



大新金融集團有限公司 DahSingFinancialHoldingsLimited

(incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 0440)

CONNECTED TRANSACTION

ACQUISITION OF A MINORITY INTEREST IN DAH SING GENERAL INSURANCE COMPANY LIMITED, A JOINT VENTURE BETWEEN THE COMPANY AND MSIG INSURANCE (HONG KONG) LIMITED (PREVIOUSLY KNOWN AS AVIVA GENERAL INSURANCE LIMITED)

The Company announces that on 21 December 2006 it entered into a conditional Share Purchase Agreement with MSIG whereby the Company has agreed to acquire the Sale Shares, representing 49% of issued share capital of DSGI, from MSIG for an initial consideration of HK\$38,861,604.09, subject to adjustment based on the net asset value of DSGI as at 31 December 2006. On completion, DSGI will become a wholly owned subsidiary of the Company.

DSGI is a joint venture company formed for the purpose of conducting general insurance business. The shareholders of DSGI prior to completion of the Acquisition are the Company and MSIG, holding 51% and 49% respectively of the issued share capital of DSGI. Accordingly, MSIG is a substantial shareholder of DSGI and the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As each of the Percentage Ratios (other than the profits ratio) in respect of the Acquisition is less than 2.5%, the entering into the Share Purchase Agreement and the Acquisition are only subject to the announcement and reporting requirements under Rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Company and MSIG hold 51% and 49% respectively of the issued share capital in DSGI. The Company announces that on 21 December 2006 it entered into a conditional Share Purchase Agreement with MSIG whereby the Company has agreed to acquire the Sale Shares, representing all of MSIG's shareholding in the issued share capital of DSGI. On completion, DSGI will become a wholly owned subsidiary of the Company.

SHARE PURCHASE AGREEMENT

Date:	21 December 2006
Vendor:	MSIG
Purchaser:	The Company
Acquisition:	Under the Share Purchase Agreement, the Company has agreed to purchase and MSIG has agreed to sell the Sale Shares.
Consideration:	The initial consideration for the Acquisition is HK\$38,861,604.09, which is equal to 49% of the value of net assets of DSGI as at 30 November 2006 as shown in the management accounts of DSGI, and is subject to dollar for dollar adjustment based on the difference between 49% of the net asset value of DSGI as at 31 December 2006 as determined in the audited financial statements of DSGI for the financial year ending 31 December 2006 and the initial consideration paid at completion. The consideration is to be satisfied in full by a payment in cash funded from internal resources of the Company. The initial consideration of HK\$38,861,604.09 will be paid on completion and any adjustment will be payable by the Company or refunded by MSIG, as the case may be, subsequent to the determination of the net asset value of DSGI as at 31 December 2006 which is to be prepared by no later than 31 March 2007.
Conditions:	Completion of the Acquisition is conditional upon the Bermuda Monetary Authority granting consent in respect of the transfer of Sale Shares in connection with the Acquisition.
Completion:	Completion of the Acquisition is expected to occur 4 business days after satisfaction of the condition precedent, and on or before 31 December 2006.

The consideration was determined after arms' length negotiations between the parties with reference to the current net book value.

INFORMATION ON THE COMPANY

The Company is an investment holding company, and its principal subsidiaries are engaged in the provision of banking and insurance services in Hong Kong.

INFORMATION ON MSIG

MSIG carries on the principal business of general insurance and is a wholly-owned subsidiary of Mitsui Sumitomo Insurance Co., Limited, a leading general insurer in Japan.

INFORMATION ON DSGI

DSGI is an authorised general insurance company in Hong Kong and Bermuda and is regulated by the Insurance Authority in Hong Kong. DSGI was incorporated in Bermuda on 14 July 1998 as a joint venture company pursuant to a shareholders agreement between Scottish Insurance Corporation Limited (subsequently novated in favour of MSIG on 31 May 2005) and the Company dated 19 June 1998 (as amended by a supplemental agreement dated 29 September 1998, a second supplemental agreement dated 7 December 1998, a third supplemental agreement dated 12 March 1999 and a fourth supplemental agreement dated 18 January 2004).

Immediately prior to completion, DSGI was owned by the Company and MSIG as to 51% and 49% respectively. Immediately following completion, DSGI will become a wholly owned subsidiary of the Company.

The net asset value of DSGI based on its audited financial statements for the financial year ended 31 December 2005 was HK\$79,920,000.00.

The Profit before and after tax attributable to DSGI based on its audited financial statements for the last two financial years ended 31 December 2004 and 2005 are as follows:

	2005 HK\$ ('000)	2004 HK\$ ('000)
Profit before tax	4,914	5,242
Profit after tax	4,673	5,242

REASONS FOR THE ACQUISITION

The Acquisition will result in the Company obtaining full control of DSGI at a price equal to the pro-rata net asset value of the shares of DSGI that are acquired. The Directors, including the independent non-executive directors of the Company, expect that this will enhance the operational efficiency of the Group and believe that the terms of the Acquisition and the Share Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the shareholders as a whole.

CONNECTED TRANSACTION

As MSIG is a substantial shareholder of DSGI, the Acquisition constitutes a connected transaction under the Listing Rules for the Company. As each of the Percentage Ratios (other than the profits ratio) in respect of the Acquisition is less than 2.5 per cent., the entering into the Share Purchase Agreement and the Acquisition are only subject to the announcement and reporting requirements under Rules 14A.45 and 14A.47 of the Listing Rules and are exempt from the independent shareholders approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Share Purchase Agreement is conditional. The release of this announcement does not in any way indicate that the Share Purchase Agreement will be successfully completed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

DEFINITIONS

"Acquisition"	the acquisition by the Company of all of the Sale Shares pursuant to the terms of the Share Purchase Agreement, a summary of which is set out in the section headed "Share Purchase Agreement" of this announcement
"Company"	Dah Sing Financial Holdings Limited
"Directors"	the directors of the Company
"DSGI"	Dah Sing General Insurance Company Limited
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"MSIG"	MSIG Insurance (Hong Kong) Limited (previously known as Aviva General Insurance Limited)
"Percentage Ratios"	have the meanings ascribed thereto under Rule 14.04(9) of the Listing Rules
"Sale Shares"	the aggregate of 34,300,000 Class A common shares of HK\$1 each in the share capital of DSGI owned by MSIG immediately prior to completion, representing 49% of the issued share capital of DSGI as at the date of the Share Purchase Agreement
"Share Purchase Agreement"	the share purchase agreement dated 21 December 2006 entered into between MSIG as vendor and the Company as purchaser in relation to the Acquisition
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board
Dah Sing Financial Holdings Limited
Hoi-Lun Soo
Company Secretary

Hong Kong, 21 December 2006

As at the date of this announcement, the Board of Directors of the Company is comprised of Messrs. David Shou-Yeh Wong as the Chairman, Chung-Kai Chow as the Vice Chairman, Hon-Hing Wong (Derek Wong) as the Managing Director, Peter G. Birch, Robert Tsai-To Sze, Tai-Lun Sun (Dennis Sun) and Kwok-Hung Yue (Justin Yue) as independent non-executive directors, Kunio Suzuki (Kenichi Yonetani as alternate), Tatsuo Tanaka (Toshiaki Arai as alternate), Kosuke Furukawa, John Wai-Wai Chow and Yiu-Ming Ng as non-executive directors, and Roderick S. Anderson, Gary Pak-Ling Wang and Nicholas J. Mayhew as executive directors.