大新金融集團有限公司
Dah Sing Financial Holdings Limited

(Incorporated in Hong Kong with limited liability under the Companies Ordinance)
(Stock Code: 0440)

ANNOUNCEMENT OF 2007 INTERIM RESULTS

The Directors of Dah Sing Financial Holdings Limited (the "Company") are pleased to present the interim results and condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2007. The unaudited profit attributable to shareholders after minority interests was HK$664.2 million for the six months ended 30 June 2007.

UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited 2007 interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard No. 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

HK$'000	*Note*	**2007**	Restated 2006	Variance %
Interest income		**2,856,268**	2,499,747	
Interest expense		**(1,770,206)**	(1,474,783)	
Net interest income	*3*	**1,086,062**	1,024,964	6.0
Fee and commission income		**351,371**	295,176	
Fee and commission expense		**(47,949)**	(40,027)	
Net fee and commission income	*4*	**303,422**	255,149	18.9
Net trading income/(loss)	*5*	**143,225**	(13,204)	
Net insurance premium income and other income		**819,564**	325,272	
Other operating income	*6*	**29,518**	38,119	
Operating income		**2,381,791**	1,630,300	46.1
Net insurance claims and movement in liabilities to policyholders		**(736,035)**	(207,219)	
Total operating income net of insurance claims		**1,645,756**	1,423,081	15.6
Operating expenses	*7*	**(706,840)**	(612,753)	15.4

UNAUDITED CONSOLIDATED INCOME STATEMENT *(Continued)*

For the six months ended 30 June

HK$'000	*Note*	**2007**	Restated 2006	Variance %
Operating profit before impairment losses on loans and advances		**938,916**	810,328	15.9
Impairment losses on loans and advances	*8*	**(87,854)**	(75,315)	16.6
Operating profit before gains on certain investments and fixed assets		**851,062**	735,013	15.8
Net gain/(loss) on disposal of fixed assets		**452**	(9)	
Net gain on disposal of interests in subsidiaries	*9*	**–**	189,443	
Net gain on disposal of available-for-sale securities		**97,785**	64,536	
Share of results of jointly controlled entities		**4,339**	2,675	
Share of results of associates		**(7,717)**	(9,465)	
Reversal of impairment losses on available-for-sale securities		**–**	25,891	
Profit before income tax		**945,921**	1,008,084	– 6.2
Income tax expense	*10*	**(123,878)**	(138,928)	
Profit for the period		**822,043**	869,156	
Profit attributable to minority interests		**(157,864)**	(140,846)	
Profit attributable to shareholders of the Company	*11*	**664,179**	728,310	– 8.8
Dividend		**187,566**	187,566	
Earnings per share	*12*			
Basic		**HK$2.66**	HK$2.91	
Diluted		**HK$2.65**	HK$2.91	
Dividends per share				
Interim dividend		**HK$0.75**	HK$0.75	

UNAUDITED CONSOLIDATED BALANCE SHEET

HK$'000	*Note*	**As at 30 June 2007**	As at 31 Dec. 2006
ASSETS			
Cash and balances with banks and other financial institutions		**6,134,816**	7,440,296
Placements with banks maturing between one and twelve months		**1,622,080**	853,327
Trading securities		**12,061,816**	9,113,785
Financial assets at fair value through profit or loss		**1,266,015**	1,276,671
Derivative financial instruments	*13*	**803,876**	374,317
Advances and other accounts	*14*	**60,583,049**	52,029,818
Available-for-sale securities		**34,913,283**	33,336,794
Held-to-maturity securities		**339,010**	458,395
Investments in associates		**49,865**	57,647
Investments in jointly controlled entities		**41,531**	37,192
Goodwill		**950,992**	950,992
Intangible assets		**193,976**	208,238
Premises and other fixed assets		**1,586,468**	1,597,491
Investment properties		**500,235**	484,465
Value of in-force long-term life assurance business		**846,445**	810,778
Current income tax assets		**14,061**	14,414
Deferred income tax assets		**416**	3,377
Total assets		**121,907,934**	109,047,997
LIABILITIES			
Deposits from banks		**2,607,622**	1,678,259
Derivative financial instruments	*13*	**560,483**	323,809
Trading liabilities		**8,469,893**	6,526,233
Deposits from customers designated at fair value through profit or loss		**3,706,712**	3,393,048
Deposits from customers		**65,966,319**	63,595,931
Certificates of deposit issued		**10,064,051**	8,768,472
Issued debt securities		**2,309,668**	2,299,574
Subordinated notes		**5,004,716**	3,480,127
Other accounts and accruals		**7,410,964**	4,051,157
Liabilities to policyholders under insurance contracts		**2,782,567**	2,286,088
Current income tax liabilities		**172,533**	91,498
Deferred income tax liabilities		**146,451**	144,256
Total liabilities		**109,201,979**	96,638,452
EQUITY			
Minority interests		**2,412,975**	2,364,803
Equity attributable to the Company's shareholders			
Share capital		**500,176**	500,176
Retained earnings		**7,509,582**	7,032,969
Other reserves	*15*	**2,095,656**	2,111,456
Proposed dividend		**187,566**	400,141
Shareholders' funds		**10,292,980**	10,044,742
Total equity		**12,705,955**	12,409,545
Total equity and liabilities		**121,907,934**	109,047,997

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Attributable to the Shareholders of the Company					
HK$'000	**Share capital**	**Share premium**	**Other reserves**	**Retained earnings**	**Minority interests**	**Total equity**
Balance at 1 January 2007	**500,176**	**984,286**	**1,127,170**	**7,433,110**	**2,364,803**	**12,409,545**
Fair value gains on available-for-sale securities	–	–	62,963	–	15,621	78,584
Disposal of available-for-sale securities	–	–	(77,405)	–	(20,380)	(97,785)
Deferred tax liabilities recognised on fair value gains on and disposal of available-for-sale securities	–	–	(1,620)	–	(69)	(1,689)
Exchange differences arising on translation of the financial statements of foreign entities	–	–	262	–	187	449
Net expense recognised directly in equity	–	–	(15,800)	–	(4,641)	(20,441)
Profit for the period	–	–	–	664,179	157,864	822,043
Total recognised (expense)/income for the six months ended 30 June 2007	–	–	(15,800)	664,179	153,223	801,602
Dividend paid to minority shareholders of subsidiaries	–	–	–	–	(105,051)	(105,051)
2006 final dividend	–	–	–	(400,141)	–	(400,141)
	–	–	–	(400,141)	(105,051)	(505,192)
Balance at 30 June 2007	**500,176**	**984,286**	**1,111,370**	**7,697,148**	**2,412,975**	**12,705,955**

	Six months ended 30 June	
	2007	2006
Proposed interim dividend included in retained earnings	**187,566**	187,566

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

For the six months ended 30 June 2007

	Attributable to the Shareholders of the Company					
HK$'000	**Share capital**	**Share premium**	**Other reserves**	**Retained earnings**	**Minority interests**	**Total equity**
Balance at 1 January 2006	500,176	984,286	1,048,202	6,563,670	1,920,202	11,016,536
Fair value losses on available-for-sale securities	–	–	(73,036)	–	(27,082)	(100,118)
Disposal of available-for-sale securities	–	–	(48,896)	–	(15,640)	(64,536)
Deferred tax liabilities released on fair value losses on and disposal of available-for-sale securities	–	–	20,953	–	7,007	27,960
Exchange differences arising on translation of the financial statements of a foreign subsidiary	–	–	65	–	22	87
Net expense recognised directly in equity	–	–	(100,914)	–	(35,693)	(136,607)
Profit for the period	–	–	–	728,310	140,846	869,156
Total recognised (expense)/income for the six months ended 30 June 2006	–	–	(100,914)	728,310	105,153	732,549
Disposal of interests in subsidiaries	–	–	–	–	316,630	316,630
Dividend paid to minority shareholders of subsidiaries	–	–	–	–	(88,710)	(88,710)
2005 final dividend	–	–	–	(340,120)	–	(340,120)
	–	–	(100,914)	388,190	333,073	620,349
Balance at 30 June 2006	500,176	984,286	947,288	6,951,860	2,253,275	11,636,885

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June

HK$'000	**2007**	2006
Net cash from/(used in) operating activities	**465,282**	(2,702,675)
Cash flows from investing activities		
Purchase of fixed assets	**(32,661)**	(13,207)
Purchase of investment properties	**(15,771)**	(20,059)
Proceeds from disposal of fixed assets	**482**	–
Disposal of interests in subsidiaries (net of cash and cash equivalents disposed of)	**–**	500,122
Net cash (used in)/from investing activities	**(47,950)**	466,856
Cash flows from financing activities		
Certificates of deposit issued	**1,869,541**	2,038,761
Certificates of deposit redeemed	**(596,661)**	(1,306,741)
Subordinated notes issued	**1,562,570**	1,162,210
Subordinated notes redeemed	**–**	(970,069)
Dividends paid on ordinary shares	**(400,141)**	(340,120)
Dividends paid to minority shareholders of subsidiaries	**(105,051)**	(88,710)
Net cash from financing activities	**2,330,258**	495,331
Net increase/(decrease) in cash and cash equivalents	**2,747,590**	(1,740,488)
Cash and cash equivalents at beginning of the period	**11,970,929**	13,559,222
Cash and cash equivalents at end of the period	**14,718,519**	11,818,734

Analysis of the balance of cash and cash equivalents:

Cash and balances with banks and other financial institutions	**1,866,054**	1,629,087
Money at call and short notice	**4,268,763**	4,833,863
Treasury bills with original maturity within three months	**6,961,622**	4,743,267
Placement with banks with original maturity within three months	**1,622,080**	1,125,051
Deposits and balances of banks with original maturity within three months	**–**	(512,534)
	14,718,519	11,818,734

Note:

1. GENERAL INFORMATION

Dah Sing Financial Holdings Limited (the "Company") and its subsidiaries (together the "Group") provides banking, insurance, financial and other related services in Hong Kong, Macau, and the People's Republic of China.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

With effect from 1 January 2007, interest income or expense arising from trading assets and liabilities, financial instruments designated at fair value through profit or loss, and interest rate derivatives not held for trading purposes are reported under "Interest income" and "Interest expense" instead of "Net trading (loss)/income" in the previous reporting periods. Comparative figures have been restated to conform with the current period's presentation. This revised classification has been made mainly to match interest expense on financial liabilities designated at fair value through profit or loss with the interest income and expense of the interest rate derivatives entered to hedge these liabilities.

With the exception of the restatement described above, the accounting policies and methods of computation used in the preparation of the 2007 interim financial statements are consistent with those used and described in the Group's annual audited financial statements for the year ended 31 December 2006. The Group has not early adopted Hong Kong Financial Reporting Standard No. 7 "Financial Instruments: Disclosure" and the Amendment to Hong Kong Accounting Standard No. 1 "Presentation of Financial Statements – Capital disclosures" in its 2007 interim financial statements. The Group has assessed that the adoption of these new standards will result in more qualitative and quantitative disclosures primarily related to fair value measurement and risk management but they will have no effect on the Group's results of operations or financial position.

The interim condensed consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated.

3. NET INTEREST INCOME

For the six months ended 30 June

	2007	Restated 2006
Interest income arising from:		
Cash and balances with banks and other financial institutions	**148,474**	220,269
Debt securities held	**955,145**	711,708
Advances and other accounts	**1,751,272**	1,565,165
Others	**1,377**	2,605
	2,856,268	2,499,747
Interest expense arising from:		
Deposits from banks/Deposits from customers	**1,299,805**	1,121,939
Certificates of deposit issued	**214,027**	171,175
Issued debt securities	**66,642**	58,868
Subordinated notes	**147,995**	82,949
Others	**41,737**	39,852
	1,770,206	1,474,783
Included within interest income:		
Interest income on financial assets not designated at fair value through profit or loss	**2,763,928**	2,409,479
Interest income on impaired loans	**2,716**	1,925
Included within interest expenses:		
Interest expenses on financial liabilities not designated at fair value through profit or loss	**1,496,245**	1,282,418

4. NET FEE AND COMMISSION INCOME

For the six months ended 30 June

	2007	2006
Fee and commission income		
Credit related fees and commissions	**29,245**	31,256
Trade finance	**31,077**	31,729
Credit card	**97,054**	91,042
Securities brokerage and investment services	**57,991**	33,387
Insurance distribution and others	**26,790**	22,165
Retail investment funds and fiduciary services	**71,348**	59,126
Other fees	**37,866**	26,471
	351,371	295,176
Fee and commission expense		
Handling fees and commission paid	**41,862**	33,994
Other fees paid	**6,087**	6,033
	47,949	40,027
	303,422	255,149

5. NET TRADING INCOME/(LOSS)

For the six months ended 30 June

	2007	Restated 2006
Dividend income from trading securities		
– listed investments	**11,302**	7,101
– unlisted investments	**–**	2,808
Net gain arising from dealing in foreign currencies	**54,230**	54,356
Net gain/(loss) from trading securities	**77,539**	(32,830)
Net gain/(loss) from derivatives entered into for trading purpose	**19,680**	(3,352)
	162,751	28,083
Net loss arising from financial instruments designated at fair value through profit or loss	**(19,526)**	(41,287)
	143,225	(13,204)

6. OTHER OPERATING INCOME

For the six months ended 30 June

	2007	2006
Dividend income from investments in available-for-sale securities		
– listed investments	**5,512**	1,260
– unlisted investments	**2,988**	20,995
Gross rental income from investment properties	**9,336**	8,073
Other rental income	**3,458**	3,318
Others	**8,224**	4,473
	29,518	38,119

7. OPERATING EXPENSES

For the six months ended 30 June

	2007	2006
Staff costs (including directors' remuneration)	**412,348**	339,250
Premises and other fixed assets expenses, excluding depreciation	**75,405**	62,191
Depreciation	**43,654**	44,514
Advertising costs	**45,183**	39,652
Amortisation of intangible assets	**14,262**	18,924
Others	**115,988**	108,222
	706,840	612,753

8. IMPAIRMENT LOSSES ON LOANS AND ADVANCES

For the six months ended 30 June

	2007	2006
Net charge of impairment losses on loans and advances		
– Individually assessed	**27,520**	41,084
– Collectively assessed	**60,334**	34,231
	87,854	75,315
Of which:		
– new and additional	**139,959**	128,817
– releases	**(9,064)**	–
– recoveries	**(43,041)**	(53,502)
	87,854	75,315

9. NET GAIN ON DISPOSAL OF INTERESTS IN SUBSIDIARIES

For the six months ended 30 June

	2007	2006
Net gain on disposal of interests in subsidiaries	**–**	189,443

The net gain on disposal of interests in subsidiaries in 2006 mainly arose from the Company's placing of 3.6% interest in Dah Sing Banking Group Limited ("DSBG") to increase DSBG's public float to 25.1%.

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Deferred taxation is calculated in full on temporary differences under the liability method using a taxation rate of 17.5% (2006: 17.5%).

For the six months ended 30 June

	2007	2006
Current income tax		
– Hong Kong profits tax	**108,608**	107,428
– Overseas taxation	**11,804**	7,936
Deferred income tax		
– relating to the origination and reversal of timing differences	**–**	23,564
– utilisation of tax losses	**3,466**	–
	123,878	138,928

11. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The normalised profit attributable to shareholders for the six months ended 30 June 2006, excluding HK$189.4 million profit on disposal of interests in subsidiaries, was HK$538.9 million.

This attributable profit for the six months ended 30 June 2007 represents an increase of 23.3% from the normalised attributable profit in 2006.

12. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings of HK$664,179,000 (2006: HK$728,310,000) and the weighted average number of 250,088,234 (2006: 250,088,234) shares in issue during the period.

The calculation of diluted earnings per share is based on earnings of HK$664,179,000 (2006: HK$728,310,000) and the weighted average number of 250,667,582 (2006: 250,336,842) shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares as shown below:

Number of shares	**2007**	2006
Weighted average number of ordinary shares as at 30 June	**250,088,234**	250,088,234
Adjustments for share options	**579,348**	248,608
Weighted average number of ordinary shares for diluted earnings per share as at 30 June	**250,667,582**	250,336,842

Basic and fully diluted earnings per share for the six months ended 30 June 2007 were HK$2.66 and HK$2.65 which are higher than the normalised basic and diluted earnings per share in the same period last year (HK$2.15) if the HK$189,443,000 net gain on the disposal of interests in subsidiaries in 2006 was excluded.

13. DERIVATIVE FINANCIAL INSTRUMENTS

The notional principal amounts of outstanding derivatives contracts and their fair values were as follows:

	As at 30 Jun 2007			As at 31 Dec 2006		
	Contract/ notional amount	**Fair values**		Contract/ notional amount	Fair values	
		Assets	**Liabilities**		Assets	Liabilities
1) Derivatives held for trading						
a) Foreign exchange derivatives						
Forward and future contracts	**66,191,362**	**182,535**	**197,631**	53,347,607	134,544	57,367
Currency swaps	**1,139,355**	**86,937**	**22,348**	1,370,700	45,470	27,559
Currency options purchased and written	**1,023,434**	**1,559**	**1,559**	545,816	957	957
b) Interest rate derivatives						
Interest rate swaps	**31,310,275**	**69,844**	**224,058**	20,733,671	43,875	127,636
Interest rate options purchased and written	**50,643,612**	**1,781**	**1,814**	53,085,262	3,489	3,789
c) Equity derivatives						
Equity options purchased and written	**97,050**	**587**	**587**	125,749	1,719	1,701
d) Credit derivatives						
Credit default swaps	**703,620**	**3,114**	**834**	1,088,913	6,570	1,322
Total derivatives held for trading	**151,108,708**	**346,357**	**448,831**	130,297,718	236,624	220,331
2) Derivatives held for hedging						
a) Derivatives designated as fair value hedges						
Interest rate swaps	**15,918,981**	**457,519**	**111,652**	10,684,881	137,693	103,478
Total derivatives held for hedging	**15,918,981**	**457,519**	**111,652**	10,684,881	137,693	103,478
Total recognised derivative financial instruments	**167,027,689**	**803,876**	**560,483**	140,982,599	374,317	323,809

As at 30 June 2007, the credit risk weighted amounts of the above off-balance sheet exposures (including credit default swaps) calculated under Basel II basis and without taking into account the effect of bilateral netting arrangements that the Group entered into, are as follows:

	As at 30 Jun 2007	As at 31 Dec 2006
Derivatives		
– Exchange rate contracts	**368,412**	151,477
– Interest rate contracts	**337,128**	247,460
– Equity contracts	**3,009**	2,533
– Other contracts	**3,435**	–
	711,984	401,470

As at 31 December 2006, the credit risk weighted amount of credit default swaps calculated under Basel I basis amounting to HK$855,575,000 is included in the total credit risk weighted amount of contingent liabilities and commitments in Note 16.

14. ADVANCES AND OTHER ACCOUNTS

	As at 30 Jun 2007	As at 31 Dec 2006
Gross advances to customers	**56,244,648**	49,908,688
Gross advances to banks and other financial institutions	**153,307**	155,102
Trade bills	**853,433**	694,604
Accounts receivable on sale of investments in securities	**1,504,592**	300
Other assets	**2,185,347**	1,626,221
Gross advances and other accounts	**60,941,327**	52,384,915
Less: impairment allowances		
– Individually assessed	**(136,782)**	(136,746)
– Collectively assessed	**(221,496)**	(218,351)
	(358,278)	(355,097)
Advances and other accounts	**60,583,049**	52,029,818

(a) Gross advances to customers by industry sector classified according to the usage of loans and analysed by percentage covered by collateral

	As at 30 Jun 2007		As at 31 Dec 2006	
	Outstanding balance	**% of gross advances covered by collateral**	Outstanding Balance	% of gross advances covered by collateral
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	**422,178**	**99.6**	409,887	99.9
– Property investment	**7,698,075**	**90.9**	6,107,283	94.6
– Financial concerns	**454,294**	**75.6**	424,368	82.6
– Stockbrokers	**71,882**	**38.8**	49,845	38.2
– Wholesale and retail trade	**1,071,147**	**87.0**	1,086,361	87.5
– Manufacturing	**1,300,005**	**70.3**	1,334,677	74.9
– Transport and transport equipment	**3,878,237**	**92.5**	3,563,617	91.2
– Recreational activities	**61,512**	**21.9**	49,086	2.4
– Information technology	**36,237**	**2.9**	36,087	4.0
– Others	**1,940,883**	**80.9**	1,325,409	82.9
	16,934,450	**87.5**	14,386,620	89.4
Individuals				
– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**1,843,010**	**99.7**	1,850,462	99.7
– Loans for purchase of other residential properties	**11,553,318**	**99.7**	10,917,179	99.5
– Credit card advances	**3,221,049**	**–**	3,154,851	–
– Others	**6,728,853**	**50.9**	5,614,419	53.7
	23,346,230	**71.9**	21,536,911	73.0
Loans for use in Hong Kong	**40,280,680**	**78.4**	35,923,531	79.6
Trade finance	**4,614,828**	**50.9**	4,385,560	45.5
Loans for use outside Hong Kong	**11,349,140**	**74.8**	9,599,597	70.4
	56,244,648	**75.4**	49,908,688	74.8

For each industry sector reported above with loan balance constituting 10% or more of the total balance of advances to customers, the attributable amount of impaired loans, overdue loans, and individually and collectively assessed loan impairment allowances are as follows:

	As at 30 Jun 2007				
	Outstanding balance	**Impaired loans**	**Gross advances overdue for over 3 months**	**Individually assessed impairment allowances**	**Collectively assessed impairment allowances**
Loans for use in Hong Kong					
Industrial, commercial and financial					
– Property investment	**7,698,075**	**–**	**1,122**	**–**	**12,627**
Individuals					
– Loans for purchase of other residential properties	**11,553,318**	**3,193**	**14,667**	**1,366**	**5,852**

	As at 31 Dec 2006				
	Outstanding balance	Impaired loans	Gross advances overdue for over 3 months	Individually assessed impairment allowances	Collectively assessed impairment allowances
Loans for use in Hong Kong					
Industrial, commercial and financial					
– Property investment	6,107,283	6,590	8,105	2,214	12,672
Individuals					
– Loans for purchase of other residential properties	10,917,179	10,320	23,694	3,739	11,854

(b) Non-bank Mainland exposures

Type of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total	Individually assessed impairment allowances
	As at 30 Jun 2007			
Mainland entities	**1,697,301**	**5,662**	**1,702,963**	**–**
Companies and individuals outside Mainland where the credits are granted for use in the Mainland	**9,407,525**	**797,874**	**10,205,399**	**52,991**
Other counterparties the exposures to whom are considered by the Group to be non-bank Mainland exposures	**63,342**	**6,501**	**69,843**	**–**

Type of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total	Individually assessed impairment allowances
	As at 31 Dec 2006			
Mainland entities	1,835,834	2,187	1,838,021	–
Companies and individuals outside Mainland where the credits are granted for use in the Mainland	8,415,195	767,331	9,182,526	78,942
Other counterparties the exposures to whom are considered by the Group to be non-bank Mainland exposures	41,904	2,496	44,400	–

Note: The balances of exposures reported above include gross advances and other balances of claims on the customers.

(c) Analysis of gross advances to customers and overdue loans by geographical area

Advances to customers by geographical area are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when an advances is guaranteed by a party located in an area which is different from that of the counterparty.

At 30 June 2007, over 90% of the Group’s advances to customers, including related impaired advances and overdue advances, were classified under Hong Kong (a position unchanged from that as at 31 December 2006).

(d) Impaired, overdue and rescheduled assets

(i) Impaired loans

	As at 30 Jun 2007	As at 31 Dec 2006
Gross impaired loans *(Note (a))*	**215,477**	254,533
As a percentage of total advances to customers	**0.38%**	0.51%
Individual impairment allowances	**136,782**	136,746
Amount of collateral held	**81,764**	122,343

Note:

a. Impaired loans are defined as those loans having objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event has an impact on the estimated future cash flows of the loans that can be reliably estimated. Impaired loans are individually determined to be impaired.

b. The above individual impairment allowances were made after taking into account the value of collateral in respect of such advances as at 30 June/31 December.

(ii) Overdue loans

	As at 30 Jun 2007	**% of total advances to customers**	As at 31 Dec 2006	% of total advances to customers
Gross advances to customers which have been overdue for:				
– six months or less but over three months	**97,210**	**0.17**	99,855	0.20
– one year or less but over six months	**66,662**	**0.12**	61,973	0.12
– over one year	**103,872**	**0.19**	119,804	0.24
	267,744	**0.48**	281,632	0.56
Market value of securities held against the secured overdue advances	**169,342**		168,065	
Secured overdue advances	**113,635**		133,324	
Unsecured overdue advances	**154,109**		148,308	
Individual impairment allowances	**118,002**		118,518	

(iii) Rescheduled advances net of amounts included in overdue advances shown above

	As at 30 Jun 2007	**% of total advances to customers**	As at 31 Dec 2006	% of total advances to customers
Rescheduled advances	**62,285**	**0.11**	69,106	0.14
Impairment allowances	**2,862**		6,886	

There were no advances to banks and other financial institutions, which were impaired, overdue for over 3 months or rescheduled as at 30 June 2007 and 31 December 2006.

(iv) Trade bills

	As at 30 Jun 2007	As at 31 Dec 2006
Overdue for:		
– six months or less but over three months	**935**	–
– one year or less but over six months	**1,180**	–
	2,115	–

(e) Repossessed assets

The repossessed assets of the Group were as follows:

	As at 30 Jun 2007	As at 31 Dec 2006
Repossessed properties	**20,506**	31,485
Others	**9,206**	738
	29,712	32,223

15. OTHER RESERVES

	As at 30 Jun 2007	As at 31 Dec 2006
Reserves		
Share premium	**984,286**	984,286
Premises revaluation reserve	**541,930**	541,930
Investment revaluation reserve	**(5,401)**	10,661
Exchange reserve	**229**	(33)
General reserve	**574,612**	574,612
	2,095,656	2,111,456

16. CONTINGENT LIABILITIES AND COMMITMENTS

The contract and credit risk weighted amounts of the Group's off-balance sheet financial instruments that commit it to extend credit to customers are as follows:

	Contract amounts	
	As at 30 Jun 2007	As at 31 Dec 2006
Direct credit substitutes	**618,249**	1,628,553
Transaction related contingencies	**276**	4,576
Trade-related contingencies	**1,070,787**	1,066,214
Other commitments which are unconditionally cancelable	**27,738,630**	24,612,456
Other commitments with an original maturity of:		
– under 1 year	**6,608,256**	7,725,382
– 1 year and over	**2,206,043**	790,570
Forward forward deposits placed	**115,403**	1,923,185
	38,357,644	37,750,936

	Credit risk weighted amounts	
	As at 30 Jun 2007	As at 31 Dec 2006
Contingent liabilities and commitments	**2,536,705**	2,287,097

17. SEGMENT REPORTING

(A) By business segments

For the six months ended 30 June 2007

	Personal Banking	Commercial Banking	Treasury	Insurance Business	Unallocated	Elimination	Total
Interest income from							
– external customers	872,855	932,410	978,899	48,268	23,836	–	2,856,268
– inter-segments	632,899	–	10	3,424	424,316	(1,060,649)	–
Interest expense to							
– external customers	(992,006)	(251,388)	(160,551)	–	(366,261)	–	(1,770,206)
– inter-segments	2,297	(318,854)	(741,502)	–	(2,590)	1,060,649	–
Net interest income	516,045	362,168	76,856	51,692	79,301	–	1,086,062
Net fee and commission income/(expense)	229,246	63,401	(734)	4,778	8,836	(2,105)	303,422
Net trading and other operating income/(expense)	8,443	10,107	17,702	89,001	44,930	2,560	172,743
Net insurance premium income and other income	–	–	–	820,119	–	(555)	819,564
Operating income	753,734	435,676	93,824	965,590	133,067	(100)	2,381,791
Net insurance claims and movement in liabilities to policyholders	–	–	–	(736,035)	–	–	(736,035)
Total operating income net of insurance claims	753,734	435,676	93,824	229,555	133,067	(100)	1,645,756
Operating expenses	(422,342)	(142,386)	(42,893)	(72,309)	(27,010)	100	(706,840)
Operating profit before impairment losses on loans and advances	331,392	293,290	50,931	157,246	106,057	–	938,916
Impairment losses on loans and advances	(42,241)	(45,636)	23	–	–	–	(87,854)
Operating profit before gains on certain investments and fixed assets	289,151	247,654	50,954	157,246	106,057	–	851,062
Net (loss)/gain on disposal of fixed assets	(29)	(4)	–	–	485	–	452
Net (loss)/gain on disposal of available-for-sale securities	(13)	–	77,434	–	20,364	–	97,785
Share of results of jointly controlled entities	–	–	–	–	4,339	–	4,339
Share of results of associates	–	–	–	–	(7,717)	–	(7,717)
Profit before income tax	289,109	247,650	128,388	157,246	123,528	–	945,921
As at 30 June 2007							
Total assets	27,670,126	31,743,952	53,371,073	6,160,798	3,314,817	(352,832)	121,907,934
Total liabilities	53,135,235	14,419,804	22,993,700	4,107,736	14,898,336	(352,832)	109,201,979
For the six months ended 30 June 2007							
Depreciation	21,097	9,257	3,003	2,459	7,838	–	43,654
Capital expenditure incurred	20,750	1,907	496	1,547	7,961	–	32,661

For the six months ended 30 June 2006
(Restated)

	Personal Banking	Commercial Banking	Treasury	Insurance Business	Unallocated	Elimination	Total
Interest income from							
– external customers	820,726	810,876	797,636	40,770	29,739	–	2,499,747
– inter-segments	584,940	–	107	2,306	328,828	(916,181)	–
Interest expense to							
– external customers	(891,136)	(221,781)	(104,256)	994	(258,604)	–	(1,474,783)
– inter-segments	(15,335)	(244,238)	(656,606)	–	(2)	916,181	–
Net interest income	499,195	344,857	36,881	44,070	99,961	–	1,024,964
Net fee and commission income/(expense)	182,500	58,779	4,123	3,656	7,914	(1,823)	255,149
Net trading and other operating income/(expense)	12,750	6,473	58,796	(12,560)	(40,544)	–	24,915
Net insurance premium income and other income	–	–	–	325,272	–	–	325,272
Operating income	694,445	410,109	99,800	360,438	67,331	(1,823)	1,630,300
Net insurance claims and movement in liabilities to policyholders	–	–	–	(207,219)	–	–	(207,219)
Total operating income net of insurance claims	694,445	410,109	99,800	153,219	67,331	(1,823)	1,423,081
Operating expenses	(382,861)	(131,978)	(28,719)	(51,233)	(19,785)	1,823	(612,753)
Operating profit before impairment losses on loans and advances	311,584	278,131	71,081	101,986	47,546	–	810,328
Impairment losses on loans and advances	(25,210)	(50,078)	–	(45)	18	–	(75,315)
Operating profit before gains on certain investments and fixed assets	286,374	228,053	71,081	101,941	47,564	–	735,013
Net (loss)/gain on disposal of fixed assets	(12)	–	–	8	(5)	–	(9)
Net gain on disposal of interests in subsidiaries	–	–	–	–	189,443	–	189,443
Net (loss)/gain on disposal of available-for-sale securities	(6)	–	62,409	–	2,133	–	64,536
Share of results of jointly controlled entities	–	–	–	–	2,675	–	2,675
Share of results of associates	–	–	–	–	(9,465)	–	(9,465)
Reversal of impairment losses on available-for-sale securities	–	–	25,891	–	–	–	25,891
Profit before income tax	286,356	228,053	159,381	101,949	232,345	–	1,008,084
As at 31 December 2006							
Total assets	24,952,007	27,542,139	47,003,768	6,294,879	3,370,945	(115,741)	109,047,997
Total liabilities	50,418,508	14,752,513	15,672,008	4,314,914	11,596,250	(115,741)	96,638,452
For the six months ended 30 June 2006							
Depreciation	26,780	9,299	2,090	3,035	3,310	–	44,514
Capital expenditure incurred	9,709	822	323	308	2,045	–	13,207

Personal banking business includes the acceptance of deposits from individual customers and the extension of residential mortgage lending, personal loans, overdraft and credit card services, the provision of insurance sales and investment services.

Commercial banking business includes the acceptance of deposits from and the advance of loans and working capital finance to commercial, industrial and institutional customers, and the provision of trade financing. Hire purchase finance and leasing related to equipment, vehicle and transport financing are included.

Treasury activities are mainly the provision of foreign exchange services and centralised cash management for deposit taking and lending, interest rate risk management, management of investment in securities and the overall funding of the Group.

Insurance business includes the Group's life assurance and general insurance businesses. Through the Group's life insurance subsidiaries in Hong Kong and Macau, the Group offers a variety of life insurance products and services. The Group's general insurance business is conducted through a wholly-owned subsidiary in Hong Kong and a 96% owned subsidiary in Macau.

Unallocated items include results of operations and corporate investments (including properties) not directly identified under other business divisions.

(B) By geographical segments

	Hong Kong and others	**Macau**	**Inter-segment elimination**	**Total**
For the six months ended 30 June 2007				
Operating income	**1,468,706**	**177,050**	**–**	**1,645,756**
Profit before income tax	**862,228**	**83,693**	**–**	**945,921**
Profit for the period	**749,460**	**72,583**	**–**	**822,043**
Depreciation	**34,528**	**9,126**	**–**	**43,654**
Capital expenditure incurred	**27,994**	**4,667**	**–**	**32,661**
As at 30 June 2007				
Total assets	**110,414,949**	**12,584,444**	**(1,091,459)**	**121,907,934**
Total liabilities	**99,743,733**	**10,549,705**	**(1,091,459)**	**109,201,979**
Contingent liabilities and commitments	**45,174,613**	**1,947,833**	**–**	**47,122,446**

	Hong Kong and others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2006				
Operating income	1,266,556	156,525	–	1,423,081
Profit before income tax	944,655	63,429	–	1,008,084
Profit for the period	813,332	55,824	–	869,156
Depreciation	34,418	10,096	–	44,514
Capital expenditure incurred	10,209	2,998	–	13,207
As at 31 December 2006				
Total assets	99,497,800	11,436,218	(1,886,021)	109,047,997
Total liabilities	89,064,397	9,460,076	(1,886,021)	96,638,452
Contingent liabilities and commitments	43,148,836	1,974,306	(163,408)	44,959,734

FINANCIAL RATIOS

	Six months ended 30 Jun 2007	Restated Six months ended 30 Jun 2006
Net interest income/operating income	**66.0%**	72.0%
Cost to income ratio	**42.9%**	43.1%
Loan to deposit (including certificates of deposit) ratio	**70.5%**	66.8%
Return on average total assets *(Note 1)*	**1.1%**	1.0%
Return on average shareholders' funds *(Note 1)*	**12.2%**	10.8%
Dividend payout ratio *(Note 1)*	**28.2%**	34.8%
Net interest margin	**2.27%**	2.46%

Note:

1. The normalised attributable profit of HK$538.9 million, excluding profit realised mainly on the placing of 3.6% interest in DSBG totalling HK$189.4 million, is used in calculating the profitability and dividend payout ratios for the six months ended 30 June 2006.

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$0.75 per share for 2007 payable on or after Wednesday, 3 October 2007 to shareholders whose names are on the Register of Shareholders at the close of business on Friday, 28 September 2007.

CLOSING OF REGISTER OF SHAREHOLDERS

The Register of Shareholders will be closed from Monday, 24 September 2007 to Friday, 28 September 2007, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 September 2007.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

Against a backdrop of a generally positive operating environment, growing economies in Hong Kong and Macau, extremely robust economic growth in the Mainland, and driven by a higher operating income (net of insurance claims) rising from HK$1.42 billion in the same period last year to HK$1.65 billion in the period, our profit attributable to shareholders increased by 23% from HK$539 million in the first half of 2006 (excluding the exceptional gain on disposal of shares in Dah Sing Banking Group ("DSBG")) to HK$664 million in the first six months of 2007. Earnings per share increased by 24% to HK$2.66 if the exceptional gain on the disposal of DSBG shares in 2006 was excluded in calculating the normalised earnings per share for the first half of 2006. The Board of Directors has declared an interim dividend of HK$0.75 per share.

Our key businesses all performed well during the period, with the contribution from our banking business increasing by 9% to HK$616 million, and our insurance business reporting extremely strong growth in earnings of 57% to HK$151 million for the period.

Loan growth was particularly strong, with an increase of 22% year on year, and 13% since 31 December 2006, driven mainly by our commercial lending business. Deposit growth was also significant, with an increase of 16% year on year, and 5% since the end of 2006.

Non-interest income grew strongly by 41% to HK$560 million, boosted by a particularly strong performance from our insurance business as well as good performance from our banking business, particularly related to wealth management businesses.

Operating expenses increased by around 15% year-on-year, reflecting the costs of the expansion of our businesses, in the Hong Kong, Macau and Mainland markets.

During the period under review, we completed our acquisition of 17% of Chongqing Commercial Bank, and contracted to acquire a further 3%, subject to regulatory approval, to take our total investment to 20%. Dah Sing Bank also issued US$200 million perpetual subordinated debt callable in 2017 qualifying as Upper Tier 2 capital to strengthen its capital base and to prepare for the further expansion of our banking business, which assisted our banking group to achieve a capital adequacy ratio of 17.1% at the mid-year.

BUSINESS AND FINANCIAL REVIEW

The key drivers of the strong loan growth in our banking business were property lending, syndicated loans, equipment and vehicle financing and financing for securities trading. Growth was driven primarily by our commercial lending business, although it was encouraging to note that the speed of growth in our retail lending business has accelerated over the same period last year. Net interest margin weakened slightly to 2.27% in the first half of 2007, compared with 2.46% in the first half of 2006, due mainly to a tighter Prime/HIBOR margin and increased funding cost. Our strong loan growth was more than sufficient to offset the slightly weaker margin, allowing us to report an increase in net interest income of 6% for the period to HK$1,086 million.

Our Macau banking business performed particularly well, with a 25% year on year increase in profit, driven by healthy loan growth, as well as a steady net interest margin.

Net fee and commission income increased by 18.9% relative to the first half of 2006, largely contributed by stronger wealth management income. Boosted by the buoyant investment environment and higher securities turnover, our wealth management business recorded higher brokerage fees and commission income generated from investment services and stronger unit trust sales.

Net trading income increased significantly when compared with the net trading loss in the first six months last year, boosted largely by a much higher trading income generated by our insurance business, mainly contributed by much higher gains on the equity investments of our life business. The stronger global equity market performance and relatively stable bond market in the first six months period led to a higher valuation of our insurance group's investment portfolio, with fair value changes recognised in our income statement.

Our insurance business performed very well during the period. Net insurance premium income and other income grew by 152% during the period, reflecting increased sales from our expanded agency force, as well as good results from our bancassurance platform, including sales of single premium product. The increase in the value of in-force long-term life assurance business (or embedded value) in the period also benefited from the stronger new sales and amounted to HK$35 million, compared to the net decrease of HK$32 million in the first half of 2006 when the changes in valuation interest rate adversely affected the embedded value contribution. A much improved investment performance, reflected in the positive mark to market appreciation of the insurance investment portfolio through the profit and loss account, as well as an improved embedded value contribution from our insurance business all contributed to the 54% increase in insurance earnings for the period.

Net insurance claims and movement in liabilities to policyholders also rose significantly in the period, reflecting higher claim expenses, commission and acquisition costs, and higher transfer to actuarial reserves arising from the much higher life policy sales.

The growth in operating expenses during the period was due mainly to increased staff costs, both through higher salaries and increased headcount, as well as increased rental, and general expenses such as advertising and marketing.

We were able to take advantage of favourable market conditions in the first half of the year to realise a net gain on disposal of available-for-sale securities of HK$98 million, an increase of 52% relative to the same period last year. In 2006, we benefited from a write-back of HK$26 million impairment allowance on an investment which has not been repeated in 2007.

Credit quality remained solid, although impairment charges increased by 17% to HK$88 million, mainly relating to higher collective impairment charges from our retail banking business, particularly our credit card and personal loan businesses, reflecting higher business volumes. Credit quality in our commercial lending business remained robust in the first half. Overall credit quality remained acceptable, as demonstrated by the continuing low impaired loan ratio of 0.4%, and a total overdue and rescheduled loan ratio of 0.6% as of 30 June 2007.

As at 30 June 2007, the Group's total gross loans and advances amounted to HK$56.2 billion, up 12.7% relative to the end of last year. Strong growth was recorded in the Commercial Banking sector, led by syndicated loans, commercial loans and property lending. The overall Personal Banking loan portfolio achieved a modest growth amidst keen competition, and was mainly driven by mortgage loans and securities related financing.

Customers' deposits including structured deposits totalled HK$69.7 billion, an increase of 4.0% relative to the end of 2006. Issued certificates of deposit rose to HK$10.1 billion, 14.8% higher than 2006 year end. The loan to deposit ratio increased from 66.8% as at 31 December 2006 to 70.5% as at 30 June 2007.

PROSPECTS

We continue to believe that the economic prospects in Mainland China will present an important opportunity for growth in the coming years. In addition to our investment in Chongqing Commercial Bank, we have also submitted an application for the opening of a Mainland locally incorporated subsidiary bank, based in Shenzhen, to further develop our presence in that market.

We expect that the Hong Kong and Macau domestic economies will continue to develop positively in the second half of the year, providing opportunities for the growth of both our banking and insurance businesses. However, competition in these markets is expected to remain intense, and this coupled with the possible impact on the economy of the recent volatile conditions in global financial markets, and particularly in global credit markets where a rapid correction has been taking place, is likely to mean that the second half of the year will be challenging.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors (Appendix 10 of the Main Board Rules). After having made specific enquiry of all Directors, the Company confirmed that the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions have been fully complied with.

UNAUDITED FINANCIAL STATEMENTS

The financial information in this results announcement is unaudited and does not constitute statutory financial statements.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited financial statements for the period ended 30 June 2007.

REMUNERATION AND STAFF DEVELOPMENT

There have been no material change to the information disclosed in the Company's 2006 Annual Report in respect of the remuneration of employees, remuneration policies and training schemes.

DEALINGS IN THE COMPANY'S SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares during the period from 1 January 2007 to 30 June 2007.

INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

Copies of this announcement may be obtained from Corporate Secretarial Department at 36th Floor, Dah Sing Financial Centre, 108 Gloucester Road, Hong Kong, or downloaded from the Company's website at <http://www.dahsing.com> free of charge.

The 2007 Interim Report of the Group containing all the information required by the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and the Company in due course. Printed copies of the 2007 Interim Report will be sent to shareholders before the end of September 2007.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors comprises David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Managing Director and Chief Executive), Roderick S. Anderson, Gary Pak-Ling Wang and Nicholas J. Mayhew as Executive Directors, Peter G. Birch, Robert Tsai-To Sze, Tai-Lun Sun (Dennis Sun) and Kwok-Hung Yue (Justin Yue) as Independent Non-Executive Directors, and Chung-Kai Chow, Kunio Suzuki (with Kenichi Yonetani as alternate), Tatsuo Tanaka (with Keisuke Tahara as alternate), Eiichi Yoshikawa, John Wai-Wai Chow and Yiu-Ming Ng as Non-Executive Directors.

By Order of the Board
H L Soo
Company Secretary

Hong Kong, Wednesday, 29 August 2007