大昌行集團
DAH CHONG HONG HOLDINGS

[For immediate release]

Dah Chong Hong Announces 2016 Annual Results

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(Hong Kong, 28 Feb 2017)- Dah Chong Hong Holdings Limited ('DCH' or the 'Group'; stock code: 01828) announced today its annual results for the year ended 31 December 2016.

For the year ended 31 December 2016,

- Turnover of the Group increased 3.7% to HK$46,462 million (2015: HK$44,803 million).
- Profit attributable to shareholders decreased by 10.4% to HK$511 million (2015: HK$570 million), mainly impacted by a substantial write-down of aged inventory in our mainland China Food business.
- Basic earnings per share down by 10.4% to 27.89 HK cents.

The Board of Directors of DCH has proposed the payment of a final dividend of 3.69 HK cents per share (2015: 6.40 HK cents per share), along with an interim dividend of 4.75 HK cents per share already paid, bringing the full year dividend to 8.44 HK cents per share (2015: 12.50 HK cents per share).

Business Review

Motor and Motor Related Business

Segment turnover, which contributed more than two-third of the Group's total turnover, decreased by 4.4% to HK$32,598 million.

Mainland China

DCH's mainland China Motor Business improved significantly, reporting a 349% growth in segment result from operations as a result of better sale gross margin and measures taken internally to enhance profitability. Total units sold increased by 4.9%. But because of the RMB depreciation, the turnover dropped by 1.8 % in HK Dollar term. Segment margin also increased by 1.1-percentage-points.

As at the end of 2016, the business' total number of 4S shops was 80 while the number of showrooms was 14. In addition to new car sales, we also received a good contribution from our Motor Related Business, including car rental, auto finance and insurance commission and finance lease businesses, which value of the total loan portfolio increased by 740%.

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Hong Kong and Macao

The overall Hong Kong motor market declined due to weak consumer sentiment and the narrow down of tax incentive schemes for environment-friendly vehicles. Following the market trend, DCH's total units sold in Hong Kong dropped by 18.6% and turnover decreased by 17.5%. Segment result from operations declined 36.8% as strong Japanese yen affected the new car sale gross profit. Yet, the Group maintained its market share in Hong Kong at 20.9% as our drop in commercial vehicle unit sales was lower than that in the market.

Other Markets

In other markets, DCH's turnover grew by 6.6%, mainly due to a strong contribution from the Singapore market. Segment result from operations and segment margin both decreased because of strong Japanese Yen and extremely tough situation of *Audi* business in Taiwan in the year. It is decided to dispose of the Taiwan *Audi* dealership business in 2017 due to its low return in the past years.

Food and Consumer Products Business

Segment turnover was HK$9,952 million, a decrease of 7.1% as compared to that of last year.

Mainland China

In mainland China segment, turnover decreased by 12.8%. High inventory accumulated as a result of the slowdown of sales in the past few years. We seriously scrutinised our inventory and all other balance sheet items including receivables and decided to make sufficient provisions in the year to cover the risk. As such, the segment recorded a loss from operations of HK$104 million. Nevertheless, our Electrical Appliances Business saw encouraging growth of 29.6% in mainland China, driven by the popularity of trendy earphones and audio products.

Hong Kong and Macao

The overall Hong Kong and Macao market was stagnant due to the on-going economic downturn, weak local consumer sentiment and a further slowdown in inbound tourism. Consequently, DCH's turnover and segment result from operations dropped by 3.7% and 1.5% respectively. Our Food Commodity business slightly dropped in turnover but recorded a significant increase in profit with improved margin. For Food Retail business, after closing some non-performing stores and revamping more than 10 stores by employing a new retail concept, same-store sales and customer count both recorded growth since mid-year.

LFA Business

In the second half of 2016, *LFA* recorded segment turnover of HK$3,881 million. Segment result

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from operations was HK$106 million, with both consumer and healthcare business performance in line with expectation. *LFA* has started integrating with the Group to create synergy, achieve economies of scale and save costs.

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About Dah Chong Hong Holdings Limited

Dah Chong Hong ("DCH", stock code: 1828.HK) is an integrated trading and distribution company operating in Asia, supported by an extensive logistics network. DCH is a leading distributor and dealer of motor vehicles in Greater China as well as a provider of a full range of associated services. DCH's consumer business comprises the manufacture and distribution of food, healthcare, electrical appliances, beauty and lifestyle products.

Dedicated to bringing quality products to consumers throughout Asia, DCH has 68 years of experience in helping principals penetrate local markets. The preferred partner of over 1,000 brands in more than 30 countries and regions, DCH offers a full range of value-added tailored solutions from positioning and marketing to wholesale, retail, after-sales support.

A subsidiary of China's largest conglomerate CITIC Limited (stock code: 0267.HK), DCH employs over 18,000 staff across the region. For more details, please visit www.dch.com.hk.

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