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If you have sold or transferred all your shares in **Dah Sing Banking Group Limited**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 ISSUE OF NEW SHARES TO CONNECTED PERSON

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



A letter from the Independent Board Committee is set out on page 10 of this circular. A letter from Taifook Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 20 of this circular.

A notice convening the EGM to be held at 20th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong on 16 September 2009 at 3:00 p.m. is set out on pages 27 to 28 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy 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 the holding of the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

31 August 2009

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	3
INTRODUCTION	3
THE SUBSCRIPTION	4
EFFECT ON SHAREHOLDING STRUCTURE	6
INFORMATION ON THE COMPANY AND THE SUBSCRIBER.....	6
FUND RAISING BY THE COMPANY IN THE PAST 12 MONTHS	7
REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS	7
LISTING RULES IMPLICATIONS	8
EGM	8
RECOMMENDATION	8
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	10
LETTER FROM TAIFOOK CAPITAL	11
APPENDIX — GENERAL INFORMATION	21
NOTICE OF EGM.....	27

DEFINITIONS

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

“Agreement”	the agreement dated 13 August 2009 entered into between the Company and the Subscriber in relation to the Subscription
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors for the time being
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong) for the time being in force
“Company” or “DSBG”	Dah Sing Banking Group Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 2356)
“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	director(s) of the Company
“DSB”	Dah Sing Bank, Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Agreement and the transactions contemplated thereunder
“Encumbrances”	any interest or equity (including any retention of title, right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, claim or assignment or any other encumbrances, priority or security interest or arrangement of whatsoever nature
“Facility Agreement”	an agreement dated 24 March 2009 entered into between DSFH and the Company in relation to the grant of a term loan facility in the principal amount up to HK\$1 billion by DSFH to the Company
“Group”	the Company and its subsidiaries
“HKMA”	Hong Kong Monetary Authority
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive directors of the Company formed to advise the Independent Shareholders in respect of the terms of the Subscription

DEFINITIONS

“Independent Shareholders”	in respect of the Subscription, shareholders of the Company other than the Subscriber and its associates
“Latest Practicable Date”	27 August 2009, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the term loan facility in the principal amount up to HK\$1 billion granted by DSFH to the Company, subject to and in accordance with the terms and conditions of the Facility Agreement
“Long Stop Date”	30 September 2009, or such later date as may be agreed between the Company and the Subscriber
“Macau”	Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, which for the purposes of the Agreement, excludes Hong Kong, Macau and Taiwan
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 12 June 2004
“Shareholders”	holders of Shares
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “DSFH”	Dah Sing Financial Holdings Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 440)
“Subscription”	the conditional subscription of the Subscription Shares by the Subscriber on and subject to the terms and conditions set out in the Agreement
“Subscription Price”	price payable for the Subscription Shares in respect of the Subscription which shall be HK\$8.00 per Subscription Share
“Subscription Shares”	125,000,000 new Shares available for the Subscription at the Subscription Price
“Taifook Capital” or “Independent Financial Adviser”	Taifook Capital Limited, a licensed corporation under the SFO to carry out type 6 regulated activity and an independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement and the transaction contemplated thereunder

LETTER FROM THE BOARD



(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)

Executive Directors:

David Shou-Yeh Wong (*Chairman*)

Hon-Hing Wong (*Derek Wong*)

(Managing Director and Chief Executive)

Lung-Man Chiu (John Chiu)

Gary Pak-Ling Wang

Harold Tsu-Hing Wong

Frederic Suet-Chiu Lau

Registered Office:

36th Floor

Dah Sing Financial Centre

108 Gloucester Road

Hong Kong

Non-Executive Director:

Keisuke Tahara

Independent non-executive Directors:

John William Simpson

David Richard Hinde

Robert Tsai-To Sze

Andrew Kwan-Yuen Leung

Seng-Lee Chan

31 August 2009

*To the Shareholders and, for information only,
holders of share options of the Company*

Dear Sir/Madam,

CONNECTED TRANSACTION ISSUE OF NEW SHARES TO CONNECTED PERSON

INTRODUCTION

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

LETTER FROM THE BOARD

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

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

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

The purpose of this circular is to provide you with further information in respect of the Subscription, among other things, details of the Subscription, the letter of the Independent Board Committee, the letter of advice from Taifook Capital to the Independent Board Committee and the Independent Shareholders and a notice to convene the EGM.

THE SUBSCRIPTION

Subscriber:	DSFH
Issuer:	The Company
Date of Agreement:	13 August 2009
Subscription Shares:	The Company has agreed to allot and issue to the Subscriber, and the Subscriber has agreed, conditionally as referred to below, to subscribe for the Subscription Shares. There are no restrictions on the subsequent sale of the Subscription Shares upon completion of the Subscription.

The Subscription Shares represent approximately 12.67% of the existing issued share capital of the Company and approximately 11.24% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

LETTER FROM THE BOARD

Subscription Price: HK\$8.00 per Share, determined based on arm's length negotiations between the Company and the Subscriber, with reference to the prevailing market conditions and taking into account the recent trading price of the Shares prior to the signing of the Agreement, which represents:

- (i) a discount of approximately 10.1% to the closing price of HK\$8.90 per Share as quoted on the Stock Exchange on 12 August 2009 (being the date immediately before the Agreement was entered into);
- (ii) a discount of approximately 13.4% to the average closing price of HK\$9.24 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including 12 August 2009; and
- (iii) a discount of approximately 12.9% of the average closing price of HK\$9.19 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including 12 August 2009.

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

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

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

Conditions: The Subscription is conditional upon:

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

LETTER FROM THE BOARD

If the conditions set out above are not fulfilled on or prior to the Long Stop Date, the Agreement shall terminate and neither the Company nor the Subscriber shall have any claim against the other for costs, damages, compensation or otherwise save for any claim arising from an antecedent breach of any provision of the Agreement.

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

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

EFFECT ON SHAREHOLDING STRUCTURE

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

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

(Note)

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

INFORMATION ON THE COMPANY AND THE SUBSCRIBER

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

LETTER FROM THE BOARD

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

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

FUND RAISING BY THE COMPANY IN THE PAST 12 MONTHS

The Company has not raised any funds on any issue of equity securities in the 12 months preceding the date of the circular, except for a placing of 54 million Shares at a price of HK\$5.60 per Share raising net proceeds of approximately HK\$299 million which was announced on 21 April 2009 and was completed on 4 May 2009.

REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS

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

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

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

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

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

LETTER FROM THE BOARD

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

LISTING RULES IMPLICATIONS

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

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

EGM

Your attention is drawn to pages 27 and 28 of this circular where you will find a notice of the EGM to be held at 20th Floor, Island Place Tower, 510 King's Road, North Point, Hong Kong on 16 September 2009 at 3:00 p.m. An ordinary resolution will be proposed at the EGM to approve the terms of the Agreement and the transactions contemplated thereunder. Voting on the resolution will be by poll.

The Subscriber, a substantial shareholder of the Company, together with any of its associates will abstain from voting on the resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder. So far as the Company was aware, having made all reasonable enquiries, the Subscriber held the voting rights in respect of 699,169,170 Shares, constituting approximately 70.86% of the Company's issued ordinary share capital, and the Subscriber had no associates as at the Latest Practicable Date.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy and return the form of proxy in accordance with the instructions printed thereon as soon as practicable and in any event not less than 48 hours before the time appointed for the holding of the EGM.

Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM should you so wish.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable, on normal commercial terms and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favour of the resolution to approve the Agreement and the transactions contemplated thereunder to be proposed at the EGM.

LETTER FROM THE BOARD

GENERAL

The Independent Board Committee has been appointed to advise the Independent Shareholders in respect of the Subscription. Taifook Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in such regard. Your attention is drawn to the letter of advice from the Independent Board Committee set out on page 10 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from Taifook Capital set out on pages 11 to 20 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

Your attention is also drawn to the general information set out in the Appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

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

(Stock Code: 2356)

Independent non-executive Directors:

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

Registered Office:

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

31 August 2009

To the Independent Shareholders

Dear Sir/Madam,

CONNECTED TRANSACTION ISSUE OF NEW SHARES TO CONNECTED PERSON

We refer to the circular to the Shareholders (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in our opinion, the entering into of the Agreement and the transactions contemplated thereunder are in the interests of the Company and its Shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned. Taifook Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders.

We wish to draw your attention to the “Letter from Taifook Capital” as set out on pages 11 to 20 of the Circular. We have considered the terms and conditions of the Agreement, the advice of Taifook Capital and the other factors contained in the “Letter from the Board” as set out on pages 3 to 9 of the Circular.

In our opinion, the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and the Agreement is in the best interests of the Company and the Shareholders as a whole. We also consider that the terms of the Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,
Independent Board Committee of
Dah Sing Banking Group Limited
John William Simpson
David Richard Hinde
Robert Tsai-To Sze
Andrew Kwan-Yuen Leung
Seng-Lee Chan

LETTER FROM TAIFOOK CAPITAL

The following is the letter of advice to the Independent Board Committee and Independent Shareholders from Taifook Capital for the purpose of incorporation into this circular.



25th Floor
New World Tower
16-18 Queen's Road Central
Hong Kong

31 August 2009

*To the Independent Board Committee
and the Independent Shareholders*

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

Dear Sirs,

CONNECTED TRANSACTION ISSUE OF NEW SHARES TO CONNECTED PERSON

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with respect to the terms of the Agreement, details of which are set out in the letter (the "Letter") from the Board contained in the circular (the "Circular") of the Company dated 31 August 2009, of which this letter forms part. Terms used in this letter shall have the same respective meanings as defined in the Circular unless the context otherwise requires.

As referred to the Letter, on 13 August 2009, the Company entered into the Agreement with the Subscriber pursuant to which the Company agreed to issue and allot, and the Subscriber agreed to capitalise the Loan of HK\$1 billion in consideration of the issue of 125,000,000 Subscription Shares at the Subscription Price of HK\$8.00 per Subscription Share.

LETTER FROM TAIFOOK CAPITAL

As of the Latest Practicable Date, the Subscriber is a substantial shareholder of the Company and is therefore a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, apart from the Subscriber and its associates, no other Shareholders will be required to abstain from voting on the resolution to approve the Subscription at the EGM.

An Independent Board Committee comprising John William Simpson, David Richard Hinde, Robert Tsai-To Sze, Andrew Kwan-Yuen Leung and Seng-Lee Chan has been established to advise the Independent Shareholders in respect of the terms of the Agreement and the transactions contemplated thereunder and whether or not to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and the entering into the Agreement is in the interest of the Group and Independent Shareholders as a whole.

BASES AND ASSUMPTIONS

In formulating our recommendation, we have relied on the information, financial information and facts supplied to us and representations expressed by the Directors and/or the management of the Group and have assumed that all such information, financial information and facts and any representations made to us, or referred to in the Circular, in all material aspects, are true, accurate and complete as at the time they were made and as at the date of the Circular, has been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Directors and/or the management of the Group. The Directors and/or the management of the Group have confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Group including the Agreement, certain published information of the Group and the Circular. We have also discussed with the Directors and/or the management of the Group with respect to the terms of and reasons for the entering into of the Agreement, and consider that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position or prospects of the Group or that of the Subscriber.

LETTER FROM TAIFOOK CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation in respect of the terms of the Agreement, we have considered the following principal factors and reasons:

1. Background and reasons for the Subscription

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

As referred to the annual report (the “2008 Annual Report”) of the Company for the year ended 31 December 2008, DSB issued to DSFH on 29 December 2008 US\$52 million perpetual subordinated fixed rate notes (the “Notes”), which were unlisted and qualified as upper supplementary capital of DSB. With higher unrealized mark-to-market losses on available-for-sale securities held by DSB as a result of the deterioration in the global credit market and pursuant to the clarification from the HKMA relating to deduction of such unrealized losses from core capital rather than supplementary capital for locally incorporated authorized institutions in Hong Kong, the core capital of DSB was reduced. For the purpose of strengthening the capital base of DSB in a timely and cost effective way, the Board together with the boards of directors of DSFH and DSB on 25 March 2009 resolved this by (i) repurchase and cancellation of the Note; and (ii) borrowing a total of HK\$1 billion by the Company from DSFH through their entering into the Facility Agreement. As set out in the Letter and in the 2008 Annual Report, such proceeds from the Loan were then applied by the Company to subscribe for a total of HK\$1 billion new shares of DSB concluded on 25 March 2009. The Loan owed by the Company to DSFH is due to be repayable by 25 March 2014 while early repayment is permitted under the terms of the Facility Agreement. As stated in the Letter, to repay the Loan and the relevant interests, the Company, being a holding company without any material operating business, initially planned to apply its internal resources which would be mainly derived from the dividends from one of its principal operating subsidiaries, DSB which in turn would reduce the ability of the Company to pay its dividends to the Shareholders.

Taking into account of the above reasons and the fact that the terms of the Agreement are based on normal commercial terms (as elaborated below), we concur with the Directors’ view that the total consideration of the Subscription of approximately HK\$1 billion to be settled by the Subscriber by way of capitalising the Loan at completion of the Subscription, will allow the Company to restore to its normal dividend payment ability to the Shareholders without applying one of its internal resources derived mainly from the dividends from DSB for the repayment of the Loan and the relevant interests and therefore is beneficial to the Group and Shareholders as a whole.

LETTER FROM TAIFOOK CAPITAL

2. Principal terms of the Subscription Agreement

Subscription Shares

The 125,000,000 Subscription Shares represent approximately 12.67% of the existing issued share capital of the Company as at the Latest Practicable Date and approximately 11.24% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Shares will be issued under a specific mandate to be sought at the EGM. The specific mandate, if approved, will be valid until the completion of the Subscription or termination of the Agreement. There are no restrictions on the subsequent sale of the Subscription Shares upon completion of the Subscription.

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

Subscription Price

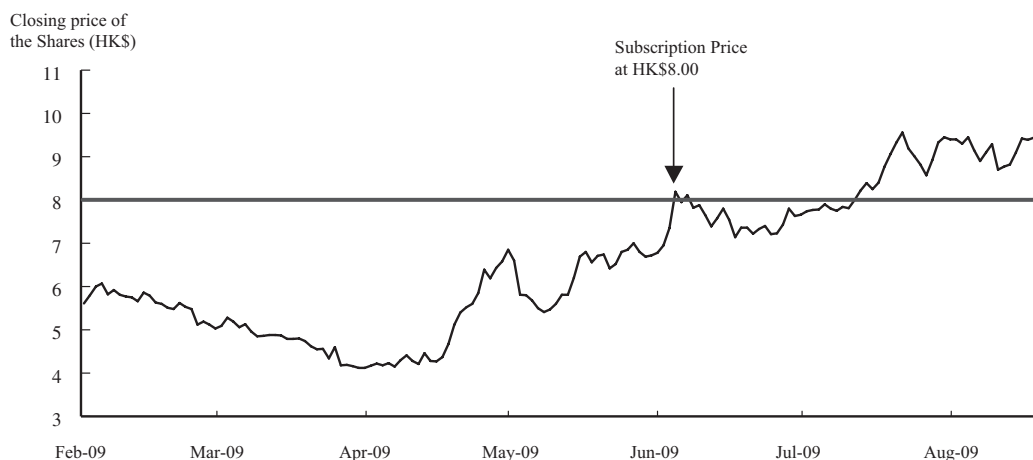
The Subscription Price of HK\$8.00 per Subscription Share represents:

- (i) a discount of approximately 10.1% to the closing price of HK\$8.90 per Share as quoted on the Stock Exchange on 12 August 2009 (the “Last Trading Day”) (being the date immediately before the Agreement was entered into);
- (ii) a discount of approximately 13.4% to the average closing price of HK\$9.24 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including Last Trading Day; and
- (iii) a discount of approximately 12.9% of the average closing price of HK\$9.19 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including Last Trading Day.

LETTER FROM TAIFOOK CAPITAL

3. Historical performance of the price of the Shares

We have reviewed and set out below the movements in closing prices of the Shares during the period from 1 February 2009 and up to the Latest Practicable Date (the “Review Period”), representing the six full calendar month period immediately preceding and up to the Latest Practicable Date. We consider that Review Period of approximately six months is adequate and appropriate for our analyses on the Subscription Price as, in general, the historical price performance of the shares of more than half a year may not affect the latest development of the underlying shares.



Source: The website of the Stock Exchange

We note that during the Review Period, (i) the closing price of the Shares ranged from the lowest of HK\$4.12 per Share (recorded on 12 March 2009) to the highest of HK\$9.56 per Share (recorded on 24 July 2009); (ii) the average closing price of the Shares was approximately HK\$6.56; and (iii) the daily closing price of the Shares has experienced a gradual upward trend since April 2009. The Subscription Price represented a premium of approximately 21.92% to the average closing price of the Share of approximately HK\$6.56 during the Review Period.

4. Comparison analyses

(A) Comparison to other recent subscriptions or placings by listed companies in Hong Kong

In order to assess the fairness and reasonableness of the Subscription, having considered size of subscriptions or placings being one of the factors affecting the price of a subscription or a placing, we have compared the discount of the Subscription Price to the price of the Share to the extent of discounts or premiums (the “Placing Comparables”) of subscription prices or placing prices to the shares of the companies listed on the Stock Exchange with the subscriptions or placings size of over HK\$1 billion (which are similar to the size of the Subscription) when the announcements of such transactions were published during the Review Period. We consider that the comparable transactions selected based on this criterion are appropriate for our analysis purpose. We have, to

LETTER FROM TAIFOOK CAPITAL

our best knowledge, obtained details of the Placing Comparables from the website of Stock Exchange and set out the details in the following table:

Date of announcement	Company name	Stock code	Size of the subscriptions/placings HK\$' million	Percentage of number of shares issued/ to be issued over the issued share capital on the last trading date prior to the announcement %	Premium/ (discount) to the closing price per share on the last trading date prior to the announcement %	Premium/ (discount) to the 5-day average closing price per share on the last trading date prior to the announcement %	Premium/ (discount) to the 10-day average closing price per share on the last trading date prior to the announcement %
14 Aug 2009	Sino Union Petroleum & Chemical International Limited*	346	2,500	45.4	3.45	—	(4.70)
12 Aug 2009	Wumart Stores, Inc.	8277	1,100	6.17	(4.01)	(7.06)	(4.74)
4 Aug 2009	Shenzhen Investment Limited	604	1,098	9.30	(6.77)	(5.10)	3.33
4 Aug 2009	Standard Chartered PLC	2888	1,007#	3.88	(5.29)	(1.06)	(1.81)
			(equivalent to approximately HK\$13,220 million)				
4 Aug 2009	GCL-Poly Energy Holdings Limited	3800	3,500	11.75	(16.76)	(18.21)	(16.27)
28 Jul 2009	C C Land Holdings Limited	1224	2,478	19.96	(10.03)	1.02	8.03
24 Jul 2009	Prosperity International Holdings (H.K.) Limited*	803	1,622	55.07	(35.06)	(50.00)	(41.20)
24 Jul 2009	China Yurun Food Group Limited	1068	1,675	12.99	(7.48)	(1.12)	1.60
22 Jul 2009	Franshion Properties (China) Limited	817	1,149	8.84	(8.03)	(6.67)	(5.12)
21 Jul 2009	Fushan International Energy Group Limited	639	1,718	13.07	(6.01)	(5.40)	(2.41)
16 Jul 2009	Renhe Commercial Holdings Company Limited	1387	3,575	15.00	(8.82)	(1.06)	6.29
6 Jul 2009	China Mengniu Dairy Company Limited	2319	3,058	11.13	(7.85)	(4.56)	(2.55)
30 Jun 2009	KWG Property Holding Limited	1813	1,501	11.57	(8.60)	(0.97)	3.13
7 Apr 2009	Shimao Property Holdings Limited	813	1,938	8.69	(9.74)	(10.32)	(2.80)
				Highest	3.45	1.02	8.03
				Average	(9.36)	(8.50)	(4.23)
				Lowest	(35.06)	(50.00)	(41.20)
13 Aug 2009	the Company	2356	1,000	12.67	(10.1)%	(13.4)%	(12.9)

Source: The website of the Stock Exchange

* These listed companies conducted placing of shares to their connected persons.

The currency of the size of the transaction is in Great Britain pound.

As indicated above, we note that the average of the Placing Comparables which was (i) a discount of approximately 9.36% to the closing price per share of the last trading day immediately prior to the respective date of announcement; (ii) a discount of approximately 8.50% to the average closing price per share for the last five trading days up to and including the last trading day immediately prior to the respective date of announcement; and (iii) a discount of approximately 4.23% to the

LETTER FROM TAIFOOK CAPITAL

average closing price per share for the last ten trading days up to and including the last trading day immediately prior to the respective date of announcement is closed to the discount of the Subscription Price which was (i) 10.1% to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 13.4% to the average closing price per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Day; and (iii) a discount of approximately 12.9% to the average closing price per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including the Last Trading Day. In addition, we note that the Placing Comparables ranged from (i) a discount of approximately 35.06% to a premium of approximately 3.45% to the closing price per share of the last trading day immediately prior to the respective date of announcement; (ii) a discount of approximately 50.00% to a premium of approximately 1.02% to the average closing price per share for the last five trading days up to and including the last trading day immediately prior to the respective date of announcement; and (iii) a discount of approximately 41.20% to a premium of approximately 8.03% to the average closing price per share for the last ten trading days up to and including the last trading day immediately prior to the respective date of announcement in which each of the discount of the Subscription Price above falls into respectively.

(B) *Comparison to other recent loan capitalisation by listed companies in Hong Kong*

On top of the above analysis which are based on the selected samples, we also note that there are two loan capitalisation transactions announced during the Review Period; yet, the size of them are both under HK\$1 billion. Nevertheless, having considered that it is appropriate for using the same period of time in all the analyses for consistent purpose, we have compared the discount of the Subscription Price to the Share to the extent of discounts or premiums (the “Capitalisation Comparables”) of subscription prices or placing prices to the shares of these two companies listed on the Stock Exchange involving loan capitalisation during the Review Period. We have, to our best knowledge, obtained details of the Capitalisation Comparables from the website of Stock Exchange and set out the details in the following table:

Date of announcement	Company name	Stock code	Size of the subscriptions/placings HK\$' million	Percentage of	Premium/	Premium/	Premium/
				number of shares issued/ to be issued over the issued share capital on the last trading date prior to the announcement	(discount) to the closing price per share on the last trading date prior to the announcement	(discount) to the 5-day average closing price per share on the last trading date prior to the announcement	(discount) to the 10-day average closing price per share on the last trading date prior to the announcement
27 May 2009	Netel Technology (Holdings) Limited (“Netel”)	8256	8	27.22	(16.42)	(19.08)	(6.82)
6 May 2009	China Leason Investment Group Co., Limited	8270	18	8.95	3.23	4.92	4.92
13 Aug 2009	the Company	2356	1,000	12.67	(10.1)%	(13.4)%	(12.9)

Source: *The website of the Stock Exchange*

LETTER FROM TAIFOOK CAPITAL

As indicated above, we note that (i) the discounts of the Subscription Price to the closing price per Share as quoted on the Stock Exchange on the Last Trading Day and over the last five consecutive trading days up to and including the Last Trading Day fall within the range of that of the Capitalisation Comparables; and (ii) the discount of the Subscription Price to the closing price per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including the Last Trading Day was slightly more than that of the case of Netel. Since the size of the Subscription of HK\$1 billion is substantially larger than the capitalisation of the Capitalisation Comparables which were both below HK\$19 million, we consider that a more substantial discount of the Subscription Price to the Shares is justifiable.

Having considered the above analyses and the historical performance of the price of the Shares, we consider the Subscription Price is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

We wish to highlight that the above comparisons of the comparables are for illustrative purposes only, as each of the comparable cases may not be entirely comparable to the Subscription given the respective companies may not be direct comparable with the Company in terms of the geographical spread of activities, scale of operations, asset base, market capitalization, risk profile, track record, composition of their business activities, future prospects and other relevant criteria. All these factors may affect the valuation of a company as indicated by the varied range of result in our comparisons.

5. Possible financial effects of the Subscription on the Group

The analyses on the effects to the earnings, borrowings, net assets value and cash flows of the Group as a result of the completion of the Subscription are set out below for illustration purpose only assuming that there will not be any changes in the issued share capital of the Company from the Latest Practicable Date up to the date of completion of the Subscription.

Earnings

Since the Company will no longer be required to pay interest of the Loan, upon completion of the Subscription, the then profit attributable to the Shareholders would be increased by the relevant interest amount incurred for the year 2009.

Borrowings

Upon completion of the Subscription, the Loan will be fully settled, thus reducing the Group's total borrowings by HK\$1 billion, being the amount of the Loan.

Net assets value

The Company reported its consolidated shareholders' funds of approximately HK\$8,986.5 million in its interim results announcement for the period ended 30 June 2009. Upon the completion of the Subscription and assuming all other factors which may affect net assets value remaining unchanged, the net assets value of the Group as at 30 June 2009 would be increased by the net proceeds of the Subscription.

LETTER FROM TAIFOOK CAPITAL

Cash flows

As the net proceeds from the Subscription will be applied for full and final settlement for the Loan, the Subscription will enable the Company to free the cash flow from repayment of the Loan and payment of the relevant interests for restoring the normal dividend payment ability to the Shareholders in future.

6. Other alternatives to settle the Loan

As advised by the Directors, other than capitalisation of the Loan, they have also considered other means to settle the Loan such as issue of new Shares through placing, debt financing and utilising internal resources. Taking into the account that i) placing of new Shares either to the independent third parties or to the controlling shareholder of the Company would result in the similar dilution effect on the shareholding of the public Shareholders; (ii) using other debt financing arrangement to replace the Loan would result in the similar gearing level and cash outflow due to the repayment of loan and payment of the relevant interests; (iii) utilising the internal resources to repay the Loan would affect the cash position of the Company and in turn, impair the dividend payment ability of Company to the Shareholders; and (iv) capitalisation of Loan will enable the Company to convert the Loan into equity capital without any direct cash outlay and have other benefits expected to be accrued to the Group in terms of saving in interest expenses as discussed in the section headed “Possible financial effects of the Subscription on the Group”; and (v) capitalisation of Loan allows the Company to restore its normal dividend payment ability as explained in the paragraph headed “Background and reasons for the Subscription” above, we concur with the Directors’ view that settlement of the Loan by way of capitalisation is fair and reasonable and in the interest of the Company and the Independent Shareholders as a whole.

7. Shareholding effect of the Subscription

The effects of the Subscription on the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Subscription are shown as follows:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Subscription (<i>Note</i>)	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Subscriber	699,169,170	70.86	824,169,170	74.13
Public	287,589,699	29.14	287,589,699	25.87
Total	986,758,869	100.00	1,111,758,869	100.00

Note: The figures were stated above assuming that other than the Subscription Shares, no Shares will be issued (including issue of Shares pursuant to the exercise of the options under the Share Option Scheme) or purchased by the Company on or after the Latest Practicable Date up to the date of completion of the Subscription.

LETTER FROM TAIFOOK CAPITAL

As set out in the above table, the public shareholding would be diluted from 29.14% as at the Latest Practicable Date to 25.87% immediately after completion of the Subscription. Given the fact that (i) there will be no change in the controlling shareholder of the Company whose shareholding following the Subscription will be at approximately 74.13% immediately after the completion of the Subscription which is at a slightly lower level than that of approximately 74.96% before the placing to independent third parties announced on 21 April 2009 and completed on 4 May 2009; and (ii) dilution effect on shareholding, after considering the paragraph under the section headed “Other alternatives to settle the Loan”, is inevitable for any issue of new shares on a non-pro rata basis, we are of the view that the level of dilution after the Subscription to the shareholding of the public Shareholders is acceptable.

RECOMMENDATION

Having considered the above principal terms of and reasons for entering into the Agreement, we are of the view that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) entering into of the Agreement is in the interests of the Group and the Independent Shareholders as a whole. Accordingly, we advise the Independent Shareholders and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

Taifook Capital Limited

Derek C.O. Chan
Managing Director

Terry Chu
Director

1. RESPONSIBILITY STATEMENT

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

2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which 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 had taken on were deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

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

- (a) The interests of the Directors and the Chief Executive of the Company in the shares of the Company and its associated corporations as at the Latest Practicable Date were as follows:

Directors	Number of ordinary shares				% of the Issued Share Capital
	Personal Interests	Corporate Interests (Note 1)	Other Interests	Total Interests	
Number of Shares of HK\$1 each in DSBG					
David Shou-Yeh Wong	—	699,169,170 (Note 2)	—	699,169,170	70.86
Number of ordinary shares of HK\$2 each in DSFH					
David Shou-Yeh Wong	—	5,526,095	94,909,411 (Note 3)	100,435,506	38.59
Lung-Man Chiu (John Chiu)	38,800	—	—	—	0.02
John William Simpson	10,000 (Note 4)	—	—	—	0.00

Notes:

- (1) The corporate interest is in respect of shares held by a company in which the director has an interest of one third or more.
 - (2) Such shares represent the corporate interest of David Shou-Yeh Wong under Part XV of the SFO by virtue of his beneficial interest in shares of Dah Sing Financial Holdings Limited (“DSFH”) which held a current controlling interest of 70.86% in the Company.
 - (3) Such shares are indirectly held by HSBC International Trustee Limited (“HSBCIT”), a trustee of a discretionary trust established for the benefit of David Shou-Yeh Wong and his family.
 - (4) Such shares are jointly owned by John William Simpson and his wife.
- (b) The interests of the Directors and the Chief Executive of the Company in options under share option schemes of the Company and its associated corporations as at the Latest Practicable Date were as follows:

Directors	Number of ordinary shares in the options as at Latest Practicable Date	Exercise Price	Grant Date	Exercise Period	
				From	To
		(HK\$)	(D/M/Y)	(D/M/Y)	(D/M/Y)
Share Option Scheme of the Company					
Lung-Man Chiu (John Chiu)	250,000	16.70	25/11/2004	25/11/2005	25/11/2010
Frederic Suet-Chiu Lau	250,000	14.40	25/8/2005	25/8/2006	25/8/2011
Share option scheme of DSFH					
Hon-Hing Wong (Derek Wong)	1,000,000	51.71	25/8/2005	25/8/2006	25/8/2011
Gary Pak-Ling Wang	400,000	51.71	25/8/2005	25/8/2006	25/8/2011
Harold Tsu-Hing Wong	250,000	51.71	25/8/2005	25/8/2006	25/8/2011
	100,000	61.93	28/9/2007	28/9/2008	28/9/2013

Messrs. David Richard Hinde, Robert Tsai-To Sze, Andrew Kwan-Yuen Leung, Seng-Lee Chan and Keisuke Tahara have each confirmed that they had no interests in the shares of the Company and its associated corporations as at the Latest Practicable Date.

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

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

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed above in respect of the Directors' and the Chief Executive's interests and as stated below, so far as was known to any Director or the Chief Executive, no person had any interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

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

Substantial Shareholders	Capacity	Total Interests in Number of Shares	% of the Issued Share Capital
Dah Sing Financial Holdings Limited	Beneficial interest	699,169,170	70.86
Christine Yen Wong	Corporate interest	699,169,170 <i>(Note 1)</i>	70.86
HSBC International Trustee Limited	Corporate interest	699,169,170 <i>(Note 2)</i>	70.86

Notes:

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

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

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

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

5. COMPETING INTERESTS

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

6. DIRECTORS' INTEREST 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 interests, either directly or indirectly, in any assets which had been, since 31 December 2008 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of or leased to any member of the Group, or were proposed to be acquired or disposed of or leased to any member of the Group.

7. OTHER ARRANGEMENTS INVOLVING DIRECTORS

As at the Latest Practicable Date, there was no contract or arrangement subsisting at the date of this circular in which any of the Directors was materially interested and which was significant in relation to the business of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, the date to which the latest published audited financial statements of the Company were made up.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and, so far as the Directors were aware, no litigation or claim of material importance was pending or threatened by or against the Company or any member of the Group.

10. EXPERT

10.1 The following is the qualification of the expert who has given its opinion or advice which is contained in this circular:

Name	Qualification
Taifook Capital	A licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO

10.2 As at the Latest Practicable Date, Taifook Capital had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10.3 As at the Latest Practicable Date, Taifook Capital had no direct or indirect interest in any assets which had been, since 31 December 2008 (the date to which the latest published audited financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.

10.4 Taifook Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

11. MISCELLANEOUS

11.1 the Qualified Accountant of the Company is Gary Pak-Ling Wang, CPA(HKICPA), FCCA.

11.2 The Secretary of the Company is Hoi-Lun Soo, B.A. (Hons.), ACIS.

11.3 The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, which is situated at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

11.4 This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the registered office of the Company at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong from the date of this circular up to and including 16 September 2009:

- 12.1 the memorandum of association of the Company and Articles of Association;
- 12.2 the Agreement;
- 12.3 the letter from the Independent Board Committee, the text of which is set out on page 10 of this circular;
- 12.4 the letter of advice from Taifook Capital, the text of which is set out on pages 11 to 20 of this circular; and
- 12.5 the written consent referred to in the section headed “Expert” in this appendix.

NOTICE OF EGM



大新銀行集團有限公司 DahSingBankingGroupLimited

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

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

(Stock Code: 2356)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Dah Sing Banking Group Limited (the “**Company**”) will be held at 20th Floor, Island Place Tower, 510 King’s Road, North Point, Hong Kong on 16 September 2009 at 3:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the Agreement (as defined and described in the circular to the shareholders of the Company dated 13 August 2009, a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the execution thereof and implementation of all transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in, the Subscription Shares (as defined in the circular to the shareholders of the Company dated 31 August 2009), the issue and allotment of the Subscription Shares under the specific mandate be and are hereby approved; and
- (c) the Directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Agreement which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

Yours faithfully,

By Order of the Board

Dah Sing Banking Group Limited

Hoi-Lun Soo (Helen Soo)

Company Secretary

Hong Kong, 31 August 2009

NOTICE OF EGM

Registered Office:

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

Notes:

1. The register of members of the Company will be closed from 14 September 2009 to 16 September 2009, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for voting at the extraordinary general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:30 p.m. on 11 September 2009.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company.
3. 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 must be lodged at the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the meeting (or the adjourned meeting as the case may be).
4. In the case of a corporation, the form of proxy must be executed either under its common seal or under the hand of some officers or attorney duly authorized in that behalf.
5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders is present at the meeting 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.
6. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting, if he so wishes. If such member attends the meeting, his form of proxy will be deemed to have been revoked.
7. Voting of the ordinary resolution set out in this notice will be by poll.
8. 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), Lung-Man Chiu (John Chiu), Gary Pak-Ling Wang, Harold Tsu-Hing Wong and Frederic Suet-Chiu Lau as Executive Directors; Mr. Keisuke Tahara as Non-Executive Director; Messrs. John William Simpson, David Richard Hinde, Robert Tsai-To Sze, Andrew Kwan-Yuen Leung and Seng-Lee Chan as Independent Non-Executive Directors.