大新銀行集團有限公司
DAH SING BANKING GROUP LIMITED

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
The holding company of Dah Sing Bank, Limited
(Stock code: 2356)

CONTINUING CONNECTED TRANSACTIONS

On 30 December 2013, the Board (including the independent non-executive Directors) approved various agreements with respect to (i) insurance services; (ii) lease and leaseback arrangements; (iii) banking arrangements; (iv) computer and administrative services and (v) distribution and agency agreements and other business referral services between members of the DSFH Group and the Group. As DSFH is the substantial shareholder of the Company, members of the DSFH Group constitute connected persons of the Company under the Listing Rules. The transaction contemplated under each of the agreements, which will be conducted on an on-going basis, also constitute continuing connected transactions under the Listing Rules.

Each of the Percentage Ratios (other than the profits ratio) of the continuing connected transactions contemplated under each of the agreements, on an annual basis, is higher than 0.1% but less than 5%. Accordingly, these transactions fall under Rule 14A.34 of the Listing Rules, and are subject to the reporting and announcement requirements set out under Rules 14A.45 to 14A.47 of the Listing Rules, the annual review requirements set out in rules 14A.37 to 14A.40 and the requirements set out in rules 14A.35(1) and 14A.35(2), 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 relevant agreements (and the continuing connected transactions contemplated under them) were entered into 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 continuing connected transactions contemplated under the relevant agreements for each of the three years ending 31 December 2014, 2015 and 2016 for these continuing connected transactions are fair and reasonable.

1. INTRODUCTION

On 30 December 2013, the Board (including the independent non-executive Directors) approved various agreements with respect to (i) insurance services; (ii) lease and leaseback arrangements; (iii) banking arrangements; (iv) computer and administrative services; and (v) distribution and agency agreements and other business referral services between members of the DSFH Group and the Group. As DSFH is the substantial shareholder of the Company, members of the DSFH Group constitute connected persons of the Company under the Listing Rules. The transactions contemplated under each of the agreements, which will be conducted on an on-going basis, also constitute continuing connected transactions under the Listing Rules.

2. PARTIES AND CONNECTION OF THE PARTIES

The Company is the holding company of various subsidiaries including DSB, BCM and Dah Sing Bank (China) Limited which conduct banking business, and MEVAS (1931). MEVAS (1931), formerly known as MEVAS Bank Limited, used to conduct banking business in Hong Kong before the voluntary revocation of its banking license on 23 November 2012. MEVAS (1931) had also ceased to be registered with the Insurance Agents Registration Board of The Hong Kong Federation of Insurers in June 2012. MEVAS (1931) currently is principally engaged in property investment. Vanishing Border is a wholly-owned subsidiary of the Company and currently is principally engaged in property investment.

The Company, through its respective banking and insurance brokerage subsidiaries, has been conducting continuing connected transactions with the following parties:

- **DSFH**

  DSFH is a substantial shareholder of the Company, holding approximately 74.59% of the issued share capital of the Company, and is therefore a connected person of the Company.

- **DSI**

  DSI is a wholly-owned subsidiary of DSFH. As DSFH is the Company's substantial shareholder, DSI is a connected person of the Company pursuant to the Listing Rules. DSI ceased to carry on general insurance business in August 2012 after its business had been transferred to DSI (1976).

- **DSI (1976)**

  DSI (1976) 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 (1976) is a connected person of the Company pursuant to the Listing Rules. DSI (1976) is principally engaged in the underwriting of general insurance business.

- **DSIA**

  DSIA is a wholly-owned subsidiary of DSFH and is the general agent of DSI (1976) in Hong Kong. As DSFH is the Company's substantial shareholder, DSIA is a connected person of the Company pursuant to the Listing Rules.

- **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.

- **DSLA**

  DSLA 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, DSLA is a connected person of the Company pursuant to the Listing Rules. DSLA is principally engaged in the underwriting of life insurance business in Hong Kong.

- **High Standard**

  High Standard is a wholly-owned subsidiary of DSFH. As DSFH is the Company's substantial shareholder, High Standard is a connected person of the Company pursuant to the Listing Rules. High Standard is principally engaged in property investment.

- **MIC**

  MIC is a company which is 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.

- **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, and 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 and operating pensions business in Macau.

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

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

3.1 Insurance services provided by DSI (1976), DSLA, MIC and MLIC

On 30 December 2010, the Company entered into a cooperation agreement with DSFH pursuant to which members of the DSFH Group would provide insurance services to DSB and other members of the Group (the **"Existing Cooperation Agreement"**). The Existing Cooperation Agreement is for a fixed term of three years with effect from 1 January 2011 and ending on 31 December 2013 (both days inclusive). The Existing Cooperation Agreement will be terminated upon the maturity of the term and a new cooperation agreement was entered into by the Company and DSFH on 30 December 2013 (the **"New Cooperation Agreement"**). The New Cooperation Agreement is for a fixed term of three years with effect from 1 January 2014 and ending on 31 December 2016 (both days inclusive).

Description of transaction:

The insurance policies underwritten by DSI (1976) (DSI ceased to carry on general insurance business in August 2012 after its business had been transferred to DSI (1976)) and MIC in the name, and for the benefit, of DSB 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 DSB and other members of the Group are subject to renewal annually.

The master policies between DSLA and DSB in relation to the provision of insurance cover for their respective customers are for a fixed term of three years with effect from 1 January 2014.

DSI (1976) underwrites general insurance policies in the name, and for the benefit, of DSB 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 of DSB and employees of DSB and other members of the Group. 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 premiums payable under such insurance policies are payable in arrears on a monthly basis and are calculated by reference to the outstanding credit balances in respect of each of the products to which they relate.

Reasons for such transaction:

The insurance policies are procured by the Group to enable certain of the Company's subsidiaries, namely DSB and BCM, to comply with relevant regulatory requirements in reducing the risks to the Group's assets, businesses and operations and/or to provide additional services to the Group's customers. In addition, the Directors consider that the insurance services by DSI (1976), DSLA, MIC and MLIC are effective and the fees proposed by DSI (1976), DSLA, MIC and MLIC respectively are comparable to those offered by other insurance companies in the market.

Historical Amounts and Proposed Caps:

In respect of the general insurance policies underwritten by DSI (1976) and MIC in the name, and for the benefit, of DSB and other members of the Group or their respective customers, the premiums payable to DSI (1976) and MIC on such policies for the financial year ended 31 December 2012 and the first nine months of 2013 were HK$7.3 million and HK$6.2 million respectively.

It is proposed that the maximum annual aggregate amount of the premiums payable to DSI (1976) and MIC for each of the three financial years ending 31 December 2014, 2015 and 2016 will not exceed the annual limit of HK10.2 million.

HK$ million	Historical Caps: Annual cap for the year ended 31 Dec 2012	Historical Caps: Annual cap for the year ended 31 Dec 2013	Historical Figures: Actual annual amount for the year ended 31 Dec 2012	Historical Figures: Unaudited historical amount for the period from 1 Jan to 30 Sep 2013	Future Caps: Annual cap for the year ended 31 Dec 2014	Future Caps: Annual cap for the year ended 31 Dec 2015	Future Caps: Annual cap for the year ended 31 Dec 2016
Transaction							
Premiums payable to members of DSFH Group	16.2	16.2	7.3	6.2	10.2	10.2	10.2

In respect of the insurance policies underwritten by DSLA in the name, and for the benefit, of certain borrowing customers of DSB and insurance policies underwritten by DSLA or MLIC to cover the death and/or critical illness of the employees of DSB and other members of the Group, the aggregate premiums payable to DSLA and MLIC on such policies for the financial year ended 31 December 2012 and the first nine months of 2013 were HK$7.2 million and HK$6.1 million respectively.

It is proposed that the maximum annual aggregate amount of the premiums payable to DSLA and MLIC for each of the three financial years ending 31 December 2014, 2015 and 2016 will not exceed the annual limit of HK$15.3 million.

HK$ million	Historical Caps: Annual cap for the year ended 31 Dec 2012	Historical Caps: Annual cap for the year ended 31 Dec 2013	Historical Figures: Actual annual amount for the year ended 31 Dec 2012	Historical Figures: Unaudited historical amount for the period from 1 Jan to 30 Sep 2013	Future Caps: Annual cap for the year ended 31 Dec 2014	Future Caps: Annual cap for the year ended 31 Dec 2015	Future Caps: Annual cap for the year ended 31 Dec 2016
Transaction							
Premiums payable to members of DSFH Group	10.7	10.7	7.2	6.1	15.3	15.3	15.3

Based on the above tables, the total annual aggregate amount of the premiums payable in respect of the insurance services provided by DSI (1976), DSLA, MIC and MLIC for each of the three financial years ending 31 December 2014, 2015 and 2016 is expected not to exceed the annual limit of HK$25.5 million.

Basis for such caps:

The annual monetary caps proposed above in relation to each of the financial years ending 31 December 2014, 2015 and 2016 have been ascertained by reference to the premiums paid in the financial year ended 31 December 2012 and the first nine months of 2013 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 have considered:

- the premiums of major policies had increased significantly in recent years principally due to a significant increase in claims;

- 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 (1976) and MIC are provided to the Group on DSI (1976)'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 leaseback arrangements

Description of transaction:

(i) Lease agreements in relation to Island Place Tower

Pursuant to three lease agreements entered into on 30 December 2010 and 3 April 2012 respectively by DSIS with DSB (collectively the "**Existing DSIS Lease Agreements**"), DSIS has leased from DSB:

(1) 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 at a monthly rent of HK$447,206 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges. The annual rent together with these excluded items is estimated not to exceed HK$8 million per annum (the "**Existing IPT 18th Floor Lease Agreement**");

(2) a portion of the 19th Floor of Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong with a lettable floor area of 5,919 square feet at a monthly rent of HK$207,165 exclusive of management fees, government rates and other charges but inclusive of Government rent). The annual rent together with these excluded items is estimated not to exceed HK$3.2 million per annum (the "**Existing IPT 19th Floor Lease Agreement**").

(3) 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 5,838 square feet at a monthly rent of HK$192,654 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges. The annual rent together these excluded items is estimated not to exceed HK$3.5 million per annum (the "**Existing IPT 20th Floor Lease Agreement**"); and

The Existing DSIS Lease Agreements will expire on 31 December 2013.

The Existing DSIS Lease Agreements have respectively been renewed on 30 December 2013 (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 DSB on 30 December 2013 (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 15,540 square feet from DSB. The New IPT 18th Floor Lease Agreement is for a term of three years commencing on 1 January 2014 and ending

on 31 December 2016 (both dates inclusive), at a monthly rent of HK$621,600 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges. The annual rent together with these excluded items is estimated not to exceed HK$9.7 million per annum.

(2) The Existing IPT 19th Floor Lease Agreement will be terminated upon the maturity of the lease term and a new lease agreement was entered into by DSIS with DSB on 30 December 2013 (the "**New IPT 19th Floor Lease Agreement**"). Pursuant to the New IPT 19th Floor Lease Agreement, DSIS has leased a portion of the 19th Floor of Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong with a lettable floor area of 6,558 square feet from DSB. The New IPT 19th Floor Lease Agreement is for a term of three years commencing on 1 January 2014 and ending on 31 December 2016 (both dates inclusive), at a monthly rent of HK$249,204 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges. The annual rent together with these excluded items is estimated not to exceed HK$4.0 million per annum.

(3) 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 DSB on 30 December 2013 (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 6,402 square feet from DSB. The New IPT 20th Floor Lease Agreement is for a term of three years commencing on 1 January 2014 and ending on 31 December 2016 (both dates inclusive), at a monthly rent of HK$268,884 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges. The annual rent together with these excluded items is estimated not to exceed HK$4.3 million per annum.

Pursuant to a lease agreement entered into on 30 December 2010 by DSIA with DSB (the "**Existing DSIA Lease Agreement**"), DSIA 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 2,186 square feet from DSB. The Existing DSIA Lease Agreement is for a term of three years commencing on 1 January 2011 and ending on 31 December 2013 (both dates inclusive) at a monthly rent of HK$65,580 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges. The annual rent together with these excluded items is estimated not to exceed HK$1.5 million 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 DSB on 30 December 2013 (the "**New DSIA Lease Agreement**"). Pursuant to the New DSIA Lease Agreement, DSIA 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 2,623 square feet from DSB.

The New DSIA Lease Agreement is for a term of three years commencing on 1 January 2014 and ending on 31 December 2016 (both dates inclusive) at a monthly rent of HK$102,297 exclusive of management fees, government rates, electricity, service charges and air-conditioning charges. The annual rent together with the management fees, government rates, electricity, service charges and air-conditioning charges are estimated not to exceed HK$1.6 million per annum.

Under the New DSIS Lease Agreements and the New DSIA Lease Agreement, either party to the agreement shall have the right to terminate the respective lease one year after the commencement of the lease by giving two months' prior written notice to the other party without having to pay penalty.

(ii) Lease agreement in relation to Shenzhen Development Centre

Pursuant to a lease agreement entered into on 30 December 2010 by DSLA with Vanishing Border, a wholly owned subsidiary of DSB (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.

The Existing Shenzhen Lease Agreement is for a term of three years commencing on 1 January 2011 and ending on 31 December 2013 (both dates inclusive) at a monthly rent of HK$7,876 exclusive of management fees, electricity, service charges, air-conditioning charges and telephone fees. The annual rent together with these excluded items is estimated not to exceed HK$0.2 million 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 2013 ("**New Shenzhen Lease Agreement**"). The New Shenzhen Lease Agreement is for a term of three years commencing on 1 January 2014 and ending on 31 December 2016 (both dates inclusive) at a monthly rent of HK$11,756 exclusive of management fees, electricity, service charges, air-conditioning charges and telephone fees. The rent together with the management fees, electricity, service charges, air-conditioning charges and telephone fees are estimated not to exceed HK$0.2 million per annum.

(iii) Lease agreements in relation to the BCM Building

Two lease agreements were entered into between MIC and BCM on 30 December 2010 (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 three years commencing on 1 January 2011 and ending on 31 December 2013 (both dates inclusive), at a monthly rent of MOP123,000 (approximately HK$119,000).

The Existing MIC Lease Agreements will be terminated upon the maturity of the lease term and two new lease agreements were entered into by MIC with BCM on 30 December 2013 ("**New MIC Lease Agreements**"). The New MIC Lease Agreements are each for a term of three years commencing on 1 January 2014 and ending on 31 December 2016 (both dates inclusive) at a monthly rent of MOP147,000 (approximately HK$143,000). The rent together with the management fees, electricity, service charges, air-conditioning charges and telephone fees are estimated not to exceed MOP1.8 million (approximately HK$1.8 million) per annum.

(iv) Leaseback arrangement

DSB entered into a leaseback agreement with DSLA on 30 December 2010 (the **"Existing Leaseback Agreement"**) relating to 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 (the **"Premises"**) which have been leased by DSLA to DSB immediately following the disposal of, inter alia, the Premises by DSB to DSLA on 28 December 2007. The Premises have been used by DSB as bank branch premises for around 6 years. Due to the strategic location of the Premises and the operational needs of the Group, the Directors consider the lease of the Premises to be conducive to the business requirements, operations and efficiency of the Group and therefore of benefit to the Group as a whole.

The Existing Leaseback Agreement is for a term of three years commencing on 28 December 2010 and ending on 27 December 2013 (both days inclusive) at a monthly rent of HK$450,000. The Existing Leaseback Agreement was terminated upon the maturity of the lease term and a new lease agreement was entered into by DSB with DSLA on 28 December 2013 (the **"New Leaseback Agreement"**). The New Leaseback Agreement relating to the Premises is for a term of three years commencing on 28 December 2013 and ending on 27 December 2016 (both days inclusive) at a monthly rent of HK$630,000 exclusive of management fees, government rates, electricity service charges and air-conditioning charges which was agreed after arm's length discussions between DSB and DSLA with reference to the location and condition of the Premises. The annual rent together with these excluded items is estimated not to exceed HK$8.5 million per annum.

Under the New Leaseback Agreement, either party to the agreement shall have the right to terminate the lease one year after the commencement of the lease by giving two months' prior written notice to the other party without having to pay penalty.

(v) Lease agreement from a member of DSFH Group

Pursuant to the lease agreement entered into on 30 December 2013 by DSB with High Standard (the "**Lease from High Standard**"), DSB agreed to lease from High Standard a portion of the 17th Floor of Island Place Tower, Island Place, 510 King's Road, North Point, Hong Kong **(the "Premises at IPT")** as its office premises with a lettable floor area of approximately 4,581 square feet for a term of 3 years commencing from 1 January 2014 and expiring on 31 December 2016 (both days inclusive) at a monthly rent of HK$174,078 (exclusive of management charges, Government rates and other charges but inclusive of Government rent). The annual rent together with the excluded items are estimated not to exceed HK$2.8 million per annum.

Under the Lease from High Standard, either party to the agreement shall have the right to terminate the lease one year after the commencement of the lease by giving two months' prior written notice to the other party without having to pay penalty.

Reasons for such transactions:

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 (i.e. premises mentioned in (i), (ii), (iii) and (iv) above) entered into by subsidiaries of the Company with members of DSFH Group are conducive to the business requirements, operations and efficiency of the Group or otherwise provide a steady income to the Company, and therefore are of benefit to the Group as a whole. Payment under the respective lease agreements shall be made by cheque(s) in arrears.

In relation to the Lease from High Standard, at present, approximately half of the 17th Floor of Island Place Tower, 510 King's Road, North Point, Hong Kong is owned by DSB and the remaining units on the same floor is owned by High Standard. Given that (i) the available floor area of the properties in Island Place Tower owned by DSB does not fit its current business needs; and (ii) the lease of an office space on the 17th Floor at Island Place Tower would be more convenient to the Group as it is the same floor where the Group currently operates its securities business and other back office operations, the Directors consider that the lease of the Premises at IPT to be conducive to the business requirements, operations and efficiency of the Group and therefore of benefit to the Group as a whole.

Historical Amounts and Proposed Caps:

The aggregate amount 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$13.8 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$19.6 million per annum for each of the three financial years ending 31 December 2014, 2015 and 2016.

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$0.1 million 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$0.2 million per annum for each of the three financial years ending 31 December 2014, 2015 and 2016.

The aggregate amount payable under the Existing MIC Lease Agreements is approximately MOP1.4 million per annum (approximately HK$1.4 million). It is proposed that the annual aggregate amount payable under the New MIC Lease Agreements will not exceed the annual limit of MOP1.8 million (approximately HK$1.8 million) per annum for each of the three financial years ending 31 December 2014, 2015 and 2016.

Based on the above, the total aggregate amount payable under the New DSIS Lease Agreements, the New DSIA Lease Agreement, the New Shenzhen Lease Agreements and the New MIC Lease Agreement (together, the "**New Lease Agreements")** for each of the three financial years ending 31 December 2014, 2015 and 2016 is expected not to exceed the annual limit of HK$21.6 million.

The aggregate amount together with the estimated management fees, government rates, electricity, service charges and air-conditioning charges, payable by the Group under the New Leaseback Agreement and the Lease from High Standard will not exceed the annual cap of HK$11.3 million for each of the three financial years ending 31 December 2014, 2015 and 2016.

Basis for such caps:

In respect of the New DSIS Lease Agreements and the New DSIA Lease Agreement, the monthly rental has been ascertained based on advice provided by Prudential Surveyors (Hong Kong) Limited, an independent professional surveyor.

In respect of the New Shenzhen Lease Agreement, the monthly rental has been ascertained based on advice provided by DTZ Debenham Tie Leung Limited, an independent professional surveyor.

In respect of the New 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 have considered:

- the information of market rents of relevant properties provided by the independent professional surveyors;

- the benefit (which includes the provision of a reasonable and steady income and maintenance of close business co-operation between the Group and members of DSFH Group) to the Group's operational efficiency in leasing some of the Group's office premises (which are due to its initial designs and set-up not likely to be used by the Group for its own operations in the near future) to the DSFH Group.

In respect of the New Leaseback Agreement and the Lease with High Standard, the Directors have taken into consideration the valuation report(s) provided by Prudential Surveyors (Hong Kong) Limited, an independent professional surveyor, in that the rental value is in line with the current market rent of similar properties in the same area, as well as the benefit to the Group's operational efficiency in leasing the Premises and the Premises at IPT.

The Board (including the independent non-executive Directors) considers that the New Lease Agreements, the New Leaseback Agreement and the Lease from High Standard 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 Banking arrangements provided by the Group for companies within the DSFH Group

Description of transaction:

DSB 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 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 arrangement between the Group and the DSFH Group are not for a fixed term.

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 aggregate annual bank charges payable to DSB and other members of the Group by members of the DSFH Group for the financial year ended 31 December 2012 and the first nine months of 2013 were HK$5.7 million and HK$5.1 million respectively.

It is proposed that the maximum aggregate annual bank charges payable to DSB and other members of the Group for each of the three financial years ending 31 December 2014, 2015 and 2016 will not exceed the annual limit of HK$10.7 million.

	Historical Caps		Historical Figures			Future Caps	
HK$ million	Annual cap for the year ended 31 Dec 2012	Annual cap for the year ended 31 Dec 2013	Actual annual amount for the year ended 31 Dec 2012	Unaudited historical amount for the period from 1 Jan to 30 Sep 2013	Annual cap for the year ended 31 Dec 2014	Annual cap for the year ended 31 Dec 2015	Annual cap for the year ended 31 Dec 2016
Transaction							
Aggregate annual bank charges payable to DSB and other members of the Group	18.5	18.5	5.7	5.1	10.7	10.7	10.7

Basis for such caps:

In respect of the bank charges payable to DSB 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 have considered:

- the standard banking and service fees charged to the Group's customers;
- the estimated transactions or business volumes of various banking services with the companies within the DSFH Group; and
- the expected increases in the costs of the services as well as the volume of the transactions.

The Directors are of the view that such charges are in line with the prevailing market rates.

Deposits placed at the banking subsidiaries of the Group by members of the DSFG Group

The banking subsidiaries of the Group provide commercial banking services and products to their customers in the ordinary and usual course of their businesses. Such services and products include the taking of deposits (including fixed and floating term deposits and deposits at call). Customers who place deposits with the banking subsidiaries of the Group include members of the DSFH Group. For purposes of the Listing Rules, the placing of deposits provided by members of the DSFH Group constitute continuing connected transactions within the meaning of Chapter 14A of the Listing Rules.

The Directors confirm that the deposits placed by members of the DSFH Group at the banking subsidiaries of the Group are at market rates and on normal commercial terms that are comparable or no more favourable than those offered to independent third parties and that no security over the assets of the Group is granted in respect of such financial assistance. On that basis, such continuing connected transactions are exempt from complying with the reporting, disclosure and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

3.4 Computer and Administrative Services Agreement with DSFH

On 30 December 2010, DSB (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 three years with effect from 1 January 2011. On 30 December 2013, DSB entered into a new computer and administrative services agreement with DSFH (the "**New Services Agreement**"), for a fixed term of three years with effect from 1 January 2014 and ending on 31 December 2016.

Description of transaction:

Pursuant to the Existing Services Agreement and the New Services Agreement, DSB 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 2016.

Reasons for the transaction:

With the stronger pool of resources and functional expertise of DSB 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 three years with effect from 1 January 2014, the proposed cap for this category of continuing connected transaction has been set for each of the financial years ending 31 December 2014, 2015 and 2016 only. Payment under the New Services Agreement shall be made by cheque(s) in arrears.

The annual fee payable to DSB by the DSFH Group for the provision of the Services for the financial year ended 31 December 2012 and the first nine months of 2013 were HK$17.0 million and HK$13.0 million, respectively.

It is proposed that the annual fee payable to DSB and BCM for each of the three financial years ending 31 December 2014, 2015 and 2016 will not exceed the annual limit of HK$20.1 million.

	Historical Caps		Historical Figures		Future Caps		
HK$ million	Annual cap for the year ended 31 Dec 2012	Annual cap for the year ended 31 Dec 2013	Actual annual amount for the year ended 31 Dec 2012	Unaudited historical amount for the period from 1 Jan to 30 Sep 2013	Annual cap for the year ended 31 Dec 2014	Annual cap for the year ended 31 Dec 2015	Annual cap for the year ended 31 Dec 2016
Transaction							
Fee payable by the DSFH Group to DSB and BCM for the provision of the Services	31.4	31.4	17.0	13.0	20.1	20.1	20.1

Basis for such caps:

The fee payable to DSB has been determined by reference to the estimated cost of providing the Services and the fixed fee which has been set for the three financial years ending 31 December 2013.

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

- the estimated resources available to the Group in the three financial years ending 31 December 2016 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 DSB 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 under the New Services Agreement 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.

3.5 Distribution and agency agreements and other business referral services

(a) Distribution and Agency Agreements with DSIS, DSIA, MIC and MLIC

On 30 December 2010, DSIS and DSIA entered into distribution agreements and underlying agency agreements with each of DSB and MEVAS (1931) for the marketing and distribution of life and general insurance products through DSB's branch networks and the former branch network of MEVAS (1931) for a fixed term of three years with effect from 1 January 2011. On the same day, 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 branch network for a fixed term of three years with effect from 1 January 2011. The agreements entered into by DSIS and DSIA with MEVAS (1931) were terminated on 30 June 2012.

On 30 December 2013, DSIS and DSIA entered into new distribution agreements and underlying agency agreements with DSB. In addition, on 30 December 2013, 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 branch and other distribution network.

Description of transaction:

Pursuant to the distribution agreements entered into by DSIS with DSB (the "**DSIS Distribution Agreements**"), DSB will market and distribute such life assurance products as agreed between the parties from time to time for the DSFH Group through its branch and other distribution networks and its subsidiaries.

Pursuant to the DSIS Distribution Agreements, DSB 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 DSB in respect of such life assurance products shall vary, depending on the product type, between 1% and 50% of the first year's premium received, plus up to 24% of the renewal premiums in respect of certain policies.

Pursuant to the distribution agreements entered into by DSIA with DSB (the "**DSIA Distribution Agreements**"), DSB 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 its branch and other distribution networks.

Pursuant to the DSIA Distribution Agreements, DSB 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 DSB in respect of:

(1) general insurance products shall vary, depending on the product type, between 1% 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 1% and 50% of the first year's premium received, plus up to 24% 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 and other distribution 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 13.5% and 35% 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 and other distribution 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 DSB, 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 three-year fixed term with effect from 1 January 2014. Each of the DSIS, DSIA, MLIC and MIC Agency Agreements (collectively the "**Agency Agreements**") will be on a mutually non-exclusive basis for a three-year fixed term with effect from 1 January 2014, save that the provisions relating to the payment of outstanding renewal premiums shall remain in force until payment is received in full.

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 branches and other distribution networks of DSB 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.

(b) Business referral services

On 30 December 2013, the Company entered into a cooperation agreement with DSFH pursuant to which and as part of their respective usual and normal course of business currently conducted, members of the Group may refer to members of DSFH Group business opportunities for life and general insurance policies to be underwritten by any member(s) of DSFH Group, either directly or via their sole agents, if any, from time to time. There is no commitment on any member of the Group to refer to member(s) of DSFH Group such transactions of any minimum or maximum number and/or amount. The cooperation agreement will be on a mutually non-exclusive basis and will be for a three-year fixed term with effect from 1 January 2014. Where concluded between the relevant parties, the terms and conditions for the provision of such business referral services shall be, if required, reduced into individual written agreement(s).

Pursuant to the cooperation agreement, the fee income actually received shall either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are normal commercial terms, on terms no less favourable to relevant member(s) of the Group than terms available from independent third parties. The fee income will be payable by cheque(s) monthly in arrears.

Reasons for the transaction:

The Board believes that the cooperation agreement enables the parties to leverage on the expertise and experience of the other with a view of exploring business opportunities and therefore of benefit to the Group as a whole.

Historical Amounts and Proposed Caps:

The aggregate commissions received by, and expenses or fees paid on behalf of and reimbursed to, the Group by DSIS, DSIA, MLIC and MIC during the financial year ending 31 December 2012 and the first nine months of 2013 were approximately HK$68.9 million and HK$76.4 million 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 under the distribution agreements and underlying agency agreements and the aggregate commission income to be received and payment to be made in relation to the transaction contemplated under the cooperation agreement for each of the three financial years ending 31 December 2014, 2015 and 2016 will not, in aggregate, exceed the annual limit of HK$148.0 million.

	Historical Caps		**Historical Figures**		**Future Caps**		
HK$ million	**Annual cap for the year ended 31 Dec 2012**	**Annual cap for the year ended 31 Dec 2013**	**Actual annual amount for the year ended 31 Dec 2012**	**Unaudited historical amount for the period from 1 Jan to 30 Sep 2013**	**Annual cap for the year ended 31 Dec 2014**	**Annual cap for the year ended 31 Dec 2015**	**Annual cap for the year ended 31 Dec 2016**
Transaction							
Commissions or fees received by, and expenses paid on behalf of and reimbursed to, the Group by members of DSFH Group (Note 1)	82.5	110.0 (Note 2)	68.9	76.4	148.0	148.0	148.0

Note:

(1) There has been no historical transaction amount for fee income on business referral services.

(2) The annual cap for the year ending 31 December 2013 was revised to HK$110 million. Please refer to an announcement published by the Company on 22 November 2013.

Basis for such caps:

The annual monetary caps in relation to commission received by and expenses paid on behalf of and reimbursed to the Group by members of DSFH Group under their respective Distribution Agreements and Agency Agreement have been ascertained by reference to the commission paid and expenses paid and reimbursed to the Group for the financial year ended 31 December 2012 and the first nine months of 2013, 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 three financial years ending 31 December 2014, 2015 and 2016 shall remain similar as for the years ending 31 December 2012 and 2013. 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 three financial years ending 31 December 2014, 2015 and 2016 shall remain similar as for the years ending 31 December 2012 and 2013. 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 estimation of the annual fee income on business referral services are based on an internal assessment and the anticipated growth in business.

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 branches and other distribution networks of DSB 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 insurance policies, and therefore allow the Group to substantially increase the commission receivable from their sale.

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, the income fee on business referral services will either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are normal commercial terms, on terms no less favourable to relevant member(s) of the Group than terms available from independent third parties. The transactions contemplated under the relevant agreements are 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 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, the annual review requirements set out in rules 14A.37 to 14A.40 and the requirements set out in rules 14A.35(1) and 14A.35(2), but are exempt from the requirements of independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules.

4.2 Pursuant to Rule 14A.56(9) of the Listing Rules, Messrs. David Shou-Yeh Wong, Hon-Hing Wong (Derek Wong), Gary Pak-Ling Wang and Robert Tsai-To Sze, all being directors of the Board of the Company having a connected relationship with DSFH Group, have abstained from voting on the board resolutions relating to the entering of the relevant agreements (and the respective caps). The resolutions were voted by directors who are not connected to the transactions.

4.3 The Board (including the independent non-executive Directors) considers that the abovementioned agreements (and the transactions contemplated under the relevant agreements) were entered into 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 continuing connected transactions contemplated under the relevant agreements for each of the three financial years ending 31 December 2014, 2015 and 2016 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:

"BCM"	Banco Comercial de Macau, S.A.
"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
"DSB"	Dah Sing Bank, Limited
"Directors"	the directors of the Company
"DSFH"	Dah Sing Financial Holdings Limited
"DSFH Group"	DSFH and its subsidiaries (but excluding the Group)
"DSI"	Dah Sing Insurance Company Limited
"DSI (1976)"	Dah Sing Insurance Company (1976) Limited, formerly known as Summit Insurance (Asia) Limited
"DSIA"	Dah Sing Insurance Agency Limited
"DSIS"	Dah Sing Insurance Services Limited

"DSLA"	Dah Sing Life Assurance Company Limited
"Group"	the Company and its subsidiaries
"High Standard"	High Standard Investment Limited
"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
"MEVAS (1931)"	MEVAS (1931) Limited, formerly known as MEVAS Bank Limited
"MIC"	Macau Insurance Company Limited
"MLIC"	Macau Life Insurance Company Limited
"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)
"Shareholders"	the shareholders of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vanishing Border"	Vanishing Border Investment Services Limited

By Order of the Board
Dah Sing Banking Group Limited
Doris Wai Nar Wong
Company Secretary

Hong Kong, 30 December 2013

As at the date of this announcement, the Board of the Company comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Vice Chairman), Harold Tsu-Hing Wong (Managing Director and Chief Executive) and Gary Pak-Ling Wang as Executive Directors; Mr. Shoji Hirai as Non-Executive Director; Messrs. Robert Tsai-To Sze, Andrew Kwan-Yuen Leung, Seng-Lee Chan and Yuen-Tin Ng as Independent Non-Executive Directors.