

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss whatsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



大新銀行集團有限公司 DahSingBankingGroupLimited

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

(The holding company of Dah Sing Bank, Limited and MEVAS Bank Limited)

(Stock Code: 2356)

CONTINUING CONNECTED TRANSACTIONS

The Company was granted waivers from strict compliance with the relevant provisions of the Listing Rules by the Stock Exchange with respect to certain continuing connected transactions as disclosed in the Prospectus. Such waivers expired on 31 December 2006. After such date, the Group was required to re-comply with the relevant provisions of the Listing Rules in order to continue these continuing connected transactions. On 28 December 2006, the Company issued an announcement announcing that the Board (including the independent non-executive Directors) had approved the continuing connected transactions and the annual caps for the years ended 31 December 2007 and 31 December 2008, as set out therein.

On 30 December 2008, the Board (including the independent non-executive Directors) approved the continuing connected transactions as set out in this announcement, and the annual caps for each of the two years ending 31 December 2009 and 2010.

Each of the Percentage Ratios (other than the profits ratio) of the continuing connected transactions set out in this announcement, on an annual basis, is higher than 0.1% but less than 2.5%. Accordingly, these transactions fall under Rule 14A.34 of the Listing Rules, are subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules, but are exempt from the requirements of independent shareholders' approval under Chapter 14A of the Listing Rules.

The Board (including the independent non-executive Directors) considers that the continuing connected transactions described in this announcement have been conducted on normal commercial terms or on terms no less favourable than those available to independent third parties, were entered into on a continuing and regular basis and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole and that the annual caps for each of the two years ending 31 December 2009 and 2010 for these continuing connected transactions are fair and reasonable.

1. INTRODUCTION

The Company was granted waivers from strict compliance with the relevant provisions of the Listing Rules by the Stock Exchange with respect to certain continuing connected transactions as disclosed in the Prospectus. Such waivers expired on 31 December 2006. After such date, the Company was required to re-comply with the relevant provisions of the Listing Rules in order to continue these continuing connected transactions. On 28 December 2006, the Company issued an announcement announcing that the Board (including the independent non-executive Directors) had approved the continuing connected transactions and the annual caps for the years ended 31 December 2007 and 31 December 2008, as set out therein.

On 30 December 2008, the Board (including the independent non-executive Directors) approved the continuing connected transactions as set out in this announcement and the annual caps for each of the two years ending 31 December 2009 and 2010.

2. PARTIES AND CONNECTION OF THE PARTIES

The Company is the holding company of four banking subsidiaries, Dah Sing Bank, Limited (“**Dah Sing Bank**”), Banco Comercial de Macau, S.A. (“**BCM**”), Dah Sing Bank (China) Limited and MEVAS Bank Limited (“**MEVAS Bank**”), a securities trading company, as well as an offshore joint venture banking business with SG Hambros Bank. The Company, through its respective banking and insurance brokerage subsidiaries, has been conducting continuing connected transactions with the following parties:

- **Dah Sing Financial Holdings Limited (“DSFH”)**

DSFH is the holder of approximately 74.96% of the issued share capital of the Company, and is therefore a connected person of the Company. DSFH is the company holding the insurance interests of the DSFH Group.

- **Dah Sing Insurance Company Limited (“DSI”, formerly Dah Sing General Insurance Company Limited)**

DSI is a wholly-owned subsidiary of DSFH and is an authorised general insurance company in Hong Kong. As DSFH is the Company’s substantial shareholder, DSI is a connected person of the Company pursuant to the Listing Rules. DSI is principally engaged in the underwriting of general insurance business.

- **Dah Sing Insurance Agency Limited (“DSIA”)**

DSIA is a wholly-owned subsidiary of DSFH. As DSFH is the Company’s substantial shareholder, DSIA is a connected person of the Company pursuant to the Listing Rules. DSIA is the general agent of DSI in Hong Kong.

- **Dah Sing Insurance Services Limited (“DSIS”)**

DSIS is a wholly-owned subsidiary of DSFH. As DSFH is the Company’s substantial shareholder, DSIS is a connected person of the Company pursuant to the Listing Rules. DSIS is the general agent of DSLA in Hong Kong.

- **Dah Sing Life Assurance Company Limited (“DSLAL”)**

DSLAL is a wholly owned subsidiary of DSFH and is an authorised life insurance company in Hong Kong. As DSFH is the Company’s substantial shareholder, DSLAL is a connected person of the Company pursuant to the Listing Rules. DSLAL is principally engaged in the underwriting of life insurance business.

- **Macau Insurance Company Limited (“MIC”)**

MIC is a company 78% owned by DSMI Group Limited and 18% owned by DSGI (1) Limited. Both DSMI Group Limited and DSGI (1) Limited are wholly owned subsidiaries of DSFH. As DSFH is the Company’s substantial shareholder, MIC is a connected person of the Company pursuant to the Listing Rules. MIC is principally engaged in the underwriting of general insurance business in Macau.

- **Macau Life Insurance Company Limited (“MLIC”)**

MLIC is a company which is 99.85% owned by MIC, 0.13% owned by DSLI (BVI) (1) Limited and 0.02% owned by DSLI (2) Limited. As MIC is a connected person of the Company pursuant to the Listing Rules, DSLI (BVI) (1) Limited and DSLI (2) Limited are both wholly owned subsidiaries of DSFH, and DSFH is the Company’s substantial shareholder, MLIC is a connected person of the Company pursuant to the Listing Rules. MLIC is principally engaged in the underwriting of life insurance business in Macau.

- **World Prosper Limited (“WP”)**

WP is a wholly owned Hong Kong subsidiary of DSFH, and is an investment holding company, and will place deposits with Dah Sing Bank from time to time. As DSFH is the Company’s substantial shareholder, WP is a connected person of the Company pursuant to the Listing Rules.

3. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

The Company has entered into the following continuing connected transactions which are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

3.1 Insurance services provided by DSI, DSLA, MIC and MLIC

The insurance policies underwritten by DSI and MIC in the name, and for the benefit of, Dah Sing Bank and other members of the Group and their respective customers are subject to renewal annually. The group life assurance policies underwritten by DSLA and MLIC in relation to the provision of insurance cover for the death and/or critical illness of the employees of Dah Sing Bank and other members of the Group are subject to renewal annually.

The master policies between DSLA and Dah Sing Bank and MEVAS Bank in relation to the provision of insurance cover for their respective customers were entered into on 30 December 2008 and are for a fixed term of two years with effect from 1 January 2009.

Description of transaction:

DSI underwrites general insurance policies in the name, and for the benefit, of Dah Sing Bank and other members of the Group and their respective customers including policies covering domestic motor, property all risks, public liability, money, electronic equipment, employees' compensation and group personal accident. Such policies are subject to renewal annually.

DSLA underwrites insurance policies to cover the death and/or critical illness of certain borrowing customers and employees of Dah Sing Bank and MEVAS Bank. The provision of the insurance cover for customers is set out in the terms and conditions of the relevant bank borrowing arrangement. Such policies can be terminated within two months in the event of non-payment of premiums.

MIC underwrites insurance policies in the name, and for the benefit, of BCM and its customers including policies covering medical, personal accident, employees' compensation, motor fleet, properties, civil liability and money. Such policies are subject to renewal annually.

MLIC underwrites life insurance policies to cover the death and/or critical illness of BCM's pension plan members and such policies are subject to renewal annually.

The payment by the Group for the above insurance policies is settled in cash on an annual basis.

Reasons for such transaction:

The insurance policies are procured by the Group to enable certain of the Company's subsidiaries, namely Dah Sing Bank, MEVAS Bank and BCM, to comply with relevant regulatory requirements in reducing the risks to the Group's assets, businesses and operations and to provide additional services to the Group's customers. In addition, the Directors consider that the insurance services by DSI, DSLA, MIC and MLIC are effective and the fees proposed by DSI, DSLA, MIC and MLIC respectively are comparable to those offered by other insurance companies in the market.

Historical Amounts and Proposed Caps:

As the master policies in relation to the provision of insurance cover for their respective customers are for a fixed term of two years with effect from 1 January 2009, the proposed annual cap for this category of continuing connected transaction has been set for each of the two financial years ending 31 December 2009 and 2010 only.

In respect of the general insurance policies underwritten by DSI and MIC in the name, and for the benefit, of Dah Sing Bank and other members of the Group or their respective customers, the annual premiums payable to DSI and MIC on such policies for the financial year ended 31 December 2007 and the first six months of 2008 were, HK\$4,354,000 and HK\$1,721,000 respectively.

It is proposed that the maximum annual aggregate amount of the premiums payable to DSI and MIC for each of the two financial years ending 31 December 2009 and 2010 will not exceed the annual limit of HK\$10,000,000.

	<u>Historical Caps</u>		<u>Historical Figures</u>		<u>Future Caps</u>	
	<u>Annual cap for the year ended 31 Dec 2007</u>	<u>Annual cap for the year ended 31 Dec 2008</u>	<u>Actual annual amount for the year ended 31 Dec 2007</u>	<u>Unaudited historical amount for the period from 1 Jan to 30 Jun 2008</u>	<u>Annual cap for the year ended 31 Dec 2009</u>	<u>Annual cap for the year ended 31 Dec 2010</u>
HK\$ million						

Transaction

Premiums payable to

DSI and MIC	10.0	10.0	4.4	1.7	10.0	10.0
-------------	------	------	-----	-----	------	------

In respect of the insurance policies underwritten by DSLA in the name, and for the benefit, of certain borrowing customers of Dah Sing Bank and MEVAS Bank and insurance policies underwritten by DSLA or MLIC to cover the death and/or critical illness of the employees of Dah Sing Bank and other members of the Group, the aggregate annual premiums payable to DSLA and MLIC on such policies for the financial year ended 31 December 2007 and the first six months of 2008 were HK\$5,147,000 and HK\$2,841,000, respectively.

It is proposed that the maximum annual aggregate amount of the premiums payable to DSLA and MLIC for each of the two financial years ending 31 December 2009 and 2010 will not exceed the annual limit of HK\$8,500,000.

HK\$ million	Historical Caps		Historical Figures		Future Caps	
	Annual cap for the year ended	Annual cap for the year ended	Actual annual amount for the year ended	Unaudited historical amount for the period from 1 Jan to	Annual cap for the year ended	Annual cap for the year ended
	31 Dec 2007	31 Dec 2008	31 Dec 2007	30 Jun 2008	31 Dec 2009	31 Dec 2010

Transaction

Premiums payable to DSLA and MLIC	8.5	8.5	5.1	2.8	8.5	8.5
-----------------------------------	-----	-----	-----	-----	-----	-----

Based on the above tables, the total annual aggregate amount of the premiums payable in respect of the insurance services provided by DSI, DSLA, MIC and MLIC for each of the two financial years ending 31 December 2009 and 2010 is expected not to exceed the annual limit of HK\$18,500,000.

Basis for such caps:

The annual monetary caps proposed above in relation to each of the financial years ending 31 December 2009 and 2010 have been ascertained by reference to the annual premiums paid in the financial year ended 31 December 2007 and the first six months of 2008 and calculated on the basis of expected market premiums multiplied by the amount of cover required.

In arriving at the above monetary caps, the Directors considered:

- the expected growth in the Group's lending businesses;
- the increase in the amount of credit insurance to be provided to borrowing customers; and
- the increase in the number of employees in the Group.

The Directors believe that the general insurance policies underwritten by DSI and MIC are provided to the Group on DSI's and MIC's normal, written commercial terms. The Directors believe that the insurance policies underwritten by DSLA and MLIC are provided to the Group on DSLA's and MLIC's normal, written commercial terms.

3.2 Lease and sub-lease arrangements between DSIS, DSIA, DSLA and MIC and Dah Sing Bank, Vanishing Border Investment Services Limited ("Vanishing Border") and BCM

Description of transaction:

(i) Lease agreements in relation to Island Place Tower

Pursuant to two lease agreements entered into on 28 December 2006 by DSIS with Dah Sing Bank (collectively the "Existing DSIS Lease Agreements"), DSIS has leased from Dah Sing Bank:

- (1) The whole of the 18th Floor of Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong with a gross floor area of 20,972 square feet (lettable floor area of 14,426 square feet) at a monthly rent of HK\$314,580 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges which are estimated to total approximately HK\$1,274,000 per annum (the "**Existing IPT 18th Floor Lease Agreement**"); and
- (2) a portion of the 20th Floor of Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong with a gross floor area of 12,714 square feet (lettable floor area of 8,900 square feet) at a monthly rent of HK\$194,020 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges which are estimated to total approximately HK\$790,000 per annum (the "**Existing IPT 20th Floor Lease Agreement**").

The Existing DSIS Lease Agreements are each for a term of two years commencing on 1 January 2007 and ending on 31 December 2008 in respect of the 18th Floor and the 20th Floor of Island Place Tower (in each case both dates inclusive).

The Existing DSIS Lease Agreements have been renewed on 30 December 2008 (collectively the "**New DSIS Lease Agreements**") as follows:

- (1) The Existing IPT 18th Floor Lease Agreement will be terminated upon the maturity of the lease term and a new lease agreement was entered into by DSIS with Dah Sing Bank on 30 December 2008 (the "**New IPT 18th Floor Lease Agreement**"). Pursuant to the New IPT 18th Floor Lease Agreement, DSIS has leased the whole of the 18th Floor of Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong with a lettable floor area of 14,426 square feet from Dah Sing Bank. The New IPT 18th Floor Lease Agreement is for a term of two years commencing on 1 January 2009 and ending on 31 December 2010 (both dates inclusive), at a monthly rent of HK\$375,076, exclusive of management fees, government rates, electricity, service charges and air-conditioning charges which are estimated to total approximately HK\$2,300,000 per annum.
- (2) The Existing IPT 20th Floor Lease Agreement will be terminated upon the maturity of the lease term and a new lease agreement was entered into by DSIS with Dah Sing Bank on 30 December 2008 (the "**New IPT 20th Floor Lease Agreement**"). Pursuant to the New IPT 20th Floor Lease Agreement, DSIS has leased a portion of the 20th Floor of Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong with a lettable floor area of 8,183 square feet from Dah Sing Bank. The New IPT 20th Floor Lease Agreement is for a term of two years commencing on 1 January 2009 and ending on 31 December 2010 (both dates inclusive), at a monthly rent of HK\$220,941 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges, which are estimated to total approximately HK\$1,300,000 per annum.

Pursuant to a lease agreement entered into on 28 December 2006 by DSIA with Dah Sing Bank (the “**Existing DSIA Lease Agreement**”), DSIA has leased a portion of the 13th Floor of Island Place Tower, Island Place, 510 King’s Road, North Point, Hong Kong with a gross floor area of 2,600 square feet (lettable floor area of 1,800 square feet) from Dah Sing Bank. The Existing DSIA Lease Agreement is for a term of two years commencing on 1 January 2007 and ending on 31 December 2008 (both dates inclusive) at a monthly rent of HK\$39,240 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges, which are estimated to total approximately HK\$160,000 per annum.

The Existing DSIA Lease Agreement will be terminated upon the maturity of the lease term and a new lease agreement was entered into by DSIA and Dah Sing Bank on 30 December 2008 (the “**New DSIA Lease Agreement**”). Pursuant to the New DSIA Lease Agreement, DSIA has leased a portion of the 13th Floor of Island Place Tower, Island Place, 510 King’s Road, North Point, Hong Kong with a lettable floor area of 1,919 square feet from Dah Sing Bank.

The New DSIA Lease Agreement is for a term of two years commencing on 1 January 2009 and ending on 31 December 2010 (both dates inclusive) at a monthly rent of HK\$52,773 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges, which are estimated to total approximately HK\$190,000 per annum.

(ii) *Lease agreement in relation to Shenzhen Development Centre*

Pursuant to a lease agreement entered into on 28 December 2006 by DSLA with Vanishing Border, a wholly owned subsidiary of Dah Sing Bank (the “**Existing Shenzhen Lease Agreement**”), DSLA has leased a portion of Room 1504 on the 15th Floor of the Shenzhen Development Centre with a gross floor area of 132 square metres from Vanishing Border. Vanishing Border is a property investment company which currently holds the office premises on the 15th Floor of the Shenzhen Development Centre for use by Dah Sing Bank and DSLA.

The Existing Shenzhen Lease Agreement is for a term of two years commencing on 1 January 2007 and ending on 31 December 2008 (both dates inclusive) at a monthly rent of HK\$4,800 exclusive of management fees, electricity, service charges, air-conditioning charges and telephone fees, which are estimated to total approximately HK\$66,000 per annum.

The Existing Shenzhen Lease Agreement will be terminated upon the maturity of the lease term and a new lease agreement was entered into by DSLA with Vanishing Border on 30 December 2008 (“**New Shenzhen Lease Agreement**”). Pursuant to the New Shenzhen Lease Agreement, DSLA has leased a portion of Room 1504 on the 15th Floor of the Shenzhen Development Centre with a gross floor area of 132 square metres from Vanishing Border.

The New Shenzhen Lease Agreement is for a term of two years commencing on 1 January 2009 and ending on 31 December 2010 (both dates inclusive) at a monthly rent of HK\$6,410 exclusive of management fees, electricity, service charges, air-conditioning charges and telephone fees, which are estimated to total approximately HK\$70,000 per annum.

(iii) *Sub-lease agreements in relation to Dah Sing Financial Centre*

Pursuant to two sub-lease agreements entered into on 28 December 2006 by DSIS with Dah Sing Bank (collectively the “**Existing Sub-lease Agreements**”), DSIS has sub-leased from Dah Sing Bank:

- (1) a portion of the 33rd Floor of Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong with a lettable floor area of 604 square feet at a monthly rent of HK\$21,744 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges which are estimated to total approximately HK\$70,000 per annum (the “**Existing DSFC 33rd Floor Sub-lease Agreement**”).
- (2) a portion of the 37th Floor of Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong with a lettable floor area of 1,500 square feet at a monthly rent of HK\$54,000 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges which are estimated to total approximately HK\$170,000 per annum (the “**Existing DSFC 37th Floor Sub-lease Agreement**”).

The Existing Sub-lease Agreements are each for a term of two years commencing on 1 January 2007 and ending on 31 December 2008 (in each case both dates inclusive).

The Existing DSFC 33rd Floor Sub-lease Agreement and the Existing DSFC 37th Floor Sub-lease Agreement will be terminated upon the maturity of the lease term, and new sub-lease agreements (“**New Sub-lease Agreements**”) were entered into by DSIS with Dah Sing Bank on 30 December 2008) for a portion of the 33rd Floor of Dah Sing Financial Centre (“**New DSFC 33rd Floor Sub-lease Agreement**”), and a portion of the 37th Floor of Dah Sing Financial Centre (“**New DSFC 37th Floor Sub-lease Agreement**”). Pursuant to the New Sub-lease Agreements, DSIS has agreed to sub-lease from Dah Sing Bank a portion of the 33rd Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong with a lettable floor area of 604 square feet, and a portion of the 37th Floor of Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong with a lettable floor area of 1,450 square feet, at a monthly rent of HK\$28,992 and HK\$69,600 respectively, exclusive of management fees, government rates, electricity, service charges and air-conditioning charges which are estimated to total approximately HK\$90,000 and HK\$200,000 respectively per annum. Since the lease agreements of Dah Sing Bank in respect of Dah Sing Financial Centre (“**DSFC Master Lease**”) will be renewable with effect from 1 December 2009, the New Sub-lease Agreements are each for a term of eleven months commencing on 1 January 2009 and ending on 30 November 2009 (both dates inclusive). The New Sub-lease Agreements are currently expected to be renewed by 1 December 2009, with the monthly rental to be determined based on the rent to be charged to Dah Sing Bank by the landlord of Dah Sing Financial Centre upon the renewal of the DSFC Master Lease with effect from 1 December 2009.

(iv) *Lease agreements in relation to the BCM Building*

Two lease agreements were entered into between MIC and BCM on 28 December 2006 (together, the “**Existing MIC Lease Agreements**”). Pursuant to the Existing MIC Lease Agreements, MIC has leased the 10th and 11th Floors, respectively, of the BCM Building, Avenida Praia da Grande No. 572-594, Macau, with a total lettable floor area of 924 square metres from BCM.

The Existing MIC Lease Agreements are each for a term of two years commencing on 1 January 2007 and ending on 31 December 2008 (both dates inclusive), at a monthly rent of MOP95,790 for the year ended 31 December 2007, and MOP105,369 for the year ending 31 December 2008.

The Existing MIC Lease Agreements will be terminated upon the maturity of the lease term and a new lease agreement was entered into by MIC with BCM on 30 December 2008 (“**New MIC Lease Agreements**”). The New MIC Lease Agreements are each for a term of two years commencing on 1 January 2009 and ending on 31 December 2010 (both dates inclusive) at a monthly rent of MOP109,000.

The payments from DSIS, DSIA, DSLA and MIC to the Group pursuant to the above lease and sub-lease agreements are settled in cash on a monthly basis.

Reasons for such transaction:

Due to the operational set-up and close business co-operation between the subsidiaries of the Company and the insurance subsidiaries of DSFH, the Directors consider the leases of the above premises by each of DSIS, DSIA, DSLA and MIC respectively is conducive to the business requirements, operations and efficiency of the Group, and therefore is of benefit to the Group as a whole.

Historical Amounts and Proposed Caps:

The aggregate amounts payable to the Group under the Existing DSIS Lease Agreements and the Existing DSIA Lease Agreement, together with associated management fees, government rates, electricity, service charges and air-conditioning charges was approximately HK\$8.8 million per annum. It is proposed that the annual aggregate amount payable under the New DSIS Lease Agreements and the New DSIA Lease Agreement, together with associated management fees, government rates, electricity, service charges and air-conditioning charges will not exceed the annual limit of HK\$12 million per annum for each of the two financial years ending 31 December 2009 and 2010.

The aggregate amount payable under the Existing Shenzhen Lease Agreement, together with associated management fees, electricity, service charges, air-conditioning charges and telephone fees was approximately HK\$124,000 per annum. It is proposed that the annual aggregate amount payable under the New Shenzhen Lease Agreement, together with associated management fees, electricity, service charges, air-conditioning charges, telephone fees and property tax will not exceed the annual limit of HK\$200,000 per annum for each of the two financial years ending 31 December 2009 and 2010.

The aggregate amount payable under the Existing Sub-lease Agreements, together with associated management fees, government rates, electricity, service charges and air-conditioning charges was approximately HK\$1.1 million per annum. It is proposed that the annual aggregate amount payable under the New Sub-lease Agreements, together with associated management fees, government rates, electricity, service charges and air-conditioning charges will not exceed the limit of HK\$1.5 million per annum for the financial year ending 31 December 2009 and will not exceed the limit of HK\$1.8 million for the financial year ending 31 December 2010.

The aggregate amount payable under the Existing MIC Lease Agreements is approximately MOP1.3 million per annum. It is proposed that the annual aggregate amount payable under the New MIC Lease Agreements will not exceed the annual limit of MOP1.6 million (approximately HK\$1.55 million) per annum for each of the two financial years ending 31 December 2009 and 2010.

Based on the above, the total aggregate amount payable under the New Lease Agreements (as defined below) and the New MIC Lease Agreements for each of the two financial years ending 31 December 2009 and 2010 is expected not to exceed the annual limit of HK\$16,000,000.

Basis for such caps:

In respect of the New DSIS Lease Agreements, the New DSIA Lease Agreement, the New Shenzhen Lease Agreement and the New Sub-lease Agreements (together, the “**New Lease Agreements**”), the monthly rental has been ascertained based on advice provided by Savills Valuation and Professional Services Limited, an independent professional surveyor.

In respect of the MIC Lease Agreements, the monthly rental has been ascertained based on advice provided by Nam Tung (Macao) Investment Limited, an independent professional surveyor in Macau.

In arriving at the above caps, the Directors considered:

- the information of market rents of relevant properties provided by the independent professional surveyors;
- the terms of the lease of Dah Sing Financial Centre; and
- the benefit to the Group’s operational efficiency in leasing some of the Group’s office premises (which are not to be used by the Group for its own operations in the near future) to the DSFH Group.

The Board (including the independent non-executive Directors) considers that the New Lease Agreements, the New Sub-lease Agreements and the MIC Lease Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable to the Shareholders.

3.3 Leaseback of property by Dah Sing Bank from DSLA

As disclosed in the Company's announcement dated 18 December 2007, Dah Sing Bank entered into a sale and leaseback arrangement with DSLA. Pursuant to a lease agreement entered into on 18 December 2007 by Dah Sing Bank with DSLA (the "**Existing Leaseback Agreement**"), Dah Sing Bank has leased a portion of Flat A on Basement and Portion AA on Ground Floor of Thai Kong Building, No. 482 Hennessy Road, Hong Kong with a lettable floor area of 2,340 square feet from DSLA.

The Existing Leaseback Agreement is for a term of three years commencing on 28 December 2007 and ending on 27 December 2010 (both dates inclusive) at a monthly rent of HK\$375,000. The payment from Dah Sing Bank to DSLA pursuant to the Existing Leaseback Agreement is settled in cash on a monthly basis.

The aggregate amount payable by the Group under the Existing Leaseback Agreement will not exceed the annual limit of HK\$4.6 million for each of the two financial years ending 31 December 2009 and 2010.

3.4 Banking arrangements provided by the Group for companies within the DSFH Group

Description of transaction:

Dah Sing Bank and other members of the Group provide standard banking services to members of the DSFH Group including cheque clearing, autopay, cheque and deposit bank accounts, credit card merchant facilities, co-branded credit cards in respect of DSLA and investment dealing.

The banking services in respect of cheque clearing, autopay, cheque and deposit accounts are provided to the DSFH Group in the same way as they are provided to other customers of the Group under standard account opening and other forms. The credit card merchant facilities and co-brand credit card arrangements are provided under normal commercial contracts and are at market standard. The standard market practice for credit card merchant facilities is not to provide for a fixed term, but allow for termination at the option of the bank by giving written notice. The co-brand credit card arrangements between the Group and the DSFH Group can be terminated after the first two years by either party giving not less than six months' notice in writing. All such banking services, by their nature, are not normally provided for a fixed term. Accordingly, the banking arrangements between the Group and the DSFH Group are not for a fixed term.

The payments of interest on deposit by the Group to members of DSFH Group are made in accordance with the interest period of each deposit placed with the Group, and are normally credited at the end of each interest period, or semi-annually for savings deposit. The payments from members of DSFH Group to the Group on various banking services are settled in cash on a monthly or periodic basis.

Reasons for the transaction:

The banking services provided by the Company's banking subsidiaries to the companies within the DSFH Group are banking services and arrangements normally provided by the Group to its other customers and are conducted on normal commercial terms. The provision of such banking services by the Group to the DSFH Group enables the Group to earn reasonable income consistent with the nature and types of the banking services.

Historical Amounts and Proposed Caps:

The Directors have set the proposed caps for this category of continuing connected transaction for each of the financial years ending 31 December 2009 and 2010 only on the basis that (i) recent fluctuating interest rates may have an adverse impact on any proposed cap which is set beyond 31 December 2010, and (ii) such proposed cap is in line with the proposed caps set for the Group's other continuing connected transactions as disclosed in this announcement.

Bank Charges Receivable

The aggregate annual bank charges payable to Dah Sing Bank and other members of the Group by members of the DSFH Group for the financial year ended 31 December 2007 and the first six months of 2008 were HK\$5,228,000 and HK\$3,261,000 respectively.

It is proposed that the maximum aggregate annual bank charges payable to Dah Sing Bank and other members of the Group for each of the two financial years ending 31 December 2009 and 2010 will not exceed the annual limit of HK\$18,400,000.

	<u>Historical Caps</u>		<u>Historical Figures</u>		<u>Future Caps</u>	
	Annual cap for the year ended	Annual cap for the year ended	Actual annual amount for the year ended	Unaudited historical amount for the period from 1 Jan to 30 Jun 2008	Annual cap for the year ended	Annual cap for the year ended
HK\$ million	31 Dec 2007	31 Dec 2008	31 Dec 2007	30 Jun 2008	31 Dec 2009	31 Dec 2010

Transaction

Aggregate annual bank charges payable to Dah Sing Bank and other members of the Group	18.4	18.4	5.2	3.3	18.4	18.4
---	------	------	-----	-----	------	------

Interest Expense Payable

The aggregate annual interest expense payable by Dah Sing Bank and other members of the Group to members of the DSFH Group for the financial year ended 31 December 2007 and the first six months of 2008 were HK\$23,928,000 and HK\$18,569,000, respectively.

As disclosed in the Company's announcement dated 2 December 2008, the Directors noted that the existing cap for the aggregate annual interest expense payable by Dah Sing Bank and other members of the Group for the year ending 31 December 2008 would be exceeded and accordingly revised the original cap from HK\$24.2 million to HK\$38 million.

It is proposed that the maximum aggregate annual interest expense payable by Dah Sing Bank and other members of the Group for each of the two financial years ending 31 December 2009 and 2010 will not exceed the annual limit of HK\$70,000,000.

	Historical Caps		Historical Figures		Future Caps	
	Annual cap for the year ended	Annual cap (revised) for the year ended	Actual annual amount for the year ended	Unaudited historical amount the period from 1 Jan to 30 Jun 2008	Annual cap for the year ended	Annual cap for the year ended
HK\$ million	31 Dec 2007	31 Dec 2008	31 Dec 2007	30 Jun 2008	31 Dec 2009	31 Dec 2010

Transaction

Aggregate annual interest expense payable by Dah Sing Bank and other members of the Group	24.2	38.0	23.9	18.6	70.0	70.0
---	------	------	------	------	------	------

Basis for such caps:

Bank Charges Receivable

In respect of the bank charges payable to Dah Sing Bank and other members of the Group, charges are calculated on the basis of the bank charges applied to the particular banking services utilised.

In arriving at the above monetary caps, the Directors considered:

- the standard banking and service fees charged to the Group's customers; and
- the estimated transactions or business volumes of various banking services with the companies within the DSFH Group.

The Directors are of the view that such charges are in line with market rates. The Directors confirm that the basis of calculation of the monetary caps for the two financial years ending 31 December 2009 and 2010 remain the same as the basis of calculation of the monetary caps for the two financial years ending 31 December 2008. The significant increase in the new monetary caps for the two financial years ending 31 December 2009 and 2010 is caused by an expected significant increase in banking services provided to the DSFH Group, mainly from the expected higher transaction volumes of credit card and bank payments made by the insurance customers of the companies within the DSFH Group.

Interest Expense Payable

In respect of the interest expense payable by Dah Sing Bank and other members of the Group to the DSFH Group, interest is calculated on normal prevailing commercial interest rates payable for the relevant interest periods, as appropriate, multiplied by the amount of deposits placed with the Group.

In arriving at the above monetary caps, the Directors considered:

- the estimated increase in the deposit balances to be placed with the Group by the companies within the DSFH Group; and
- the estimated level of deposit interest rates.

The Directors are of the view that the payment of interest is in line with market rates. The Directors confirm that the basis of calculation of the monetary caps for the two financial years ending 31 December 2009 and 2010 remain the same as the basis of calculation of the monetary caps for the two financial years ended 31 December 2008.

The Directors believe that the services described above are provided to the DSFH Group on the normal commercial terms of the relevant banks within the Group. The Directors further confirm that such services are documented in writing.

3.5 Computer and Administrative Services Agreement with DSFH

On 28 December 2006, Dah Sing Bank (and its subsidiaries including BCM) entered into a computer and administrative services agreement with DSFH (the “**Existing Services Agreement**”). The Services Agreement was for a fixed term of two years with effect from 1 January 2007. On 30 December 2008, Dah Sing Bank entered into a new computer and administrative services agreement with DSFH (the “**New Services Agreement**”), for a fixed term of two years with effect from 1 January 2009 and ending on 31 December 2010.

Description of transaction:

Pursuant to the Existing Services Agreement and the New Services Agreement, Dah Sing Bank has agreed to provide members of the DSFH Group with certain computer and administrative services. These services principally consist of the following:

- computer services including data processing, printing and enveloping, system development, technical support, disaster recovery and contract management;
- administrative, company secretarial, internal audit, compliance, operational, risk management, investment custodian and treasury operations; and
- secondment of, and provision of services by, staff to the DSFH Group (collectively, the “**Services**”).

The New Services Agreement will expire on 31 December 2010.

The payments from members of DSFH Group to the Group for the Services are settled in cash at least once per year.

Reasons for the transaction:

With the stronger pool of resources and functional expertise of Dah Sing Bank which historically has been operating to provide administrative and computer services to other companies within the DSFH Group on a cost-recovery basis, the provision of the Services to the DSFH Group at a fee enables the Group to continue to expand its scale and operational capabilities while costs incurred by the Group in providing the Services are recovered from the DSFH Group.

Historical Amounts and Proposed Caps:

As the New Services Agreement is for a fixed term of two years with effect from 1 January 2009, the proposed cap for this category of continuing connected transaction has been set for each of the financial years ending 31 December 2009 and 2010 only.

The fixed annual fee payable to Dah Sing Bank by the DSFH Group for the provision of the Services for the financial year ended 31 December 2007 and the first six months of 2008 were HK\$18,159,000 and HK\$8,449,000, respectively.

It is proposed that the annual fee payable to Dah Sing Bank and BCM for each of the two financial years ending 31 December 2009 and 2010 will not exceed the annual limit of HK\$26,400,000.

	Historical Caps		Historical Figures		Future Caps	
	Annual cap for the year ended 31 Dec 2007	Annual cap for the year ended 31 Dec 2008	Actual annual amount for the year ended 31 Dec 2007	Unaudited historical amount for the period from 1 Jan to 30 Jun 2008	Annual cap for the year ended 31 Dec 2009	Annual cap for the year ended 31 Dec 2010
HK\$ million						

Transaction

Fee payable by the DSFH Group to Dah Sing Bank and BCM for the provision of the Services

26.4	26.4	18.2	8.4	26.4	26.4
------	------	------	-----	------	------

Basis for such caps:

The fee payable to Dah Sing Bank has been determined by reference to the estimated cost of providing the Services and the fixed fee which has been set for the two financial years ending 31 December 2008.

In arriving at the above monetary caps, the Directors considered:

- the estimated resources available to the Group in the two financial years ending 31 December 2010 and estimated increase in the cost in providing the Services;
- computer licences and service contracts with external parties, and computer expertise of the Group; and
- discussions made between Dah Sing Bank and companies within the DSFH Group on estimated service requirements relative to the estimated growth of the businesses of the DSFH Group.

The Board (including the independent non-executive Directors) is of the view that the continuing provision of the Services will be on normal commercial terms, in the ordinary and usual course of business of the Group, and is fair and reasonable to the Shareholders.

3.6 Distribution and Agency Agreements with DSIS, DSIA, MIC and MLIC

On 28 December 2006, DSIS and DSIA entered into distribution agreements and underlying agency agreements with each of Dah Sing Bank and MEVAS Bank for the marketing and distribution of life and general insurance products through Dah Sing Bank's and MEVAS Bank's network of bank branches. On 30 December 2008, DSIS and DSIA entered into new distribution agreements and underlying agency agreements with each of Dah Sing Bank and MEVAS Bank. In addition, on 30 December 2008, MIC and MLIC entered into distribution agreements and underlying agency agreements with BCM for the marketing and distribution of life and general insurance products through BCM's network of bank branches.

Description of transaction:

Pursuant to the distribution agreements entered into by DSIS with each of Dah Sing Bank and MEVAS Bank (the “**DSIS Distribution Agreements**”), Dah Sing Bank and MEVAS Bank will market and distribute such life assurance products as agreed between the parties from time to time for the DSFH Group through their respective branch networks.

Pursuant to the DSIS Distribution Agreements, each of Dah Sing Bank and MEVAS Bank has entered into an agency agreement with DSIS (the “**DSIS Agency Agreements**”) in respect of the sale of life assurance policies in return for commission payments as agreed between the parties from time to time. Under the terms of the DSIS Agency Agreements, the commission payable by DSIS to each of Dah Sing Bank and MEVAS Bank in respect of such life assurance products shall vary, depending on the product type, between 0.93% and 55% of the first year's premium received, plus up to 15% of the renewal premiums in respect of certain policies.

Pursuant to the distribution agreements entered into by DSIA with each of Dah Sing Bank and MEVAS Bank (the “**DSIA Distribution Agreements**”), Dah Sing Bank and MEVAS Bank will market and distribute such general insurance and life assurance products as agreed between the parties from time to time for the DSFH Group through their respective branch networks.

Pursuant to the DSIA Distribution Agreements, each of Dah Sing Bank and MEVAS Bank has entered into an agency agreement with DSIA (the “**DSIA Agency Agreements**”) in respect of the sale of certain general insurance and life assurance products in return for commission payments, as agreed between the parties from time to time. Under the terms of the DSIA Agency Agreements, the commission payable by DSIA to each of Dah Sing Bank and MEVAS Bank in respect of:

- (1) general insurance products shall vary, depending on the product type, between 15% and 30% of each year’s premium received in respect of a new or renewal policy; and
- (2) life assurance products shall vary, depending on the product type, between 0.93% and 55% of the first year’s premium received, plus up to 15% of the renewal premiums in respect of certain policies.

Pursuant to the distribution agreement entered into by MLIC with BCM (the “**MLIC Distribution Agreement**”), BCM will market and distribute such life assurance products as agreed between the parties from time to time for MLIC through its branch network.

Pursuant to the MLIC Distribution Agreement, BCM has entered into an agency agreement with MLIC (the “**MLIC Agency Agreement**”) in respect of the sale of life assurance policies in return for commission payments as agreed between the parties from time to time. Under the terms of the MLIC Agency Agreement, the commission payable by MLIC to BCM in respect of such life assurance products shall vary, depending on the product type, between 0.5% and 40% of the first year’s premium received.

Pursuant to the distribution agreement entered into by MIC with BCM (the “**MIC Distribution Agreement**”), BCM will market and distribute such general insurance products of MIC as are agreed between the parties from time to time through its branch network.

Pursuant to the MIC Distribution Agreement, BCM has entered into an agency agreement with MIC (the “**MIC Agency Agreement**”) in respect of the sale of general insurance products in return for commission payments, as agreed between the parties from time to time. Under the terms of the MIC Agency Agreement, the commission payable by MIC to BCM in respect of general insurance products shall vary, depending on the product type, between 10% and 50% of each year’s premium received in respect of new or renewal policies.

In respect of each of the DSIS, DSIA, MLIC and MIC Distribution Agreements (collectively the “**Distribution Agreements**”), DSIS and DSIA shall each reimburse or pay on behalf of each of Dah Sing Bank and MEVAS Bank, and MLIC and MIC shall each reimburse or pay on behalf of BCM, agreed expenses including the registration fees for licences for the bank staff to sell insurance, sales incentives, marketing expenses and other costs and expenses related to the performance of the Distribution Agreements.

Each of the Distribution Agreements will be on a mutually non-exclusive basis and will be for a two-year fixed term with effect from 1 January 2009. Each of the DSIS, DSIA, MLIC and MIC Agency Agreements (collectively the “**Agency Agreements**”) will be on a mutually non-exclusive basis for a two-year fixed term with effect from 1 January 2009, save that the provisions relating to the payment of outstanding renewal premiums shall remain in force until payment is received in full.

The payments of commission from members of DSFH Group to the Group pursuant to the Distribution Agreements are settled in cash on a monthly or periodic basis.

Reasons for the transaction:

The distribution and agency arrangements described above, including the commission rates set out in the various sets of Distribution Agreements and Agency Agreements, are consistent with normal arrangements between banks and insurance companies in the Hong Kong and Macau markets, and will provide the Group with insurance products and services to be offered to the customers of the banking subsidiaries of the Group. The distribution of different types of insurance products through the respective bank branch networks of Dah Sing Bank, MEVAS Bank and BCM in return for a commission income to be paid by the DSFH Group will also produce fee income which will be of benefit to the Group.

Historical Amounts and Proposed Caps:

As each of the Distribution and Agency Agreements is for a fixed term of two years with effect from 1 January 2009, the proposed cap for this category of continuing connected transaction has been set for each of the two financial years ending 31 December 2009 and 2010 only.

The aggregate commissions received by, and expenses paid on behalf of and reimbursed to, the Group by DSIS, DSIA, MLIC and MIC during the financial year ending 31 December 2007 and the first six months of 2008 were approximately HK\$39,371,000 and HK\$19,119,000 respectively.

It is proposed that the aggregate commissions received by, and expenses paid on behalf of and reimbursed to, the Group by DSIS, DSIA, MLIC and MIC for each of the two financial years ending 31 December 2009 and 2010 will not exceed the annual limit of HK\$70,000,000.

	Historical Caps		Historical Figures		Future Caps	
	Annual cap for the year ended 31 Dec 2007	Annual cap for the year ended 31 Dec 2008	Actual annual amount for the year ended 31 Dec 2007	Unaudited historical amount for the period from 1 Jan to 30 Jun 2008	Annual cap for the year ended 31 Dec 2009	Annual cap for the year ended 31 Dec 2010
HK\$ million						

Transaction

Commissions received by,
and expenses paid
on behalf of and
reimbursed to, the
Group by DSIS, DSIA,
MLIC and MIC under
their respective
Distribution Agreements
and Agency Agreements

47.0	47.0	39.4	19.1	70.0	70.0
------	------	------	------	------	------

Basis for such caps:

The annual monetary caps described in the above table have been ascertained by reference to the commission paid and expenses paid and reimbursed to the Group for the financial year ended 31 December 2007 and the first six months of 2008, and calculated on the basis of the commission rates multiplied by the estimated premiums receivable on the insurance products to be distributed.

The bases for determining the commission rates on a product basis under the DSIS Agency Agreements in respect of life assurance policies sold for the two financial years ending 31 December 2009 and 2010 shall remain similar as for the years ending 31 December 2007 and 2008. However, due to budgeted increases in the volume of products distributed and the introduction of new products or revisions to existing products, the overall aggregate commissions likely to be received are forecast to be significantly higher and consequently such increases are reflected in the table above.

The bases for determining the commission rates on a product basis under the DSIA Agency Agreements in respect of general insurance and life assurance products sold to customers of the Group for the two financial years ending 31 December 2009 and 2010 shall remain similar as for the years ending 31 December 2007 and 2008. However, due to budgeted increases in the volume of products distributed and the introduction of new products or revisions to existing products, the overall aggregate commissions likely to be received are forecast to be significantly higher and consequently such increases are reflected in the table above.

In arriving at the above caps, the Directors have also considered the Group's strategy to promote insurance products to its customers who are serviced by the respective bank branch networks of Dah Sing Bank, MEVAS Bank and BCM. The Directors are of the view that the increasing level of awareness and acceptance of life and general insurance products by the Group's customers in general will provide the Group with greater opportunities to cross sell its higher-value insurance policies, and therefore allow the Group to substantially increase the commission receivable from the sale of such insurance products.

The Directors confirm that the commission rates, and expenses to be paid and reimbursed will be on normal commercial terms, in line with market rates for insurance products of similar types, in the ordinary and usual course of business of the Group, and are fair and reasonable to the Shareholders.

4. LISTING RULES IMPLICATIONS

- 4.1 As each of the Percentage Ratios (other than the profits ratio) of the continuing connected transactions set out in this announcement, on an annual basis, is higher than 0.1% but less than 2.5%, they therefore fall under Rule 14A.34 of the Hong Kong Listing Rules. Accordingly, these continuing connected transactions are subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules, but are exempt from the requirements of independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.
- 4.2 The Board (including the independent non-executive Directors) considers that the abovementioned continuing connected transactions have been conducted on normal commercial terms or on terms no less favourable than those available to independent third parties and were entered into on a continuing and regular basis and in the ordinary and usual course of business of the Company, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and that the annual caps for each of the two financial years ending 31 December 2009 and 2010 for the abovementioned continuing connected transactions are fair and reasonable.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the meanings set out below for the purposes of this announcement:

“Board”	the board of Directors of the Company
“Company”	Dah Sing Banking Group Limited, a company incorporated in Hong Kong, whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“DSFH Group”	DSFH and its subsidiaries (but excluding the Group)
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macao” or “Macau”	Macau Special Administrative Region of the People’s Republic of China
“MOP”	Macao Pataca, the lawful currency of Macao
“Percentage Ratios”	the percentage ratios set out in Rule 14.07 of the Listing Rules, (i.e. “assets ratio”, “profits ratio”, “revenue ratio”, “consideration ratio” and “equity capital ratio”, as such terms are defined in the Listing Rules)

“Prospectus”	the Prospectus of the Company dated 18 June 2004 issued in connection with the listing of the shares of the Company on the Stock Exchange
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board
Dah Sing Banking Group Limited
Hoi-Lun Soo
Company Secretary

Hong Kong, 30 December 2008

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Managing Director and Chief Executive), Lung-Man Chiu (John Chiu), Gary Pak-Ling Wang, Harold Tsu-Hing Wong and Frederic Suet-Chiu Lau as Executive Directors; Mr. Keisuke Tahara as Non-Executive Director; Messrs. John William Simpson, David Richard Hinde, Robert Tsai-To Sze, Andrew Kwan-Yuen Leung and Seng-Lee Chan as Independent Non-Executive Directors.