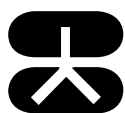

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, 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 your shares in **Dah Sing Banking Group Limited**, you should at once hand this circular to the purchaser or to the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



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

**ACQUISITION OF 17% OF THE ISSUED SHARE CAPITAL
OF CHONGQING COMMERCIAL BANK
BY DAH SING BANK, LIMITED**

A letter from the Board of Dah Sing Banking Group Limited is set out on pages 3 to 8 of this circular.

10 January 2007

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DEFINITIONS

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

“Acquisition”	the acquisition by DSB and Carlyle of a total of 504,952,589 shares in the issued share capital of CQCB from the Vendor, whereby the Vendor will sell and transfer: (i) 343,505,163 issued shares, or approximately 17% of the issued share capital of CQCB, to DSB; and (ii) 161,447,426 issued shares, or approximately 7.99% of the issued share capital of CQCB, to Carlyle
“associate(s)”	has the meaning given to that term in the Listing Rules
“Carlyle”	certain affiliates of The Carlyle Group, a leading global private equity firm with headquarters based in Washington D.C., U.S.A.
“Consideration”	the consideration for the Acquisition as described under the Share Purchase Agreement
“CQCB”	Chongqing Commercial Bank, a licensed commercial bank incorporated in the PRC and situated in the city of Chongqing, PRC
“Director(s)”	the director(s) of DSBG
“DSB”	Dah Sing Bank, Limited, a wholly owned subsidiary of DSBG
“DSBG” or “the 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)
“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)
“Group”	DSBG and its subsidiaries
“HK\$”	Hong Kong Dollars

DEFINITIONS

“Latest Practicable Date”	9 January 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share Purchase Agreement”	the Share Purchase Agreement in relation to the Acquisition entered into by DSB, Carlyle and the Vendor on 21 December 2006
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US dollar”	United States Dollars
“Vendor”	Chongqing Yufu Assets Management Co., Ltd., a 28% shareholder of CQCB and the asset management company of the Government of Chongqing
“Yangtze River Card”	Debit card issued by CQCB

Unless otherwise specified in this circular, translations of RMB into HK\$ as set out in this circular are, for illustration purposes only, translated at the rate of RMB1.00151 to HK\$1.00. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at those rates or at any other rates.

LETTER FROM THE BOARD



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)

Executive Directors:

David Shou-Yeh Wong (*Chairman*)

Hon-Hing Wong (Derek Wong)

(Managing Director and Chief Executive)

Gary Pak-Ling Wang

Lung-Man Chiu (John Chiu)

Harold Tsu-Hing Wong

Dennis Tat-Wang Yau

Registered office:

36th Floor

Dah Sing Financial Centre

108 Gloucester Road

Hong Kong

Non-executive Director:

Kosuke Furukawa

Independent Non-executive Directors:

John William Simpson

David Richard Hinde

Robert Tsai-To Sze

Andrew Kwan-Yuen Leung

9 January 2007

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF 17% OF THE ISSUED SHARE CAPITAL OF CHONGQING COMMERCIAL BANK BY DAH SING BANK, LIMITED

1. INTRODUCTION

On 21 December 2006, the Directors announced that DSBG's wholly owned subsidiary, DSB, has entered into the Share Purchase Agreement with the Vendor in relation to the acquisition of approximately 17% of the issued share capital of CQCB, a licensed commercial bank incorporated in the PRC, which is 28% owned by the Vendor. The consideration for the acquisition by DSB was approximately RMB694 million (approximately HK\$693 million).

LETTER FROM THE BOARD

Under the Share Purchase Agreement, the Vendor will also sell and transfer approximately 7.99% of the issued share capital of CQCB to Carlyle for a consideration of approximately RMB326 million (approximately HK\$325.5 million).

The Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules for DSBG. The purpose of this circular is to provide you with further information on the Acquisition.

2. SHARE PURCHASE AGREEMENT

Date

21 December 2006

Parties

DSB, Carlyle and the Vendor

Acquisition

Under the Share Purchase Agreement, the Vendor will sell and transfer:

- (i) 343,505,163 issued shares, approximately 17% of the issued share capital of CQCB, to DSB; and
- (ii) 161,447,426 issued shares, approximately 7.99% of the issued share capital of CQCB, to Carlyle.

On completion of the Acquisition, DSB and Carlyle will collectively hold 24.99% of the issued share capital of CQCB, and DSB will have the right to appoint one non-executive director (as the Vice Chairman of the board of CQCB) and the right to nominate one executive director and one independent non-executive director to the board of directors of CQCB. The shares of CQCB acquired by DSB will be subject to a lock-up for a period of three years from completion of the Acquisition. The Vendor will acquire from a number of existing shareholders of CQCB shares in CQCB, and will hold approximately 20% of the issued share capital of CQCB upon completion of the Acquisition.

LETTER FROM THE BOARD

Consideration

The total consideration in respect of the Acquisition is approximately RMB1,020 million (approximately HK\$1,018.5 million), which will be fully satisfied by cash upon satisfaction of the conditions set out in the Share Purchase Agreement, payable in US dollars based on the prevailing US dollar/Renminbi dollar exchange rate as stipulated by the People's Bank of China two business days prior to the payment date, in the following manner:

- (i) RMB694 million from DSB in respect of approximately 17% of the issued share capital of CQCB; and
- (ii) RMB326 million from Carlyle in respect of approximately 7.99% of the issued share capital of CQCB.

The purchase price, determined with regard to the sale price of the shares of CQCB and based on negotiations and agreement with the Vendor, is RMB2.02 per share. The total consideration was determined pursuant to arm's length negotiations and represents approximately 1.73 times CQCB's net assets as at 31 December 2005 of approximately RMB1,879 million, or RMB1.17 per share (based on PRC GAAP), and approximately 32 times CQCB's net profit for the financial year ended 31 December 2005 of approximately RMB99 million, or RMB0.063 earnings per share (based on PRC GAAP). Pursuant to new shares issued by CQCB totalling RMB400 million during the first half of 2006 and an increase in retained profit in the six months ended 30 June 2006, the unaudited net assets of CQCB, as of 30 June 2006, increased to approximately RMB2,334 million, or RMB1.15 per share (based on PRC GAAP).

In respect of the consideration for the Acquisition by DSB of approximately 17% of the issued share capital of CQCB, such consideration will be financed from DSB's internal resources.

Conditions

Completion of the Acquisition is conditional upon a number of conditions, including confirmation from the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and regulatory approvals from the China Banking Regulatory Commission and the Hong Kong Monetary Authority, which may not be waived.

Completion

DSB, Carlyle and the Vendor will use their best endeavours to ensure satisfaction of the above conditions as soon as possible, and in any event by 1 April 2007.

LETTER FROM THE BOARD

3. INFORMATION ON CQCB AND THE VENDOR

CQCB is a licensed commercial bank incorporated in the PRC and situated in the city of Chongqing, PRC. CQCB was established in 1996 through a consolidation of a number of local credit unions in the city of Chongqing. It is the oldest city commercial bank in south-western China with a joint-stock structure and is the largest independent bank headquartered in the region.

CQCB is active in commercial banking activities in Chongqing, although it has recently started to grow its retail banking business. It has a network of 66 branches in the greater Chongqing area, mainly concentrated in the urban areas, with approximately 701,000 retail customers, approximately 593,000 Yangtze River Card holders and 1,286 employees as at 31 December 2005. As at 30 June 2006, CQCB had total assets and net assets of approximately RMB31.9 billion and approximately RMB2.3 billion respectively.

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

	2005 <i>(RMB'000)</i>	2004 <i>(RMB'000)</i>
Net profit before tax	171,000	117,000
Net profit after tax	99,000	78,000

CQCB is currently controlled by a group of shareholders, the majority of which are state or state related entities connected with the Government of Chongqing. The Vendor is currently the largest shareholder and is a state owned entity of the Government of Chongqing.

Chongqing is the biggest city in the western region of the PRC and is one of the four municipal cities administratively and directly controlled by the Beijing Central Government of the PRC. Chongqing has a population of approximately 30 million, not including the adjoining Sichuan province.

4. INFORMATION ON DSBG AND DSFH

DSBG is the holding company of three banking subsidiaries, DSB, Banco Comercial de Macau, S.A. and MEVAS Bank Limited, a securities trading company, as well as an offshore joint venture banking business with SG Hambros Bank. In addition to its interest in DSBG, DSFH is also active in the life and general insurance businesses.

LETTER FROM THE BOARD

5. INFORMATION ON CARLYLE

The Carlyle Group is a global private equity firm with US\$46.9 billion under management and offices in 16 countries. In the aggregate, Carlyle portfolio companies have more than US\$68 billion in revenue and employ more than 200,000 people around the world. The firm has rich experience and track record in investing in the financial services industry, including banking and insurance, in Asia and China.

6. REASONS FOR THE ACQUISITION

The Acquisition is in line with the strategy of both DSFH and DSBG to grow its respective businesses both through organic means, and through mergers and acquisitions as appropriate. The Directors consider the investment in CQCB will be a significant strategic development for DSB and will enable DSB to play an increasing role in one of the fastest growing banking markets in the world and combines DSB's expertise in financial markets, risk management, retail and SME business with CQCB's franchise and knowledge of Southwest China. It is intended that through various forms of cooperation with and provision of DSB's assistance and support to CQCB, it will achieve its objective of becoming one of the leading city commercial banks in Mainland China. Accordingly, the Directors expect that the Acquisition will have a positive impact on the earnings and assets of the Company.

In connection with the Acquisition, DSB, together with Carlyle, have entered into a business cooperation agreement and a strategic cooperation agreement with CQCB whereby DSB, together with Carlyle, will participate in the development of CQCB's business strategy, risk management and corporate governance. Under these agreements, DSB has the exclusive right to negotiate credit card cooperation with CQCB and rights of first refusal to jointly develop its wealth management and private banking businesses. The Directors believe that such participation will provide benefits for CQCB in the development of its business and operations, and DSB in allowing it to gain greater and more direct experience and insight into bank operations and market development in the PRC.

The Directors believe that the terms of the transaction are fair and reasonable, and in the interests of the shareholders as a whole.

LETTER FROM THE BOARD

7. GENERAL

The Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules for DSBG.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the CQCB, the Vendor and Carlyle and each of their ultimate beneficial owners are each third parties independent of DSBG and their connected persons (as defined in the Listing Rules), and are not connected persons of DSBG.

8. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

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 herein 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) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken on were deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers 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 the Chief Executive of the Company 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
Number of ordinary shares of HK\$1 each in DSBG					
David Shou-Yeh Wong	—	697,969,170 (Note 2)	—	697,969,170	74.94
Number of ordinary shares of HK\$2 each in DSFH					
David Shou-Yeh Wong	—	4,476,219	93,782,049 (Note 3)	98,258,268	39.29
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 98,258,268 ordinary shares of DSFH, representing 39.29% 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 the Chief Executive of the Company 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 DSBG					
Lung-Man Chiu (John Chiu)	250,000	16.70	25/11/2004	25/11/2005	25/11/2010
Number of shares options in DSFH					
Hon-Hing Wong (Derek Wong)	1,000,000	51.71	25/8/2005	25/8/2006	25/8/2011
Gary Pak-Ling Wang	400,000	51.71	25/8/2005	25/8/2006	25/8/2011
Harold Tsu-Hing Wong	250,000	51.71	25/8/2005	25/8/2006	25/8/2011

Messrs. David Richard Hinde, Robert Tsai-To Sze, Andrew Kwan-Yuen Leung, Kosuke Furukawa and Dennis Tat-Wang Yau have each confirmed that they had no interests in the shares of the Company and its associated corporations 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 the Chief Executive's interests and as stated below, so far as is known to any Director or the Chief Executive, 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	697,969,170	74.94
HSBC International Trustee Limited	Corporate interest	697,969,170 (Note 1)	74.94
Christine Yen Wong	Deemed interest by virtue of her spouse having a notifiable interest	697,969,170 (Note 2)	74.94

Notes:

- (1) 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.
- (2) Such shares represented a deemed interest of Christine Yen Wong by virtue of her spouse, David Shou-Yeh Wong, being a substantial shareholder of DSFH which held a corporate interest in the 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. DISCLOSURE OF INTERESTS

- (a) 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.
- (b) There is no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors is materially interested and which is significant in relation to the business 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. 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 registrar 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.