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 FINAL RESULTS

The Directors of Dah Sing Financial Holdings Limited (the "Company") are pleased to present the consolidated audited results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2007.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December

HK$'000	*Note*	**2007**	Restated 2006	Variance %
Interest income		**5,975,014**	5,217,537	
Interest expense		**(3,760,320)**	(3,126,461)	
Net interest income	*5*	**2,214,694**	2,091,076	5.9
Fee and commission income		**717,920**	592,281	
Fee and commission expense		**(105,267)**	(85,856)	
Net fee and commission income	*6*	**612,653**	506,425	21.0
Net trading income	*7*	**660,129**	295,012	123.8
Net insurance premium and other income		**1,898,602**	1,069,918	77.5
Other operating income	*8*	**110,350**	62,021	77.9
Operating income		**5,496,428**	4,024,452	36.6
Net insurance claims and expenses		**(1,797,816)**	(938,740)	91.5
Total operating income net of insurance claims		**3,698,612**	3,085,712	19.9
Operating expenses	*9*	**(1,444,002)**	(1,306,790)	10.5
Operating profit before impairment losses		**2,254,610**	1,778,922	26.7
Impairment losses on loans and advances	*10*	**(180,795)**	(161,253)	12.1

CONSOLIDATED INCOME STATEMENT *(Continued)*
For the year ended 31 December

HK$'000	*Note*	**2007**	Restated 2006	Variance %
Operating profit before gains or losses on certain investments and fixed assets		**2,073,815**	1,617,669	28.2
Net gain on disposal/reversal of revaluation deficits of premises and other fixed assets	*11*	**32,093**	34,092	
Net gain on fair value adjustment on investment properties		**118,886**	30,074	
Net gain on disposal of available-for-sale securities		**115,304**	91,442	
Share of results of associates		**45,564**	(26,441)	
Share of results of jointly controlled entities		**10,536**	7,008	
Net gain on disposal of interests in subsidiaries		**–**	189,443	
Impairment losses (charged)/reversed on available-for-sale securities	*12*	**(1,037,742)**	25,891	
Profit before income tax		**1,358,456**	1,969,178	–31.0
Income tax expense	*13*	**(132,708)**	(267,455)	
Profit for the year		**1,225,748**	1,701,723	–28.0
Profit attributable to minority interests		**(175,548)**	(304,597)	
Profit attributable to shareholders of the Company		**1,050,200**	1,397,126	–24.8
Dividends				
Interim dividend paid		**187,566**	187,566	
Proposed final dividend		**187,566**	400,141	
		375,132	587,707	
Earnings per share				
Basic	*14*	**HK$4.20**	HK$5.59	–24.9
Diluted	*14*	**HK$4.19**	HK$5.58	–24.9

CONSOLIDATED BALANCE SHEET

As at 31 December

HK$'000	*Note*	**2007**	2006
ASSETS			
Cash and balances with banks		**11,868,465**	7,440,296
Placements with banks maturing between one and twelve months		**1,919,342**	853,327
Trading securities	*15*	**4,668,816**	9,113,785
Financial assets at fair value through profit or loss	*15*	**2,570,875**	1,276,671
Derivative financial instruments		**758,047**	374,317
Advances and other accounts	*16*	**66,151,544**	52,029,818
Available-for-sale securities	*17*	**25,826,991**	33,336,794
Held-to-maturity securities	*18*	**4,500,725**	458,395
Investments in associates		**842,970**	57,647
Investments in jointly controlled entities		**63,852**	37,192
Goodwill		**950,992**	950,992
Intangible assets		**181,023**	208,238
Premises and other fixed assets		**2,228,766**	1,597,491
Investment properties		**547,574**	484,465
Current tax assets		**102,643**	14,414
Deferred income tax assets		**10,385**	3,377
Value of in-force long-term life assurance business		**1,015,538**	810,778
Total assets		**124,208,548**	109,047,997
LIABILITIES			
Deposits from banks		**2,651,668**	2,110,097
Derivative financial instruments		**970,781**	323,809
Trading liabilities		**2,689,069**	6,526,233
Deposits from customers designated at fair value through profit or loss		**3,142,488**	3,393,048
Deposits from customers		**75,584,849**	63,595,931
Certificates of deposit issued		**8,843,414**	8,768,472
Issued debt securities		**2,794,861**	2,299,574
Subordinated notes		**5,147,837**	3,480,127
Other accounts and accruals		**5,851,837**	3,619,319
Current income tax liabilities		**38,369**	91,498
Deferred income tax liabilities		**98,562**	144,256
Liabilities to policyholders under long-term insurance contracts		**3,613,540**	2,286,088
Total liabilities		**111,427,275**	96,638,452
EQUITY			
Minority interests		**2,311,970**	2,364,803
Equity attributable to the Company's shareholders			
Share capital		**500,176**	500,176
Reserves	*19*	**9,781,561**	9,144,425
Proposed dividend	*19*	**187,566**	400,141
Shareholders' funds		**10,469,303**	10,044,742
Total equity		**12,781,273**	12,409,545
Total equity and liabilities		**124,208,548**	109,047,997

Note:

1. STATUTORY FINANCIAL STATEMENTS

The financial information set out in this results announcement does not constitute the Group's statutory consolidated financial statements for the year ended 31 December 2007 but is derived from those statutory financial statements. The consolidated financial statements of the Group for the year ended 31 December 2007 will be available from the website of The Stock Exchange of Hong Kong Limited in due course. The auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2008.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs" which is a collective term including all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of properties (including investment properties), available-for-sale financial assets, financial assets and financial liabilities held for trading, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's 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 income/(loss)" in the previous year. Comparative figures have been restated to conform with the current year'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. This revised classification also facilitates comparison of the Group's net interest income and net interest margin with other banks in the industry.

With effect from 1 January 2007, the difference between depreciation based on the revalued carrying amount of premises charged to the income statement and depreciation based on the premises' original cost is transferred from premises revaluation reserve to retained earnings. This represents a change in accounting policy which has been applied retrospectively. The opening balances of retained profit and premises revaluation reserve and the corresponding comparative figures have been restated accordingly and there is no net impact to the total shareholders' equity.

With the exception of the restatements described above, the accounting policies and methods of computation used in the preparation of the 2007 consolidated 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 financial information in this results announcement is presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated.

3. NEW AND INTERPRETATIONS TO EXISTING HKFRSS

The Group has adopted the new HKFRSs and the amendments and interpretations to existing HKFRSs issued by the HKICPA which are effective in 2007 and which are relevant to the Group's operation.

4. SEGMENT REPORTING

(A) By business segments

For the year ended 31 December 2007
HK$'000

Group	Personal Banking	Commercial Banking	Treasury	Insurance Business	Unallocated	Elimination	Total
Interest income from							
– external customers	1,755,688	2,002,556	2,067,856	99,921	48,993	–	5,975,014
– inter-segments	1,244,272	–	–	22,916	856,893	(2,124,081)	–
Interest expense to							
– external customers	(1,964,856)	(646,870)	(401,187)	–	(747,407)	–	(3,760,320)
– inter-segments	–	(586,451)	(1,537,630)	–	–	2,124,081	–
Net interest income	1,035,104	769,235	129,039	122,837	158,479	–	2,214,694
Fee and commission income	582,247	128,903	9,920	9,826	26,377	(39,353)	717,920
Fee and commission expense	(83,564)	(1,011)	(10,330)	(3,900)	(7,258)	796	(105,267)
Net fee and commission income/(expense)	498,683	127,892	(410)	5,926	19,119	(38,557)	612,653
Net trading income	10,760	9,087	98,953	518,953	22,376	–	660,129
Net insurance premium and other income	–	–	–	1,908,104	–	(9,502)	1,898,602
Other operating income	60,613	8,021	7,037	750	35,789	(1,860)	110,350
Operating income	1,605,160	914,235	234,619	2,556,570	235,763	(49,919)	5,496,428
Net insurance claims and expenses	–	–	–	(1,831,472)	–	33,656	(1,797,816)
Total operating income net of insurance claims	1,605,160	914,235	234,619	725,098	235,763	(16,263)	3,698,612
Operating expenses	(858,485)	(290,587)	(88,667)	(164,086)	(58,440)	16,263	(1,444,002)
Operating profit before impairment losses	746,675	623,648	145,952	561,012	177,323	–	2,254,610
Impairment losses on loans and advances	(97,637)	(83,178)	23	–	(3)	–	(180,795)
Operating profit before gains or losses on certain investments and fixed assets	649,038	540,470	145,975	561,012	177,320	–	2,073,815
Net (loss)/gain on disposal/reversal of revaluation deficits of other fixed assets	(7)	4	7	1,786	30,303	–	32,093
Net gain on fair value adjustment on investment properties	–	–	–	–	118,886	–	118,886
Net gain on disposal of available-for-sale securities	9,603	–	75,538	–	30,163	–	115,304
Share of results of associates	–	–	–	–	45,564	–	45,564
Share of results of jointly controlled entities	–	–	–	–	10,536	–	10,536
Impairment losses charged on available-for-sale securities	–	–	–	–	(1,037,742)	–	(1,037,742)
Profit before income tax	658,634	540,474	221,520	562,798	(624,970)	–	1,358,456
As at 31 December 2007							
Total assets	27,267,243	35,957,780	48,482,583	7,675,020	5,193,208	(367,286)	124,208,548
Total liabilities	55,411,277	19,761,043	17,146,475	5,224,264	14,251,502	(367,286)	111,427,275
For the year ended 31 December 2007							
Depreciation	49,977	20,663	6,373	4,205	12,739	–	93,957
Capital expenditure incurred	43,341	7,748	884	13,016	16,802	–	81,791

4. SEGMENT REPORTING *(Continued)*

(A) By business segments *(Continued)*

For the year ended 31 December 2006 (Restated)
HK$'000

Group	Personal Banking	Commercial Banking	Treasury	Insurance Business	Unallocated	Elimination	Total
Interest income from							
– external customers	1,667,172	1,689,235	1,723,951	83,005	54,174	–	5,217,537
– inter-segments	1,189,284	–	–	8,354	706,276	(1,903,914)	–
Interest expense to							
– external customers	(1,846,478)	(448,551)	(289,713)	–	(541,719)	–	(3,126,461)
– inter-segments	–	(526,669)	(1,377,245)	–	–	1,903,914	–
Net interest income	1,009,978	714,015	56,993	91,359	218,731	–	2,091,076
Fee and commission income	455,550	126,727	16,554	7,839	13,195	(27,584)	592,281
Fee and commission expense	(74,958)	(922)	(9,947)	–	(29)	–	(85,856)
Net fee and commission income	380,592	125,805	6,607	7,839	13,166	(27,584)	506,425
Net trading income/(losses)	6,234	8,566	121,001	185,248	(26,037)	–	295,012
Net insurance premium and other income	–	–	–	1,073,488	–	(3,570)	1,069,918
Other operating income	17,059	3,347	18,658	765	23,988	(1,796)	62,021
Operating income	1,413,863	851,733	203,259	1,358,699	229,848	(32,950)	4,024,452
Net insurance claims and expenses	–	–	–	(962,372)	–	23,632	(938,740)
Total operating income net of insurance claims	1,413,863	851,733	203,259	396,327	229,848	(9,318)	3,085,712
Operating expenses	(811,853)	(259,763)	(78,572)	(123,932)	(41,988)	9,318	(1,306,790)
Operating profit before impairment losses	602,010	591,970	124,687	272,395	187,860	–	1,778,922
Impairment losses on loans and advances	(98,593)	(62,884)	–	136	88	–	(161,253)
Operating profit before gains or losses on certain investments and fixed assets	503,417	529,086	124,687	272,531	187,948	–	1,617,669
Net (loss)/gain on disposal/reversal of revaluation deficits of other fixed assets	(33)	(530)	(1)	746	33,910	–	34,092
Net gain on fair value adjustment on investment properties	–	–	–	–	30,074	–	30,074
Net gain on disposal of available-for-sale securities	5,061	–	82,992	–	3,389	–	91,442
Share of results of associates	–	–	–	–	(26,441)	–	(26,441)
Share of results of jointly controlled entities	–	–	–	–	7,008	–	7,008
Net gain on partial disposal of interests in subsidiaries	–	–	–	–	189,443	–	189,443
Impairment losses reversed on available-for-sale securities	–	–	25,891	–	–	–	25,891
Profit before income tax	508,445	528,556	233,569	273,277	425,331	–	1,969,178
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 year ended 31 December 2006							
Depreciation	47,945	18,462	5,922	5,981	7,451	–	85,761
Capital expenditure incurred	24,314	6,416	1,086	2,264	6,775	–	40,855

4. **SEGMENT REPORTING** *(Continued)*

(A) **By business segments** *(Continued)*

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 wholly-owned subsidiaries in Hong Kong and 96% owned subsidiaries in Macau, the Group offers a variety of life and general insurance products and services.

Unallocated items include results of operations, corporate investments and debt funding (including subordinated notes) not directly identified under other business divisions.

(B) **By geographical segments**

HK$'000	**Hong Kong and others**	**Macau**	**Inter-segment elimination**	**Total**
For the year ended 31 December 2007				
Total operating income net of insurance claims	**3,331,199**	**367,413**	**–**	**3,698,612**
Profit before income tax	**1,254,017**	**104,439**	**–**	**1,358,456**
Profit for the year	**1,136,158**	**89,590**	**–**	**1,225,748**
Depreciation	**70,349**	**23,608**	**–**	**93,957**
Capital expenditure incurred	**62,892**	**18,899**	**–**	**81,791**
As at 31 December 2007				
Total assets	**113,667,708**	**12,775,637**	**(2,234,797)**	**124,208,548**
Total liabilities	**102,929,552**	**10,732,520**	**(2,234,797)**	**111,427,275**
Contingent liabilities and commitments	**39,587,908**	**1,584,097**	**–**	**41,172,005**

	Hong Kong and others	Macau	Inter-segment elimination	Total
For the year ended 31 December 2006 (Restated)				
Total operating income net of insurance claims	2,770,647	315,065	–	3,085,712
Profit before income tax	1,846,317	122,861	–	1,969,178
Profit for the year	1,598,109	103,614	–	1,701,723
Depreciation	65,943	19,818	–	85,761
Capital expenditure incurred	31,009	9,846	–	40,855
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	43,131,407	1,973,382	(163,408)	44,941,381

5. NET INTEREST INCOME

HK$'000	**2007**	Restated 2006
Interest income		
Cash and balances with banks	**384,284**	419,658
Investment in securities	**1,879,574**	1,536,578
Advances to customers and banks	**3,674,735**	3,257,589
Others	**36,421**	3,712
	5,975,014	5,217,537
Interest expense		
Deposits from banks/Deposits from customers	**2,800,864**	2,380,277
Certificates of deposit issued	**436,710**	364,750
Issued debt securities	**115,338**	111,150
Subordinated notes	**311,402**	190,299
Others	**96,006**	79,985
	3,760,320	3,126,461
Included within interest income		
Interest income on listed investments	**957,198**	680,893
Interest income on unlisted investments	**922,376**	855,685
	1,879,574	1,536,578
Interest income on financial assets not designated at fair value through profit or loss	**5,389,841**	4,615,857
Interest income on impaired assets	**17,969**	5,756
Included within interest expenses		
Interest expenses on financial liabilities not designated at fair value through profit or loss	**3,121,501**	2,576,959

6. NET FEE AND COMMISSION INCOME

HK$'000	**2007**	Restated 2006
Fee and commission income		
Fee and commission income from financial assets and liabilities not designated at fair value through profit or loss		
– Credit related fees and commissions	**62,166**	66,924
– Trade finance	**63,878**	64,122
– Credit card	**192,953**	191,442
Other fee and commission income		
– Securities brokerage and investment services	**222,594**	122,929
– Insurance distribution and others	**22,979**	20,838
– Retail investment funds and fiduciary services	**80,660**	64,233
– Other fees	**72,690**	61,793
	717,920	592,281
Fee and commission expense		
Handling fees and commission	**91,989**	73,946
Other fees paid	**13,278**	11,910
	105,267	85,856

The Group provides custody, trustee, corporate administration, and investment management services to third parties. Those assets that are held in a fiduciary capacity are not included in these financial statements.

7. NET TRADING INCOME

HK$'000	**2007**	Restated 2006
Dividend income from trading securities — listed investments	**26,409**	22,289
Net gain arising from dealing in foreign currencies	**172,055**	141,054
Net gain from trading securities	**457,389**	173,871
Net gain from derivatives entered into for trading purpose	**7,513**	5,954
Net loss arising from financial instruments subject to fair value hedge	**(38,270)**	(2,663)
Net gain/(loss) arising from financial instruments designated at fair value through profit or loss	**35,033**	(45,493)
	660,129	295,012

8. OTHER OPERATING INCOME

HK$'000	**2007**	2006
Dividend income from investments in available-for-sale securities		
– Listed investments	**16,715**	3,599
– Unlisted investment	**5,188**	21,796
Gross rental income from investment properties	**18,385**	18,161
Other rental income	**6,678**	6,506
Others	**63,384**	11,959
	110,350	62,021

9. OPERATING EXPENSES

HK$'000	**2007**	Restated 2006
Employee compensation and benefit expenses (including directors' remuneration)	**814,279**	718,146
Premises and other fixed assets expenses, excluding depreciation	**156,773**	132,225
Depreciation	**93,957**	85,761
Advertising costs	**112,026**	78,858
Amortisation expenses of intangible assets	**27,215**	46,130
Auditors' remuneration	**7,380**	6,308
Others	**232,372**	239,362
	1,444,002	1,306,790

10. IMPAIRMENT LOSSES ON LOANS AND ADVANCES

HK$'000	**2007**	2006
Advances to customers	**181,570**	161,476
Advances to banks	**(778)**	2
Accrued interest and other accounts	**3**	(225)
	180,795	161,253

	2007	2006
Net charge of impairment losses on loans and advances		
– Individually assessed	**66,052**	86,592
– Collectively assessed	**114,743**	74,661
	180,795	161,253

	2007	2006
Of which		
– new allowances (including amounts directly written off in the year)	**331,221**	339,689
– releases	**(66,049)**	(81,302)
– recoveries	**(84,377)**	(97,134)
Net charge to income statement	**180,795**	161,253

11. NET GAIN ON DISPOSAL/REVERSAL OF REVALUATION DEFICITS OF PREMISES AND OTHER FIXED ASSETS

HK$'000	**2007**	2006
Net gain from disposal of premises and investment properties	**4,450**	–
Reversal of revaluation deficits of premises	**27,575**	34,582
Net gain/(loss) from disposal of other fixed assets	**68**	(490)
	32,093	34,092

12. IMPAIRMENT LOSSES (CHARGED)/REVERSED ON AVAILABLE-FOR-SALE SECURITIES

The Group's investment in available-for-sale securities included leveraged/structured investment vehicles managed by third party portfolio managers.

During the year ended 31 December 2007, falls in the prices of bonds coupled with the leverage effect on the Group's holdings in leveraged/structured investment vehicles have resulted in a decrease in their values. As a result, the Group has assessed that there are objective indications that the investments have suffered impairment, and an impairment loss has therefore been recognised at the balance sheet date.

13. 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 year. Income tax expense on overseas profits has been calculated on the estimated assessable profit for the year 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%).

HK$'000	**2007**	2006
Current income tax:		
– Hong Kong profits tax	**82,611**	214,513
– Overseas taxation	**24,266**	18,494
– Over-provision in prior years	**–**	(1,367)
Deferred income tax	**25,831**	35,815
	132,708	267,455

14. BASIC AND DILUTED EARNINGS PER SHARE

	2007	2006
	HK$	*HK$*
Earnings per share		
Basic	**4.20**	5.59
Diluted	**4.19**	5.58
Earnings per share (normalised by excluding profit on disposal of interests in subsidiaries)		
Basic	**4.20**	4.83
Diluted	**4.19**	4.82

The calculation of basic earnings per share is based on earnings of HK$1,050,200,000 (2006: HK$1,397,126,000) and the weighted average number of 250,088,234 (2006: 250,088,234) shares in issue during the year.

The calculation of normalised basic earnings per share excluding profit of HK$189,443,000 realised on disposal of interests in subsidiaries for 2006 is based on normalised earnings of HK$1,207,683,000 and the weighted average number of 250,088,234 shares in issue during the year.

The calculation of diluted earnings per share for 2007 is based on earnings of HK$1,050,200,000 (2006: HK$1,397,126,000) and the weighted average number of 250,639,267 (2006: 250,469,704) shares in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

The calculation of normalised diluted earnings per share in 2006 excluding profit of HK$189,443,000 realised on disposal of interests in subsidiaries is based on normalised earnings of HK$1,207,683,000 and the weighted average number of 250,469,704 shares in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

15. TRADING SECURITIES AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

HK$'000	**As at 31 Dec 2007**	As at 31 Dec 2006
Trading securities:		
Debt securities:		
– Listed in Hong Kong	**578,783**	1,114,426
– Listed outside Hong Kong	**20,094**	–
– Unlisted	**2,396,214**	6,559,624
	2,995,091	7,674,050
Equity securities:		
– Listed in Hong Kong	**185,284**	532,272
– Listed outside Hong Kong	**552,360**	337,994
– Unlisted, interests in investment funds	**936,081**	569,469
	1,673,725	1,439,735
Total trading securities	**4,668,816**	9,113,785
Financial assets at fair value through profit or loss:		
Debt securities:		
– Unlisted	**2,404,872**	1,276,671
	2,404,872	1,276,671
Equities securities:		
– Listed in Hong Kong	**27,176**	–
– Listed outside Hong Kong	**105,931**	–
– Unlisted	**32,896**	–
	166,003	–
Total financial assets at fair value through profit or loss	**2,570,875**	1,276,671
Total trading securities and financial assets at fair value through profit or loss	**7,239,691**	10,390,456
Market value of listed securities	**1,469,628**	1,984,692
Included within debt securities are:		
– Government bonds included in trading securities	**2,233,712**	6,367,125
– Certificates of deposit held	**381,171**	367,572
– Other government bonds	**886,463**	–
– Other debt securities	**1,898,617**	2,216,024
	5,399,963	8,950,721

15. TRADING SECURITIES AND FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS *(Continued)*

Financial assets at fair value through profit or loss (including trading securities) are analysed by categories of issuer as follows:

	As at 31 Dec 2007	As at 31 Dec 2006
– Central governments and central banks	**3,113,347**	6,570,446
– Public sector entities	**112,207**	86,470
– Banks and other financial institutions	**1,589,828**	1,538,523
– Corporate entities	**2,369,012**	2,145,324
– Others	**55,297**	49,693
	7,239,691	10,390,456

16. ADVANCES AND OTHER ACCOUNTS

HK$'000	**As at 31 Dec 2007**	As at 31 Dec 2006
Gross advances to customers	**61,294,631**	50,603,292
Gross advances to banks	**160,426**	155,102
Other assets	**5,056,044**	1,626,521
Gross advances and other accounts	**66,511,101**	52,384,915
Less: impairment allowances		
– Individually assessed	**(142,589)**	(135,729)
– Collectively assessed	**(216,968)**	(219,368)
	(359,557)	(355,097)
Advances and other accounts	**66,151,544**	52,029,818

16. ADVANCES AND OTHER ACCOUNTS *(Continued)*

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

	As at 31 Dec 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	**389,293**	**95.6**	409,887	99. 9
– Property investment	**9,523,416**	**85.7**	6,107,283	94.6
– Financial concerns	**528,728**	**47.5**	424,368	82.6
– Stockbrokers	**55,432**	**59.8**	49,845	38.2
– Wholesale and retail trade	**1,204,904**	**78.2**	1,086,361	87.5
– Manufacturing	**1,277,385**	**69.4**	1,334,677	74.9
– Transport and transport equipment	**3,755,326**	**93.1**	3,563,617	91.2
– Recreational activities	**58,083**	**–**	49,086	2.4
– Information technology	**2,214**	**27.4**	36,087	4.0
– Others	**1,671,503**	**80.2**	1,325,409	82.9
	18,466,284	**83.9**	14,386,620	89.4
Individuals				
– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**1,776,573**	**100.0**	1,850,462	99.7
– Loans for the purchase of other residential properties	**11,330,250**	**99.6**	10,917,179	99.5
– Credit card advances	**3,311,174**	**–**	3,154,851	–
– Others	**6,195,711**	**52.8**	5,614,419	53.7
	22,613,708	**72.2**	21,536,911	73.0
Loans for use in Hong Kong	**41,079,992**	**77.5**	35,923,531	79.6
Trade finance	**5,393,581**	**54.0**	5,037,046	45.0
Loans for use outside Hong Kong	**14,821,058**	**78.7**	9,642,715	70.1
	61,294,631	**75.7**	50,603,292	74.3

16. ADVANCES AND OTHER ACCOUNTS *(Continued)*

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

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 31 Dec 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	**9,523,416**	**1,540**	**1,550**	**741**	**15,957**
Individuals					
– Loans for the purchase of other residential properties	**11,330,250**	**2,071**	**6,301**	**997**	**4,553**

	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 the purchase of other residential properties	10,917,179	10,320	23,694	3,739	11,854

16. ADVANCES AND OTHER ACCOUNTS *(Continued)*

(b) Non-bank Mainland exposures

	As at 31 Dec 2007			
	On-balance sheet exposure	**Off-balance sheet exposure**	**Total**	**Individually assessed impairment allowances**
Type of counterparties				
Mainland entities	**1,921,468**	**–**	**1,921,468**	**–**
Companies and individuals outside Mainland where the credits are granted for use in the Mainland	**9,918,810**	**599,287**	**10,518,097**	**92,503**
Other counterparties the exposures to whom are considered by the Group to be non-bank Mainland exposures	**90,234**	**1,100**	**91,334**	**–**

	As at 31 Dec 2006			
	On-balance sheet exposure	Off-balance sheet exposure	Total	Individually assessed impairment allowances
Type of counterparties				
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 31 December 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).

16. ADVANCES AND OTHER ACCOUNTS *(Continued)*

(d) Impaired, overdue and rescheduled assets

(i) Impaired loans

	As at 31 Dec 2007	As at 31 Dec 2006
Impaired loans and advances		
– Individually impaired *(Note (a))*	**252,934**	253,170
– Collectively impaired *(Note (b))*	**26,295**	27,790
	279,229	280,960
Impairment allowances made		
– Individually assessed *(Note (c))*	**(142,589)**	(135,729)
– Collectively assessed *(Note (b))*	**(25,740)**	(27,444)
	(168,329)	(163,173)
	110,900	117,787
Fair value of collaterals held*	**105,043**	115,045

* Fair value of collaterals is determined as the lower of the market value of collateral and loan outstanding balance.

Note:

(a) Individually 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 cash flows of the loans that can be reliably estimated.

(b) Collectively impaired loans and advances refer to those unsecured loans and advances assessed for impairment on a collective basis and which have become overdue for more than 90 days as at the reporting date. The collective impairment allowance for these impaired loans, which is a part of the overall collective impairment allowances, is shown above.

(c) The above individual impairment allowances were made after taking into account the value of collaterals in respect of such advances as at 31 December.

16. **ADVANCES AND OTHER ACCOUNTS** *(Continued)*

(d) Impaired, overdue and rescheduled assets *(Continued)*

(ii) Overdue loans

	As at 31 Dec 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	**87,239**	**0.14**	99,855	0.20
– one year or less but over six months	**81,789**	**0.14**	61,973	0.12
– over one year	**105,627**	**0.17**	119,804	0.24
	274,655	**0.45**	281,632	0.56
Market value of securities held against the secured overdue advances	**177,869**		168,065	
Secured overdue advances	**122,297**		133,324	
Unsecured overdue advances	**152,358**		148,308	
Individual impairment allowances	**113,852**		116,813	

(iii) Rescheduled advances net of amounts included in advances overdue for more than 3 months:

	As at 31 Dec 2007	**% of total advances to customers**	As at 31 Dec 2006	% of total advances to customers
Advances to customers	**66,121**	**0.11**	69,106	0.14
Impairment allowances	**591**		6,886	

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

(e) Repossessed collateral

The repossessed collateral held at the year-end is as follows:

	As at 31 Dec 2007	As at 31 Dec 2006
Nature of assets		
– Residential properties	**7,517**	31,485
– Others	**21,125**	738
	28,642	32,223

17. AVAILABLE-FOR-SALE SECURITIES

HK$'000	**As at 31 Dec 2007**	As at 31 Dec 2006
Debt securities:		
– Listed in Hong Kong	**1,737,690**	1,316,532
– Listed outside Hong Kong	**12,829,696**	14,457,750
– Unlisted	**10,502,553**	16,085,860
	25,069,939	31,860,142
Equity securities:		
– Listed in Hong Kong	**97,690**	107,408
– Listed outside Hong Kong	**433,648**	342,231
– Unlisted		
– Interests in investment funds	**152,024**	961,462
– Others	**73,690**	65,551
	757,052	1,476,652
Total available-for-sale securities	**25,826,991**	33,336,794
Market value of listed securities	**15,098,724**	16,223,921
Included within debt securities are:		
– Certificates of deposit held	**970,338**	100,167
– Other debt securities	**24,099,601**	31,759,975
	25,069,939	31,860,142
Available-for-sale securities are analysed by categories of issuers as follows:		
– Central governments and central banks	**2,339,796**	3,554,021
– Public sector entities	**112,226**	274,108
– Banks and other financial institutions	**12,628,589**	19,828,138
– Corporate entities	**10,738,228**	9,678,749
– Others	**8,152**	1,778
	25,826,991	33,336,794

18. HELD-TO-MATURITY SECURITIES

HK$'000	**As at 31 Dec 2007**	As at 31 Dec 2006
Debt securities:		
– Listed outside Hong Kong	**4,086,699**	62,252
– Unlisted	**414,026**	396,143
	4,500,725	458,395
Market value of listed securities	**3,880,589**	62,269
Included within debt securities are:		
– Certificates of deposit held	**4,833**	138,449
– Other debt securities	**4,495,892**	319,946
	4,500,725	458,395
Held-to-maturity securities are analysed by issuer as follows:		
– Public sector entities	**10,532**	31,167
– Banks and other financial institutions	**4,111,797**	396,673
– Corporate entities	**378,396**	30,555
	4,500,725	458,395

The movement in held-to-maturity securities is summarised as follows:

	2007	2006
At 1 January	**458,395**	647,908
Additions	**65,564**	94,532
Reclassification of available-for-sale securities	**4,141,610**	–
Amortisation of discount	**6,575**	(1,100)
Securities matured during the year	**(274,833)**	(283,636)
Exchange differences	**103,414**	691
At 31 December	**4,500,725**	458,395

During the year, the Group reclassified available-for-sale debt securities with a total market value at the time of transfer of HK$4,141,610,000 as held-to-maturity securities (2006: Nil), reflecting a change in the Group's intention on holding these securities to maturity.

19. RESERVES

HK$'000	**As at 31 Dec 2007**	As at 31 Dec 2006 Restated
Reserves		
Share premium	**984,286**	984,286
Retained earnings	**7,970,839**	7,516,785
Premises revaluation reserve	**870,800**	458,255
Investment revaluation reserve	**(459,309)**	10,661
Exchange reserve	**27,899**	(33)
General reserve	**574,612**	574,612
	9,969,127	9,544,566
Proposed final dividends included in retained earnings	**187,566**	400,141

The Group's Hong Kong banking subsidiaries, Dah Sing Bank, Limited ("DSB") and MEVAS Bank Limited ("MEVAS"), are required to maintain regulatory reserve to satisfy the provisions of the Hong Kong Banking Ordinance for prudential supervision purposes. At 31 December 2007, each of DSB and MEVAS has earmarked a regulatory reserve of HK$734,327,000 (2006: HK$313,999,000) and HK$16,798,000 (2006: Nil) in the consolidated general reserve and retained profits respectively. Movements in the regulatory reserve are made directly through equity reserve and in consultation with the Hong Kong Monetary Authority.

FINANCIAL RATIOS

	Year ended 31 Dec 2007	Year ended 31 Dec 2006 Restated
Net interest income/operating income	**59.9%**	67.8%
Cost to income ratio	**39.0%**	42.3%
Loan to deposit (including certificates of deposit) ratio	**70.0%**	66.8%
Return on average total assets *(Note 1)*	**0.9%**	1.2%
Return on average shareholders' funds *(Note 1)*	**10.2%**	12.6%
Dividend payout ratio *(Note 1)*	**35.7%**	48.7%
Capital adequacy ratio *(Note 2)*	**15.6%**	16.6%
Average liquidity ratio *(Note 3)*	**52.4%**	58.0%
Net interest margin	**2.16%**	2.38%

Note:

1. The normalised attributable profit of HK$1,207,683,000, excluding profit on disposal of interests in subsidiaries totalling HK$189,443,000, is used in calculating the profitability and dividend payout ratios for the year ended 31 December 2006.

2. This reflects the consolidated ratio of the Group's banking subsidiaries computed with reference to the Banking (Capital) Rules and applicable regulatory requirements, and takes into account market risk and operational risk as appropriate.

3. This ratio is calculated as the simple average of each calendar month's average liquidity ratio of the Group's banking subsidiaries for each year with reference to the methods set out in the Fourth Schedule of the Banking Ordinance.

4. Only the locally incorporated banking subsidiaries within the Group are subject to the minimum capital adequacy ratio and liquidity ratio requirements under the Banking Ordinance. Banco Comercial de Macau, S.A. is subject to separate Macau banking regulations. The above ratios of the Group are calculated for reference only.

FINAL DIVIDENDS

At the forthcoming annual general meeting of the Company to be held on Wednesday, 28 May 2008 ("2008 AGM"), the Directors will propose a final dividend of HK$0.75 per share for 2007 with an option to receive newly issued and fully paid shares in lieu of cash dividend to Shareholders whose names are on the Register of Shareholders as at the close of business on Friday, 13 June 2008.

No fractional shares will be issued to Shareholders electing for scrip dividend and shares representing fractional entitlements will be disposed of for the benefit of the Company. Newly issued shares pursuant to the scrip dividend scheme will rank pari passu in all respects with the existing shares except that they will not rank for the 2007 final dividend in either scrip or cash form.

Particulars of the scrip dividend scheme will be detailed in a circular to Shareholders together with applicable documents to be released on or about Wednesday, 30 April 2008. The scrip dividend scheme is subject to the approval of Shareholders of the relevant resolution at the 2008 AGM, and the approval of the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of and the permission to deal in the new shares to be issued under the scrip dividend scheme.

Dividend warrants for cash dividend or share certificates for the scrip dividend will be sent to Shareholders by ordinary mail on or about Friday, 4 July 2008.

CLOSURE OF REGISTER OF SHAREHOLDERS

The Register of Shareholders of the Company will be closed for the following periods:

(1) For the purpose of determining Shareholders who are entitled to attend and vote at the 2008 AGM, the Register of Shareholders will be closed from Thursday, 22 May 2008 to Wednesday, 28 May 2008, both days inclusive. In order to qualify for attending and voting at the 2008 AGM, 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 Wednesday, 21 May 2008.

(2) For the purpose of determining Shareholders who are entitled to receive the 2007 final dividend, the Register of Shareholders will be closed from Wednesday, 11 June 2008 to Friday, 13 June 2008, both days inclusive. In order to qualify for the 2007 final 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 Tuesday, 10 June 2008.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

Economic conditions in Hong Kong in 2007 remained positive with continuing growth in GDP, as well as a fall in the unemployment rate during the year. In contrast, economic conditions in the US continued to deteriorate, particularly with more signs of stress in the US housing market, difficulties in the broader economy, and increased volatility in financial markets generally.

The core business performance of the Group was strong, with both our banking and insurance businesses performing well. However, due to impairment charges on our externally managed investment portfolio, profit attributable to shareholders for the year was down by 13% to HK$1,050 million, after adjusting for the exceptional gain on disposal of shares in Dah Sing Banking Group ("DSBG") in 2006, or by 25% if such gain is included. Earnings per share decreased by 13% to HK$4.20 if the exceptional gain on the disposal of DSBG shares in 2006 was excluded in calculating the normalised earnings per share for 2006 or by 25% if such gain is included. The Board of Directors proposed a final dividend of HK$0.75 per share, with the option to elect for scrip in lieu of cash dividend.

Overall performance, pre-impairment, was very strong, with operating profit before impairment charges rising by 27% to HK$2,255 million. Our key businesses all performed well during the year, with the pre-impairment operating profit from our banking business increasing by 18.5% to HK$1,690 million, and our insurance business reporting much stronger earnings with a growth in earnings of 107% to HK$549 million for the year. Operating expenses were tightly controlled, despite the significant growth in revenues, with overall cost to income ratio dropping to 39.0% for the year.

Loan growth was particularly strong, with an increase of 21% for the year, driven mainly by our commercial lending business. Deposit growth was also significant, with an increase of 16% over 2006.

Non-interest income increased by 49% to HK$1,484 million, boosted by a very strong performance from our insurance business as well as good performance from our banking business, particularly related to wealth management businesses.

During the year, we completed the acquisition of 17% interest in Bank of Chongqing.

BUSINESS AND FINANCIAL REVIEW

Net interest income in the year increased by 6% to HK$2,215 million. A higher loan and other interest earning asset balance contributed to boost interest income, although tighter loan spread, narrower Prime/HIBOR spread and a generally higher level of funding cost exerted pressure to curb the growth of our net interest income. Our net interest margin tightened to 2.16%, compared with 2.38% in 2006.

We achieved a much stronger increase in non-interest income. Our net fee and commission income benefited from the growth in our wealth management business and more buoyant stock and investment markets in the year contributed to boost retail unit trust investment and securities brokerage turnover, which led to a much stronger wealth management income.

Net trading income increased significantly, boosted largely by a much higher trading and valuation gains derived from investments held by our insurance business. A higher trading income was also generated on securities and foreign exchange trading, and fair value gains achieved by our banking business.

Our insurance business achieved strong performance in the year. Net insurance premium and other income (including increase in the value of in-force long-term life assurance business ("or embedded value")) grew 78%, particularly as a result of much higher sales from our expanded agency force, as well as good results from our bancassurance platform, including sales of single premium products. The increase in embedded value in the year also benefited from the stronger new sales and amounted to HK$205 million, compared to the increase of HK$65 million in 2006. A much improved investment performance, reflected in the positive mark-to-market appreciation of the insurance investment portfolios through the income statement, as well as an improved embedded value contribution from our insurance business all contributed to increase income generated from our insurance business.

Net insurance claims and expenses also recorded substantial increase in 2007, reflecting higher claim expenses, commission and business acquisition costs, and higher transfers to actuarial reserves arising from higher life policy sales and adjustments in required reserves.

Operating expenses rose 10.5%, as the Group increased its spending to support business growth and strengthen operational capabilities. The growth 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. Despite these increases, cost income ratio for the year was 39.0%, lower than 42.3% in 2006.

Operating profit before impairment charges was HK$2,255 million, up 27% relative to 2006.

Credit quality remained solid, although impairment charges increased by 12% to HK$181 million, mainly resulting from the increase of collective impairment allowances provided on larger loan balances especially in unsecured retail lending, and hire purchase financing. Credit quality in all of our commercial and retail banking loan portfolios remained robust, as reflected in the continuing low overall impaired loan ratio at 0.46% (vs. 0.56% for 2006), and a total overdue and rescheduled loan ratio of 0.56% as of 31 December 2007, against 0.70% at the end of 2006.

Operating profit after loan impairment charges was HK$2,074 million, 28% higher than 2006.

A gain of HK$151 million relating mainly to revaluation of our investment properties and reversal of revaluation deficit of premises was recorded in the year. During the year, we were able to take advantage of favourable market conditions in the first half to realise certain available-for-sale securities at a net gain of HK$115 million, an increase of 26% over 2006.

In response to market conditions, we recognised HK$1,038 million impairment allowance against our externally managed leveraged/structured investment portfolio, writing down the amount of these investments by 67% from US$200 million to US$67 million at the end of the year.

We completed the acquisition of a 17% interest in the Bank of Chongqing ("BOCQ") in late April 2007. With our participation in BOCQ at its board level and involvement, we consider it appropriate to treat BOCQ as an associate company and consolidate our share of BOCQ results on an equity accounting basis. The share of results of associates in 2007 reflected our share of BOCQ profit at an amount of HK$72 million, and a loss of HK$26 million attributable to our holding in Great Wall Life in both 2007 and 2006.

Profit attributable to shareholders of the Group decreased 13% if the 2006 exceptional gain on disposal of shares in Dah Sing Banking Group ("DSBG") is excluded, or by 25% if such gain is included.

As at 31 December 2007, the Group's total gross loans and advances amounted to HK$61.3 billion, up 21% relative to the end of 2006. Stronger growth was recorded in the Commercial Banking sector, led by commercial loans, property lending, equipment finance and syndicated loans. The overall Personal Banking loan portfolio achieved a modest growth amidst keen competition, and it was encouraging to note that our unsecured credit card and personal loans achieved a reasonable growth in the year.

Customers' deposits totaled HK$78.7 billion, an increase of 17% over 2006. Issued certificates of deposit amounted to HK$8.8 billion of which retail certificates of deposit accounted for HK$3.3 billion. Other issued debt securities totaled HK$2.8 billion. The loan to deposit ratio increased from 66.8% as at 31 December 2006 to 70.0% as at 31 December 2007.

Our Macau banking and insurance businesses performed well, with Banco Comercial de Macau achieving a loan growth of 19%, and Macau Insurance Company and Macau Life Insurance Company reporting a very robust growth of 120% in net insurance premium income in the year.

Dah Sing Bank issued in the first quarter of 2007 US$200 million perpetual subordinated debt callable in 2017 qualifying as Upper Tier 2 capital to strengthen our capital base.

PROSPECTS

Economic data from the US is already indicating a significant slowdown in the world's largest economy. Whilst conditions in Hong Kong and Mainland China remain robust, with strong economic growth, it is inevitable that a slowdown or recession in the US will have an impact on the global economy, including Asia. Also, conditions in financial markets remain volatile.

We therefore intend to proceed cautiously in 2008, with due regard to how economic and business conditions develop over the course of the year. In the medium term we remain confident about economic prospects for the markets in which we operate, and look forward to continued growth.

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 year ended 31 December 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.

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 this financial report and the consolidated financial statements of the Group for the year ended 31 December 2007.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The Annual Report of the Company containing all the information required by Appendix 16 of the Listing Rules will be published on the website of the Hong Kong Stock Exchange in due course.

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 year ended 31 December 2007.

BOARD OF DIRECTORS

As at the date of this announcement, the executive Directors of the Company are Messrs. David Shou-Yeh Wong, Hon-Hing Wong (Derek Wong), Roderick S. Anderson, Gary Pak-Ling Wang and Nicholas J. Mayhew. The independent non-executive Directors are Messrs. Peter G. Birch, Robert Tsai-To Sze, Tai-Lun Sun (Dennis Sun) and Kwok-Hung Yue (Justin Yue). The non-executive Directors are Messrs. Chung-Kai Chow, Kunio Suzuki (Kenichi Yonetani as alternate), Tatsuo Tanaka (Keisuke Tahara as alternate), Eiichi Yoshikawa, John Wai-Wai Chow and Yiu-Ming Ng.

By Order of the Board
H L Soo
Company Secretary

Hong Kong, Tuesday, 25 March 2008

Website: http://www.dahsing.com