



大新金融集團有限公司 DahSingFinancialHoldingsLimited

(Incorporated in Hong Kong with limited liability)

PROPOSED CONNECTED TRANSACTION

SUMMARY:

The Directors announce that the Company proposes to enter into the Acquisition Agreement on or around 16th August 2000 with DAHH, Abbey National Jersey International and SG Hambros to purchase the DAHP Shares from DAHH, for a consideration equal to the Net Asset Value (as defined in paragraph 4 below) together with interest on the Net Asset Value at 6.3393% per annum for the period from 1st July 2000 to the date of completion of the Acquisition Agreement, as part of its reorganisation plan. The Acquisition Agreement which has not been signed will be concluded after arm's length negotiations among the parties.

DAHP is a wholly owned subsidiary of DAHH which is held as to 51%, 24.5% and 24.5% by the Company, Abbey National Jersey International and SG Hambros respectively. DAHH is a 51% owned subsidiary of the Company. After completion of the Acquisition Agreement, the Company will be interested in 100% of the share capital of DAHP.

Each of Abbey National Jersey International and SG Hambros is a substantial shareholder of DAHH. The entering into the Acquisition Agreement under the Company, DAHH, Abbey National Jersey International and SG Hambros will constitute a connected transaction of the Company between the Listing Rules and will be subject to the approval of the Company's independent shareholders at the EGM.

As at the date of this announcement, the Abbey National Group has a 5.48% shareholding interest in the Company. Abbey National plc and its associates will be required to abstain from voting in the EGM in approving the Connected Transaction.

Tai Fook Capital Limited, has been appointed as the independent financial adviser to advise the Independent Board Committee, on whether the terms of the Connected Transaction are fair and reasonable so far as the independent shareholders of the Company are concerned.

THE ACQUISITION AGREEMENT

1. **Proposed date of entering into the agreement:** on or around 16th August 2000

2. **Parties:** the Company, DAHH, Abbey National Jersey International and SG Hambros

DAHH is an investment holding company incorporated in Bermuda. Its sole purpose is to own all the issued shares of two private banking subsidiaries of the Company, namely DAHP operating in Hong Kong and D.A.H. Hambros Bank (Channel Islands) Limited which is incorporated in Guernsey, Channel Islands.

Abbey National Jersey International is a wholly owned subsidiary of Abbey National plc, one of the largest U.K. banks.

SG Hambros is a U.K. based bank that is part of Societe Generale.

As the Acquisition Agreement has not been entered into there is a possibility that the terms of agreement may vary from those disclosed herein. Further announcement will be made by the Company immediately after signing of the Acquisition Agreement and any material changes will be set out in the announcement.

3. **Assets to be purchased:**

The Company intends to purchase the DAHP Shares from DAHH at the adjusted net asset value of DAHP as at 30th June 2000 as described below. DAHH is held as to 51%, 24.5% and 24.5% by the Company, Abbey National Jersey International and SG Hambros respectively.

DAHP, known as Wing On Bank prior to 1997, is a licensed bank incorporated in Hong Kong and is principally engaged in the provision of private banking services in Hong Kong. The audited profits before and after taxation and extraordinary items attributable to the DAHP Shares being acquired in respect of the two financial years ended 31st December 1999 were as follows:

	1998 (HK\$'000)	1999 (HK\$'000)
Profits before taxation	27,664	7,123
Profits after taxation	26,152	7,559

The net asset value of DAHP as at 31st December 1999 were HK\$357,634,000.

4. **Consideration:**

The acquisition consideration ("Acquisition Consideration") is in an amount equal to the adjusted net asset value of DAHP as at 30th June 2000 ("Net Asset Value") as shown in the management accounts of DAHP together with interest on the Net Asset Value at 6.3393% per annum for the period from 1st July 2000 to the date of completion of the Acquisition Agreement. The Acquisition Consideration will be payable by the Company to DAHH in cash.

The Net Asset Value is arrived at by aggregating the value of the shareholders' funds of DAHP as determined by its management accounts as at 30th June 2000, and the outstanding amount of general provision that has been set aside as provision for doubtful debts as of the same date. The total amount of shareholders' funds and general provision balance of DAHP amounted to HK\$375.4 million as at 30th June 2000. The Acquisition Consideration is therefore in an amount equal to the total sum of HK\$375.4 million together with interest thereon at 6.3393% per annum for the period from 1st July 2000 to the date of completion of the Acquisition Agreement. The interest rate adopted for calculating the interest to be accrued for the period from 1st July 2000 to the date of completion is based on the 2-month Hong Kong Interbank Offered Rate fixed on 30th June 2000.

The Company will finance the Acquisition Consideration by its internal resources and the Company has no plan to raise any external funding for the acquisition.

5. **Conditions:**

The sale and purchase of the DAHP Shares is conditional on:

- (a) the obtaining of consent from the Hong Kong Monetary Authority to the Company's acquisition of the DAHP Shares; and
(b) the approval by the independent shareholders of the Company of the acquisition of the DAHP Shares.

6. **Payment and Completion:**

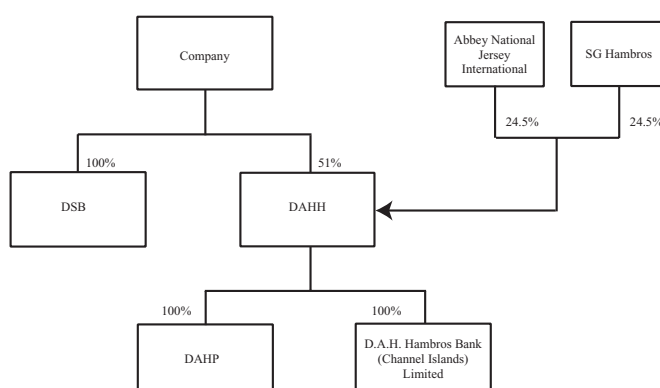
The Company will pay the Acquisition Consideration to DAHH on the date of completion of the Acquisition Agreement which is expected to be before the end of September 2000. The parties to the Acquisition Agreement are required to complete the transfer of the DAHP Shares within 5 business days after the later of the satisfaction of the conditions set out above and the agreement or determination of the Net Asset Value.

REASONS FOR AND BENEFITS OF THE TRANSACTION

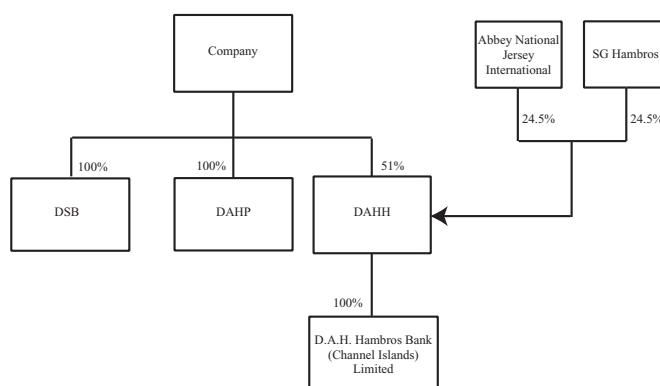
The Group wishes to reorganise its private banking business. After the completion of the Acquisition Agreement, it is intended that DAHP transfers its private banking business and loans made by and deposits with DAHP to DSB, a wholly owned subsidiary of the Company. The private banking operation of DAHP will thereafter be part of the banking activities of DSB and which the Directors anticipate will expand. DAHP will then focus primarily on virtual banking subject to the approval of the Hong Kong Monetary Authority.

On 8th August 2000, the board of Directors approved the proposed entering into the Acquisition Agreement as the Directors believe that it will be in the interest of the Company to enter into the agreement as the Group continues to consider the development of e-banking business utilising the banking licence of DAHP.

Corporate structure of the Company's banking business prior to the completion of the Acquisition Agreement



Corporate structure of the Company's banking business after completion of the Acquisition Agreement



COMPLIANCE WITH CHAPTER 14 OF THE LISTING RULES

DAHH is owned as to 51%, 24.5% and 24.5% by the Company, Abbey National Jersey International and SG Hambros respectively. Each of Abbey National Jersey International and SG Hambros is a substantial shareholder of DAHH. The entering into the Acquisition Agreement between the Company, DAHH, Abbey National Jersey International and SG Hambros amount to a connected transaction of the Company under the Listing Rules and will be subject to the approval of the Company's independent shareholders at the EGM.

As at the date of this announcement, the Abbey National Group has a 5.48% shareholding interest in the Company. Under the Listing Rules, Abbey National plc and its associates will be required to abstain from voting on the resolution in approving the Connected Transaction at the EGM.

The Independent Board Committee has been formed to consider the terms of the Connected Transaction and to advise the independent shareholders of the Company.

Tai Fook Capital Limited, has been appointed as the independent financial adviser to advise the Independent Board Committee, on whether the terms of the Connected Transaction are fair and reasonable so far as the independent shareholders of the Company are concerned.

INFORMATION TO SHAREHOLDERS

A circular containing further details of the Acquisition Agreement, the letter from Tai Fook Capital Limited containing its advice to the Independent Board Committee and the recommendation of Independent Board Committee, together with a notice of the EGM, will be despatched to the shareholders of the Company on or around 23rd August 2000.

DEFINITIONS

"Abbey National Group"	Abbey National plc and its subsidiaries
"Abbey National Jersey International"	Abbey National Jersey International Limited
"Acquisition Agreement"	the agreement to be entered into between the Company, DAHH, Abbey National Jersey International and SG Hambros in respect of the sale and purchase of the DAHP Shares
"Acquisition Consideration"	has the meaning ascribed thereto under paragraph 4
"Company"	Dah Sing Financial Holdings Limited, a company incorporated in Hong Kong and whose shares are listed on The Stock Exchange of Hong Kong Limited
"Connected Transaction"	the entering into the Acquisition Agreement between the Company, DAHH, Abbey National Jersey International and SG Hambros
"DAHH"	D.A.H. Holdings Limited
"DAHP"	D.A.H. Private Bank Limited
"DAHP Shares"	the entire issued share capital of DAHP
"Directors"	the directors of the Company
"DSB"	Dah Sing Bank, Limited
"EGM"	the extraordinary general meeting of the Company to be held on or around 8th September 2000 for the purposes of considering and approving the Connected Transaction
"Group"	the Company and its subsidiaries
"Independent Board Committee"	the independent board committee comprising Messrs. Robert Sze, David Hinde, John Simpson and Peter Birch, the independent non-executive Directors
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Net Asset Value"	has the meaning ascribed thereto under paragraph 4
"SG Hambros"	SG Hambros Bank & Trust Limited

By Order of the Board
Dah Sing Financial Holdings Limited
H L Soo
Secretary