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If you are in any doubt as to the action to be taken, you should immediately consult your stockbroker, 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 and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

No Shareholder receiving a copy of this circular and/or the Form of Election in any territory outside the Hong Kong SAR may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to him/her without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Shareholder outside the Hong Kong SAR who wishes to receive the Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including procedures or any other formalities.



大新銀行集團有限公司
DAH SING BANKING GROUP LIMITED

(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)

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2011**

8 June 2012

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Executive Directors:

David Shou-Yeh Wong (*Chairman*)

Hon-Hing Wong (*Derek Wong*)

(*Vice Chairman*)

Harold Tsu-Hing Wong

(*Managing Director and Chief Executive*)

Gary Pak-Ling Wang

Lung-Man Chiu (*John Chiu*)

Registered Office:

36th Floor

Dah Sing Financial Centre

108 Gloucester Road

Hong Kong

Non-executive Director:

Mr. Kazutake Kobayashi

Independent Non-executive Directors:

Robert Tsai-To Sze

Andrew Kwan-Yuen Leung

Seng-Lee Chan

Yuen-Tin Ng

8 June 2012

To Shareholders

Dear Sir/Madam,

**SCRIP DIVIDEND SCHEME IN RELATION TO
THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2011**

1. INTRODUCTION

On 21 March 2012, it was announced that the board of directors (the “**Board**”) of Dah Sing Banking Group Limited (the “**Company**”) recommended the payment of a final dividend (the “**Final Dividend**”) of HK\$0.20 per share of HK\$1.00 each in the capital of the Company (the “**Shares**”) for the year ended 31 December 2011 payable to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company as at the close of business on Monday, 4 June 2012 (the “**Record Date**”). Shareholders may exercise their option of electing to receive an allotment of the new shares of HK\$1.00 each in the capital of the Company (the “**Scrip Shares**”) in lieu of cash dividend for the Final Dividend (the

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“**Scrip Dividend Scheme**”). The recommended Final Dividend has been approved by the Shareholders at the annual general meeting of the Company held on Friday, 25 May 2012 (“AGM”).

The register of Shareholders of the Company was closed from Thursday, 31 May 2012 to Monday, 4 June 2012, both days inclusive, in order to determine entitlements to the Final Dividend. To qualify for the Final Dividend, all transfers of Shares accompanied by the relevant share certificates must have been lodged for registration with the Company’s share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 30 May 2012.

The Final Dividend was duly passed at the AGM and the Scrip Dividend Scheme is still subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and the permission to deal in, the Scrip Shares to be issued under the Scrip Dividend Scheme. Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Scrip Shares.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by Shareholders in relation thereto.

2. **DETAILS OF THE SCRIP DIVIDEND SCHEME**

Under the Scrip Dividend Scheme, each Shareholder will have the choice of receiving:

- (a) a Final Dividend of HK\$0.20 in cash for each Share held on the Record Date; or
- (b) an allotment of Scrip Shares in lieu of cash for the Final Dividend; or
- (c) a combination of partly in (a) and partly in (b) above.

For the purpose of calculating the number of Scrip Shares to be allotted on a pro-rata basis to the Shareholders pursuant to the Scrip Dividend Scheme, the market value of the Scrip Shares on the computation basis resolved by the Board was determined at HK\$6.75 per Share which represents the average closing price per Share on the Stock Exchange for the five consecutive trading days of the Shares up to and including 4 June 2012 (the “**Reference Price**”).

The number of Scrip Shares to be allotted to a Shareholder who wishes to receive the Final Dividend wholly or partly in Scrip Shares will be calculated by dividing the total amount of the Final Dividend on the whole or such part of his/her registered holding of Shares as he/she so elects by the Reference Price, subject to fractions mentioned below.

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$$\begin{array}{rcl} \text{Number of Scrip Shares} & = & \text{Number of existing Shares held} \\ \text{to be received} & & \text{on the Record Date for which} \\ & & \text{scrip dividend election is made} \end{array} \times \frac{\text{HK\$0.20 (Final Dividend per Share)}}{\text{HK\$6.75 (Reference Price)}}$$

The number of Scrip Shares to be received will be rounded down to the nearest whole number of Scrip Shares. Fractional entitlements to Scrip Shares in respect of alternatives (b) and (c) above will not be allotted but will be aggregated and sold for the benefit of the Company.

The number of existing issued Shares held on the Record Date is 1,222,934,755. The maximum number of Scrip Shares to be issued pursuant to the Scrip Dividend Scheme is 36,235,103. The Scrip Shares to be issued pursuant to the Scrip Dividend Scheme will rank *pari passu* in all respects with the existing issued Shares save that they will not rank for the Final Dividend.

3. ADVANTAGES OF THE SCRIP DIVIDEND SCHEME

The Scrip Dividend Scheme will give Shareholders the opportunity to increase their investment in the Company at the market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company because, to the extent that Shareholders elect to receive Scrip Shares, in whole or in part in lieu of cash dividend, the cash which would otherwise have been paid to the Shareholders will be retained for use by the Company.

4. FORM OF ELECTION

A Form of Election is enclosed with this circular for use by the Shareholders who wish to receive the Final Dividend wholly in Scrip Shares or partly in cash and partly in Scrip Shares. **If you wish to receive the whole of the Final Dividend in cash, you need not complete the Form of Election.**

If you wish to elect to receive an allotment of Scrip Shares, or partly in cash and partly in Scrip Shares, you should use the enclosed Form of Election. If you have signed the Form of Election but do not specify the number of Shares in respect of which you are entitled to receive Scrip Shares under the Scrip Dividend Scheme, or if you elect to receive Scrip Shares in respect of a greater number of Shares than your registered holding on the Record Date, you will be deemed to have chosen to receive Scrip Shares in respect of all the Shares of which you were then registered as the holder.

If you wish to receive Scrip Shares in lieu of the cash dividend either in whole or in part, you should complete and sign the enclosed Form of Election in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 29 June 2012. No acknowledgment of receipt of the Form of Election will be issued. If the Company's share registrar does not receive your completed Form of Election by 4:30 p.m. on Friday, 29 June 2012, you will receive the whole of your Final Dividend in cash and any election which you may have made in such Form of Election to receive Scrip Shares will be of no effect.

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The closing time for the return of the Form of Election will be extended, as the case may be, in accordance with (a) or (b) below if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (a) in force in Hong Kong at any time before 12:00 noon on Friday, 29 June 2012. The closing time for the return of the Form of Election will be extended to 5:00 p.m. on the same business day; or
- (b) in force in Hong Kong at any time between 12:00 noon and 4:30 p.m. on Friday, 29 June 2012. The closing time for the return of the Form of Election will be extended to 4:30 p.m. on the next business day where none of the above warnings is in force at any time between 9:00 a.m. and 4:30 p.m.

5. OVERSEAS SHAREHOLDERS

On the basis of the information made available to the Board, as at the Record Date, Shareholders who are residents in jurisdictions outside Hong Kong (the “**Overseas Shareholders**”) whose address as shown on the register of members of the Company were in Canada.

The Board have made enquiries on the legal restrictions and regulatory requirements formalities in relation to the Scrip Dividend Scheme to the Overseas Shareholders in the above jurisdictions. Based on the recommendations of the overseas legal opinions, the Board considered including all the Overseas Shareholders in the Scrip Dividend Scheme.

This circular, the Form of Election and the issue of the Scrip Shares have not been, and will not be, registered under any applicable securities legislation and/or regulation of any territory outside the Hong Kong Special Administrative Region of the People’s Republic of China (the “**Hong Kong SAR**”). No Shareholder receiving a copy of this circular and/or a Form of Election in any territory outside the Hong Kong SAR may treat the same as an invitation to elect for Scrip Shares unless in the relevant territory such invitation could lawfully be made to him/her without the Company having to comply with any unfulfilled registration or other legal requirements. Shareholders residing outside the Hong Kong SAR should consult their professional advisers as to whether or not they are permitted to receive the Final Dividend in the form of an issue of Scrip Shares or if any governmental or other consent is required and as to the taxation consequences of their decision. It is the responsibility of any Shareholder outside the Hong Kong SAR who wishes to receive Scrip Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including obtaining any registration or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. Shareholders residing in jurisdiction outside the Hong Kong SAR where it would be illegal for them to participate in the Scrip Dividend Scheme will be deemed to have received this circular and the Form of Election for their information only. Shareholders who receive Scrip Shares in lieu of cash for the Final Dividend must also comply with any restrictions on the sale of the Shares which may apply outside the Hong Kong SAR.

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6. RECOMMENDATION AND ADVICE

Whether or not it is to your advantage to receive Scrip Shares or cash, in whole or in part, in respect of the Final Dividend depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom must solely be the responsibility of each Shareholder. If you are in any doubt as to what to do, you should consult your professional advisers.

Shareholders who are trustees in particular are recommended to seek professional advice as to whether a decision to receive Scrip Shares is within their powers and as to the effect of such decision having regard to the terms of the relevant trust instrument.

Dealings in the Scrip Shares may be settled through the Central Clearing and Settlement System (“CCASS”). Investors should seek the advice of your stockbrokers or other professional advisers for details of these settlement arrangements and how such settlement arrangements will affect your rights and interests. All activities under CCASS are subject to the general rules of CCASS and CCASS Operational Procedures in effect from time to time.

7. DISCLOSURE OF INTERESTS

Shareholders should note that an acquisition of Scrip Shares under the Scrip Dividend Scheme may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for those Shareholders who may have notifiable interests in the Company. Shareholders who are in doubt as to how these provisions may affect them are recommended to seek their own professional advice.

8. LISTING OF AND DEALING IN THE SCRIP SHARES

Application has been made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the Scrip Shares to be issued under the Scrip Dividend Scheme. Subject to the approval being granted by the Stock Exchange, it is expected that cheques for cash entitlements, dividend warrants for cash dividend and/or share certificates for Scrip Shares will be despatched to Shareholders by ordinary mail at their own risk, or in case of cheques in accordance with standing instructions (if any), on or about Thursday, 5 July 2012 and the dealings of the Scrip Shares will commence on Tuesday, 10 July 2012.

Dealings in the Scrip Shares on the Stock Exchange are expected to commence after despatch to Shareholders of the share certificates for the Scrip Shares. The Shares are not listed, or dealt in, on any stock exchange other than the Stock Exchange and no listing or permission to deal is being, or is proposed to be, sought.

Yours faithfully,
For and on behalf of the Board of
Dah Sing Banking Group Limited
Harold Tsu-Hing Wong
Managing Director and Chief Executive