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

**(Stock Code: 0440)**

**DISCLOSEABLE TRANSACTION IN RELATION TO  
THE SEPARATE LISTING OF  
DAH SING BANKING GROUP LIMITED  
(which will become the holding company of  
Dah Sing Bank, Limited and MEVAS Bank Limited)  
ON THE MAIN BOARD OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED,  
THE PREFERENTIAL OFFER, SHARE OPTION SCHEME OF  
DAH SING BANKING GROUP LIMITED,  
SPECIAL DIVIDEND AND  
PROPOSED AMENDMENTS TO THE  
ARTICLES OF ASSOCIATION OF THE COMPANY  
ANNOUNCEMENT**

Reference is made to the announcement of the Company dated 18th March 2004 in relation to the Separate Listing. The Separate Listing will constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and, if it proceeds, will constitute a material dilution of the Company's interest in the Banking Group.

In connection with the Separate Listing, it is proposed that the Preferential Offer be made to Qualifying Shareholders and that the Share Option Scheme be adopted by DSBG.

Shareholders should note that entitlements to Reserved Shares may not represent a multiple of a full board lot of 400 DSBG Shares, and that dealings in odd lots of DSBG Shares may be at a price below their prevailing market price. Entitlements to Reserved Shares are not transferable and there will be no trading in nil paid entitlements on the Stock Exchange. Any DSBG Shares issued pursuant to the Preferential Offer shall be deemed fully paid, ranking pari passu in all respects with other DSBG Shares then in issue.

It is proposed that the number of DSBG Shares available under the Preferential Offer will represent approximately 15% of the Global Offering and approximately 3% of the total enlarged issued share capital of DSBG (assuming the Over-allotment Option is not exercised).

The Register will be closed from 9:00 a.m. on 11th June 2004 to 4:00 p.m. on 14th June 2004 (inclusive) (or such later date(s) as the Board may determine and announce) for the purpose of determining the entitlement of Qualifying Shareholders to the Preferential Offer. No transfer of Shares may be registered during that period. The last day for dealing in Shares cum-entitlements to the Preferential Offer is expected to be on 8th June 2004. In order to qualify for the Preferential Offer, all transfers must be lodged with the Registrar by no later than 4:00 p.m. on 10th June 2004 (or such later date as the Board may determine and announce).

In addition, it is proposed that, conditional on the Separate Listing, the Company will pay a Special Dividend to Shareholders whose names appear on the Register at 4:00 p.m. on the Special Dividend Record Date from the proceeds received by the Company from the sale of certain of its DSBG Shares as part of the Global Offering.

The Company proposes to amend the Articles of Association to bring them in line with the amendments to the Listing Rules which became effective on 31st March 2004 and the Companies (Amendment) Ordinance which became effective on 13th February 2004. The proposed amendments to the Articles of Association are subject to the approval of the Shareholders by way of special resolution at the Articles EGM.

A circular containing, amongst other matters, further information on the Separate Listing, the Preferential Offer, the Share Option Scheme, the Special Dividend and the proposed amendments to the Articles of Association, a notice of the EGM and a notice of the Articles EGM will be despatched to Shareholders as soon as practicable.

In addition, further announcements will be made to inform Shareholders of the Listing Date, the details of the Preferential Offer, the Special Dividend Record Date, the amount of the Special Dividend and the basis of allotment of new Shares in lieu of cash, if applicable.

**Application has been made to the Stock Exchange for the Separate Listing and permission to deal in the DSBG Shares in issue and to be issued under the Global Offering or upon the exercise of options granted under the Share Option Scheme on the main board of the Stock Exchange. Shareholders and potential investors should note that the Separate Listing, which is subject to a number of conditions, may or may not proceed. In particular, there is no assurance that approval from the Stock Exchange will be granted. Accordingly, Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.**

**This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities.**

## **THE SEPARATE LISTING**

It is proposed that new DSBG Shares will be issued by DSBG and that the Company will sell certain existing DSBG Shares held by the Company pursuant to the Separate Listing. In connection with the Separate Listing, the Preferential Offer will be made to Qualifying Shareholders.

After the Reorganisation, DSBG will be a “major subsidiary” of the Company as defined under paragraph 19 of the Listing Agreement as the pre-tax trading profit of DSBG is expected to represent more than 15% of that of the Group and the Separate Listing, if it proceeds, will constitute a material dilution of the Company’s interest in the Banking Group. The Separate Listing will also constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. As such, the Separate Listing is subject to disclosure under Chapter 14 of the Listing Rules and the approval of the Shareholders under PN15.

Subject to the Separate Listing, DSBG will seek to adopt the Share Option Scheme. Shareholders’ approval is required for the adoption of the Share Option Scheme.

In addition, it is proposed that, conditional on the Separate Listing, the Company will pay a Special Dividend to Shareholders whose names appear on the Register at 4:00 p.m. on the Special Dividend Record Date from the proceeds received by the Company from the sale of certain of its DSBG Shares as part of the Global Offering.

As the interests in relation to the Separate Listing of all Shareholders (including the single largest Shareholder and/or controlling Shareholders) are not different, all Shareholders are entitled to vote on all of the ordinary resolutions to be considered at the EGM and the special resolution to be considered at the Articles EGM.

### **1. The Separate Listing**

The exact structure of the Separate Listing will be decided subsequently by the Directors, but is currently expected to be effected by way of the Global Offering which will comprise the Public Offer and the International Placing, and will be accompanied by a separate listing of the DSBG Shares on the main board of the Stock Exchange. The International Placing is expected to include a placing of new and existing DSBG Shares with professional, institutional and other investors and with Qualifying Shareholders on an assured basis under the Preferential Offer. It is presently expected that 20% of the issued capital of DSBG as enlarged by the Global Offering will initially be made available to the public under the Global Offering (assuming that the Over-allotment Option is not exercised). The exact size of the Global Offering and the exact apportionment between the International Placing and the Public Offer are yet to be finally determined. Upon the successful conclusion of the Global Offering, the DSBG Shares will be listed on the main board of the Stock Exchange. Immediately after the Separate Listing, DSBG will have a public float of 20% (assuming the Over-allotment Option is not exercised). The Listing Committee resolved that DSBG may proceed with the listing of its securities at a public float of 15% or greater on the basis that the expected market capitalisation of DSBG at the time of the Separate Listing will exceed HK\$10 billion as specified in the Revised Listing Rules, and on the condition that

DSBG and its controlling shareholders take appropriate steps to increase the public float to 25% of DSBG's total issued share capital within 18 months from the Listing Date. Accordingly, it is expected that the Company's interest in the share capital of DSBG will be reduced from the current level of 100% to 80% immediately following the Global Offering (assuming that the Over-allotment Option is not exercised). The Company currently intends to increase the number of DSBG Shares in public hands to 25% or more of the issued share capital of DSBG either by the sale or disposal by the Company of additional DSBG Shares or by procuring, to the extent that it is able, the issue by DSBG of new DSBG Shares, or otherwise in accordance with the Revised Listing Rules. The Company will make further announcements in due course to inform Shareholders of the proposals and will comply fully with the Revised Listing Rules. The Company's percentage interest in DSBG may be further reduced upon the exercise of the Over-allotment Option and Options under the Share Option Scheme on or after the Listing Date.

## **2. Separate Listing of DSBG Shares**

The Shares will continue to be listed on the main board of the Stock Exchange after the implementation of the Separate Listing. The listing of the DSBG Shares on the main board of the Stock Exchange is conditional upon the fulfilment or waiver of the conditions stated in paragraph 8 below.

An application has been made to the Stock Exchange for the listing of, and permission to deal in, the DSBG Shares in issue and any new DSBG Shares to be issued pursuant to the Separate Listing, as set out in the Prospectus to be issued by DSBG in due course (including any DSBG Shares issued pursuant to the exercise of the Over-allotment Option), and any new DSBG Shares that may be issued pursuant to the exercise of the Options under the Share Option Scheme.

Subject to the granting of the listing of, and permission to deal in, the DSBG Shares on the main board of the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the DSBG Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or such other date as may be 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 trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

## **3. Businesses of the Group and the Banking Group**

The Group's principal business operations can be categorised into two main business lines: banking and insurance. The banking business of the Group is carried out through its subsidiaries holding the required banking licences. All descriptions of the banking business of the Group in this announcement refer to the banking business carried out

through these subsidiaries. Prior to the Separate Listing, the Company intends to implement a group reorganisation whereby the Company will separate its banking-related subsidiaries and insurance-related subsidiaries and consolidate all of its banking-related businesses and operations under DSBG.

Following the Separate Listing, the Company will continue to be the holding company of those subsidiaries which carry on the insurance underwriting businesses of the Group, principally:

- (i) DSLA, a wholly-owned subsidiary of the Company incorporated in Bermuda, which is an authorised life assurance company in Hong Kong and Bermuda and which is regulated by the Insurance Authority of Hong Kong; and
- (ii) DSGI, a 51% owned subsidiary of the Company incorporated in Bermuda, which is an authorised general insurance company in Hong Kong and Bermuda and which is regulated by the Insurance Authority of Hong Kong.

DSLA underwrites a broad range of life assurance products including both conventional and unit-linked life assurance policies. The main types of policies include both whole of life and short term endowment, to which a variety of riders can be attached. DSLA has obtained ISO9001:2000 certification.

DSLA distributes its insurance policies through both an agency force and a bancassurance platform, making use of the sales staff within the branch network of the Banking Group.

DSGI provides a wide range of commercial and other general insurance products, such as motor, fire, marine cargo, travel and liability insurance.

Following the Reorganisation, DSBG will become the direct holding company of the Group's banking-related businesses comprising the following major subsidiaries:

- (i) DSB, a wholly-owned subsidiary of the Company and a licensed bank in Hong Kong, which is subject to the supervision of the HKMA;
- (ii) MEVAS, a wholly-owned subsidiary of the Company and a licensed bank in Hong Kong, which is also subject to the supervision of the HKMA; and
- (iii) D.A.H. Holdings Limited, a 75.5% owned subsidiary of the Company, which is the holding company of a bank licensed in Guernsey, which is subject to the supervision of the Guernsey Financial Services Commission.

The operations of the Banking Group comprise three main lines of business carried out through its banking subsidiaries: personal banking, commercial banking and treasury. The personal banking services include retail, private and VIP banking services such as deposit-taking, mortgage lending, credit cards, personal loans, overdrafts and wealth management products and services. The commercial banking services include a variety

of lending and deposit-taking services for commercial and institutional customers. The Banking Group also operates, through DSB, a treasury business which is responsible for securities investment, funding, foreign exchange, cash management and interest rate risk management.

The Banking Group delivers its retail products and services through a combination of its network of branches, sales and service centres and ATMs and other delivery channels such as telephone banking and Internet banking. The primary channel for the delivery of these products and services is the Banking Group's branch network. As at the Latest Practicable Date, the Banking Group operated, through its local banking subsidiaries, a total of 43 branches and one sales and service centre in Hong Kong.

The Banking Group has a distinct business focus, independent from that of the Non-Banking Group. The Banking Group has the following primary business objectives:

- (i) to grow organically with a particular focus on:
  - (a) continuing its strategy of focusing on the personal banking market. This will involve increasing the Banking Group's customer base both through consumer lending products such as credit cards and personal loans, as well as wealth management products and services;
  - (b) selling more products and services to its existing customers by cross-selling additional products and services and increasing distribution of its products and services through improved service quality and as a result of the training of its staff;
  - (c) identifying new business areas with attractive risk-return characteristics;
  - (d) diversifying its business so as not to be overly dependent on any single business area so as to gain the benefits of risk diversification and be able to generate positive returns in a range of different market conditions; and
  - (e) expanding in Mainland China by opening a branch in Shenzhen and continuing to seek opportunities for further expansion in Mainland China as and when they become available.
- (ii) to seek opportunities to expand through:
  - (a) mergers and/or acquisitions in Hong Kong whilst maintaining financial discipline in any merger and/or acquisition with a view to ensuring that such transaction brings financial benefits to the Banking Group and its shareholders; and
  - (b) investments, joint ventures and/or alliances in Mainland China.

(iii) to grow in an efficient and disciplined manner through:

- (a) the expansion of those areas of its business that provide attractive returns within the risk levels acceptable to the management of the Banking Group and the DSBG Board;
- (b) a continued focus on risk management ensuring that appropriate risk management systems and controls are in place for existing and new business areas and that such systems and controls are effective; and
- (c) a continued focus on cost control and efficiency improvements, in particular through close attention to detail regarding costs and the benefits of economies of scale as the Banking Group's businesses grow.

The Directors consider that the Banking Group is well positioned to benefit from the improvement in the Hong Kong economy and Hong Kong's increasing business and economic integration with Mainland China, including opportunities arising out of CEPA.

The combined audited profit from ordinary activities of the Banking Group in each of the years ended 31st December, 2001, 2002 and 2003 was approximately HK\$989 million, HK\$854 million and HK\$1,007 million, respectively, and the combined audited profit attributable to shareholders of the Banking Group in each of the same periods was approximately HK\$851 million, HK\$776 million and HK\$880 million, respectively. The combined audited shareholders' funds of the Banking Group as at 31st December, 2001, 2002 and 2003 were HK\$4,917 million, HK\$5,378 million and HK\$5,680 million, respectively.

#### **4. Reasons for and benefits of the Separate Listing**

The Directors believe that the Group's banking-related business and insurance-related business will follow different growth paths in the future. The Separate Listing is intended to provide a structure which will facilitate the growth of each of the Non-Banking Group and the Banking Group, and therefore facilitate the growth of the Group as a whole.

The Banking Group operates in two markets: Hong Kong and Mainland China. The Directors believe that there may be opportunities both for organic growth and for growth by acquisitions, mergers, joint ventures or investments in the years to come in these markets. Therefore, an important objective of the Separate Listing is to implement a structure which will facilitate capital raising, acquisitions or mergers, alliances, joint ventures and investments, and to attract and incentivise management.

The Hong Kong market is a mature market, whereas the Mainland China market is growing and developing more rapidly. In many mature banking markets, consolidation of the banking industry has been a significant factor in the development of banking groups within those markets, and certain banking groups have taken advantage of such consolidation to grow their businesses.

There have been a number of bank merger and acquisition transactions in Hong Kong over the past five years, and the Directors believe that this trend will continue. The Separate Listing will provide a structure with more flexibility for the Banking Group to grow through mergers or acquisitions in Hong Kong. The recent improvement in the Hong Kong economy and Hong Kong's increasing business and economic integration with Mainland China are also expected to provide opportunities for organic growth in Hong Kong and the Separate Listing is also intended to facilitate the raising of additional capital for organic growth in Hong Kong through ready and varied access to the capital markets.

As a result of the concessions granted under CEPA, Hong Kong incorporated banks are now able to participate more actively in the Mainland China banking market. In a rapidly growing market, demands for capital for organic growth could be substantial and the Directors believe that the Separate Listing will provide both capital for DSBG from the sale of new DSBG Shares, as well as flexibility for raising further capital in the future. It will also provide a structure which allows the Banking Group, as a banking group, to form alliances and joint ventures and/or make investments in banking-related businesses in Mainland China supervised by the China Banking Regulatory Commission, which is directly in line with the regulatory approach in Mainland China of having separate regulation of, and separate companies active in, the banking and insurance sectors.

The Banking Group's listing offers the ability to put in place a share option scheme and other arrangements to attract and incentivise the Banking Group's management directly in line with the financial performance of the Banking Group on a standalone basis.

All of these factors will benefit the Company and the Shareholders as a result of the Company's majority shareholding in DSBG.

In the past, the Group has sought to increase its equity capital base through the retention of earnings. The Separate Listing will raise capital for each of the Company and DSBG and will facilitate future capital raising and, as a result, there will be less need to build capital out of future earnings. Accordingly, it is intended that following completion of the Separate Listing and the Global Offering, the dividend policy of the Company will be revised and it is anticipated that between 45 and 50% of the profit attributable to Shareholders will be distributed in the form of dividends each year (excluding the Special Dividend referred to below). It is also anticipated that DSBG will adopt a dividend policy whereby, barring any special circumstances or unforeseen events, approximately 50% of the profit attributable to DSBG Shareholders would be distributed by DSBG in the form of dividends each year.

The insurance business is likely to require a different strategy in the future when compared to the banking business and, therefore, the Separate Listing is also intended to raise capital for the growth of the insurance business. There were fewer concessions granted to Hong Kong-based insurance companies under CEPA and, therefore, the development of the insurance business in the near term is more likely to be focused on the Hong Kong market. The insurance business also has the opportunity to benefit from



closer integration with Mainland China and the increasing numbers of visitors from Mainland China to Hong Kong who are potential customers of the insurance business. There are also a relatively large number of insurance companies active in Hong Kong which could provide future merger or acquisition opportunities for the Group.

The Directors believe that the insurance business has built a solid underwriting platform which is capable of supporting a higher level of business. In order to grow the insurance business further, it is important to develop its distribution channels, as well as to have access to new capital to take advantage of that growth. Following the Separate Listing, the Group intends to accelerate the development of the insurance business including:

- (i) expansion, whether organic or by merger and/or acquisition;
- (ii) attracting and retaining management and agents; and
- (iii) developing new distribution channels.

Immediately following the Separate Listing, the Company will be interested in 80% of the issued shares of DSBG (assuming the Over-allotment Option is not exercised), 100% of DSLA and 51% of DSGI. As such, the Company will provide an investment opportunity for investors wishing to invest in a broadly-based financial services company. After the Separate Listing, the Company will retain a sufficient level of operations and assets of its own, excluding its interest in DSBG, to satisfy independently the profit requirement of Rule 8.05 of the Revised Listing Rules as required by paragraph 3(c) of PN15.

The Directors believe that the terms of the Separate Listing are fair and reasonable and in the interests of the Shareholders.

## **5. Intended use of proceeds**

DSBG presently intends that the anticipated net proceeds of between approximately HK\$1,222 million and HK\$1,705 million from the subscription of new DSBG Shares under the Global Offering will form part of the assets of the Banking Group and will, together with its other assets, be deployed in its existing banking businesses in furtherance of the strategy of the Banking Group as described in paragraph 3 above. Whilst the Banking Group intends to grow in the future by expanding in Mainland China and seeking opportunities to expand through mergers and/or acquisitions in Hong Kong or investments, joint ventures and/or alliances in Mainland China, pending the identification of any specific opportunity in this regard, none of the proceeds of the Global Offering have been earmarked for such use.

The Company presently intends to use the anticipated net proceeds of between approximately HK\$1,000 million and HK\$1,395 million from the sale of existing DSBG Shares as part of the International Placing for the following purposes:-

- (i) up to HK\$124 million to fund the Special Dividend, to the extent that Shareholders elect for payment of the Special Dividend in cash; and
- (ii) the remainder to provide general working capital for the Non-Banking Group. The Company has not earmarked such proceeds for any specific use.

## **6. Relationship with the Non-Banking Group**

The Banking Group has its own functional departments, including accounting, administration and operations, information technology and human resources departments. Immediately after the Separate Listing, the majority of the directors of DSBG will not hold directorships on the Board. Save for Mr. David Shou-Yeh Wong, Mr. Hon-Hing Wong (Derek Wong), Mr. Gary Pak-Ling Wang and Mr. Robert Tsai-To Sze, the directors of DSBG will not have any management roles or directorships in the Company immediately after the Separate Listing. Immediately after the Separate Listing, the DSBG Board will also include four independent non-executive directors (three of whom will not also be on the Board). Each of DSBG and the Company will have its own audit committee with the authority to review matters relating to financial statements, audit work, internal controls, risk management and compliance. The independent non-executive directors' role will also include participating in decisions on significant transactions or transactions involving a potential conflict of interest. Based on the above, the Banking Group is able to function independently of the Non-Banking Group.

The existing and proposed future transactions between members of the Banking Group and other members of the Group include: (i) leases and a sub-lease agreement between DSB and Vanishing Border and subsidiaries of the Non-Banking Group for the lease and sub-lease of certain premises from DSB and Vanishing Border; (ii) agreements between the Non-Banking Group and the Banking Group relating to the distribution of life assurance and general insurance products through the branch network of the Banking Group; (iii) a computer and administrative services agreement between the Non-Banking Group and the Banking Group in respect of certain support services which will be provided by the Banking Group to the Non-Banking Group; (iv) a trade mark licence agreement between DSBG and the Company for the licence to DSBG of four trade marks; (v) insurance services underwritten by the Non-Banking Group in the name and for the benefit of the Banking Group; and (vi) banking arrangements provided by the Banking Group to companies within the Non-Banking Group. Following the Separate Listing, the subsidiaries of the Banking Group will be non wholly-owned subsidiaries of the Company. No connected person of the Company is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of any members of the Banking Group and therefore the transactions between members of the Banking Group and other members of the Group are exempt from the reporting, announcement and independent Shareholders' approval requirements of Chapter 14A of the Revised Listing Rules under Rule 14A.31(1) of the Revised Listing Rules.

In connection with the Separate Listing, the Company will give certain indemnities to DSBG in relation to certain tax liabilities of the Banking Group. The Company will give indemnities to DSBG, under a deed of indemnity, in connection with tax payable by the Banking Group on profits arising, or events occurring, before the Listing Date. The deed of indemnity provides exclusions from the indemnities for: (i) tax which has been provided for in the audited accounts of the companies comprising the Banking Group for the year ended 31st December 2003 and tax in the ordinary course of business thereafter; (ii) tax retrospectively imposed; (iii) tax arising because of an act of any company in the Banking Group after the Listing Date; and (iv) stamp duty arising from the Reorganisation.

## **7. Non-competition**

As at the Latest Practicable Date, there was no direct competition between the Banking Group and the Non-Banking Group. The Banking Group operates only in banking and related services and has no insurance underwriting business which directly competes with the Non-Banking Group's activities. The Non-Banking Group only engages in insurance business regulated by the appropriate insurance regulators and, save for investment holdings, including the Company's shareholding interest in DSBG, has no banking-related businesses.

Neither the Banking Group nor the Non-Banking Group has entered into any contractual restriction or provided any undertaking that would prevent it from competing with the other party. However, the Directors do not currently intend to engage in any banking business, other than through the Banking Group, that would directly compete with that of the Banking Group.

## **8. Conditions**

Pursuant to the Listing Rules, after the Reorganisation, DSBG will be regarded as a major subsidiary of the Company and the dilution in the Company's equity interest in DSBG as a result of the Separate Listing is considered to be material and will constitute a discloseable transaction under the Listing Rules. The Global Offering and the Separate Listing will be conditional on, among other things, the following:

- (i) the Shareholders passing an ordinary resolution at the EGM to approve the Separate Listing;
- (ii) all relevant consents and approvals required for the implementation of the Separate Listing having been obtained in terms satisfactory to the Company and any conditions to which such consents and approvals are subject and which are required to be satisfied prior to completion having been fulfilled;
- (iii) the Listing Committee granting approval for the listing of, and permission to deal in, all the DSBG Shares in issue and to be issued pursuant to the Global Offering (including the DSBG Shares to be issued upon the exercise of the Over-allotment Option, subject only to allotment) and any DSBG Shares which may be issued pursuant to the exercise of the Options under the Share Option Scheme; and

- (iv) the obligations of the underwriters, under the underwriting agreements to be entered into between DSBG, the Company and the underwriters in respect of the Global Offering becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by or on behalf of the underwriters) and the underwriting agreements not being terminated in accordance with their respective terms, on or before the dates and times to be specified therein.

If these and other applicable conditions are not fulfilled or waived prior to the dates and times to be specified, the Global Offering and the Separate Listing will lapse, the Stock Exchange will be notified immediately and a notice will be published by the Company and/or DSBG as soon as practicable following such lapse.

## **PREFERENTIAL OFFER**

It is proposed that, subject to the Stock Exchange granting listing of, and permission to deal in, the DSBG Shares on the Stock Exchange, 27,300,000 Reserved Shares will be available for subscription by Qualifying Shareholders at the Offer Price under the Preferential Offer. Qualifying Shareholders will be invited to participate in the Separate Listing by applying for the Reserved Shares and will be entitled to subscribe on an assured basis at the Offer Price for an estimated one Reserved Share for every whole multiple of five existing Shares held by them at the Preferential Offer Record Date. However, the final assured entitlement is not yet known as it will depend on the number of Shares held by Qualifying Shareholders on the Preferential Offer Record Date. The Company will publish a press announcement on or after the Preferential Offer Record Date confirming Qualifying Shareholders' entitlement to apply for the Reserved Shares. Any Qualifying Shareholder holding less than five Shares (or such other number of existing Shares as may be the minimum specified by the Company as carrying the entitlement to subscribe for the Reserved Shares) will not be entitled to apply for the Reserved Shares on an assured basis. Qualifying Shareholders may also apply for any excess Reserved Shares. No Reserved Shares will be offered to the directors of DSBG or any of their associates.

A blue application form will be despatched to each Qualifying Shareholder who is entitled to apply for the Reserved Shares. Qualifying Shareholders will be permitted to apply for a number of Reserved Shares which is greater than, less than, or equal to, their assured entitlements under the Preferential Offer. Where a Qualifying Shareholder applies for a number of Reserved Shares which is greater than his or her assured entitlement, his or her assured entitlement will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying Shareholders declining to take up some or all of their assured entitlements. The Joint Bookrunners, on behalf of the underwriters of the International Placing, will allocate any assured entitlements not taken up by Qualifying Shareholders first to satisfy excess applications for Reserved Shares from Qualifying Shareholders on a fair and reasonable basis and thereafter, at the discretion of the Joint Bookrunners, under the International Placing.

Shareholders should note that assured entitlements to Reserved Shares may not represent a multiple of a full board lot of 400 DSBG Shares, and that dealings in odd lots of DSBG Shares may be at a price below their prevailing market price.

For the purpose of alleviating difficulties that may arise as regards Qualifying Shareholders who will be holding odd lots of the DSBG Shares, the Company has appointed HSBC to provide a “matching service” to those Shareholders who wish to top-up or sell their holdings of odd lots of DSBG Shares.

HSBC will provide a service matching the sale and purchase of odd lots of DSBG Shares during the period of one month from the Listing Date. Holders of DSBG Shares in odd lots who wish to take advantage of this facility either to dispose of or top up their odd lots to a board lot of 400 DSBG Shares may directly or through their brokers contact Mr. Thomas Ngai of HSBC at 1 Queen’s Road Central, Hong Kong on telephone number 2996 6992 or fax number 2521 6589 during such period. Shareholders should note that the matching service will be on a “best efforts” basis only and successful matching of the sale and purchase of odd lots of DSBG Shares is not guaranteed and will depend on there being adequate amounts of odd lots of DSBG Shares available for such matching.

Shareholders are recommended to consult their stockbroker, other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser if they are in any doubt about the matching facility described above.

Entitlements to Reserved Shares will not be transferable and there will be no trading in nil paid entitlements on the Stock Exchange. Any DSBG Shares issued pursuant to the Preferential Offer will be deemed fully paid, ranking *pari passu* in all respects with other DSBG Shares then in issue.

It is proposed that the number of DSBG Shares available under the Preferential Offer will represent approximately 15% of the Global Offering and approximately 3% of the total enlarged issued share capital of DSBG (assuming that the Over-allotment Option is not exercised).

## **CLOSURE OF REGISTER**

The Register will be closed from 9:00 a.m. on 11th June 2004 to 4:00 p.m. on 14th June 2004 (inclusive) (or such later date(s) as the Board may determine and announce) for the purpose of determining the entitlement of Qualifying Shareholders to the Preferential Offer. No transfer of Shares may be registered during that period. The last day for dealing in Shares cum-entitlements to the Preferential Offer is expected to be on 8th June 2004. In order to qualify for the Preferential Offer, all transfers must be lodged with the Registrar by no later than 4:00 p.m. on 10th June 2004 (or such later date as the Board may determine and announce).

## FINANCIAL EFFECTS OF THE SEPARATE LISTING

### Consolidated net tangible asset value

The audited consolidated net tangible asset value of the Group as at 31st December 2003 was HK\$6,789 million. The combined audited net tangible asset value of the Banking Group as at 31st December 2003 was HK\$5,680 million. The unaudited combined net tangible asset value of the Non-Banking Group as at 31st December 2003 was HK\$1,109 million.

Following the implementation of the Separate Listing and the Global Offering, it is expected that the consolidated net tangible asset value of the Group will be increased as a result of the issue by DSBG of the new Offer Shares at a price above their attributable underlying consolidated net tangible asset value. The Company's interest in DSBG will initially be reduced from 100% to 80% (assuming that the Over-allotment Option is not exercised) and the contribution from DSBG will be correspondingly reduced.

The following statement of the Group's pro forma consolidated net tangible assets is extracted from the circular to be issued to Shareholders and is based on the audited consolidated net tangible asset value of the Group as at 31st December 2003 as shown in the audited consolidated accounts of the Group for the year ended 31st December 2003, adjusted as described below. The statement of the Group's pro forma consolidated net tangible asset value per Share has been prepared for illustrative purposes only and, because of its nature, it may not reflect the actual consolidated net tangible asset value of the Group as at 31st December 2003 or at any future date.

	<b>Audited consolidated net tangible asset value of the Group (in HK\$ millions)</b>	<b>Increase in the consolidated net tangible asset value of the Group arising from the Global Offering, adjusted for the Special Dividend (in HK\$ millions) (Note 1)</b>	<b>Pro forma consolidated net tangible asset value of the Group (in HK\$ millions)</b>	<b>Pro forma consolidated net tangible asset value per Share (in HK\$) (Note 2)</b>
Based on net proceeds from the Global Offering of HK\$2,222 million	6,789	718	7,507	30.43
Based on net proceeds from the Global Offering of HK\$3,100 million	6,789	1,499	8,288	33.60

*Notes:*

1. The increase in the pro forma consolidated net tangible asset value of the Group arising from the Global Offering is calculated based on the following assumptions:
  - a. The Global Offering was completed on 31st December 2003.
  - b. The calculation does not take into account (i) any DSBG Shares which may fall to be issued upon exercise of the Over-allotment Option or which may be issued or repurchased by DSBG under its issue or repurchase mandates and/or (ii) the operating results of the Group subsequent to 31st December 2003.
  - c. The net tangible asset value of the Group increases by the net proceeds of the Global Offering received by the Company, less the Special Dividend (assuming it is satisfied in cash except for that part of the Special Dividend payable to the holders of the Shares in which Mr. David Shou-Yeh Wong, the Chairman of the Company has a deemed interest, who have notified the Company that they intend to elect to receive the scrip alternative), and adding the net change in the net tangible asset value of DSBG attributable to the Group as a result of the Global Offering.
2. The pro forma consolidated net tangible asset value per Share is based on 246,678,802 Shares in issue as at 31st December 2003.

The increase in the pro forma consolidated net tangible asset value of the Group arising from the Global Offering is calculated based on a preliminary valuation range of the Banking Group for the Global Offering as estimated by the Joint Bookrunners.

## **Earnings**

The effect of the Global Offering and Separate Listing on the future earnings of the Group will depend on, amongst other matters, the return generated from the proceeds raised from the Global Offering as well as the different growth paths for the business operations set out in the paragraph headed “Reasons for and benefits of the Separate Listing” above. The audited consolidated profit of the Group before and after taxation for the year ended 31st December 2002 prepared in accordance with Hong Kong GAAP was approximately HK\$924 million and HK\$856 million, respectively, and the audited consolidated profit of the Group attributable to Shareholders for the year ended 31st December 2002 was approximately HK\$852 million. The audited consolidated profit of the Group before and after taxation for the year ended 31st December 2003 prepared in accordance with Hong Kong GAAP was approximately HK\$1,123 million and HK\$1,001 million, respectively, and the audited consolidated profit of the Group attributable to Shareholders for the year ended 31st December 2003 was approximately HK\$993 million, of which profit of approximately HK\$880 million was contributed by the Banking Group and the balance of approximately HK\$113 million was contributed by the Non-Banking Group.

The following pro forma analysis of the profit of the Group attributable to Shareholders and the earnings per Share is extracted from the circular to be issued to Shareholders and is based on the profit of the Group attributable to Shareholders for the year ended 31st December 2003, as shown in the audited consolidated accounts of the Group for the year ended 31st December 2003, adjusted as described below. The statement of the pro forma profit attributable to Shareholders and earnings per Share has been prepared for illustrative purposes only and, because of its nature, it may not reflect the actual profit of the Group attributable to Shareholders and earnings per Share for the year ended 31st December 2003 or for any future period. The pro forma analysis is prepared on the assumption that the Global Offering was completed at the beginning of the financial year ended 31st December 2003 and does not take into account the following:-

- (i) the contribution to the earnings of the Group from the proceeds generated from the Global Offering; and
- (ii) the profit from the deemed disposal by the Company of its interest in DSBG.

The following table sets out the results of the illustrative pro forma analysis in respect of the financial year ended 31st December 2003:

<b>Profit of the Group attributable to Shareholders</b> (in HK\$ millions)	<b>Adjustment</b> (in HK\$ millions) ( <i>Note 1</i> )	<b>Pro forma profit of the Group attributable to Shareholders</b> (in HK\$ millions)
992.6	(176.0)	816.6
<b>Earnings per Share</b> (in HK\$) ( <i>Note 2</i> )	<b>Adjustment</b> (in HK\$)	<b>Pro forma earnings per Share</b> (in HK\$)
4.02	(0.71)	3.31

*Notes:*

- (1) The adjustment of HK\$176.0 million represents the decrease in the Group's profit by 20% of the profit of the Banking Group of HK\$879.8 million on the assumption that a 20% interest in DSBG was disposed of by the Group at the beginning of the financial year ended 31st December 2003 and an 80% interest in DSBG was held by the Group throughout that financial year, and that no return was generated from the proceeds of the Global Offering.
- (2) The earnings per Share figures are calculated based on 246,678,802 Shares in issue as at 31st December 2003.



## **SHARE OPTION SCHEME**

The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Revised Listing Rules and the adoption of such scheme is subject to the approval of Shareholders at the EGM.

The purpose of the Share Option Scheme is to provide incentive and/or reward to grantees of Options for their contribution to, and continuing efforts to promote the interests of, the Banking Group. On each grant of Options, the DSBG Board will specify the subscription price and any minimum holding period or performance targets which apply to the Options. These criteria will enable the DSBG Board to provide appropriate incentive and/or reward to grantees of the Options.

The Share Option Scheme is conditional upon, inter alia: (i) the passing of an ordinary resolution approving the adoption of the Share Option Scheme by the sole DSBG Shareholder and by the Shareholders in a general meeting; (ii) the obligations of the underwriters under the underwriting agreements in respect of the Global Offering becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the underwriters) and not being terminated in accordance with the terms of the respective underwriting agreements or otherwise; (iii) the Listing Committee granting approval of the listing of, and permission to deal in, (a) the DSBG Shares in issue and to be issued as mentioned in the Prospectus; and (b) any DSBG Shares to be issued pursuant to the exercise of the Options under the Share Option Scheme; and (iv) the commencement of dealings in the DSBG Shares on the Stock Exchange.

## **SPECIAL DIVIDEND**

Subject to, and conditional upon, the Separate Listing becoming unconditional and the Company receiving the proceeds of the sale of certain of its DSBG Shares pursuant to the International Placing, the Board will declare the Special Dividend. Pursuant to the Special Dividend, Shareholders whose names appear on the Register at 4:00 p.m. on the Special Dividend Record Date will be paid in cash or may elect to receive their dividend in the form of new Shares in lieu of cash in respect of part or all of their registered holding of Shares. No form of election will be required if Shareholders choose to receive the Special Dividend in cash. The number of Shares to be allotted to Shareholders who elect to receive the Special Dividend in whole or in part in the form of new Shares in lieu of cash will be calculated by reference to the market value of the Shares (being the average closing price per Share for the five trading days immediately preceding the Special Dividend Record Date) equal to the total amount of the Special Dividend which Shareholders could elect to receive in cash. The Company will publish a press announcement setting out details of the Special Dividend Record Date, the amount of the Special Dividend and the basis of allotment of new Shares in lieu of cash, if applicable, in due course. The Company has been informed that holders of the Shares in which Mr. David Shou-Yeh Wong, the Chairman, has a deemed interest intend to elect to receive the scrip alternative.

An announcement will be made to inform Shareholders of the Listing Date and the dates on which the Register will be closed for the purpose of determining the entitlements of Shareholders to the Special Dividend.

## PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Subsequent to the Companies (Amendment) Ordinance becoming effective on 13th February 2004, the Directors consider that amendments should be made to the Articles of Association to bring them in line with the legislative change.

In addition, the Stock Exchange has revised the Listing Rules based on the results of the Consultation Conclusions on Proposed Amendments to the Listing Rules Relating to Corporate Governance Issues issued in January 2003. In order to comply with the Revised Listing Rules which became effective on 31st March 2004, the Directors consider that changes to the Articles of Association should also be made in line with the changes required under the Revised Listing Rules.

A brief background to the proposed amendments to the Articles of Association is set out as follows:

- (i) **Article 1** To add definitions of “business day” and “transfer” in the Articles of Association in line with the Revised Listing Rules.
- (ii) **Article 9** To stipulate the time limit of Share certificates in accordance with the Companies (Amendment) Ordinance.
- (iii) **Article 65A** To delete the reference to the repealed Securities (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong), and to substitute therefor the reference to the SFO.
- (iv) **Article 78A** To be consistent with the provisions of the Revised Listing Rules, which require that votes cast by or on behalf of Shareholders who are in contravention of the voting restrictions under the Revised Listing Rules shall not be counted.
- (v) **Article 83** To clarify the liability of an alternate Director and his relationship with the Director appointing him in light of the Companies (Amendment) Ordinance.
- (vi) **Article 112** To be consistent with the Revised Listing Rules, which stipulate that the minimum seven-day period for lodgment by a Shareholder of the notice to nominate a Director shall commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting.
- (vii) **Article 119** To reflect that a Director may be removed by an ordinary resolution instead of a special resolution in light of the Companies (Amendment) Ordinance.
- (viii) **Article 121** To be consistent with the Revised Listing Rules so that, subject to certain exceptions, a Director shall abstain from voting at the Board meeting on any matter in which he or any of his associates has a material interest nor shall he be counted towards the quorum of the relevant Board meeting, and to amend the definition of “associate” in line with the Revised Listing Rules.

- (ix) **Article 153** To amend the provision relating to indemnity by the Company on the liability of the Directors or other officers and to permit the purchase and maintenance of certain insurance by the Company for the Directors and other officers in light of the Companies (Amendment) Ordinance.

## **EXTRAORDINARY GENERAL MEETING AND THE ARTICLES EXTRAORDINARY GENERAL MEETING**

The EGM will be convened at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong on 12th June 2004 at 12:00 noon to seek the approval of Shareholders to the Separate Listing and the Share Option Scheme of DSBG.

The Articles EGM will be convened at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong on 21st June 2004 at 12:00 noon to seek the approval of Shareholders to the amendments to the Articles of Association.

## **GENERAL**

HSBC has been appointed sponsor and global co-ordinator and joint bookrunner (together with CLSA) of the Separate Listing and Global Offering. The Board expects that the Prospectus containing, amongst other matters, details of the Preferential Offer (including the basis of allocation) will be despatched to the Qualifying Shareholders in due course.

In connection with the Global Offering, the price of the Offer Shares may be stabilised in accordance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong). Details of any intended stabilisation and how it will be regulated under the SFO will be contained in the Prospectus.

A circular containing, amongst other matters, further information on the Separate Listing, the Preferential Offer, the Share Option Scheme, the Special Dividend and the amendments to the Articles of Association, a notice of the EGM and a notice of the Articles EGM will be despatched to Shareholders as soon as practicable.

**Further announcements will be made to update Shareholders and investors of any significant developments related to the Separate Listing.**

**Shareholders and potential investors should note that the Separate Listing, which is subject to a number of conditions, and to market conditions, may or may not proceed. In particular, there is no assurance that approval from the Stock Exchange will be granted. Accordingly, Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.**

## DEFINITIONS

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

“Articles EGM”	the extraordinary general meeting of the Company to be held at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong on 21st June 2004 at 12:00 noon;
“Articles of Association”	the articles of association of the Company;
“associate(s)”	has the meaning ascribed thereto in the Revised Listing Rules;
“ATM”	automated teller machine;
“Banking Group”	DSBG and its subsidiaries at the time of the Separate Listing;
“Board”	board of Directors of the Company;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“CEPA”	the Closer Economic Partnership Agreement entered into between Hong Kong and Mainland China dated 29th June 2003;
“CLSA”	CLSA Limited, a person licensed to carry out Types 1, 4, 6 and 9 regulated activities as set out in Schedule 5 of the SFO;
“Companies (Amendment) Ordinance”	the Companies (Amendment) Ordinance 2003, which became effective on 13th February 2004;
“Company”	Dah Sing Financial Holdings Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, the shares of which are listed on the Stock Exchange and which is the controlling shareholder of DSBG;
“Directors”	the directors of the Company;
“DSB”	Dah Sing Bank, Limited;
“DSBG”	Dah Sing Banking Group Limited, a public company incorporated in Hong Kong on 11th March 2004 with limited liability, which is currently wholly-owned by the Company and which will become the holding company of DSB and MEVAS;
“DSBG Board”	the board of directors of DSBG;

“DSBG Shares”	shares of HK\$1.00 each in the capital of DSBG;
“DSBG Shareholders”	shareholders of DSBG;
“DSGI”	Dah Sing General Insurance Company Limited;
“DSLAL”	Dah Sing Life Assurance Company Limited;
“EGM”	the extraordinary general meeting of the Company to be held at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong on 12th June 2004 at 12:00 noon;
“Global Offering”	the Public Offer and the International Placing;
“Group”	the Company and its subsidiaries, including the Banking Group;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKMA”	Hong Kong Monetary Authority;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong GAAP”	the accounting principles generally accepted and adopted in Hong Kong;
“HSBC”	The Hongkong and Shanghai Banking Corporation Limited, a deemed registered institution for Types 1, 4, 6, 7 and 9 regulated activities under the SFO and a licensed bank under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong;
“International Placing”	the proposed international placing of new and existing DSBG Shares with (i) institutional, professional and other investors, and (ii) Qualifying Shareholders on an assured basis, in connection with the Separate Listing as described in this announcement and to be further described in the Prospectus;
“Joint Bookrunners”	HSBC and CLSA;
“Latest Practicable Date”	24th May 2004, being the latest practicable date prior to the printing of this announcement for ascertaining certain information contained in it;
“Listing Agreement”	the listing agreement entered into between the Stock Exchange and the Company;
“Listing Committee”	the listing committee of the Stock Exchange;

“Listing Date”	the date on which dealings in DSBG Shares first commence on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange in effect prior to 31st March 2004 which apply to the Company for the purposes of this announcement;
“Mainland China”	the PRC, but for the purposes of this announcement only, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC;
“MEVAS”	MEVAS Bank Limited;
“Non-Banking Group”	the Company and its subsidiaries, excluding the Banking Group;
“Offer Price”	the final Hong Kong dollar price per DSBG Share (exclusive of brokerage, SFC transaction levy, investor compensation levy and Stock Exchange trading fee) at which the DSBG Shares are to be subscribed for and issued by DSBG and sold by the Company pursuant to the Global Offering, to be determined as described in the Prospectus;
“Offer Shares”	the new and existing DSBG Shares proposed to be offered for subscription by DSBG and sale by the Company under the Global Offering;
“Options”	rights to subscribe for DSBG Shares pursuant to the terms of the Share Option Scheme;
“Over-allotment Option”	the option expected to be granted by DSBG and the Company to the underwriters of the International Placing, under the underwriting agreement relating to the International Placing, pursuant to which the Company may be required to sell, and DSBG may be required to allot and issue, up to an aggregate of 27,300,000 DSBG Shares solely to cover over-allocations in the International Placing;
“Overseas Shareholders”	registered holders of Shares whose addresses on the register of members of the Company were outside Hong Kong at the close of business on the Preferential Offer Record Date including those who are within the United States (within the meaning of Regulation S under the United States of America Securities Act 1933);
“PN15”	practice note 15 of the Listing Rules;
“PRC”	the People’s Republic of China;

“Preferential Offer”	the proposed preferential offer to the Qualifying Shareholders for subscription of the Reserved Shares at the Offer Price on and subject to the terms and conditions as described in the Prospectus, the details of which are set out in the paragraph headed “Preferential Offer” in this announcement;
“Preferential Offer Record Date”	the record date for ascertaining entitlements of Qualifying Shareholders for Reserved Shares under the Preferential Offer, being 12th June 2004, or such later date as the Board may determine;
“Prospectus”	the prospectus proposed to be issued by DSBG in relation to the Global Offering;
“Public Offer”	the proposed public offer of new DSBG Shares for subscription by the public in Hong Kong in connection with the Separate Listing as described in this announcement and to be further described and set out in the Prospectus and the related application forms;
“Qualifying Shareholders”	registered holders of Shares, whose names appear on the Register at 4:00 p.m. on the Preferential Offer Record Date, other than Overseas Shareholders and directors of DSBG and their associates;
“Register”	the register of members of the Company;
“Registrar”	the share registrar of the Company, Computershare Hong Kong Investor Services Limited;
“Reorganisation”	the corporate reorganisation which the Group will undergo in preparation for the Separate Listing whereby the Company will, <i>inter alia</i> , transfer of all of its banking interests to DSBG;
“Reserved Shares”	27,300,000 DSBG Shares, subject to reallocation, proposed to be offered pursuant to the Preferential Offer;
“Revised Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange in effect from 31st March 2004;
“Separate Listing”	the proposed separate listing of the DSBG Shares on the main board of the Stock Exchange;
“SFC”	the Securities and Futures Commission of Hong Kong;

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
“Share Option Scheme”	the share option scheme proposed to be conditionally adopted by DSBG;
“Shareholders”	shareholders of the Company;
“Shares”	shares of HK\$2.00 each in the capital of the Company;
“Special Dividend”	the proposed distribution by the Company by way of a cash dividend of HK\$0.80 per Share with a scrip alternative to Shareholders whose names appear on the Register at 4:00 p.m. on the Special Dividend Record Date;
“Special Dividend Record Date”	the record date for ascertaining entitlements of Shareholders for the Special Dividend, being the date falling 14 calendar days after the Listing Date, or such later date as the Board may determine;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vanishing Border”	Vanishing Border Investment Services Limited, a wholly-owned subsidiary of DSB.

By Order of the Board  
**Dah Sing Financial Holdings Limited**  
**Hoi-Lun Soo (Helen Soo)**  
*Company Secretary*

Hong Kong, 25th May 2004



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Dah Sing Financial Holdings Limited (the “**Company**”) will be held at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong on 12th June 2004 at 12:00 noon for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

### ORDINARY RESOLUTIONS

1. **“THAT** the Separate Listing (as defined below), which constitutes a material dilution (for the purposes of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**” and the “**Stock Exchange**” respectively)) of the Company’s interest in Dah Sing Banking Group Limited (“**DSBG**”) and its subsidiaries and a discloseable transaction (for the purposes of the Listing Rules), subject to and conditional upon (among other things): (a) the approval by shareholders of the Company; (b) the listing committee of the Stock Exchange granting approval for the listing of, and permission to deal in, all the shares of DSBG (“**DSBG Shares**”) in issue and to be issued in connection with the Separate Listing and any DSBG Shares which may be issued pursuant to the exercise of options granted under the Share Option Scheme (as defined below); and (c) the obligations of the underwriters under the underwriting agreements in respect of the Separate Listing becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by, or on behalf of, the underwriters) and not being terminated in accordance with the terms of such agreements or otherwise, be and is hereby approved and the board of directors of the Company be and is hereby authorised on behalf of the Company to approve and implement the Separate Listing and all incidental matters and to take all actions in connection therewith or arising therefrom relating to the Separate Listing as they shall think fit.

**“Separate Listing”** means the offer of the DSBG Shares to the public for subscription, the preferential offer of the DSBG Shares to certain qualifying shareholders of the Company and the offer of DSBG Shares to certain professional, institutional and other investors for sale or subscription, as more particularly described in the circular dated 27th May 2004, subject to any variations or changes which are considered by the Company’s directors not to be material.”

2. **“THAT** the share option scheme (the “**Share Option Scheme**”) of DSBG, a subsidiary of the Company, the terms of which are contained in the document marked “A” and produced to the meeting and for the purpose of identification signed by a director of the Company and a summary of which is set out in a circular dated 27th May 2004 contained in the document marked “B” and despatched to the shareholders of the Company of which the notice convening this meeting forms part and produced to the meeting and for the purpose of identification signed by a director of the Company thereof, subject to and conditional upon (amongst other things): (a) the passing of an ordinary resolution approving the adoption of the Share Option Scheme by the shareholders of DSBG and authorising the board of directors of DSBG to grant options and to allot and issue the

DSBG Shares pursuant to any options granted under the Share Option Scheme; (b) the approval of the Share Option Scheme by shareholders of the Company; (c) the listing committee of the Stock Exchange granting approval of the listing of, and permission to deal in: (i) any DSBG Shares in issue and to be issued as will be mentioned in the prospectus of DSBG; and (ii) the DSBG Shares which may fall to be issued pursuant to the exercise of options granted under the Share Option Scheme; (d) the commencement of dealings in the DSBG Shares on the Stock Exchange; and (e) the obligations of the underwriters under the underwriting agreements in respect of the Separate Listing (as defined in Resolution 1 above) becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by, or on behalf of, the underwriters) and not being terminated in accordance with the terms of such agreements or otherwise, be and is hereby approved and the board of directors of the Company be and is hereby authorised to do all such acts and to enter into all such transactions and arrangements as may be necessary or desirable in order to give effect to the Share Option Scheme.”

By Order of the Board  
**Dah Sing Financial Holdings Limited**  
**Hoi-Lun Soo (Helen Soo)**  
*Company Secretary*

Hong Kong, 27th May 2004

***Registered Office:***

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

*Notes:*

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company shall, in respect of such share, be entitled alone to vote in respect thereof.
- (3) A form of proxy for use at the meeting is enclosed with the circular to shareholders of the Company.
- (4) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company, at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or the adjourned meeting as the case may be).

- (5) Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting. If such member attends the meeting, however, his form of proxy will be deemed to have been revoked.
- (6) The circular dated 27th May 2004 referred to in this notice, which contains the summary of the Share Option Scheme, will be separately despatched to the shareholders of the Company.
- (7) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

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## NOTICE OF ARTICLES EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Dah Sing Financial Holdings Limited (the “**Company**”) will be held at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong on 21st June 2004 at 12:00 noon for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as a special resolution of the Company:

### SPECIAL RESOLUTION

1. “**THAT** the Articles of Association of the Company be amended by:
  - (a) amending Article 1 of the Articles of Association by adding the following definitions:

“**“business day”** means any day on which The Stock Exchange of Hong Kong Limited is open for the business of dealing in securities;

“**transfer**” means a transfer duly stamped and otherwise valid in accordance with the Articles, and does not include such transfer as the Company is for any reason entitled to register and does not register.”
  - (b) deleting the existing Article 9 of the Articles of Association and substituting therefor the following new Article 9:

“9. Every member shall be entitled to receive within two months after allotment or ten (10) business days of the lodgment of an instrument of transfer duly stamped (or within such period as the terms of issue shall provide), one certificate for all the shares registered in his name or to several certificates each for one or more of such shares. Every certificate of shares shall specify the number and class of the shares in respect of which it is issued and the amount paid upon thereon. The Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.”
  - (c) deleting the word “bown” in the second line of Article 11 of the Articles of Association and substituting therefor the word “down”.
  - (d) deleting the existing Article 65A of the Articles of Association and substituting therefor the following new Article 65A:

“65A. Without prejudice and in addition to the above, where that member is a recognized clearing house or authorized share depository within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it may authorise such person or persons as it thinks fit to act as its proxy/representative (or proxies/representatives) at any

shareholders' general meeting or any meeting of any class of members provided that, if more than one person is so authorised, the authorisation must specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house (or its nominees) could exercise if it were an individual member of the Company.”

- (e) adding the following after Article 78 of the Articles of Association as a new Article 78A:

“78A. Where any member is, under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement shall not be counted.”

- (f) deleting the existing Article 83 of the Articles of Association and substituting therefor the following new Article 83:

“83. Save as otherwise provided in these Articles, an alternate director shall be deemed for all purposes to be a Director and he shall not be deemed to be the agent of the Director appointing him. The Director appointing the alternate director shall not be vicariously liable for any tort committed by the alternate director while acting in the capacity of an alternate director. The remuneration of any alternate director shall be payable out of the remuneration payable to the Director appointing him, and shall consist of such part (if any) of the last-mentioned remuneration as shall be agreed between the alternate director and the Director appointing him.”

- (g) deleting the existing Article 112 of the Articles of Association and substituting therefor the following new Article 112:

“112. No person other than a Director retiring at a meeting shall, unless recommended by the Directors, be appointed a Director at a general meeting unless a written notice signed by a member qualified to vote is lodged no earlier than the day after the despatch of the notice of the general meeting and not later than 7 days prior to the date of such meeting, which period shall be at least 7 days, with the Company of his intention to propose any person other than a retiring Director for election to the office of Director with notice executed by that person of his willingness to be appointed.”

- (h) deleting the word “special” in Article 119 of the Articles of Association and substituting therefor the word “ordinary”.

- (i) deleting the existing Article 121 of the Articles of Association in its entirety and substituting therefor the following new Article 121:

“121.1 A Director shall not be entitled to vote in respect of any contract or arrangement in which he or any of his Associates is materially interested and shall not be counted in the quorum present at the meeting at which such contract or arrangement is considered.

121.2 The prohibitions in Article 121.1 shall not apply to the following matters, namely:

121.2.1 any contract or arrangement for giving to such Director or any of his Associate(s) any security or indemnity in respect of money lent by him or any of his Associate(s) or obligations undertaken by him or any of his Associates at the request of or for the benefit of the Company;

121.2.2 any contract or arrangement for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company which the Director or any of his Associate(s) has/have assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of a security;

121.2.3 any contract or arrangement concerning an offer of shares, debentures or other securities of or by the Company for subscription or purchase where the Director or any of his Associate(s) is/are or is/are to be interested as a participant in the underwriting or subunderwriting of the offer;

121.2.4 any contract or arrangement concerning another company in which the Director or any of his Associate(s) is/are interested (directly or indirectly) whether as an officer or by virtue of his or any of his Associates' interest in shares or debentures or other securities of such company, provided that he, together with any of his Associates, are not in aggregate beneficially interested in five (5) per cent or more of the issued shares of any class of such company (or of any third company through which his interest or that of his Associates is derived) or of the voting rights;

121.2.5 any proposal concerning the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their Associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director or any of his Associate(s) as such privilege or advantage not accorded to the employees to which such scheme or fund relates;

121.2.6 any arrangement for the benefit of employees of the Company or of any of its subsidiaries under which the Director or any of his Associate(s) benefits in a similar manner as the employees and which does not accord to any Director or any of his Associate(s) as such any privilege or advantage not accorded to the employees to whom such arrangement relates; and

121.2.7 such other exceptions applicable to all listed companies as shall be approved and notified to such companies by The Stock Exchange of Hong Kong Limited from time to time.

For the purpose of this Article, an “Associate” of a Director has the same meaning as in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.”

- (j) deleting the existing Article 153 of the Articles of Association in its entirety and substituting therefor the following new Article 153:

“153.1 Subject to the provisions of the Ordinance, but without prejudice to any indemnity to which a Director may otherwise be entitled, every Director, manager, or officer of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, manager, officer or auditor in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to be done by him as Director, manager, officer or auditor of the Company in which judgment is given in his favour, or in which he is acquitted, or incurred in connection with any application under Section 358 of the Ordinance in which relief is granted to him by the Court.

153.2 The Company may purchase and maintain for any Director, manager, officer or auditor of the Company:

- (a) insurance against any liability to the Company, a related company or any other party in respect of any negligence, default, breach of duty or breach of trust (save for fraud) of which he may be guilty in relation to the Company or a related company; and
- (b) insurance against any liability incurred by him in defending any proceedings, whether civil or criminal, taken against him for any negligence, default, breach of duty or breach of trust (including fraud) of which he may be guilty in relation to the Company or a related company.

For the purpose of this Article, “related company” means any company that is the Company’s subsidiary or holding company or a subsidiary of that holding company.””

By Order of the Board  
**Dah Sing Financial Holdings Limited**  
**Hoi-Lun Soo (Helen Soo)**  
*Company Secretary*

Hong Kong, 27th May 2004

**Registered Office:**  
36th Floor  
Dah Sing Financial Centre  
108 Gloucester Road  
Hong Kong

*Notes:*

- (1) Any member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company.
- (2) Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders is present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company shall, in respect of such share, be entitled alone to vote in respect thereof.
- (3) A form of proxy for use at the meeting is enclosed with the circular to shareholders of the Company.
- (4) To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority, must be deposited at the registered office of the Company, at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or the adjourned meeting as the case may be).
- (5) Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting. If such member attends the meeting, however, his form of proxy will be deemed to have been revoked.
- (6) The circular dated 27th May 2004 referred to in this notice, which contains the summary of the amendments to the Articles of Association of the Company, will be separately despatched to the shareholders of the Company.
- (7) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.

Please also refer to the published version of this announcement in South China Morning Post.