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(incorporated in Hong Kong with limited liability)

(Stock Code: 00440)

DISCLOSEABLE TRANSACTION



(incorporated in Hong Kong with limited liability)

(Stock Code: 02356)

The holding company of Dah Sing Bank, Limited and
MEVAS Bank Limited

CONNECTED TRANSACTION

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



THE SUBSCRIPTION

The Company announces that on 13 August 2009, the Company entered into the Agreement with the Subscriber pursuant to which the Company agreed to issue and allot, and the Subscriber agreed to capitalise the Loan in consideration of the issue of 125,000,000 Subscription Shares at the Subscription Price of HK\$8.00 per Share.

The Subscription Shares represent approximately 12.67% of the existing issued share capital of the Company and approximately 11.24% of the issued share capital of the Company as enlarged by the Subscription. The Subscription Price of HK\$8.00 per Share was arrived at after arm's length negotiation between the Company and the Subscriber, with reference to the prevailing market conditions and taking into account the recent trading price of the Shares. The entire net proceeds from the Subscription amounts to approximately HK\$1,000 million and will be used to capitalise the Loan under the Facility Agreement dated 24 March 2009 between the Company and the Subscriber.

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the Subscription.

As of the date of this announcement, the Subscriber is a substantial shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, apart from the Subscriber and its associates, no other shareholder of the Company will be required to abstain from voting on the resolutions to approve the Subscription at the EGM.

As the applicable percentage ratio under Rule 14.06 of the Listing Rules in respect of the Subscription contemplated by the Subscriber under the Agreement is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Subscriber under the Listing Rules.

GENERAL

An Independent Board Committee has been formed to advise the Independent Shareholders of the Company in respect of the Subscription. Taifook Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in such regard.

A circular containing, among other things, details of the Subscription, a letter from Taifook Capital to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee, and a notice to convene the EGM will be despatched to the shareholders of the Company as soon as practicable.

THE SUBSCRIPTION

Subscriber:	DSFH
Issuer:	The Company
Date of Agreement:	13 August 2009
Subscription Shares:	<p>The Company has agreed to allot and issue to the Subscriber, and the Subscriber has agreed, conditionally as referred to below, to subscribe for the Subscription Shares. There are no restrictions on the subsequent sale of the Subscription Shares upon completion of the Subscription.</p> <p>The Subscription Shares represent approximately 12.67% of the existing issued share capital of the Company and approximately 11.24% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.</p>
Subscription Price:	<p>HK\$8.00 per Share, determined based on arm's length negotiations between the Company and the Subscriber with reference to the prevailing market conditions and taking into account the recent trading price of the Shares, which represents:</p> <p>(i) a discount of approximately 10.1% to the closing price of HK\$8.90 per Share as quoted on the Stock Exchange on 12 August 2009 (being the date immediately before the Agreement was entered into);</p>

(ii) a discount of approximately 13.4% to the average closing price of HK\$9.24 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including 12 August 2009; and

(iii) a discount of approximately 12.9% of the average closing price of HK\$9.19 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including 12 August 2009.

The consideration for the Subscription Shares is approximately HK\$1,000 million, which shall be payable by the Subscriber agreeing to capitalising the Loan at completion.

Specific mandate to issue the Subscription Shares:

The Subscription Shares will be issued under a specific mandate to be sought at the EGM. The specific mandate, if approved, will be valid until the completion of the Subscription or termination of the Agreement.

Ranking:

The Subscription Shares shall, when issued, be free from all Encumbrances and shall, when fully paid, rank *pari passu* in all respects with the existing Shares in issue as at the date of allotment including the rights to all dividends and other distributions declared, made or paid at anytime after the date of allotment.

Conditions:

The Subscription is conditional upon:

- (i) the passing of the resolutions by the Independent Shareholders of the Company at the EGM to approve the Agreement, the specific mandate in respect of the issue and allotment of the Subscription Shares to be issued pursuant to the Agreement and the transactions contemplated under the Agreement in accordance with the Listing Rules; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares, and such permission and listing not being subsequently revoked.

If the conditions set out above are not fulfilled on or prior to the Long Stop Date, the Agreement shall terminate and neither the Company nor the Subscriber shall have any

claim against the other for costs, damages, compensation or otherwise save for any claim arising from an antecedent breach of any provision of the Agreement.

Completion of the Subscription:

The Agreement is expected to be completed on the third Business Day after the date upon which the conditions to be satisfied pursuant to the Agreement shall have been so satisfied (or such other date as agreed by the parties).

Application for listing:

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Subscription Shares.

EFFECT ON SHAREHOLDING STRUCTURE

The following table summarises the effects on the shareholding structure of the Company pursuant to the Subscription:

Name of Shareholder	As at date of this announcement		Immediately after completion of the Subscription (Note)	
	No. of Shares	% of issued share capital of the Company (%)	No. of Shares	% of enlarged issued share capital of the Company (%)
Subscriber	699,169,170	70.86	824,169,170	74.13
Public	287,589,699	29.14	287,589,699	25.87
Total	986,758,869	100.00	1,111,758,869	100.00

(Note)

The figures assume that, other than the Subscription Shares, no Shares are issued (including issue of Shares pursuant to the exercise of the options under the Share Option Scheme) or purchased by the Company on or after the date of this announcement up to the date of completion of the Subscription.

INFORMATION ON THE COMPANY AND THE SUBSCRIBER

The Company is a company listed on the Stock Exchange. The Company is the holding company of four principal banking subsidiaries, Dah Sing Bank, Limited, Dah Sing Bank (China) Limited, Banco Comercial de Macau, S.A. and MEVAS Bank Limited, a securities trading company, as well as an offshore joint venture banking business with SG Hambros Bank.

The net asset value of the Company as at 30 June 2009, which was most recently reported to the public before the Agreement, was HK\$9,003,750,000. Further the net profit before tax of the Company as at 31 December 2008 and 31 December 2007, which was the profit before tax of the Company for the two financial years immediately preceding the discloseable transaction for DSFH was HK\$211,865,000 and HK\$915,602,000 respectively. The net profit after tax of the Company as at 31 December 2008 and 31 December 2007, which was the profit after tax of the Company (after minority interest) for the two financial years immediately preceding the discloseable transaction for DSFH was HK\$188,642,000 and HK\$800,169,000 respectively.

The Subscriber is a company listed on the Stock Exchange. The Subscriber and its subsidiaries provide banking, insurance, financial and other related services in Hong Kong and Macau and banking services in the PRC.

FUND RAISING BY THE COMPANY IN THE PAST 12 MONTHS

The Company has not raised any funds on any issue of equity securities in the 12 months preceding the date of this announcement, except for a placing of 54 million Shares at a price of HK\$5.60 per Share raising net proceeds of approximately HK\$299 million which was completed on 4 May 2009.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

Pursuant to the clarification from the HKMA relating to deduction of unrealised losses on available-for-sale securities from core capital rather than supplementary capital for locally incorporated authorized institutions in Hong Kong, it was announced on 25 March 2009 that the boards of directors of DSFH, the Company and DSB had resolved to repurchase and cancel the US\$52 million subordinated note issued by DSB to DSFH in 2008, for DSFH to lend a total of HK\$1 billion to DSBG on normal commercial terms, and for DSBG to use the proceeds of the Loan to subscribe for a total of HK\$1 billion new equity issued by DSB.

These actions were taken to strengthen the capital base of DSB during the recent financial turmoil.

The Loan due by the Company to DSFH is due to be repaid by 25 March 2014, although early repayment is permitted under the terms of the Facility Agreement. The Company is a holding company and has no material operating business. The proceeds of the Loan were applied by the Company to subscribe for new shares in DSB. Therefore, the principal source of payment of interest and principal of the Loan from internal resources would be via declaration of dividends by its principal operating subsidiary, DSB, to the Company, and the application of those dividends to payment of interest and principal of the Loan. This would reduce the ability of the Company to pay dividends to its own shareholders.

The Subscription will allow the Company to capitalise and repay in full the Loan due to DSFH thus removing the necessity to use the receipt of dividends from DSB to service interest or to repay the Loan, and allowing for a return to normal dividend payments upon stabilisation of the financial markets and the business of the Company.

The quid pro quo is that the minority shareholders of the Company will be diluted from 29.14% to 25.87% of the issued share capital following the Subscription. There will, however, be no change in the controlling shareholder of the Company, whose shareholding following the Subscription will be at a slightly lower level compared with that before the placing of Shares in April 2009.

The Subscription is also considered to be in the interests of DSFH shareholders due to the increase in its shareholding in the Company from 70.86% to 74.13% and due to the early repayment of the Loan advanced in March 2009.

The Directors (excluding the independent non-executive directors whose views will be disclosed in the circular to be despatched) are of the view that the Subscription is fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

Connected transaction of the Company

As of the date of this announcement, the Subscriber is a substantial shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Agreement constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, apart from the Subscriber and its associates, no other shareholder of the Company will be required to abstain from voting on the resolution to approve the Subscription at the EGM.

Discloseable transaction of the Subscriber

As the applicable percentage ratio under Rule 14.06 of the Listing Rules in respect of the Subscription contemplated by the Subscriber under the Agreement is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Subscriber under the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

An Independent Board Committee has been formed to advise the Independent Shareholders of the Company in respect of the Subscription. Taifook Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in such regard.

A circular containing, among other things, details of the Subscription, a letter from the independent financial adviser, a letter from the Independent Board Committee, and a notice to convene the EGM will be despatched to the shareholders of the Company as soon as practicable.

DEFINITIONS

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

“Agreement”	the agreement dated 13 August 2009 entered into between the Company and the Subscriber in relation to the Subscription
“associate”	has the meaning given to it under the Listing Rules

“Board(s)”	the board(s) of Directors for the time being
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) for the time being in force
“Company” or “DSBG”	Dah Sing Banking Group Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 02356)
“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	director(s) of the Company
“DSB”	Dah Sing Bank, Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder
“Encumbrances”	means any interest or equity (including any retention of title, right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, claim or assignment or any other Encumbrances, priority or security interest or arrangement of whatsoever nature
“Facility Agreement”	an agreement dated 24 March 2009 entered into between DSFH and the Company in relation to the grant of a term loan facility in the principal amount up to HK\$1 billion by DSFH to the Company
“HKMA”	Hong Kong Monetary Authority
“HK\$”	Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive directors of the Company formed to advise the Independent Shareholders of the Company in respect of the terms of the Subscription
“Independent Shareholders”	in respect of the Subscription, shareholders of the Company other than the Subscriber and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange for the time being in force
“Loan”	the term loan facility in the principal amount up to HK\$1 billion granted by DSFH to the Company, subject to and in accordance with the terms and conditions of the Facility Agreement dated 24 March 2009

“ Long Stop Date ”	30 September 2009, or such later date as may be agreed between the Company and the Subscriber
“ Macau ”	Macau Special Administrative Region of the PRC
“ PRC ”	the People’s Republic of China, which for the purposes of the Agreement, excludes Hong Kong, Macau and Taiwan
“ Share(s) ”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“ Share Option Scheme ”	the share option scheme adopted by the Company on 12 June 2004
“ Stock Exchange ”	The Stock Exchange of Hong Kong Limited
“ Subscriber ” or “ DSFH ”	Dah Sing Financial Holdings Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 00440)
“ Subscription ”	the conditional subscription of the Subscription Shares by the Subscriber on and subject to the terms and conditions set out in the Agreement
“ Subscription Price ”	price payable for the Subscription Shares in respect of the Subscription which shall be HK\$8.00 per Subscription Share
“ Subscription Shares ”	125,000,000 new Shares available for the Subscription at the Subscription Price
“ Taifook Capital ” or “ Independent Financial Adviser ”	Taifook Capital Limited, a licensed corporation under the Securities and Futures Ordinance to carry out type 6 regulated activity and an independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the transaction contemplated thereunder

By order of the Board
Dah Sing Financial Holdings Limited
H.L. Soo
Company Secretary

By order of the Board
Dah Sing Banking Group Limited
H.L. Soo
Company Secretary

Hong Kong, 13 August 2009

As at the date of this announcement, the Board of directors of DSBG comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Managing Director and Chief Executive), Lung-Man Chiu (John Chiu), Gary Pak-Ling Wang, Harold Tsu-Hing Wong and Frederic Suet-Chiu Lau as Executive Directors; Mr. Keisuke Tahara as Non-executive Director; and Messrs. John William Simpson, David Richard Hinde, Robert Tsai-To Sze, Andrew Kwan-Yuen Leung and Seng-Lee Chan as Independent Non-executive Directors.

As at the date of this announcement, the Board of directors of DSFH comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Managing Director and Chief Executive), Roderick Stuart Anderson, Gary Pak-Ling Wang and Nicholas John Mayhew as Executive Directors; Messrs. Kunio Suzuki (Kenichi Yonetani as alternate), Tatsuo Tanaka (Tetsuya Wada as alternate), Eiichi Yoshikawa, John Wai-Wai Chow and Yiu-Ming Ng as Non-executive Directors; and Messrs. Peter Gibbs Birch, Robert Tsai-To Sze, Dr. Tai-Lun Sun (Dennis Sun), Kwok-Hung Yue (Justin Yue) and Nicholas Robert Sallnow-Smith as Independent Non-executive Directors.