
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any 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 Financial Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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

(Stock Code: 0440)

MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF LIFE INSURANCE COMPANIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at 20th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong on Thursday, 25 August 2016 at 4:30 p.m. is set out on pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

8 August 2016

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DEFINITIONS

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

“AMCM”	the Autoridade Monetária de Macau
“Articles of Association”	the articles of association of the Company adopted from time to time
“BCM”	Banco Comercial de Macau, S.A., a company incorporated in Macau and an indirect non-wholly owned subsidiary of the Company
“Bermuda Exchange Control Act”	the Exchange Control Act 1972 of Bermuda and related rules and regulations, as revised, amended and supplemented from time to time
“Bermuda Insurance Act”	the Insurance Act 1978 of Bermuda and related rules and regulations, as revised, amended and supplemented from time to time
“BMA”	the Bermuda Monetary Authority
“Board”	the board of directors of the Company
“Closing”	in respect of the Hong Kong Shares or the Macau Shares, completion of the sale of such shares pursuant to the Share Sale Agreement
“Closing Date”	in respect of the Hong Kong Shares or the Macau Shares, the date on which the relevant Closing takes place
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	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: 0440)
“connected person(s)”	has the same meaning given to it under the Listing Rules
“Dah Sing Nominees Limited”	Dah Sing Nominees Limited, a company incorporated in Hong Kong and an indirect non-wholly owned subsidiary of the Company

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Hong Kong Shares and the Macau Shares by the Company on and subject to the terms and conditions set out in the Share Sale Agreement
“Distribution Agreements”	the Hong Kong Distribution Agreement and the Macau Distribution Agreement
“DSB”	Dah Sing Bank, Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance and an indirect non-wholly owned subsidiary of the Company
“DSBG”	Dah Sing Banking Group Limited, the holding company of DSB and BCM, and 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: 2356) and a direct non-wholly owned subsidiary of the Company
“DSIS”	Dah Sing Insurance Services Limited, a company incorporated in Hong Kong and a direct wholly owned subsidiary of the Company as at the date of this circular
“DSIS Shares”	all of the issued shares in the share capital of DSIS
“DSL A”	Dah Sing Life Assurance Company Limited, a company incorporated in Bermuda and a direct wholly owned subsidiary of the Company as at the date of this circular
“DSL A Shares”	all of the issued shares in the share capital of DSL A
“DSL I (BVI) (1) Limited”	DSL I (BVI) (1) Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“DSL I (2) Limited”	DSL I (2) Limited, a company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of the Company
“EGM”	an extraordinary general meeting of the Company to be convened and held at 20th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong on Thursday, 25 August 2016 at 4:30 p.m. for the purpose of considering and, if thought fit, approving the Disposal

DEFINITIONS

“Everwin Enterprise”	Everwin Enterprise (Hong Kong) Limited, a limited liability company incorporated in Hong Kong and a wholly owned subsidiary of Thai Hot Investment, the original purchaser under the Share Sale Agreement whose rights and obligations were transferred and assigned to the Purchaser on 13 June 2016
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Distribution Agreement”	the distribution agreement proposed to be entered into among DSLA, DSIS and DSB upon completion of the sale of the Hong Kong Shares under the Share Sale Agreement
“Hong Kong Shares”	the DSLA Shares and the DSIS Shares
“Latest Practicable Date”	2 August 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange in force for the time being
“Locked Box Date”	31 December 2015
“Long Stop Date”	the first anniversary of the date of the Share Sale Agreement or such other date as may be agreed in writing by the Company and the Purchaser from time to time. It has been agreed under the Share Sale Agreement that the parties will enter into good faith discussions to extend the Long Stop Date so as to fall on a date falling no more than 15 months after the date of the Share Sale Agreement if it appears to any party (acting reasonably) that any conditions set out in the section headed “ <i>Conditions Precedent</i> ” in the “ <i>Letter from the Board</i> ” contained in this circular will not be satisfied by the first anniversary of the date of the Share Sale Agreement but would be likely to be satisfied within such 15-month period
“Macau”	Macau Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Macau Distribution Agreement”	the distribution agreement proposed to be entered into between MLIC and BCM upon completion of the sale of the Macau Shares under the Share Sale Agreement
“Macau Shares”	all of the issued shares in the share capital of MLIC
“MIC”	Macau Insurance Company Limited, a company incorporated in Macau and an indirect non-wholly owned subsidiary of the Company
“MLIC”	Macau Life Insurance Company Limited, a company incorporated in Macau and an indirect non-wholly owned subsidiary of the Company as at the date of this circular
“New DSBG Option Scheme”	the new share option scheme adopted by DSBG on 27 May 2014
“New DSFH Option Scheme”	the new share option scheme adopted by the Company on 27 May 2015
“OCI”	the Office of the Commissioner of Insurance of Hong Kong or its successor body
“Old DSBG Option Scheme”	the share option scheme adopted by DSBG on 12 June 2004 and terminated on 27 May 2014
“Old DSFH Option Scheme”	the share option scheme adopted by the Company on 28 April 2005 and expired on 28 April 2015
“Option Holder(s)”	holder(s) of options which have been granted under any share option schemes of the Company
“Pensions Business”	the pensions fund management services business currently undertaken by MLIC in Macau
“Pensions Business Transfer Agreement”	the agreement proposed to be entered into which deals with the transfer of the Pensions Business from MLIC to a company to be designated by MIC
“PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, Macau and Taiwan

DEFINITIONS

“Purchaser”	Thaihot Investment (Bermuda) Company Limited, a limited liability company incorporated in Bermuda, and a wholly owned subsidiary of Everwin Enterprise and accordingly a wholly owned subsidiary of Thai Hot Investment, whose rights and obligations under the Share Sale Agreement were transferred and assigned to it by Everwin Enterprise on 13 June 2016
“RMB”	Renminbi, the lawful currency of the PRC
“S\$”	Singaporean dollars, the lawful currency of Singapore
“Schemes”	DSL InvestEase III Investment-Linked Plan and DSL InvestLeo Investment-Linked Plan
“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 or supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Sale Agreement”	the share sale agreement dated 2 June 2016 entered into among the Company, MIC and Everwin Enterprise (whose rights and obligations under the agreement were transferred and assigned to the Purchaser on 13 June 2016) in relation to the Disposal
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Thai Hot Group”	Thai Hot Investment and its subsidiaries from time to time
“Thai Hot Investment”	Fujian Thai Hot Investment Co., Ltd., a limited liability company incorporated in the PRC and the parent company of the Purchaser
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

LETTER FROM THE BOARD



(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 0440)

Executive Directors:

David Shou-Yeh Wong (*Chairman*)
Hon-Hing Wong (Derek Wong)
(*Managing Director and Chief Executive*)
Gary Pak-Ling Wang
Nicholas John Mayhew

Registered Office:

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

Non-Executive Directors:

Takashi Morimura (Eiichi Yoshikawa as alternate)
Toshihide Motoshita
John Wai-Wai Chow

Independent Non-Executive Directors:

Robert Tsai-To Sze
Lon Dounn
Seiji Nakamura
Blair Chilton Pickerell

8 August 2016

To Shareholders and, for information only, Option Holders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO THE DISPOSAL OF LIFE INSURANCE COMPANIES
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 2 June 2016 in relation to the Disposal.

On 2 June 2016, the Company and MIC entered into the Share Sale Agreement with Everwin Enterprise, pursuant to which the Company and MIC conditionally agreed to sell (or procure the sale of), and Everwin Enterprise conditionally agreed to purchase, the entire issued share capital of (i) DSLA, which is principally engaged in the underwriting of life-insurance in Hong Kong; (ii) DSIS, which acts as the general agent of DSLA in Hong Kong; and (iii) MLIC, which is principally engaged in the underwriting of

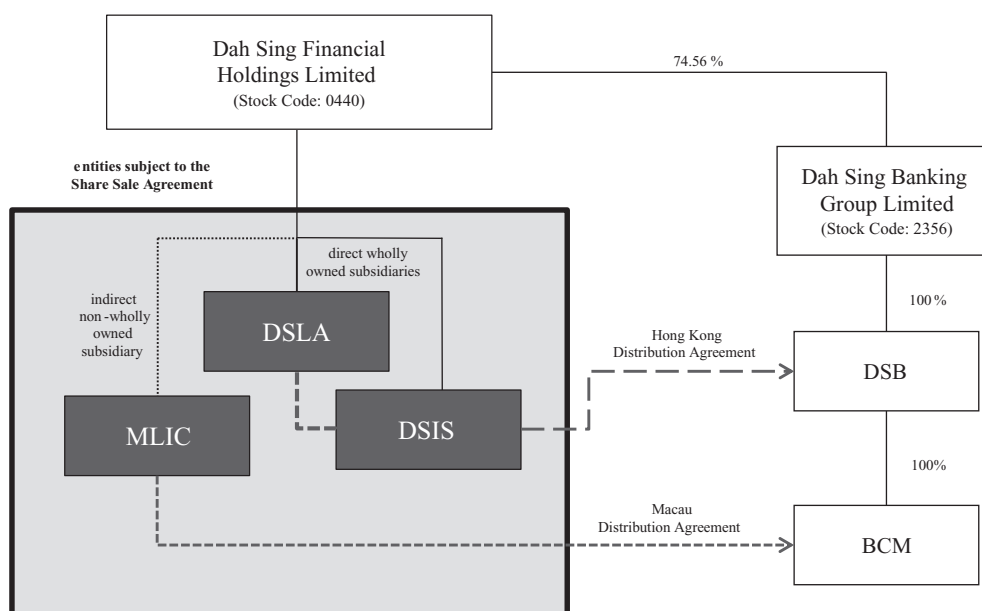
LETTER FROM THE BOARD

life-insurance in Macau. Everwin Enterprise subsequently transferred and assigned its rights and obligations under the Share Sale Agreement to the Purchaser in accordance with the terms of the Share Sale Agreement on 13 June 2016.

DSB, an indirect non-wholly owned subsidiary of the Company, proposes to enter into the Hong Kong Distribution Agreement with DSLA and DSIS upon completion of the sale of the Hong Kong Shares under the Share Sale Agreement, pursuant to which (i) DSLA will agree to appoint DSB as its non-exclusive insurance agent for distribution of life-insurance products in Hong Kong; and (ii) DSB will agree to appoint DSLA as its exclusive supplier of life-insurance products in Hong Kong for its retail customers. The existing non-exclusive distribution agreement and agency agreement entered into by DSIS and DSB will be terminated on the same day as the signing of the Hong Kong Distribution Agreement.

BCM, an indirect non-wholly owned subsidiary of the Company, proposes to enter into the Macau Distribution Agreement with MLIC upon completion of the sale of the Macau Shares under the Share Sale Agreement, pursuant to which (i) MLIC will agree to appoint BCM as its non-exclusive insurance agent for distribution of life-insurance products in Macau; and (ii) BCM will agree to appoint MLIC as its exclusive supplier of life-insurance products in Macau for its retail customers. The existing non-exclusive distribution agreement and agency agreement entered into by MLIC and BCM will be terminated on the same day as the signing of the Macau Distribution Agreement.

A diagram showing the Share Sale Agreement and the Distribution Agreements among the members of the Group is set out as follows:



The purpose of this circular is to provide you with, among other things, (i) further details of the Share Sale Agreement and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) the notice of the EGM.

LETTER FROM THE BOARD

2. THE SHARE SALE AGREEMENT

The principal terms of the Share Sale Agreement are as follows:

Date

2 June 2016

Parties

- (i) The Company;
- (ii) MIC; and
- (iii) Everwin Enterprise.

Please see the section headed “*Information on the Company and the Parties*” below for further information on the parties to the Share Sale Agreement.

Subject Matter

Under the Share Sale Agreement:

- (i) the Company conditionally agreed to sell (and procure Dah Sing Nominees Limited, an indirect non-wholly owned subsidiary of the Company, to sell), and Everwin Enterprise conditionally agreed to purchase, the Hong Kong Shares; and
- (ii) MIC conditionally agreed to sell (and the Company conditionally agreed to procure DSLI (BVI) (1) Limited and DSLI (2) Limited, both indirect wholly owned subsidiaries of the Company, to sell), and Everwin Enterprise conditionally agreed to purchase, the Macau Shares.

Please see the section headed “*Information on the Company and the Parties*” below for further information on DSLA, DSIS and MLIC.

Consideration

The consideration for the Hong Kong Shares shall be an amount in cash equal to the sum of:

- (i) HK\$7,783,000,000 in respect of the Hong Kong Shares (the “**Hong Kong Base Consideration**”);
- (ii) an amount equal to the interest that would have accrued if it had been charged at a rate of 2.5% per annum on the Hong Kong Base Consideration from (and excluding) the Locked Box Date to (and including) the Closing Date, if such interest had accrued daily;

LETTER FROM THE BOARD

- (iii) an adjustment amount equal to the difference (if any) in (a) the consideration receivable under the transfer agreements entered into between DSLA and third parties transferring DSLA's interests in a PRC insurance company and (b) the book value of those interests at the Locked Box Date^(Notes 1, 2); and
- (iv) an adjustment amount equal to the amount (if any) by which the consideration receivable under a transfer agreement, to be entered into by DSLA and a member of the Group transferring DSLA's interest in a commercial property in Hong Kong, results in an increase or decrease in the amount reflected in the shareholders funds of DSLA in respect of such property at the Locked Box Date^(Note 2).

Notes:

1. As each of the applicable percentage ratios for the transfer agreements is less than 5%, the transactions are not subject to the disclosure requirements under Chapter 14 of the Listing Rules.
2. The transaction(s) is/are expected to complete before Closing.

The consideration for the Macau Shares shall be an amount in cash equal to the sum of:

- (i) HK\$217,000,000 in respect of the Macau Shares (the “**Macau Base Consideration**”); and
- (ii) an amount equal to the interest that would have been accrued if it had been charged at a rate of 2.5% per annum on the Macau Base Consideration from (and excluding) the Locked Box Date to (and including) the Closing Date, if such interest had accrued daily.

The consideration for the Hong Kong Shares and the Macau Shares was determined after arm's length negotiations between the parties to the Share Sale Agreement following an auction process, and taking into account the interests of the Company and the financial position of each of DSLA, DSIS and MLIC. Thai Hot Group was selected as the successful bidder after taking into account the highest bid price for the Hong Kong Shares and the Macau Shares in aggregate and the terms and conditions negotiated with Thai Hot Group during the auction process (including the payment of a deposit at signing of the Share Sale Agreement).

Thai Hot Group has paid to the Company: (i) an amount of HK\$778,000,000 as a deposit for the Hong Kong Shares (equivalent to approximately 10% of the Hong Kong Base Consideration); and (ii) an amount of HK\$22,000,000 as a deposit for the Macau Shares (equivalent to approximately 10% of the Macau Base Consideration).

On Closing of the sale of the Hong Kong Shares, the Purchaser shall pay an amount in cleared funds to the Company which is equal to the total consideration for the Hong Kong Shares less the deposit for the Hong Kong Shares.

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On Closing of the sale of the Macau Shares, the Purchaser shall pay an amount in cleared funds to the Company which is equal to the total consideration for the Macau Shares less the deposit for the Macau Shares.

Conditions Precedent

Closing of the Disposal is conditional upon satisfaction of the following conditions, or their satisfaction subject only to Closing:

- (i) the passing of a resolution of the shareholders of the Company to approve the sale of the Hong Kong Shares and the Macau Shares either at a shareholder meeting or by way of written resolution in accordance with the Listing Rules;
- (ii) the passing at a shareholder meeting of DSBG of a resolution to approve the entry into of the Hong Kong Distribution Agreement and the Macau Distribution Agreement;
- (iii) the passing of the relevant resolutions at a duly convened board meeting or the passing of the written resolutions of all directors of each of DSLA, DSIS and MLIC approving the proposed transfer of the respective Hong Kong Shares and the Macau Shares of DSLA, DSIS and MLIC from the Company and MIC to the Purchaser, as the case may be;
- (iv) AMCM approval for the transfer of the Pensions Business to the company to be designated by MIC in accordance with the Pensions Business Transfer Agreement having been obtained;
- (v) any person that will become a “controller” (as defined under the Insurance Companies Ordinance (Chapter 41 of the Laws of Hong Kong)) of DSLA as a result of the transaction contemplated by the Share Sale Agreement, having obtained approval from the OCI to become a “controller” of DSLA, if such approval is required by the OCI;
- (vi) the AMCM having approved the suitability of the Purchaser and (if applicable) its nominees, as the purchaser(s) of the Macau Shares;
- (vii) the BMA (a) having been duly notified of the proposed transfer of the DSLA Shares from the Company to the Purchaser and the change in “shareholder controller” and “material change” (as each such term is construed in accordance with sections 30D and 30JA of the Bermuda Insurance Act) in respect of DSLA as a result thereof; and (b) having granted consent to and/or confirmed in writing of its no objection to such transfers or changes (or the time for notifying an objection having elapsed without the BMA having served a written notice of objection) pursuant to the Bermuda Insurance Act and the Controller of Foreign Exchange in Bermuda having approved the proposed transfer of the DSLA Shares pursuant to the Bermuda Exchange Control Act; and

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(viii) in respect of the Schemes: (a) the SFC having approved the change of the controlling shareholders of DSLA pursuant to the Code on Investment-Linked Assurance Schemes; and (b) (if required by the SFC) notice of such change having been given to the participants of the Schemes and the SFC's prescribed notice period to the participants of the Schemes having expired.

The Company may at any time waive the condition set out in paragraph (ii) above by notice in writing to the Purchaser, in which case, subject to the other conditions having been satisfied, the sale of the Hong Kong Shares and the Macau Shares shall take place on and subject to the terms of the Share Sale Agreement but the Hong Kong Distribution Agreement and the Macau Distribution Agreement shall not be entered into.

The Company may at any time waive the condition set out in paragraph (iv) above by notice in writing to the Purchaser, in which case, at the request of the Company, the Purchaser and the Company shall enter into good faith negotiations with regards to the arrangements for the retention of the Pensions Business within MLIC including any increase in the consideration for the Macau Shares payable by the Purchaser to reflect the fair value of the Pensions Business.

As at the Latest Practicable Date, none of the conditions in paragraphs (i) to (viii) above has been satisfied or, if applicable, waived by the Company.

Subject to the paragraph immediately below, if the conditions are not satisfied or otherwise waived by the Long Stop Date, the Purchaser or the Company may, in its sole discretion, terminate the Share Sale Agreement.

If, on or before the Long Stop Date, all of the conditions above, other than the conditions in paragraphs (iv) and (vi), are satisfied, the Company may, in its sole discretion, by notice in writing to the Purchaser, elect that:

- (a) Closing of the sale of the Hong Kong Shares shall take place without the simultaneous Closing of the sale of the Macau Shares; and
- (b) subject to the satisfaction or waiver of the conditions in paragraphs (iv) and (vi) before the Long Stop Date, Closing of the sale of the Macau Shares shall take place subsequently.

Closing

Subject to the paragraph immediately below, Closing of the sale of the Hong Kong Shares and the Macau Shares shall take place on the tenth business day after the date on which notification of the fulfilment or waiver of the last of the conditions set out in the section headed "*Conditions Precedent*" above takes place, or on such other date as may be agreed between the Purchaser and the Company.

LETTER FROM THE BOARD

If the Company serves on the Purchaser a notice as referred to in the section headed “*Conditions Precedent*” above in relation to the non-simultaneous Closing of the sale of the Hong Kong Shares and the Macau Shares:

- (a) Closing of the sale of the Hong Kong Shares shall take place on the tenth business day after the date on which such notice is given, or on such other date as may be agreed between the Purchaser and the Company; and
- (b) subject to the satisfaction or waiver of the conditions in paragraphs (iv) and (vi) under the section headed “*Conditions Precedent*” above before the Long Stop Date, Closing of the sale of the Macau Shares shall take place on the tenth business day after the date on which notification of the fulfilment of the condition in paragraph (iv) or the condition in paragraph (vi) (whichever is fulfilled later) takes place, or on such other date as may be agreed between the Purchaser and the Company.

Upon Closing, a Hong Kong transitional services agreement will be entered into in respect of, including but not limited to, the provision of information technology services by the Group to DSLA and DSIS, and a Macau transitional services agreement will be entered into in respect of, including but not limited to, the provision of information technology services by the Group to MLIC.

Upon Closing, each of DSLA, DSIS and MLIC will be wholly owned by the Purchaser and will cease to be a subsidiary of the Company.

3. INFORMATION ON THE COMPANY AND THE PARTIES

The Company

The Company is a company incorporated in Hong Kong and listed on the Stock Exchange. It is the holding company for the Group’s life-insurance business which is operated through DSLA in Hong Kong and MLIC in Macau, and general insurance business which is operated through Dah Sing Insurance Company (1976) Limited in Hong Kong and MIC in Macau, offering a wide range of life and general insurance services in the two markets. The Company is the majority shareholder of DSBG which is the holding company of DSB and BCM.

The parties to the Share Sale Agreement, DSLA, DSIS and MLIC

DSLA is a company incorporated in Bermuda. It is a direct wholly owned subsidiary of the Company as at the date of this circular and will be a wholly owned subsidiary of the Purchaser upon Closing. It is an authorised life insurance company in Hong Kong and is principally engaged in the underwriting of life-insurance in Hong Kong.

DSIS is a company incorporated in Hong Kong. It is a direct wholly owned subsidiary of the Company as at the date of this circular and will be a wholly owned subsidiary of the Purchaser upon Closing. It is the general agent of DSLA in Hong Kong.

LETTER FROM THE BOARD

MIC is a company incorporated in Macau. It is an indirect non-wholly owned subsidiary of the Company. It is an authorised insurance company in Macau and is principally engaged in the underwriting of general insurance business in Macau.

MLIC is a company incorporated in Macau. It is an indirect non-wholly owned subsidiary of the Company as at the date of this circular and will be a wholly owned subsidiary of the Purchaser upon Closing. It is an authorised insurance company in Macau and is principally engaged in the underwriting of life-insurance in Macau.

The Purchaser is a company incorporated in Bermuda with limited liability. It is an investment holding company and an indirect wholly owned subsidiary of Thai Hot Investment. Thai Hot Investment is based in the PRC and focuses on three major business areas: (a) insurance, banking and financial services; (b) healthcare; and (c) investment in a real estate development company. Save that Everwin Enterprise (and now the Purchaser) has been deemed by the Stock Exchange to be a connected person of DSBG at the point in time of entering into, and proposing to enter into, the Share Sale Agreement and the Distribution Agreements respectively, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

4. FINANCIAL INFORMATION

DSLA

The audited net profit/(loss) before and after taxation and extraordinary items attributable to DSLA prepared in accordance with the generally accepted accounting principles of Hong Kong for each of the two years ended 31 December 2014 and 2015 were as follows:

	Audited net profit/ (loss) before taxation and extraordinary items	Audited net profit/ (loss) after taxation and extraordinary items
	<i>HK\$'000</i>	<i>HK\$'000</i>
For the year ended 31 December 2014	(121,262)	(134,461)
For the year ended 31 December 2015	166,797	133,419

LETTER FROM THE BOARD

DSIS

The audited net profit/(loss) before and after taxation and extraordinary items attributable to DSIS prepared in accordance with the generally accepted accounting principles of Hong Kong for each of the two years ended 31 December 2014 and 2015 were as follows:

	Audited net profit/ (loss) before taxation and extraordinary items <i>HK\$'000</i>	Audited net profit/ (loss) after taxation and extraordinary items <i>HK\$'000</i>
For the year ended 31 December 2014	(456)	(442)
For the year ended 31 December 2015	202	266

MLIC

The audited net profit before and after taxation and extraordinary items attributable to MLIC prepared in accordance with the generally accepted accounting principles of Macau for each of the two years ended 31 December 2014 and 2015 were as follows:

	Audited net profit before taxation and extraordinary items <i>HK\$'000</i>	Audited net profit after taxation and extraordinary items <i>HK\$'000</i>
For the year ended 31 December 2014	2,994	2,692
For the year ended 31 December 2015	26,926	23,811

5. FINANCIAL EFFECTS OF THE DISPOSAL

Upon Closing, each of DSLA, DSIS and MLIC will cease to be a subsidiary of the Company. Accordingly, the profits and losses and the assets and liabilities of DSLA, DSIS and MLIC will no longer be consolidated into the consolidated financial statements of the Company.

LETTER FROM THE BOARD

As a result of the Disposal, the Company expects to derive a gain before taxation of approximately HK\$4,302 million. Such gain, without deducting transaction costs and expenses (which are mainly professional fees), is estimated by reference to the following:

- (i) consideration receivable for the sale of the DSLA Shares of approximately HK\$7,763 million;
- (ii) consideration receivable for the sale of the DSIS Shares of approximately HK\$20 million;
- (iii) consideration receivable for the sale of the Macau Shares of approximately HK\$217 million;
- (iv) carrying value of DSLA as of 31 December 2015 in the amount of approximately HK\$3,489 million (comprising DSLA's audited net asset value as of 31 December 2015 in the amount of approximately HK\$1,366 million and the value of the in-force long-term life assurance business as of 31 December 2015 in the amount of approximately HK\$2,123 million) included in the audited consolidated financial statements of the Company for the year ended 31 December 2015;
- (v) carrying value of DSIS as of 31 December 2015 in the amount of approximately HK\$18 million (representing DSIS's audited net asset value as of 31 December 2015); and
- (vi) carrying value of MLIC as of 31 December 2015 in the amount of approximately HK\$191 million (comprising MLIC's audited net asset value as of 31 December 2015 in the amount of approximately HK\$161 million and the value of the in-force long-term life assurance business as of 31 December 2015 in the amount of approximately HK\$30 million) included in the audited consolidated financial statements of the Company for the year ended 31 December 2015.

However, it is expected that the ultimate gain that the Company will record may be different from the estimated gain disclosed above given that there have been changes to the carrying value of each of DSLA, DSIS and MLIC since 31 December 2015 due to, amongst other things, the profits earned by DSLA, DSIS and MLIC since 31 December 2015, being the date to which the last audited consolidated financial statements of the Group were made up.

6. REASONS FOR AND BENEFITS OF ENTERING INTO THE SHARE SALE AGREEMENT

The Directors believe that the sale of the Hong Kong Shares and the Macau Shares through a competitive auction process, and the entry into of the Distribution Agreements by the Group, will generate substantial value in the interests of the Shareholders. The Disposal will realise a substantial capital gain for the Group compared to the profit generated from the life-insurance business. The consideration for the Hong Kong Shares and the Macau Shares combined represents a multiple of at least 50.8 times the net profit

LETTER FROM THE BOARD

of DSLA, DSIS and MLIC in 2015, and at least 26.1 times the embedded value profit of the life-insurance business in 2015 included in the Company's consolidated financial statements, thus representing an opportunity for the Group to realise an attractive valuation for the business. By entering into the Distribution Agreements, the Group will continue to be able to provide a range of life assurance products and services to its customers. The opportunity to form a long-term bancassurance partnership with DSLA and MLIC, under the ownership of a reputable business conglomerate in the PRC, will also allow the Group to continue to develop its bancassurance business and its customer base. Upon Closing, the Group will utilise the proceeds for reinvestment in its businesses, for the payment of a special dividend and for general working capital purposes.

The life-insurance business and general insurance business are separate businesses carried out in accordance with different licenses. Typically in the insurance market, the major participants in the life-insurance sector and the general insurance sector are different. The Company was aware that there was interest in the market in acquiring the life-insurance business of the Group and therefore decided to proceed with a sale of the life-insurance business alone.

7. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but all are below 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting and announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will convene the EGM to seek, among other things, the approval of the Shareholders for the Disposal. To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder has any material interest in the Disposal and no Shareholder will be required to abstain from voting on the resolution to be proposed at the EGM to approve the Disposal.

Mr. David Shou-Yeh Wong, who holds 137,285,682 Shares (representing approximately 40.97% of the issued share capital of the Company as at the Latest Practicable Date) has given an undertaking to Everwin Enterprise (and subsequently to the Purchaser) to vote (and procure his affiliates to vote) in favour of any resolutions to approve the Disposal.

8. EGM

The EGM will be convened and held at 20th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong on Thursday, 25 August 2016 at 4:30 p.m. for the purpose of considering and, if thought fit, approving the Disposal. A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. The form of proxy can also be downloaded from Dah Sing Bank's website (www.dahsing.com) or the Stock Exchange's website (www.hkexnews.hk). Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish. Should you attend and vote at the EGM in person, the form of proxy lodged with the Company is to be regarded as revoked.

9. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Share Sale Agreement has been made on normal commercial terms and that its terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM.

10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the following appendices to this circular:

Appendix I: Financial Information of the Group

Appendix II: General Information

Yours faithfully,
For and on behalf of the Board of
Dah Sing Financial Holdings Limited
David Shou-Yeh Wong
Chairman

1. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2016, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had the following outstanding borrowings:

- (a) DSB has in place a US\$2,000,000,000 Euro Medium Term Note Programme (the “**Programme**”) under which notes can be issued. The outstanding issues under the Programme are as follows:
- Subordinated Fixed Rate Notes (the “**2010 Notes**”) of US\$225,000,000 issued by DSB on 11 February 2010 that qualify as supplementary capital of DSB and are listed on the Singapore Stock Exchange Securities Trading Limited (“**SGX**”). The 2010 Notes will mature on 11 February 2020. Interest at 6.625% p.a. is payable semi-annually. An interest rate swap contract to swap the fixed rate payment liability of the 2010 Notes to a floating interest rate based on London Interbank Offered Rate (“**LIBOR**”) has been entered into with an international bank.
 - Subordinated Fixed Rate Notes (the “**2012 Notes**”) of S\$225,000,000 issued by DSB on 8 February 2012 that qualify as supplementary capital of DSB and are listed on the SGX. The 2012 Notes will mature on 9 February 2022 with an optional redemption date falling on 9 February 2017. Interest at 4.875% p.a. is payable semi-annually from the issue date to the optional redemption date. Thereafter, if the 2012 Notes are not redeemed, the interest rate will be reset and the 2012 Notes will bear interest at the then prevailing 5-year Singapore Dollar swap rate plus 376 basis points. DSB may, subject to receiving the prior approval of the Hong Kong Monetary Authority (“**HKMA**”), redeem the 2012 Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on an interest payment date. An interest rate swap contract to swap the fixed rate payment liability of the 2012 Notes to a floating interest rate based on LIBOR has been entered into with an international bank.
 - Basel III compliant 10-year Subordinated Fixed Rate Notes (the “**2014 Notes**”) of US\$225,000,000 issued by DSB on 29 January 2014 that qualify as tier 2 capital of DSB (subject to the provisions of the Banking (Capital) Rules of Hong Kong) and are listed on the Stock Exchange. The 2014 Notes will mature on 29 January 2024 with an optional redemption date falling on 29 January 2019. Interest at 5.25% p.a. is payable semi-annually from the issue date to the optional redemption date. Thereafter, if the 2014 Notes are not redeemed, the interest rate will be reset and the 2014 Notes will bear interest at the then prevailing 5-year U.S. Treasury Rate plus 375 basis points. DSB may, subject to receiving the prior approval of the HKMA, redeem the 2014 Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on an interest payment date. An interest rate swap contract to swap the fixed rate payment liability of the 2014 Notes to a floating interest rate based on LIBOR has been entered into with an international bank.

- The remaining outstanding amount of the original US\$200,000,000 Perpetual Subordinated Fixed Rate Notes (the “**2007 Notes**”), at US\$55,000,000, issued by DSB on 16 February 2007 that qualify as upper supplementary capital of DSB and are listed on the SGX. The 2007 Notes carry an optional redemption date falling on 17 February 2017. Interest at 6.253% p.a. is payable semi-annually from the issue date to the optional redemption date. Thereafter, if the 2007 Notes are not redeemed, the interest rate will be reset and the 2007 Notes will bear interest at 3-month LIBOR plus 190 basis points. DSB may, subject to receiving the prior approval of the HKMA, redeem the 2007 Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on an interest payment date. An interest rate swap contract to swap the fixed rate payment liability of the 2007 Notes to a floating interest rate based on LIBOR has been entered into with an international bank.
- (b) In addition, as at 30 June 2016, the Group had deposits from customers, money market takings, interbank and term loans from other banks, certificates of deposit issued, repurchase and short-sale transactions, direct credit substitutes, transaction-related contingencies, trade-related contingencies and other commitments that arise from the normal course of banking business.

Save as aforesaid or otherwise disclosed herein, and apart from the intra-group liabilities, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowing or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 30 June 2016.

2. WORKING CAPITAL SUFFICIENCY

The Directors, after due and careful enquiry, are of the opinion that based on the expected net proceeds from the Disposal, external borrowings, and internal resources of the Group, the Group will have sufficient working capital for its present requirements for at least the next 12 months following the date of this circular.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In 2015, the Group reported higher core operating profit, with a 28.2% increase in operating profit after loan impairment charges when compared with 2014. The banking business under DSBG had a solid year, with improvement in both net interest income and fee and commission income, which were up 11.6% and 9.4% respectively when compared with 2014. Overall pre-provision operating income of DSBG was 15.2% higher than 2014, despite the modest volume growth.

The Group’s insurance business reported a strong increase in net profit to HK\$325 million, up 29% when compared with 2014, mainly supported by a lower transfer to actuarial reserves as a result of the increase in long term bond yields during the year,

offset partly by lower increase in the value of the in-force long-term insurance policies. New business volumes were however lower than the prior year, due mainly to lower new business sales booked by our agency force in 2015.

Following the Disposal, the Company will continue its focus on both its bancassurance business and its general insurance business, and intends to continue to expand them, both in Hong Kong and Macau. The Group expects that the general insurance market will continue to grow and believes that further investment in its general insurance business will provide opportunities for future growth.

The market volatility and the more subdued operating environment in the local market in the second half of 2015 have continued into 2016. The vote of the United Kingdom to leave the European Union in a referendum in June 2016 resulted in further market volatility and the outlook for global growth remains sluggish, which may delay the pace of future US interest rate rises. The PRC continues to experience lower rates of growth as it steers its economy from an investment and export led model to one where domestic consumption plays a greater part. It is likely that economic growth in Hong Kong will be slow this year, and in some areas of the economy, for example tourism and retail, slower growth is already apparent, which will add pressure to the overall economic growth of Hong Kong in 2016.

More positively, unemployment in Hong Kong remains low and stable, and credit conditions remain relatively benign, as they do in Macau. Whilst credit quality in the PRC is volatile and worsening in general, the Group has taken action to strengthen its credit underwriting and controls over the past two years, and there are signs that this is helping it to stabilize credit quality in its PRC and PRC related business. However, the underlying credit trends in the PRC remain of some concern.

Similar to the trend in the overall Hong Kong banking market, the Group's loan and deposit growth has been relatively slow during the course of 2015 and also in the first half of 2016. In volatile market conditions, liquidity is always important, and so far the local market liquidity conditions have held up extremely well. In view of the more subdued outlook for the growth of the local and PRC economies for the second half of 2016, the Group anticipates that loan demand will remain weak.

The performance of the Group's general insurance business in the first half of 2016 has generally been better than in the same period in 2015. However, with a number of uncertainties facing both the global and local economies in the second half of 2016, there is no assurance that such improved performance will be maintained in the second half of the year.

Whilst in general the sales performance of the bancassurance business in the first half of 2016 has been stronger than in the prior period, due to uncertain economic and market conditions in the second half of the year, there is no assurance that this improved sales performance will be maintained. In the longer term, it is the intention of the Group to continue to grow its bancassurance business. Overall, the Group is of the view that the outlook remains slightly somewhat negative, but some of the larger possible risks that

were identified last year do not seem to have materialized, and therefore business conditions are still reasonable. However, many uncertainties remain for 2016, and the Group will maintain a sharp focus on how it manages risk. The Group continues to maintain capital and liquidity in line with regulatory requirements, and expects to maintain a similar position on both during the second half of 2016.

In the longer term, the Group continues to see opportunities for growth in all of its core markets, and core businesses. With various uncertainties in the market, the Group will pursue those opportunities and growth in a cautious manner, and with proper attention to risk.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

I. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company and their respective associates had any interests or short positions 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) which (i) were required 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 they are or deemed to have acquired under such provisions of the SFO); or (ii) which required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules:

a) Interests in the shares of the Company and its associated corporation

Directors	Number of shares				Percentage of interests in the total number of issued shares
	Personal interests	Corporate interests	Other interests	Total interests	
Number of ordinary shares in the Company					
David Shou-Yeh Wong	–	11,096,495 ⁽¹⁾	126,189,187 ⁽²⁾	137,285,682	40.97
John Wai-Wai Chow	1,223,231	–	–	1,223,231	0.37
Number of ordinary shares in DSBG					
David Shou-Yeh Wong	–	1,045,626,955 ⁽³⁾	–	1,045,626,955	74.57
John Wai-Wai Chow	208,741	–	–	208,741	0.01
Nicholas John Mayhew ⁽⁴⁾	24,640	–	–	24,640	0.00

Notes:

- (1) The corporate interests are in respect of shares held by companies in which the director controls one third or more of the voting powers at general meetings.

- (2) Such Shares are indirectly held by HSBC International Trustee Limited, a trustee of a discretionary trust established for the benefit of David Shou-Yeh Wong and his family members.
- (3) Such shares include the indirect corporate interests of David Shou-Yeh Wong in DSBG under Part XV of the SFO by virtue of his beneficial interests of 40.97% in the Company which currently holds a controlling interest of 74.56% in DSBG and interests in DSBG held through a company controlled by David Shou-Yeh Wong.
- (4) In addition to the interests in DSBG disclosed above, Nicholas John Mayhew is also beneficially interested in all of the preference shares of DSE Investment Services Limited (“DSE”) in issue totalling HK\$700. DSE is a wholly owned subsidiary of the Company and is currently inactive.

b) Interests in options under share option schemes of the Company and its associated corporation

i) Share Option Scheme of the Company

Pursuant to the Old DSFH Option Scheme, certain directors of the Company’s major operating subsidiaries were granted options under the Old DSFH Option Scheme. Details of the share option outstanding as at the Latest Practicable Date which have been granted under the Old DSFH Option Scheme are as follows:

Grantee	Number of the Company’s shares under option					Exercise price ⁽¹⁾ (HK\$)	Grant date (D/M/Y)	Exercise period ⁽³⁾ (D/M/Y)
	Held at 31/12/2015 ⁽¹⁾	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Held at the Latest Practicable Date			
Aggregate of employees ⁽²⁾	521,534	–	–	–	521,534	38.35	12/12/2011	12/12/2012- 12/12/2017
	312,920	–	–	–	312,920	31.88	21/12/2012	21/12/2013- 21/12/2018

Notes:

- (1) Adjusted as a result of the rights issue of the Company completed in April 2014. The key summary of related adjustments was announced by the Company on 29 April 2014.
- (2) Share options were granted to certain eligible employees, who are directors, senior executives or officers of major operating subsidiaries of the Company and are working under employment contracts that are regarded as “continuous contracts” for the purpose of the Employment Ordinance of Hong Kong.
- (3) All the existing share options granted under the Old DSFH Option Scheme shall be exercisable upon vesting in five equal tranches between the first and fifth anniversaries from the date of grant.
- (4) The Old DSFH Option Scheme expired on 28 April 2015. On 27 May 2015, the Shareholders approved the adoption of the New DSFH Option Scheme. No further options can be offered under the Old DSFH Option Scheme after its expiration but the provisions of the Old DSFH Option Scheme remain in full force and effect to the

extent necessary to give effect to the exercise of all options granted prior to the expiration of the Old DSFH Option Scheme but not yet exercised at the time of expiration.

- (5) No share options had been granted under the New DSFH Option Scheme from the date of adoption to the Latest Practicable Date.

ii) *Share Option Scheme of DSBG*

Pursuant to the Old DSBG Option Scheme, certain directors of the Company and its major operating subsidiaries were granted options under the Old DSBG Option Scheme. Details of the share option outstanding as at the Latest Practicable Date which have been granted under the Old DSBG Option Scheme are as follows:

Grantee	Number of DSBG's shares under option					Exercise price ⁽¹⁾ (HK\$)	Grant date (D/M/Y)	Exercise period ⁽⁴⁾ (D/M/Y)
	Held at 31/12/2015 ⁽¹⁾	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Held at the Latest Practicable Date			
Directors								
Gary Pak-Ling Wang	2,700,218	-	-	-	2,700,218	8.91	12/12/2011	12/12/2012- 12/12/2017
	934,691	-	-	-	934,691	7.96	21/12/2012	21/12/2013- 21/12/2018
Nicholas John Mayhew	2,492,510	-	-	-	2,492,510	8.91	12/12/2011	12/12/2012- 12/12/2017
	830,836	-	-	-	830,836	7.96	21/12/2012	21/12/2013- 21/12/2018
Aggregate of other employees ⁽²⁾	2,907,927	-	-	-	2,907,927	8.91	12/12/2011	12/12/2012- 12/12/2017
	1,765,526	-	(103,855) ⁽³⁾	-	1,661,671	7.96	21/12/2012	21/12/2013- 21/12/2018
	249,251	-	(62,313) ⁽³⁾	-	186,938	11.68	26/03/2014	26/03/2015- 26/03/2020

Notes:

- (1) Adjusted as a result of the rights issue of DSBG completed in May 2014. The key summary of related adjustments was announced by DSBG on 8 May 2014.
- (2) Share options were granted to certain eligible employees, who are directors, senior executives or officers of major operating subsidiaries of DSBG and are working under employment contracts that are regarded as “continuous contracts” for the purpose of the Employment Ordinance of Hong Kong.
- (3) The weighted average closing price of the shares of DSBG immediately before the dates on which the options were exercised during the period was HK\$13.54.
- (4) All the existing share options under the Old DSBG Option Scheme shall be exercisable upon vesting in five equal tranches between the first and fifth anniversaries from the date of grant.
- (5) On 27 May 2014, the shareholders of DSBG approved the adoption of the New DSBG Option Scheme and the termination of the Old DSBG Option Scheme. No further options can be offered under the Old DSBG Option Scheme after its

termination but the provisions of the Old DSBG Option Scheme remain in full force and effect to the extent necessary to give effect to the exercise of all options granted prior to the termination of the Old DSBG Option Scheme but not yet exercised at the time of termination.

- (6) No share options had been granted under the New DSBG Option Scheme from the date of adoption to the Latest Practicable Date.

All the interests stated above represent long positions. As at the Latest Practicable Date, neither the Directors nor the chief executive of the Company held any short positions as defined under the SFO which are required to be recorded in the register of directors' and chief executives' interests and short positions.

II. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who had interests or short positions 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 were directly or indirectly interested in 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Shareholder	Capacity	Number of shares held	Percentage of interests in the total number of issued shares ⁽⁴⁾
Christine Yen Wong	Deemed interests by virtue of her spouse having a notifiable interest	137,285,682 (L) ⁽¹⁾	40.97*
HSBC International Trustee Limited	Trustee and corporate interests	126,199,187 (L) ⁽²⁾	37.66*
DSI Limited	Trustee and corporate interests	61,205,583 (L) ⁽³⁾	18.27*
DSI Group Limited	Trustee and corporate interests	45,068,894 (L) ⁽³⁾	13.45*
DSI Holding Limited	Trustee and corporate interests	19,914,710 (L) ⁽³⁾	5.94*
Mitsubishi UFJ Financial Group, Inc.	Corporate interests	50,870,777 (L)	15.18
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Beneficial interests	50,870,777 (L)	15.18
Aberdeen Asset Management Asia Limited	Investment manager	18,048,800 (L)	5.39

- * Each of the interests of HSBC International Trustee Limited, DSI Limited, DSI Group Limited and DSI Holding Limited forms part of the shares held by David Shou-Yeh Wong in the Company as disclosed under the heading "Interests of Directors and Chief Executive". The interests of Christine Yen Wong represent the whole of such shares. Therefore, these shareholdings should not be aggregated, and rather form part or whole of the same share interests of David Shou-Yeh Wong held in the Company.

Notes:

- (1) Such Shares represent the deemed interests of Christine Yen Wong by virtue of her spouse, David Shou-Yeh Wong, being a substantial shareholder of the Company having a notifiable interest in the relevant share capital of the Company (under the interpretation of section 316(1) of the SFO). These interests comprise the same shares held by David Shou-Yeh Wong under the heading “Interests of Directors and Chief Executive” above.
- (2) Out of these Shares, 126,189,187 Shares are mainly comprised of the interests indirectly held by HSBC International Trustee Limited in trust for a discretionary trust established for the benefit of David Shou-Yeh Wong and his family members.
- (3) Such Shares are mainly comprised of the interests indirectly held by DSI Limited, DSI Group Limited and DSI Holding Limited in trust for a discretionary trust established for the benefit of David Shou-Yeh Wong and his family members.
- (4) The percentage of interests held by each named Shareholder was calculated with reference to the total number of issued shares of the Company as at the Latest Practicable Date.
- (5) The letter “L” denotes a long position in the Shares.

3. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates (as defined under the Listing Rules) had any interest in any business (apart from the Group’s business) which competes or is likely to compete, either directly or indirectly, with the Group’s business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or is not determinable by the employer within one year without payment of any compensation (other than statutory compensation).

5. INTERESTS IN THE GROUP’S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2015 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Company) have been entered into by members of the Group within two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) a share transfer agreement entered into between DSLA and 北京華融綜合投資公司 (translated as Beijing Huarong Integrated Investment Company for identification purpose only) (“**Huarong**”) on 31 December 2015 pursuant to which DSLA agreed to transfer 94,789,604 shares of Great Wall Life Insurance Company Limited (“**GWL**”) to Huarong for a consideration of RMB178,204,455.50 (the “**Huarong Share Transfer Agreement**”);
- (ii) a share transfer agreement entered into between DSLA and 廈門華信元喜投資有限公司 (translated as Xiamen Huaxin Yuanxi Investment Company Limited for identification purpose only) (“**Xiamen Huaxin**”) on 31 December 2015 pursuant to which DSLA agreed to transfer 72,210,396 shares of GWL to Xiamen Huaxin for a consideration of RMB135,755,544.50 (the “**Xiamen Huaxin Share Transfer Agreement**”);
- (iii) the Share Sale Agreement;
- (iv) a supplemental agreement entered into between DSLA and Xiamen Huaxin on 15 June 2016 to supplement and modify certain terms under the Xiamen Huaxin Share Transfer Agreement; and
- (v) a supplemental agreement entered into between DSLA and Huarong on 29 June 2016 to supplement and modify certain terms under the Huarong Share Transfer Agreement.

8. MISCELLANEOUS

- (i) The registered office of the Company is at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong.
- (ii) The share registrar of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

- (iii) Ms. Doris Wai-Nar Wong is the company secretary of the Company. Ms. Wong is a fellow member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators of the United Kingdom.
- (iv) The English text of this circular shall prevail over the Chinese text in the event of any inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the registered office of the Company at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong during normal office hours on any weekday (excluding public holidays) for a period of 14 days from the date of this circular:

- (i) the Articles of Association;
- (ii) the annual reports of the Company for the two financial years ended 31 December 2014 and 2015;
- (iii) the material contracts referred to in the paragraph headed “7. MATERIAL CONTRACTS” in this appendix; and
- (iv) this circular.

NOTICE OF EGM



(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 0440)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of Dah Sing Financial Holdings Limited (the “**Company**”) will be held at 20th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong on Thursday, 25 August 2016 at 4:30 p.m. for the purpose of considering and, if thought fit, passing the following resolution, with or without amendments, as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the share sale agreement (the “**Share Sale Agreement**”, a copy of which is produced to the meeting marked “**A**” and initialled by the chairman of this meeting for the purpose of identification) dated 2 June 2016 entered into among Dah Sing Financial Holdings Limited, Macau Insurance Company Limited and Everwin Enterprise (Hong Kong) Limited (whose rights and obligations under the agreement were transferred and assigned to Thaihot Investment (Bermuda) Company Limited on 13 June 2016) in relation to the sale and purchase of the entire issued share capital of each of Dah Sing Life Assurance Company Limited, Dah Sing Insurance Services Limited and Macau Life Insurance Company Limited and all transactions contemplated under or referred to in the Share Sale Agreement and in connection therewith and any other agreements or documents in connection therewith be and are hereby approved, confirmed and/or ratified; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company to do all such acts and things and execute all such documents which he may in his absolute discretion considers to be necessary, desirable, appropriate or expedient to implement or assist any subsidiary of the Company to implement and/or give effect to the Share Sale Agreement and all transactions contemplated thereunder and all matters incidental to, ancillary to or in connection with the Share Sale Agreement and/or any further agreement or document as mentioned in paragraph (a) of this resolution and/or the transactions contemplated thereunder and all other matters incidental thereto, including agreeing and making any modification, amendments, waivers, variations or extensions of the Share Sale Agreement and/or any further agreement or document as mentioned in paragraph (a) of this resolution and/or the transactions contemplated thereunder.”

By Order of the Board
Dah Sing Financial Holdings Limited
Doris Wai-Nar Wong
Company Secretary

Hong Kong, 8 August 2016

NOTICE OF EGM

As at the date of this notice, the board of directors of the Company comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Managing Director and Chief Executive), Gary Pak-Ling Wang and Nicholas John Mayhew as executive directors; Messrs. Takashi Morimura (Eiichi Yoshikawa as alternate), Toshihide Motoshita and John Wai-Wai Chow as non-executive directors; Messrs. Robert Tsai-To Sze, Lon Dounn, Seiji Nakamura and Blair Chilton Pickerell as independent non-executive directors.

Notes:

1. A shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies, if holding two or more shares, to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company shall, in respect of such share, be entitled alone to vote in respect thereof.
3. The register of members of the Company will be closed from Wednesday, 24 August 2016 to Thursday, 25 August 2016, both days inclusive, during which period no transfer of shares of the Company will be effected. As such, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 23 August 2016 for the purpose of determining shareholders' eligibility to attend and vote at the EGM.
4. A form of proxy for use at the EGM is enclosed with the circular to the shareholders.
5. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or authority, must be lodged at the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding of the EGM (or the adjourned meeting as the case may be).
6. Completion and return of the form of proxy will not preclude a shareholder from attending and voting in person at the EGM or any adjourned meeting, if he/she so wishes. If such shareholder attends and votes at the EGM, his/her form of proxy is to be regarded as revoked.
7. The ordinary resolution set out above will be determined by way of a poll.
8. If typhoon signal no. 8 or above, or a "black" rainstorm warning is expected to be hoisted any time after 12 noon on the EGM date, the EGM will be postponed. The Company will publish an announcement on the websites of the Stock Exchange (www.hkexnews.hk) and Dah Sing Bank (www.dahsing.com) to notify members of the date, time and place of the rescheduled meeting.
9. The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.