
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any 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, a bank manager, solicitor, professional accountant or other professional adviser.

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

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*(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 Director:

Takashi Muraoka

Executive Directors:

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
Dennis Tat-Wang Yau

16th September 2005

To Shareholders

Dear Sir or Madam,

**INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 30TH JUNE 2005
SCRIP OPTION IN LIEU OF CASH DIVIDEND**

1. Introduction

On 17th August 2005, the Board of Directors (the “**Board**”) of Dah Sing Banking Group Limited (the “**Company**”) declared an interim dividend (the “**Interim Dividend**”) of HK\$0.23 per share of

HK\$1.00 each in the capital of the Company (“**Shares**”) for the six months ended 30th June 2005 payable on 12th October 2005 to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company at 4:00 p.m. on 15th September 2005 (the “**Record Date**”). Shareholders may exercise their option of electing to receive an allotment of new shares of HK\$1.00 each in the capital of the Company (the “**New Shares**”) credited as fully paid in lieu of cash dividend (the “**Scrip Dividend Scheme**”).

The Scrip Dividend Scheme is subject to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the listing of, and the permission to deal in, the New Shares.

The purpose of this circular is to set out the procedures which apply in relation to the Scrip Dividend Scheme and the action which should be taken by Shareholders in relation thereto.

2. **Details of the Scrip Dividend Scheme**

Under the Scrip Dividend Scheme, each Shareholder will have the choice of receiving:-

- (a) an Interim Dividend of HK\$0.23 in cash for each Share held on the Record Date; or
- (b) an allotment of New Shares credited as fully paid in lieu of cash dividend; or
- (c) a combination of (a) and (b) above.

For the purpose of calculating the number of New Shares to be allotted, the market value of the New Shares has been determined by the Board at HK\$14.35 per Share which represents the average closing price per Share listed on the Stock Exchange for the five trading days of the Shares up to and including 9th September 2005 (the “**Reference Price**”). A press announcement setting out the basis of allotment of the Scrip Dividend Scheme was published on 12th September 2005, the next business day immediately after the Reference Price could be exactly identified.

The number of New Shares to be allotted to a Shareholder who wishes to receive the Interim Dividend wholly or partly in New Shares will be calculated by dividing the total amount of the Interim Dividend on the whole or such part of his registered holding of Shares as he so elects by the Reference Price, subject to fractions mentioned below.

$$\begin{array}{rcl} \text{Number of} & & \text{Number of existing} \\ \text{New Shares} & = & \text{Shares held on the} \\ \text{to be received} & & \text{Record Date for which} \\ & & \text{scrip dividend election} \\ & & \text{is made} \end{array} \times \frac{\text{HK\$0.23 (Interim Dividend per Share)}}{\text{HK\$14.35 (Reference Price)}}$$

The number of New Shares to be received will be rounded down to the nearest whole number of New Shares. Fractional entitlements to New Shares in respect of alternatives (b) and (c) above will be aggregated and sold for the benefit of the Company.

The New Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the existing issued Shares save that they will not rank for the Interim Dividend.

3. **Advantages of the Scrip Dividend Scheme**

The Scrip Dividend Scheme will give Shareholders the opportunity to increase their investment in the Company at market value without incurring brokerage fees, stamp duty and related dealing costs. The Scrip Dividend Scheme will also benefit the Company because, to the extent that Shareholders elect to receive New Shares, in whole or in part in lieu of cash dividend, the cash which would otherwise have been paid to the Shareholders will be retained for use by the Company.

4. **Form of Election**

A Form of Election is enclosed with this circular for use by the Shareholders who wish to receive the Interim Dividend wholly in New Shares or partly in cash and partly in New Shares. **If you wish to receive the whole of the Interim Dividend in cash, you need not complete the Form of Election.**

If you elect to receive an allotment of New Shares, or partly cash and partly New Shares, you should use the enclosed Form of Election. If you have signed the Form of Election but do not specify the number of Shares in respect of which you are entitled to receive New Shares under the Scrip Dividend Scheme, or if you elect to receive New Shares in respect of a greater number of Shares than your registered holding on 15th September 2005, you will be deemed to have chosen to receive New Shares in respect of all the Shares of which you were then registered as the holder.

If you wish to receive New Shares in lieu of the cash dividend either in whole or in part, you should complete the enclosed Form of Election in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited of Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 3rd October 2005. No acknowledgment of receipt of the Form of Election will be issued. If the Company's share registrar does not receive your completed Form of Election by 4:00 p.m. on 3rd October 2005, you will receive the whole of your Interim Dividend in cash and any election which you may have made in such Form of Election to receive New Shares will be of no effect.

5. **Overseas Shareholders**

(a) *United States of America and Canada*

The Form of Election has not been sent to Shareholders with a registered address in the United States of America or any of its territories or possessions or Canada as the Board have been advised by their legal advisers that in order to comply with securities regulations applicable in those jurisdictions, such Shareholders should not be permitted to receive the Interim Dividend in scrip form. Such Shareholders will receive the Interim Dividend wholly in cash.

(b) *General*

The issue of the New Shares has not been, and will not be, registered under any applicable securities legislation and/or regulation of any territory outside the Hong Kong SAR. No Shareholder receiving a copy of this circular and/or a Form of Election in any territory outside the Hong Kong SAR may treat the same as an invitation to elect for New Shares unless in the relevant territory such invitation could lawfully be made to him without having to comply with any unfulfilled registration or other legal requirements. Shareholders resident outside the Hong Kong SAR should consult their professional advisers as to whether or not they are permitted to receive the Interim Dividend in the form of an issue of New Shares or if any governmental or other consent is required and as to the taxation consequences of their decision. It is the responsibility of any person outside Hong Kong who wishes to receive New Shares under the Scrip Dividend Scheme to comply with the laws of the relevant jurisdictions including obtaining any registration or complying with other legal requirements, governmental or regulatory procedures or any similar formalities. Shareholders who receive New Shares in lieu of the cash dividend must also comply with any restrictions on the sale of the Shares which may apply outside the Hong Kong SAR.

6. Recommendation and Advice

Whether or not it is to your advantage to receive New Shares or cash, in whole or in part, in respect of the Interim Dividend depends upon your own individual circumstances, and the decision in this regard and all effects resulting therefrom must solely be the responsibility of each Shareholder. If you are in any doubt as to what to do, you should consult your professional advisers.

Shareholders who are trustees in particular are recommended to take professional advice as to whether a decision to receive New Shares is within their powers and as to the effect of such decision having regard to the terms of the relevant trust instrument.

7. Disclosure of Interests

Shareholders should note that an acquisition of New Shares under the Scrip Dividend Scheme may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Cap. 571) for those Shareholders who may have notifiable interests in the Company. Shareholders who are in doubt as to how these provisions may affect them are recommended to seek their own professional advice.

8. Listing of and Dealing in the New Shares

Application has been made to the Listing Committee of the Stock Exchange for the approval for the listing of, and permission to deal in, the New Shares to be issued pursuant to the Scrip Dividend Scheme. Subject to the said application being granted by the Stock Exchange, it is expected that cheques for cash entitlements and share certificates for New Shares will be posted to Shareholders by ordinary mail at their own risk on or about 12th October 2005.

Dealings in the New Shares on the Stock Exchange are expected to commence after despatch to Shareholders of the share certificates for the New Shares. The Shares are not listed, or dealt in, on any stock exchange other than the Stock Exchange and no listing or permission to deal is being, or is proposed to be, sought.

Yours faithfully,
For and on behalf of the Board
Dah Sing Banking Group Limited
David Shou-Yeh Wong
Chairman