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

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

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

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**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)

## **DISCLOSEABLE TRANSACTION**

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A letter from the Board of Dah Sing Banking Group Limited is set out on pages 3 to 7 of this circular.

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## DEFINITIONS

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

“Acquisition”	the acquisition by DSB of the BCM Shares, CSM Shares and CSM Vida Shares
“BCM”	Banco Comercial de Macau, a company registered with the Macau Businesses and Moveable Assets Register under number 10458(SO)
“BCM Shares”	900,000 shares, representing 100% of the share capital of BCM beneficially owned by BCP
“BCP”	Banco Comercial Português, S.A.
“Company”	Dah Sing Banking Group Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Stock Exchange (Stock code: 2356)
“Consideration”	the consideration for the Acquisition under the Share Purchase and Sale Agreement
“CSM”	Companhia de Seguros de Macau, SARL, a company registered with the Macau Businesses and Moveable Assets Register under number 1691(SO)
“CSM Shares”	600 shares representing 4% of the share capital of CSM beneficially owned by BCP
“CSM Vida”	Companhia de Seguros de Macau Vida, S.A., a company registered with the Macau Businesses and Moveable Assets Register under number 12175(SO)
“CSM Vida Shares”	means 40 shares representing 0.13% of the share capital of CSM Vida beneficially owned by BCP
“Directors”	the directors of the Company
“DSB”	Dah Sing Bank, Limited, a wholly owned subsidiary of the Company
“DSFH”	Dah Sing Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and whose shares are listed on the Stock Exchange (Stock code: 0440)
“€”	Euro, the lawful currency of the European Union
“Group”	DSFH, the Company and its subsidiaries
“HK\$”	Hong Kong Dollars

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## DEFINITIONS

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“Latest Practicable Date”	22 August 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	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 Macau
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share Purchase and Sale Agreement”	the Share Purchase and Sale Agreement in relation to the Acquisition signed by DSB and BCP on 3 August 2005
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

For the purpose of this circular, conversion of MOP into HK\$ is calculated at the exchange rate of HK\$1.00 to MOP1.03 and conversion of € into HK\$ is calculated at the exchange rate of HK\$1.00 to €0.1043.

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## LETTER FROM THE BOARD

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# 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)

***Independent Non-executive Directors:***

John William Simpson  
Robert Tsai-To Sze  
David Richard Hinde  
Andrew Kwan-Yuen Leung

***Registered office:***

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

***Non-executive Directors:***

Takashi Muraoka

***Executive Directors:***

David Shou-Yeh Wong (*Chairman*)  
Hon-Hing Wong (Derek Wong) (*Chief Executive*)  
Gary Pak-Ling Wang  
Lung-Man Chiu (John Chiu)  
Harold Tsu-Hing Wong  
Dennis Tat-Wang Yau

23 August 2005

*To the Shareholders,*

Dear Sir or Madam,

### **DISCLOSEABLE TRANSACTION**

#### **1. INTRODUCTION**

In the joint announcement of DSFH and the Company dated 3 August 2005, DSFH and the Company announced that on 3 August 2005, the Company's wholly owned subsidiary, DSB, and BCP entered into the Share Purchase and Sale Agreement in relation to the acquisition of 100% of the issued share capital of BCM and 96% of each of the issued share capital of CSM and CSM Vida, which are incorporated in Macau and indirectly owned by BCP. The Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules of the Company.

#### **2. SHARE PURCHASE AND SALE AGREEMENT**

##### **2.1 Date**

3 August 2005

##### **2.2 Parties**

DSB and BCP

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## LETTER FROM THE BOARD

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### 2.3 Acquisition

Under the Share Purchase and Sale Agreement, BCP will sell and/or procure the sale and transfer of all the BCM Shares, CSM Shares and CSM Vida Shares, free from all third party interests, to DSB.

### 2.4 Consideration and payment terms

The Consideration for the Acquisition is MOP1,719 million (HK\$1,669 million), subject to adjustment for changes in the net assets of each of BCM and CSM between 31 December 2004 and the last date of the quarter immediately preceding completion. The Consideration for the Acquisition will be payable in cash at completion. An adjustment payment based on the changes in net assets, between 31 December 2004 and the end of the last quarter immediately preceding completion and as reviewed by the auditors of BCM and DSB, will be payable upon finalisation of the quarter end accounts for each of BCM and CSM following completion. The Consideration was determined with regard to the net asset value as at 31 December 2004, and profit of BCM, CSM and CSM Vida, including the fact that the owned properties are accounted for on a depreciated cost basis, not on a market value basis, and will be financed from the Company's internal resources. The Consideration, which the Directors consider is fair and reasonable, includes a premium over the net asset value of BCM, CSM and CSM Vida, which represents the goodwill attributable to the business. The goodwill will be calculated as the premium over the net asset value of BCM, CSM and CSM Vida as at the date of completion of the Acquisition and will be treated in accordance with accounting principles generally accepted in Hong Kong including HKFRS 3: "Business Combinations". It is currently estimated that the goodwill will be approximately MOP750 million (HK\$728 million). In accordance with HKFRS 3 and HKAS 36, the goodwill is to be tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognised through the profit and loss account when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

### 2.5 Conditions

Completion of the Acquisition is conditional upon a number of conditions regarding regulatory approvals from (i) the Hong Kong Monetary Authority; and (ii) the Monetary Authority of Macau. Such regulatory approvals had not yet been received as at the Latest Practicable Date.

### 2.6 Completion

DSB will use its best endeavours to ensure satisfaction of the above conditions as soon as possible, and in any event by 2 May 2006. If the conditions have not been fulfilled by 2 May 2006, then either DSB or BCP has the right to terminate the Share Purchase and Sale Agreement.

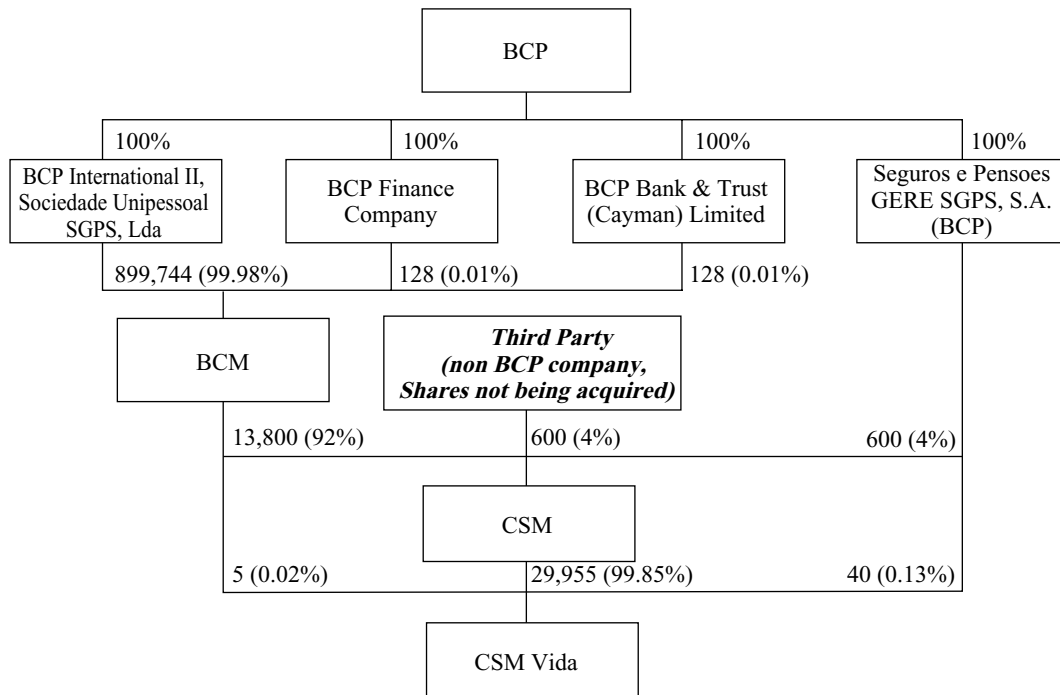
## 3. INFORMATION ON BCM, CSM AND CSM VIDA

BCM is an indirectly wholly-owned subsidiary of BCP, and is primarily engaged in retail and commercial banking in Macau. BCM is the third largest bank in Macau by number of branches and the eighth largest by total assets. 96% of the shares in CSM are indirectly owned by BCP through its wholly-owned subsidiaries BCM and Seguros e Pensoes GERE SGPS, S.A.. 96% of CSM Vida is indirectly owned by BCP through BCM and CSM. The remaining 4% of

## LETTER FROM THE BOARD

the shares in CSM and CSM Vida are owned directly and indirectly, respectively, by Sociedade de Turismo e Diversões de Macau, S.A., a third party independent of DSFH, the Company and their connected persons (as defined in the Listing Rules). CSM and CSM Vida are primarily engaged in life assurance and non-life insurance, asset management, investment and pension fund management & other related activities in Macau, and are, respectively, the largest general insurance company in Macau and the fifth largest life assurance company in Macau (both by gross written premiums). CSM Vida is also the second largest pension fund administrator in Macau (by assets under management).

The BCM group structure before the Acquisition is as follows:



Based on the audited financial statements of BCM, CSM and CSM Vida for the year ended 31 December 2004, BCM, CSM and CSM Vida had shareholders' funds of MOP549.6 million (HK\$533.6 million), MOP69.6 million (HK\$67.57 million) and MOP38.6 million (approximately HK\$37.48 million) respectively. Under BCM and CSM's current accounting policy, which follows Macao GAAP, the owned properties of each company are currently held on a depreciated cost basis, and not on a market value basis. It is estimated that the current market value of the owned properties of the BCM group is significantly higher than their stated book value, and a further property valuation will be performed.

Based on the audited financial statements of BCM, for the years ended 31 December 2003 and 2004, the net profits of BCM before taxation and extraordinary items were MOP55.8 million (HK\$54.17 million) and MOP63.8 million (HK\$61.9 million) respectively, and the net profits of BCM after taxation and extraordinary items for those years were MOP53.4 million (HK\$51.84 million) and MOP63.3 million (HK\$61.46 million) respectively.

Based on the audited financial statements of CSM, for the years ended 31 December 2003 and 2004, the net profits of CSM before taxation and extraordinary items were MOP9.9 million (HK\$9.6 million) and MOP10.7 million (HK\$10.4 million) respectively, and the net profits of CSM after taxation and extraordinary items for those years were MOP10.1 million (HK\$9.8 million) and MOP10.8 million (HK\$10.5 million) respectively.

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## LETTER FROM THE BOARD

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Based on the audited financial statements of CSM Vida, for the years ended 31 December 2003 and 2004, the net profits of CSM Vida before taxation and extraordinary items were MOP2.5 million (HK\$2.43 million) and MOP2.3 million (HK\$2.23 million) respectively, and the net profits of CSM Vida after taxation and extraordinary items for those years were MOP2.1 million (HK\$2.04 million) and MOP2.0 million (HK\$1.94 million) respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BCM, CSM and CSM Vida and its respective ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules), and are not connected persons of the Company.

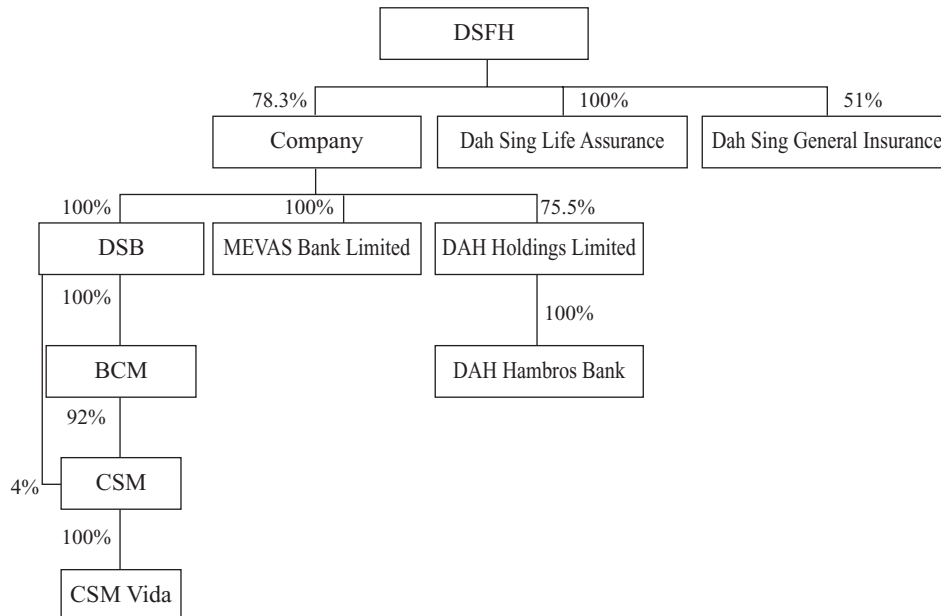
#### 4. INFORMATION ON BCP

BCP is a Portuguese financial services group listed on Euronext Lisbon, with total audited consolidated assets of approximately €72 billion (HK\$690 billion) and total equity of approximately €3.6 billion (HK\$34 billion) as at 31 December 2004. BCP's principal activities include individual and corporate customer fund-taking, credit granting, custody of securities, treasury services, foreign-exchange transactions and money-market operations.

#### 5. INFORMATION ON THE COMPANY AND DSFH

The Company is the holding company of two banking subsidiaries (DSB and MEVAS Bank), and a securities trading company, as well as an offshore joint venture private banking business with SG Hambros Bank. In addition to its 78.3% interest in the Company, DSFH is also active in the life and general insurance businesses.

Structure of the Group after the Acquisition is as follows:



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## LETTER FROM THE BOARD

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### 6. REASONS FOR THE ACQUISITION

The Acquisition is in line with the strategy of both DSFH and the Company to grow our business both through organic means and through mergers and acquisitions as appropriate, and represents a continuation of the strategy of both DSFH and the Company of investing for growth. Neither DSFH nor the Company currently has any operations in Macau. The Acquisition will enable DSFH and the Company to enter the Macau market, which is an increasingly affluent market with a growing economy, and to gain significant market share in each of the banking, general insurance and life assurance businesses. The business nature of BCM, CSM and CSM Vida is wholly in line with the business nature of DSFH and the Company. Following the completion of the Acquisition, it is the intention of the Company to sell and transfer the shares of CSM and CSM Vida to DSFH, which is the company holding the insurance interests of the Group. If such transfer of shares of CSM or CSM Vida by the Company to DSFH is a matter discloseable under the Listing Rules, further announcement will be made by the Company. The Directors believe that the Acquisition will strengthen the Group's earning base and will increase the assets and liabilities of the Company and the Group taken as a whole. The Directors believe that the terms of the Acquisition are fair and reasonable, and in the interests of the shareholders as a whole.

### 7. GENERAL

Your attention is drawn to the appendix of this circular which contains certain additional information in relation to the Company.

Yours faithfully,  
For and on behalf of the Board  
**David Shou-Yeh Wong**  
*Chairman*



## 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 in this circular 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) as recorded in the registers required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

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

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

Directors	Personal Interests	Corporate Interests (Note 1)	Other Interests	Total Interests in Number of Ordinary Shares	% of the Issued Share Capital
<b>Number of ordinary shares of HK\$1 each in the Company</b>					
David Shou-Yeh Wong	–	719,956,596 (Note 2)	–	719,956,596	78.27
<b>Number of ordinary shares of HK\$2 each in DSFH</b>					
David Shou-Yeh Wong	–	4,416,768	92,232,682 (Note 3)	96,649,450	38.88
John William Simpson	10,000 (Note 4)	–	–	10,000	0.00
Lung-Man Chiu (John Chiu)	38,800	–	–	38,800	0.02

*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 represent the corporate interest of David Shou-Yeh Wong under Part XV of the SFO by virtue of his beneficial interest in 96,649,450 ordinary shares of DSFH, representing 38.88% of its entire share capital currently in issue as at the Latest Practicable Date.
- 3) Such shares are indirectly held by HSBC International Trustee Limited (“HSBCIT”), the trustee of a discretionary trust established for the benefit of David Shou-Yeh Wong and his family.
- 4) Such shares are jointly owned by John William Simpson and his wife.

The interests of the Directors and Chief Executive 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 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)

**Number of share options in the Company**

Lung-Man Chiu (John Chiu)	250,000	16.70	25/11/2004	25/11/2005	25/11/2010
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**Number of share options in DSFH**

Hon-Hing Wong (Derek Wong)	1,000,000	64.00	25/11/2004	25/11/2005	25/11/2010
Gary Pak-Ling Wang	400,000	64.00	25/11/2004	25/11/2005	25/11/2010
Harold Tsu-Hing Wong	250,000	64.00	25/11/2004	25/11/2005	25/11/2010

Messrs David Richard Hinde, Robert Tsai-To Sze, Andrew Kwan-Yuen Leung and Takashi Muraoka and Dennis Tat-Wang Yau have each confirmed that they had no interests in the shares of the Company 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 Chief Executive's interests and as stated below, so far as is known to any Director or the Chief Executive of the Company, 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
DSFH	Beneficial interest	719,956,596	78.27
HSBC International Trustee Limited	Corporate interest	719,956,596 (Note 1)	78.27
Christine Yen Wong	Deemed interest by virtue of her spouse having a notifiable interest	719,956,596 (Note 2)	78.27

Notes:

- By virtue of the deemed interest in DSFH shares indirectly held by HSBCIT in trust for a discretionary trust established for the benefit of David Shou-Yeh Wong and his family. HSBCIT is taken to have a duty of disclosure in relation to the relevant shares of the Company held through its controlled companies. Relevant shares have been included in the "Corporate interests" of David Shou-Yeh Wong as disclosed under the heading of "Interests of Directors and Chief Executive" above.
- Such shares represented deemed interest of Christine Yen Wong by virtue of her spouse, David Shou-Yeh Wong, being a substantial shareholder of DSFH and having a deemed interest in relevant share capital of the Company. Christine Yen Wong is taken to have a duty of disclosure in relation to the deemed interest of the Company held by her spouse. This interest comprised the same interests of David Shou-Yeh Wong under the heading of "Interests of Directors and Chief Executive" above.

#### 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. 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.

**5. SERVICE CONTRACTS**

No Director has entered into a service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

**6. LITIGATION**

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claim of material importance and, so far as the Directors are aware, no litigation or arbitration or claim of material importance is pending or threatened by or against the Company or any of its subsidiaries.

**7. INTEREST IN SUBSIDIARY**

The Company will indirectly hold a 100% interest in BCM, and a 96% interest in each of CSM and CSM Vida following the Acquisition.

**8. MISCELLANEOUS**

- (a) The Qualified Accountant of the Company is Gary Pak-Ling Wang CPA (HKICPA), FCCA.
- (b) The Secretary of the Company is Hoi-Lun Soo B.A. (Hons.), ACIS.
- (c) The share registrars 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.
- (d) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.