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大新金融集團有限公司 DahSingFinancialHoldingsLimited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 440)

Directors:

David Shou-Yeh Wong Chairman
Chung-Kai Chow O.B.E. J.P. Vice Chairman
Kunio Suzuki
John Wai-Wai Chow
John W. Simpson*
David R. Hinde*
Peter G. Birch C.B.E.*
Robert Tsai-To Sze*
Tai-Lun Sun (Dennis Sun) B.B.S. J.P.*
Ryosuke Tamakoshi
Toru Mitarai
Yiu-Ming Ng
Andrew Kwan-Yuen Leung*
Justin Kwok-Hung Yue*
Hon-Hing Wong
Roderick S. Anderson
Gary Pak-Ling Wang
Kazuaki Konishi (alternate to Kunio Suzuki)
Takeshi Ogasawara (alternate to Ryosuke Tamakoshi)
Yoshiki Kaneko (alternate to Toru Mitarai)

* Independent non-executive Director

Registered Office:

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

31st March 2004

To the shareholders

Dear Sir or Madam,

PROPOSAL RELATING TO GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES

Introduction

This circular gives you details of general mandates to issue and repurchase shares in Dah Sing Financial Holdings Limited (the “Company”) the resolutions for the approval of which are to be proposed at the annual general meeting (“Annual General Meeting”) of the Company to be held on 28th April 2004.

General Mandate to Issue Shares in the Capital of the Company

Approval is being sought from members 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“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 of directors of the Company (the “Directors”) wishes to state that it has no present intention to issue shares in the Company pursuant to such mandate.

General Mandate to Repurchase Shares

The Directors propose to seek your approval by way of an ordinary resolution of the general mandate to repurchase not exceeding 10 per cent of the shares of HK\$2 each in the capital of the Company (“Shares”) at the Annual General Meeting of the aggregate nominal amount of the 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. An explanatory statement as required under the Listing Rules giving further information about such mandate is set out in the appendix hereto.

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.

Closure of Register of Members

The register of members of the Company is closed from Monday, 22nd March 2004 to Friday, 26th March 2004, both days inclusive, in order to determine entitlements to the proposed final dividend for the year ended 31st December 2003. 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 Friday, 19th March 2004. 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, 3rd March 2004.

Form of Proxy

A form of proxy for use at the Annual General Meeting 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.

Recommendation

The Directors believe that the general mandates to issue and repurchase Shares are in the best interests of the Company and its shareholders. Accordingly, the Directors recommend that you vote in favour of the resolutions to be proposed at the Annual General Meeting. The Directors intend to vote in favour of all such resolutions in respect of their shareholdings in the Company.

Yours faithfully,
David Shou-Yeh Wong
Chairman

This is an explanatory statement and memorandum of the terms of the proposed repurchases given to all the shareholders (“Shareholders”) of Dah Sing Financial Holdings Limited (the “Company”) relating to a resolution to approve the exercise by the directors of the Company (“Directors”) of the powers of the Company to repurchase its own shares (“Repurchase Mandate”) to be proposed at the annual general meeting of the Company to be held on 28th April 2004.

This explanatory statement contains the information required pursuant to Rule 10.06(1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“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 246,678,802 shares of HK\$2 each in the Company (“Shares”) in issue as at 26th March 2004 (being the latest practicable date prior to the printing of this circular), could accordingly result in up to 24,667,880 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 2003) 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 March 2003 to 26th March 2004 being the latest practicable date prior to printing of this explanatory statement are as follows:-

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
March 2003	39.00	34.80
April 2003	36.40	31.30
May 2003	37.40	33.90
June 2003	40.00	35.90
July 2003	39.10	36.60
August 2003	46.20	37.60
September 2003	49.90	43.30
October 2003	58.75	47.40
November 2003	60.75	53.50
December 2003	60.25	56.00
January 2004	65.50	57.00
February 2004	64.50	56.75
1st - 26th March 2004	66.50	52.25

(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 circumstances, 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 26th March 2004 (being the latest practicable date prior to printing of this explanatory statement), Mr. Wong is beneficially interested in 91,723,982 shares, representing 37.18% 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 4.14% to 41.32%.

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