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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action you should take, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all of your shares in Dah Sing Financial Holdings Limited, you should at once hand this circular and the accompanying forms of proxy to the purchaser or to the bank or stockbroker or other agent through whom the sale was effected for transmission to the purchaser.



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

(Stock Code: 0440)

**PROPOSALS RELATING TO  
THE ADOPTION OF NEW SHARE OPTION SCHEME AND  
TERMINATION OF EXISTING SHARE OPTION SCHEME  
AND  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening an annual general meeting of Dah Sing Financial Holdings Limited to be held at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong at 3:45 p.m. on 28th April 2005 is set out on pages 22 to 26 of this circular. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the registered office of Dah Sing Financial Holdings Limited at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the relevant annual general meeting or any adjournments thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the relevant annual general meeting or any adjournments thereof should you so desire.

4th April 2005

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## DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be held at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong on 28th April 2005 at 3:45 p.m., notice of which is set out on pages 22 to 26 of this circular;
“Articles of Association”	the articles of association of the Company;
“Board”	board of Directors of the Company;
“Business Day”	a day that is not a Saturday, Sunday or public holiday in Hong Kong;
“Chairman”	the chairman of the Company;
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
“Company”	Dah Sing Financial Holdings Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the shares of which are listed on the main board of the Stock Exchange;
“Directors”	the directors of the Company;
“Eligible Persons”	any director of, manager of, or other employee holding an executive, managerial or supervisory position in, the Group as the Board may in its sole discretion determine to be eligible to be made an offer;
“Existing options”	rights to subscribe for Shares pursuant to the terms of the Existing Share Option Scheme;
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted by Shareholders at general meeting on 17th May 1995;

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## DEFINITIONS

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“General Scheme Limit”	the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and any other share option scheme of the Group and which must not in aggregate exceed 5 per cent of the Shares in issue as at the date of the passing of the relevant ordinary resolution to adopt the New Share Option Scheme;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Latest Practicable Date”	31st March 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in it;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the share option scheme proposed to be adopted by the Company at the AGM, the principal terms of which are summarised in Appendix A to this circular;
“Options”	rights to subscribe for Shares pursuant to the terms of the New Share Option Scheme;
“Shareholders”	shareholders of the Company;
“Shares”	shares of HK\$2 each in the capital of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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## LETTER FROM THE BOARD

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

(Stock Code: 0440)

*Directors:*

David Shou-Yeh Wong (*Chairman*)  
Chung-Kai Chow O.B.E. J.P. (*Vice Chairman*)  
Kunio Suzuki  
Peter G. Birch C.B.E.\*  
Robert Tsai-To Sze\*  
Tai-Lun Sun (Dennis Sun) B.B.S. J.P.\*  
Kwok-Hung Yue (Justin Yue)\*  
Sohei Sasaki  
Kosuke Furukawa  
John Wai-Wai Chow  
Yiu-Ming Ng  
Hon-Hing Wong (Derek Wong)  
Roderick S. Anderson  
Gary Pak-Ling Wang  
Nicholas J. Mayhew  
Toshifumi Kato (alternate to Kunio Suzuki)

\* *Independent non-executive Director*

*Registered office:*

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

4th April 2005

*To Shareholders*

Dear Sir or Madam,

**PROPOSALS RELATING TO  
THE ADOPTION OF NEW SHARE OPTION SCHEME AND  
TERMINATION OF EXISTING SHARE OPTION SCHEME  
AND  
GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide Shareholders with information reasonably necessary to enable them to make an informed decision in respect of the resolutions to be proposed at the

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## LETTER FROM THE BOARD

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AGM relating to, inter alia, (i) the proposed adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme and (ii) the proposed general mandates to issue and repurchase shares in the capital of the Company.

### 2. THE NEW SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 17th May 1995, whereby the Board may at any time within 10 years commencing from 17th May 1995 grant options to the eligible participants under the Existing Share Option Scheme as the Board may at its absolute discretion determine. As the Existing Share Option Scheme will expire on 16th May 2005, an ordinary resolution will be proposed at the AGM for the Company to terminate the Existing Share Option Scheme and to approve the adoption of the New Share Option Scheme pursuant to which Eligible Persons may be granted Options to subscribe for Shares upon and subject to the terms and conditions of the New Share Option Scheme.

A summary of the principal terms of the New Share Option Scheme which is proposed to be approved and adopted by the Company at the AGM is set out in the Appendix A to this circular. A copy of the New Share Option Scheme is available for inspection at the registered office of the Company at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong during normal business hours from the date hereof up to and including 28th April 2005.

The total number of Shares which may be issued upon exercise of all Existing options to be granted to eligible participants under the Existing Share Option Scheme must not in aggregate exceed 5% of the Shares in issue from time to time. As at the Latest Practicable Date, the issued share capital of the Company is 248,609,258 Shares of HK\$2 each. Under the Existing Share Option Scheme, the Company can grant Existing options to subscribe up to 12,430,462 Shares to the eligible participants, representing 5% of the issued share capital of the Company. As at the Latest Practicable Date, the Directors have granted 85 Existing options for subscription of 8,050,000 Shares under the Existing Share Option Scheme, of which one Existing option for subscription of 150,000 Shares has lapsed and 54 Existing options comprising an aggregate of 5,450,000 Shares have been exercised, leaving 30 options for subscription of 2,450,000 Shares still outstanding. The number of Shares which can be subscribed for under each Option is determined by the Board on the granting of each Option.

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## LETTER FROM THE BOARD

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The New Share Option Scheme is conditional upon:

- (i) the passing of an ordinary resolution at the AGM approving the adoption of the New Share Option Scheme and the termination of the Existing Share Option Scheme; and
- (ii) the Listing Committee granting the listing of, and permission to deal in any new Shares which may fall to be allotted and issued upon the exercise of the Options that may be granted under the New Share Option Scheme.

The Existing Share Option Scheme will be terminated on the date when the New Share Option Scheme comes into effect upon the fulfillment of the conditions set out above. Upon termination of the Existing Share Option Scheme, no further options will be granted thereunder but in all other respects, the provisions of the Existing Share Option Scheme shall remain in force and all Existing options which have been granted prior to such termination shall continue to be valid and exercisable in accordance therewith. As at the Latest Practicable Date, 30 Existing options for subscription of 2,450,000 Shares, which were granted by the Company under the Existing Share Option Scheme, remain outstanding. At present and up to the date when the New Share Option Scheme comes into effect and the Existing Share Option Scheme terminates, the Company has no intention to grant further options under the Existing Share Option Scheme.

Except for the Existing Share Option Scheme, the Group has not adopted any scheme which will enable the directors of the Group to grant options for subscription of shares in the Company.

Assuming that there is no change in the issued share capital of the Company between the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, taking into account the 30 Options for subscription of 2,450,000 Shares granted which remain outstanding (to the extent they have not been exercised, cancelled or lapsed) under the terms and conditions of the Existing Share Option Scheme, Options for subscription of 9,980,462 Shares (being 5% of the issued share capital at the date of this circular, 12,430,462 Shares, less the outstanding Options for subscription of 2,450,000 Shares) may be issued to the Eligible Persons under the General Scheme Limit pursuant to the New Share Option Scheme should the New Share Option Scheme be adopted. Shares which may fall to be issued upon exercise of all outstanding Options granted and yet to be granted under the New Share Option Scheme and any other share option scheme(s) of the Group at any time may not exceed 5% of the Shares in issue from time to time. No option shall be granted under any scheme(s) of the Group if this would result in the 5% limit being exceeded.

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## LETTER FROM THE BOARD

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**(a) VALUE OF THE OPTIONS**

The Directors consider that it is not appropriate to state the value of all the Options that can be granted under the New Share Option Scheme as if they had been granted at the Latest Practicable Date prior to the approval of the New Share Option Scheme given that the variables which are crucial for the calculation of the value of such Option cannot be determined. The variables which are critical for the determination of the value of such Options include the subscription price for the Shares upon the exercise of the Options, whether or not Options will be granted under the New Share Option Scheme and the timing of the granting of such Options, the period during which the subscription rights may be exercised, the discretion of the Board to impose any performance target that has to be achieved before the subscription right attaching to the Options can be exercised and any other conditions that the Board may impose on the Options and whether or not such Options if granted will be exercised by the Option holders. Accordingly, the Directors are of the view that the value of the Options depends on a number of variables which are either difficult to ascertain or can only be ascertained subject to a number of theoretical and speculative assumptions. Accordingly, the Directors believe that any calculation of the value of the Options will not be meaningful and may be misleading to Shareholders in the circumstances.

**(b) APPLICATION FOR LISTING**

Application will be made to the Listing Committee for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any Options that may be granted under the New Share Option Scheme.

**(c) REASONS FOR TERMINATING THE EXISTING SHARE OPTION SCHEME AND ADOPTING THE NEW SHARE OPTION SCHEME**

The Existing Share Option Scheme will expire on 16th May 2005 and in view of the impending expiry and in compliance with the Listing Rules, the Board considers that it is in the best interests of the Company to adopt the New Share Option Scheme. The terms of the New Share Option Scheme are not materially different to those of the Existing Share Option Scheme.

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## **LETTER FROM THE BOARD**

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The purpose of the New Share Option Scheme is to provide an incentive and/or reward to grantees of Options for their contribution to, and continuing efforts to promote the interests of, the Group. On each grant of Options, the Board, or any committee established for the purpose in conformity with the Listing Rules as amended from time to time, will specify the subscription price and any minimum holding period or performance targets which apply to the Options. These criteria will enable the Board to provide an appropriate incentive and/or reward to grantees of the Options.

Pursuant to Rule 17.02(1)(a) of the Listing Rules, an announcement on the outcome of the Annual General Meeting for the adoption of the New Share Option Scheme will be published by the Company in the newspapers on the Business Day following the AGM.

### **3. GENERAL MANDATE TO ISSUE SHARES IN THE CAPITAL OF THE COMPANY**

Approval is being sought from shareholders of the Company at the AGM by way of an ordinary resolution for a general mandate to allot and issue shares in the capital of the Company, under section 57B of the Companies Ordinance and pursuant to the Listing Rules, in order to ensure flexibility and discretion to the directors of the Company in the event it becomes desirable to issue any shares of the Company, representing up to 20 per cent of the aggregate nominal amount of share capital of the Company in issue as at the date of the passing of the resolution in relation to such general mandate, during the course of the period up to the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held or the revocation or variation of the authority by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first. The Board wishes to state that it has no present intention to issue shares in the Company pursuant to such mandate.

### **4. GENERAL MANDATE TO REPURCHASE SHARES**

The Directors propose to seek your approval at the AGM by way of an ordinary resolution for the general mandate to repurchase, on the Stock Exchange, the issued and fully paid shares. Under such mandate, the number of Shares that the Company may repurchase shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of the resolution and shall cover purchases, made during the course of the period up to the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held or the revocation or variation of the authority by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first. An explanatory statement as required under the Listing Rules giving further information about such mandate is set out in Appendix B hereto.



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## LETTER FROM THE BOARD

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### 5. ADDITION TO GENERAL MANDATE

Conditional upon the resolutions in relation to the general mandate to issue Shares and the general mandate to repurchase Shares being duly passed, approval is being sought from the members by way of a separate ordinary resolution to extend the general mandate to issue shares by the addition to the aggregate nominal amount of the share capital which may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the repurchase mandate provided that such an amount shall not exceed 10 per cent of the aggregate nominal value of the issued share capital of the Company as at the date of the passing of the relevant resolution.

### 6. ELECTION OF DIRECTORS

At the AGM to be held on 28th April 2005,

- a) Mr. Peter Gibbs Birch, Dr. Tai-Lun Sun (Dennis Sun) and Mr. Gary Pak-Ling Wang retire by rotation and, being eligible, offer themselves for re-election in accordance with Article 110 of the Company's Articles of Association; and
- b) Mr. Nicholas John Mayhew, Mr. Sohei Sasaki and Mr. Kosuke Furukawa, who were appointed Directors of the Company during the relevant period between the conclusion of last annual general meeting of the Company up to the Latest Practicable Date of this circular, will retire under Article 114 of the Company's Articles of Association and, being eligible, offer themselves for re-election.

Particulars of Mr. Peter Gibbs Birch, Dr. Tai-Lun Sun (Dennis Sun), Mr. Gary Pak-Ling Wang, Mr. Nicholas John Mayhew, Mr. Sohei Sasaki and Mr. Kosuke Furukawa to be elected or re-elected at the AGM are set out in the "Directors' and Senior Management's Profile" section of the Annual Report for 2004. Please refer accordingly.

### 7. CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company is closed from Friday, 22nd April 2005 to Thursday, 28th April 2005, both days inclusive, in order to determine entitlements to the proposed final dividend for the year ended 31st December 2004. To qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged for registration with the Company's registrars, Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday 21st April 2005. Notice of the foregoing was given in the Company's final results announcement published in South China Morning Post and Hong Kong Economic Times on Wednesday, 16th March 2005.

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## **LETTER FROM THE BOARD**

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### **8. FORM OF PROXY**

A form of proxy for use at the AGM is enclosed. Whether or not you intend to be present at the Meeting, you are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the holding of the Meeting.

### **9. PROCEDURES BY WHICH A POLL MAY BE DEMANDED**

Pursuant to article 60 of the Articles of Association, a resolution put to the vote at the general meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by (i) the Chairman; or (ii) not less than five members present in person or by proxy and having the right to vote at the meeting; or (iii) a member or members present in person or by proxy representing not less than one-tenth of the total voting rights of all the members having the rights to vote at the meeting; or (iv) a member or members present in person or by proxy holding shares of the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

### **10. RESPONSIBILITY STATEMENT**

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

### **11. RECOMMENDATION**

The Directors believe that proposals referred to above are in the best interests of the Company and the Shareholders. Accordingly the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of all of these resolutions to be proposed at the AGM.

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## LETTER FROM THE BOARD

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### 12. GENERAL INFORMATION

Your attention is drawn to the additional information set out in Appendix A (The principal terms of the New Share Option Scheme) and Appendix B (the explanatory statement in respect of the general mandate to repurchase Shares) to this circular.

Yours faithfully,  
**David Shou-Yeh Wong**  
*Chairman*

**NEW SHARE OPTION SCHEME**

The following is a summary of the principal terms of the New Share Option Scheme which does not form, nor is intended to be, part of the New Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the New Share Option Scheme.

For the purposes of this section, unless the context otherwise requires or specifies, the following terms have the meanings set out below:

“associate(s)” has the meaning ascribed thereto in the Listing Rules;

“Grantee(s)” persons who are offered or granted Options pursuant to the New Share Option Scheme; and

“Option(s)” options that may be granted pursuant to the New Share Option Scheme.

**(a) Purpose of the New Share Option Scheme**

The purpose of the New Share Option Scheme is to provide an incentive and/or reward to Grantees for their contribution to, and continuing efforts to promote the interests of, the Group.

**(b) Who may join**

Any director of, manager of, or other employee holding an executive, managerial or supervisory position in, the Group as the Board may in its sole discretion determine to be eligible to be made an offer, is eligible to participate in the New Share Option Scheme.

**(c) Maximum number of Shares**

The total number of Shares which may be issued upon the exercise of all options granted and yet to be exercised under the New Share Option Scheme or any other share option scheme adopted by the Company must not exceed 5% of Shares in issue from time to time (as to the date of this circular such 5% being 12,430,462). The maximum number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme or any other share option scheme adopted by the Company must not in aggregate exceed 5% of the Shares in issue as at the date of approval of the New Share Option Scheme, such 5% being 12,430,462. Options which have lapsed shall not be counted in calculating the 5% limit. However, the Company may renew this 5% limit with Shareholders' approval provided that each such renewal may not exceed 5% of the Shares in issue as at the date of the Shareholders' approval of the limit. The Company shall also send a circular to Shareholders setting out such information as required under the Listing Rules.

**(d) Maximum number of Shares per Grantee**

- (i) Subject to paragraphs (d)(iii) and (d)(iv), the total number of Shares issued and to be issued upon the exercise of the Options granted to each Grantee (including both exercised and unexercised Options) under the New Share Option Scheme or any other share option scheme adopted by the Company in any 12-month period must not exceed 1% of the Shares in issue.
- (ii) Notwithstanding paragraph (d)(i) above, any further grant of Options to a Grantee in excess of the 1% limit shall be subject to Shareholders' approval with such Grantee and his associates abstaining from voting. The number of Shares subject to the Options to be granted and the terms of the Options to be granted to such Grantee must be fixed before seeking Shareholders' approval and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price. In such a case, the Company must send a circular to Shareholders containing the information required under the Listing Rules.
- (iii) In addition to paragraphs (d)(i) and (d)(ii), any grant of Options to a Grantee who is a director, chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the Grantee).
- (iv) Where the Board proposes to grant any Option to a Grantee who is a substantial shareholder or an independent non-executive director of the Company or any of their respective associates and such Option which, if exercised in full, would result in such Grantee becoming entitled to subscribe for such number of Shares, when aggregated with the total number of Shares already issued, and issuable, to him pursuant to all the Options granted and to be granted (including Options exercised, cancelled and outstanding) to him in the 12-month period up to and including the proposed offer date of such grant (the "Relevant Date"):
  - (aa) representing in aggregate more than 0.1% of the relevant class of securities of the Company in issue at the Relevant Date; and
  - (bb) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Relevant Date and if the Relevant Date is not a trading day, the trading day immediately preceding the Relevant Date, in excess of HK\$5,000,000,

such proposed grant of Options must be approved by Shareholders in general meeting and the Grantee concerned and all other connected persons (as defined in the Listing Rules) of the Company shall abstain from voting in favour of the resolution at the general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. The Company shall send a circular to the Shareholders setting out such information as required under the Listing Rules.

**(e) Exercise of Options**

- (i) The period within which the Options must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the date on which the offer in relation to the Option is deemed to have been accepted, subject to the provisions of the New Share Option Scheme relating to early termination as summarized below.
- (ii) Subject to paragraphs (e)(iii) and (1)(v) below, where the holder of an outstanding Option ceases to be an Eligible Person under the New Share Option Scheme for any reason, the Option shall lapse on the date of cessation and shall not be exercisable unless the Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of such cessation shall be his last actual working day at his work place with the Group whether salary is paid in lieu of notice or not.
- (iii) Where the Grantee of an outstanding Option dies before exercising the Option in full or at all, the Option may be exercised up to the entitlement of such Grantee or, if appropriate, an election made pursuant to paragraphs (e)(iv), (v) or (vi) below by his personal representatives within 12 months of the date of death or such longer period as the Board may determine.
- (iv) If a general offer by way of a take-over is made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the Company shall give notice thereof to the Grantee and the Grantee (or his personal representatives) may by notice in writing to the Company within 30 days after such offer becoming or being declared unconditional exercise the Option to its full extent or to the extent specified in such notice.

- (v) If a general offer by way of a scheme of arrangement is made to all Shareholders and the scheme has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall give notice thereof to the Grantee and the Grantee (or his personal representatives) may thereafter (but before such time as shall be notified by the Company) by notice in writing to the Company exercise the Option to its full extent or to the extent specified in such notice.
- (vi) In the event that a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or his personal representatives) shall be entitled to exercise all or any of his Options at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than three Business Days immediately prior to the date of the proposed general meeting referred to above, issue and allot the relevant Shares to the Grantee credited as fully paid.

**(f) Minimum holding period**

At the time of the grant of the Options, the Company may specify a minimum period for which an Option must be held before it can be exercised.

**(g) Performance targets**

At the time of the grant of the Options, the Company may specify performance targets which must be achieved before the Options can be exercised.

**(h) Option price**

The amount payable on acceptance of an Option is HK\$1.00.

**(i) Subscription price**

The subscription price for Shares the subject of the Options shall be no less than the higher of:

- (i) the closing price of Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant;
- (ii) the average closing price of Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

The Board will specify the subscription price at the time the Option is offered to the Grantee.

**(j) Rights on a liquidation**

The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the constitutional documents of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue as at the date of allotment and will entitle the holders to participate in all dividends or other distributions declared or recommended or resolved to be paid or made in respect of a record date falling on or after the date of allotment.

**(k) Period of New Share Option Scheme**

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the adoption of the New Share Option Scheme.

**(l) Lapse of Options**

An Option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:

- (i) the expiry of the Option period;
- (ii) the expiry of any of the periods referred to in paragraphs (e)(ii), (iii) or (iv) above;
- (iii) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph (e)(v) above;



- (iv) subject to paragraph (e)(vi) above, the date of the commencement of the winding-up of the Company;
- (v) the date on which the Grantee ceases to be an Eligible Person by reason of summary dismissal for misconduct or other breach of the terms of his employment or other contract constituting him an Eligible Person, or the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his creditors generally or on which he has been convicted of any criminal offence involving his or her integrity or honesty. A resolution of the Board to the effect that the employment or other relevant contract of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph (l)(v) shall be conclusive; or
- (vi) the date on which the Grantee transfers or encumbers any interest in his Option.

**(m) Adjustments in the capital structure of the Company**

In the event of a capitalisation issue, rights issue, subdivision, consolidation or reduction of the share capital of the Company, the number of Shares to be issued on exercise of the Options and/or the subscription price shall be adjusted accordingly; provided that no such adjustment shall be made in respect of an issue of securities by the Company as consideration in a transaction, any such adjustments must be made so that each Grantee is given the same proportion of the equity capital of the Company as that to which he was previously entitled and no such adjustments shall be made which would result in the subscription price for a Share being less than its nominal value (provided that in such circumstances the subscription price shall be reduced to the nominal value). In respect of any such adjustment, other than any made on a capitalisation issue, an independent financial adviser or the Company's auditors must confirm to the Board in writing that the adjustments satisfy the above requirements.

**(n) Cancellation of Options granted**

Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Grantee provided such Options fall within the limits specified in paragraph (c) above and are otherwise granted in accordance with the terms of the New Share Option Scheme or any new scheme adopted by the Company.

**(o) Ranking of Shares**

The Shares issued on exercise of the Options will be identical to the then existing issued ordinary shares of the Company.

**(p) Termination of New Share Option Scheme**

The Company, by resolution of Shareholders or the Board, may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered or granted. Any unexercised Options shall continue to be exercisable in accordance with their terms of issue after the termination of the New Share Option Scheme.

**(q) Transfers of Options**

Options may not be transferred or assigned and are personal to the Grantee.

**(r) Alterations to the New Share Option Scheme**

Those specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules, or any change to the authority of the Directors in relation to any alteration of the terms, cannot be altered to the advantage of Grantees without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme or the Options must still comply with Chapter 17 of the Listing Rules.

**(s) Redemption of Options**

The Board may at its sole discretion elect to cancel any Option and pay to the Grantee the aggregate of:

- (i) the subscription price received by the Company from the Grantee with the notice of exercise of the Option, if the Option has been exercised; and
- (ii) if the average closing price of the Shares (as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the cancellation) exceeds the subscription price, an amount equal to such excess multiplied by the number of Shares which would be or would have been issued upon exercise of the Option.

Any payment made by the Company pursuant to paragraph (ii) above shall be charged to its profit and loss account.

**(t) Shareholders' approval**

Where the provisions of the New Share Option Scheme require the New Share Option Scheme or any related matters to be approved by Shareholders and/or the independent non-executive directors of the Company, the New Share Option Scheme or such related matters must be simultaneously approved by the Shareholders and/or independent non-executive Directors.

**(u) Present status of the New Share Option Scheme**

The New Share Option Scheme is conditional on:

- (i) the passing of an ordinary resolution approving the adoption of the New Share Option Scheme by Shareholders and authorising the Board to grant options and to allot and issue Shares pursuant to any Options granted under the New Share Option Scheme;
- (ii) the Listing Committee granting approval of the listing of, and permission to deal in Shares which may fall to be issued pursuant to the exercise of Options.

If all of the above conditions are not satisfied on or before the date falling two months after the date of the adoption date of the New Share Option Scheme, the New Share Option Scheme shall forthwith terminate and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the New Share Option Scheme.

As at the Latest Practicable Date, no Option has been granted or agreed to be granted by the Company under the New Share Option Scheme.

This is an explanatory statement and memorandum of the terms of the proposed repurchases given to all the Shareholders relating to a resolution to approve the exercise by the Directors of the powers of the Company to repurchase its own Shares (“Repurchase Mandate”) to be proposed at the AGM of the Company to be held on 28th April 2005.

This explanatory statement contains the information required pursuant to Rule 10.06(1)(b) of the Listing Rules. Its purpose is to provide Shareholders with all the information reasonably necessary to enable them to make an informed decision as to whether or not to vote in favour of the resolution approving the Repurchase Mandate and it also forms the memorandum of the terms of the proposed repurchases given under section 49BA(3)(b) of the Companies Ordinance (Cap. 32).

**(i) Exercise of the Repurchase Mandate**

Exercise in full of the Repurchase Mandate, on the basis of 248,609,258 Shares in issue as at 31st March 2005 (being the latest practicable date prior to the printing of this circular) and assuming no issue and repurchase of Shares before the AGM, could accordingly result in up to 24,860,925 Shares being repurchased by the Company during the course of the period up to the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held or the revocation or variation of the authority by an ordinary resolution of the Shareholders in general meeting of the Company, whichever occurs first.

**(ii) Reasons for Repurchases**

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from Shareholders to enable the Directors to repurchase Shares on the market. Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the value of the net assets and/or earnings per Share.

**(iii) Funding of Repurchases**

Repurchases must be funded out of funds legally available for the purpose in accordance with Hong Kong law and the Company’s Memorandum and Articles of Association, being profits available for distribution and the proceeds of a new issue of shares made for the purpose of the repurchase and it is envisaged that the funds required for any repurchase would be derived from such sources.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements as at 31st December 2004) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**(iv) Share Prices**

The highest and lowest prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months from 1st April 2004 to 31st March 2005 being the latest practicable date prior to printing of this explanatory statement are as follows:—

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
April 2004	60.00	52.50
May 2004	56.25	45.80
June 2004	52.00	45.30
July 2004	49.40	45.90
August 2004	59.00	47.50
September 2004	59.25	54.25
October 2004	58.25	55.00
November 2004	64.00	55.00
December 2004	63.00	57.00
January 2005	61.00	54.75
February 2005	59.50	55.00
March 2005	59.50	49.60

**(v) General**

None of the Directors and, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules) has any present intention, if the Repurchase Mandate is exercised, to sell any Shares to the Company or its subsidiaries.

No connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchases of Shares.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the laws of Hong Kong.

If as a result of a repurchase of Shares a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers ("Takeover Code"). Under this circumstance, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code. The Directors are not aware of any Shareholder or group of Shareholders acting in concert who will become obliged to make a mandatory offer under the Takeover Code as a result of a repurchase pursuant to the Repurchase Mandate, except that Mr. David Shou-Yeh Wong ("Mr. Wong") may be required to make a general offer if as a result of repurchases the percentage interest of Mr. Wong in the Company over a 12-month period is increased by more than two per cent. As at 31st March 2005 (being the latest practicable date prior to printing of this explanatory statement), Mr. Wong is beneficially interested in 96,549,450 shares, representing 38.84% in the entire share capital of the Company; if the Repurchase Mandate is exercised in full, the percentage interest of Mr. Wong in the Company will be increased by 4.31% to 43.15%.

The Directors confirmed that they have no present intention to repurchase any Shares under the Repurchase Mandate to such an extent which will result in an obligation to make a mandatory offer under Rule 26 of the Takeover Code, if the Repurchase Mandate is approved by Shareholders at the AGM.

There have been no repurchases of Shares by the Company in the previous six months (whether on the Stock Exchange or otherwise).

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## NOTICE OF ANNUAL GENERAL MEETING

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

(Stock Code: 0440)

**NOTICE IS HEREBY GIVEN** that the Eighteenth Annual 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 28th April 2005 at 3:45 p.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions as ordinary resolutions of the Company:

**As ordinary businesses:**

1. To receive and consider the audited financial statements together with the Reports of the Directors and Auditors for the year ended 31st December 2004.
2. To declare a final dividend.
3. To elect Directors.
4. To fix the fees of the Directors.
5. To appoint PricewaterhouseCoopers as auditors and to authorise the Directors to fix their remuneration.

**As special businesses:**

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

6. **“THAT**
  - (a) subject to and conditional upon: (i) the passing of this resolution approving the adoption of the share option scheme (the “**New Share Option Scheme**”) 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 4th April 2005 and despatched to the shareholders of the Company of which the notice convening this meeting forms part, and authorising the board of directors of the Company to grant options and to allot and issue the Shares pursuant to any options granted under the New Share Option Scheme; and (ii) the listing

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## NOTICE OF ANNUAL GENERAL MEETING

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committee of the Stock Exchange granting approval of the listing of, and permission to deal in Shares which may fall to be issued pursuant to the exercise of options granted under the New Share Option Scheme (the “**Conditions**”) the New Share Option Scheme be and is hereby approved and the board of directors of the Company be and is hereby authorized 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 New Share Option Scheme; and

- (b) the existing share option scheme (the “**Existing Share Option Scheme**”) of the Group which was adopted by the Company on 17th May 1995 and is hereby terminated on the same date as the New Share Option Scheme comes into effect upon approval of the New Share Option Scheme in accordance with (a) above and fulfillment of the Conditions, provided that any options granted under the Existing Share Option Scheme prior to the passing of this resolution shall not in any way, be affected or prejudiced and all such options shall continue to be valid and exercisable in accordance with the Existing Share Option Scheme.

7. “**THAT:**—

- (a) subject to the following provisions of this resolution and pursuant to section 57B of the Companies Ordinance, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options, which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Directors of the Company pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to a Rights Issue (as hereinafter defined) or pursuant to any existing specific authority shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the said approval shall be limited accordingly; and



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## NOTICE OF ANNUAL GENERAL MEETING

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(d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:—

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to the holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

8. **“THAT:—**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares in the capital of the Company (“Shares”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other applicable stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the securities of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) of this resolution shall not exceed 10 per cent of the Shares of the Company in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

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## NOTICE OF ANNUAL GENERAL MEETING

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(c) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:—

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held; and
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

9. “**THAT** conditional upon resolutions numbered 7 and 8 set out in this notice of annual general meeting being duly passed, the general mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and deal with additional shares in the capital of the Company pursuant to resolution numbered 7 set out in this notice of annual general meeting be and is hereby extended by the addition to the aggregate nominal amount of the share capital which may be allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with by the Directors of the Company pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to resolution numbered 8 set out in this notice of annual general meeting, provided that such an amount shall not exceed 10 per cent of the aggregate nominal value of the issued share capital of the Company as at the date of the passing of this resolution.”

By Order of the Board

**H L Soo**

*Company Secretary*

Hong Kong, 4th April 2005

***Registered office:***

36th Floor, Dah Sing Financial Centre

108 Gloucester Road

Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

- (a) A member entitled to attend and vote at the Meeting is entitled to appoint one or, under particular case, more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (b) Where there are joint registered holders of any share, any one of such persons may vote at the AGM, either personally or by proxy, in respect of such share as if here were solely entitled thereto, but if more than one of such joint holders is present at the AGM 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.
- (c) A form of proxy for use at the AGM is enclosed.
- (d) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed must be lodged at the registered office of the Company, 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).
- (e) Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Meeting, if he so wishes. If such member attends the Meeting, his form of proxy will be deemed to have been revoked.
- (f) The translation into Chinese language of this notice is for reference only. In case of any inconsistency, the English version shall prevail.