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(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)

**CONNECTED TRANSACTION FOR DSBG IN RESPECT OF
DISPOSAL OF PROPERTY BY DSBG**

**CONTINUING CONNECTED TRANSACTION FOR DSBG IN RESPECT OF
LEASEBACK OF A PORTION OF THE PROPERTY**

On 18 December 2007, DSB, a wholly owned subsidiary of DSBG, entered into the Sale and Purchase Agreement to dispose of the Property to DSLA, a wholly owned subsidiary of DSFH, at a consideration of HK\$250 million, and to leaseback a portion of the Property from DSLA at a monthly rental of HK\$375,000, for a term of three years immediately from the date of Completion with an option to renew the tenancy upon expiry of the initial term. The terms of the Sale and Purchase Agreement and Tenancy Agreement (which will be entered into by the parties on Completion) are set out in further detail below.

As DSLA is a wholly owned subsidiary of DSFH and DSFH is DSBG's substantial shareholder, DSLA is a connected person of DSBG pursuant to the Listing Rules. The Disposal consequently constitutes a connected transaction, and the Leaseback constitutes a continuing connected transaction, for DSBG under the Listing Rules.

In respect of the Disposal, each of the applicable Percentage Ratios of the connected transaction for DSBG is higher than 0.1% but less than 2.5%. Accordingly, the Disposal falls under Rule 14A.32 of the Listing Rules, constitutes a connected transaction for DSBG, is subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules, but is exempt from the requirements of independent shareholders' approval under Chapter 14A of the Listing Rules.

In respect of the Leaseback, one of the Percentage Ratios of the continuing connected transaction for DSBG, on an annual basis, is higher than 0.1% but less than 2.5%. Accordingly, the Leaseback falls under Rule 14A.34 of the Listing Rules, constitutes a continuing connected transaction for DSBG, is subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules, but is exempt from the requirements of independent shareholders' approval under Chapter 14A of the Listing Rules.

INTRODUCTION

On 18 December 2007, DSB, a wholly owned subsidiary of DSBG, entered into the Sale and Purchase Agreement to dispose of the Property to DSLA, a wholly owned subsidiary of DSFH, at a consideration of HK\$250 million, and to leaseback a portion of the Property from DSLA at a monthly rental of HK\$375,000, for a term of three years immediately from the date of Completion with an option to renew the tenancy upon expiry of the initial term. The terms of the Sale and Purchase Agreement and Tenancy Agreement (which will be entered into by the parties on Completion) are set out in further detail below.

As DSLA is a wholly owned subsidiary of DSFH and DSFH is DSBG's substantial shareholder, DSLA is a connected person of DSBG pursuant to the Listing Rules. The Disposal consequently constitutes a connected transaction, and the Leaseback constitutes a continuing connected transaction, for DSBG under the Listing Rules.

SALE AND PURCHASE AGREEMENT

Details of the Sale and Purchase Agreement are as follows:

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| Date: | 18 December 2007 |
| Vendor: | DSB |
| Purchaser: | DSLA |
| Property: | Flat A on Basement and Portion AA on Ground Floor of Thai Kong Building, No.482 Hennessy Road, Hong Kong |
| Consideration: | HK\$250 million, which was agreed after arm's length discussions between the Vendor and the Purchaser with reference to two valuations of the Property prepared by two independent professional valuers, namely (i) Savills Valuation and Professional Services Limited, which valued the Property at approximately HK\$250 million as at 17 December 2007, and (ii) DTZ Debenham Tie Leung Limited, which valued the Property at approximately HK\$245 million as at 17 December 2007 |
| Conditions: | The Property is sold on an as-is basis, subject to all existing lettings and tenancies thereof |
| Completion: | Completion of the Sale and Purchase Agreement is expected to take place on or before 31 December 2007 |

To the best of the knowledge of the directors of DSBG, the two independent professional valuers and their respective ultimate beneficial owners are independent of DSBG, DSFH and their respective connected persons.

Financial Effect of the Disposal on the DSBG Group

With reference to the unaudited accounts of the DSBG Group for the six-month period ended 30 June 2007, the net book value of the Property was approximately HK\$148.6 million as at 30 June 2007. It is estimated that the Disposal will result in a book profit (before tax and expenses) for the DSBG Group of approximately HK\$101.4 million with reference to the net book value of the Property as at 30 June 2007.

Based on the audited accounts of DSBG for the two financial years ended 31 December 2006, the net profits (both before and after taxation and extraordinary items) attributable to the Property immediately preceding the Disposal are as follows:

| | Financial year ended 31 December 2006 <i>(HK\$)</i> | Financial year ended 31 December 2005 <i>(HK\$)</i> |
|--|---|---|
| Net profit before taxation and extraordinary items | 3,884,000 | 4,814,000 |
| Net profit after taxation and extraordinary items | 2,958,000 | 4,143,000 |

As a result of the Disposal, in so far as the assets and liabilities are concerned, the cash balance of the DSBG Group will be increased by approximately HK\$250 million while the net book value of its property assets will be reduced by approximately HK\$149 million.

USE OF PROCEEDS

The net proceeds from the Disposal for the DSBG Group are estimated to be approximately HK\$249.8 million, after deducting expenses of approximately HK\$200,000. Presently, the DSBG Group intends to use the said net proceeds to increase its working capital.

LEASEBACK

Pursuant to the Sale and Purchase Agreement, DSB has agreed to leaseback a portion of the Property from DSLA immediately from the date of Completion. The principal terms of the Tenancy Agreement which is attached as an agreed form to the Sale and Purchase Agreement and will be entered into by the parties on Completion are as follows:

Landlord: DSLA

Tenant: DSB

Lease term: Three years commencing on the date of Completion

Rent: HK\$375,000 per month, exclusive of management fees and government rates and rent, which was agreed after arm's length discussions between DSB and DSLA with reference to the location and condition of the Property. As advised by the two independent professional valuers, namely (i) Savills Valuation and Professional Services Limited and (ii) DTZ Debenham Tie Leung Limited, the rental value is in line with the current market rent of similar properties in the same area

Option to renew: The Vendor as the Tenant shall have an option to renew the Tenancy Agreement for a further three years upon the expiration of the initial three year term

Rent for the renewed term: The rent payable during the renewed term shall be mutually agreed between the Tenant and the Landlord with reference to the prevailing market rent at the time

Annual Caps of the Leaseback

As the current term of the Leaseback will be for three years, the aggregate annual rent payable by DSB under the Tenancy Agreement for each of the three financial years ending 31 December 2008, 2009 and 2010 is expected not to exceed approximately HK\$ 4.6 million annually, based on the rental as agreed under the Tenancy Agreement.

INFORMATION ON THE PROPERTY

The Property has a saleable area of approximately 1,600 square feet on the ground floor and a basement of approximately 1,850 square feet. A portion of the ground floor of approximately 500 square feet and the whole basement are currently used by DSB as bank branch premises. The remaining part of the Property is currently leased to two independent third parties under two tenancy agreements: (i) approximately 970 square feet of retail space on the ground floor is currently leased to a retail trading company pursuant to a tenancy agreement for three years to expire on 31 August 2008; and (ii) approximately 130 square feet of retail space on the ground floor is currently leased to a retail trading company pursuant to a separate tenancy agreement for three years to expire on 19 March 2009.

REASONS FOR THE DISPOSAL AND LEASEBACK

DSBG reviews its property usage and requirements from time to time. The ground floor retail premises of the Property are mainly let to third party tenants, with a smaller portion of the ground floor, together with the basement, used as bank branch premises. The directors of DSBG consider that the Disposal of the Property by DSB and Leaseback of the bank branch premises is a more efficient usage of the capital previously deployed in the Property. The directors of DSBG (including its independent non-executive directors) consider that the terms of the Sale and Purchase Agreement and the Tenancy Agreement are on normal commercial terms and are fair and reasonable to DSBG, and the Disposal and the Leaseback are in the interests of DSBG and its shareholders as a whole.

INFORMATION ON DSBG AND DSFH

DSBG is the holding company of three banking subsidiaries, DSB, Banco Commercial 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.

DSB is a wholly owned subsidiary of DSBG and is a licensed bank regulated by the Hong Kong Monetary Authority. DSB is principally engaged in the provision of banking, financial and other related services.

DSFH is the holder of approximately 74.94% of the issued share capital of DSBG, and is therefore a connected person of DSBG. DSFH is the company holding the insurance interests of the DSFH Group.

DSL A is a wholly owned subsidiary of DSFH and is an authorised life assurance company regulated by the Office of the Commissioner of Insurance in Hong Kong. As DSL A is a wholly owned subsidiary of DSFH, and DSFH is DSBG's substantial shareholder, DSL A is a connected person of DSBG pursuant to the Listing Rules. DSL A is principally engaged in the underwriting of life assurance business.

GENERAL

In respect of the Disposal, each of the applicable Percentage Ratios of the connected transaction is higher than 0.1% but less than 2.5%. Accordingly, the Disposal falls under Rule 14A.32 of the Listing Rules, constitutes a connected transaction for DSBG, is subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules, but is exempt from the requirements of independent shareholders' approval under Chapter 14A of the Listing Rules.

In respect of the Leaseback, one of the Percentage Ratios of the continuing connected transaction, on an annual basis, is higher than 0.1% but less than 2.5%. Accordingly, the Leaseback falls under Rule 14A.34 of the Listing Rules, constitutes a continuing connected transaction for DSBG, is subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules, but is exempt from the requirements of independent shareholders' approval under Chapter 14A of the Listing Rules. DSBG will comply with the continuing connected transaction requirements under the Listing Rules in exercising the aforesaid option to renew the tenancy in respect of the Property.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following meanings:

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| “applicable percentage ratio”, “associate”, and “connected person” | each of them has the meaning ascribed to it under the Listing Rules |
| “Completion” | completion of the Disposal in accordance with the terms and conditions of the Sale and Purchase Agreement |
| “Consideration” | the consideration for the Disposal as described under the Sale and Purchase Agreement |
| “DSB” | Dah Sing Bank, Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of DSBG |
| “DSBG” | 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) |

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| “DSBG Group” | DSBG and its subsidiaries |
| “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) |
| “DSFH Group” | DSFH and its subsidiaries (excluding the DSBG Group) |
| “DSL A” | Dah Sing Life Assurance Company Limited, a company incorporated in Bermuda with limited liability and a wholly owned subsidiary of DSFH |
| “Disposal” | the disposal of the Property by DSB to DSL A under the Sale and Purchase Agreement |
| “HK\$” | Hong Kong Dollars |
| “Landlord” | DSL A |
| “Leaseback” | the leasing of a portion of the Property by DSB from DSL A under the Tenancy Agreement |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “Property” | Flat A on Basement and Portion AA on Ground Floor of Thai Kong Building, No.482 Hennessy Road, Hong Kong |
| “Purchaser” | DSL A |
| “Sale and Purchase Agreement” | the agreement for the sale and purchase of the Property dated 18 December 2007 between the Vendor and the Purchaser as described in this announcement |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tenancy Agreement” | the agreement for the leaseback of the Property to be entered into between the Landlord and the Tenant as described in this announcement immediately on the date of Completion |
| “Tenant” | DSB |
| “Vendor” | DSB |

By Order of the Board
Dah Sing Banking Group Limited
Hoi-Lun Soo (Helen Soo)
Company Secretary

Hong Kong, 18 December 2007

As at the date of this announcement, the executive directors of DSBG are Messrs. David Shou-Yeh Wong, Hon-Hing Wong (Derek Wong), Lung-Man Chiu (John Chiu), Gary Pak-Ling Wang, Harold Tsu-Hing Wong and Frederic Suet-Chiu Lau. The independent non-executive directors of DSBG are Messrs. David Richard Hinde, John William Simpson, Robert Tsai-To Sze and Andrew Kwan-Yuen Leung. The non-executive director of DSBG is Keisuke Tahara.