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# THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect about the Prospectus or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Dah Sing Banking Group Limited, you should at once hand the Prospectus and the accompanying Provisional Allotment Letter (as defined herein) and the Excess Application Form (as defined herein) to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Dealings in the Shares of the Company and the Rights Shares in their nil-paid form and fully-paid form may be settled through CCASS and you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may 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.

A copy of each of the Prospectus Documents, together with copies of the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix IV to the Prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 38D of the Companies Ordinance. The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Securities and Futures Commission in Hong Kong take no responsibility for the contents of any of these documents.

Shareholders with registered addresses in any of the Specified Territories (as defined herein) and Beneficial Owners (as defined herein) who are resident in any of the Specified Territories are referred to the important information set out in the sections headed "Non-Qualifying Shareholders".

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of the Prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus.

The securities described herein have not been registered under the U.S. Securities Act of 1933, as amended, (the "U.S. Securities Act") or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

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

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

### RIGHTS ISSUE

**OF NOT LESS THAN 111,175,886 RIGHTS SHARES OF HK\$1.00 EACH**

**AT HK\$9.00 PER RIGHTS SHARE**

**ON THE BASIS OF**

**1 RIGHTS SHARE FOR EVERY 10 SHARES HELD**

**ON THE RECORD DATE**

**Underwriter to the Rights Issue**

**HSBC**

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The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Friday, 17 December 2010. The procedure for acceptance and payment or transfer of Rights Shares is set out in the section headed "Letter from the Board – Procedure for Acceptance or Transfer" of the Prospectus.

It should be noted that the Underwriting Agreement contains provisions granting HSBC the right, in its absolute discretion, to terminate its obligations thereunder with immediate effect by written notice at any time at or prior to the Latest Time for Termination on the occurrence of certain events including force majeure events. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 7 to 9 of the Prospectus.

If HSBC exercises such right, the Underwriting Agreement will not become unconditional and the Rights Issue will not proceed. Upon the giving of written notice of termination, all the obligations of HSBC and the Company under the Underwriting Agreement shall cease and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (other than in respect of any antecedent breaches) provided that the Company shall remain liable to pay HSBC's reasonable costs, fees and expenses in accordance with the Underwriting Agreement.

The Shares have been dealt in on an ex-rights basis from Monday, 22 November 2010. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 30 November 2010 to Tuesday, 14 December 2010 (both days inclusive). The Rights Issue is conditional upon (i) the Underwriting Agreement becoming unconditional and (ii) the DSFH Rights Issue having become unconditional. If the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed. Any dealings in the Shares or nil-paid Rights Shares during the period from the date hereof to the date on which all the conditions to which the Rights Issue is subject are fulfilled, which is currently expected to be 5:00 p.m., Wednesday, 22 December 2010 will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Any Shareholder or other person contemplating selling or purchasing Shares or Rights Shares in nil-paid form during such periods and who are in any doubt about their position are recommended to consult their professional advisers.

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## NOTICES

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**The Rights Issue is conditional upon (i) the Underwriting Agreement becoming unconditional and not being terminated and (ii) the DSFH Rights Issue having become unconditional. If the Rights Issue does not proceed, a further announcement will be made by the Company at the relevant time. It should also be noted that the Shares have been dealt on an ex-rights basis from Monday, 22 November 2010 and that the Rights Shares are expected to be dealt in their nil-paid form from Tuesday, 30 November 2010 to Tuesday, 14 December 2010 (both days inclusive). Such dealings will take place when the conditions of the Rights Issue remain unfulfilled. Any person dealing in the securities of the Company up to the date on which such conditions are fulfilled or waived and any person dealing in the nil-paid Rights Shares from Tuesday, 30 November 2010 to Tuesday, 14 December 2010 (being the first and last day of dealings in the nil-paid Rights Shares respectively) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed. Any person dealing or contemplating any dealing in the securities of the Company and/or the Rights Shares in their nil-paid form during this period who is in any doubt about his or her position is recommended to consult his or her own professional adviser.**

**EXCEPT AS OTHERWISE SET OUT HEREIN, THE RIGHTS ISSUE DESCRIBED IN THIS PROSPECTUS IS NOT BEING MADE TO SHAREHOLDERS, BENEFICIAL OWNERS OR INVESTORS IN THE SPECIFIED TERRITORIES.** This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. None of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the Provisional Allotment Letter and the Excess Application Form will be registered under the securities laws of any of the Specified Territories and none of the nil-paid Rights Shares, the fully-paid Rights Shares, this Prospectus, the Provisional Allotment Letter and the Excess Application Form will qualify for distribution under any of the relevant securities laws of any of the Specified Territories (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the nil-paid Rights Shares and the fully-paid Rights Shares may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any of the Specified Territories absent registration or qualification under the respective securities laws of such Specified Territories, or exemption from the registration or qualification requirement under applicable rules of such Specified Territories.

Shareholders with registered addresses in any of the Specified Territories and Beneficial Owners who are resident in any of the Specified Territories are referred to the paragraphs of this Prospectus headed “Non-Qualifying Shareholders” under the section headed “Letter from the Board”.

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## NOTICES

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### **NOTICE TO INVESTORS IN AUSTRALIA**

This Prospectus is not a disclosure document under Chapter 6D of the Corporations Act 2001 (Cth) (the “Australian Corporations Act”) and has not been and will not be lodged with the Australian Securities and Investments Commission as a disclosure document for the purposes of Chapter 6D of the Australian Corporations Act and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act.

The nil-paid Rights Shares and/or the fully-paid Rights Shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the nil-paid Rights Shares and/or the fully-paid Rights Shares may be issued, and no draft or definitive offering circular, advertisement or other offering material relating to any of the nil-paid Rights Shares and/or the fully-paid Rights Shares may be distributed in Australia except where disclosure to investors is not required under Chapter 6D of the Australian Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations.

As any offer of the nil-paid Rights Shares and/or the fully-paid Rights Shares under this Prospectus will be made without disclosure in Australia under Chapter 6D of the Australian Corporations Act, the offer of the nil-paid Rights Shares and/or fully-paid Rights Shares for resale in Australia within 12 months may, under section 707 of the Australian Corporations Act, require disclosure to investors under Chapter 6D if none of the exemptions in section 708 apply to that resale. Accordingly, any person who acquires the nil-paid Rights Shares and/or the fully-paid Rights Shares pursuant to this Prospectus should not, within 12 months of acquisition of the nil-paid Rights Shares and/or the fully-paid Rights Shares, offer, transfer, assign or otherwise alienate those nil-paid Rights Shares and/or the fully-paid Rights Shares to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D of the Corporations Act or unless a compliant disclosure document is prepared and lodged with the Australian Securities and Investments Commission.

We are not licensed to provide financial product advice in relation to the nil-paid Rights Shares and/or the fully-paid Rights Shares. There is no cooling-off regime that applies in respect of your acquisition of the nil-paid Rights Shares and/or the fully-paid Rights Shares. This Prospectus is intended to provide general information only and has been prepared without taking into account any particular person’s objectives, financial situation or needs. Investors should, before acting on this information, consider the appropriateness of this information having regard to their personal objectives, financial situation or needs. Investors should review and consider the contents of this Prospectus and obtain financial advice specific to their situation before making any decision to make an application for the nil-paid Rights Shares and/or the fully-paid Rights Shares.

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## NOTICES

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### **NOTICE TO INVESTORS IN CANADA**

The nil-paid Rights Shares and the fully-paid Rights Shares will not be distributed in Canada. Any resale of the nil-paid Rights Shares and/or the fully-paid Rights Shares in Canada must be made under applicable securities laws which will vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory registration and prospectus exemptions, under a discretionary exemption granted by the applicable Canadian securities regulatory authority or in a transaction not subject to securities legislation in Canada. Shareholders and Beneficial Owners are advised to seek legal advice prior to any resale of the nil-paid Rights Shares and/or the fully-paid Rights Shares.

### **NOTICE TO INVESTORS IN THE U.S.**

This Prospectus may not be circulated, distributed, forwarded, delivered or redistributed, electronically or otherwise, to persons within the United States. The Prospectus Documents do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Rights Shares in both nil-paid and fully-paid forms have not been and will not be registered under the U.S. Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with applicable laws.

The Rights Shares in both nil-paid and fully-paid forms and the Prospectus Documents have not been approved or disapproved by the U.S. Securities and Exchange Commission, any securities commission of any state in the United States or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Shares in either nil-paid or fully-paid forms, the Prospectus Documents or the accuracy or adequacy of this Prospectus or any of the other Prospectus Documents. There will be no public offer of these Rights Shares in either nil-paid or fully-paid forms in the United States.

The Rights Shares are being offered in reliance on Regulation S under the U.S. Securities Act. Each purchaser or subscriber of the Rights Shares being offered and sold outside the U.S. will be deemed to have represented and agreed, among other things, that the purchaser or subscriber is acquiring the Rights Shares in an offshore transaction meeting the requirements of Regulation S under the U.S. Securities Act.

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## NOTICES

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### **FORWARD-LOOKING STATEMENTS**

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

The forward-looking statements in this Prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Group’s strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.



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## DEFINITIONS

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

“Acceptance Date”	Friday, 17 December 2010, or such other date as HSBC may agree in writing with the Company as the last date for acceptance of, and payment for, the Rights Shares
“Announcement”	the announcement of the Company jointly issued with DSFH dated 16 November 2010 relating to, inter alia, the Rights Issue
“associate”	has the meaning ascribed to it in the Listing Rules
“Beneficial Owner”	any beneficial owner of Shares whose Shares are registered in the name of a Registered Owner
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday and Sunday) on which licensed banks are open for normal banking business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	means a person admitted by HKSCC to participate in CCASS as a direct clearing participant/broker participant or general clearing participant
“CCASS Custodian Participant”	means a person admitted by HKSCC to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individual or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Closing Date”	the date falling on the third Business Day after the latest time for acceptance or such later date as the Company and the Underwriter may agree in writing
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong), as amended from time to time

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## DEFINITIONS

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“Company”	Dah Sing Banking Group Limited, a company incorporated in Hong Kong, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 2356)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	DSFH
“Director(s)”	the director(s) of the Company
“DSFH”	Dah Sing Financial Holdings Limited, a company incorporated in Hong Kong, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 0440)
“DSFH Rights Issue”	the proposed offer by way of rights of ordinary shares of HK\$2.00 each in the capital of DSFH to qualifying shareholders of DSFH on the terms set out in the Prospectus to be issued by DSFH in connection with such rights issue on the date of the Prospectus
“DSFH Share Option Scheme”	the share option scheme adopted by DSFH on 28 April 2005
“EAF(s)” or “Excess Application Form(s)”	the excess application form(s) to be issued to the Qualifying Shareholders in respect of applications for excess Rights Shares in connection with the Rights Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HSBC” or “Underwriter”	The Hongkong and Shanghai Banking Corporation Limited, a registered institution under the SFO registered to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities and a licensed bank under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)



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## DEFINITIONS

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“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial Owner’s Shares with CCASS Participant
“Irrevocable Undertaking”	the irrevocable undertaking given by DSFH pursuant to the Underwriting Agreement in favour of the Company to subscribe for 82,416,917 DSBG Rights Shares to be provisionally allotted to DSFH
“Last Trading Day”	16 November 2010, being the last full trading day for the Shares before the release of the Announcement
“Latest Practicable Date”	19 November 2010, being the latest practicable date prior to the printing of the Prospectus for ascertaining certain information contained herein
“Latest Time for Termination”	4:00 p.m. on the third Business Day following the Acceptance Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange from time to time
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Non-Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appeared in the register of members of the Company at 5:00 p.m. on the Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories
“PAL(s)” or “Provisional Allotment Letter(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of the Prospectus excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus to be issued for the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF

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## DEFINITIONS

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“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company at 5:00 p.m. on the Record Date
“Record Date”	Friday, 26 November 2010, the date by reference to which entitlement to participate in the Rights Issue was determined
“Registered Owner”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorized custodian or third party which is the registered holder in the register of members of the Company of the Shares in which the Beneficial Owner is beneficially interested
“Registrar”	the Company’s share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Regulation S”	Regulation S under the U.S. Securities Act
“Rights Issue”	the proposed offer by way of rights of the Rights Shares to the Qualifying Shareholders on the terms set out in this Prospectus and in the Prospectus Documents
“Rights Share(s)”	the new Share(s) proposed to be allotted and issued under the Rights Issue
“SFC”	The Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$1.00 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Company’s Shares
“Share Options”	the outstanding share option(s) granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 12 June 2004
“Specified Territories”	means Australia and Canada
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Subscription Price”	the subscription price of HK\$9.00 per Rights Share pursuant to the Rights Issue
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance
“Takeovers Code”	The Code on Takeovers and Mergers and Repurchases
“Underwriting Agreement”	the underwriting agreement dated 16 November 2010 entered into between the Company, DSFH and HSBC in relation to the underwriting of the Rights Shares and certain other arrangements in respect of the Rights Issue
“Underwritten Rights Shares”	such number of Rights Shares as is equal to the total number of Rights Shares (being no less than 111,175,886 Shares and not more than 111,290,886 Shares) less 82,416,917 Rights Shares which DSFH has undertaken to subscribe for pursuant to the Irrevocable Undertaking
“U.S.” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia
“U.S. Person(s)”	any person(s) or entity(ies) deemed to be a U.S. person for the purposes of Regulation S under the U.S. Securities Act
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended
“%”	per cent.

*In this Prospectus, unless the context otherwise requires, any reference to the singular includes the plural and vice versa and any reference to a gender includes a reference to the other gender and the neuter.*

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## SUMMARY OF THE RIGHTS ISSUE

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*The following information is derived from, and should be read in conjunction with, the full text of the Prospectus:*

Number of Rights Shares to be issued:	Not less than 111,175,886 Rights Shares (assuming no Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date) and not more than 111,290,886 Rights Shares (assuming Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of all Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date)
Amount to be raised:	A minimum of approximately HK\$1.001 billion, before expenses, by way of the Rights Issue of not less than 111,175,886 Rights Shares (assuming no Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date) and a maximum of approximately HK\$1.002 billion, before expenses by way of the Rights Issue of not more than 111,290,886 Rights Shares (assuming Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of all Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date)
Subscription Price:	HK\$9.00 per Rights Share
Latest time for payment and acceptance:	4:00 p.m. on Friday, 17 December 2010 (or such other date as HSBC may agree in writing with the Company as the last date for acceptance of, and payment for, the Rights Shares)
Basis of Rights Issue:	1 Rights Share for every 10 Shares held on the Record Date
Excess applications:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Underwriting Agreement contains provisions granting HSBC the right, which may be exercised at any time prior to the Latest Time for Termination, to terminate its obligations if:

- (i) any material breach of any of the warranties or the undertakings given by the Company or DSFH comes to the knowledge of HSBC, or there has been a material breach on the part of the Company or DSFH of any other provision of the Underwriting Agreement; or
- (ii) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the warranties given by the Company and DSFH are deemed to be given would have rendered any of those warranties untrue, incorrect or misleading in any material respect; or
- (iii) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or
- (iv) the Company is required to produce a supplementary prospectus; or
- (v) there is a material adverse change or prospective adverse change in the condition, results of operations, management, business, stockholders' equity or in the financial or trading position of any member of the Group which, in the sole opinion of HSBC, is or may be materially adverse in the context of the Rights Issue; or
- (vi) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (vii) the DSFH Underwriting Agreement is terminated; or
- (viii) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
  - (A) any change (whether or not permanent) in local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting the PRC, Hong Kong or the United States; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (B) any event of force majeure (including, without limitation, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in or affecting the PRC, Hong Kong or the United States; or
- (C) the declaration of a banking moratorium by the PRC, Hong Kong or United States authorities due to exceptional financial circumstances or otherwise; or
- (D) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong; or
- (E) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Rights Issue or where such suspension is temporary or routine in nature for not more than two trading days); or
- (F) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong or any other place in which any member of the Group conducts or carries on business,

the effect of which events or circumstances referred to in (A) to (F) above, individually or in the aggregate (in the sole opinion of HSBC): (1) is or would be materially adverse to, or materially prejudicially affects or would materially and prejudicially affect, the Group as a whole or the Rights Issue; or (2) makes or may make it inadvisable or inexpedient to proceed with the Rights Issue.

If HSBC exercises such right, its obligations under the Underwriting Agreement shall cease and determine and the Rights Issue will not proceed.

### WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES

**The Shares have been dealt in on an ex-rights basis from Monday, 22 November 2010. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 30 November 2010 to Tuesday, 14 December 2010 (both days inclusive). The Rights Issue is conditional upon (i) the Underwriting Agreement becoming unconditional and not being terminated and (ii) the DSFH Rights Issue having become unconditional. If the conditions are not fulfilled or waived, the Rights Issue will not proceed.**

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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**Any Shareholder or other person contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her position is recommended to consult his/her own professional adviser. Any Shareholder or other person dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and any person dealing in the nil-paid Rights Shares during the period from Tuesday, 30 November 2010 to Tuesday, 14 December 2010 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

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## EXPECTED TIMETABLE

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Record Date.....	5:00 p.m., Friday, 26 November 2010
Despatch of the Prospectus Documents .....	Friday, 26 November 2010
First day of dealings in nil-paid Rights Shares.....	Tuesday, 30 November 2010
Latest time for splitting of nil-paid Rights Shares.....	4:30 p.m., Thursday, 9 December 2010
Last day of dealings in nil-paid Rights Shares .....	Tuesday, 14 December 2010
Latest time for payment for and acceptance of Rights Shares and the application and payment for excess Rights Shares.....	4:00 p.m., Friday, 17 December 2010
Rights Issue expected to become unconditional.....	5:00 p.m., Wednesday, 22 December 2010
Announcement of results of acceptance of and excess applications for the Rights Issue .....	Thursday, 23 December 2010
Despatch of refund cheques for wholly and partially unsuccessful excess applications on or before .....	Friday, 24 December 2010
Share certificates for Rights Shares to be posted on or before .....	Friday, 24 December 2010
First day of dealings in fully-paid Rights Shares .....	9:30 a.m., Wednesday, 29 December 2010

*Notes:* 1. All times and dates herein refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of the Prospectus, are indicative only and may be varied by agreement between the Company and HSBC. In the event any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to Shareholders and the Stock Exchange as and when appropriate.

2. Shareholders should note the clarification to the expected timetable for the Rights Issue as set out in the Announcement. The time and date at which the Rights Issue is expected to become unconditional, and the Rights Issue is expected to close, is 5:00 p.m., Wednesday, 22 December 2010 rather than 5:00 p.m., Tuesday, 21 December 2010.

**The Company, with the assistance of the Registrar, will monitor the process of the Rights Issue to ensure that the Rights Issue will be conducted in a fair and orderly manner. In the event any special circumstances arise, the Board may extend, or make adjustment to, the timetable of the Rights Issue if it considers appropriate.**



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## **EXPECTED TIMETABLE**

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### **EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 17 December 2010. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 17 December 2010. Instead the latest time of acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on Friday, 17 December 2010, the dates mentioned in the section headed “Expected timetable” above may be affected. The Company will notify Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

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## LETTER FROM THE BOARD

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大新銀行集團有限公司

DAH SING BANKING GROUP LIMITED

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

*(Incorporated in Hong Kong with limited liability)*

*(Stock Code: 2356)*

***Executive Directors:***

David Shou-Yeh Wong (*Chairman*)  
Hon-Hing Wong (Derek Wong)  
*(Managing Director and Chief Executive)*  
Gary Pak-Ling Wang  
Lung-Man Chiu (John Chiu)  
Harold Tsu-Hing Wong  
Frederic Suet-Chiu Lau

***Registered Office:***

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

***Non-executive Director:***

Kazutake Kobayashi

***Independent non-executive Directors:***

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

26 November 2010

*To the Qualifying Shareholders,  
and holders of the Share Options*

Dear Sir or Madam,

**RIGHTS ISSUE  
OF NOT LESS THAN 111,175,886 RIGHTS SHARES OF HK\$1.00 EACH  
AT HK\$9.00 PER RIGHTS SHARE  
ON THE BASIS OF  
1 RIGHTS SHARE FOR EVERY 10 SHARES HELD  
ON THE RECORD DATE**

**INTRODUCTION**

On 16 November 2010, the Company jointly with DSFH announced, inter alia, the Rights Issue. Subject to the fulfilment of the conditions of the Rights Issue, the Company proposes to raise a minimum of approximately HK\$1.001 billion, before expenses, by way of the Rights Issue of not less than 111,175,886 Rights Shares (assuming no Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of Share Options vested or scheduled to vest on or before

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## LETTER FROM THE BOARD

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5:00 p.m. on the Record Date) and a maximum of approximately HK\$1.002 billion, before expenses by way of the Rights Issue of not more than 111,290,886 Rights Shares (assuming Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of all Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date) at the Subscription Price of HK\$9.00 per Rights Share.

The Company has provisionally allotted 1 Rights Share in nil-paid form for every 10 Shares held by each Qualifying Shareholder on the Record Date. Fractional entitlements have not been provisionally allotted but will be aggregated and sold for the benefit of the Company.

The Rights Issue is not available to the Non-Qualifying Shareholders.

As at the Latest Practicable Date, the Company had 1,111,758,869 Shares in issue, and there were outstanding vested Share Options exercisable on or before 5:00 p.m. on the Record Date entitling the holders to subscribe for up to 1,150,000 Shares.

Pursuant to the Underwriting Agreement, the Underwritten Rights Shares are fully underwritten by HSBC, subject to the conditions set out in the Underwriting Agreement. If the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed.

DSBG intends to apply the net proceeds of the Rights Issue to strengthen its core capital in pursuit of improving the core capital adequacy ratio of the Company to support the continuing development and growth of its business.

The purpose of the Prospectus is to provide you with further details of the Rights Issue, including information on dealings in and transfer of Rights Shares in their nil-paid form and the procedure for the acceptance of provisional allotments of Rights Shares and certain financial and other information of the Group.

### 1. RIGHTS ISSUE

#### (A) TERMS OF THE RIGHTS ISSUE

##### Issue statistics

Basis of Rights Issue:	1 Rights Share for every 10 Shares held at 5:00 p.m. on the Record Date
Number of existing Shares in issue:	1,111,758,869 Shares

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## LETTER FROM THE BOARD

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Number of Rights Shares to be issued:	Not less than 111,175,886 Rights Shares (assuming no Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date) and not more than 111,290,886 Rights Shares (assuming Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of all Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date)
Subscription Price:	HK\$9.00 per Rights Share
Excess applications:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment. Any Rights Shares available for excess application would be those Rights Shares (if any) representing unsold fractional entitlements and any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares and any Rights Shares representing any unsold entitlements of the Non-Qualifying Shareholders
Status:	The Rights Shares, when allotted, issued and fully-paid, will rank pari passu in all respects with the Shares then in issue such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment of the Rights Shares

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be issued and allotted on or before 5:00 p.m. on the Record Date, including Shares which may be issued and allotted before 5:00 p.m. on the Record Date pursuant to the exercise of any Share Option vested or scheduled to vest on or before 5:00 p.m. on the Record Date.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, there were outstanding vested Share Options exercisable on or before 5:00 p.m. on the Record Date entitling the holders to subscribe for up to 1,150,000 Shares. If all of the subscription rights attaching to such Share Options are exercised and Shares are issued and allotted pursuant to such exercise on or before 5:00 p.m. on the Record Date, the number of issued Shares will be increased to 1,112,908,869 Shares and the number of Rights Shares which may be issued pursuant to the Rights Issue will be increased to 111,290,886 Rights Shares. Other than the Share Options, there are no other securities or options in issue which are convertible into or confer any right to subscribe for Shares.

Assuming no Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of all Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date, the nil-paid Rights Shares proposed to be provisionally allotted represent:

- (i) approximately 10.00% of the Company's issued share capital as at the Latest Practicable Date; and
- (ii) approximately 9.09% of the Company's enlarged issued share capital as enlarged by the issue of the Rights Shares.

### **Subscription price**

The Subscription Price for the Rights Shares is HK\$9.00 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 40.94% to the closing price of HK\$15.24 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 38.65% to the theoretical ex-rights price of HK\$14.67 per Share, which is calculated on the basis of the closing price of HK\$15.24 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 41.06% to the average of the closing prices per Share as quoted on the Stock Exchange for the five (5) trading days ending on the Last Trading Day of approximately HK\$15.27 per Share;

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## LETTER FROM THE BOARD

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- (iv) a discount of approximately 39.76% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten (10) trading days ending on the Last Trading Day of approximately HK\$14.94 per Share; and
- (v) a discount of approximately 13.04% to the unaudited consolidated net asset value attributable to equity holders of the Company as at 30 June 2010 of approximately HK\$10.35 per Share.

Each Rights Share has a par value of HK\$1.00.

The Subscription Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held at 5:00 p.m. on the Record Date.

The Directors consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must have been registered as a member of the Company on or before 5:00 p.m. on the Record Date and not be a Non-Qualifying Shareholder (see the section below entitled “Non-Qualifying Shareholders”).

Qualifying Shareholders who take up their pro-rata entitlements in full will not suffer any dilution to their interests in the Company. If a Qualifying Shareholder does not take up his or her or its entitlement under the Rights Issue in full, his or her or its proportionate shareholding in the Company will be diluted.

### **Basis of Provisional Allotment of Rights Shares**

Qualifying Shareholders will receive a PAL in respect of the Rights Issue. The Rights Shares have been provisionally allotted on the basis of 1 Rights Share, in nil-paid form, for every 10 existing Shares held by a Qualifying Shareholder at 5:00 p.m. on the Record Date. Any holdings (or balance of holdings) of less than 10 existing Shares will not entitle their holders to be provisionally allotted a Rights Share. The board lot of the Rights Shares in nil-paid form will be 400 Shares.

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## LETTER FROM THE BOARD

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Application for all or any part of a Qualifying Shareholder's provisional allotment of Rights Shares should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for. Please refer to the section headed "Procedures for Acceptance or Transfer" below for further details.

If a Qualifying Shareholder wishes to accept only part of, or transfer a part of, his/her/its Rights Shares provisionally allotted to him/her/it under the PAL or to transfer his/her/its rights to more than one person, please refer to the paragraphs headed "Transfer and "splitting" of nil-paid Rights Shares" under the section headed "Procedures for Acceptance or Transfer" below.

### **Distribution of this Prospectus and the other Prospectus Documents**

The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders. However, to the extent reasonably practicable and legally permitted, the Company will send this Prospectus, for information purposes only, to the Non-Qualifying Shareholders. The Company will not send any Provisional Allotment Letter or Excess Application Form to the Non-Qualifying Shareholders.

This Prospectus will not be sent to any Shareholders in the Specified Territories except to those Shareholders who satisfy relevant requirements to the satisfaction of the Company.

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession the Prospectus Documents come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or Beneficial Owner who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by the Company, this Prospectus should not be distributed, forwarded to or transmitted in, into or from any of the Specified Territories with the Provisional Allotment Letter or the Excess Application Form.

It is the responsibility of any person (including but not limited to agent, custodian, nominee and trustee) outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. Shareholders should consult their professional advisers if in doubt.

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## LETTER FROM THE BOARD

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The Prospectus Documents will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

### **Non-Qualifying Shareholders**

Non-Qualifying Shareholders are those Shareholders with registered addresses in, or who are otherwise known by the Company to be resident in any, places outside Hong Kong and in respect of whom the Directors, based on enquiries made by the Directors, consider it necessary or expedient not to offer the Rights Shares on account either of the legal restrictions under the laws of the relevant place in which the Shareholder is located or the requirements of the relevant regulatory body or stock exchange in that place.

As at 5:00 p.m. on the Record Date, the Company had Shareholders whose addresses as shown in such register are in a Specified Territory with an aggregate shareholding of less than 0.0002% of the total issued share capital of the Company. Pursuant to Rule 13.36(2) of the Listing Rules, the Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Rights Shares to the Shareholders in those territories. Having considered the circumstances, the Directors have formed the view that it is necessary or expedient to restrict the ability of Shareholders with registered addresses in, and any Shareholders or Beneficial Owners who are otherwise known by the Company to be resident in, the Specified Territories to take up their rights under the Rights Issue due to the time and costs involved in the registration or filing of this Prospectus and/or approval required by the relevant authorities in those territories and/or additional steps the Company and Shareholders need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in those territories.

Accordingly, for the purposes of the Rights Issue, the Non-Qualifying Shareholders are:

- (a) Shareholders whose name(s) appeared in the register of members of the Company at 5:00 p.m. on the Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories; and
- (b) any Shareholders or Beneficial Owners at that time who are otherwise known by the Company to be resident in any of the Specified Territories.

Notwithstanding any other provision in this Prospectus or the Provisional Allotment Letter or the Excess Application Form, the Company reserves the right to permit any Shareholder to take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.



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## LETTER FROM THE BOARD

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Rights Shares have been provisionally allotted to all Shareholders whom the Company considers are Qualifying Shareholders. In respect of those Shareholders whose name(s) appeared in the register of members of the Company at 5:00 p.m. on the Record Date and whose address(es) as shown in such register is/are in any of the Specified Territories, the Rights Shares which would otherwise have been provisionally allotted to them have instead been provisionally allotted to a nominee and will be sold in the market in their nil-paid form in accordance with the procedures described in the pre-penultimate paragraph below of this section. Provisional Allotment Letters and Excess Application Forms have not been, and will not be, sent to Shareholders with address(es) in, or who are otherwise known to the Company to be resident in, any of the Specified Territories except where the Company is satisfied that such action would not result in a contravention of any registration or other legal requirement in any such jurisdictions.

Receipt of this Prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or the crediting of Rights Share(s) in nil-paid form to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or whose stock account in CCASS is credited with Rights Share(s) in nil-paid form should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer Rights Share(s) in nil-paid form to any person in, into or from, any of the Specified Territories. If a Provisional Allotment Letter or an Excess Application Form or a credit of Rights Share(s) in nil-paid form in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the Provisional Allotment Letter or transfer the Provisional Allotment Letter (or apply for any excess Rights Shares under the Excess Application Form) or transfer the Rights Share(s) in nil-paid form in CCASS unless the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this Prospectus or a Provisional Allotment Letter or an Excess Application Form in, into or from any Specified Territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last date for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses and stamp duty, of more than HK\$100 will be paid to the

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## LETTER FROM THE BOARD

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relevant Non-Qualifying Shareholder (pro rata to their shareholdings at 5:00 p.m. on the Record Date) in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess application on EAFs by the Qualifying Shareholders. Any Rights Shares in respect of unsold entitlements of Non-Qualifying Shareholders, any unsold fractional entitlements to the Rights Shares together with any Rights Shares in respect of Rights Share in nil-paid form not taken up by the Qualifying Shareholders or otherwise not subscribed for by transferees of Rights Share in nil-paid form, will be made available for excess application on Excess Application Forms by Qualifying Shareholders.

However, the arrangements described above will not apply to any Non-Qualifying Shareholder who is a Shareholder or Beneficial Owner who is resident in a Specified Territory, and (in the case of a Shareholder) whose address, or (in the case of a Beneficial Owner) who holds his/her/its interest in Shares through a Registered Owner whose address, shown in the register of members of the Company at 5:00 p.m. on the Record Date is not in one of the Specified Territories. Such Shareholders and Beneficial Owners are referred to herein as “Non-Qualifying Beneficial Owners” and may include such Beneficial Owners holding interests in Shares through CCASS (which Shares are registered in the register of members of the Company in the name of HKSCC Nominees Limited, a company incorporated in Hong Kong). The Company is unable to extend those arrangements to such Non-Qualifying Beneficial Owners as the Company does not have the necessary information in relation to such Non-Qualifying Beneficial Owners to make a unilateral determination as to whether those Shareholders and Beneficial Owners are Qualifying Shareholders or Non-Qualifying Shareholders for the purposes of the Rights Issue. Instead of the arrangements described above, the nil-paid Rights Shares which would otherwise have been available to be taken up by those Non-Qualifying Beneficial Owners will not be sold in the market and the relevant Non-Qualifying Beneficial Owners will not receive the proceeds of any such sale. All Non-Qualifying Beneficial Owners are advised to seek their own legal advice as to whether or not they may be permitted, having regard to their own particular circumstances (including the laws and regulations of the relevant jurisdiction in which they are resident), to sell their nil-paid Rights Shares in the market. Any such nil-paid Rights Shares which are not sold in the market by Non-Qualifying Beneficial Owners will be made available for excess applications on EAFs by Qualifying Shareholders.

With respect to Non-Qualifying Shareholders who hold interests in Shares through CCASS, their nominees, custodians or other intermediaries may sell, on such Non-Qualifying Shareholders’ behalf, their entitlements to the Rights Share in nil-paid form in compliance with applicable securities laws and distribute the proceeds thereof as appropriate.

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## LETTER FROM THE BOARD

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### **Procedures for acceptance or transfer**

#### *General*

Any person (including, without limitation, agents, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of Shareholders with registered addresses in any of the Specified Territories or holding Shares on behalf of persons with such addresses is drawn to the sections above headed “Non-Qualifying Shareholders”.

Each subscriber of Rights Shares will be deemed (by accepting delivery of this Prospectus) to have given each of the following representations and warranties to the Company and HSBC and to any person acting on their behalf, unless in their sole discretion the Company and HSBC waive such requirement:

- He/she/it was a Shareholder as at 5:00 p.m. on the Record Date, or he/she/it lawfully acquired or may lawfully acquire the rights, directly or indirectly, from such a person;
- He/she/it may lawfully be offered, take up, obtain, subscribe for and receive the rights and/or the Rights Shares in the jurisdiction in which he/she/it resides or is currently located;
- He/she/it is not resident or located in, or a citizen of, the U.S.;
- He/she/it is not accepting an offer to acquire or take up the rights or Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the U.S. at the time the instruction to accept was given;
- He/she/it is acquiring the rights and/or the Rights Shares in an “offshore transaction” as defined in Regulation S under the Securities Act;
- He/she/it has not been offered the Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the Securities Act;
- He/she/it is not acquiring rights or Rights Shares with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of such rights or Rights Shares into the U.S.; and

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## LETTER FROM THE BOARD

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- He/she/it understands that neither the rights nor the Rights Shares have been or will be registered under the Securities Act or with any securities regulatory authority of any state, territory, or possession of the U.S. and the rights and Rights Shares are being distributed and offered only outside the U.S. in reliance on Regulation S. Consequently he/she/it understands the rights or Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the U.S., except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the Securities Act.

### *Action to be taken by Registered Shareholders*

#### *Subscription for all Rights Shares provisionally allotted*

For each Qualifying Shareholder, a Provisional Allotment Letter is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to take up his/her/its right to subscribe for any or all the Rights Shares provisionally allotted to him/her/it as specified in the Provisional Allotment Letter, he/she/it must lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Friday, 17 December 2010. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "**DSBG (2356) – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the Provisional Allotment Letter, together with the appropriate remittance, has been lodged with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:00 p.m. on the Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

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## LETTER FROM THE BOARD

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All cheques and cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Provisional Allotment Letter in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Friday, 24 December 2010.

### *Transfers and "splitting" of nil-paid Rights Shares*

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of, or transfer a part of, his/her/its Rights Shares provisionally allotted to him/her/it under the Provisional Allotment Letter or to transfer his/her/its rights to more than one person, the entire Provisional Allotment Letter must be surrendered and lodged for cancellation together with a covering letter stating clearly the number of split Provisional Allotment Letters required and the number of nil-paid Rights Shares to be comprised in each split Provisional Allotment Letter (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in Box B of the original Provisional Allotment Letter), by no later than 4:30 p.m. on Thursday, 9 December 2010 to the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, who will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letters in the denominations required which will be available for collection from the Registrar at the above address after 9:00 a.m. on the second Business Day after the surrender of the original Provisional Allotment Letter. This process is commonly known as "splitting" the nil-paid Rights Shares.

Having "split" the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new Provisional Allotment Letter should do so in accordance with the instructions given above in relation to the subscription for the Rights Shares provisionally allotted.

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## LETTER FROM THE BOARD

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If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a Provisional Allotment Letter (or a split Provisional Allotment Letter, as the case may be) to another person, he/she/it should complete and sign the “Form of Transfer and Nomination” (Form B) in the Provisional Allotment Letter and hand the Provisional Allotment Letter to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the “Registration Application Form” (Form C) in the Provisional Allotment Letter and lodge the Provisional Allotment Letter intact together with a remittance for the full amount payable on acceptance with the Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong, to effect the transfer by no later than 4:00 p.m. Friday, 17 December 2010.

It should be noted that Hong Kong stamp duty is payable in connection with the transfer of nil-paid Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

*Important notice and representations and warranties relating to Qualifying Shareholders in the Specified Territories*

As described above, Non-Qualifying Shareholders are only permitted to take up their rights under the Rights Issue if they fulfil the relevant requirements to the satisfaction of the Company.

Any Qualifying Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or transferring the Provisional Allotment Letter, or requesting registration of the relevant rights or the Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the rights or the Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the rights or the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such rights or Rights Shares into any of the Specified Territories.

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## LETTER FROM THE BOARD

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The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

***Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS)***

*Subscription for Rights Shares provisionally allotted and transfers and “splitting” of nil-paid Rights Shares*

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” and otherwise in accordance with the requirements of the Registered Owner in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

*Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories whose Shares are held by a Registered Owner (other than HKSCC Nominees Limited)*

As described above, Beneficial Owners resident in the Specified Territories are only permitted to take up their rights under the Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

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## LETTER FROM THE BOARD

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Any Beneficial Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or renouncing the Provisional Allotment Letter, or requesting registration of the relevant nil-paid Rights Shares or the fully-paid Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Shares into any of the Specified Territories.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

### ***Action to be taken by Beneficial Owners holding interests in Shares through CCASS***

#### *Subscription for Rights Shares provisionally allotted and transfers and "splitting" of nil-paid Rights Shares*

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or "split" your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares which have been provisionally allotted in respect of the Shares in which you are beneficially interested.



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## LETTER FROM THE BOARD

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Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

Beneficial Owners who are CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Rights Shares should be dealt with.

*Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories holding interests in Shares through CCASS*

As described above, Beneficial Owners resident in any of the Specified Territories are only permitted to take up their rights under the Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Beneficial Owner holding interests in Shares through CCASS and any CCASS Participant who makes a valid acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire Rights Shares; (ii) such person is not acting on a non-discretionary basis for a person located within any of the Specified Territories at the time the instruction to accept was given; and (iii) such person is not acquiring the Rights Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights Shares into any of the Specified Territories.

The Company may treat as invalid any instruction (a) which appears to the Company to have been despatched from any of the Specified Territories and which may involve a breach of the laws of the relevant Specified Territory or any instruction which otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or (b) if the Company or its agents believes the same may violate any applicable legal or regulatory requirement; or (c) which purports to exclude the representation and/or warranty required by the paragraph immediately above.

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## LETTER FROM THE BOARD

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### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before Friday, 24 December 2010 to those who have accepted and (where applicable) applied for, and paid for, the Rights Shares by ordinary post at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Friday, 24 December 2010 by ordinary post to the applicants at their own risk.

### **Status of the Rights Shares**

The Rights Shares, when subscribed for and fully-paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Rights Shares.

### **Fractional entitlements**

The Company has not provisionally allotted fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market if a premium (net of expenses) can be obtained, and the Company will retain the proceeds for its own benefit. Any unsold fractions of Rights Shares will be available to meet excess applications by the Qualifying Shareholders.

### **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess applications, for any unsold entitlements of the Non-Qualifying Shareholders (if any), any unsold Rights Shares created by adding together fractions of the Rights Shares, and any Rights Shares provisionally allotted but not accepted by Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

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## LETTER FROM THE BOARD

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### *Action to be taken by Registered Shareholders who wish to apply for excess Rights Shares*

#### *Excess Rights Shares application procedures*

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his provisional allotment, he must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, by no later than 4:00 p.m. on Friday, 17 December 2010 or such later time and/or dates as may be agreed between the Company and HSBC. All remittances must be made in Hong Kong dollars and must be forwarded either by cheques drawn on an account with, or cashier's orders issued by, a licensed bank in Hong Kong and made payable to "DSBG (2356) – Excess Application Account" and crossed "Account Payee Only".

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) preference will be given to applications for less than a board lot of Rights Shares where it appears to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism; and
- (ii) subject to the availability of excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to Qualifying Shareholders based on a sliding scale with reference to the number of the excess Rights Shares applied for by them (i.e. Qualifying Shareholders applying for a smaller number of Rights Shares will be allocated a higher percentage of the excess Rights Shares they have applied for; whereas Qualifying Shareholders applying for a larger number of Rights Shares will be allocated a lower percentage of the excess Rights Shares they have applied for (although they will receive a greater number of Rights Shares than those applying for a smaller number)).

If no excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or before Friday, 24 December 2010. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to such Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Shareholder on or before Friday, 24 December 2010.

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## LETTER FROM THE BOARD

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If the Rights Issue does not proceed, the monies received in respect of relevant applications for excess Rights Shares will be refunded to the relevant persons without interest, by means of cheque(s) to be despatched by ordinary post at the risk of such persons on or before Friday, 24 December 2010.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Excess Application Form in respect of which a cheque or cashier's order is dishonoured on first presentation is liable to be rejected. The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an Excess Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

*Important notice and representations and warranties relating to Qualifying Shareholders in the Specified Territories*

Please note that the paragraphs under the heading "Important notice and representations and warranties relating to Qualifying Shareholders in the Specified Territories" above in the section headed "Procedures for Acceptance or Transfer" also applies to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

***Action to be taken by Beneficial Owners whose Shares are held by a Registered Owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares***

*Excess Rights Shares application procedures*

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Owner and you wish to apply for excess Rights Shares, you should contact the Registered Owner and provide the Registered Owner with instructions or make arrangements with the Registered Owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess Rights Shares stated in the section headed "Expected Timetable" and otherwise in accordance with the requirements of the Registered Owner, in order to allow the Registered Owner sufficient time to ensure that your instructions are given effect.

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## LETTER FROM THE BOARD

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*Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories whose Shares are held by a Registered Owner (other than HKSCC Nominees Limited)*

Please note that the contents of the paragraphs under the heading “Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories whose Shares are held by a Registered Owner (other than HKSCC Nominees Limited)” in the section headed “Procedures for Acceptance or Transfer” also apply to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

***Action to be taken by Beneficial Owners holding interest in Shares through CCASS who wish to apply for excess Rights Shares***

*Excess Rights Shares application procedures*

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “Expected Timetable” as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect.

The procedures for application for excess Rights Shares by Beneficial Owners who are CCASS Investor Participants shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS. Beneficial Owners who are CCASS Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares.

*Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories holding interests in Shares through CCASS*

Please note that the contents of the paragraphs under the heading “Important notice and representations and warranties relating to Beneficial Owners in the Specified Territories holding interests in Shares through CCASS” in the section headed “Procedures for Acceptance or Transfer” also apply to applications for excess Rights Shares, with appropriate changes to reflect that the context is an application for excess Rights Shares.

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## LETTER FROM THE BOARD

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### *Important notice to Beneficial Owners*

Beneficial Owners with their Shares held by a Registered Owner, or which are held in CCASS, should note that the Registered Owner (including HKSCC Nominees Limited) is registered as a single Shareholder according to the register of members of the Company. Accordingly, Beneficial Owners whose Shares are registered in the name of a Registered Owner, or which are held in CCASS, should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to them individually.

### **Application for listing and dealings of the Rights Shares**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares on the Stock Exchange, in both their nil-paid and fully-paid forms. It is expected that dealings in the Rights Shares in their nil-paid form will take place from Tuesday, 30 November 2010 to Tuesday, 14 December 2010, both days inclusive. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange. The nil-paid Rights Shares shall have the same board lot size as the Shares (i.e. 400 Shares in one board lot).

Dealings in the Rights Shares in their nil-paid and fully-paid forms will be subject to the payment of stamp duty and any other applicable fees and charges in Hong Kong.

### **Rights shares will be eligible for admission into CCASS**

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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## LETTER FROM THE BOARD

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### (B) UNDERWRITING ARRANGEMENTS FOR THE RIGHTS ISSUE

#### Undertaking by DSFH

DSFH, which is, together with its associates, interested as at the Latest Practicable Date in 824,169,170 Shares, has undertaken to the Company, pursuant to the Irrevocable Undertaking, that it will subscribe or procure the subscription of the 82,416,917 Rights Shares to be provisionally allotted to it and/or its associates, subject to the terms and conditions of the Rights Issue.

Save for the undertaking from DSFH, as at the Latest Practicable Date, the Company has not obtained undertakings from any other Shareholders that they will subscribe for any or all of the Rights Shares to be provisionally allotted to them.

#### Principal terms of the Underwriting Agreement

Date:	16 November 2010
Issuer:	the Company
Underwriter:	HSBC
Number of Rights Shares underwritten	All of the Rights Shares excluding the 82,416,917 Rights Shares to be subscribed (or procured to be subscribed) by DSFH pursuant to the Irrevocable Undertaking, being 28,758,969 Rights Shares (assuming no Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date) and 28,873,969 Rights Shares (assuming Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of all Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date)
Underwriter's commission:	2.25% of the aggregate subscription price of the Rights Shares underwritten by HSBC

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, HSBC and its ultimate holding company are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

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## LETTER FROM THE BOARD

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The Directors consider that the Underwriting Agreement is (i) on normal commercial terms; and (ii) fair and reasonable so far as the Shareholders are concerned.

### **Conditions of the Rights Issue and the Underwriting Agreement**

The Rights Issue is conditional upon (i) the Underwriting Agreement becoming unconditional and not being terminated, and (ii) the DSFH Rights Issue having become unconditional. The obligations of HSBC to underwrite the Rights Issue are conditional upon, inter alia:

- (i) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) being granted (subject only to allotment and despatch of the appropriate documents of title) by the Stock Exchange by no later than the business day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms respectively) and such permission not being withdrawn or revoked prior to the Latest Time for Termination;
- (ii) all relevant consents and approvals being obtained from the regulatory authorities, including the Stock Exchange and the SFC, as the case may require in connection with the Rights Issue by the relevant time that each consent and approval is required;
- (iii) compliance with and performance of the obligations of the Company taking place by the times specified in the Underwriting Agreement in connection with the making of the Rights Issue and the allotment and offer of the Rights Shares;
- (iv) compliance with and performance of the obligations of DSFH taking place by the times specified in the Underwriting Agreement in connection with its irrevocable undertakings under the Underwriting Agreement;
- (v) receipt by HSBC (in a form and substance satisfactory to it) of all relevant documents to be provided by the Company by the times specified in the Underwriting Agreement; and
- (vi) the DSFH Rights Issue having become unconditional.

The Company and DSFH shall use their best endeavours to procure the fulfilment of each of the conditions by the due time and/or date referred to in each case (or if no date is specified, by the latest time for termination of the Underwriting Agreement) and to procure that each of such conditions is fulfilled in sufficient time so that the latest time for termination falls on or before 31 December 2010 (or such later date as the Company and HSBC may agree) and in particular shall furnish such information, supply such documents, pay (in the case of the Company) such fees, give such undertakings and do all such acts and things as may reasonably be required by HSBC and the Stock Exchange in connection with the making of the Rights Issue and the listing of the Rights Shares.



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## LETTER FROM THE BOARD

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If the conditions of the Underwriting Agreement are not duly fulfilled and/or waived (where applicable) by HSBC by the time and/or date as specified in each case or if the Underwriting Agreement shall be terminated as described below, none of the parties shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (other than antecedent breaches) provided that the Company shall remain liable to pay HSBC's reasonable costs, fees and expenses in accordance with the Underwriting Agreement but the Company shall not be liable to pay to HSBC the underwriting commission thereunder.

**If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.**

HSBC shall have the right, in its absolute discretion, by giving notice to the Company on or before the latest time at which, or the latest day on which, any of the above conditions may be fulfilled:

- (a) to extend the deadline for the fulfilment of such condition by such time or number of days or in such manner as HSBC may determine; or
- (b) to waive such condition (other than conditions (i) and (ii) above), and such waiver may be made subject to such terms and conditions as HSBC may determine.

### **Termination of the Underwriting Agreement**

Shareholders should note that the Underwriting Agreement contains provisions granting HSBC the right, which may be exercised at any time prior to the Latest Time for Termination, to terminate its obligations if:

- (i) any material breach of any of the warranties or the undertakings given by the Company or DSFH comes to the knowledge of HSBC, or there has been a material breach on the part of the Company or DSFH of any other provision of the Underwriting Agreement; or
- (ii) any event occurs or matter arises, which, if it had occurred before the date of the Underwriting Agreement or before any of the times on which the warranties given by the Company and DSFH are deemed to be given would have rendered any of those warranties untrue, incorrect or misleading in any material respect; or
- (iii) any statement contained in the Prospectus has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect, or matters have arisen or have been discovered which would, if the Prospectus was to be issued at the time, constitute a material omission therefrom; or

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## LETTER FROM THE BOARD

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- (iv) the Company is required to produce a supplementary prospectus; or
- (v) there is a material adverse change or prospective adverse change in the condition, results of operations, management, business, stockholders' equity or in the financial or trading position of any member of the Group which, in the sole opinion of HSBC, is or may be materially adverse in the context of the Rights Issue; or
- (vi) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange; or
- (vii) the DSFH Underwriting Agreement is terminated; or
- (viii) there has occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable):
  - (A) any change (whether or not permanent) in local, national or international financial, political, military, industrial, economic, legal, fiscal, regulatory or securities market matters or conditions or currency exchange rates or exchange controls in or affecting the PRC, Hong Kong or the United States; or
  - (B) any event of force majeure (including, without limitation, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of emergency or calamity or crisis, in or affecting the PRC, Hong Kong or the United States; or
  - (C) the declaration of a banking moratorium by the PRC, Hong Kong or United States authorities due to exceptional financial circumstances or otherwise; or
  - (D) any moratorium, suspension or restriction on trading in shares or securities generally, or the establishment of minimum prices, on the Stock Exchange or any major disruption of any securities settlement or clearing services in Hong Kong; or
  - (E) any suspension of dealings in the Shares (other than pending publication of announcements in respect of the Rights Issue or where such suspension is temporary or routine in nature for not more than two trading days); or

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## LETTER FROM THE BOARD

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- (F) any new law or regulation or any change, or any development involving a prospective change, in existing laws or regulations in Hong Kong or any other place in which any member of the Group conducts or carries on business,

the effect of which events or circumstances referred to in (A) to (F) above, individually or in the aggregate (in the sole opinion of HSBC): (1) is or would be materially adverse to, or materially prejudicially affects or would materially and prejudicially affect, the Group as a whole or the Rights Issue; or (2) makes or may make it inadvisable or inexpedient to proceed with the Rights Issue.

If HSBC exercises such right, its obligations under the Underwriting Agreement shall cease and determine and the Rights Issue will not proceed.

### **Lock up**

The Company has undertaken to HSBC that for the period beginning on the date of the Underwriting Agreement and ending the date which is 90 days from the Closing Date (which is expected to be on Wednesday, 22 December 2010), except with the prior written consent of HSBC, the Company will not (except for the Rights Shares):

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares other than the issue, offer to issue or grant of any option pursuant to any employee share option scheme adopted in accordance with the Listing Rules or allot or issue of any Shares upon the exercise of such options;
- (ii) buy back, cancel, retire, reduce, redeem, re-purchase, purchase or otherwise acquire any Shares;
- (iii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or
- (iv) announce any intention to enter into or effect any such transaction described in (i), (ii) or (iii) above.

DSFH has undertaken to the Company and HSBC that it will not and shall procure that its associates shall not, without the prior written consent of HSBC (i) transfer or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire any Share or any interest therein between the date of the Underwriting Agreement and the Record Date or (ii) transfer

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## LETTER FROM THE BOARD

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or otherwise dispose of (including without limitation the agreement to dispose of, or the creation of any option or derivative) or acquire (except by taking up Rights Shares provisionally allotted to them pursuant to the Rights Issue and pursuant to the Underwriting Agreement or acquiring nil-paid rights or submitting EAFs or acquiring Shares in circumstances which do not contravene the rules of the Stock Exchange and/or the Takeovers Code and do not render information submitted to the Stock Exchange and/or the SFC to become untrue, inaccurate or misleading in any material respect (whether by omission or otherwise)) any Share or any interest therein between the Record Date and the latest time for acceptance.

DSFH has undertaken to the Company and HSBC that from the latest time for acceptance of the Rights Shares until 90 days from the Closing Date (which is expected to be on Wednesday, 22 December 2010), except with the prior written consent of HSBC, it will not and will procure that its associates (whether individually or together and whether directly or indirectly) will not: (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including the Rights Shares) or any interests therein beneficially owned or held by DSFH or its associates or such controlled companies or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests; (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) above or this paragraph (ii) is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above.

### **WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES**

**The Shares have been dealt in on an ex-rights basis from Monday, 22 November 2010. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 30 November 2010 to Tuesday, 14 December 2010 (both days inclusive). The Rights Issue is conditional upon (i) the Underwriting Agreement becoming unconditional and not being terminated, and (ii) the DSFH Rights Issue having become unconditional. If the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed.**

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## LETTER FROM THE BOARD

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**Any Shareholder or other person contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form are advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her position is recommended to consult his/her own professional adviser. Any Shareholder or other person dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled and any person dealing in the nil-paid Rights Shares during the period from Tuesday, 30 November 2010 to Tuesday, 14 December 2010 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

### **2. REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE**

The estimated proceeds of the Rights Issue will be approximately HK\$1.001 billion (assuming no Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date) and approximately HK\$1.002 billion (assuming Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of all Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date).

The Company intends to apply the net proceeds of the Rights Issue to strengthen its core capital in pursuit of improving the core capital adequacy ratio of the Company to support the continuing development and growth of its business.

The estimated expenses of the Rights Issue (including financial advisory fees, printing, registration, translation, legal and accounting charges and other related expenses) amount to approximately HK\$7.4 million and will be borne by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares (assuming no Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date) is expected to be approximately HK\$8.93 per Rights Share.

### **3. EFFECT ON SHAREHOLDINGS IN THE COMPANY**

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Rights Issue assuming:

- (i) there is no change in the shareholding structure of the Company from the Latest Practicable Date to immediately before completion of the Rights Issue; and
- (ii) the only change in the shareholding structure of the Company from the Latest Practicable Date to immediately before completion of the Rights Issue is on account that Shares have been allotted and issued before 5:00 p.m. on the Record Date pursuant to the exercise of all Share Options vested or scheduled to vest on or before 5:00 p.m. on the Record Date:

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## LETTER FROM THE BOARD

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### Scenario 1 – Assuming all Rights Shares are fully subscribed for by Qualifying Shareholders

Shareholder	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
	No. of Shares	% of issued share capital of the Company (%)	Assuming no Share Options are exercised on or before completion of the Rights Issue		Assuming all vested Share Options are exercised on or before completion of the Rights Issue	
			No. of Shares	% of issued share capital of the Company (%)	No. of Shares	% of issued share capital of the Company (%)
DSFH	824,169,170	74.13	906,586,087	74.13	906,586,087	74.06
Directors of the Company and its subsidiaries	70,000	0.01	77,000	0.01	1,222,000	0.09
Other	287,519,699	25.86	316,271,668	25.86	316,491,668	25.85
<b>Total:</b>	<b>1,111,758,869</b>	<b>100.00</b>	<b>1,222,934,755</b>	<b>100.00</b>	<b>1,224,199,755</b>	<b>100.00</b>

*Note:*

- (a) As at the Latest Practicable Date, the Company had issued and outstanding Share Options (both vested and unvested) to subscribe for up to an aggregate of 1,300,000 Shares, of which Share Options to subscribe for an aggregate total of 1,150,000 Shares fall within a vesting period and Share Options to subscribe for 1,150,000 Shares can be freely exercised at the Latest Practicable Date.
- (b) As at the Latest Practicable Date, certain directors of the Company and its subsidiaries have holdings in vested Share Options to subscribe for 950,000 Shares. These Share Options form part of the Share Options mentioned in note (a) above.

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## LETTER FROM THE BOARD

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### Scenario 2 – Assuming no Qualifying Shareholders other than DSFH subscribe for Rights Shares

Shareholder	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
	No. of Shares	% of issued share capital of the Company (%)	Assuming no Share Options are exercised on or before completion of the Rights Issue		Assuming all vested Share Options are exercised on or before completion of the Rights Issue	
			No. of Shares	% of issued share capital of the Company (%)	No. of Shares	% of issued share capital of the Company (%)
DSFH	824,169,170	74.13	906,586,087	74.13	906,586,087	74.06
Directors of the Company and its subsidiaries	70,000	0.01	70,000	0.01	1,020,000	0.08
HSBC <sup>(c)</sup>	–	–	28,758,969	2.35	28,873,969	2.36
Other	287,519,699	25.86	287,519,699	23.51	287,719,699	23.50
<b>Total:</b>	<b>1,111,758,869</b>	<b>100.00</b>	<b>1,222,934,755</b>	<b>100.00</b>	<b>1,224,199,755</b>	<b>100.00</b>

*Note:*

- (a) As at the Latest Practicable Date, the Company had issued and outstanding Share Options (both vested and unvested) to subscribe for up to an aggregate of 1,300,000 Shares, of which Share Options to subscribe for an aggregate total of 1,150,000 Shares fall within a vesting period and Share Options to subscribe for 1,150,000 Shares can be freely exercised at the Latest Practicable Date.
- (b) As at the Latest Practicable Date, certain directors of the Company and its subsidiaries have holdings in vested Share Options to subscribe for 950,000 Shares. These Share Options form part of the Share Options mentioned in note (a) above.
- (c) Pursuant to its underwriting obligations.

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## LETTER FROM THE BOARD

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#### **4. ADJUSTMENT IN RELATION TO THE EXERCISE PRICE OF SHARE OPTIONS AND/OR THE NUMBER OF SHARES TO BE ISSUED UNDER THE SHARE OPTIONS AS A RESULT OF THE RIGHTS ISSUE**

Pursuant to the Share Option Scheme, the Company has issued and outstanding Share Options (both vested and unvested) entitling holders to subscribe for up to an aggregate of 1,300,000 Shares as at the Latest Practicable Date. The issuance of the Rights Shares is an event which may cause an adjustment to the exercise price of the outstanding Share Options and the number of Shares issuable upon exercise of the outstanding Share Options. Pursuant to the terms of the Share Option Scheme, the Company will consult its auditors or an independent financial adviser for the required adjustment and the holders of the Share Options will be informed of the required adjustments (if any) as soon as practicable. Further announcements will be made for adjustments to the exercise price or number of Share Options, if and when required and in accordance with the Listing Rules.

#### **5. FUND RAISING BY THE COMPANY IN THE PAST TWELVE MONTHS**

Save for the Rights Issue, the Company has not raised any funds by an issue of equity securities in the 12 months preceding the Latest Practicable Date.

#### **6. BUSINESS REVIEW, TRENDS AND PROSPECTS OF THE GROUP**

The Company is active in providing banking, financial and other related services in Hong Kong, Macau and the PRC, and is the holding company for the Group's banking and related financial services businesses. The Company has four banking subsidiaries (Dah Sing Bank, Limited, MEVAS Bank Limited, Banco Comercial de Macau, S.A. and Dah Sing Bank (China) Limited), providing banking and financial services through a branch network of around 70 branches in Hong Kong, Macau and the PRC, and a securities trading company.

The Group's financial performance was negatively affected in 2008 and 2009 by the effects of the global financial crisis. Financial performance improved significantly in the first half of 2010, with net profit after tax increasing by 65% to HK\$507 million in the six months to 30 June 2010. Loan growth was very strong, with an increase of 14% over the same period.

Whilst there are still a number of issues to be resolved in the banking business globally, the Group notes that the performance of banks in Asia, and particularly in Greater China, has been reasonably robust in recent times, with most banks reporting increases both in volume of business, and in profitability. Whilst it is expected that global financial markets will continue to be volatile, and regulatory requirements will be subject to further changes, in general, the Group is cautiously optimistic as regards the banking and financial services business in Greater China.



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## LETTER FROM THE BOARD

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Upon the receipt of the proceeds of the Rights Issue, the consolidated capital adequacy ratio and financial position of the Group will be further strengthened.

### 7. TAXATION

Qualifying Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, or dealing in the Rights Shares and, as regards the Non-Qualifying Shareholders (if any), their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liability of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares.

### 8. SHAREHOLDERS' APPROVAL NOT REQUIRED

There is no requirement under the Listing Rules for the Rights Issue to be approved by Shareholders in general meeting.

### 9. GENERAL

If you have questions in relation to the Rights Issue, please telephone the Shareholder hotline on (852) 2862 8648 during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday (other than Hong Kong public holidays).

### 10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in Appendices I to IV to the Prospectus.

Yours faithfully,  
For and on behalf of the Board of  
**Dah Sing Banking Group Limited**  
**David Shou-Yeh Wong**  
*Chairman*

**1. PROFILE OF DIRECTORS AND SENIOR MANAGEMENT****Executive Directors****David Shou-Yeh Wong** (*Chairman*)

Aged 69. Appointed as the Chairman of the Company in 2004. Chairman of DSFH, Dah Sing Bank, Limited (“Dah Sing Bank”), MEVAS Bank Limited (“Mevas Bank”), Banco Comercial de Macau, S.A., Dah Sing Life Assurance Company Limited, Macau Insurance Company Limited, Macau Life Insurance Company Limited, New Asian Shipping Company, Limited and various other companies. Over 40 years of experience in banking and finance. Member of the Advisory Committee of the Securities and Futures Commission, the Hong Kong Association of Banks, the Chinese Banks Association Limited and the Hong Kong Shipowners Association. Vice President of the Hong Kong Institute of Bankers. Father of Mr. Harold Tsu-Hing Wong, an executive Director of the Company, its key operating banking subsidiaries, and the insurance subsidiaries under DSFH.

**Hon-Hing Wong (Derek Wong)** (*Managing Director and Chief Executive*)

Aged 58. Appointed as the Managing Director of the Company in 2004. Appointed as a Director of DSFH in 1993 and promoted as its Managing Director in January 2002. Joined Dah Sing Bank, a key operating subsidiary of the Company, in 1977 and has served and managed various departments before appointed as a director of Dah Sing Bank in 1989 and was promoted as its Managing Director in 2000. Chairman of Dah Sing Bank (China) Limited and a director of various major subsidiaries of the Group. Director of Great Wall Life Insurance Company Limited, and Bank of Chongqing in which the Group has a 20% equity interest. Associate of The Institute of Bankers (U.K.), Founder Member of The Hong Kong Institute of Bankers and The International Retail Banking Council of the U.K.. Over 30 years of experience in banking.

**Gary Pak-Ling Wang**

Aged 50. Appointed as an executive Director of the Company in 2004. Joined Dah Sing Bank, a key operating subsidiary of the Company, as the Group Financial Controller in 1995 and was promoted as a director of Dah Sing Bank in 1997. Also a director of DSFH. Currently Group Finance Director responsible for the overall financial management and control, operations and IT functions of the Group. Qualified accountant, Fellow of The Association of Chartered Certified Accountants of the U.K. and member of the Hong Kong Institute of Certified Public Accountants. Over 20 years of experience in financial management mainly related to banking.

**Lung-Man Chiu (John Chiu)**

Aged 61. Joined Dah Sing Bank, a key operating subsidiary of the Company, in 1986 and was appointed as an executive director of Dah Sing Bank and an executive Director of the Company in 1995 and 2004 respectively. Currently the chief executive and director of Banco Comercial de Macau, S.A., incorporated in Macau. Over 30 years of experience in banking.

**Harold Tsu-Hing Wong**

Aged 40. Appointed as an executive Director of the Company in 2004. Joined Dah Sing Bank, a key operating subsidiary of the Company, in 2000, appointed as an executive director in 2005 and as the Vice Chairman in March 2010. Currently also a director of Dah Sing Bank (China) Limited, MEVAS Bank, Banco Comercial de Macau, S.A. and Dah Sing Life Assurance Company Limited. Qualified solicitor in England and Wales and Hong Kong. Son of David Shou-Yeh Wong, the Chairman of the Company and DSFH.

**Frederic Suet-Chiu Lau**

Aged 59. Appointed as an executive Director of the Company in 2007. Also an executive director of Dah Sing Bank, Dah Sing Bank (China) Limited and MEVAS Bank, key operating subsidiaries of the Company. Chartered Financial Analyst and Ph.D in Economics. Member of Board of Trustees of Global Association of Risk Professionals. 20 years of experience in governmental or quasi-governmental departments in supervision of financial related corporations.

**Non-executive Director****Kazutake Kobayashi**

Aged 48. Appointed as a non-executive Director of the Company in December 2009. Currently Deputy General Manager of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”) Hong Kong Branch. Rich expertise in retail banking and corporate banking, with over 23 years of experience in banking and finance.

**Independent Non-executive Directors****Robert Tsai-To Sze**

Aged 69. Appointed as an independent non-executive Director of the Company in 2004. Also an independent non-executive director of DSFH, Dah Sing Bank, Dah Sing Bank (China) Limited, MEVAS Bank and Dah Sing Life Assurance Company Limited. Currently the chairman of the Audit Committees, the Nomination and Remuneration Committees of both the Company and DSFH, and a non-executive director to a number of Hong Kong listed companies. Fellow of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Also a former partner of an international firm of accountants with which he practiced for over 20 years.

**John William Simpson**

Aged 70. Independent non-executive Director of the Company, Dah Sing Bank and MEVAS Bank. Had been a director of DSFH from 1987 to June 2004 when its banking business applied for separate listing on the Hong Kong Stock Exchange. Member of the Audit Committee and the Nomination and Remuneration Committee. Associate of the Chartered Institute of Bankers in Scotland. Over 50 years of experience in banking and finance.

**David Richard Hinde**

Aged 72. Independent non-executive Director of the Company, Dah Sing Bank and MEVAS Bank. Had been a director of DSFH from 1987 to June 2004 when its banking business applied for separate listing on the Hong Kong Stock Exchange. Member of the Audit Committee and the Nomination and Remuneration Committee. Currently chairman of Invesco Asia Trust plc. and Macau Property Opportunities Fund Limited. Over 30 years of experience in international investment banking.

**Andrew Kwan-Yuen Leung**

Aged 59. Appointed as an independent non-executive Director of the Company in 2004 and of Dah Sing Bank, a key operating subsidiary of the Company, in 2006. Currently Legislative Councillor (Industrial First), Chairman of the Vocational Training Council. Honorary President of Federation of Hong Kong Industries and Textile Council of Hong Kong. Independent non-executive director of China South City Holdings Limited. He is also a Council member of the Hong Kong Trade Development Council.

**Seng-Lee Chan**

Aged 63. Appointed as an independent non-executive Director of the Company in August 2008 upon his retirement in June 2008 as the Chief Executive Officer of Heidelberg China Limited. Over 40 years of experience primarily in the Print Media Industry and with a sound knowledge of the Asian markets, particularly in China.

**Senior Management****Nicholas John Mayhew**

Aged 43, Joined DSFH in 1998 and currently its executive director. Also a director of Dah Sing Life Assurance Company Limited, Macau Insurance Company Limited, Macau Life Insurance Company Limited, Dah Sing Bank and Dah Sing Bank (China) Limited. Head of Treasury and Corporate Finance of Dah Sing Bank responsible for its treasury and corporate finance activities. Over 20 years of experience in financial services both in the U.K. and Hong Kong.

**John Cheung-Wah Lam**

Aged 56. Joined Dah Sing Bank, a key operating subsidiary of the Company, and appointed as its executive director in 2005 and as the Head of Retail Banking Division responsible for retail banking business. Also a director of Dah Sing Bank (China) Limited, MEVAS Bank and Dah Sing Life Assurance Company Limited. Fellow of the Institute of Canadian Bankers. 30 years of banking experience in Hong Kong and North America.

**Kwok-Leung Kwong (Thomas Kwong)**

Aged 62. Joined Dah Sing Bank, a key operating subsidiary of the Company, and was appointed as its executive director in 2007, and a director of Dah Sing Bank (China) Limited in 2008. Currently Head of Commercial Banking Division in Dah Sing Bank, responsible for overseeing and supervising commercial banking business and asset based and trade financing. Over 30 years of experience in banking and finance.

**Xiaojiang Yan**

Aged 55. Joined Dah Sing Bank, a key operating subsidiary of the Company, in 2006. Appointed as an executive director of Dah Sing Bank in 2007, and Dah Sing Bank (China) Limited in 2008, responsible for the banking development, and branch supervision and management in the Mainland China. 20 years of banking experience in Hong Kong and China.

The business address of the Directors and the senior management of the Group is the same as the address of the Company's registered office at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong.

**2. CORPORATE INFORMATION**

Registered office:	36th Floor Dah Sing Financial Centre 108 Gloucester Road Hong Kong
Qualified accountant:	Gary Pak-Ling Wang
Company Secretary:	Hoi-Lun Soo, <i>Chartered Company Secretary</i>
Legal advisers to the Company:	As to Hong Kong and U.S. law: Herbert Smith 23rd Floor Gloucester Tower 15 Queen's Road Central Hong Kong
Auditors:	PricewaterhouseCoopers 22nd Floor Prince's Building Central Hong Kong
Share registrar and transfer office:	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Hong Kong
Underwriter:	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
Legal advisers to the Underwriter:	As to Hong Kong and U.S. law: Norton Rose Hong Kong 38th Floor, Jardine House 1 Connaught Place Central Hong Kong

Authorised representatives: Hon-Hing Wong (Derek Wong), *Managing Director and CEO*  
 Gary Pak-Ling Wang, *Executive Director*  
 The business address of the authorised representatives of the Company is at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong

### 3. SHARE CAPITAL AND SHARE OPTIONS

#### (a) Share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company were, and immediately following completion of the Rights Issue (assuming no further issue of Shares from the Latest Practicable Date to the completion of the Rights Issue) will be as follows:

<i>Authorised:</i>		<i>HK\$</i>
1,500,000,000	Shares of HK\$1.00 each as at 5:00 p.m. on the Record Date	1,500,000,000
		<hr/> <hr/>
<i>Issued and to be issued</i>		
1,111,758,869	Shares in issue as at the Latest Practicable Date	1,111,758,869
111,175,886	Rights Shares to be allotted and issued under the Rights Issue	111,175,886
		<hr/>
1,222,934,755	Shares in issue immediately after completion of the Rights Issue	1,222,934,755
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All of the Shares currently in issue rank pari passu in all respects with each other, including, in particular, as to dividends, voting rights and capital. The Shares in issue are listed on the Stock Exchange.

All of the Rights Shares to be allotted and issued will, subject to the articles of association of the Company, rank pari passu in all respects with each other, including, in particular, as to dividends, voting and capital, and with all Shares in issue as at the date of allotment and issue of Rights Shares such that holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates of which are on or after the date of allotment of the Rights Shares.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Dealings in the Shares may be settled through CCASS and Shareholders should consult their stockbrokers or other registered dealer of securities, bank manager, solicitors, professional accountants or other professional advisers for details of these settlement arrangements and how such arrangements may affect their rights and interests.

**(b) Share options**

Details of the Share Options granted by the Company, outstanding at the Latest Practicable Date, are set out in section headed “Directors’ Interests” under heading “Share Option Scheme of the Company” in Appendix IV.

Upon the Rights Issue becoming unconditional, the exercise price of and the number of Shares issuable upon exercise in full of the outstanding Share Options may be subject to adjustments. Further announcements will be made in this regard in due course.

Save for the Share Options disclosed above, the Company did not have any other options and other convertible securities or rights affecting the Shares and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under options as at the Latest Practicable Date.

**4. INDEBTEDNESS**

At the close of business on 31 October 2010, the Group had the following outstanding borrowings:

- (a) Dah Sing Bank, Limited (“DSB”) has 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, which are all unsecured and unguaranteed, are as follows:
- Subordinated Fixed Rate Notes (the “Notes”) of US\$150,000,000 issued by DSB on 18 August 2005 that qualify as Supplementary capital of DSB and are listed on the Luxembourg Stock Exchange. The Notes will mature on 18 August 2017 with an optional redemption date falling on 18 August 2012. Interest at 5.451% p.a. is payable semi-annually from the issue date to the optional redemption date. Thereafter, if the Notes are not redeemed, the interest rate will be reset and the Notes will bear interest at the then prevailing 5-year Treasury rate plus 220 basis points. DSB may, subject to receiving the prior approval of the Hong Kong Monetary Authority, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date. An interest rate swap contract to swap the fixed rate payment liability of the Notes to floating interest rate based on LIBOR has been entered into with an international bank.



- Subordinated Floating Rate Notes (the “Notes”) of US\$150,000,000 issued by DSB on 2 June 2006 that qualify as Supplementary capital of DSB and are listed on the Singapore Stock Exchange Securities Trading Limited. The Notes will mature on 3 June 2016 with an optional redemption date falling on 3 June 2011. Interest rate for the Notes is set on a quarterly basis based on 3-month LIBOR plus 75 basis points from the issue date to the optional redemption date. Thereafter, if the Notes are not redeemed, the interest rate will be reset and the Notes will bear interest at 3-month LIBOR plus 100 basis points. DSB may, subject to receiving the prior approval of the Hong Kong Monetary Authority, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date.
- Subordinated Fixed Rate Notes (the “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. The 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 Notes to floating interest rate based on LIBOR has been entered into with an international bank.
- The remaining outstanding amount of US\$55,000,000 of the original US\$200,000,000 Perpetual Subordinated Fixed Rate Notes (the “Notes”) issued by DSB on 16 February 2007 that qualify as upper Supplementary capital of DSB and are listed on the Singapore Stock Exchange Securities Trading Limited. The 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 Notes are not redeemed, the interest rate will be reset and the Notes will bear interest at 3-month LIBOR plus 190 basis points. DSB may, subject to receiving the prior approval of the Hong Kong Monetary Authority, redeem the Notes in whole but not in part, at par either on the optional redemption date or for taxation reasons on interest payment date. An interest rate swap contract to swap the fixed rate payment liability of the Notes to floating interest rate based on LIBOR has been entered into with an international bank.
- Senior Floating Rate Notes (the “Notes”) of AUD30,000,000 issued by DSB on 22 March 2006. The Notes will mature on 28 March 2011. Interest rate for the Notes is set on a quarterly basis based on 3-month BBSW plus 27 basis points.
- Senior Floating Rate Notes (the “Notes”) of US\$175,000,000 issued by DSB on 7 October 2010 which are listed on the Singapore Stock Exchange Securities Trading Limited. The Notes will mature on 7 October 2013. Interest rate for the Notes is set on a quarterly basis based on 3-month LIBOR plus 135 basis points.

- (b) In addition, as at 31 October 2010, 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 31 October 2010.

To the best of the knowledge of the Directors, having made all reasonable enquiries, other than the issue of the US\$75,000,000 Senior Floating Rate Notes described below, there has been no material change in the level of indebtedness of the Group since 31 October 2010.

On 15 November 2010, DSB issued Senior Floating Rate Notes (the “Notes”) of US\$75,000,000 which are unsecured and unguaranteed and are listed on the Singapore Stock Exchange Securities Trading Limited. The Notes will mature on 7 October 2013. Interest rate for the Notes is set on a quarterly basis based on 3-month LIBOR plus 135 basis points.

## **5. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that based on the expected cash flows, expected proceeds from the Rights Issue 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 Prospectus.

**CONSOLIDATED FINANCIAL STATEMENTS**

The audited consolidated financial statements of the Group for the years ended 31 December 2009, 2008 and 2007 together with the relevant notes to the financial statements of the Group can be found on pages 53 to 247 of the annual report of the Company for the year ended 31 December 2009 and pages 49 to 227 of the annual report of the Company for the year ended 31 December 2008.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2010 and 2009 together with the relevant notes to the financial statements of the Group can be found on pages 1 to 58 of the interim report of the Company for the six months ended 30 June 2010.

The said annual reports and interim report of the Company are available on the Company's website at <http://www.dahsing.com/en/html/aboutus/financial.html> and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

*For illustrative purposes, the financial information prepared in accordance with paragraph 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by completion of the Rights Issue as if the Rights Issue had been completed on 30 June 2010. The statement has been prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the Group's financial condition on the completion of the Rights Issue.*

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following is an illustrative and unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the Shareholders of the Company which has been prepared on the basis of the notes set out below, for the purpose of illustrating the effect of the Rights Issue as if it had taken place on 30 June 2010. This unaudited pro forma statement of adjusted consolidated net tangible assets has been prepared for illustrative purposes only, and because of its hypothetical nature, may not give a true picture of the financial position of the Group had the Rights Issue been completed as at 30 June 2010 or at any future date.

	Unaudited consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 30 June 2010 <i>Note (1)</i> <i>HK\$ million</i>	Estimated net proceeds from Rights Issue <i>Note (2)</i> <i>HK\$ million</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the Shareholders of the Company <i>HK\$ million</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share <i>Note (3), (4)</i> <i>HK\$</i>
Based on Rights Shares (111,175,886 shares) to be issued at subscription price of HK\$9.00 per Rights Share	10,586	993	11,579	9.47

*Notes*

- (1) The consolidated net tangible assets of the Group attributable to the Shareholders of the Company as at 30 June 2010 is based on the unaudited consolidated net assets of the Group attributable to the Shareholders of the Company as at 30 June 2010 of HK\$11,502 million, with an adjustment for the intangible assets and the goodwill arising from the acquisition of subsidiaries of HK\$104 million and HK\$812 million respectively, as extracted from the published interim report of the Group for the six months ended 30 June 2010.
- (2) The estimated net proceeds from the Rights Issue are based on 111,175,886 Rights Shares (assuming no Shares have been allotted and issued pursuant to the exercise of Share Options) to be issued at the subscription price of HK\$9.00 per Rights Share, after deduction of the related expenses of approximately HK\$7.4 million.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after aggregating the unaudited consolidated net tangible assets of the Group of HK\$10,586 million and the estimated net proceeds of HK\$993 million from the Rights Issue (Note 2) and on the basis that 1,111,758,869 Shares were in issue as at 30 June 2010 and 111,175,886 Shares (assuming no Shares have been allotted and issued pursuant to the exercise of Share Options) were issued under the Rights Issue assuming the Rights Issue has been completed on 30 June 2010.
- (4) No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2010. In particular, the unaudited pro forma adjusted consolidated net tangible assets of the Group has not taken into account the payment of the 2010 interim dividend of HK\$77,823,000 declared for the six months ended 30 June 2010.

**(B) REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO  
FORMA FINANCIAL INFORMATION OF THE GROUP**

*The following is the text of a report received from the reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this Prospectus, in respect of the unaudited pro forma financial information of the Group.*



羅兵咸永道會計師事務所

PricewaterhouseCoopers  
22/F, Prince's Building  
Central, Hong Kong

**ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL  
INFORMATION****TO THE DIRECTORS OF DAH SING BANKING GROUP LIMITED**

We report on the unaudited pro forma financial information of Dah Sing Banking Group Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) set out on pages 54 and 55 under the heading of “Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group” (the “Unaudited Pro Forma Financial Information”) in Appendix III of the Company’s prospectus dated 26 November 2010 (the “Prospectus”), in connection with the proposed Rights Issue of the Company. The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Rights Issue might have affected the relevant financial information of the Group. The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 54 and 55 of the Prospectus.

**Respective Responsibilities of Directors of the Company and the Reporting Accountant**

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

**Basis of Opinion**

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information on Investment Circulars” issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unaudited consolidated net assets of the Group as at 30 June 2010 with unaudited condensed consolidated interim financial information of the Group for the six months ended 30 June 2010, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the adjusted consolidated net tangible assets of the Group as at 30 June 2010 or any future date.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers***Certified Public Accountants*

Hong Kong, 26 November 2010

## 1. RESPONSIBILITY OF THE DIRECTORS

The Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance and 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 belief and information contained in the Prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement herein misleading or this Prospectus misleading.

## 2. DIRECTORS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company or their respective associates had any interest or short position 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 or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) were 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 shares of the Company and associated corporation

Director	Number of shares			Total Interests	Percentage of share interest in the relevant issued share capital
	Personal Interests	Corporate Interests <sup>(1)</sup>	Other Interests		
<b>Number of ordinary shares of HK\$1.00 each in the Company</b>					
David Shou-Yeh Wong	–	824,169,170 <sup>(2)</sup>	–	824,169,170	74.13
<b>Number of ordinary shares of HK\$2.00 each in DSFH</b>					
David Shou-Yeh Wong	–	7,327,295	97,548,611 <sup>(3)</sup>	104,875,906	40.29
John William Simpson	10,000 <sup>(4)</sup>	–	–	10,000	0.00
Lung-Man Chiu (John Chiu)	38,800	–	–	38,800	0.01



*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 in the Company represent the corporate interest of David Shou-Yeh Wong under Part XV of the SFO by virtue of his interest in 104,875,906 ordinary shares of DSFH, representing 40.29% of its entire share capital currently in issue as at the Latest Practicable Date.
3. Such shares in DSFH 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.
4. Such shares in DSFH are jointly owned by John William Simpson and his wife.

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 as recorded in the register of directors' and chief executive's interests and short positions.

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

*(i) Share Option Scheme of the Company*

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

Grantee	Number of the Company's shares in the options					Exercise price <sup>(1)</sup> HK\$	Grant date d/m/y	Exercise Period	
	Held at	Granted during	Exercised during	Lapsed/ cancelled during	Held at Latest Practicable			From	To
	1/1/2010	the period	the period	the period	Date			d/m/y	d/m/y
<b>Directors</b>									
Lung-Man Chiu (John Chiu)	250,000	–	–	–	250,000	16.70	25/11/2004	25/11/2005	25/11/2010
Frederic Suet-Chiu Lau	250,000	–	–	–	250,000	14.40	25/8/2005	25/8/2006	25/8/2011
<b>Aggregate of employees</b>									
	300,000	–	–	–	300,000	14.40	25/8/2005	25/8/2006	25/8/2011
	250,000	–	–	–	250,000	14.32	30/12/2005	30/12/2006	30/12/2011
	100,000	–	–	100,000	–	17.30	25/9/2006	25/9/2007	25/9/2012
	100,000	–	–	100,000	–	17.84	19/7/2007	19/7/2008	19/7/2010
	250,000	–	–	–	250,000	17.84	19/7/2007	19/7/2008	19/7/2013

*(ii) DSFH Share Option Scheme*

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

Grantee	Number of DSFH's shares in the options				Held at Latest Practicable Date	Exercise Price HK\$	Grant date d/m/y	Exercise Period	
	Held at 1/1/2010	Granted during the period	Exercised during the period	Lapsed/ cancelled during the period				From d/m/y	To d/m/y
<b>Directors</b>									
Hon-Hing Wong (Derek Wong)	1,000,000	–	–	–	1,000,000	51.71	25/8/2005	25/8/2006	25/8/2011
Gary Pak-Ling Wang	400,000	–	–	–	400,000	51.71	25/8/2005	25/8/2006	25/8/2011
Harold Tsu-Hing Wong	250,000	–	–	–	250,000	51.71	25/8/2005	25/8/2006	25/8/2011
	100,000	–	–	–	100,000	61.93	28/9/2007	28/9/2008	28/9/2013
Aggregate of employees	250,000	–	–	–	250,000	51.71	25/8/2005	25/8/2006	25/8/2011
	100,000	–	–	–	100,000	61.93	28/9/2007	28/9/2008	28/9/2013

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 as recorded in the register of directors' and chief executives' interests and short positions.

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, the Directors and chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or 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 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 Company:

Shareholder	Capacity	Number of shares	Percentage of shares held in the entire issued share capital
David Shou-Yeh Wong	Beneficial and corporate interest	824,169,170	74.13%
Christine Yen Wong	Deemed Interest by virtue of her spouse having a notifiable interest	824,169,170 <sup>(1)</sup>	74.13%
Dah Sing Financial Holdings Limited	Beneficial interest	824,169,170	74.13%
HSBC International Trustee Limited	Trustee and corporate interest	824,169,170 <sup>(2)</sup>	74.13%

*Notes:*

- Such shares represent the deemed interest of Christine Yen Wong by virtue of her spouse, David Shou-Yeh Wong being a controlling 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).
- Such shares are mainly comprised of the corporate interest of DSFH in the Company 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 members. HSBCIT is taken to have a duty of disclosure in relation to the relevant shares of the Company held through its controlled companies.

All the interests stated above represent long positions. As at the Latest Practicable Date, no short positions were recorded in the register of Shareholders' interests in shares and short positions.

**4. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Company since 31 December 2009, being the date to which the latest published audited financial statements of the Group were made up.

**5. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

**6. OTHER ARRANGEMENTS INVOLVING DIRECTORS**

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2009 (the date to which the latest published audited accounts of the Company were made up) (i) acquired or disposed of by; (ii) leased to; or (iii) are proposed to be acquired or disposed of by; or (iv) are proposed to be leased to any member of the Group.

**7. LITIGATION**

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

**8. EXPENSES**

The estimated expenses in connection with the Rights Issue, including but not limited to financial advisory fees, printing, registration, translation, legal and accountancy charges and other related expenses are estimated to amount to approximately HK\$7.4 million and will be borne by the Company.

**9. MATERIAL CONTRACTS**

The following contracts (not being contracts in the ordinary course of business) had been entered into by the Group within the period commencing the two years preceding this Prospectus and up to the Latest Practicable Date and are, or may be, material:

- (1) the agreement entered into between DSFH (as subscriber) and the Company on 13 August 2009 in relation to the subscription by the Company of 125,000,000 new shares in the Company;
- (2) the repurchase scheme agreement entered into between Dah Sing Bank, Limited, MEVAS Bank Limited, the Securities and Futures Commission, the Hong Kong Monetary Authority and other banks on 22 July 2009 in relation to the repurchase of the retail structured notes issued under the “Secured Continuously Offered Note Programme” of Pacific International Finance Limited;
- (3) the Placing, Underwriting and Subscription Agreement entered into between the Company, DSFH (as vendor) and HSBC (as placing agent) on 21 April 2009 in relation to the placing and underwriting of 54,000,000 shares in the Company; and
- (4) the Underwriting Agreement.

**10. EXPERT’S QUALIFICATION AND CONSENT**

The following is the qualification of the expert who has given opinions or advice, which are contained or referred to in the Prospectus:

<b>Name</b>	<b>Qualification</b>
PricewaterhouseCoopers	Certified Public Accountants

As at the Latest Practicable Date, PricewaterhouseCoopers:

- (a) has given and has not withdrawn its written consent to the issue of the Prospectus with the inclusion of its letter and the reference to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2009 (the date to which the latest published audited accounts of the Company were made up), acquired, 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.

**11. MISCELLANEOUS**

- (a) The qualified accountant and company secretary of the Company is Gary Pak-Ling Wang and Helen Hoi-Lun Soo, respectively.
- (b) The Prospectus is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

**12. DOCUMENT DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent of PricewaterhouseCoopers referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix has been delivered to the Registrar of Companies of Hong Kong pursuant to section 38D of the Companies Ordinance.

**13. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the registered office of the Company at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong up to and including Friday, 10 December 2010:

- (a) the memorandum and articles of association of the Company;
- (b) the written consent referred to in the paragraph headed “Expert’s Qualification and Consent” in this appendix;
- (c) the material contracts referred to in the paragraph headed “Material contracts” in this appendix;
- (d) the annual reports of the Company for the two financial years ended 31 December 2008 and 31 December 2009 respectively;
- (e) the interim report of the Company for the six months ended 30 June 2010;
- (f) the report in respect of the unaudited pro forma financial information of the Group in respect of the Rights Issue, the text of which is set out in Appendix III; and
- (g) the Prospectus.