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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all of your shares in Dah Sing Banking Group Limited, you should at once hand this circular to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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**大新銀行集團有限公司**  
**DahSingBankingGroupLimited**

*(incorporated in Hong Kong with limited liability under the Companies Ordinance)*  
The holding company of Dah Sing Bank, Limited and MEVAS Bank Limited  
(Stock Code: 2356)

## **DISCLOSEABLE TRANSACTION**

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A letter from the Board of Dah Sing Banking Group Limited is set out on pages 2 to 4 of this circular.

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## DEFINITIONS

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

“Acquisition”	the acquisition by DSB of all the issued shares of PFHK
“Consideration”	the consideration for the Acquisition under the Share Purchase Agreement
“Directors”	the directors of the Company
“DSB”	Dah Sing Bank, Limited
“Company”	Dah Sing Banking Group Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Stock Exchange (Stock code: 2356)
“DSFH”	Dah Sing Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Stock Exchange (Stock code: 0440)
“Group”	DSFH, the Company and its subsidiaries
“HK\$”	Hong Kong Dollars
“Jardine Matheson”	Jardine, Matheson & Co., Limited
“JPMIF”	J.P. Morgan International Finance Limited
“Latest Practicable Date”	14 July 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PFHK”	Pacific Finance (Hong Kong) Limited, a restricted license bank incorporated in Hong Kong with limited liability
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share Purchase Agreement”	the Share Purchase Agreement in relation to the Acquisition signed by DSB and the Vendors on 27 June 2005
“SME”	Small and medium size enterprises
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	Jardine Matheson and JPMIF

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## LETTER FROM THE BOARD

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# 大新銀行集團有限公司 DahSingBankingGroupLimited

*(incorporated in Hong Kong with limited liability under the Companies Ordinance)*

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

(Stock Code: 2356)

***Independent Non-executive Directors:***

John William Simpson  
David Richard Hinde  
Robert Tsai-To Sze  
Andrew Kwan-Yuen Leung

***Registered office:***

36th Floor  
Dah Sing Financial Centre  
108 Gloucester Road  
Hong Kong

***Non-executive Directors:***

Takashi Muraoka

***Executive Directors:***

David Shou-Yeh Wong (*Chairman*)  
Hon-Hing Wong (Derek Wong) (*Chief Executive*)  
Lung-Man Chiu (John Chiu)  
Gary Pak-Ling Wang  
Harold Tsu-Hing Wong  
Dennis Tat-Wang Yau

19 July 2005

*To the Shareholders,*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

#### **1. INTRODUCTION**

In the joint announcement of DSFH and the Company dated 28 June 2005, DSFH and the Company announced that on 27 June 2005, the Company's wholly owned subsidiary, DSB, and the Vendors entered into the Share Purchase Agreement in relation to the acquisition of the consumer and SME finance company, PFHK, a company jointly owned by each of the Vendors. The Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules of the Company.

#### **2. SHARE PURCHASE AGREEMENT**

##### **2.1 Date**

27 June 2005

##### **2.2 Parties**

DSB and the Vendors

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## LETTER FROM THE BOARD

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### 2.3 Acquisition

Under the Share Purchase Agreement, the Vendors will sell and transfer all the issued shares of PFHK, free from all third party interests, to DSB.

### 2.4 Consideration and payment terms

The Consideration for the Acquisition is HK\$936 million. A deposit of HK\$46.8 million has been paid by DSB and the balance of HK\$889.2 million is payable on completion of the Acquisition. The Consideration was determined with regard to the net asset value and profit of PFHK, and will be financed from the Company's internal resources. The Consideration, which the Directors consider is fair and reasonable, includes a premium over the net asset value of PFHK, which represents the goodwill attributable to the business.

### 2.5 Conditions

Completion of the Acquisition is conditional upon a number of conditions regarding regulatory approvals from the Hong Kong Monetary Authority, which may not be waived. Such regulatory approvals had not yet been received as at the Latest Practicable Date.

### 2.6 Completion

DSB and the Vendors will use their best endeavours to ensure satisfaction of the above conditions as soon as possible, and in any event by 27 October 2005. If the conditions have not been fulfilled by 27 October 2005, then either DSB or the Vendors have the right to terminate the Share Purchase Agreement.

## 3. INFORMATION ON PFHK

PFHK is primarily engaged in consumer and SME finance activities in Hong Kong in relation to vehicle finance, equipment finance, property finance and unsecured loans, and is owned as to 50% by Jardine Matheson and 50% by JPMIF. PFHK was incorporated in November 1994, and has developed a balanced business, with each of the four business areas shown above contributing between 22% and 31% of operating income for the year ended 31 December 2004.

Based on the audited financial statements of PFHK for the years ended 31 December 2003 and 2004, the shareholders' funds of PFHK were HK\$503.8 million and HK\$531.8 million respectively, the net profits of PFHK before taxation and extraordinary items were HK\$28.1 million and HK\$81.9 million respectively, and the net profits of PFHK after taxation and extraordinary items for those years were HK\$24.3 million and HK\$68.0 million respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, PFHK and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules), and are not connected persons of the Company.

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## LETTER FROM THE BOARD

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### 4. INFORMATION ON THE COMPANY AND DSFH

The Company is the holding company of two banking subsidiaries (Dah Sing Bank and MEVAS Bank), and a securities trading company, as well as an offshore joint venture private banking business with SG Hambros Bank. In addition to DSFH's interest in the Company, DSFH is also active in the life and general insurance businesses.

### 5. INFORMATION ON THE VENDORS

Jardine Matheson is a wholly owned subsidiary of Jardine Matheson Holdings Limited. Jardine Matheson Holdings Limited is engaged in trading and services operations through Jardine Pacific; distributions, sales and service of motor vehicles through Jardine Motors Group; and specialist insurance broking through Jardine Lloyd Thompson. Through its shareholding in Jardine Strategic Holdings Limited, Jardine Matheson Holdings Limited has interests in Hongkong Land Holdings Limited, Dairy Farm International Holdings Limited, Mandarin Oriental International Limited and Jardine Cycle & Carriage Limited. JPMIF is a subsidiary of JP Morgan Chase & Co., which is a global financial services firm engaged in investment banking, asset management, private banking, private equity, custody and transaction services, and retail and middle market financial services. JP Morgan Chase & Co. is a public company listed on the New York Stock Exchange, the London Stock Exchange and the Tokyo Stock Exchange.

### 6. REASONS FOR THE ACQUISITION

The Acquisition is in line with the strategy of the Company to grow the business both through organic means, and through mergers and acquisitions as appropriate. The Acquisition broadens the Company's existing vehicle finance, equipment finance, property finance and unsecured loan businesses, and, the Directors believe, will help the Company achieve additional scale in those business areas. The Directors believe that the Acquisition will strengthen the Group's earning base and do not believe that the Acquisition will have any material effect on the assets and liabilities of the Company and the Group taken as a whole. The Directors believe that the terms of the transaction are fair and reasonable, and in the interests of the shareholders as a whole.

### 7. GENERAL

Your attention is drawn to the appendix of this circular which contains certain additional information in relation to the Company.

Yours faithfully  
For and on behalf of the Board  
**David Shou-Yeh Wong**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this circular misleading.

## 2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the registers required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

### 2.1 Aggregate long position in the shares, underlying shares and debentures of the Company and its associated corporations

The interests of the Directors and Chief Executive in the shares of the Company and its associated corporations (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds) as at the Latest Practicable Date were as follows:

Directors	Personal Interests	Corporate Interests (Note 1)	Other Interests	Total Interests in Number of Ordinary Shares	% of the Issued Share Capital
<b>Number of ordinary shares of HK\$1 each in the Company</b>					
David Shou-Yeh Wong	–	719,956,596 (Note 2)	–	719,956,596	78.27
<b>Number of ordinary shares of HK\$2 each in DSFH</b>					
David Shou-Yeh Wong	–	4,416,768	92,132,682 (Note 3)	96,549,450	38.84
John William Simpson	10,000 (Note 4)	–	–	10,000	0.00
Lung-Man Chiu (John Chiu)	38,800	–	–	38,800	0.02

*Notes:*

- 1) The corporate interest is in respect of shares held by a company in which the director has an interest of one third or more.
- 2) Such shares represent the corporate interest of David Shou-Yeh Wong under Part XV of the SFO by virtue of his interest in 96,549,450 ordinary shares of DSFH, representing 38.84% of its entire share capital currently in issue as at the Latest Practicable Date.
- 3) Such shares are indirectly held by HSBC International Trustee Limited (“HSBCIT”), the trustee of a discretionary trust established for the benefit of David Shou-Yeh Wong and his family.
- 4) Such shares are jointly owned by John William Simpson and his wife.

The interests of the Directors and Chief Executive in options under share option schemes of the Company and its associated corporations as at the Latest Practicable Date were as follows:

Directors	Number of Shares in the Options as at the Latest Practicable Date	Exercise Price (HK\$)	Grant Date (D/M/Y)	Exercise period	
				From (D/M/Y)	To (D/M/Y)
<b>Number of share options in the Company</b>					
Lung-Man Chiu (John Chiu)	250,000	16.70	25/11/2004	25/11/2005	25/11/2010
<b>Number of share options in DSFH</b>					
Hon-Hing Wong (Derek Wong)	1,000,000	64.00	25/11/2004	25/11/2005	25/11/2010
Gary Pak-Ling Wang	400,000	64.00	25/11/2004	25/11/2005	25/11/2010
Harold Tsu-Hing Wong	250,000	64.00	25/11/2004	25/11/2005	25/11/2010

Messrs. David Richard Hinde, Robert Tsai-To Sze, Andrew Kwan-Yuen Leung, Takashi Muraoka and Dennis Tat-Wang Yau have each confirmed that they had no interests in the shares of the Company and its associated corporations as at the Latest Practicable Date.

## 2.2 Aggregate short position in the shares, underlying shares and debentures of the Company and its associated corporations

None of the Directors had short positions in respect of shares, underlying shares and debentures of the Company and its associated corporations.

## 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed above in respect of Directors' and Chief Executive's interests and as stated below, so far as is known to any Director or the Chief Executive of the Company, no person had any interest or short position in the shares and 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 was, 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:

### 3.1 Aggregate long position in the shares and underlying shares of the Company

Substantial Shareholders	Capacity	Total Interests in Number of Ordinary Shares	% of the Issued Share Capital
DSFH	Beneficial interest	719,956,596	78.27
HSBC International Trustee Limited	Corporate interest	719,956,596 (Note 1)	78.27
Christine Yen Wong	Deemed interest by virtue of her spouse having a notifiable interest	719,956,596 (Note 2)	78.27

*Notes:*

1. By virtue of the deemed interest in DSFH shares indirectly held by HSBCIT in trust for a discretionary trust established for the benefit of David Shou-Yeh Wong and his family. HSBCIT is taken to have a duty of disclosure in relation to the relevant shares of the Company held through its controlled companies. Relevant shares have been included in the “Corporate interests” of David Shou-Yeh Wong as disclosed under the heading of “Interests of Directors and Chief Executive” above.
2. Such shares represented deemed interest of Christine Yen Wong by virtue of her spouse, David Shou-Yeh Wong, being a substantial shareholder of DSFH and having a deemed interest in relevant share capital of the Company. Christine Yen Wong is taken to have a duty of disclosure in relation to the deemed interest of the Company held by her spouse. This interest comprised the same interests of David Shou-Yeh Wong under the heading of “Interests of Directors and Chief Executive” above.

**3.2 Aggregate short position in the shares and underlying shares of the Company**

As at the Latest Practicable Date, the Company had not been notified of any short positions being held by any substantial shareholder in the shares and underlying shares of the Company.

**4. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their associates is considered by the Company to have interests in businesses which compete with, or might compete with, either directly or indirectly, the businesses of the Group, other than those businesses where such Directors have been appointed to represent the interests of the Company and/or other members of the Group.

**5. SERVICE CONTRACTS**

No Director has entered into a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

**6. LITIGATION**

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claim of material importance and, so far as the Directors are aware, no litigation or arbitration or claim of material importance is pending or threatened by or against the Company or any of its subsidiaries.

**7. INTEREST IN SUBSIDIARY**

The Company will indirectly hold a 100% interest in PFHK following the Acquisition.

**8. MISCELLANEOUS**

- (a) The Qualified Accountant of the Company is Gary Pak-Ling Wang CPA (HKICPA), FCCA.
- (b) The Secretary of the Company is Hoi-Lun Soo, B.A. (Hons.), ACIS.
- (c) The share registrars and transfer office of the Company is Computershare Hong Kong Investor Services Limited, which is situated at 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.