qingdao Nissan Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(76) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (Nissan — China) Limited 大昌貿易行汽車（日產—中國）有限公司 and 王靜芬 (Wang Jingfen) in respect of the Contractual Arrangements implemented between the parties for 廣東日產汽車貿易有限公司 (Guangdong Nissan Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(77) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Reliance Motors, Limited 合群汽車有限公司, 仲玉林 (Zhong Yulin) and 福州合創汽車貿易有限公司 (Fuzhou Hechuang Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 福州合創汽車貿易有限公司 (Fuzhou Hechuang Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(78) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Reliance Motors, Limited 合群汽車有限公司, 蔡兆敏 (Cai Zhaomin) and 福州合創汽車貿易有限公司 (Fuzhou Hechuang Motors Trading Limited) in respect of the Contractual Arrangements implemented between the parties for 福州合創汽車貿易有限公司 (Fuzhou Hechuang Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(79) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between 捷高汽車零件（廣州）有限公司 JAPCO Auto Parts (Guangzhou) Co., Ltd., 宋志良 (Song Zhiliang) and 上海捷高汽車零配件銷售有限公司 (Shanghai JAPCO Auto Parts Sale Limited) in respect of the Contractual Arrangements implemented between the parties for 上海捷高汽車零配件銷售有限公司 (Shanghai JAPCO Auto Parts Sale Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(80) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between 捷高汽車零件（廣州）有限公司 JAPCO Auto Parts (Guangzhou) Co., Ltd., 閻肅 (Yan Su) and 上海捷高汽車零配件銷售有限公司 (Shanghai JAPCO Auto Parts Sale Limited) in respect of the Contractual Arrangements implemented between the parties for 上海捷高汽車零配件銷售有限公司 (Shanghai JAPCO Auto Parts Sale Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(81) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 entered into between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司 and Yuen Tze Fai 袁子輝 in respect of the confirmation of the Contractual Arrangements implemented between the parties during which Yuen Tze Fai 袁子輝 was the registered shareholder of 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(82) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司 and 程濟美 (Cheng Jimei) in respect of the confirmation of the Contractual Arrangements implemented between the parties during which 程濟美 (Cheng Jimei) was the registered shareholder of 深圳市眾運汽車貿易有限公司 (Shenzhen Zhongyun Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(83) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Triangle Motors (China) Limited 合眾汽車（中國）有限公司 and 王靜芬 (Wang Jingfen) in respect of the confirmation of the Contractual Arrangements implemented between the parties during which 王靜芬 (Wang Jingfen) was the registered shareholder of 寧波眾鈴汽車貿易有限公司 (Ningbo Zhongling Motors Trading Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(84) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司 and 仲玉林 (Zhong Yulin) in respect of the confirmation of the Contractual Arrangements implemented between the parties during which 仲玉林 (Zhong Yulin) was the registered shareholder of 北京信昌宏遠汽車銷售服務有限公司 (Beijing Xinchang Hongyuan Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(85) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司 and 程濟美 (Cheng Jimei) in respect of the confirmation of the Contractual Arrangements implemented between the parties during which 程濟美 (Cheng Jimei) was the registered shareholder of 北京信昌宏遠汽車銷售服務有限公司 (Beijing Xinchang Hongyuan Motors Sale and Service Limited), which has been dissolved on 21 March 2007. Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(86) a Confirmation and Agreement on the Shareholding Arrangements dated 13 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司 and 仲玉林 (Zhong Yulin) in respect of the confirmation of the Contractual Arrangements implemented between the parties during which 仲玉林 (Zhong Yulin) was the registered shareholder of 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited) . Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(87) a Confirmation and Agreement on the Shareholding Arrangements dated 11 July 2007 entered into between Dah Chong Hong Motors (China) Limited 大昌貿易行汽車（中國）有限公司 and 蔡兆敏 (Cai Zhaomin) in respect of the confirmation of the Contractual Arrangements implemented between the parties during which 蔡兆敏 (Cai Zhaomin) was the registered shareholder of 湛江市駿凱汽車技術服務有限公司 (Zhanjiang Junkai Motors Technology and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(88) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 between DCH Supply Chain Management Company Limited 大昌行供應鏈管理有限公司, 江門大昌貿易行有限公司 Dah Chong Hong (Jiangmen) Limited and 江門大昌行供應鏈管理有限公司 (Jiangmen DCH Supply Chain Management Co., Ltd.) in respect of the Contractual Arrangements implemented between the parties for 江門大昌行供應鏈管理有限公司 (Jiangmen DCH Supply Chain Management Co., Ltd.). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(89) a Confirmation and Agreement on the Shareholding Arrangements dated 30 July 2007 between DCH Supply Chain Management Company Limited 大昌行供應鏈管理有限公司, 上海宏圖電器有限公司 (Shanghai Vision Electrical Appliances Co., Ltd.) and 江門大昌行供應鏈管理有限公司 (Jiangmen DCH Supply Chain Management Co., Ltd.) in respect of the Contractual Arrangements implemented between the parties for 江門大昌行供應鏈管理有限公司 (Jiangmen DCH Supply Chain Management Co., Ltd.). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(90) a Confirmation and Agreement on the Shareholding Arrangements dated 6 July 2007 between Dah Chong Hong (China) Limited 大昌貿易行（中國）有限公司, 楊福祥 (Yang Fuxiang) and 錫林郭勒大昌行肉業有限公司 (Xilinguole Dah Chong Hong Meat Industry Limited) in respect of the Contractual Arrangements implemented between the parties for 錫林郭勒大昌行肉業有限公司 (Xilinguole Dah Chong Hong Meat Industry Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(91) a Confirmation and Agreement on the Shareholding Arrangements dated 28 July 2007 entered into between 江門市寶昌汽車銷售服務有限公司 (Jiangmen Baochang Motors Sale and Service Limited), 江門市美昌汽車貿易有限公司 (Jiangmen Meichang Motors Trading Limited) and 江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited) in respect of the confirmation of the Contractual Arrangements implemented between the parties for 江門市合禮汽車銷售服務有限公司 (Jiangmen Heli Motors Sale and Service Limited). Details of the Contractual Arrangements are set out in the Section headed "Summary of Contractual Arrangements in respect of certain PRC entities within the Group" in this Appendix;

(92) an agreement dated 25 September 2007 entered into between the Company and BNP Paribas, Hong Kong Branch in respect of granting of a term loan facility up to HK$600,000,000 from BNP Paribas, Hong Kong Branch to the Company for the refinancing of the existing indebtedness of the Group and the general corporate funding requirements of the Group;

(93) a deed of non-competition dated 28 September 2007 entered into by CITIC Pacific in favour of the Company the particulars of which are set out in the section "Relationship with CITIC Pacific" of the Prospectus;

(94) Deed of Indemnity dated 28 September 2007 entered into by CITIC Pacific in favour of the Company;

(95) Public Offer Underwriting Agreement;

(96) Cornerstone Placing Agreement dated 21 September 2007 between the Company, CITIC Pacific, Chow Tai Fook Nominee Limited and BNP Paribas in relation to the purchase of Shares up to the amount of US$30 million;

(97) Cornerstone Placing Agreement dated 21 September 2007 between the Company, CITIC Pacific, Dayjoro International Limited, Cheung Kong (Holdings) Limited and BNP Paribas in relation to the purchase of Shares up to the amount of US$15 million;

(98) Cornerstone Placing Agreement dated 21 September 2007 between the Company, CITIC Pacific, Li Ka Shing Foundation Limited and BNP Paribas in relation to the purchase of Shares up to the amount of US$15 million;

(99) Cornerstone Placing Agreement dated 21 September 2007 between the Company, CITIC Pacific, Longfit Limited, Shau Kee Financial Enterprises Limited and BNP Paribas in relation to the purchase of Shares up to the amount of US$30 million; and

(100) Cornerstone Placing Agreement dated 21 September 2007 between the Company, CITIC Pacific, Otsuka Pharmaceutical Co., Ltd. and BNP Paribas in relation to the purchase of Shares up to the amount of US$15 million.

B. Intellectual Properties

The following intellectual property rights are or may be material in relation to the Group's business:

(i) As at the Latest Practicable Date, the Group's registered trademarks are as follows:

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	DAH CHONG HONG	39	199406896	Class 39: Warehousing and transportation of goods; advisory and information services relating to all the aforesaid services; all included in Class 39.	Hong Kong	21/9/2013
Dah Chong Hong	DAH CHONG HONG	35, 37	200014715AA	Class 35: Provision of business information; import and export agency services; business consultancy and business organization consultancy services; business advice and consultancy services relating to franchising; business management assistance; retailing and wholesaling services relating to cosmetics, perfumes, beauty preparations, bleaching preparations and other substances for laundry use, detergents, washing machines, scientific, electronic and electric apparatus and instruments, high fidelity equipment, radios, video recorders, video disc players,	Hong Kong	8/9/2016

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
				record players, television apparatus, apparatus for lighting, heating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes, locking instruments, household and kitchen utensils, furniture, motor vehicles and parts and fittings therefor, building materials and interior decoration products, meat, fish, seafood, poultry and game and food products made therefrom, meat extracts, preserved, frozen, dried and cooked fruits and vegetables, snack food products, jellies, jams, milk and other dairy products, edible oils and fats, preserves, pickles; coffee, tea, cocoa, biscuits, confectionery, gum sweets, chewing gums, ice-cream, ice-cream products, frozen confections, packaged and instant food of dumpling, rice vermicelli, noodles, sugar, rice, tapioca, sago, flour and preparations made from cereals, pastry, honey, treacle, yeast, baking-powder, salt, mustard, vinegar, sauces (condiments), spices, agricultural, horticultural and forestry product and grains, fresh fruits and vegetables, seeds beans, food stuffs for animals, beer, mineral and aerated waters and other non-alcoholic drinks, fruit drinks, fruit juices, wines, spirits and liqueurs; all included in Class 35.		

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
				Class 37: Installation, fitting, repair and maintenance services relating to washing machines, industry machinery and equipment, scientific apparatus and instruments, electronic and electric apparatus and instruments, high fidelity apparatus, radios, video disc players, record players, television apparatus, home security system, video telecom systems, fire detection systems, alarm systems, water-pumping and water treatment systems; installation, fitting, repair and maintenance services relating to apparatus for lighting, heating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; installation, fitting, repair and maintenance services relating to vehicles, furniture, locking apparatus, household and kitchen utensils; civil engineering and construction services; carpet-fitting, carpet-laying, carpet cleaning; interior decorating; interior refurbishment of buildings; interior fitting-out; provision of information and advisory services relating to all the aforesaid services; all included in Class 37.		
Dah Chong Hong	DAH CHONG HONG	40	199500419	Class 40: Cooking of food other than for direct sale, food processing, food smoking, heat-treatment of food, irradiation of food, mildew-prevention treatment of food, sterilising of food, advisory and information services relating to all the aforesaid services; all included in Class 40.	Hong Kong	21/9/2013

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		35, 37	200014714AA	Class 35: Provision of business information; import and export agency services; business consultancy and business organization consultancy services; business advice and consultancy services relating to franchising; business management assistance; retailing and wholesaling services relating to cosmetics, perfumes, beauty preparations, bleaching preparations and other substances for laundry use, detergents, washing machines, scientific, electronic and electric apparatus and instruments, high fidelity equipment, radios, video recorders, video disc players, record players, television apparatus, apparatus for lighting, heating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes, locking instruments; household and kitchen utensils, furniture, motor vehicles and parts and fittings therefor, building materials and interior products, meat, fish, seafood, poultry and game and food products made therefrom, meat extracts, preserved, frozen, dried and cooked fruits and vegetables, snack food products, jellies, jams, milk and other dairy products, edible oils and fats; preserves, pickles; coffee, tea, cocoa, biscuits, confectionery, gum sweets, chewing gums; ice-cream, ice-cream products, frozen confections, packaged and instant food of dumpling, rice, vermicelli, noodles, sugar, rice, tapioca, sago, flour and	Hong Kong	8/9/2016

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
				preparations made from cereals, pastry, honey, treacle; yeast, baking-powder, salt, mustard, vinegar, sauces (condiments), spices; agricultural, horticultural and forestry product and grains, fresh fruits and vegetables, seeds, beans; food stuffs for animals, beer, mineral and aerated waters and other non-alcoholic drinks; fruit drinks; fruit juices; wines, spirits and liqueurs; all included in Class 35. Class 37: Installation, fitting, repair and maintenance services relating to washing machines, industry machinery and equipment, scientific apparatus and instruments, electronic and electric apparatus and instruments, high fidelity apparatus, radios, video disc players, record players, television apparatus, home security system, video telecom systems, fire detection systems, alarm systems, water-pumping and water treatment systems; installation, fitting, repair and maintenance services relating to apparatus for lighting, heating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; installation, fitting, repair and maintenance services relating to vehicles, furniture, locking apparatus, household and kitchen utensils; civil engineering and construction services; carpet-fitting, carpet-laying, carpet cleaning; interior decorating; interior refurbishment of buildings; interior fitting-out; provision of information and advisory services relating to all the aforesaid services; all included in Class 37.		
Dah Chong Hong	DAH CHONG HONG	39	199406895	Class 39: Warehousing and transportation of goods; advisory and information services relating to all the aforesaid services; all included in Class 39.	Hong Kong	21/9/2013

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		40	199500418	Class 40: Cooking of food other than for direct sale; food processing, food smoking, heat-treatment of food, irradiation of food, mildew-prevention treatment of food, sterilising of food; advisory and information services relating to all the aforesaid services; all included in Class 40.	Hong Kong	21/9/2013
Dah Chong Hong	大昌行 DCH	36	199810545	Class 36: Credit card, charge card, and membership card services related to financial and monetary affairs; advisory and information services relating to all the aforesaid services; all included in Class 36.	Hong Kong	28/3/2017
Dah Chong Hong	合誠	42	199402000	Class 42: Retail and distributorship services relating to motor vehicles, accessories and parts and fittings therefor; advisory and information services relating to all the aforesaid services; all included in Class 42.	Hong Kong	31/10/2013
Dah Chong Hong		37, 39	300070622	Class 37: Anti-rust treatment for vehicles; car inspection prior to repair or maintenance; car lubrication, cleaning and grooming services; car valet services; retreading of tyres; vehicle-service station; installation, maintenances and repair services relating to vehicles and parts and fittings thereof; repair and installation of electrical appliance for use in motor vehicles; all included in Class 37. Class 39: Car rental; storage and delivery of goods; car parking; hauling; towing of vehicles; all included in Class 39.	Hong Kong	28/8/2013

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		35, 37, 39, 41, 42	300070640	Class 35: Business information; import and export agency services; business organisation consultancy services; business management assistance; retailing and wholesaling services relating to motor vehicles, parts and fittings therefor; all included in Class 35. Class 37: Anti-rust treatment for vehicles; car inspection prior to repair or maintenance; car lubrication, cleaning and grooming services; car valet services; retreading of tyres; vehicle-service station; installation, maintenance and repair services relating to vehicles and parts and fittings thereof; repair and installation of electrical appliance for use in motor vehicles; all included in Class 37. Class 39: Car rental; storage and delivery of goods; car parking; hauling; towing of vehicles; all included in Class 39. Class 41: Tutorial and video training, instructional demonstration in relation to maintenance, function and operation of motor vehicles; all included in Class 41. Class 42: Vehicle testing services; vehicle emission testing services; engineering services; engineering consultancy; all included in Class 42.	Hong Kong	28/8/2013

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		16	2000B07627	Class 16: Paper, cardboard and goods made from these materials; stationery; printed matter, manuals, booklets, magazines, pamphlets, publications; papers and plastic materials for packaging (not included in other classes); wrapping papers; cards, playing cards, postcards, cards for use as credit cards (other than encoded or magnetic), membership cards and certificates; all included in Class 16.	Hong Kong	13/7/2015
Dah Chong Hong	猛獅	12	19892952	Class 12: Vehicles, parts and fittings therefor included in Class 12.	Hong Kong	20/7/2009
Dah Chong Hong	TRIANGLE	42	199402960	Class 42: Retail and distributorship services relating to motor vehicles, accessories and parts and fittings therefor; advisory and information services relating to all the aforesaid services; all included in Class 42.	Hong Kong	31/10/2013
Dah Chong Hong	合衆	42	199503898	Class 42: Retail and distributorship services relating to motor vehicles, accessories and parts and fittings therefor; advisory and information services relating to all the aforesaid services; all included in Class 42.	Hong Kong	31/10/2013
Dah Chong Hong		29	1995B07985	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and milk products; edible oils and fats; preserves.	Hong Kong	19/5/2013
		30	1995B07986	Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces salad dressings; spices; ice.	Hong Kong	19/5/2013

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
		31	1995B07987	Class 31: Agricultural, horticultural and forestry products and grains not included in other classes; living animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals, malt.	Hong Kong	19/5/2013
		32	1995B07988	Class 32: Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.	Hong Kong	19/5/2013
		42	1995B04931	Class 42: Retail of cosmetics, rice, monosodium glutamate, foodstuffs and drinks, sugar, grains and edible oils; advisory and information services relating to retailing of all the foregoing goods; all included in Class 42.	Hong Kong	19/5/2013
		16	1995B00416	Class 16: Printed matter related to foodstuffs; paper and plastic materials for packaging (not included in other classes); wrapping paper; all included in Class 16.	Hong Kong	19/5/2013
Dah Chong Hong		16	199500415	Class 16: Printed matter related to foodstuffs; paper and plastic materials for packaging (not included in other classes); wrapping paper; all included in Class 16.	Hong Kong	19/5/2013
		29	199500414	Class 29: Meat, fish, poultry and game; meat extracts; sausages; shellfish (not live); sea cucumbers; mollusca (not live); preserved mushrooms; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and milk products; edible oils and fats; preserves; all included in Class 29.	Hong Kong	19/5/2013

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
		30	199500413	Class 30: coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; ice-cream; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces, salad dressings; spices; ice; pizzas.	Hong Kong	19/5/2013
		31	199500412	Class 31: Agricultural, horticultural and forestry products and grains not included in other classes; living animals; fresh mushrooms; fresh fruits and vegetables; shellfish (live), mollusca (live); seeds, natural plants and flowers; foodstuffs for animals, malt.	Hong Kong	19/5/2013
		32	199500411	Class 32: Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.	Hong Kong	19/5/2013
		42	199405092	Class 42: Retail of cosmetics, rice, monosodium glutamate, foodstuffs and drinks, sugar, grains and edible oils; advisory and information services relating to retailing of all the foregoing goods; all included in Class 42.	Hong Kong	19/5/2013
Dah Chong Hong		29	1998B05252	Class 29: Edible oils.	Hong Kong	25/9/2013
Dah Chong Hong	CROWN	29	199904667	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and other dairy products; preserves, pickles; all included in Class 29.	Hong Kong	2/9/2013
		30	199904668	Class 30: Ices, salt, mustard, pepper, vinegar, sauces, spices, oyster sauces; all included in Class 30.	Hong Kong	2/9/2013
		31	1998B08163	Class 31: Living animals, fresh fruits and vegetables, seeds, live plants and flowers, foodstuffs for animals; all included in Class 31.	Hong Kong	2/9/2013

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		29	199908037	Class 29: Meat, fish, poultry and game; meat extracts; fresh, frozen and dried sea products; canned foods; preserved, dried and cooked fruits and vegetables, canned fruits; pickles; jellies, jams, sausages; preserves made from meat; milk and dairy products; edible oils and fats; all included in Class 29.	Hong Kong	25/11/2014
		30	199908038	Class 30: Flour and preparations made from cereals, bread, cakes, biscuits, pastry and confectionery; baking-powder; salad dressings; vinegar, sauces (condiments); spices; all included in Class 30.	Hong Kong	25/11/2014
		32	199908039	Class 32: Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages; all included in Class 32.	Hong Kong	25/11/2014
		30	200014676	Class 30: Rice, noodles, tapioca, sago, sugar; flour and preparations made from cereals, bread, cakes, biscuits, pastry and confectionery; baking-powder; salad dressings; vinegar, sauces (condiments); spices; all included in Class 30.	Hong Kong	27/1/2017
Dah Chong Hong		29	300340613	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; fruit sauces; eggs, preserves, pickles; edible oils and fats; all included in Class 29.	Hong Kong	19/12/2014
		29	19751123	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, preserves, pickles.	Hong Kong	3/5/2008

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
		30	19751124	Class 30: Sugar; flour and preparations made from cereals; bread and biscuits; cakes, pastry and confectionery (but excluding frozen confections consisting of cream or milk); honey, treacle; yeast, baking-powder, salt, mustard; pepper, vinegar, sauces; spices.	Hong Kong	3/5/2008
		31	19751125	Class 31: Agricultural, horticultural and forestry products and grains not included in other classes; living animals; fresh fruits and vegetables; seeds; live plants and flowers; food-stuffs for animals, malt.	Hong Kong	3/5/2008
Dah Chong Hong	武士牌	29	199808362	Class 29: Meat, fish, poultry and game, meat extracts, preserved, dried and cooked fruits and vegetables, jellies, jams, fruit sauces, eggs, milk and milk products, edible oils and fats.	Hong Kong	2/9/2013
		30	199808363	Class 30: Sugar, rice, flour, salt, spice and sauces.	Hong Kong	2/9/2013
Dah Chong Hong	LEI KO BRAND 利高牌	29	200111418	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats; all included in Class 29.	Hong Kong	22/5/2017
Dah Chong Hong	QUEEN 皇后	30	200215793	Class 30: Flour.	Hong Kong	6/3/2008
Dah Chong Hong		30	2001B12596	Class 30: Rice, rice noodles; rice flour and preparations made from rice; all included in Class 30.	Hong Kong	15/6/2017

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		29	199808364	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies; jams; eggs, milk and dairy products; edible oils and fats; preserved foods, pickles; all included in Class 29.	Hong Kong	2/9/2013
		30	199808365	Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, preparations for use as substitutes for coffee; flour, preparations made form cereals, bread, biscuits, cakes, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard, pepper; vinegar, sauces; spices; ice.	Hong Kong	2/9/2013
		31	199808366	Class 31: Agricultural, horticultural and forestry products and grains not included in other classes; living animals; fresh fruits and vegetables; seeds, live plants and flowers; foodstuffs for animals, malt.	Hong Kong	2/9/2013
Dah Chong Hong	大雞大	30	2003B05119	Class 30: Sauces (condiments), spices, seasoning products for food; essences for food (other than essential oils); all included in Class 30.	Hong Kong	17/6/2009
Dah Chong Hong		30	200209809	Class 30: Rice, noodles; flour and preparations made from cereals; sugar, spice and sauces; all included in Class 30.	Hong Kong	24/5/2017
		29	300351251	Class 29: Edible oils and fats; meat, meat extracts, meat pastes, meat products for food; soups, preparations for making soups; fish and poultry; shellfish and abalone; dried and cooked mushrooms, fruits and vegetables; all included in Class 29.	Hong Kong	9/1/2015
Dah Chong Hong		29	200108112	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and milk products; edible oils and fats; margarine; preserves made from meat; all included in Class 29.	Hong Kong	9/8/2017

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
		30	200303390	Class 30: Rice, flour and preparations made from cereals; noodles; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices, condiments; ketchup (sauces); all included in Class 30.	Hong Kong	4/12/2008
Dah Chong Hong	皇冠牌	29	200207804	Class 29: Meat, fish, poultry and game; meat extract; fresh, frozen and dried seafood products; canned foods; preserved, dried and cooked fruits and vegetables; canned fruits; pickles; jellies, jams; sausages; preserves made from meat; milk and milk products; edible oils and fats; all included in Class 29.	Hong Kong	14/3/2008
		30	200315418	Class 30: Ices, salt, mustard, salad dressings, vinegar, sauces (condiments), spices, ice; all included in Class 30.	Hong Kong	14/3/2008
Dah Chong Hong	寶塔牌 PAGODA	29	199909173	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies; jams; fruit sauces; eggs; milk and milk products; edible oils and fats; all included in Class 29.	Hong Kong	6/2/2015
Dah Chong Hong		29	200314707	Class 29: Edible oils and fats; all included in Class 29.	Hong Kong	20/11/2009
Dah Chong Hong		29	19721052	Class 29: Edible lard.	Hong Kong	28/2/2017
		29	19770548	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and other dairy products; preserves, pickles.	Hong Kong	14/1/2011
		30	19770549	Class 30: Ices, salt, mustard; pepper, vinegar, sauces, spices; ice, oyster sauces.	Hong Kong	14/1/2011
		31	19770550	Class 31: Living animals, fresh fruits and vegetables, seeds; live plants and flowers, foodstuffs for animals.	Hong Kong	14/1/2011

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		29 (Schedule III: 42)	19500120	Class 29: Peanut oil and soy.	Hong Kong	3/5/2015
Dah Chong Hong		29	19740985	Class 29: Frozen abalone.	Hong Kong	4/12/2007
		30	19731450	Class 30: Noodles and starch; flour; oyster juice and sauce.	Hong Kong	4/12/2007
		31	19741325	Class 31: Seeds, beans and grains for edible, agricultural and horticultural purposes, mushroom, foodstuffs for animals.	Hong Kong	4/12/2007
Dah Chong Hong		29	19730731	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and other dairy products; edible oils and fats; preserves, pickles.	Hong Kong	4/12/2007
		30	19730732	Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, coffee substitutes; flour, and preparations made from cereals; bread, biscuits, cakes, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; pepper, vinegar, sauces; spices; ice.	Hong Kong	4/12/2007
		31	19730733	Class 31: Agricultural, horticultural and forestry products and grains not included in other classes; living animals; fresh fruits and vegetables; seeds; live plants and flowers; food-stuffs for animals, malt.	Hong Kong	4/12/2007
Dah Chong Hong		29	199405951	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and milk products; preserves.	Hong Kong	19/5/2013

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
		30	199405950	Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces, salad dressings; spices; ice.	Hong Kong	19/5/2013
		31	199500622	Class 31: Agricultural, horticultural and forestry products and grains not included in other classes; living animals; fresh fruits and vegetables; seeds, natural plants and flowers; foodstuffs for animals, malt; but not including peanuts and other nuts.	Hong Kong	19/5/2013
		32	199403810	Class 32: Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages.	Hong Kong	19/5/2013
Dah Chong Hong		29	19741207	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and other dairy products; edible oils and fats; preserves, pickles.	Hong Kong	9/3/2008
		30	19740179	Class 30: Oyster juice and sauce, noodles and starch.	Hong Kong	9/3/2008
		31	19741208	Class 31: Agricultural, horticultural and forestry products and grains not included in other classes; living animals; fresh fruits and vegetables; seeds; live plants and flowers; food-stuffs for animals, malt.	Hong Kong	9/3/2008
Dah Chong Hong	利高牌	29	19741146	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and other dairy products; edible oils and fats; preserves, pickles.	Hong Kong	4/4/2009

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
		30	19741147	Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, coffee substitutes; flour, and preparations made from cereals; bread, biscuits, cakes, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; pepper, vinegar, sauces; spices; ice.	Hong Kong	4/4/2009
		31	19741148	Class 31: Agricultural, horticultural and forestry products and grains not included in other classes; living animals; fresh fruits and vegetables; seeds; live plants and flowers; food-stuffs for animals, malt.	Hong Kong	4/4/2009
Dah Chong Hong	豐年	29	19760067	Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams; eggs, milk and other dairy products; edible oils and fats; preserves, pickles.	Hong Kong	6/6/2010
		30	19760068	Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, coffee substitutes; flour, and preparations made from cereals; bread, biscuits, cakes, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; pepper, vinegar, sauces; spices; ice.	Hong Kong	6/6/2010
		31	19760069	Class 31: Agricultural, horticultural and forestry products and grains not included in other classes; living animals; fresh fruits and vegetables; seeds; live plants and flowers; food-stuffs for animals, malt.	Hong Kong	6/6/2010

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		29	2003B03388	Class 29: Meat, fish, poultry and game; meat extracts; fresh, frozen and dried seafood products; shellfish products; shark's fins; bird's nest soups with rock sugar; canned foods; preserved, dried and cooked fruits and vegetables; preserved and dried mushrooms; canned fruits; pickles, jellies, jams, sausages; preserves made from meat, milk and other dairy products, edible oils and fats; all included in Class 29.	Hong Kong	17/9/2008
Dah Chong Hong	OCEAN JADE	29	200305107	Class 29: Frozen and canned abalone.	Hong Kong	27/2/2008
Dah Chong Hong		29	2003B08276	Class 29: Meat, fish, poultry and game; meat extracts; fresh, frozen and dried sea products; shellfish products; shark's fins; bird's nest soup with rock sugar; canned foods; preserved, dried and cooked fruits and vegetables; preserved and dried mushrooms; canned fruits; pickles, jellies, jams, sausages; preserves made from meat, milk and other dairy products; all included in Class 29.	Hong Kong	24/8/2008
Dah Chong Hong		29	199508251	Class 29: Canned abalones included in Class 29.	Hong Kong	26/3/2012
Dah Chong Hong	星嘜	29	199508252	Class 29: Canned abalones included in Class 29.	Hong Kong	26/3/2012
Dah Chong Hong	海洋翡翠	29	200213021	Class 29: Frozen and canned abalones.	Hong Kong	27/2/2008
Dah Chong Hong		29	300230624	Class 29: Chicken sausages.	Hong Kong	9/6/2014

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	龍珠牌	29	200014164	Class 29: Abalone, seafood and shellfish (not being live); seafood products, meat, meat extracts; preserved, dried and cooked mushrooms, fruits and vegetables; jellies, jams, eggs, milk and dairy products, edible oils and fats; all included in Class 29.	Hong Kong	27/1/2017
Dah Chong Hong	BUTLER	7, 9, 11	199908125AA	Class 7: Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements; incubators for eggs; all included in Class 7. Class 9: Weighing, measuring, photographic and optical apparatus and instruments; life-saving and teaching apparatus and instruments; vacuum cleaners, electric flat irons; electric, electronic and computer locking instruments, warning devices, electronic security apparatus; electric door bells; electric polishing apparatus and machines for household purposes; electric batteries, battery chargers; thermometers, not for medical purposes; money counting and sorting machines; electric switches, sockets, plugs and contacts (electric connections); all included in Class 9. Class 11: Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; all included in Class 11.	Hong Kong	10/2/2015
Dah Chong Hong	Butler-Care	36	199909473	Class 36: Insurance services; guarantee insurance services; insurance services relating to the maintenance of goods; all included in Class 36.	Hong Kong	26/2/2015

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	DCH AV	9	2002B05249	Class 9: Electric acoustic apparatus and instruments; loudspeakers; microphones; amplifiers; sound and video receiving, recording and reproducing apparatus and instruments; headphones; radio and television receiving and transmitting apparatus and instruments; electric gramophones; radios incorporating record players; audio tape and/or audio disc players; pick-ups for electrical musical instruments; stereo apparatus comprising tape and/or disc and/or record players, tuners, amplifiers and speakers; compact disc players, video disc players, digital video disc players; electrical musical instruments incorporating radio and television receivers; surround sound processors; sound mixers; audio-video apparatus with sing along devices; combinations of all the aforesaid goods; parts and fittings for all the aforesaid goods; all included in Class 9.	Hong Kong	24/10/2007
Dah Chong Hong	ELECTRICAL APPLIANCES BUTLER	37	199913828	Class 37: Installation, fitting, repair and maintenance services for washing machines, scientific, electronic and electric apparatus and instruments, high fidelity equipment, radios, video recorders, video disc players, record players, television apparatus, electrical apparatus for lighting, heating, cooking, refrigerating, drying and ventilating, electric appliances for water supply and sanitary purposes, vehicles, electric locking instruments and electric kitchen tools; provision of information and advisory services relating to the aforesaid; all included in Class 37.	Hong Kong	16/10/2014

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	EA BUTLER	37	199913826	Class 37: Installation, fitting, repair and maintenance services relating to washing machines, scientific, electronic and electric apparatus and instruments, high fidelity equipment, radios, video recorders, video disc players, record players, television apparatus, apparatus for lighting, heating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes, vehicles, furniture, locking instruments, household and kitchen utensils; provision of information and advisory services relating to all the aforesaid; all included in Class 37.	Hong Kong	16/10/2014
Dah Chong Hong	GOLDEN HEART SERVICE	37	200004279	Class 37: Installation, fitting, repair and maintenance services relating to washing machines, scientific apparatus and instruments, electronic and electric apparatus and instruments, high fidelity apparatus, radios, video recorders, video disc players, record players, television apparatus; installation, fitting, repair and maintenance services relating to apparatus for lighting, heating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; installation, fitting, repair and maintenance services relating to vehicles, furniture, locking apparatus, household and kitchen utensils; provision of information and advisory services relating to all the aforesaid services; all included in Class 37.	Hong Kong	28/12/2015

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	大 [illegible]	9	200204892	Class 9: Electric acoustic apparatus and instruments; loudspeakers; microphones; amplifiers; sound and video receiving, recording and reproducing apparatus and instruments; headphones; radio and television receiving and transmitting apparatus and instruments; electric gramophones; radios incorporating record players; audio tape and/or audio disc players; pick-ups for electrical musical instruments; stereo apparatus comprising tape and/or disc and/or record players, tuners, amplifiers and speakers; compact disc players, video disc players, digital video disc players; electrical musical instruments incorporating radio and television receivers; surround sound processors; sound mixers; audio-video apparatus with sing along devices; combinations of all the aforesaid goods; parts and fittings for all the aforesaid goods; all included in Class 9.	Hong Kong	24/10/2007
Dah Chong Hong	金心服務	37	200004280	Class 37: Installation, fitting, repair and maintenance services relating to washing machines, scientific apparatus and instruments, electronic and electric apparatus and instruments, high fidelity apparatus, radios, video recorders, video disc players, record players, television apparatus; installation, fitting, repair and maintenance services relating to apparatus for lighting, heating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; installation, fitting, repair and maintenance services relating to vehicles, furniture, locking apparatus, household and kitchen utensils; provision of information and advisory services relating to all the aforesaid services; all included in Class 37.	Hong Kong	28/12/2015

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	金嗓子	9	2001B08114	Class 9: Television sets; microphones, amplifiers, loudspeakers; radios, tape recorders and players, laser disc players, compact disc players, video recorders, video cassette recorders and players, sound recording apparatus; hi-fi stereos; audio and video apparatus with sing along devices with pre-recorded background music and with lyric shown on a screen; remote control apparatus; all included in Class 9.	Hong Kong	14/8/2017
Dah Chong Hong	電氣管家	37	2000B00424	Class 37: Installation, fitting, repair and maintenance services for washing machines; scientific, electronic and electric apparatus and instruments, high fidelity equipment, radios, video recorders, video disc players, record players, television apparatus; electrical apparatus for lighting, heating, cooking, refrigerating, drying and ventilating, electric appliances for water supply and sanitary purposes, electric motors for vehicles, electric locking instruments and electric kitchen machines; provision of information and advisory services relating to all aforesaid services; all included in Class 37.	Hong Kong	16/10/2014

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
	電器管家	37	2000B00425	Class 37: Installation, fitting, repair and maintenance services for washing machines; scientific, electronic and electric apparatus and instruments, high fidelity equipment, radios, video recorders, video disc players, record players, television apparatus; electrical apparatus for lighting, heating, cooking, refrigerating, drying and ventilating, electric appliances for water supply and sanitary purposes, electric motors for vehicles, electric locking instruments and electric kitchen machines; provision of information and advisory services relating to all aforesaid services; all included in Class 37.	Hong Kong	16/10/2014
Dah Chong Hong	管家	7, 9, 11	199908126AA	Class 7: Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements; incubators for eggs; all included in Class 7. Class 9: Weighing, measuring, photographic and optical apparatus and instruments; life-saving and teaching apparatus and instruments; vacuum cleaners, electric flat irons; electric, electronic and computer locking instruments, warning devices, electronic security apparatus; electric door bells; electric polishing apparatus and machines for household purposes; electric batteries, battery chargers; thermometers, not for medical purposes; money counting and sorting machines; electric switches, sockets, plugs and contacts (electric connections); all included in Class 9.	Hong Kong	10/2/2015

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
				Class 11: Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes; all included in Class 11.		
Dah Chong Hong	管 家 保	36	1999B16588	Class 36: Insurance services; guarantee insurance services; insurance services relating to the maintenance of goods; all included in Class 36.	Hong Kong	26/2/2015
Dah Chong Hong		30	19690207	Class 30: Flour.	Hong Kong	13/8/2013
Dah Chong Hong	功馬	7	19811012	Class 7: Hydraulic cranes.	Hong Kong	1/5/2015
Consolidated Parts & Accessories Sales Centre Limited		12, 35	300392085	Class 12: Vehicles, parts and fittings therefor included in Class 12. Class 35: Business information; import and export agency services; business organization consultancy services; business management assistance; retailing and wholesaling services relating to motor vehicles, parts and fittings therefor; all included in Class 35.	Hong Kong	23/3/2015

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong - Dragonair Airport GSE Service Limited		37	200105325	Class 37: Installation, maintenance and repair services in relation to vehicles, aircrafts, and their parts and fittings; installation, maintenance and repair services in relation to mechanical and electrical appliances, but not including loudspeakers, sound reinforcement speakers and amplifiers; baggage trolley repair; vehicle service station; anti-rust treatment for vehicles; vehicle cleaning and polishing; vehicle lubrication; retreading of tyres; vehicles breakdown recovery; spray painting for vehicles; inspection of vehicles prior to repair or maintenance; installation of automobile accessories and parts for vehicles; advisory and consultancy services relating to the repair and maintenance of vehicles, aircrafts, mechanical and electrical appliances; assembling, maintenance and repair services in relation to containers for air transport purposes; provision of detailed service reports on repair of air transport containers for customers' records; all included in Class 37.	Hong Kong	11/9/2015
Dah Chong Hong (Motor Service Centre) Limited	(Colour and Black and white — in series)	35, 39	300387441	Class 35: Business information; import and export agency services; business organization consultancy services; business management assistance; retailing and wholesaling services relating to motor vehicles, parts and fittings therefor; all included in Class 35. Class 39: Car rental; storage and delivery of goods; car parking; hauling; towing of vehicles; all included in Class 39.	Hong Kong	16/3/2015
Motormech Service Station Ltd.	(Colour and Black and white — in series)	37	1999B02606	Class 37: Repair, maintenance and installation services for vehicles; all included in Class 37.	Hong Kong	22/8/2014

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Gentech Vehicle Engineering Limited	GENTECH	35, 37, 39, 41, 42	300111716	Class 35: Business information; import and export agency services; business organization consultancy services; business management assistance; retailing and wholesaling services relating to motor vehicles, parts and fittings therefor; all included in Class 35. Class 37: Anti-rust treatment for vehicles; car inspection prior to repair or maintenance; car lubrication, cleaning and grooming services; car valet services; retreading of tyres; vehicle-service station; installation, maintenances and repair services relating to vehicles and parts and fittings thereof; repair and installation of electrical appliance for use in motor vehicles; all included in Class 37. Class 39: Car rental; storage and delivery of goods; car parking; hauling; towing of vehicles; all included in Class 39. Class 41: Tutorial and video training, instructional demonstration in relation to maintenance, function and operation of motor vehicles; all included in Class 41. Class 42: Vehicle testing services; vehicle emission testing services; engineering services; engineering consultancy; all included in Class 42.	Hong Kong	14/11/2013

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Sims Trading Company Limited	(in series)	3, 5, 29, 30, 32, 33	300770265	Class 3: Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; soaps; perfumery, essential oils, cosmetics, hair lotions; dentifrices. Class 5: Pharmaceutical and veterinary preparations; sanitary preparations for medical purposes; dietetic substances adapted for medical use, food for babies; plasters, materials for dressings; material for stopping teeth, dental wax; disinfectants; preparations for destroying vermin; fungicides, herbicides. Class 29: Meat, fish, poultry and game; meat extracts; preserved, dried and cooked fruits and vegetables; jellies, jams, fruit sauces; eggs, milk and milk products; edible oils and fats. Class 30: Coffee, tea, cocoa, sugar, rice, tapioca, sago, artificial coffee; flour and preparations made from cereals, bread, pastry and confectionery, ices; honey, treacle; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices; ice. Class 32: Beers; mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages. Class 33: Alcoholic beverages (except beers).	Hong Kong	29/11/2016

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		30	542158	Sugar 3003 Confectionery 3004 Tea 3002	China	9/2/2011
		29	553368	Salad Condiment 2909 Edible Oil and Grease 2908	China	29/5/2011
Dah Chong Hong		29	698492	Edible Grease 2908	China	20/7/2014
Dah Chong Hong	合誠	35	773052	Assistant Operation Management3502 Related to Service Items Above Commercial Information 3502 Import and Export Agency (Motor Vehicle Axle and Accessories) 3503 Business Management and Organization Consultation 3502	China	6/12/2014
Dah Chong Hong	TRIANGLE	35	773053	Assistant Operation Management3502 Related to Service Items Above Commercial Information 3502 Import and Export Agency (Motor Vehicle Axle and Accessories) 3503 Business Management and Organization Consultation 3502	China	6/12/2014
Dah Chong Hong	合眾	35	773530	Import and Export Agency (Motor Vehicle Axle and Accessories) Assistant Operation Management (Related to Service Items Above) Commercial Information 3502 Business Management and Organization Consultation 3502	China	13/12/2014
Dah Chong Hong	DCH	37	773759	Automobile Maintenance 3707 Motor Vehicle Maintenance and Repair 3707 Installation and Repair of Electrical Equipment 3706	China	13/12/2014

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		39	774801	Lighter Load and Unload 3902 Cargo Storage 3906 Commodity Storage 3906	China	27/12/2014
		42	778470	Technical Test (Vehicles) 4214 Engineering catering services 4201	China	20/2/2015
Dah Chong Hong	DCH	42	778392	Technical Test (Vehicles) 4214 Engineering catering services 4201	China	20/2/2015
Dah Chong Hong	DAH CHONG HONG	42	778471	Technical Test (Vehicles) 4214 Engineering catering services 4201	China	20/2/2015
Dah Chong Hong	DCH	35	778526	Business Management and Consultation 3502 Business Management Assistant 3502 Business Market Agency 3502 Business Information Agency 3502 Business and Organization Consultation 3502 Special Consultation on Trading Services 3502 Business Management and Organization Consultation 3502 Import and Export Agency 3503	China	27/2/2015
Dah Chong Hong	HONEST	35	779398	Assistant Operation Management (Related to Service Items Above) 3502 Business Information 3502 Import and Export Agency (Motor Vehicle Axle and Accessories) 3503 Business Management and Organization Consultation 3502	China	13/3/2015

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	DAH CHONG HONG	35	779486	Business Management and Consultation 3502 Business Management Assistant 3502 Business Market Agency 3502 Business Information Agency 3502 Business and Organization Consultation 3502 Special Consultation on Trading Services 3502 Business Management and Organization Consultation 3502 Import and Export Agency 3503	China	13/3/2015
Dah Chong Hong		30	1133101	Coffee 3001 Ice Cube 3013 Biscuit 3006 Rice 3008 Sago 3008 Bread 3006 Flour 3008 Salt 3014 Cocoa 3001 Cake 3006 Tapioca 3012	China	6/12/2007
		29	1161525	Edible Oil 2908 Edible Grease 2908	China	20/3/2008
Dah Chong Hong	CROWN	29	1151441	Fish (Dead) 2902 Egg 2906 Edible Oil 2908 Edible Grease 2908	China	13/2/2008
		30	1133110	Edible Spice (Not Including Ether-Related Essential Oil) 3018 Sugar 3003 All Candies 3004 Salt 3014 Tea 3002	China	6/12/2007
		31	1149657	Malt 3109 Flower 3103 Grain 3102 Live Animals 3104 Live Vegetables 3103	China	6/2/2008

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	武士牌	29	1133677	Poultry (Dead) Game (Dead) Fish (Dead) Processed Vegetable 2905 Processed Fruits 2904 Gravy 2901 Jam 2904 Meat 2901 Edible Jelly 2910 Jelly (Candy) 3004 Milk 2907 Milk Products 2907 Egg Edible Oil 2908	China	6/12/2007
Gentech Vehicle Engineering Ltd.	GENTECH	35	1155849	Business Management Assistant 3502 Business Information 3502 Business Organization Consultation 3502 Import and Export Agency 3503	China	27/2/2008
Dah Chong Hong	金章	3	1285140	Agents for Cleaning Clothes 0301 Fiber Softener 0301 Soap 0301 Bleacher (for Washing Clothes) Glazing Agents for Laundry 0301 Laundry Powder 0301 Laundry Glaze 0301 Smoothing Preparations Laundry Soaking Preparations 0301	China	20/6/2009

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		37	1309955	Automobile Maintenance and Repair 3707 Vehicle Repair 3707 Automobile Parts Repair 3707 Vehicle Maintenance 3707 Parts Maintenance 3707 Vehicle Service Station 3707 Vehicle Cleaning 3707 Motor Vehicle Cleaning 3707 Anti-rust Treatment for Vehicles 3707 Anti-rust Treatment of Parts 3707 Vehicle Polishing 3707 Vehicle Lubrication (Lubricating Oil) Lubricating Oil for Vehicle 3707	China	27/8/2009
		16	1345442	Presswork 1605 Stationery 1611 Brochure 1605 Cosmetic-Dipped Tissue 0306 Stationery Box (Office Appliances) 1611 Presswork and Publication 1606 Presswork 1605 Membership Card 1605 Card (Non-Magnetic) 1605	China	20/12/2009

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	ZANUSSI	3	1330134	Agents for Cleaning Clothes 0301 Fiber Softener (for Washing and Dying) 0301 Soap 0301 Detergent 0301 Smoothing Agent 0306 Laundry Powder 0301 Laundry Glazing Materials 0301 Agents for Cleaning Clothes 0301 Bleacher (for Washing Clothes) Glazing Agents for Laundry 0301 Laundry Powder 0301 Laundry Glaze 0301 Smoothing Preparations (Starching) Laundry Soaking Preparations 0301 Fiber Softener (for Washing and Dying) 0301 Soap 0301	China	6/11/2009
Dah Chong Hong		29	1458356	Fish Food 2902 Fish (Dead) 2902 Processed Fish 2902 Frozen Meat 2901 Meat 2901 Pickled Meat 2901 Thick Gravy 2901	China	13/10/2010
		29	1494225	Fish Food 2902 Dried Shrimp 2902 Sea-Cucumber 2902 Dried Trumpet Shell 2902 Shrimp (Dead) 2902 Fish (Dead) 2902 Processed Aquicolous Testacean Animals 2902 Dried Scallop 2902 Shark Fin 2902 Carapace Animals 2902	China	20/12/2010

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong	金三喜 Triple Happiness	29	1582786	Dried Black Mushroom 2912 Meat 2901 Milk 2907 Baby Food, Protein Milk, Albuminous Milk, Milk-Contained Flour for Baby, Baby Milk Powder 0502 Milk Products 2907 Egg 2906 Edible Oil 2908 Thick Gravy 2901 Soup 2905 Gravy 3016 Edible Grease 2908	China	6/6/2011
Dah Chong Hong		29	1582820	Fish Food 2902 Fruit jelly 2904 Abalone Can 2903 Processed Aquicolous Testacean Animals 2902 Processed Abalone 2902 Dried Black Mushroom 2912 Jam 2904 Meat 2901 Fruit Can 2903 Canned Vegetable 2903 Fruit Confect 2904 Egg 2906 Cooking oil 2908 Salted Vegetable 2905 Thick gravy 2905 Cooking oils and fats 2908	China	6/6/2011
Dah Chong Hong	皇冠	31	1949221	Grain 3102	China	27/12/2012
Dah Chong Hong	OSTRICH KING 鴕皇	29	1987576	Fish Food 2902 Fruit jelly 2904 Abalone Can 2903 Processed Aquicolous Testacean Animals 2902 Processed Abalone 2902 Dried Black Mushroom 2912 Jam 2904 Meat 2901 Fruit Can 2903 Canned Vegetable 2903 Fruit Confect 2904 Egg 2906 Cooking oil 2908 Salted Vegetable 2905 Thick gravy 2905 Cooking oils and fats 2908	China	27/11/2012

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		29	1987580	Fish Food 2902 Meat Can 2903 Fruit jelly 2904 Poultry (dead) 2901 Fish (dead) 2902 Sea-Cucumber (dead) 2902 Processed Aquicolous Testacean Animals 2902 Processed Abalone 2902 Dried Black Mushroom 2912 Baby Food, Protein Milk, Albuminous Milk, Milk-Contained Flour for Baby, Baby Milk Powder 0502 Salted meat 2901 Preserved meat 2901 Jam 2904 Meat 2901 Meat can 2903 Fruit Can 2903 Canned Vegetable 2903 Fruit Confect 2904 Egg 2906 Cooking oil 2908 Salted Vegetable 2905 Thick gravy 2905 Cooking oils and fats 2908	China	20/3/2013
Dah Chong Hong		30	3051959	Fresh yeast 3017 Food flavor (ether and essential oil not included) 3018 Yeast powder 3017	China	20/2/2014
Dah Chong Hong	纯 珍	30	4054796	Rice 3008 Grain 3008 Flour 3008	China	13/7/2016
Dah Chong Hong	SKY BIRD	29	4327122	Poultry (dead) 2901 Frozen meat 2901 Gravy 2901 Sausage 2901 Meat 2901 Venison (dead) 2901 Salted meat 2901 Preserved meat 2901 Chicken sausage 2901	China	13/3/2017
Dah Chong Hong	卓麗	9	804680	Class 9: Loudspeaker, amplifier, record player, mini disk phonograph.	China	6/1/2016

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
上海大昌行經貿有限公司		30	1402602	Class 30: Tea, fried rice, rice dumpling, "eight treasures" rice pudding, sauce, spice, edible candy, instant rice, bechamel, sauce of instant-boiled mutton.	China	27/5/2010
		29	1411784	Class 29: Broth, pork food, broth concentrate, salted duck, fish food, canned meat, cucumber, deepfreeze instant dish, dry edible fungus, confect.	China	20/6/2010
大昌貿易行有限公司	GOLDEN HEART SERVICE	37	1459407	Class 37: Installing and repairing of electric appliances, installing and repairing of video equipment, installing and repairing of air-conditioner, installing and repairing of refrigerator, installing, maintaining and repairing of office machines and equipment, installing and repairing of kitchen equipment, installing, maintaining and repairing of machines, installing and repairing of heating equipment, installing, maintaining and information service of machines and electric appliances.	China	13/10/2010
大昌貿易行有限公司	金心服務	37	1459408	Class 37: Installing and repairing of electric appliances, installing and repairing of video equipment, installing and repairing of air-conditioner, installing and repairing of refrigerator, installing, maintaining and repairing of office machines and equipment, installing and repairing of kitchen equipment, installing, maintaining and repairing of machines, installing and repairing of heating equipment, installing, maintaining and information service of machines and electric appliances.	China	13/10/2010
Dah Chong Hong (Canada) Ltd.			TMA332805	Operation of a business dealing in the import, export, distribution and sale of food	Canada	9/10/2017

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong (Canada) Ltd.			TMA323964	Operation of a business dealing in the import, export, distribution and sale of food	Canada	20/2/2017
Dah Chong Hong (Japan) Limited		29, 31, 32	4824235	Class 29: Meats product, processed fishery food, processed vegetable, processed fruits, cooking oil, milk products, meats, eggs, fish and seafood (except living fish and seafood), frozen vegetable, frozen fruits, deep-fried tofu, frozen tofu, *konjac*, soy milk, tofu, fermented soybeans, processed eggs, curry stew, soup powder, *ochazuke nori* seaweed, seasoning, salted fish guts ,beans, protein foods. Class 31: Pet food and other fodder, flower wreath, the feed for fishing, hop, fish and seafood (limited to living fish and seafood), seaweeds, vegetable, sugar crop, fruits, copra, malt, foxtail millet, millet, sesame, *soba*, sweet corn, Japanese millet, wheat, rice chaff, Indian millet, protein fodder, seeds, wood, grass, turf, dry flower, seedling, nursery stock, flower, pasture, *bonsai*, animals and fishes (except those for food), birds and insects (limited to living birds and insects), silkworm, breeding cocoon, hatching egg, rhus lacguer seeds, unprocessed cork, and leaf of palm. Class 32: Soft drink, fruit drink, milk serum beverage, vegetable juice, beer and hop extract for beer production.	Japan	10/12/2014

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong (Japan) Limited	DCH	29, 30, 32	2272873	Class 29: Meat, egg, fish and seafood (except living fish and seafood), frozen vegetables, frozen fruits, meat products, processed fishery food, processed vegetable and processed fruits, deep-fried tofu, frozen-tofu, *konjac*, soy milk, tofu, fermented soybeans, processed eggs, curry stew, soup powder, *ochazuke nori* seaweed, seasoning ,salted fish guts. Class 30: Coffee beans, processed husk products, almond paste, *jiao-zi*, sandwich, *shumai*, sushi, octopus balls, steamed meat bun, hamburger, pizza, lunch box, hotdog, meat pie, ravioli, leaven powder, melted rice, leaven, baking powder, instant dessert powder, sake lees, Class 32: Vegetable juice.	Japan	31/10/2010
Dah Chong Hong (Japan) Limited	アンデスの恵み	30	4897680	Class 30: Salt.	Japan	30/9/2015
Dah Chong Hong (Japan) Limited	OCEAN JADE	29	4553522	Class 29: Fish and seafood (except living fish and seafood), processed fishery food, boiled and dried bonito flesh, Japanese gelatin, shavings of dried bonito, fish meal, kelp flakes, dried seaweed, dried *hijiki*, dried *wakame* seaweed, dried *nori* seaweed.	Japan	22/3/2012
Dah Chong Hong	DCH FOODS	16	12067	Class 16: Packing paper, wrapping paper, paper bags, plastic bags, printed matter.	Macao	22/2/2011
		29	12068	Class 29: Meat, seafood, poultry, game, geoduck, reindeer, fruits, vegetables, all the aforesaid goods being canned, frozen, dried or cooked, milk and milk products, edible oils and fats.	Macao	22/2/2011
		31	12070	Class 31: Agricultural products, grains, fresh fruits, fresh vegetables, beans.	Macao	22/2/2011

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
		42	12072	Class 42: Services rendered by supermarkets.	Macao	22/2/2011
Dah Chong Hong		16	12075	Class 16: Packing paper, wrapping paper, paper bags, plastic bags, printed matter.	Macao	22/2/2011
		29	12076	Class 29: Meat, seafood, poultry, game, geoduck, reindeer, fruits, vegetables, all the aforesaid goods being canned, frozen dried or cooked, milk and milk products, edible oils and fats.	Macao	22/2/2011
		31	12078	Class 31: Agricultural products, grains, fresh fruits, fresh vegetables, beans.	Macao	22/2/2011
		42	12080	Class 42: Services rendered by supermarkets.	Macao	22/2/2011
Dah Chong Hong		29	15180	Class 29: Edible oils and fats, salad sauces, meat, fish, poultry and game, preserved, dried and cooked fruits and vegetables, milk and other milk products.	Macao	2/10/2009
		30	15179	Class 30: Sugar, oyster juice and sauces, dough and starch, flours and preparations made of cereals, sauces, pepper and vinegar.	Macao	2/10/2009
		31	15181	Class 31: Seeds, beans & grains for edible, agricultural & horticultural purposes, mushroom, foodstuffs for animals.	Macao	2/10/2009
Dah Chong Hong		29	N/003086	Class 29: Meat, fish, poultry & game; meat extracts; fresh, frozen and dried and cooked fruits and vegetables, canned fruits; jellies, dessert, jams, egg, milk and other dairy products; edible oils and fats, salad, canned food. (not granting the exclusive right to use the word "brand").	Macao	12/2/2012

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
		30	N/003088	Class 30: Cafe, tea, cocoa, sugar, rice, starch, sago flour and cafe substitute; flour and preparations made from cereals, bread, cakes, biscuits, pastry and confectionery; iced food; honey, syrup; baking-powder, salt, mustard, salad dressings; vinegar, sauces (condiments): spices: ice, (not granting the exclusive right to use the word "brand")	Macao	12/2/2012
		32	N/003087	Class 32: Beers, mineral and aerated waters and other non-alcoholic drinks; fruit drinks and fruit juices; syrups and other preparations for making beverages; (not granting the exclusive right to use the word "brand").	Macao	12/2/2012
Dah Chong Hong	KA MUI 加玫	30	N/006805	Class 30: Flour, preparation made from cereals, rice, noodles, sugar, salt, spices, sauces; bread, biscuits, cakes; coffee, tea and cocoa.	Macao	23/1/2008
Dah Chong Hong	武士牌	29	15443-M	Class 29: Edible oils and fats; salad dressings; meat, fish, poultry & game; preserved, dried and cooked fruits & vegetables; milk & other dairy products.	Macao	2/10/2009
		30	15442-M	Class 30: Sugar; oyster juice & sauces; noodles & starch; flour & preparations made from cereals, sauces, pepper vinegar.	Macao	2/10/2009
		31	15440-M	Class 31: Seeds, beans & grains for edible, agricultural & horticultural purposes, mushroom, foodstuffs for animals.	Macao	2/10/2009
Dah Chong Hong	QUEEN 皇后	30	N/007696	Class 30: Flour.	Macao	10/8/2008

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		30	15444-M	Class 30: Sugar; oyster juice & sauces; noodles & starch; flour & preparations made from cereals, sauces, pepper vinegar.	Macao	2/10/2009
		31	15446-M	Class 31: Seeds, beans & grains for edible, agricultural & horticultural purposes, mushroom, foodstuffs for animals.	Macao	2/10/2009
		29	15445-M	Class 29: Edible oils and fats; salad dressings; meat, fish, poultry & game; preserved, dried and cooked fruits & vegetables; milk & other dairy products.	Macao	2/10/2009
Dah Chong Hong		30	N/009054	Class 30: Rice, flour and preparations made from cereals; noodles; yeast, baking-powder; salt, mustard; vinegar, sauces (condiments); spices, condiments; ketchup (sauces).	Macao	11/4/2009
Dah Chong Hong	純 珍	30	N/013662	Class 30: Sugar, rice, tapioca, sago; flour and preparations made from cereals; yeast, baking-powder; salt, mustard; sauces (condiments); spices.	Macao	3/8/2011
Dah Chong Hong	寶塔牌 PAGODA	29	N/003126	Class 29: Meat fish, poultry and games; meat extracts; preserved, dried and cooked fruits and vegetables; jellies; dessert, jams; eggs; milk and milk products; edible oils and fats, salad sauce, canned food. (not granting the exclusive right to use the word “brand”).	Macao	16/2/2012
Dah Chong Hong		29	N/008720	Class 29: Meat, fish, poultry and game; meat extract fresh, frozen and dried sea products; shellfish products; shark’s fins’ bird’s nest soup with rock sugar; canned foods; preserved, dried and cooked fruits and vegetables; preserved and dried mushroom; canned fruits; pickles; jellies; jams; sausages; preserves made from meat, milk and other dairy products; edible oils and fats.	Macao	31/1/2009

Name of Owner	Trademark	Class	Reg. No.	Goods/Services	Territory of registration	Expiry Date
Dah Chong Hong		29	N/008555	Class 29: Meat, fish, poultry and game; meat extract fresh, frozen and dried sea products; shellfish products; shark's fins' bird's nest soup with rock sugar; preserved and dried mushroom; canned foods; preserved, dried and cooked fruits and vegetables; preserved and dried mushroom; canned fruits; pickles; jellies; jams; sausages; preserves made from meat, milk and other dairy products; edible oils and fats.	Macao	7/1/2009
Dah Chong Hong		30	116672	Class 30: Coffee, tea, cocoa, sugar, rice, tapioca sago, artificial coffee, vermicelli flours and preparations made from cereals, bread, pastry and confectionery, ices, honey, treacle, yeast, baking powder, salt, mustard, vinegar, sauces (condiments) monosodium glutamate, spices all including in Class 30.	Republic of Panama	23/8/2011
Dah Chong Hong		30	Kor139959	Class 30: Rice.	Thailand	30/8/2010
Dah Chong Hong		30	Kor139435	Class 30: Rice.	Thailand	30/8/2010

(ii) As at the Latest Practicable Date, applications have been made for registration of the following trademarks:

Applicant	Trademark	Class	Application Number	Goods/Services	Country of application
Dah Chong Hong	(Colour and Black and White — in series)	35	300859933	Class 35: Retail outlet business management and consultancy services; sales business management services; supermarket retailing services; retailing, wholesaling and distributorship services relating to meat, fish, seafood, poultry and game and food products made therefrom, meat extracts, preserved, frozen, dried and cooked fruits and vegetables, snack food products, jellies, jams, milk and other dairy products, edible oils and fats, preserves, pickles, coffee, tea, cocoa, biscuits, confectionery, gum sweets, chewing gums, ice-cream, ice-cream products, frozen confections, packaged and instant food of dumpling, rice vermicelli, noodles, sugar, rice, tapioca, sago, flour and preparations made from cereals, pastry, honey, treacle, yeast, baking-powder, salt, mustard, vinegar, sauces (condiments), spices, agricultural, horticultural and forestry product and grains, fresh fruits and vegetables, seeds, beans, food stuffs for animals, beer, mineral and aerated waters and other non-alcoholic drinks, fruit drinks, fruit juices, wines, spirits and liqueurs; the aforesaid services being provided by direct sales, telephone, internet and communication means; electronic shopping services; import and export services; advertising, marketing and promotional services on the internet; instore and general advertising services; all included in Class 35.	Hong Kong

Applicant	Trademark	Class	Application Number	Goods/Services	Country of application
Motormech Service Station Ltd.	MotorMech	4, 9, 12	300849835	Class 4: Industrial oils and greases, lubricants, cutting oils, petroleum (raw or refined), motor oils, diesel oils, dust absorbent, wrapping and binding compositions; fuels (including motor spirit) and illuminants; candles, wax; all included in Class 4. Class 9: Scientific, surveying, electric, weighing, measuring, checking (supervision), life-saving and teaching apparatus and instruments; air mass meters; mass flow meters; electric switches; fuses, fuses for motor land vehicles; aerials and accessories; batteries, electric batteries for vehicles, accumulator boxes, chargers for electric batteries, power supply devices for battery chargers; all included in Class 9. Class 12: Vehicles; apparatus for locomotion by land, air or water, and their parts and fittings; vehicle wheels, tires for vehicle wheels, tubes for vehicle wheels; air pumps for vehicle tires; wiper blades; brake pads, brake discs, clutches for land vehicles, friction clutch plates for land vehicles; clutch release bearings; shock absorbers for vehicles; vehicle suspension struts; boot kits for motor vehicles; suspension arms, link supports and wishbones for motor vehicles; track rods, track rod heads; ball joints for motor vehicles; hydraulic servo valves being parts of vehicle braking systems, valves for tires; brake cylinder for land vehicles; cylinder head gaskets for motor vehicles; rubber mounting for motor vehicles; starters for motor vehicles; rubber tires; all included in Class 12.	Hong Kong

Applicant	Trademark	Class	Application Number	Goods/Services	Country of application
Japan Auto Parts Company Limited		12, 35, 39	300865567	Class 12: Vehicles, apparatus for locomotion by land, air or water, and their parts and fittings; vehicle wheels, tires for vehicle wheels, tubes for vehicle wheels; air pumps for vehicle tires; wiper blades; brake pads, brake discs, clutches for land vehicles, friction clutch plates for land vehicles; clutch release bearings; shock absorbers for vehicles; vehicle suspension struts; boot kits for motor vehicles; suspension arms, link supports and wishbones for motor vehicles; track rods, track rod heads; ball joints for motor vehicles; hydraulic servo valves being parts of vehicle braking systems, valves for tires; brake cylinder for land vehicles; cylinder head gaskets for motor vehicles; rubber mounting for motor vehicles; starters for motor vehicles; rubber tires; all included in Class 12. Class 35: Wholesaling, retailing and distributorship services relating to vehicles, apparatus for locomotion by land, air or water, and their parts and fittings; vehicle wheels, tires for vehicle wheels, tubes for vehicle wheels; air pumps for vehicle tires; wiper blades; brake pads, brake discs, clutches for land vehicles, friction clutch plates for land vehicles; clutch release bearings; shock absorbers for vehicles; vehicle suspension struts; boot kits for motor vehicles; suspension arms, link supports and wishbones for motor vehicles; track rods, track rod heads; ball joints for motor vehicles; hydraulic servo valves being parts of vehicle braking systems, valves for tires; brake cylinder for land vehicles; cylinder head gaskets for motor vehicles; rubber mounting for motor vehicles; starters for motor vehicles; rubber tires; consultancy, information and advisory services relating to the aforesaid; all included in Class 35. Class 39: Car rental; travel arrangement; arranging, distribution and delivery of passengers, baggage, goods and cargo; cargo handling terminal services; transport of passengers, baggage, goods and cargo by air, road, rail and water; packaging, storage of goods and cargo services; warehousing services; car parking; hauling; towing of vehicles; all included in Class 39.	Hong Kong

Applicant	Trademark	Class	Application Number	Goods/Services	Country of application
Dah Chong Hong		29	4429446	Poultry (dead) 2901 Frozen meat 2901 Gravy 2901 Sausage 2901 Meat 2901 Venison (dead) 2901 Salted meat 2901 Preserved meat 2901 Chicken sausage 2901	China
Motormech Service Station Ltd.		9	4511969	Vehicle battery 0922 Vehicle accumulator 0922 Battery charger 0922 Battery box 0922	China
Motormech Service Station Ltd.		12	4511970	Automobile 1202 Steering wheel 1202 Automobile wheel 1202 Motorbike wheel 1203 Tire 1208 Hydraulic system for vehicles 1202 Land vehicle brake 1202 Clutch for land vehicles 1202 Electric vehicle 1202 Land vehicle engine 1202 Land vehicle turbine machine 1202	China
Motormech Service Station Ltd.		37	4511971	Windscreen wiper Lubricant for cars 3707 Vehicle service station 3707 Vehicle cleaning 3707 Vehicle maintenance and repair 3707	China
Dah Chong Hong		29	4804270	Fish Food 2902 Frozen Meat 2901 Poultry (dead) 2901 Sea-Cucumber 2902 Fish (Dead) 2902 Processed Aquicolous Testacean Animals 2902 Dried Scallop 2902 Black Mushroom 2912 Meat 2901 Pickled Meat 2901 Pickled Vegetable 2905 Shark Fin 2902 Abalone Can 2903	China
上海大昌行食品工業有限公司		29	5564698	Class 29: Meat, fish (not live), canned vegetable, fried potato crisp, pickled vanilla, egg, milk products, edible oil, hair-like vegetable, prepared nuts.	China

(iii) As at the Latest Practicable Date, the Group's registered domain names are as follows:

Domain Name	Registered Owner	Expiry Date
dchmotorclub.com	Dah Chong Hong (Motor Service Centre) Ltd.	15/08/2014
dchmsc.com.hk	Dah Chong Hong (Motor Service Centre) Ltd.	01/06/2008
dch-used-car.com.hk	Dah Chong Hong (Motor Service Centre) Limited	16/09/2011
dch-usedcar.com.hk	Dah Chong Hong (Motor Service Centre) Limited	16/09/2011
dchmsc.hk	Dah Chong Hong (Motor Service Centre) Ltd.	15/05/2012
dchmotorclub.hk	Dah Chong Hong (Motor Service Centre) Limited	11/06/2008
dchautoparts.hk	Dah Chong Hong (Motor Service Centre) Limited	11/06/2008
dchucc.com	Dah Chong Hong (Motor Service Centre) Limited	03/08/2011
dchucc.com.hk	Dah Chong Hong (Motor Service Centre) Limited	05/08/2011
大昌貿易行汽車服務中心．中國／cn	大昌貿易行汽車服務中心有限公司	28/10/2011
dchautoparts.com	Dah Chong Hong (Motor Service Centre) Ltd.	04/05/2008
大昌貿易行汽車服務中心．公司／．公司.cn	大昌貿易行汽車服務中心有限公司	28/10/2011
yokohama-tyre.com	Dah Chong Hong (Motor Service Centre) Ltd.	25/04/2012
yokohamahk.com	Dah Chong Hong (Motor Service Centre) Ltd.	25/04/2012
dchfoodmarts.com	Dah Chong Hong	24/05/2008
dchgrp.com	Dah Chong Hong	07/02/2009
dchfood.com	Dah Chong Hong	24/05/2009

Domain Name	Registered Owner	Expiry Date
dchmsc.com	Dah Chong Hong (Motor Service Centre) Limited	27/03/2010
dchfom.com	Dah Chong Hong	09/06/2010
dchwine.com	Dah Chong Hong	09/06/2010
大昌貿易行.cn	Dah Chong Hong	15/01/2009
大昌行集團.cn	Dah Chong Hong	15/01/2009
大昌貿易行有限公司.cn	Dah Chong Hong	15/01/2009
reliance.com.hk	Dah Chong Hong	01/10/2010
dchgroup.com.hk	Dah Chong Hong	14/07/2008
dantax.com.hk	Dah Chong Hong	01/11/2008
esoteric.com.hk	Dah Chong Hong	01/11/2008
tannoy.com.hk	Dah Chong Hong	01/11/2008
triangle.com.hk	Dah Chong Hong	01/10/2009
honest.com.hk	Dah Chong Hong	01/10/2010
dch.com.hk	Dah Chong Hong	01/11/2008
chario.com.hk	Dah Chong Hong	01/11/2008
dchfom.com.hk	Dah Chong Hong	19/02/2009
chario.hk	Dah Chong Hong	02/11/2008
dantax.hk	Dah Chong Hong	02/11/2008
esoteric.hk	Dah Chong Hong	02/11/2008
tannoy.hk	Dah Chong Hong	02/11/2008
wilkinson.hk	Dah Chong Hong	20/01/2008
triangle.hk	Dah Chong Hong	07/04/2009
dch.hk	Dah Chong Hong	15/05/2009
dchfom.hk	Dah Chong Hong	11/06/2009
zanussi.hk	Dah Chong Hong	11/06/2009
合眾汽車.hk	Dah Chong Hong	02/02/2012
大昌.hk	Dah Chong Hong	09/12/2009
大昌行.hk	Dah Chong Hong	13/03/2010

Domain Name	Registered Owner	Expiry Date
大昌貿易行.hk	Dah Chong Hong	13/03/2010
大昌行集團.hk	Dah Chong Hong	13/03/2010
大昌貿易行有限公司.hk	Dah Chong Hong	13/03/2010
大昌行集團有限公司.hk	Dah Chong Hong	13/03/2010
dch.com.cn	Dah Chong Hong (Shanghai) Ltd.	06/08/2008
reliance.hk	Dah Chong Hong	14/05/2012
合群汽車.hk	Dah Chong Hong	13/02/2012
dchtpa.com.hk	Tai Ping Advertising Co. Ltd.	01/10/2008
saab-hk.com	Metro Motors Limited	15/12/2008
opelhk.com	Metro Motors Limited	15/12/2008
opel-hk.com	Metro Motors Limited	14/12/2008
epicmotors.com.hk	Triangle Motors Ltd.	23/05/2008
isuzu.com.hk	Triangle Motors Ltd.	01/09/2008
isuzu.hk	Triangle Motors Ltd.	15/05/2009
metromotors.hk	Triangle Motors Ltd.	27/10/2009
trianglechina.com.cn	合眾汽車銷售服務（中國）有限公司	23/11/2011
isuzu.com.cn	合眾—五十鈴汽車貿易（上海）有限公司	13/09/2011
trimotor.com.cn	深圳市眾運汽車貿易有限公司	05/07/2009
mazdachina.com.cn	昆明合達汽車銷售服務有限公司	05/11/2012
kmmotor.cn	昆明合達汽車銷售服務有限公司	05/11/2012
dchcar.com.cn	上海眾泰汽車銷售有限公司	13/07/2008
dchcars.com.cn	上海眾泰汽車銷售有限公司	09/10/2010
ynzhongchi.com.cn	雲南中馳汽車銷售服務有限公司	18/04/2008
ynbuick.com.cn	雲南中馳汽車銷售服務有限公司	05/04/2008
liandi.com.cn	雲南聯迪汽車服務有限公司	28/11/2011
bentleyhk.com.hk	DCH Motors (Bentley) Limited	26/02/2008
bentleyhongkong.com.hk	DCH Motors (Bentley) Limited	26/02/2008

Domain Name	Registered Owner	Expiry Date
bentleymotors.com.hk	DCH Motors (Bentley) Ltd.	01/10/2010
bentleychina.com.cn	大昌貿易行汽車(賓利)有限公司	06/03/2012
bentleyhk.hk	DCH Motors (Bentley) Limited	14/05/2012
bentleyhongkong.hk	DCH Motors (Bentley) Limited	14/05/2012
bentleymotors.hk	DCH Motors (Bentley) Limited	14/05/2012
賓利.hk	DCH Motors (Bentley) Limited	13/02/2012
賓利汽車.hk	DCH Motors (Bentley) Limited	13/02/2012
賓利香港.hk	DCH Motors (Bentley) Limited	13/02/2012
acura.com.hk	Reliance Motors Limited	01/09/2011
nissandiesel.com.hk	Reliance Motors Limited	20/12/2012
honda.com.hk	Reliance Motors Ltd.	01/10/2012
acura.hk	Reliance Motors Limited	14/05/2012
honda.hk	Reliance Motors Ltd.	14/05/2012
nissandiesel.hk	Reliance Motors Ltd.	14/05/2012
ud.hk	Reliance Motors Ltd.	04/06/2012
ud貨車.hk	Reliance Motors Ltd.	21/03/2012
本田. hk	Reliance Motors Ltd.	13/02/2012
本田汽車.hk	Reliance Motors Ltd.	21/03/2012
極品.hk	Reliance Motors Ltd.	13/02/2012
極品汽車.hk	Reliance Motors Ltd.	21/03/2012
賓利汽車.公司	合群汽車有限公司	24/05/2016
audi.com.hk	Premium Motors Ltd.	01/10/2012
regalmotors.com.hk	Regal Motors Limited	16/06/2012
hechuangmotors.cn	福州合創汽車貿易有限公司	07/05/2012
consolidated.com.hk	Consolidated Parts & Accessories Sales Centre Ltd.	26/07/2009
consoparts.com.hk	Consolidated Parts & Accessories Sales Centre Ltd.	01/06/2008

Domain Name	Registered Owner	Expiry Date
nissan.com.hk	Honest Motors Ltd.	01/09/2010
motormech.com.hk	Motormech Service Station Limited	11/03/2009
motormech.hk	Motormech Service Station Limited	11/06/2010
捷信汽車維修站.com	Motormech Service Station Limited	28/04/2009
japco.com.hk	Japan Auto Parts Co Ltd.	01/06/2008
jaee.com.hk	Japco Auto Equipment & Engineering Company Ltd	01/06/2008
limousine.com.hk	Dah Chong Hong (Motor Leasing) Limited	28/06/2010
dchml.com.hk	Dah Chong Hong (Motor Leasing) Limited	01/10/2010
dchml.hk	Dah Chong Hong (Motor Leasing) Ltd.	15/05/2012
dchspv.com.hk	Dah Chong Hong (Special Purpose Vehicle) Ltd.	01/10/2008
dasgroup.com.hk	Dah Chong Hong – Dragonair Airport GSE Service Limited	25/09/2008
dasgroup.hk	Dah Chong Hong – Dragonair Airport GSE Service Limited	15/05/2008
gabal.com.hk	Gabal Enterprise Limited	21/09/2009
dasnordisk.hk	DAS Nordisk Limited	11/06/2008
dasgroup.com.sg	Das Aviation Support Pte Ltd	06/10/2007
triangleauto.com.sg	Triangle Auto Pte Ltd	14/10/2007
isuzu.com.sg	Triangle Auto Pte Ltd	10/04/2008
dch-canada.com	Dah Chong Hong (Canada) Ltd	11/02/2013
butler.com.hk	DCH Electrical Appliances Butler Ltd.	01/09/2009
butler.hk	DCH Electrical Appliances Butler Ltd.	15/05/2009
dch-ead.com	Dah Chong Hong Electrical Appliances Ltd.	12/10/2011
accuphase.com.hk	Dah Chong Hong Electrical Appliances Limited	24/08/2008
accuphase.hk	Dah Chong Hong Electrical Appliances Limited	15/05/2009

Domain Name	Registered Owner	Expiry Date
dch.com.sg	Dah Chong Hong Trading (Singapore) Pte Ltd	07/06/2008
dch-japan.com	Dah Chong Hong (Japan) Ltd.	16/07/2012
sims.com.hk	Sims Trading Company Limited	01/10/2008
sims.hk	Sims Trading Company Limited	22/06/2010
twintiger.hk	Twin Tiger International Ltd.	22/06/2010
慎昌.hk	Sims Trading Company Limited	08/02/2010
慎昌.公司.hk	Sims Trading Company Limited	08/02/2010
全太.hk	Twin Tiger International Ltd.	08/02/2010
simshk.com	Sims Trading Company Limited	16/04/2008
e-sims.com	Sims Trading Company Limited	23/12/2008
huadachina.com	Sims Trading Company Limited	30/07/2009
rubychina.com	Sims Trading Company Limited	30/07/2009
sims-china.com	Sims Trading Company Limited	18/07/2009
simschina.com	Sims Trading Company Limited	30/07/2009
simscn.com	Sims Trading Company Limited	18/07/2009
twintigerhk.com	Twin Tiger Company Limited	08/11/2010
dchlogistics.com.hk	DCH Logistics Company Limited	05/07/2008
dcheng.com.hk	Dah Chong Hong (Engineering) Ltd.	01/06/2008
dchchina.com.hk	Dah Chong Hong (China) Ltd.	13/06/2008
dchchina.hk	Dah Chong Hong (China) Ltd	14/05/2012
大昌汽修設備·中國／cn	大昌貿易行汽車服務中心有限公司	05/08/2011
大昌汽車零件·中國／cn	大昌貿易行汽車服務中心有限公司	05/08/2011
捷高汽車零件·中國／cn	大昌貿易行汽車服務中心有限公司	05/08/2011

Domain Name	Registered Owner	Expiry Date
大昌動力機械・中國／cn	大昌貿易行汽車服務中心有限公司	05/08/2011
捷高汽修・中國／cn	大昌貿易行汽車服務中心有限公司	05/08/2011
大昌特種汽車・中國／cn	大昌貿易行汽車服務中心有限公司	05/08/2011
大昌港龍.・中國／cn	大昌貿易行汽車服務中心有限公司	11/08/2011
紳迪汽車機械・中國／cn	大昌貿易行汽車服務中心有限公司	05/08/2011
metromotors.com.hk	Triangle Motors Ltd	27/10/2009

7. DISCLOSURE OF INTERESTS

A. Interests of Directors in the share capital of the Company and its associated corporations

Immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, will be as follows:

(i) Interests in the Company's Shares

Name of Director	Nature of Interest	Number of Shares in the Company subject to options granted under the Pre-IPO Share Option Scheme	Approximate percentage of issued Shares in the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised)
Hui Ying Bun	beneficial owner — underlying shares	1,700,000	0.094%
Chu Hon Fai	beneficial owner — underlying shares	1,200,000	0.067%
Yip Moon Tong	beneficial owner — underlying shares	1,000,000	0.056%
Lau Sei Keung	beneficial owner — underlying shares	800,000	0.044%
Mak Kwing Tim	beneficial owner — underlying shares	800,000	0.044%
Tsoi Tai Kwan, Arthur	beneficial owner — underlying shares	800,000	0.044%
Glenn Robert Sturrock Smith	beneficial owner — underlying shares	500,000	0.028%
Chan Kin Man, Andrew	beneficial owner — underlying shares	500,000	0.028%

(ii) Interests in shares in CITIC Pacific (being a holding company of the Company and therefore an associated corporation)

Name of Director	Nature of Interest	Number of Shares in CITIC Pacific	Approximate percentage of issued shares in CITIC Pacific immediately after the Global Offering (assuming the number of issued shares of CITIC Pacific remains unchanged after the Latest Practicable Date until completion of the Global Offering)
Hui Ying Bun	beneficial owner — shares	400,000	0.018%
	beneficial owner — underlying shares	600,000 *(Note 1)*	0.027%
Chu Hon Fai	beneficial owner — shares	293,000	0.013%
	beneficial owner — underlying shares	400,000 *(Note 2)*	0.018%
Lau Sei Keung	beneficial owner — shares	1,000	0.00005%
Tsoi Tai Kwan, Arthur	beneficial owner — shares	18,000	0.0008%
	interests by attribution	25,000 *(Note 3)*	0.001%
Chau Chi Yin	beneficial owner — shares	536,000	0.024%
	beneficial owner — underlying shares	1,300,000 *(Note 4)*	0.059%
Chan Chui Sheung, Stella	beneficial owner — shares	5,000	0.0002%
Kwok Man Leung	beneficial owner — underlying shares	250,000 *(Note 5)*	0.011%

Note 1: On 1 November 2004, options to subscribe for a total of 300,000 shares in CITIC Pacific at the exercise price of HK$19.90 per share were granted to Mr. Hui under the CITIC Pacific Share Incentive Plan 2000. Such options can be exercised in whole or in part from 1 November 2004 to 31 October 2009. The vesting period is from 1 November 2004 to 31 October 2009.

On 20 June 2006, options to subscribe for a total of 300,000 shares in CITIC Pacific at the exercise price of HK$22.10 per share were granted to Mr. Hui under the CITIC Pacific Share Incentive Plan 2000. Such options can be exercised in whole or in part from 20 June 2006 to 19 June 2011. The vesting period is from 20 June 2006 to 19 June 2011.

Note 2: On 1 November 2004, options to subscribe for a total of 200,000 shares in CITIC Pacific at the exercise price of HK$19.90 per share were granted to Mr. Chu under the CITIC Pacific Share Incentive Plan 2000. Such options can be exercised in whole or in part from 1 November 2004 to 31 October 2009. The vesting period is from 1 November 2004 to 31 October 2009.

On 20 June 2006, options to subscribe for a total of 200,000 shares in CITIC Pacific at the exercise price of HK$22.10 per share were granted to Mr. Chu under the CITIC Pacific Share Incentive Plan 2000. Such options can be exercised in whole or in part from 20 June 2006 to 19 June 2011. The vesting period is from 20 June 2006 to 19 June 2011.

Note 3: 25,000 shares in CITIC Pacific are held by Mr. Tsoi's wife.

Note 4: On 1 November 2004, options to subscribe for a total of 500,000 shares in CITIC Pacific at the exercise price of HK$19.90 per share were granted to Mr. Chau under the CITIC Pacific Share Incentive Plan 2000. Such options can be exercised in whole or in part from 1 November 2004 to 31 October 2009. The vesting period is from 1 November 2004 to 31 October 2009.

On 20 June 2006, options to subscribe for a total of 800,000 shares in CITIC Pacific at the exercise price of HK$22.10 per share were granted to Mr. Chau under the CITIC Pacific Share Incentive Plan 2000. Such options can be exercised in whole or in part from 20 June 2006 to 19 June 2011. The vesting period is from 20 June 2006 to 19 June 2011.

Note 5: On 20 June 2006, options to subscribe for shares in CITIC Pacific (of which options to subscribe for 250,000 shares remain unexercised) at the exercise price of HK$22.10 per share were granted to Mr. Kwok under the CITIC Pacific Share Incentive Plan 2000. Such options can be exercised in whole or in part from 20 June 2006 to 19 June 2011. The vesting period is from 20 June 2006 to 19 June 2011.

(iii) Principal terms of CITIC Pacific Share Incentive Plan

CITIC Pacific Share Incentive Plan 2000 was adopted on 31 May 2000. A summary of its principal terms which implementation is subject to the requirements of the Listing Rules from time to time, are set out below:

(a) In order to promote the interests of CITIC Pacific and its shareholders by (i) providing certain Employees (as defined in the rules of the Plan – see paragraph (b) below) with additional incentives to continue and increase their efforts in achieving success in the business of CITIC Pacific, and (ii) attracting and retaining the best available personnel to participate in the on-going business operations of CITIC Pacific, the board of CITIC Pacific (the "CP Board") may invite selected employees to subscribe for options over CITIC Pacific's ordinary shares ("CP Options") on payment of HK$1 per acceptance of such invitation.

(b) Employees eligible to be invited to accept CP Options to subscribe for shares of CITIC Pacific ("CP Shares") are directors, executives or employees of CITIC Pacific and its subsidiaries ("CP Group Employee(s)").

(c) No option may be granted to any one CP Group Employee which if exercised in full would result in the total number of CP Shares already issued and issuable to him under all the CP Options previously granted to him and under the said Option exceeding 25% of the maximum aggregate number of CP Shares subject to the Plan. In addition, the total number of the CP Shares underlying CP Options subscribed by each CP Group Employee in any 12-month period may not exceed 0.5% of the CP Shares in issue from time to time.

(d) Conditions, restrictions and limitations may be placed on CP Options including, but not limited to, the subscription price, the time or times when CP Options will vest (which may be based on performance criteria), as the CP Board, in its sole discretion shall determine, however no CP Option will be granted for a period in excess of 10 years or with a subscription price lower than 100% of the average of the closing prices of the CP Shares on the Stock Exchange as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant (which is deemed to be the date of the offer) on which there were dealings in CP Shares on the Stock Exchange, nor will options be granted over more than 10% of the

CP Shares in issue from time to time (excluding for this purpose from the number of CP Shares in issue any CP Shares which have been duly allotted and issued upon the exercise of options granted pursuant to the Plan).

(e) The invitation to subscribe for CP Options may require that CP Shares allotted on the exercise of an option may only be sold after CITIC Pacific has been given 24 hours' notice. No option may be granted more than 10 years after the date of approval of the Plan.

(f) A CP Option may not be transferred and is personal to the grantee of the CP Option ("CP Option Grantee").

(g) The unexercised portion of a CP Option will vest immediately if the CP Option Grantee ceases to be a CP Employee due to (i) his death, or (ii) retirement under normal retirement conditions then prevailing in CITIC Pacific, or (iii) total physical or mental disablement, and the CP Option Grantee (or his legal representative) may exercise the CP Option up to the end of the CP Option Period.

(h) If the CP Board considers a CP Option Grantee has ceased to be a CP Group Employee due to the sale, or separate listing, of the business to which he is providing services; or CITIC Pacific is merged, reorganized or consolidated with another entity (but the general offer provisions referred to in paragraph (m) below do not apply) the CP Board may at its sole discretion (i) arrange for substitute options or share purchase rights of not less than equivalent fair value, in the purchasing, surviving or newly-listed company, or (ii) provide cash compensation equivalent to their fair value, or (iii) declare the CP Options to fall under paragraph (l), or (iv) permit the continuation of the CP Option according to its original terms.

(i) A CP Option shall lapse immediately upon the CP Option Grantee ceasing to be a CP Group Employee for reason of misconduct.

(j) A CP Option Grantee ceasing to be a CP Group Employee for any reason other than as set out in (g) and (i) above shall only be entitled to exercise the portion of a CP Option vested on the date of cessation of employment, but only for three months from the date he ceases to be a CP Group Employee, following which the CP Option will lapse.

(k) The CP Board may exercise its powers in respect of options through the appointment of a CP Board committee, and may suspend or terminate the Plan at any time as its sole discretion. The Plan will automatically terminate 10 years after its approval by Shareholders. No CP Options may be granted while the Plan is suspend or after it is terminated.

(l) The CP Board may, at its absolute discretion, remove or waive any performance criteria or permit earlier vesting than permitted in relation to any CP Option on compassionate or any other grounds.

(m) If a general offer is made to all the holders of CP Shares (or all holders other than the offeror and any person he controls or acts in association or in concert with) and such offer becomes or is declared unconditional or becomes or is declared effective, the CP Option will immediately vest and the CP Option Grantee shall be entitled to exercise any unexercised CP Options at any time within one month (or for such longer time as the CP Board may determine as may be necessary to permit the CP Option Grantee to participate in the offer on a similar basis with the holders of CP Shares) after the date on which the offer becomes or is declared unconditional, following which the CP Option shall lapse.

(n) If an effective resolution is passed for a members' voluntary winding-up of CITIC Pacific, the CP Option will immediately vest and the CP Option Grantee shall be entitled to exercise the CP Option (to the extent not already exercised) and may by notice in writing to CITIC Pacific within 21 days after the date of such resolution elect to be treated as if the CP Option had been exercised immediately before the passing of such resolution either to its full extent or to the extent specified in such notice and will rank pari passu with other holders of CP Shares to receive out of the assets available in the liquidation such sum as would have been received in respect of the CP Shares the subject of his election, reduced by the subscription price which would otherwise have been payable in respect thereof.

(o) CP Shares allotted on the exercise of CP Options will rank pari passu with other fully paid CP Shares in issue at the date of allotment and accordingly shall entitle the holders to participate in all dividends or distribution paid or made after the date of allotment, save that they will not rank for any dividend or other distribution declared, paid or made by reference to a record date falling on or before the date of allotment.

(p) In the event of any share split or combination, capital distribution, rights issue or similar alteration in the capital structure of CITIC Pacific, the CP Board shall make a proportionate adjustment to the maximum number of shares authorised to be issued under the Plan and the price and number of unexercised CP Options as the Auditors shall certify in writing to the CP Board to be in their opinion fair and reasonable. The result of such adjustment will be that the CP Option Grantee will have, as nearly as possible, the same proportionate interest in the equity capital of CITIC Pacific as that to which he was entitled before the alteration in the capital structure. No adjustment will be made to the number or price of unexercised CP Options due to the issue for good value of any class of shares or securities convertible into shares.

(q) The Plan may be altered in any respect by resolution of the CP Board except that the provisions of the Plan as to:

(i) the definitions of "CP Group Employee", "CP Option Grantee" and "CP Option Period"; and

(ii) the provisions relating to the administration of the Plan; relating to the period within which the CP Options must be taken up; relating to the consideration payable by a grantee for the grant of CP Option; relating to the subscription price; relating to the maximum number of CP Shares for subscription for the Plan as a whole and for each CP Group Employee; relating to the maximum life of the Plan; relating to voting, dividend, transfer and other rights, relating to the impact on the Plan of the reorganisation of capital structure of CITIC Pacific, a general offer or the voluntary winding up of CITIC Pacific, and relating to the alteration of the Plan itself shall not be altered to the advantage of CP Option Grantees or prospective CP Option Grantees except with the prior sanction of a resolution of CITIC Pacific in general meeting.

(iv) Interests in shares in CITIC 1616 Holdings Limited ("CITIC 1616") (being a subsidiary of the Company's holding company, CITIC Pacific and therefore an associated corporation)

Name of Director	Nature of Interest	Number of shares in CITIC 1616	Approximate percentage of issued shares in CITIC 1616 immediately after the Global Offering (assuming the number of issued shares of CITIC 1616 remains unchanged after the Latest Practicable Date until completion of the Global Offering)
Chau Chi Yin	beneficial owner — shares	26,750	0.001%

B. Substantial Shareholders

Information on persons, not being Directors or chief executives of the Company, who will have, immediately following the Global Offering (assuming the Over-allotment Option and the options under the Pre-IPO Share Option Scheme are not exercised), an interest and/or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO is set out below:

Name of Shareholder	Nature of Interest	Number of Shares in the Company	Approximate percentage of issued Shares in the Company immediately after the Global Offering (assuming the Over-allotment Option and the options granted under the Pre-IPO Share Option Scheme are not exercised)
Cornaldi Enterprises Limited	Beneficial interest	95,317,400	5.30%
Chadacre Developments Limited	Beneficial interest	245,102,000	13.62%
Colton Pacific Limited	Beneficial interest	378,802,200	21.04%
	Interest in controlled corporations	422,120,000	23.45%
Ascari Holdings Ltd.	Interest in controlled corporations	217,877,800	12.10%
Davenmore Limited	Interest in controlled corporations	1,018,800,000	56.60%
CITIC Pacific	Interest in controlled corporations	1,018,800,000	56.60%

Notes:

1. Colton Pacific Limited beneficially holds 378,802,200 Shares and is deemed to be interested in 422,120,000 additional Shares held by the following wholly-owned subsidiaries:

Chadacre Developments Limited	245,102,000
Cornaldi Enterprises Limited	95,317,400
Corton Enterprises Limited	54,467,000
Dashing Investments Limited	13,616,800
Karaganda Limited	13,616,800

2. Ascari Holdings Ltd. is deemed to be interested in 217,877,800 Shares through the following wholly-owned subsidiaries:

Silver Ray Enterprises Inc.	55,877,800
Grogan Inc.	81,000,000
Greenlane International Holdings Inc.	81,000,000

3. Davenmore Limited is deemed to be interested in 1,018,800,000 Shares as Colton Pacific Limited and Ascari Holdings Ltd. are its wholly-owned subsidiaries.

4. CITIC Pacific is deemed to be interested in 1,018,800,000 Shares as Davenmore Limited is its wholly-owned subsidiary.

C. Particulars of service contracts and Directors' remuneration

None of the Directors has or is proposed to have a service contract with any member of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

During the years ended 31 December 2006 and the six months ended 30 June 2007, the total remuneration (comprising fees, salaries and allowances, discretionary bonuses and pension scheme contributions) and benefits in kind of the Directors were approximately HK$25.4 million, HK$22.9 million, HK$26.7 million and HK$12.6 million respectively.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments during the three years ended 31 December 2006 and six months ended 30 June 2007.

The aggregate remuneration and benefits in kind payable to the Directors for the year ending 31 December 2007 are estimated to be about HK$24.3 million according to the present arrangements. Discretionary bonus is to be determined with reference to the performance of the Group and the respective director in the relevant year and requires the Board's approval.

Remuneration Committee

The Company has established a Remuneration Committee with term of reference in accordance with the requirements of the Listing Rules. All members of the Remuneration Committee are independent non-executive Directors. All members of the Remuneration Committee shall be appointed and removed by the Board.

The powers and duties of the Remuneration Committee include:

- making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management;

- determining the remuneration packages of individual executive Directors and senior management, taking into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors and senior management, employment conditions elsewhere in the Group and desirability of performance-base remuneration;

- reviewing and approving the terms and conditions on which the employment of any executive Director or senior management shall be terminated to ensure that the compensation payments are determined in accordance with relevant contractual terms and that such compensation payments are fair and not excessive for the Company; and

- ensuring that no Director or any of his associates is involved in deciding his own remuneration.

In exercising its power, authorities and discretions to perform its duties, the Remuneration Committee will take full account of the Code on Corporate Governance Practices prescribed in the Listing Rules as well as the Listing Rules itself.

D. Personal guarantees

The Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Company.

E. Agency fees or commissions

Except as disclosed in this Prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of the Group within the two years immediately preceding the date of this Prospectus.

F. Disclosure under Rule 8.10(2) of the Listing Rules

The Directors (except the independent non-executive Directors), have undertaken in favour of the Company to the effect that, save for those interests as disclosed in this Prospectus (please refer to the disclosure in this section, the sections headed "Relationship with CITIC Pacific" and "Directors, senior management, staff and Compliance Adviser" of this Prospectus above) or interest in any company which a Director together with any of his associates own less than 5%, at any time during which he is a Director, he will not engage, and will procure its associates not to engage, on its own account or with each other or in conjunction with or on behalf of any person, firm or company, carry on or be engaged in, concerned with or interested in, directly or indirectly, whether as a shareholder (other than being a director or a shareholder of the Group or its associated companies), partner, agent or otherwise, in the provisions of (i) motor vehicle distribution and dealership; (ii) trading and distribution of food and consumer products; and (iii) logistics business, or in any other business that may compete, directly or indirectly, with such businesses.

8. DISCLAIMERS

Save as disclosed in this Prospectus:

(i) none of the Directors or chief executive of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;

(ii) so far as is known to any of the Directors or chief executive of the Company, no person has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group;

(iii) none of the Directors nor any of the persons whose names are listed in paragraph 11G of this Appendix is interested in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this Prospectus, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(iv) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is unusual in its nature or conditions or which is significant in relation to the business of the Group;

(v) save in connection with the Underwriting Agreements, none of the persons whose names are listed in paragraph 11G of this Appendix has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(vi) save for the Underwriting Agreements, none of the persons whose names are listed in paragraph 11G of this Appendix is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group taken as a whole;

(vii) none of the Directors has entered or has proposed to enter into any service agreements with the Company or any member of the Company (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);

(viii) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this Prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned in this Prospectus;

(ix) so far as is known to the Directors, none of the Directors, shareholders of the Company who are expected to be interested in 5% or more of the issue shares capital of the Company and their associates has any interest in the five largest customers or the five largest suppliers of the Group; and

(x) none of the controlling shareholder and Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

9. PRE-IPO SHARE OPTION SCHEME

The principal terms of the Pre-IPO Share Option Scheme approved and adopted by (i) written resolutions of all the shareholders of the Company on 28 September 2007; and (ii) ordinary resolutions of the shareholders of CITIC Pacific on 3 October 2007, are substantially the same as the terms of the Post-IPO Share Option Scheme (where applicable) except for the following principal terms:

(a) the subscription price per Share shall be the Offer Price;

(b) no options will be offered or granted upon the commencement of dealings in the Shares on the Stock Exchange;

(c) the grantee shall not, within 6 months from the Listing Date, exercise any of the options granted under the Pre-IPO Share Option Scheme;

(d) any exercise of option shall only become effective upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to Pre-IPO Share Option Scheme; and (ii) the commencement of dealings in the Shares on the Stock Exchange;

(e) the maximum number of Shares in respect of which options may be granted under the Pre-IPO Share Option Scheme shall not exceed 18,000,000 Shares, being 1% of the total number of issued Shares immediately following the commencement of dealings in the Shares on the Stock Exchange; and

(f) the conditions precedent to the adoption of the Post-IPO Share Option Scheme shall not apply and any options granted or to be granted under the Pre-IPO Share Option Scheme shall lapse automatically should listing does not take place on or before 31 December 2008.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

Options have been granted under the Pre-IPO Share Option Scheme to recognise the contributions of certain directors and employees of the Group to the growth of the Group and to incentivise them going forward. As at the date of this Prospectus, in consideration of HK$1.00 from each grantee, options to subscribe for an aggregate of 18,000,000 Shares at a subscription price equal to the Offer Price had been granted to 64 grantees under the Pre-IPO Share Option Scheme.

Each option has a 5-year exercise period from the date of the offer of the option. Save for the number of Shares which may be subscribed for pursuant to the exercise of options and, each option so granted under the Pre-IPO Share Option Scheme has the same terms and conditions. Assuming that all of the options granted under the Pre-IPO Share Option Scheme are exercised in full, the forecast earnings per Share will be HK$0.229 based on the Offer Price of HK$5.22 per Share. The potential dilution effect on the shareholdings of the Company upon the Listing and the impact on the earnings per Share arising from the exercise of the options granted under the Pre-IPO Share Option Scheme have been taken into account in the calculation of the forecast earnings per Share, as disclosed in the paragraph headed "Profit Forecast for the year ending 31 December 2007" in the "Summary" and "Financial Information" sections, respectively of this Prospectus. Details of the options that have been granted to the Directors are disclosed under paragraph 7 — "Disclosure of Interests — Interests of Directors in the share capital of the Company and its associated corporations" in this Appendix.

Particulars of the options that were granted on 3 October 2007 to directors and employees of the Group who may acquire Shares under the Pre-IPO Share Option Scheme are set out as follows:

Grantee and position	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options *(Note 1)*
Directors			
Hui Ying Bun (Chairman and Executive Director)	House 10, Route Twisk Villas, 99 Route Twisk, Tsuen Wan, New Territories	1,700,000	0.094%
Chu Hon Fai (Deputy Chairman and Executive Director)	No. 8, Tai Hang Road, Flat A, 7/F, Causeway Bay, Hong Kong	1,200,000	0.067%
Yip Moon Tong (Chief Executive Officer and Executive Director)	Flat A, 4/F, Block D, Wylie Court, 19 Wylie Path, Yau Ma Tei, Kowloon	1,000,000	0.056%
Mak Kwing Tim (Executive Director)	Flat B, 32/F, Tower 7, Island Harbour View, 11 Hoi Fai Road, Kowloon	800,000	0.044%
Lau Sei Keung (Executive Director)	Room 27A, 27/F, Tower One, Illumination Terrace, 5-7 Tai Hang Road, Causeway Bay, Hong Kong	800,000	0.044%
Tsoi Tai Kwan, Arthur (Executive Director)	Flat 1, 5/F, Block B, Villa Rocha, 10 Broadwood Road, Hong Kong	800,000	0.044%
Glenn Robert Sturrock Smith (Executive Director)	83 Royal Castle, 23 Pik Sha Road, Clear Water Bay Road, New Territories	500,000	0.028%

Grantee and position	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options *(Note 1)*
Chan Kin Man Andrew (Executive Director & Group Financial Controller)	25 Grandeur Road, Parc Oasis, Tower 31, 1/F, Flat A, Kowloon	500,000	0.028%
Senior management and/or other employees of the Group			
Kuk Tai Wai David (Managing Director – DCH Logistics Co. Ltd.)	Block 1, 2B Beverly Villa, 16 La Salle Road, Kowloon	300,000	0.017%
Kwong Sum Mei Esther (Director & General Manager – Sheseido DCH Co. Ltd.)	20/F, Park Height, 12A Park Road, Hong Kong	300,000	0.017%
Wong Chit Chong Mike (Director & General Manager – Triangle Auto Pte Ltd.)	11 Flora Road, #07-08 Avila Gardens, Singapore 509732	300,000	0.017%
Cheuk Chun Wai Simon (President – DCH (Japan) Holding Co. Ltd.)	2-26-1-509 Ebisuminami Shibuya-Ku, Tokyo, Japan	300,000	0.017%
Hui Kwong Lok Kelvin (General Manager – Eletrical Appliances Division)	Flat D, 11/F Block 8, The Cairnhill, 108 Route Twisk, Tsuen Wan, New Territories	250,000	0.014%
Got Chong Key Clevin (Managing Director – Premium Motors Ltd.)	Flat 9A, Block 2, Victoria Centre, 15 Watson Road, North Point, Hong Kong	250,000	0.014%
Mak Wai Sum (Director & General Manager – Harmony Motors Ltd.)	Flat C. 22/F, Block 26, Baguio Villa, 555 Victoria Road, Hong Kong	250,000	0.014%

Grantee and position	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options *(Note 1)*
Ho Kin Ping Patrick (Director & General Manager – Regal Motors Ltd.)	Room 8B, Cherry Court, 2 College Road, Kowloon	250,000	0.014%
Lo Yuk Shun Raymond (Director & General Manager – Japan Auto Parts Co. Ltd.)	Flat B, 3/F, Tower 9, Park Avenue, 18 Hoi Ting Road, Kowloon	250,000	0.014%
Ho Yee Tak (Director & General Manager – DAS)	89B, 14/F, Broadway Street, Mei Foo Sun Chuen, Kowloon	250,000	0.014%
Lee Lat See (General Manager – FOM)	Flat C, 20/F, Tower 33, South Horizons, Ap Lei Chau, Southern District, Hong Kong	250,000	0.014%
Leung Pui Ching Betty (Executive Director – Consumer Products, Sims Trading Co. Ltd.)	Flat B, 11/F, Tower 5, Residence Bel-Air, 28 Bel-Air Avenue, Pokfulam, Hong Kong	250,000	0.014%
Wong Ming Yin Patrick (General Manager – MCL)	5C Manhattan Court, 1 Alnwick Road, Kowloon Tong, Kowloon	250,000	0.014%
Lee Tak Wah Alex (General Manager – Honest Motors Ltd.)	Flat B, 26/F, Block 4, Villa Athena, Ma On Shan, New Territories	250,000	0.014%
Lam Tai Wai David (General Manager – Parts Division)	Block 15, Flat 19G, Chi Fu Fa Yuen, Pokfulam, Hong Kong	250,000	0.014%

Grantee and position	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options *(Note 1)*
嚴夢英 (Yan Mengying) (Managing Director – DCH(China)Ltd.)	上海市松江區新橋鎮莘松路999弄190號No.190, Lane 999, Xin Song Road, Xinqiao Town, Songjiang District, Shanghai	250,000	0.014%
Yung Wing Yin Steed (General Manager – CPM (Trading))	Block 1, 6C Vantage Park, 22 Conduit Road, Mid-Level, Hong Kong	250,000	0.014%
Chong Wai Chuen (General Manager – DCH Foodmarts)	Flat D, 6/F, Block 4, South Horizons, Ap Lei Chau, Southern District, Hong Kong	200,000	0.011%
Goh Chwee Teck (General Manager – DCH Trading (Singapore) Pte Ltd.)	12 Stirling Road #26-10, Singapore 148955	200,000	0.011%
Henry Liang Chun Kit (Deputy President – DCH (Canada) Ltd.)	2263 West 32nd Ave., Vancouver, B.C., V6L 2B1, Canada	200,000	0.011%
Wong Lap San Leo (General Manager – East China Motor Operations)	10/F, Room A, Building 8, Phase 2, 1 Castle Peak Road, HK Gold Coast, New Territories	200,000	0.011%
Poon Lin Sing Desmond (General Manager – Management Service Division)	Flat H, 28/F, Tsuen Fung Centre, 168 Sai Lau Kok Road, Tsuen Wan, New Territories	200,000	0.011%

Grantee and position	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options *(Note 1)*
Y.D. Chiu (Nakamune, Okamura) (Assistant to President – DCH Japan)	2-19-1 Maenocho Itabashi-Ku, Tokyo, Japan	200,000	0.011%
Ho Yiu Kuen Louis (Director and General Manager – DCH (MSC) Ltd)	Flat 505, 5/F, Block L, Kornhill, Quarry Bay, Hong Kong	200,000	0.011%
Chan Tung Sang Ernest (General Manager – PRC Motor Leasing Division)	Flat A, Block 6, Wonderland Villas, 17/F, 9 Wah King Hill Road, Kwai Chung, New Territories	100,000	0.006%
Choy Wai Kit Rick (Financial Controller – MCL)	Room 1825, Wong Shek House, Ping Shek Estate, Wong Tai Sin, Kowloon	100,000	0.006%
Chau Chi Keung Simon (Assistant General Manager – Fin & Admin, Provisions)	1C, The Cornwall, 63 Luen Wo Road, Fanling, New Territories	100,000	0.006%
Wong Hoong Kee Gabriel (Assistant General Manager – Financial Controller – Triangle Auto Pte. Ltd.)	79 Jalan Mat Jambol, Singapore 119548	100,000	0.006%
Li Kin Wah Johnny (Assistant General Manager – HK Sales, Marketing and Development, Electrical Appliances Division)	Flat A, 7/F, Tower 19, South Horizons, Ap Lei Chau, Southern District, Hong Kong	50,000	0.003%

Grantee and position	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options *(Note 1)*
Mok Siu Wah Stephen (Finance & IT Controller – DCH Japan)	Plaza Tower Kachidoki 1202, 1-13-6 Kachidoki Chuo-Ku, Tokyo, Japan	50,000	0.003%
Fu Chun (Assistant Manager – China Motor Trade)	Block 9, 13/F, Flat G, 242 Choi Hung Road, Rhythm Garden, Choi Hung, Kowloon	25,000	0.001%
Leung Wei Kee (Sub-Manager, Triangle Auto Pte. Ltd.)	Block 51, Jurong East Avenue 1, @12-02 Parc Oasis, Singapore 609782	25,000	0.001%
Fong Ying Wo (General Manager – Sales, Triangle Motors Ltd.)	House No. 6, 20th Street, Hong Lok Yuen, Tai Po, New Territories	250,000	0.014%
Lee Kai Yeung (General Manager – Provisions)	Flat H, 10/F, Block 35, Laguna City, Kwun Tong, Kowloon	250,000	0.014%
Yang Fuxiang (楊福祥) (General Manager – Shanghai DCH Food Industry)	Room 901, No. 60 Liu Feng Sheng Hang, Wuxi, China	250,000	0.014%
Mak Ka Cheong (General Manager – Honda/Acura)	Flat B, 3/F, Block 8, Constellation Cove, 1 Hung Lam Drive, Tai Po, New Territories	250,000	0.014%
Tsoi Yip Kee (General Manager – Service Division)	Room 1006, Block M, Telford Gardends, Kowloon Bay, Kowloon	250,000	0.014%
Ho Ming Kei Wayne (General Manager – CPM)	Flat D, 2/F, Mandarin Court Phase 2, 138 Arygle Street, Kowloon	250,000	0.014%

Grantee and position	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options *(Note 1)*
Wong Hoi Ming Alan (General Manager – GHR & Admin)	64 Bonham Road, 27A Skylight Tower, Western Mid-Levels, Hong Kong	250,000	0.014%
Chau Wai Man (General Manager – GIT)	Flat D, 10/F, Block 2, La Costa, 8 Po Tai Street, Ma On Shan, New Territories	250,000	0.014%
Wu Pei Sen (General Manager – China Trade, Triangle Motors Ltd.)	Flat D, 6/F, Loong Shan Mansion, Tai Koo Shing, Hong Kong	200,000	0.011%
Tong Siu Yee Peter (General Manager – Business Admin)	Flat C, 6/F, 35 Braemar Hill Road, North Point, Hong Kong	200,000	0.011%
Cheng Piu Bill (General Manager – China Operation, BML)	33B, Block 8, Villa Esplanada, Tsing Yi, New Territories	200,000	0.011%
Leung Kwong Fai Ryan (General Manager, Taiping Advertising)	1A Tai Yuen, 11 Village Terrace, Happy Valley, Hong Kong	200,000	0.011%
Ho Yuk Ching Agnes (Deputy General Manager – Group Finance Division)	Flat A, 29/F, Block 2, Ocean View, Ma On Shan, New Territories	200,000	0.011%
Wong Kin Leung Allen (Deputy General Manager – Group Services Division)	Flat B, 27/F, Block 1, Ravana Garden, 1–3 On King Street, Shatin, New Territories	200,000	0.011%
Yeung Ka Wah (Assistant General Manager – Financial Controller, Triangle Motors Ltd.)	Flat 6, 10/F, Block B, Yat Yee House, Yee Tsui Court, Chai Wan, Hong Kong	200,000	0.011%

Grantee and position	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options *(Note 1)*
Hui Chiu Fai Felix (General Manager – Metro Motors Ltd.)	Flat B, 16/F, Block 5, Residence Bel-Air, Cyberport, Pokfulam, Hong Kong	100,000	0.006%
William Feng Rong Rong (馮嶸嶸) (General Manager – East China, Shanghai Sims Trading Co. Ltd.)	上海市紅松路700弄1號甲601室 Room 601, No.1 A, Lane 700, Hong Song Road, Shanghai	100,000	0.006%
Ko Yuk Kit Shirley (General Manager – SPAR)	Flat A, 5/F Dragon Peak, 9 Dragon Terrace, Tin Hau, Hong Kong	100,000	0.006%
Yuen Wai Kwong (Deputy General Manager – GIT)	Room 1912, Block C, Kornhill, Quarry Bay, Eastern District, Hong Kong	100,000	0.006%
Wong Wing On Alex (Deputy General Manager – Trading Group Finance)	Flat E, 10/F, Block 2, Chi Fu Fa Yuen, Pokfulam, Hong Kong	100,000	0.006%
Li Siu Mei Doris (Deputy General Manager, SDC)	G/F, 74 Kai Yuen Street, North Point, Hong Kong	100,000	0.006%
Yu Siu Yuk Anson (Deputy General Manager & Financial Controller, SDC)	Unit D, 10/F, 2 Robinson Place, 70 Robinson Road, Mid-Levels, Hong Kong	100,000	0.006%

Grantee and position	Address	Number of Shares subject to the option	Percentage of shareholding held upon exercise of the options *(Note 1)*
Lee Ching Fong Mary (Financial Controller, Sims Trading Co., Ltd.)	12E, Block 7, Grand Palisades, 8 Shan Yin Road, Tai Po, New Territories	100,000	0.006%
Tam Kwok To (Assistant General Manager – Financial Controller, FOM)	Flat C, 14/F, Block 5, Provident Centre, Hong Kong	100,000	0.006%

Notes:

1. The percentages of shareholding represent the percentages immediately upon the completion of the Global Offering,the options granted under the Post-IPO Share Option Scheme are not exercised but all options granted under the Pre-IPO Share Option Scheme have been exercised at the same time in full.

Assuming that the Over-allotment Option is not exercised, the shareholding structure of the Company before and after the full exercise of all options granted under the Pre-IPO Share Option Scheme on the basis set out below is as follows:

Name of Shareholders	Shareholding structure immediately after completion of the Global Offering but before exercise of the options granted under the Pre-IPO Share Option Scheme		Shareholding structure immediately after completion of the Global Offering and after full exercise of the options granted under the Pre-IPO Share Option Scheme	
	Number of Shares	*%*	*Number of Shares*	*%*
1. CITIC Pacific	1,018,800,000	56.60	1,018,800,000	56.04
2. Grantees under the Pre-IPO Share Option Scheme	—	—	18,000,000	0.99
3. Shareholders taking up Shares under the Global Offering	781,200,000	43.40	781,200,000	42.97
Total	1,800,000,000	100.00	1,818,000,000	100.00

The valuation of options to be granted under the Pre-IPO Share Option Scheme was conducted based on the Binomial Model with the following data and assumptions:

Scenario	**1**	**2**	**3**
Exercise Price	HK$4.55	HK$5.22	HK$5.88
Contractual Life		5 years	
Expected Volatility		30% per annum	
Expected Dividend		2% per annum	
Rate of Leaving Service		4% per annum	
Early Exercise Assumption		Option holders will exercise their options when the share price is at least 160% of the exercise price	
Risk-free Rate of Interest		4.38% per annum	

Notes:

(i) The volatility rate of the share price of DCH Holdings was determined with reference to the historical movements of its comparators' share prices.

(ii) Taking into account the probability of early exercise behaviour and rate of leaving service stated above, the average expected term of the Grant was determined to be 3.5 years.

(iii) The risk-free rate of interest with expected term shown above was taken to be the linearly interpolated yield of the Hong Kong Exchange Fund Notes as at the grant date.

The fair value per share of option for Scenario 1, 2 and 3 are HK$1.08, HK$1.24 and HK$1.40 respectively.

The result of the Binomial Model can be materially affected by changes in the aforesaid assumptions so an option's actual value may differ from the estimated fair value of the options due to limitations of the Model.

All the options forfeited before expiry of the Pre-IPO Share Option Scheme will be treated as lapsed options which will not be added back to the number of shares available to be issued under the Pre-IPO Share Option Scheme. The options granted under the Pre-IPO Share Option Scheme are only exercisable 6 months after the Listing Date.

Save as disclosed above, no options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme as at the date of this Prospectus. No options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

10. POST-IPO SHARE OPTION SCHEME

The following is a summary of the principal terms of the Post-IPO Share Option Scheme conditionally approved and adopted by (i) written resolutions of all the shareholders of the Company on 28 September 2007; and (ii) ordinary resolutions of the shareholders of CITIC Pacific on 3 October 2007. For the purpose of this paragraph 10, references to "Board" shall mean the board of Directors or a duly authorised committee thereof, references to "Employee" shall mean any person employed by the Company or any subsidiary and any person who is an officer or director (whether executive or non-executive) of the Company or any subsidiary, references to "Grantee" shall mean any Employee who accepts an offer of the grant of an option in accordance with the terms of the Post-IPO Share Option Scheme or (where the context so requires) the legal personal representatives of such Employee. A Grantee shall not cease to be an Employee in case of (a) any leave of absence approved by the Company or the relevant subsidiary; or (b) transfer of employment between the Company and any subsidiary or any successor.

(a) Purpose

The purpose of the Post-IPO Share Option Scheme is to attract and retain the best quality personnel for the development of the Company's businesses; to provide additional incentives to the Employees and to promote the long term financial success of the Company by aligning the interests of Grantees to Shareholders.

(b) Who may join

On and subject to the terms of the Post-IPO Share Option Scheme and the requirements of the Listing Rules, the Board may offer to grant an option to any Employee as the Board may in its absolute discretion select.

(c) Approval of the shareholders or independent non-executive directors of CITIC Pacific

Insofar and for so long as (i) the Listing Rules so require; (ii) CITIC Pacific is the holding company of the Company; and (iii) the shares of CITIC Pacific are listed on the Stock Exchange, any provision in the Post-IPO Share Option Scheme requiring the approval of the Shareholders or independent non-executive directors (as the case may be) of the Company shall be construed as also requiring the approval of the shareholders or independent non-executive directors (as the case may be) of CITIC Pacific. Where such provisions require the Company to issue a circular to its Shareholders prior to seeking their approval, CITIC Pacific shall also issue a circular to its shareholders prior to seeking their approval.

(d) Administration

The Post-IPO Share Option Scheme shall be subject to the administration of the Board. The Board's administrative powers include the authority, in its discretion:

(i) to select Employees to whom options may be granted under the Post-IPO Share Option Scheme;

(ii) to determine, subject to the requirements of the Listing Rules and the law, the time of the grant of options;

(iii) to determine the number of options;

(iv) to approve forms of option agreements;

(v) to determine the terms and conditions, not inconsistent with the terms of the Post-IPO Share Option Scheme and provided that such terms and conditions do not relax any limits imposed by the Listing Rules, of any option based in each case on such factors as the Board, in its sole discretion, shall determine to be stated in the letter containing the offer of the grant of the option. Such terms and conditions may include, but are not limited to:

(1) conditions, restrictions or limitations relating to the achievement of operating or financial targets;

(2) satisfactory performance by the Grantee;

(3) the time or period when the right to exercise the option in respect of all or some of the Shares the subject of the option will vest; and/or

(4) that the Shares to be allotted and issued upon exercise of the option may only be sold after the Company has been given 24 hours' previous written notice.

Without prejudice to the generality of the foregoing and subject to paragraph (g), the Board may grant options in respect of which the subscription price is fixed at different prices for certain periods during the option period provided that the subscription price shall not be less than that determined in accordance with paragraph (g).

(vi) to construe and interpret the terms of the Post-IPO Share Option Scheme and options granted pursuant to the Post-IPO Share Option Scheme;

(vii) to prescribe, amend and rescind rules and regulations relating to the Post-IPO Share Option Scheme, including rules and regulations relating to sub-schemes established for the purpose of qualifying for preferred treatment under foreign laws and for benefits intended solely for any particular type of Employees provided that administration of any such sub-schemes shall follow the requirements of the Listing Rules (including Chapter 17 of the Listing Rules);and

(viii) subject to paragraph (x), to vary the terms and conditions of any option agreement (provided that such variation is not inconsistent with the terms of the Listing Rules and the Post-IPO Share Option Scheme).

(e) Grant of options

On and subject to the terms of the Post-IPO Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years commencing on the date of adoption of the Post-IPO Share Option Scheme to make an offer for the grant of an option to any Employee as the Board may in its absolute discretion select.

(f) Payment on acceptance of option offer

An offer shall remain open for acceptance by the Employee concerned for a period of 28 days from the date of the offer (or such longer period as the Board may specify in writing). HK$1.00 is payable by the Grantee to the Company on acceptance of the offer of the option. If such remittance is not made upon acceptance, acceptance of an offer shall create a promise by the relevant Grantee to pay to the Company HK$1.00 on demand.

(g) Subscription price

The subscription price in respect of any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(h) Option period

The period within which the Shares must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option.

(i) Rights are personal to grantee

An option shall be personal to the Grantee and shall not be assignable or transferable.

(j) Rights attaching to Shares allotted

The Shares to be allotted upon the exercise of an option shall be subject to all the provisions of the Articles of Association of the Company for the time being in force and will rank pari passu with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment.

(k) Rights on retirement, death or total permanent physical or mental disability

In the event of the Grantee ceasing to be an Employee by reason of his death; retirement under normal retirement conditions then prevailing in the Company; or total permanent physical or mental disablement, his option will immediately vest and he or his legal personal representatives (as the case may be) shall be entitled to exercise the option (to the extent not already exercised) up to the end of the option period, following which the option shall lapse.

(l) Termination for being guilty of serious misconduct etc.

If a Grantee ceases to be an Employee for reason of being guilty of serious misconduct, or having committed any act of bankruptcy or having become insolvent or having made any arrangements or composition with his creditors generally, or having been convicted of any criminal offence involving his integrity or honesty, the option shall immediately lapse.

(m) Rights on termination other than for retirement, death, permanent disability or misconduct

If a Grantee ceases to be an Employee other than for reasons provided under paragraphs (k) or (l) (and including resignation for any reason), the Grantee may exercise his option (to the extent already vested as at the date of cessation of employment and not already exercised) within 3 months of such cessation, following which the option shall lapse.

(n) Rights on termination due to separate listing or sale

If the Board considers that a Grantee has ceased to be an Employee due to the sale, or separate listing, of the company he is serving, or if the Company is merged, reorganised or consolidated with another entity, the Board may at its sole discretion:

(i) arrange for substitute options or share purchase rights of no less than equivalent fair value, in the purchasing, surviving or newly-listed company;

(ii) provide cash compensation equivalent to their fair value;

(iii) waive any conditions as to vesting; or

(iv) permit the continuation of the option according to its original terms.

If the Board does not permit the continuation of the option in accordance with its original terms or make any of the arrangements specified in (i) to (iv) above, the option shall lapse.

(o) Right on general offer

If a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), and the offer becomes or is declared unconditional (or, in the case of a scheme of arrangement, or other similar transaction, becomes or is declared effective), the option will immediately vest and the Grantee shall be entitled to exercise the option (to the extent not already exercised) at any time within one month (or for such longer period as the Board may determine as may be necessary to permit the Grantee to participate in the offer on a similar basis with the holder of Shares) after the date on which the offer becomes or is declared unconditional or such longer period as the Board may determine following which the option shall lapse.

(p) Rights on compromise or arrangement

If a compromise or arrangement between the Company and its members or creditors is proposed for the purposes of the amalgamation of the Company with any other company(ies), the Company shall give notice to the Grantee on the same date as it despatches the notice to each member or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon the Grantee (or his personal representatives) may until the expiry of the period commencing with such date and ending with the earlier of the date 2 calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the court exercise any of his options (to the extent not already exercised) whether in full or in part, but the exercise of an option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the court and becoming effective. The Company may require the Grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of options in these circumstances so as to place the Grantee in the same position, as nearly as possible, as would have been the case had such Shares been subject to such compromise or arrangement.

If the option is not exercised within the time specified, the option shall lapse.

(q) Rights on voluntary winding-up of the Company

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of the Post-IPO Share Option Scheme relating to this paragraph (q)) and thereupon, each Grantee (or his or her personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

If the option is not exercised within the time specified, the option shall lapse.

(r) Lapse of option

Subject to the discretion of the Board to extend the option period as referred to in paragraphs (d), (k), (m), (n) and (v) and without prejudice to the authority of the Board to provide for additional situations where an option shall lapse in any option agreement, an option shall lapse and not be exercisable (to the extent not already exercised) on the earliest of (i) the expiry of the option period; (ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n), (o), (p) and (q); and (iii) the date on which the Board certifies that there has been a breach of paragraph (i).

(s) Cancellation of option

Options granted but not exercised or lapsed in accordance with the terms of the Post-IPO Share Option Scheme may be cancelled by the Company. Where the Company cancels options and offers to issue new ones to the same Grantee, the issue of such new options may only be made under the Post-IPO Share Option Scheme with available unissued options (excluding the cancelled options) within the limits set out in paragraph (t) below.

(t) Maximum number of Shares available under the Post-IPO Share Option Scheme

(i) Overriding Limit

The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes must not exceed 10% of the Shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded.

(ii) Mandate Limit

In addition to the limit set out in sub-paragraph (t)(i) above and prior to the approval of a refreshed mandate limit as referred to in sub-paragraph (t)(iii) below, the total number of Shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the Shares in issue immediately following the commencement of dealings in the Shares on the Stock Exchange, being 180,000,000 Shares ("Initial Mandate Limit"). Options lapsed in accordance with the terms of the Post-IPO Share Option Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

(iii) Refreshing of Mandate Limit

The Company may by ordinary resolutions of the Shareholders refresh the Mandate Limit. However, the total number of Shares which may be issued upon exercise of all options to be granted under all of the schemes of the Company under the limit as refreshed ("Refreshed Mandate Limit") must not exceed 10% of the Shares in issue as at the date of approval of the limit. Options previously granted under the schemes (including those outstanding, cancelled, lapsed in accordance with the schemes of the Company or exercised options) will not be counted for the purpose of calculating the limit as refreshed.

(iv) Limit for each Employee Grantee

The total number of Shares issued and to be issued upon exercise of options (whether exercised or outstanding) in any 12-month period granted to each Grantee must not exceed 1% of the Shares in issue. Where any further grant of options to a Grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by the Shareholders of the Company in general meeting with the relevant Grantee and his associates abstaining from voting. The date of the offer (which is made subject to such approvals set out in this sub-paragraph) in respect of such grant should be taken as the date of grant for such grants.

(u) Effects of reorganisation of capital structure

In the event of any alteration in the capital structure of the Company whilst any option may become remains exercisable, whether by way of capitalisation of profits or reserves (other than pursuant to a scrip dividend scheme), rights issue, consolidation, subdivision, reduction or similar reorganisation of the share capital of the Company, such corresponding alterations (if any) shall be made to the number or nominal amount of Shares subject to the option so far as unexercised; and/or the subscription price; and/or the method of exercise of the option; and/or the maximum number of Shares referred to in paragraph (t) above, as the auditors shall certify in writing to the Board either generally or as regards any particular Grantee to be in their opinion fair and reasonable (except in the case of a capitalisation issue where no such certification shall be required), provided that: (i) any such alterations shall be made on the basis that the aggregate subscription price payable by a Grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) it was before such event; (ii) no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value; (iii) no such alterations shall be made the effect of which would be to increase the proportion of the issued share capital of the Company for which any Grantee is entitled to subscribe pursuant to the options held by him ; and (iv) any such adjustments shall be made in compliance with Chapter 17 of the Listing Rules, the supplemental guidance issued by the Stock Exchange dated 5 September 2005 and such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time.

For the avoidance of doubt only, the issue of securities as consideration in a transaction shall not be regarded as a circumstance requiring any such alterations.

(v) Alteration to the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the Post-IPO Share Option Scheme relating to matters contained in Rule 17.03 of the Listing Rules (including the provisions under paragraphs (e), (g), (i), (j), (r), (s), (t), (u), (v) and (x)) shall not be altered to the advantage of Grantees or prospective Grantees except with the prior sanction of a resolution of the Company in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the Grantees as would be required of the Shareholders under the Articles of Association for the time being of the Company for a variation of the rights attached to the Shares. Any alterations to the terms and conditions of the Post-IPO Share Option Scheme, which are of a material nature and any change to the terms of the options granted, shall be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the Post-IPO Share Option Scheme. The amended terms of the Post-IPO Share Option Scheme shall comply with the relevant requirements of Chapter 17 of the Listing Rules. Any change to the authority of the Board in relation to any alteration to the terms of the Post-IPO Share Option Scheme shall be approved by the Shareholders. Subject to the Listing Rules and the terms of the Post-IPO Share Option Scheme the Board may, at any time and in its absolute discretion, remove, waive or vary the conditions, restrictions or limitations imposed in an option agreement on compassionate or any other grounds.

(w) Termination of Post-IPO Share Option Scheme

The Company by resolution in general meeting or the Board may at any time terminate the operation of the Post-IPO Share Option Scheme and in such event no further options will be offered after the Post-IPO Share Option Scheme is terminated but in all other respects the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect. All options granted prior to such termination and not then exercised shall remain valid.

(x) Offers made to a director, chief executive or employee who is also substantial shareholder of the Company or any of their respective associates

Subject to sub-paragraph (t)(iv) above, but only insofar as and for so long as the Listing Rules require, where any offer of an option is proposed to be made to an Employee who is a director, chief executive or substantial shareholder of the Company or any of their respective associates, such offer must first be approved by the independent non-executive directors of the Company. As regards grant to an employee (who may be a director or chief executive of the Company) who is also a substantial shareholder or an independent non-executive director of the Company, please refer to the note below.

For avoidance of doubt, a substantial shareholder who is not an Employee is not eligible under the Post-IPO Share Option Scheme for options.

Note:

Insofar and for so long as the Listing Rules so require, no option may be granted to any substantial shareholder or an independent non-executive director of the Company, or any of their respective associates or any person whose associate is a substantial shareholder or an independent non-executive director of the Company, which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Post-IPO Share Option Scheme and any other scheme(s) of the Company in the 12-month period up to and including the date of the offer (which is made subject to such approvals set out in this sub-paragraph) in respect of such further grant:

(a) representing in aggregate over 0.1% of the issued share capital of the Company in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of the offer (which is made subject to such approvals set out in this sub-paragraph) in respect of such further grant, in excess of HK$5,000,000 unless such further grant is approved by the Shareholders in general meeting. In such general meeting, the grant of options to the substantial shareholder or independent non-executive director of the Company or any of their respective associates or any person whose associate is a substantial shareholder or an independent non-executive director of the Company shall, for so long and insofar as the Listing Rules so require, be approved by the Shareholders by way of poll with all connected persons (which has the meaning as set out in the Listing Rules) of the Company abstaining from voting, except that any connected person may vote against such resolution provided that he has informed the Company of his intention to do so and such intention has been stated in the relevant circular to shareholders (which circular shall contain all details and information as required under the Listing Rules). For so long and insofar as the Listing Rules so require, any variation in the terms of option granted to a Grantee who is a substantial shareholder or an independent non-executive director of the Company, or any of their associates, must be approved by the Shareholders in general meeting with all connected persons of the Company interested in the relevant option abstaining from voting.

(y) Conditions of Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme is conditional on:

(i) the Listing Committee of Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the Post-IPO Share Option Scheme; and

(ii) the commencement of dealings in the Shares on the Stock Exchange.

(z) Present status of the Post-IPO Share Option Scheme

As at the date of this prospectus, no option has been granted or agreed to be granted under the Post-IPO Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the approval of the Post-IPO Share Option Scheme and the subsequent granting of options under the Post-IPO Share Option Scheme and for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of options granted under the Post-IPO Share Option Scheme.

11. OTHER INFORMATION

A. Estate duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Company and its subsidiaries in Hong Kong.

B. Litigation

Save as disclosed in the table below, no member of the Group is engaged in any litigation, arbitration or claim of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

Details of pending litigation or claims of material importance:

Nature of claims	**Number of claims**	**Amount of claims** *(HK$)*	**Maximum total amount of claims** *(HK$)*
Personal injuries /motor vehicle accident claims (where the Group is defendent)	30	*(Note)*	*(Note)*
Claims for goods sold and delivered (where the Group is plaintiff)	7	less than $50,000 each	$300,000
	1	$50,000 to $500,000 each	$500,000
	1	$1,000,000 to $10,000,000 each	$10,000,000
	1	$10,000,000 to $15,000,000 each	$15,000,000
Claims for goods purchased (where the Group is defendant)	2	$50,000 to $500,000 each	$1,000,000
Rents recovery (where the Group is plaintiff)	1	less than $100,000 each	$100,000
Rents recovery (where the Group is defendent)	1	less than $500,000 each	$500,000
Miscellaneous (where the Group is defendent)	5	less than $500,000 each	$550,000
Miscellaneous (where the Group is plaintiff)	3	$5,000 to $50,000 each	$200,000

Note:

Claim amount for personal injuries claims are normally not ascertainable until final assessment. Certain claims are covered by mandatory insurance.

C. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares and the Shares to be issued as mentioned in this Prospectus (including the Capitalisation Issue and the Global Offering). All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The Sponsor has declared pursuant to Rule 3A.08 of the Listing Rules that it is independent pursuant to Rule 3A.07 of the Listing Rules.

D. Deed of Indemnity

Pursuant to a deed of indemnity given by CITIC Pacific in favour of the Company (and its subsidiaries) and conditional upon the fulfilment of the conditions stated in the paragraph headed "Conditions of the Global Offering" in the section headed "Structure and Conditions of the Global Offering" in this Prospectus, CITIC Pacific will keep the Company and any member of the Group indemnified on demand from and against: (1) any taxation falling on it resulting from or by reference to any revenue (including any form of government financial assistance, subsidy or rebate), income, profits or gains granted, earned, accrued, received or made (or deemed to be so granted, earned, accrued, received or made) on the Listing Date or any event, transaction, act or omission occurring or deemed to occur on or before the Listing Date whether alone or in conjunction with any other event, act or omission occurring or deemed to occur on or before the Listing Date and whether or not such taxation is chargeable against or attributable to any other person, firm or company; (2) all claims, losses and expenses incurred or suffered by the Company or any members of the Group, resulting from title defects as more particularly set out in the sections headed "Risk Factors — Certain lands or buildings where the Group operates its business in the PRC and overseas do not have proper title or the head lessor's consent for sub-lease or the Group may fail to, or need to incur further expenses or time to, secure legal ownership over certain lands or buildings which it owns in the PRC" and "Business — Properties" of this Prospectus as such matters subsist prior to the Listing Date; (3) all losses or leakage of assets suffered by the Company or any members of the Group, resulting from any Contractual Arrangements in place prior to the Listing Date being ruled unenforceable; (4) all losses, damages, claims and penalties incurred or suffered by the Company or any members of the Group, resulting from the Group's failure to make payment of social security funds and housing accumulation funds as required by the PRC laws and regulations, as more particularly set out in the sections headed "Risk Factors — The Group is subject to PRC laws and regulations governing social security funds and housing accumulation funds and the failure to comply with the relevant laws and regulations may adversely affect the Group's business" and "Business — Compliance" of this Prospectus as such matters subsist prior to the Listing Date; and (5) losses, damages, claims and penalties incurred or suffered by the Company or any members of the Group, resulting from the Group's failure to obtain approvals, permits and licenses as are required under the laws and regulations of Hong Kong, Macao and the PRC to operate its businesses, as more particularly set out in the sections headed "Risk factors — The Group requires various approvals, licences and permits to operate its business and the loss of or failure to obtain or renew any or all of these approvals, licences and permits could adversely affect its business", "Industry overview — Licensing requirements" and "Business — Compliance" of this Prospectus as such matters subsist prior to the Listing Date.

However, the indemnity given by CITIC Pacific under this section does not cover, and CITIC Pacific shall be under no liability in respect of, any liability:

(a) to the extent that provision has been made in the audited accounts of members of the Group for an accounting period ended on or before the 30 June 2007;

(b) falling on any members of the Group in respect of any accounting period commencing on or after 30 June 2007 unless such liability would not have arisen but for some act or omission of, or transaction entered into by, the CITIC Pacific or any members of the Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring), otherwise than:

  (i) in the ordinary course of business, or in the ordinary course of acquiring or disposing of capital assets, on or before the date on which the deed of indemnity becomes effective (the "Effective Date"); or

  (ii) pursuant to a legally binding commitment created on or before the date of the deed of indemnity or pursuant to any statement of intention made in this Prospectus.

(c) to the extent that such liability arises or is incurred as a consequence of any change in the law, rules or regulations, or the interpretation or practice thereof by any statutory or governmental authority (in Hong Kong or elsewhere), including without limitation the Inland Revenue Department, having retrospective effect coming into force after the Effective Date or to the extent that such liability arises or is increased by an increase in rates of taxation, social security payment, housing accumulation funds or other penalties after the Effective Date with retrospective effect;

(d) to the extent that such liability is discharged by another person who is not a member of the Group and that none of the member of the Group is required to reimburse such person in respect of the discharge of such liability; or

(e) to the extent of any provision or reserve made for such liability in the audited accounts referred to in Clause (a) above which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce CITIC Pacific's liability in respect of such liability shall not be available in respect of any such liability arising thereafter.

E. Promoter

The Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this Prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this Prospectus.

F. Preliminary Expenses

No preliminary expenses have been incurred or are proposed to be incurred.

G. Qualifications of experts

The qualifications of the experts who have given opinions in this Prospectus are as follows:

Name	Qualifications
BNP Paribas Capital (Asia Pacific) Limited	Licenced corporation holding a licence under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
KPMG	Certified Public Accountants
Knight Frank Petty Limited	Independent Property Valuers
Jingtian & Gongcheng	PRC legal advisers
Watson Wyatt Hong Kong Limited	Independent actuary

H. Consents of experts

Each of BNP Paribas, KPMG, Knight Frank Petty Limited, Jingtian & Gongcheng and Watson Wyatt has given and has not withdrawn their respective written consents to the issue of this Prospectus with the inclusion of their reports, valuation report, letters and/or opinions and summaries of opinion (as the case may be) and/or the references to their names included herein in the form and context in which they respectively appear.

I. Taxation of holder of Shares

Tax on Dividends

No tax is payable in Hong Kong in respect of dividends paid by us.

Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profit tax, which is currently imposed at the rate of 17.5% on corporations and at a rate of 16% on unincorporated businesses. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of shares.

Estate Duty

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006. The estate of a person who died before 11 February 2006 is subject to the provisions of the Estate Duty Ordinance (Chapter 111, Laws of Hong Kong), and the Shares are Hong Kong property for this purpose. The estate duty chargeable in respect of estates of persons dying between the transitional period from and including 15 July 2005 to 11 February 2006 with the principal value exceeding $7.5 million shall be a nominal amount of $100.

Consultation with professional advisors

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. None of the Company, the Global Coordinator, the Sponsor, the Underwriters, any of their respective directors, or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, or dealing in, Shares.

J. No material adverse change

The Directors of the Company confirm that there has not been any material adverse change in the financial or trading position of the Group since 30 June 2007 being the date to which the Company's latest audited consolidated financial statements were made up.

K. Particulars of the Selling Shareholder

The following are the particulars of the Selling Shareholder:

Name:	CITIC Pacific Limited (selling through its wholly-owned subsidiary, Colton Pacific Limited)
Registered Address:	32nd Floor, CITIC Tower, 1 Tim Mei Avenue, Central, Hong Kong
Number of issued shares:	2,211,764,160
Paid-up share capital:	HK$884,705,664

Directors:	Mr. Yung Chi Kin (*Chairman*) Mr. Fan Hung Ling Mr. Lee Chung Hing Mr. Carl Yung Ming Jie Mr. Leslie Chang Li Hsien Mr. Vernon Francis Moore Mr. Li Shilin Mr. Liu Jifu Mr. Chau Chi Yin Mr. Law Ming To Mr. Wang Ande Mr. Willie Chang Mr. Hamilton Ho Hau Hay Mr. Alexander Reid Hamilton Mr. Hansen Loh Chung Hon Mr. Norman Ho Hau Chong Mr. André Desmarais Mr. Chang Zhenming Mr. Peter Kruyt (alternate director to Mr. André Desmarais)
Description of business:	Investment holding
Auditors:	PricewaterhouseCoopers
Number of Shares for sale by Colton Pacific Limited in the Global Offering (assuming that the Over-allotment Option is not exercised):	601,200,000

L. Binding effect

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

M. Exemption from the Companies Ordinance

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong.)

N. Compliance Adviser

The Company will, pursuant to Rule 3A.19 of the Listing Rules, appoint BNP Paribas to act as its compliance adviser for the period commencing from the Listing Date and ending on 30 September 2009. BNP Paribas will, among other things, provide the Company with advice in relation to compliance with the Listing Rules and other applicable laws, regulations, rules, codes and guidelines in Hong Kong and will keep the Company informed on a timely basis of any changes in these laws, regulations, codes and guidelines.

O. Miscellaneous

(a) Save as disclosed in this Prospectus:

(i) within the two years preceding the date of this Prospectus, the Company has not issued or agreed to issue any of their share or loan capital fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of the Group is under option or is agreed conditionally or unconditionally to be put under option;

(iii) the Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;

(iv) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;

(v) the Company has no outstanding convertible debt securities or debentures;

(vi) within the two years immediately preceding the date of this Prospectus, no commission has been paid or payable (except commissions to underwriters) for subscription or purchase, agreeing to subscribe or purchase, procuring subscription or purchase or agreeing to procure subscription or purchase of any Shares in the Company;

(vii) within the two years immediately preceding the date of this Prospectus, no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group.

(b) As at the Latest Practicable Date, there is no restriction in Hong Kong affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this Prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW**, **PINK** and **BLUE** application forms, the written consents referred to in the sub-paragraph headed “Consents of experts” in the paragraph headed “Other information” in Appendix VI to this Prospectus, statement of adjustments relating to the Accountants’ Report prepared by KPMG, particulars of the Selling Shareholder and copies of the material contracts referred to in the sub-paragraph headed “Summary of material contracts” in the paragraph headed “Further information about the business” in Appendix VI to this Prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Johnson Stokes & Master, 16th to 19th Floors, Prince’s Building, 10 Chater Road, Central, Hong Kong during normal business hours up to and including 17 October 2007:

(a) the memorandum of association and articles of the Company;

(b) the Accountants’ Report of the Group signed by KPMG, the text of which is set out in Appendix I to this Prospectus;

(c) the consolidated audited accounts of the Group for each of the two financial years immediately preceding the issue of the Prospectus;

(d) the comfort letter prepared by KPMG in respect of the pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;

(e) the letters prepared by KPMG and BNP Paribas Capital (Asia Pacific) Limited in respect of the profit forecast, the text of which is set out in Appendix III to this Prospectus;

(f) the letter, summary of valuation and valuation report prepared by Knight Frank Petty Limited, the text of which is set out in Appendix IV to this Prospectus;

(g) a statement of adjustments relating to the Accountants’ Report prepared by KPMG;

(h) the valuation report prepared by Watson Wyatt, the text of which is summarised in Appendix VI to this Prospectus;

(i) the material contracts referred to in the sub-paragraph headed “Summary of material contracts” in the paragraph headed “Further information about the business” in Appendix VI to this Prospectus;

(j) the written consents referred to in the sub-paragraph headed “Consents of experts” in Appendix VI to this Prospectus;

(k) a list of names, addresses and descriptions of the Selling Shareholder; and

(l) the PRC legal opinion issued by Jingtian & Gongcheng in respect of certain PRC aspects of the Company.

大昌行集團有限公司
DAH CHONG HONG HOLDINGS LIMITED