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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

This circular is for information only. It is not an offer to sell or the solicitation of an offer to acquire, purchase, subscribe or dispose of any securities and neither this circular nor anything herein forms the basis for any contract or commitment whatsoever.

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

(Stock Code: 0440)

### CONNECTED TRANSACTION ISSUE OF NEW SHARES TO CONNECTED PERSON

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



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A letter from the Independent Board Committee (as defined in this circular) is set out on pages 13 to 14 of this circular. A letter from Taifook Capital Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders (as defined in this circular) is set out on pages 15 to 24 of this circular.

A notice convening the EGM (as defined in this circular) to be held at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong on 27 May 2008 at 3:00 p.m. is set out on pages 32 to 33 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or at any adjourned meeting should you so wish.

15 April 2008

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## DEFINITIONS

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

“Articles of Association”	the articles of association of the Company
“associate”	has the meaning given to it under the Listing Rules
“Board”	the board of Directors
“Companies Ordinance”	the Companies Ordinance (Cap. 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Dah Sing Financial Holdings Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 0440)
“connected person”	has the meaning given to it under the Listing Rules
“Director(s)”	director(s) of the Company
“DSBG”	Dah Sing Banking Group Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the ordinary shares of which are listed on the Stock Exchange (Stock Code: 2356)
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Subscription Agreement and the transactions contemplated thereunder
“Final Dividends”	the proposed final dividend of HK\$0.75 per Share in respect of the financial year ended 31 December 2007 declared and to be paid by the Company in the form of cash or scrip dividend at the option of the shareholders of the Company, subject to shareholders’ approval at the forthcoming annual general meeting of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

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## DEFINITIONS

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“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the committee of independent non-executive directors of the Company formed to advise the Independent Shareholders in respect of the terms of the Subscription
“Independent Shareholders”	in respect of the Subscription, shareholders of the Company other than the Subscriber and its associates
“Latest Practicable Date”	11 April 2008, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
“Long Stop Date”	25 June 2008, or such later date as may be agreed between the Company and the Subscriber
“Macau”	Macau Special Administrative Region of the People’s Republic of China
“MOU”	the memorandum of understanding dated 25 March 2008 entered into between the Company, DSBG and the Subscriber in relation to certain strategic cooperation between the parties
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme adopted by the Company on 28 April 2005
“Shareholders”	holders of Shares
“Share(s)”	ordinary share(s) of HK\$2.00 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	The Bank of Tokyo-Mitsubishi UFJ, Ltd., a company incorporated under the laws of Japan with limited liability

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## DEFINITIONS

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“Subscription”	the conditional subscription of the Subscription Shares by the Subscriber on and subject to the terms and conditions set out in Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber dated 25 March 2008 in relation to the Subscription
“Subscription Monies”	the cash amount of HK\$471,722,000, being the Subscription Price multiplied by the number of Subscription Shares, subject to adjustment as set out in this circular
“Subscription Price”	price payable for the Subscription Shares in respect of the Subscription which shall be HK\$55.75 per Subscription Share, subject to adjustment as set out in this circular
“Subscription Shares”	8,461,376 new Shares available for the Subscription at the Subscription Price

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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)

*Executive Directors:*

David Shou-Yeh Wong (*Chairman*)  
Hon-Hing Wong (Derek Wong)  
*(Managing Director and Chief Executive)*  
Roderick Stuart Anderson  
Gary Pak-Ling Wang  
Nicholas John Mayhew

*Registered Office:*

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

*Non-Executive Directors:*

Chung-Kai Chow O.B.E., J.P. (*Vice Chairman*)  
Kunio Suzuki (Kenichi Yonetani as alternate)  
Tatsuo Tanaka (Keisuke Tahara as alternate)  
Eiichi Yoshikawa  
John Wai-Wai Chow  
Yiu-Ming Ng

*Independent Non-Executive Directors:*

Peter Gibbs Birch C.B.E.  
Robert Tsai-To Sze  
Dr. Tai-Lun Sun (Dennis Sun) B.B.S., J.P.  
Kwok-Hung Yue (Justin Yue)

15 April 2008

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

Dear Sir/Madam,

### **CONNECTED TRANSACTION ISSUE OF NEW SHARES TO CONNECTED PERSON**

#### **INTRODUCTION**

The Company announced that on 25 March 2008 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber agreed to subscribe for and the Company agreed to issue and allot to the Subscriber 8,461,376 Subscription Shares at the Subscription Price of HK\$55.75 per Share, subject to adjustment as set out below.

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## LETTER FROM THE BOARD

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The Subscription Shares represent approximately 3.38% of the existing issued share capital of the Company and approximately 3.27% of the issued share capital of the Company as enlarged by the Subscription. The Subscription Price of HK\$55.75 per Share (which shall be reduced by the Final Dividends if the Final Dividends are not paid to the Subscriber in respect of the Subscription Shares pursuant to the terms of the Subscription Agreement), was arrived at after arm's length negotiation between the Company and the Subscriber, with reference to the market conditions and taking into account the trading price of the Shares prevailing prior to the signing of the Subscription Agreement. The entire net proceeds from the Subscription amounts to approximately HK\$471,722,000 (if the Subscriber is paid the Final Dividends pursuant to the terms of the Subscription Agreement) or approximately HK\$465,376,000 (if the Subscriber is not paid the Final Dividends pursuant to the terms of the Subscription Agreement) and will be used for general working capital purposes.

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

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

The purpose of this circular is to provide you with further information in respect of the Subscription.

### THE SUBSCRIPTION

Subscriber: The Subscriber

Issuer: The Company

Date of Subscription Agreement: 25 March 2008

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

The Subscription Shares represent approximately 3.38% of the existing issued share capital of the Company and approximately 3.27% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

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## LETTER FROM THE BOARD

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Subscription Price: HK\$55.75 per Share (which shall be reduced by the Final Dividends if the Final Dividends are not paid to the Subscriber in respect of the Subscription Shares pursuant to the terms of the Subscription Agreement), determined based on arm's length negotiations between the Company and the Subscriber with reference to the market conditions and taking into account the trading price of the Shares prevailing prior to the signing of the Subscription Agreement, which represents:

- (i) a premium of approximately 13.4% to the closing price of HK\$49.15 per Share as quoted on the Stock Exchange on 25 March 2008 (being the date on which the Subscription Agreement was entered into);
- (ii) a premium of approximately 11.8% to the average closing price of HK\$49.85 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including 25 March 2008; and
- (iii) a premium of approximately 9.9% of the average closing price of HK\$50.72 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including 25 March 2008.

The Subscription Monies for the Subscription Shares is approximately HK\$471,722,000. The Subscription Price of HK\$55.75 has been agreed on the basis that the Subscription Shares, when issued and fully paid, shall be entitled to the Final Dividends in respect of the Subscription Shares; however, if the Final Dividends are not paid to the Subscriber in respect of the Subscription Shares, the Subscription Price shall be reduced by an amount equal to the Final Dividends per Share and the Subscription Monies shall be reduced accordingly.

Specific mandate to issue the Subscription Shares:

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

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## LETTER FROM THE BOARD

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**Ranking:** The Subscription Shares, when fully paid, will rank pari passu in all respects with the existing Shares in issue as at the date of allotment including the rights to all dividends and other distributions declared, made or paid at anytime after the date of allotment, including the right to the Final Dividends.

**Conditions:** The Subscription is conditional upon:

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

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

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

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

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## LETTER FROM THE BOARD

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### MOU IN RELATION TO PROPOSED BUSINESS COOPERATION AGREEMENT

The Company announced that on 25 March 2008, the Company, DSBG and the Subscriber entered into the MOU, and that the parties have agreed to commence negotiations along the principles set out in the MOU in respect of a number of strategic and business cooperation opportunities between the parties with a view to entering into of a business cooperation agreement.

#### Certain key terms of the MOU

Parties:	Subscriber The Company DSBG
Scope of business cooperation:	Among other things, the MOU sets out the principal areas of business cooperation to be covered in the proposed business cooperation agreement, including certain commercial banking, retail banking and treasury services.
Exclusivity:	Subject to termination of the MOU, each party agrees that it shall not, without the prior written consent of the other parties, engage in any discussion or negotiation in relation to certain strategic and business cooperation opportunities in Hong Kong and/or Macau with any other third party bank or financial services company (other than each party's own affiliated companies) as set out in the MOU for a period of six months from the date of the MOU.
Conditions:	The implementation of a business cooperation agreement shall be subject to any necessary regulatory approvals for each party.
Termination:	The MOU will terminate on 25 September 2008, or such later date as to be agreed between the parties.
Non binding effect:	The MOU does not create any legal commitment on any party to enter into a business cooperation agreement.  However, the MOU constitutes the legally binding obligation on the parties (i) in respect of the exclusivity provisions as stated in the paragraph "Exclusivity" above and (ii) as to confidentiality after termination of the MOU.

The terms set out in the MOU are not definitive and are subject to further negotiations between the parties.

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## LETTER FROM THE BOARD

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The directors of the Company wish to emphasise that since the MOU is not legally binding (save as described above) and the transactions contemplated under the MOU (including the entering into of a business cooperation agreement) may or may not proceed, investors and shareholders of the Company are urged to exercise caution when dealing in the Company's shares. The Company will make further announcement(s) containing details of the MOU in accordance with all applicable requirements of the Listing Rules as and when appropriate to keep shareholders of the Company informed.

### EFFECT ON SHAREHOLDING

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

Name of Shareholder	As at the Latest Practicable Date		Immediately after completion of the Subscription <i>(Note)</i>	
	No. of Shares	% of issued share capital of the Company	No. of Shares	% of enlarged issued share capital of the Company
Subscriber and its associates	30,321,066	12.12	38,782,442	15.00
David Shou-Yeh Wong and his associates	98,258,268	39.29	98,258,268	38.00
Public	121,508,900	48.59	121,508,900	47.00
<b>Total</b>	<u>250,088,234</u>	<u>100.00</u>	<u>258,549,610</u>	<u>100.00</u>

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

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## **LETTER FROM THE BOARD**

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### **INFORMATION ON THE COMPANY AND THE SUBSCRIBER**

The Company is a company listed on the Stock Exchange. The Company and its subsidiaries provide banking, insurance, financial and other related services in Hong Kong, Macau and the People's Republic of China. DSBG is a company listed on the Stock Exchange. DSBG is the holding company of three banking subsidiaries, Dah Sing Bank, Limited, Banco Comercial de Macau, S.A. and MEVAS Bank Limited, a securities trading company, as well as an offshore joint venture banking business with SG Hambros Bank.

The Subscriber is a wholly-owned subsidiary of Mitsubishi UFJ Financial Group, Inc., whose shares are listed on the Tokyo Stock Exchange, and is the largest financial group in Japan. The Subscriber is a global financial institution headquartered in Japan with an extensive network around the world. In Hong Kong, it has two branches and two sub-branches providing banking services to its corporate customers. As of the Latest Practicable Date, the Subscriber is a substantial shareholder of the Company and holds approximately 12.12% of the issued share capital of the Company.

### **FUND RAISING BY THE COMPANY IN THE PAST 12 MONTHS**

The Company has not raised any funds on any issue of equity securities in the 12 months preceding the date of the announcement relating to the issue of new shares to a connected person dated 25 March 2008.

### **REASONS FOR AND BENEFIT OF THE SUBSCRIPTION AND USE OF PROCEEDS**

The Subscriber has been a long-term strategic shareholder in the Company and wishes to increase its shareholding to, among other things, foster close business cooperation with the Company and enter into a business cooperation agreement. The Company and the Subscriber believe that there are opportunities to work together in such areas as commercial banking, retail banking and treasury services that would be mutually beneficial and that the increased shareholding will strengthen the relationship between the Company and the Subscriber. Moreover, the net proceeds from the Subscription will enable the Company to strengthen its capital resources.

The entire net proceeds from the Subscription amounts to approximately HK\$471,722,000 (if the Subscriber is paid the Final Dividends pursuant to the terms of the Subscription Agreement) or approximately HK\$465,376,000 (if the Subscriber is not paid the Final Dividends pursuant to the terms of the Subscription Agreement) and will be used for general working capital purposes.

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

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

The entering into of a business cooperation agreement shall constitute a connected transaction of the Company. The Company shall comply with all applicable requirements of the Listing Rules as and when appropriate.

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

### EGM

Your attention is drawn to pages 32 and 33 of this circular where you will find a notice of the EGM to be held at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong on 27 May 2008 at 3:00 p.m. An ordinary resolution will be proposed at the EGM to approve the terms of the Subscription Agreement and the transactions contemplated thereunder. Voting on the resolution will be by poll.

The Subscriber, a substantial shareholder of the Company, together with any of its associates will abstain from voting on the resolutions to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder. So far as the Company was aware having made all reasonable enquiries, the Subscriber and its associates held the voting rights in respect of approximately 12.12% of the Company's issued ordinary share capital as at the Latest Practicable Date.

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

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

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## LETTER FROM THE BOARD

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### PROCEDURES FOR DEMANDING A POLL

Pursuant to article 60 of the Articles of Association, a resolution put to the vote of 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. For the purposes of the Subscription, voting on the resolution set out in this circular will be by poll.

### RECOMMENDATION

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

### GENERAL

The Independent Board Committee has been appointed to advise the Independent Shareholders in respect of the Subscription. Taifook Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders in such regard. Your attention is drawn to the letter of advice from the Independent Board Committee set out on pages 13 to 14 of this circular, which contains its recommendation to the Independent Shareholders, and the letter from Taifook Capital Limited set out on pages 15 to 24 of this circular, which contains its advice to the Independent Board Committee and the Independent Shareholders.

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

Yours faithfully,

On behalf of the Board

**Dah Sing Financial Holdings Limited**

**David Shou-Yeh Wong**

*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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

(Stock Code: 0440)

*Independent non-executive Directors:*

Peter Gibbs Birch C.B.E.

Robert Tsai-To Sze

Dr. Tai-Lun Sun (Dennis Sun) B.B.S., J.P.

Kwok-Hung Yue (Justin Yue)

*Registered Office:*

36th Floor

Dah Sing Financial Centre

108 Gloucester Road

Hong Kong

15 April 2008

*To the Independent Shareholders*

Dear Sir/Madam,

### **CONNECTED TRANSACTION ISSUE OF NEW SHARES TO CONNECTED PERSON**

We refer to the circular to the Shareholders dated 15 April 2008 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

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

We wish to draw your attention to the “Letter from Taifook Capital Limited” as set out on pages 15 to 24 of the Circular. We have considered the terms and conditions of the Subscription Agreement, the advice of Taifook Capital Limited and the other factors contained in the “Letter from the Board” as set out on pages 4 to 12 of the Circular.

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## **LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

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

Yours faithfully,  
Independent Board Committee of  
**Dah Sing Financial Holdings Limited**  
**Peter Gibbs Birch**  
**Robert Tsai-To Sze**  
**Dr. Tai-Lun Sun (Dennis Sun)**  
**Kwok-Hung Yue (Justin Yue)**

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## LETTER FROM TAIFOOK CAPITAL LIMITED

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



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

15 April 2008

*To the Independent Board Committee and the Independent Shareholders*  
Dah Sing Financial Holdings Limited

Dear Sirs,

### **CONNECTED TRANSACTION ISSUE OF NEW SHARES TO CONNECTED PERSON**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in connection with transactions contemplated under the Subscription Agreement, including the proposed issue of new Shares to the Subscriber, details of which are contained in the circular to the Shareholders dated 15 April 2008 (the "Circular"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same respective meanings as defined in the Circular.

As referred to in the "Letter from the Board" of the Circular, on 25 March 2008, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber agreed to subscribe for and the Company agreed to issue and allot to the Subscriber 8,461,376 Subscription Shares at the Subscription Price of HK\$55.75 per Share, subject to adjustment. The Subscriber, by virtue of being a substantial shareholder of the Company, is a connected person of the Company. Accordingly, the Subscription constitutes a connected transaction of the Company under the Listing Rules, and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Subscriber and its associates will abstain from voting on the proposed resolution regarding the approval of the Subscription at the EGM.

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## LETTER FROM TAIFOOK CAPITAL LIMITED

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An Independent Board Committee comprising Messers Peter Gibbs Birch C.B.E., Robert Tsai-To Sze, Dr. Tai-Lun Sun (Dennis Sun) B.B.S., J.P. and Kwok-Hung Yue (Justin Yue) has been formed to advise the Independent Shareholders in respect of the Subscription. In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the terms of the Subscription Agreement are fair and reasonable so far as the interest of the Independent Shareholders and the Group are concerned, and whether the Subscription is in the interests of the Independent Shareholders and the Group as a whole.

### **BASES AND ASSUMPTIONS**

In formulating our advice, we have relied on the information and facts supplied, and representations expressed, by the Directors and/or the Group's management and have assumed that all such information, facts and any representations made to us, or referred to in the Circular, have been properly extracted from the information and the relevant underlying accounting records (in the case of financial information) provided by the Company and made after due and careful inquiry by the Directors and/or the Group's management. We have also assumed that the information, facts and any representations made to us or referred to in the Circular were complete, true and accurate at the time they were made and up to the date of the EGM. We have not been advised by the Directors and/or the Group's management that material facts have been omitted from the information supplied and representations expressed to us and we are not aware of any facts or circumstances which would render such information and representations untrue, inaccurate or misleading. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendation as set out in this letter and to justify our reliance on such information. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position or prospects of the Group or the Subscriber.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

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

#### **1. Background and reasons for the Subscription**

The Company is a company listed on the Stock Exchange. The Group provides banking, insurance, financial and other related services in Hong Kong, Macau and the People's Republic of China.

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## LETTER FROM TAIFOOK CAPITAL LIMITED

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The Subscriber is a wholly-owned subsidiary of Mitsubishi UFJ Financial Group, Inc., whose shares are listed on the Tokyo Stock Exchange, and is the largest financial group in Japan. The Subscriber is a global financial institution headquartered in Japan with an extensive network around the world. In Hong Kong, it has two branches and two sub-branches providing banking services to its corporate customers. As of the Latest Practicable Date, the Subscriber is a substantial shareholder of the Company and holds approximately 12.12% of the issued share capital of the Company.

The Subscriber has been a long-term strategic shareholder in the Company and wishes to increase its shareholding to, among other things, foster closer business cooperation with the Company and enter into a business cooperation agreement. The Company and the Subscriber believe that there are opportunities to work together in such areas as commercial banking, retail banking and treasury services that would be mutually beneficial and that the increased shareholding by the Subscriber will strengthen the relationship between the Company and the Subscriber. On 25 March 2008, the Company, DSBG and the Subscriber entered into the MOU, and the parties have agreed to commence negotiations along the principles set out in the MOU in respect of a number of strategic and business cooperation opportunities between the parties with a view to entering into of a business cooperation agreement. DSBG is a company also listed on the Stock Exchange. DSBG is the holding company of three banking subsidiaries, Dah Sing Bank, Limited, Banco Comercial de Macau, S.A. and MEVAS Bank Limited, a securities trading company, as well as an offshore joint venture banking business with SG Hambros Bank. Details of the MOU are set out in the “Letter from the Board” of the Circular.

The Directors consider that closer business cooperation with the Company’s long-term strategic shareholder will be advantageous for the Group’s future development.

The entire net proceeds from the Subscription amounts to approximately HK\$471,722,000 (subject to adjustment as mentioned in the paragraph headed “2. Principal terms of the Subscription Agreement” below) and will be used for general working capital purposes. The Directors consider that the net proceeds from the Subscription will enable the Company to increase its capital resources. The Directors consider that the entering into of the Subscription Agreement will increase the capital resources of the Group for its future development and is in the interests of the Company and the Shareholders as a whole. We concur with the view of the Directors that the increase in capital resources is in the interests of the Company and its Shareholders.

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## LETTER FROM TAIFOOK CAPITAL LIMITED

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### 2. Principal terms of the Subscription Agreement

#### *Subscription Shares*

The Subscription Shares represent (i) approximately 3.38% of the existing issued share capital of the Company; and (ii) approximately 3.27% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Shares, when fully paid, will rank pari passu in all respects with the existing Shares in issue as at the date of allotment including the rights to all dividends and other distribution declared, made or paid at anytime after the date of allotment, including the right to the Final Dividends.

#### *Subscription Price*

The Subscription Price of HK\$55.75 has been agreed on the basis that the Subscription Shares, when issued and fully paid, shall be entitled to the Final Dividends in respect of the Subscription Shares. If the Final Dividends are not paid to the Subscriber in respect of the Subscription Shares, the Subscription Price shall be HK\$55.0 and the net proceeds from the Subscription shall amount to approximately HK\$465,376,000.

The Subscription Price was determined based on arm's length negotiations between the Company and the Subscriber with reference to the market conditions and taking into account of the trading price of the Shares prevailing prior to the signing of the Subscription Agreement.

The subscription price of HK\$55.75 per Share represents:

- (i) a premium of approximately 13.43% to the closing price of HK\$49.15 per Share as quoted on the Stock Exchange on 25 March 2008 (being the date on which the Subscription Agreement was entered into) ("Last Trading Date");
- (ii) a premium of approximately 11.84% to the average closing price of HK\$49.85 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 9.92% to the average closing price of HK\$50.72 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including the Last Trading Date;

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## LETTER FROM TAIFOOK CAPITAL LIMITED

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- (iv) a premium of approximately 0.36% to the closing price of HK\$55.55 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (v) a premium of approximately 9.08% over the latest audited net asset value per Share of HK\$51.11 as at 31 December 2007.

Assuming the Final Dividends are not paid to the Subscriber in respect of the Subscription Shares pursuant to the terms of the Subscription Agreement, the Subscription Price shall be HK\$55.0, which represents:

- (i) a premium of approximately 11.90% to the closing price of HK\$49.15 per Share as quoted on the Stock Exchange on 25 March 2008 (being the date on which the Subscription Agreement was entered into) (“Last Trading Date”);
- (ii) a premium of approximately 10.33% to the average closing price of HK\$49.85 per Share as quoted on the Stock Exchange over the last five consecutive trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 8.44% to the average closing price of HK\$50.72 per Share as quoted on the Stock Exchange over the last ten consecutive trading days up to and including the Last Trading Date;
- (iv) a discount of approximately 0.99% to the closing price of HK\$55.55 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and
- (v) a premium of approximately 7.61% over the latest audited net asset value per Share of HK\$51.11 as at 31 December 2007.

### **3. Comparison with other recent subscriptions or placing of shares to connected persons**

In order to assess the fairness and reasonableness of the Subscription, we have compared the Subscription Price with the subscription prices or placing prices of transactions involving the subscription or placements of shares of companies listed on the Main Board of the Stock Exchange by/to connected persons during the period from 1 October 2007 and up to the Latest Practicable Date (the “Comparables”). We have to our best knowledge, selected eight

## LETTER FROM TAIFOOK CAPITAL LIMITED

Comparables as set out below from the Stock Exchange's website. The details of the Comparables are set out in the following table:

Date of announcement	Company Name	Stock Code	Placing/ Subscription price HK\$	Size of the placing/ subscription HK\$	Premium/(discount)	Premium/(discount)	Premium/(discount)
					of the placing/ subscription price over/(to) the last trading date closing price on the last trading date (%)	of the placing/ subscription price over/(to) the 5-day average closing price prior to and including last trading date (%)	of the placing/ subscription price over/(to) the 10-day average closing price prior to and including last trading date (%)
9-Apr-2008	China Mengniu Dairy Company Limited	2319	21.48	2,906,850,900	2.29	(2.05)	1.25
2-Jan-2008	Pearl Oriental Innovation Limited	632	1.00	77,456,000	(1.96)	0.00	(1.28)
30-Nov-2007	Shougang Concord Century Holdings Limited	103	1.03	412,000,000	(6.36)	(6.02)	(8.61)
9-Nov-2007	China Eastern Airlines Corporation Limited	670	3.80	4,181,588,400	(50.59)	(53.20)	(53.04)
6-Nov-2007	Grand Field Group Holdings Limited	115	0.39	23,790,000	(18.80)	0.30	3.0
2-Nov-2007	Sinofert Holdings Limited	297	7.00	4,999,999,998	2.04	(3.05)	(1.13)
11-Oct-2007	Peaktap International Holdings Limited	925	0.45	35,550,000	(19.64)	(17.28)	(18.77)
11-Oct-2007	Ching Hing (Holdings) Limited	692	0.55	880,000,000	(11.29)	(12.97)	(12.97)
				<b>Average</b>	(13.04)	(11.78)	(11.44)
				<b>Range</b>	(50.59) to 2.29	(53.20) to 0.00	(53.04) to 3.0
<b>25-Mar-2008</b>	<b>The Company</b>	<b>440</b>	<b>55.75<sup>(1)</sup></b>		<b>13.43</b>	<b>11.84</b>	<b>9.92</b>
			<b>55.0<sup>(2)</sup></b>		<b>11.90</b>	<b>10.33</b>	<b>8.44</b>

Source: The website of the Stock Exchange

Notes:

- (1) Assume the Final Dividends are paid to the Subscriber in respect of the Subscription Shares pursuant to the terms of the Subscription Agreement.
- (2) Assume the Final Dividends are not paid to the Subscriber in respect of the Subscription Shares pursuant to the terms of the Subscription Agreement.

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## LETTER FROM TAIFOOK CAPITAL LIMITED

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As indicated above, the placing/subscription prices of the Comparables ranged from (i) a discount of approximately 50.59% to a premium of approximately 2.29% to the closing price of the last trading day immediately prior to the respective date of announcement; (ii) a discount of approximately 53.20% to none to the average closing price for the last five trading days up to and including the last trading day immediately prior to the respective date of announcement; and (iii) a discount of approximately 53.04% to a premium of approximately 3.0% to the average closing price for the last ten trading days up to and including the last trading day immediately prior to the respective date of announcement.

Assuming the Subscription Price is HK\$55.75, the premium of the Subscription Price to the closing price on the Last Trading Date of approximately 13.43%, to the average closing price for the last five trading days up to and including the Last Trading Day of approximately 11.84% and to the average closing price for the last ten trading days up to and including the Last Trading Day of approximately 9.92% are all above the range of the Comparables respectively. Assuming the Subscription Price is HK\$55.0, the premiums of the Subscription Price to the closing price on the Last Trading Date of approximately 11.90%, to the average closing price for the last five trading days up to and including the Last Trading Day of approximately 10.33% and to the average closing price for the last ten trading days up to and including the Last Trading Day of approximately 8.44% are all above the range of the Comparables respectively. We consider the Subscription Price is favourable to the Company and the Independent Shareholders because most of the subscriptions or placements to connected persons in the market were at discounts to the market prices.

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

#### **4. Possible financial effects of the Subscription on the Group**

The following analysis on the effect on the working capital, earnings and net assets value of the Group as a result of the completion of the Subscription is for illustration purpose only assuming that there will not be any changes to the issued share capital of the Company as at the Latest Practicable Date other than the completion of the Subscription Agreement.

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## LETTER FROM TAIFOOK CAPITAL LIMITED

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### *Cash and working capital position*

According to the Company's announcement of 2007 final result published on 25 March 2008, the Group had cash and balance with banks of approximately HK\$11,900,000,000 as at 31 December 2007. Upon completion of the Subscription, the cash and bank balance of the Group shall be increased by the net proceeds from the Subscription. Such increase would be approximately HK\$471,722,000 (if the Subscriber is paid the Final Dividends pursuant to the terms of the Subscription Agreement) or approximately HK\$465,376,000 (if the Subscriber is not paid the Final Dividends pursuant to the terms of the Subscription Agreement).

As referred to the Letter from the Board, the net proceeds will be used for the Group's general working capital. Assuming all other factors which may affect working capital position remain unchanged, the Group's working capital shall be enhanced by the net proceeds from the Subscription.

### *Earnings*

The net proceeds to be raised from the Subscription will be used as general working capital of the Group. Save for the dilution effect on the earnings per Share as a result of the increase of number of Shares in issue, the Subscription will not by itself impact on the earnings of the Group. Based on the profit attributable to the Shareholders in the consolidated audited results of the Group for the year ended 31 December 2007, upon completion of the Subscription, the earnings per share shall be diluted from approximately HK\$4.20 to HK\$4.06.

### *Net assets value*

Upon the completion of the Subscription and assuming all other factors which may affect net asset value remain unchanged, assuming the Subscriber is paid the Final Dividends pursuant to the terms of the Subscription Agreement, the net asset value and the net asset value per Share of the Group as at 31 December 2007 would be increased by approximately HK\$471,722,000 (being the net proceeds raised from the Subscription) and approximately HK\$0.15 per Share respectively. Assuming the Final Dividends are not paid to the Subscriber in respect of the Subscription Shares, the net asset value and the net asset value per Share of the Group as at 31 December 2007 would be increased by approximately HK\$465,376,000 and approximately HK\$0.13 per Share respectively.

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## LETTER FROM TAIFOOK CAPITAL LIMITED

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### 5. Dilution Effect of the Subscription

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

<b>Shareholders</b>	<b>As at the Latest Practicable Date</b>		<b>Immediately after completion of the Subscription</b>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
The Subscriber and its associates	30,321,066	12.12	38,782,442	15.00
David Shou-Yeh Wong and his associates	98,258,268	39.29	98,258,268	38.00
Directors excluding David Shou-Yeh Wong	10,117,235	4.05	10,117,235	3.91
Public	111,391,665	44.54	111,391,665	43.09
<b>Total</b>	<b><u>250,088,234</u></b>	<b><u>100.00</u></b>	<b><u>258,549,610</u></b>	<b><u>100.00</u></b>

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

As set out in the above table, the public shareholding would be diluted by approximately 1.45% immediately after completion of the Subscription. Given the fact that a dilution effect on shareholding is inevitable for any issue of new shares on a non-pro rata basis, we are of the view that the level of dilution after the Subscription to the shareholdings of the public Shareholders is acceptable.

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## LETTER FROM TAIFOOK CAPITAL LIMITED

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### CONCLUSION AND RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the Subscription Agreement are on normal commercial terms and entered into in the ordinary and usual course of business of the Group. We are further of the view that the terms of the Subscription are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise (i) the Independent Board Committee to recommend the Independent Shareholders and (ii) the Independent Shareholders, to vote in favour of the resolutions to be proposed at the EGM to approve the Subscription Agreement and the Subscription.

Yours faithfully,  
For and on behalf of  
**Taifook Capital Limited**

**Derek C.O. Chan**  
*Managing Director*

**Terry Chu**  
*Director*

## 1. RESPONSIBILITY STATEMENT

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

## 2. INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and the Chief Executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken on were deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers were as follows:

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

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

	Number of shares			Total Interests	%
	Personal Interests	Corporate Interests <sup>(1)</sup>	Other Interests	in Number of Ordinary Shares	
					of the Issued Share Capital
Number of ordinary shares of HK\$2 each in DSFH					
David Shou-Yeh Wong	—	4,476,219	93,782,049 <sup>(2)</sup>	98,258,268	39.29
Chung-Kai Chow O.B.E., J.P.	661,462	8,524,272	—	9,185,734	3.67
John Wai-Wai Chow	821,370	—	—	821,370	0.33
Peter G. Birch C.B.E.	50,000	—	—	50,000	0.02
Roderick Stuart Anderson	60,131	—	—	60,131	0.02

Directors	Number of shares			Total Interests in Number of Ordinary Shares	% of the Issued Share Capital
	Personal Interests	Corporate Interests <sup>(1)</sup>	Other Interests		
<b>Number of ordinary shares of HK\$1 each in DSBG</b>					
David Shou-Yeh Wong	—	697,969,170 <sup>(3)</sup>	—	697,969,170	74.94
Chung-Kai Chow O.B.E., J.P.	130,135	1,677,054	—	1,807,189	0.19
John Wai-Wai Chow	162,970	—	—	162,970	0.02
Peter Gibbs Birch C.B.E.	50,000	—	—	50,000	0.00
Nicholas John Mayhew <sup>(4)</sup>	20,000	—	—	20,000	0.00

*Notes:*

- 1) The corporate interest is in respect of shares held by a company in which the director has an interest of one third or more.
- 2) Such shares are indirectly held by HSBC International Trustee Limited, a trustee of a discretionary trust established for the benefit of David Shou-Yeh Wong and his family.
- 3) Such shares in DSBG represent the corporate interest of David Shou-Yeh Wong under Part XV of the SFO by virtue of his beneficial interest in 98,258,268 shares of the Company, representing 39.29% of its entire share capital currently in issue as at 31 December 2007 being the record date.
- 4) In addition to his interest in DSBG, Nicholas John Mayhew is also beneficially interested in all of DSE Investment Services Limited's ("DSE") preference shares in issue totalling HK\$700. DSE, a wholly owned subsidiary of the Company, is currently dormant.

- (b) The interests of the Directors and the Chief Executive of the Company in options under share option schemes of the Company and its associated corporations as at the Latest Practicable Date were as follows:

Directors	Number of DSFH Shares in the Options as at the Latest Practicable Date	Exercise Price (HK\$)	Grant Date (D/M/Y)	Exercise Period	
				From (D/M/Y)	To (D/M/Y)
Hon-Hing Wong (Derek Wong)	1,000,000	51.71	25/8/2005	25/8/2006	25/8/2011
Gary Pak-Ling Wang	400,000	51.71	25/8/2005	25/8/2006	25/8/2011
Roderick Stuart Anderson	250,000	51.71	25/8/2005	25/8/2006	25/8/2011
Nicholas John Mayhew					
— first grant	250,000	51.71	25/8/2005	25/8/2006	25/8/2011
— second grant	100,000	61.93	28/9/2007	28/9/2008	28/9/2013

Messrs. Tatsuo Tanaka (and Keisuke Tahara as alternate) and Eiichi Yoshikawa (saved as disclosed in note 4 under paragraph 3.1 below), Kunio Suzuki (and Kenichi Yonetani as alternate), Yiu-Ming Ng, Robert Tsai-To Sze, Dr. Tai-Lun Sun (Dennis Sun) and Kwok-Hung Yue (Justin Yue) have each confirmed that they had no interests in the shares of the Company and its associated corporations as at the Latest Practicable Date.

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

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

### 3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

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

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

Substantial Shareholders	Capacity	Total Interests in Number of Ordinary Shares	% of the Issued Share Capital
Christine Yen Wong	Deemed interest by virtue of her spouse having a notifiable interest	98,258,268 <sup>(1)</sup>	39.29*
HSBC International Trustee Limited	Trustee and corporate interest	93,874,049 <sup>(2)</sup>	37.53*
DSI Limited	Trustee and corporate interest	46,046,356 <sup>(3)</sup>	18.41*
DSI Group Limited	Trustee and corporate interest	35,061,750 <sup>(3)</sup>	14.02*
Mitsubishi UFJ Financial Group, Inc.	Corporate interest	30,321,066	12.12
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Beneficial interest	30,321,066	12.12

\* Each of the interests of HSBC International Trustee Limited, DSI Limited and DSI Group Limited forms part of the share interest of David Shou-Yeh Wong in the Company as disclosed under the heading "Interests of Directors and Chief Executive". The interest of Christine Yen Wong represents the whole of such shares. Therefore, these shareholdings should not be aggregated, and rather form part or whole of the entire share interest of David Shou-Yeh Wong in the Company.

*Notes:*

1. Such shares represent deemed interest of Christine Yen Wong by virtue of her spouse, David Shou-Yeh Wong being a substantial shareholder of the Company having a notifiable interest in the relevant share capital of the Company (under the interpretation of section 316(1) of the SFO). This interest comprises the same shares held by David Shou-Yeh Wong under the heading of “Interests of Directors and Chief Executive” above.
2. Such shares are mainly comprised of the interest indirectly held by HSBC International Trustee Limited in trust for a discretionary trust established for the benefit of David Shou-Yeh Wong and his family. Relevant shares have been included in the “Other interests” of David Shou-Yeh Wong as disclosed under the heading of “Interests of Directors and Chief Executive” above.
3. Such shares are mainly comprised of the interests indirectly held by DSI Limited and DSI Group Limited in trust for a discretionary trust established for the benefit of David Shou-Yeh Wong and his family. Relevant shares have been included in the “Other interests” of David Shou-Yeh Wong as disclosed under the heading of “Interests of Directors and Chief Executive” above.
4. David Shou-Yeh Wong is a director of DSI Limited and DSI Group Limited, and Tatsuo Tanaka is a director of Mitsubishi UFJ Financial Group, Inc. and together with Eiichi Yoshikawa are also a director of The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”), and Keisuke Tahara is an employee of BTMU, which have an interest in shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the Securities and Futures Ordinance.

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

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

## **4. DIRECTORS’ SERVICE CONTRACTS**

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

**5. COMPETING INTERESTS**

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

**6. OTHER ARRANGEMENTS INVOLVING DIRECTORS**

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

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 December 2007, the date to which the latest published audited financial statements of the Company were made up.

**8. LITIGATION**

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

**9. EXPERT**

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

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

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

- 9.3 As at the Latest Practicable Date, Taifook Capital Limited had no direct or indirect interest in any assets which had been, since 31 December 2007 (the date to which the latest published audited financial statements of the Company were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group.
- 9.4 Taifook Capital Limited have given and have not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

## **10. MISCELLANEOUS**

- 10.1 the Qualified Accountant of the Company is Gary Pak-Ling Wang, CPA (HKICPA), FCCA.
- 10.2 The Secretary of the Company is Hoi-Lun Soo, B.A. (Hons.), ACIS.
- 10.3 The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, which is situated at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- 10.4 This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

## **11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the registered office of the Company at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong from the date of this circular up to and including 27 May 2008:

- 11.1 the Memorandum and Articles of Association of the Company;
- 11.2 the Subscription Agreement;
- 11.3 the letter of recommendation from the Independent Board Committee, the text of which is set out on pages 13 to 14 of this circular;
- 11.4 the letter of advice from Taifook Capital Limited, the text of which is set out on pages 15 to 24 of this circular; and
- 11.5 the written consent referred to in the section headed "Expert" in this appendix.

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## NOTICE OF EGM

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

(Stock Code: 0440)

**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 27 May 2008 at 3:00 p.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as an ordinary resolution:

### ORDINARY RESOLUTION

1. “**THAT:**

- (a) the Subscription Agreement (as defined and described in the circular to the shareholders of the Company dated 15 April 2008, a copy of which has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification) and the execution thereof and implementation of all transactions thereunder be and are hereby approved, ratified and confirmed;
- (b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and the permission to deal in, the Subscription Shares (as defined in the circular to the shareholders of the Company dated 15 April 2008), the issue and allotment of the Subscription Shares be and are hereby approved; and
- (c) the Directors of the Company be and are hereby authorised to sign, execute, perfect and deliver all such documents and do all such deeds, acts, matters and things as they may in their absolute discretion consider necessary or desirable for the purpose of or in connection with the implementation of the Subscription Agreement and all transactions and other matters contemplated thereunder or ancillary thereto, to waive compliance from and/or agree to any amendment or supplement to any of the provisions of the Subscription Agreement which in their opinion is not of a material nature and to effect or implement any other matters referred to in this resolution.”

Yours faithfully,

By Order of the Board

**Dah Sing Financial Holdings Limited**

**Hoi-Lun Soo (Helen Soo)**

*Company Secretary*

Hong Kong, 15 April 2008

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## NOTICE OF EGM

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*Registered Office:*

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

*Notes:*

1. The register of members of the Company will be closed from 22 May 2008 to 27 May 2008 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for voting at the extraordinary general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged for registration with the Company's principal share registrar, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:30 p.m. on 21 May 2008.
2. 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.
3. In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed must be lodged at the 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).
4. In the case of a corporation, the form of proxy must be executed either under its common seal or under the hand of some officers or attorney duly authorized in that behalf.
5. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he were solely entitled thereto, but if more than one of such joint holders is present at the meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company shall, in respect of such share, be entitled alone to vote in respect thereof.
6. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting, if he so wishes. If such member attends the meeting, his form of proxy will be deemed to have been revoked.
7. Voting of the ordinary resolution set out in this notice will be by poll.
8. As at the date of this notice, the Executive Directors of the Company are David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Managing Director and Chief Executive), Roderick Stuart Anderson, Gary Pak-Ling Wang and Nicholas John Mayhew; the Non-Executive Directors are Chung-Kai Chow, Kunio Suzuki (Kenichi Yonetani as alternate), Tatsuo Tanaka (Keisuke Tahara as alternate), Eiichi Yoshikawa, John Wai-Wai Chow and Yiu-Ming Ng; and the Independent Non-Executive Directors are Peter Gibbs Birch, Robert Tsai-To Sze, Dr. Tai-Lun Sun (Dennis Sun), and Kwok-Hung Yue (Justin Yue).