

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 — COMPUTER AND ADMINISTRATIVE SERVICES AGREEMENTS AND DISTRIBUTION AND AGENCY AGREEMENTS

The directors of the Company announce that on 6 January 2006, BCM, an indirect wholly-owned subsidiary of the Company, and each of CSM and CSM Vida entered into the Services Agreements. Pursuant to the Services Agreements, BCM will provide certain computer and administrative services to CSM and CSM Vida.

The directors of the Company further announce that on 6 January 2006, BCM and each of CSM and CSM Vida entered into the Distribution Agreements. Pursuant to the Distribution Agreements, CSM and CSM Vida will market and distribute life and general insurance products through BCM's network of bank branches.

The Transfer, which was approved by the shareholders of the Company on 19 May 2006, completed on 26 May 2006, following which CSM and CSM Vida became non-wholly owned subsidiaries of the controlling shareholder of the Company, DSFH. Therefore, the Services Agreements and the Distribution Agreements constitute continuing connected transactions of the Company under the Listing Rules with effect from 19 May 2006. Each Service Agreement is capped at the fixed fee payable under each agreement. Caps were added to the Distribution Agreements with effect from 19 May 2006. As the applicable ratios for the annual caps in respect of the Services Agreements and the Distribution Agreements are in aggregate more than 0.1% but less than 2.5%, the Services Agreements and the Distribution Agreements are subject to the reporting, announcement and annual review requirements, and are exempt from independent shareholders' approval, under the Listing Rules.

SERVICES AGREEMENTS

Date: 6 January 2006

Parties: (1) BCM and CSM
(2) BCM and CSM Vida

Term: Three years retroactive from 19 December 2005

Subject: BCM shall provide computer and administrative services to each of CSM and CSM Vida. The services principally consist of:

- (1) computer services including data processing, printing, system development, technical support, disaster recovery and contract management;
- (2) administrative, company secretarial, internal audit, compliance, operational, credit and treasury operations; and
- (3) secondment of, and provision of services by, staff to CSM and CSM Vida.

Fee: A fixed annual fee shall be payable by CSM to BCM of MOP400,000 (HK\$388,350) and by CSM Vida to BCM of MOP200,000 (HK\$194,175).

DISTRIBUTION AGREEMENTS

Date: 6 January 2006

Parties: (1) BCM and CSM
(2) BCM and CSM Vida

Term: Three years retroactive from 1 January 2006, save that the provisions relating to payment of outstanding renewal premiums shall remain in force until payment in full is received.

Subject: CSM and CSM Vida shall market and distribute life and general insurance products through BCM's network of bank branches.

Fee: CSM Vida shall pay to BCM a commission in respect of life assurance products which varies, depending on the product type, between 15% and 50% of the first year's premium received. CSM shall pay to BCM a commission in respect of general insurance products which varies between 10% and 15% of each years premium received in respect of a new or renewal policy. CSM and CSM Vida also pay for and reimburse certain expenses connected with the distribution of policies by BCM such as registration fees, sales incentives and marketing expenses.

Payment Term: The commissions shall be payable within 90 days from the end of the month in which the premium is due from the insured.

MAXIMUM AGGREGATE ANNUAL VALUES

The maximum aggregate annual value received by BCM pursuant to the Services Agreements is equal to the fixed annual fee payable under the Services Agreements, which is, in aggregate, MOP600,000 (HK\$582,524). The fixed annual fee payable by CSM and CSM Vida under the Services Agreements was determined by reference to the cost of such services.

The maximum aggregate annual value received by BCM pursuant to the Distribution Agreements is subject to a cap of MOP15,000,000 (HK\$14,563,107) for the purposes of Chapter 14A of the Listing Rules. The annual cap is determined by reference to the estimated commissions payable and expenses to be reimbursed calculated on the basis of commission rates multiplied by expected premiums received on insurance products distributed.

REASONS FOR THE TRANSACTIONS

The Transfer was in line with the strategy of DSFH and the Company to centralise the holding of the insurance businesses by DSFH and banking businesses by the Company, and to avoid competition between DSFH and the Company.

Prior to the Transfer, BCM and CSM and CSM Vida were part of the same group and BCM provided computer and administrative services to CSM and CSM Vida as part of performing the services for the group. BCM has the resources in place to provide the computer and administrative services under the Services Agreements to CSM and CSM Vida.

The marketing and distribution of life and general insurance products by BCM is part of the normal commercial activity of BCM in the ordinary course of its business.

The directors of the Company (including the independent non-executive directors) are of the view that the terms of the Services Agreements and the Distribution Agreements are on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONNECTION BETWEEN THE PARTIES

The Transfer, which was approved by the shareholders of the Company on 19 May 2006, completed on 26 May 2006, following which CSM and CSM Vida became non-wholly owned subsidiaries of DSFH, the controlling shareholder of the Company. CSM and CSM Vida are therefore connected persons of the Company and the entering into of the Services Agreements and the Distribution Agreements constitute continuing connected transactions for the Company under the Listing Rules. As the applicable ratios for the annual caps in respect of the Services Agreements and Distribution Agreements are in aggregate more than 0.1% but less than 2.5%, the Services Agreements and Distribution Agreements are subject to the reporting, announcement and annual review requirements, and are exempt from independent shareholders' approval under the Listing Rules.

The Company will re-comply with the Listing Rules in case the annual caps are exceeded or when the Services Agreements and Distribution Agreements are renewed or there is a material change to the terms of the Services Agreements and Distribution Agreements.

INFORMATION ON THE COMPANY AND THE CONNECTED PERSONS

CSM and CSM Vida have become non-wholly owned subsidiaries of DSFH upon completion of the Transfer. CSM and CSM Vida are primarily engaged in non-life insurance and life assurance, asset management, investment and pension fund management and 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). DSFH is the holder of approximately 74.94% of the issued share capital of the Company, and is the company holding the insurance interests of the DSFH group.

The Company is the holding company of three banking subsidiaries, DSB, BCM and MEVAS Bank Limited, a restricted licence bank, Pacific Finance (Hong Kong) Limited, and a securities trading company, as well as an offshore joint venture private banking business with SG Hambros Bank.

BCM is a wholly owned subsidiary of DSB and is primarily engaged in retail and commercial banking in Macau.

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following meanings:

“BCM”	Banco Comercial de Macau, S.A., a company registered with the Macau Businesses and Moveable Assets Register under number 10458(SO), and a wholly owned subsidiary of DSB;
“Circular”	the circular to shareholders of the Company dated 4 May 2006 setting out details of the Transfer;
“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);
“Connected Person”	has the meaning ascribed to it under the Listing Rules;
“CSM”	Companhia de Seguros de Macau, S.A., a company registered with the Macau Businesses and Moveable Assets Register under number 1691(SO), which is 78% owned by DSMIG and 18% owned by DSGI(1) following completion of the Transfer;
“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), which is 99.85% owned by CSM, 0.13% by DSLI(BVI)(1) and 0.02% by DSLI(2) following completion of the Transfer;
“Distribution Agreements”	the distribution agreements and underlying agency agreements dated 6 January 2006 entered into between BCM and each of CSM and CSM Vida;
“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);
“DSGI(1)”	DSGI (1) Limited, a wholly owned subsidiary of DSFH;
“DSL(1)”	DSL(1) Limited, a wholly owned subsidiary of DSB;
“DSL(2)”	DSL(2) Limited, a wholly owned subsidiary of DSFH;
“DSL(BVI)(1)”	DSL(BVI)(1) Limited, a wholly owned subsidiary of DSFH;
“DSMIG”	DSMI Group Limited, a wholly owned subsidiary of DSFH;
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange;
“Macao” or “Macau”	Macao Special Administrative Region of the People's Republic of China;
“MOP”	Macao Pataca, the lawful currency of Macao;
“Services Agreements”	the computer and administration agreements dated 6 January 2006 entered into between BCM and each of CSM and CSM Vida;
“Shinning Bloom”	Shinning Bloom Investments Limited, a wholly owned subsidiary of DSB;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Transfer”	the transfer by BCM of 74% and 18% of the issued share capital of CSM to DSMIG and DSGI(1), respectively; by Shinning Bloom of 4% of the issued share capital of CSM to DSMIG; by BCM of 0.02% of the issued share capital of CSM Vida to DSLI(2) and by DSLI(1) of 0.13% of the issued share capital of CSM Vida to DSLI(BVI)(1) as more fully described in the Circular, which was approved by shareholders of the Company on 19 May 2006.

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

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

Hong Kong, 26 May 2006

As at the date of this announcement, the Executive Directors of the Company are Messrs David Shou-Yeh Wong, Hon-Hing Wong (Derek Wong), Gary Pak-Ling Wang, Lung-Man Chiu (John Chiu), Harold Tsu-Hing Wong and Dennis Tat-Wang Yau. The Independent Non-executive Directors are Messrs John William Simpson, David Richard Hinde, Robert Tsai-To Sze and Andrew Kwan-Yuen Leung. The Non-executive Director is Mr. Takashi Muraoka.