大新銀行集團有限公司
DahSingBankingGroupLimited

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

(The holding company of Dah Sing Bank, Limited and MEVAS Bank Limited)

(Stock Code: 2356)

ANNOUNCEMENT OF 2008 INTERIM RESULTS

The Directors of Dah Sing Banking Group 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 2008. The unaudited profit attributable to shareholders after minority interests was HK$516.7 million for the six months ended 30 June 2008.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

The unaudited 2008 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 CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

HK$'000	*Note*	**2008**	2007	Variance %
Interest income		**2,389,130**	2,797,970	
Interest expense		**(1,233,668)**	(1,773,975)	
Net interest income	*3*	**1,155,462**	1,023,995	12.8
Fee and commission income		**372,004**	348,763	
Fee and commission expense		**(51,635)**	(48,014)	
Net fee and commission income	*4*	**320,369**	300,749	6.5
Net trading income	*5*	**97,652**	8,575	
Other operating income	*6*	**27,218**	25,329	
Operating income		**1,600,701**	1,358,648	17.8
Operating expenses	*7*	**(681,870)**	(626,970)	8.8
Operating profit before impairment losses		**918,831**	731,678	25.6
Impairment losses on loans and advances	*8*	**(126,065)**	(87,854)	43.5

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

For the six months ended 30 June

HK$'000	*Note*	**2008**	2007	Variance %
Operating profit before gains or losses on certain investments and fixed assets		**792,766**	643,824	23.1
Net gain on disposal of premises, investment properties and other fixed assets		**6,852**	452	
Net gain on disposal of available-for-sale securities		**12,687**	81,314	
Share of results of jointly controlled entities		**3,272**	4,339	
Share of results of an associate		**54,749**	–	
Impairment losses charged on available-for-sale securities	*9*	**(251,909)**	–	
Profit before income tax		**618,417**	729,929	– 15.3
Income tax expense	*10*	**(100,162)**	(111,033)	
Profit for the period		**518,255**	618,896	– 16.3
Profit attributable to minority interests		**(1,558)**	(2,819)	
Profit attributable to shareholders of the Company		**516,697**	616,077	– 16.1
Dividend		**167,897**	232,854	
Earnings per share				
Basic	*11*	**HK$0.55**	HK$0.66	
Diluted	*11*	**HK$0.55**	HK$0.66	
Dividend per share				
Interim dividend		**HK$0.18**	HK$0.25	

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

HK$'000	*Note*	**As at 30 Jun 2008**	As at 31 Dec 2007
ASSETS			
Cash and balances with banks		**11,542,190**	10,025,003
Placements with banks maturing between one and twelve months		**911,991**	1,919,342
Trading securities		**2,210,788**	2,281,409
Financial assets at fair value through profit or loss		**1,023,404**	1,351,698
Derivative financial instruments	*12*	**949,828**	758,047
Advances and other accounts	*13*	**66,765,496**	65,438,768
Available-for-sale securities		**20,152,661**	25,434,195
Held-to-maturity securities		**6,670,781**	4,354,181
Investment in an associate		**856,881**	800,989
Investments in jointly controlled entities		**64,981**	63,852
Goodwill		**811,690**	811,690
Intangible assets		**136,393**	145,911
Premises and other fixed assets		**1,773,663**	1,785,033
Investment properties		**625,093**	658,588
Current tax assets		**58,440**	102,224
Deferred income tax assets		**88,214**	9,228
Total assets		**114,642,494**	115,940,158
LIABILITIES			
Deposits from banks		**4,062,015**	2,651,668
Derivative financial instruments	*12*	**1,046,718**	970,781
Trading liabilities		**2,625,327**	2,689,069
Deposits from customers designated at fair value through profit or loss		**1,766,816**	3,142,488
Deposits from customers		**76,014,951**	75,940,861
Certificates of deposit issued		**6,799,280**	8,843,414
Issued debt securities		**2,801,553**	2,794,861
Subordinated notes		**5,099,422**	5,147,837
Other accounts and accruals		**5,145,349**	4,394,590
Current income tax liabilities		**40,888**	27,256
Deferred income tax liabilities		**1,282**	88,862
Total liabilities		**105,403,601**	106,691,687
EQUITY			
Minority interests		**20,484**	19,045
Equity attributable to the Company's shareholders			
Share capital		**932,759**	931,416
Reserves	*14*	**8,117,753**	8,158,298
Proposed dividend		**167,897**	139,712
Shareholders' funds		**9,218,409**	9,229,426
Total equity		**9,238,893**	9,248,471
Total equity and liabilities		**114,642,494**	115,940,158

Note:

1. GENERAL INFORMATION

Dah Sing Banking Group Limited (the "Company") is a bank holding company. Its principal subsidiaries include Dah Sing Bank, Limited and MEVAS Bank Limited, both are licensed banks in Hong Kong. The Company together with its subsidiaries (collectively the "Group") provide banking, financial and other related services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The accounting policies and methods of computation used in the preparation of the 2008 interim condensed consolidated financial statements are consistent with those used and described in the Group's annual audited financial statements for the year ended 31 December 2007.

The 2008 interim condensed consolidated financial statements have been prepared in accordance with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority ("HKMA").

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

	2008	2007
Interest income arising from:		
Cash and balances with banks	**236,914**	137,306
Investments in securities	**646,198**	908,722
Advances and other accounts	**1,505,408**	1,750,565
Others	**610**	1,377
	2,389,130	2,797,970
Interest expense arising from:		
Deposits from banks/Deposits from customers	**922,475**	1,303,897
Certificates of deposit issued	**117,082**	214,027
Issued debt securities	**53,379**	66,642
Subordinated notes	**115,090**	147,995
Others	**25,642**	41,414
	1,233,668	1,773,975
Included within interest income:		
Interest income on financial assets not designated at fair value through profit or loss	**2,356,378**	2,752,053
Interest income on impaired loans	**2,861**	2,716
Included within interest expense:		
Interest expense on financial liabilities not designated at fair value through profit or loss	**1,066,224**	1,500,014

4. NET FEE AND COMMISSION INCOME

For the six months ended 30 June

	2008	2007
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	**32,724**	29,245
– Trade finance	**30,745**	31,077
– Credit card	**100,023**	99,159
Other fee and commission income		
– Securities brokerage and investment services	**99,079**	56,495
– Insurance distribution and others	**26,639**	26,790
– Retail investment funds and fiduciary services	**39,713**	71,348
– Other fees	**43,081**	34,649
	372,004	348,763
Fee and commission expense		
Handling fees and commission paid	**45,330**	41,927
Other fees paid	**6,305**	6,087
	51,635	48,014
	320,369	300,749

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.

5. NET TRADING INCOME

For the six months ended 30 June

	2008	2007
Net gain arising from dealing in foreign currencies	**101,088**	49,555
Net loss from trading securities	**(2,411)**	(10,920)
Net gain/(loss) from derivatives entered into for trading purpose	**9,479**	(7,844)
Net gain/(loss) arising from financial instruments subject to fair value hedge	**2,487**	(2,690)
Net loss arising from financial instruments designated at fair value through profit or loss	**(12,991)**	(19,526)
	97,652	8,575

6. OTHER OPERATING INCOME

For the six months ended 30 June

	2008	2007
Dividend income from investments in available-for-sale securities		
– listed investments	**1,026**	1,252
– unlisted investments	**3,060**	2,988
Gross rental income from investment properties	**6,366**	8,598
Other rental income	**3,033**	3,458
Others	**13,733**	9,033
	27,218	25,329

7. OPERATING EXPENSES

For the six months ended 30 June

	2008	2007
Employee compensation and benefit expenses (including directors' remuneration)	**415,288**	368,318
Premises and other fixed assets expenses, excluding depreciation	**75,021**	67,643
Depreciation	**46,615**	41,195
Advertising costs	**26,789**	41,056
Amortisation of intangible assets	**9,518**	11,376
Others	**108,639**	97,382
	681,870	626,970

8. IMPAIRMENT LOSSES ON LOANS AND ADVANCES

For the six months ended 30 June

	2008	2007
Net charge of impairment losses on loans and advances		
– Individually assessed	**59,951**	27,520
– Collectively assessed	**66,114**	60,334
	126,065	87,854
Of which:		
– new and additional (including amounts directly written off in the period)	**168,494**	130,895
– recoveries	**(42,429)**	(43,041)
	126,065	87,854

9. IMPAIRMENT LOSSES CHARGED 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 six months ended 30 June 2008, falls in the prices of the Group's holdings in leveraged/structured investment vehicles, which had been assessed as impaired at 31 December 2007, have resulted in a further impairment loss in the period.

10. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 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 16.5% (2007: 17.5%).

For the six months ended 30 June

	2008	2007
Current income tax		
– Hong Kong profits tax	**82,857**	97,577
– Overseas taxation	**9,834**	9,990
Deferred income tax		
– change of tax rate	**(2,174)**	–
– relating to the origination and reversal of timing differences	**9,645**	–
– utilisation of tax losses	**–**	3,466
	100,162	111,033

11. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings of HK$516,697,000 (2007: HK$616,077,000) and the weighted average number of 931,622,831 (2007: 931,416,279) shares in issue during the period.

The calculation of diluted earnings per share is based on earnings of HK$516,697,000 (2007: HK$616,077,000) and the weighted average number of 931,654,420 (2007: 931,587,673) shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares as shown below:

Number of shares	**2008**	2007
Weighted average number of ordinary shares as at 30 June	**931,622,831**	931,416,279
Adjustments for share options	**31,589**	171,394
Weighted average number of ordinary shares for diluted earnings per share as at 30 June	**931,654,420**	931,587,673

12. DERIVATIVE FINANCIAL INSTRUMENTS

The notional principal amounts of outstanding derivatives contracts and their fair values as at 30 June 2008 were as follows:

	Contract/ notional amount	Fair values	
		Assets	Liabilities
1) Derivatives held for trading			
a) *Foreign exchange derivatives*			
Forward and future contracts	**61,368,957**	**148,167**	**(292,437)**
Currency swaps	**326,481**	**–**	**(45,620)**
Currency options purchased and written	**26,232,240**	**179,857**	**(178,057)**
b) *Interest rate derivatives*			
Interest rate swaps	**23,928,047**	**177,674**	**(152,624)**
Interest rate options purchased and written	**1,404,305**	**3,683**	**(3,645)**
Interest rate futures	**31,197**	**175**	**–**
c) *Equity derivatives*			
Equity options purchased and written	**302,078**	**4,617**	**(4,500)**
Total derivative assets/(liabilities) held for trading	**113,593,305**	**514,173**	**(676,883)**
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	**16,330,150**	**285,585**	**(367,901)**
Total derivative assets/(liabilities) held for hedging	**16,330,150**	**285,585**	**(367,901)**
3) Derivatives not qualified as hedges for accounting purposes but which are managed in conjunction with the financial instruments designated at fair value through profit or loss			
Currency swaps	**476,823**	**92,736**	**(119)**
Interest rate swaps	**6,043,152**	**57,334**	**(1,815)**
Total derivative assets/(liabilities) not qualified as hedges	**6,519,975**	**150,070**	**(1,934)**
Total recognised derivative financial assets/(liabilities)	**136,443,430**	**949,828**	**(1,046,718)**

12. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

The notional principal amounts of outstanding derivatives contracts and their fair values as at 31 December 2007 were as follows:

	Contract/ notional amount	Fair values	
		Assets	Liabilities
1) Derivatives held for trading			
a) *Foreign exchange derivatives*			
Forward and future contracts	71,133,159	207,811	(289,621)
Currency swaps	304,956	–	(28,892)
Currency options purchased and written	9,729,423	141,167	(139,271)
b) *Interest rate derivatives*			
Interest rate swaps	18,454,045	97,776	(92,154)
Interest rate options purchased and written	200,000	10	(10)
c) *Equity derivatives*			
Equity options purchased and written	628,909	4,641	(4,143)
d) *Credit derivatives*			
Credit default swaps	390,045	–	(312)
Total derivative assets/(liabilities) held for trading	100,840,537	451,405	(554,403)
2) Derivatives held for hedging			
a) *Derivatives designated as fair value hedges*			
Interest rate swaps	16,164,559	198,254	(399,531)
Total derivative assets/(liabilities) held for hedging	16,164,559	198,254	(399,531)
3) Derivatives not qualified as hedges for accounting purposes but which are managed in conjunction with the financial instruments designated at fair value through profit or loss			
Currency swaps	443,337	59,052	(34)
Interest rate swaps	8,160,097	49,336	(16,813)
Total derivative assets/(liabilities) not qualified as hedges	8,603,434	108,388	(16,847)
Total recognised derivative financial assets/(liabilities)	125,608,530	758,047	(970,781)

The effect of valid bilateral netting agreements has been taken into account in disclosing the fair value of derivatives.

12. DERIVATIVE FINANCIAL INSTRUMENTS *(Continued)*

As at 30 June 2008, 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 arrangement that the Group entered into, are as follows:

	As at 30 Jun 2008	As at 31 Dec 2007
Exchange rate contracts	**495,494**	508,850
Interest rate contracts	**204,206**	141,282
Other contracts	**9,360**	18,563
	709,060	668,695

13. ADVANCES AND OTHER ACCOUNTS

	As at 30 Jun 2008	As at 31 Dec 2007
Gross advances to customers	**63,042,294**	61,294,631
Gross advances to banks	**165,751**	160,426
Other assets	**3,972,064**	4,343,268
Gross advances and other accounts	**67,180,109**	65,798,325
Less: impairment allowances		
– Individually assessed	**(175,801)**	(142,589)
– Collectively assessed	**(238,812)**	(216,968)
	(414,613)	(359,557)
Advances and other accounts	**66,765,496**	65,438,768

13. 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 30 Jun 2008		As at 31 Dec 2007	
	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	**436,718**	**86.3**	389,293	95.6
– Property investment	**10,162,538**	**92.3**	9,523,416	85.7
– Financial concerns	**546,139**	**76.1**	528,728	47.5
– Stockbrokers	**13,320**	**65.4**	55,432	59.8
– Wholesale and retail trade	**1,228,939**	**85.9**	1,204,904	78.2
– Manufacturing	**956,855**	**79.1**	1,277,385	69.4
– Transport and transport equipment	**4,300,000**	**92.8**	3,755,326	93.1
– Recreational activities	**61,163**	**11.0**	58,083	–
– Information technology	**1,298**	**21.1**	2,214	27.4
– Others	**1,744,858**	**84.0**	1,671,503	80.2
	19,451,828	**89.7**	18,466,284	83.9
Individuals				
– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**1,701,261**	**100.0**	1,776,573	100.0
– Loans for the purchase of other residential properties	**11,111,942**	**99.8**	11,330,250	99.6
– Credit card advances	**3,298,073**	**–**	3,311,174	–
– Others	**6,574,284**	**56.3**	6,195,711	56.6
	22,685,560	**72.7**	22,613,708	72.2
Loans for use in Hong Kong	**42,137,388**	**80.6**	41,079,992	77.5
Trade finance	**5,509,483**	**53.7**	5,393,581	54.0
Loans for use outside Hong Kong	**15,395,423**	**83.6**	14,821,058	78.7
	63,042,294	**79.0**	61,294,631	75.7

13. 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 30 Jun 2008				
	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	**10,162,538**	**–**	**30**	**–**	**20,066**
Individuals					
– Loans for the purchase of other residential properties	**11,111,942**	**1,312**	**3,088**	**229**	**4,637**

	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

13. ADVANCES AND OTHER ACCOUNTS *(Continued)*

(b) Non-bank Mainland exposures

	As at 30 Jun 2008			
Type of counterparties	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Total**	**Individually assessed impairment allowances**
Mainland entities	**2,199,377**	**–**	**2,199,377**	**–**
Companies and individuals outside Mainland where the credits are granted for use in the Mainland	**9,470,344**	**784,117**	**10,254,461**	**133,513**
Other counterparties the exposures to whom are considered by the Group to be non-bank Mainland exposures	**62,107**	**–**	**62,107**	**–**

	As at 31 Dec 2007			
Type of counterparties	On-balance sheet exposure	Off-balance sheet exposure	Total	Individually assessed impairment allowances
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	–

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 2008, 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 2007).

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

(d) Impaired, overdue and rescheduled assets

There were no advances to banks or other assets which were impaired, overdue for over 3 months or rescheduled as at 30 June 2008 and 31 December 2007. In respect of advances to customers, the relevant amounts are analysed below.

(i) Impaired loans

	As at 30 Jun 2008	As at 31 Dec 2007
Impaired loans and advances to customers		
– Individually impaired *(Note (1))*	**260,898**	252,934
– Collectively impaired *(Note (2))*	**17,099**	26,295
	277,997	279,229
Impairment allowances made		
– Individually assessed *(Note (3))*	**(175,801)**	(142,589)
– Collectively assessed *(Note (2))*	**(17,099)**	(25,740)
	(192,900)	(168,329)
	85,097	110,900
Fair value of collaterals held*	**78,478**	105,043
Impaired loans and advances as a % of total loans and advances to customers	**0.44**	0.46

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

Note:

(1) 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.

(2) 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.

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

13. ADVANCES AND OTHER ACCOUNTS *(Continued)*

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

(ii) Overdue loans

	As at 30 Jun 2008	**% of total advances to customers**	As at 31 Dec 2007	% of total advances to customers
Gross advances to customers which have been overdue for:				
– six months or less but over three months	**62,661**	**0.10**	87,239	0.14
– one year or less but over six months	**65,051**	**0.10**	81,789	0.14
– over one year	**136,742**	**0.22**	105,627	0.17
	264,454	**0.42**	274,655	0.45
Market value of securities held against the secured overdue advances	**195,446**		177,869	
Secured overdue advances	**127,768**		122,297	
Unsecured overdue advances	**136,686**		152,358	
Individual impairment allowances	**141,403**		113,852	

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

	As at 30 Jun 2008	**% of total advances to customers**	As at 31 Dec 2007	% of total advances to customers
Rescheduled advances	**44,596**	**0.07**	66,121	0.11
Impairment allowances	**21**		591	

(e) Repossessed assets

The repossessed assets of the Group were as follows:

	As at 30 Jun 2008	As at 31 Dec 2007
Repossessed properties	**34,344**	7,517
Others	**7,444**	21,125
	41,788	28,642

14. RESERVES

	As at 30 Jun 2008	As at 31 Dec 2007
Reserves		
Share premium	**2,228,436**	2,209,149
Consolidation reserve	**(220,986)**	(220,986)
Premises revaluation reserve	**758,021**	768,786
Investment revaluation reserve	**(1,028,363)**	(611,582)
Exchange reserve	**37,016**	28,867
General reserve	**700,254**	700,254
Retained earnings	**5,811,272**	5,423,522
	8,285,650	8,298,010
Proposed dividend included in retained earnings	**167,897**	139,712

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 30 June 2008, each of DSB and MEVAS has earmarked a regulatory reserve of HK$566,483,000 (31 December 2007: HK$734,327,000) and HK$16,528,000 (31 December 2007: HK$16,798,000) 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.

15. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

HK$'000	**As at 30 Jun 2008**	As at 31 Dec 2007
Expenditure contracted but not provided for	**76,621**	83,904

15. CONTINGENT LIABILITIES AND COMMITMENTS *(Continued)*

(b) Credit 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 2008	As at 31 Dec 2007
Direct credit substitutes	**721,281**	692,615
Transaction-related contingencies	**3,434**	2,521
Trade-related contingencies	**895,264**	883,271
Other commitments which are unconditionally cancelable	**31,969,206**	30,758,565
Other commitments with an original maturity of:		
– under 1 year	**3,277,973**	3,902,908
– 1 year and over	**1,633,059**	1,301,489
Forward forward deposits placed	**3,804,841**	640,102
	42,305,058	38,181,471

	Credit risk weighted amounts	
	As at 30 Jun 2008	As at 31 Dec 2007
Contingent liabilities and commitments	**2,469,099**	1,729,744

(c) Operating lease commitments

Where a Group company is the lessee, the future minimum lease payments under non-cancellable building operating leases are as follows:

	As at 30 Jun 2008	As at 31 Dec 2007
Not later than 1 year	**83,450**	78,290
Later than 1 year and not later than 5 years	**62,758**	81,463
	146,208	159,753

16. CROSS-BORDER CLAIMS

Equivalent in HK$ millions

	As at 30 Jun 2008			
	Banks and other financial institutions	**Public sector entities**	**Others**	**Total**
Asia Pacific excluding Hong Kong	**10,906**	**246**	**10,103**	**21,255**
North and South America	**792**	**–**	**3,299**	**4,091**
Europe	**10,361**	**–**	**2,961**	**13,322**
	22,059	**246**	**16,363**	**38,668**

	As at 31 Dec 2007			
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Hong Kong	10,510	252	10,080	20,842
North and South America	966	–	2,684	3,650
Europe	13,648	–	3,574	17,222
	25,124	252	16,338	41,714

The information of cross-border claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, transfer of risk from one country to another is recognised if the claims against a counterparty are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country. Only regions constituting 10% or more of the aggregate cross-border claims are disclosed.

17. SEGMENT REPORTING

(A) By business segments

For the six months ended 30 June 2008

	Personal Banking	Commercial Banking	Treasury	Unallocated	Elimination	Total
Interest income from						
– external customers	690,746	840,130	831,761	26,493	–	2,389,130
– inter-segments	459,236	–	–	211,403	(670,639)	–
Interest expense to						
– external customers	(668,514)	(200,787)	(99,945)	(264,422)	–	(1,233,668)
– inter-segments	–	(148,556)	(522,083)	–	670,639	–
Net interest income	481,468	490,787	209,733	(26,526)	–	1,155,462
Net fee and commission income	233,107	78,247	1,718	7,297	–	320,369
Net trading income/(loss) and other operating income	21,350	9,662	95,827	(1,969)	–	124,870
Operating income/(loss)	735,925	578,696	307,278	(21,198)	–	1,600,701
Operating expenses	(430,292)	(168,792)	(60,272)	(22,514)	–	(681,870)
Operating profit/(loss) before impairment losses	305,633	409,904	247,006	(43,712)	–	918,831
Impairment losses on loans and advances	(54,130)	(71,935)	–	–	–	(126,065)
Operating profit/(loss) before gains or losses on certain investments and fixed assets	251,503	337,969	247,006	(43,712)	–	792,766
Net gain on disposal of premises, investment properties and other fixed assets	20	–	–	6,832	–	6,852
Net gain on disposal of available-for-sale securities	6,065	–	3,404	3,218	–	12,687
Share of results of jointly controlled entities	–	–	–	3,272	–	3,272
Share of results of an associate	–	–	–	54,749	–	54,749
Impairment losses charged on available-for-sale securities	–	–	–	(251,909)	–	(251,909)
Profit before income tax	257,588	337,969	250,410	(227,550)	–	618,417
As at 30 June 2008						
Total assets	27,241,798	37,189,772	46,262,374	3,948,550	–	114,642,494
Total liabilities	57,761,171	17,707,695	16,801,132	13,133,603	–	105,403,601
For the six months ended 30 June 2008						
Depreciation	23,475	11,102	5,004	7,034	–	46,615
Capital expenditure incurred	15,349	917	99	4,140	–	20,505

17. SEGMENT REPORTING *(Continued)*

(A) By business segments *(Continued)*

For the six months ended 30 June 2007

	Personal Banking	Commercial Banking	Treasury	Unallocated	Elimination	Total
Interest income from						
– external customers	872,855	932,410	978,899	13,806	–	2,797,970
– inter-segments	632,899	–	10	423,648	(1,056,557)	–
Interest expense to						
– external customers	(993,508)	(251,388)	(160,551)	(368,528)	–	(1,773,975)
– inter-segments	3,799	(318,854)	(741,502)	–	1,056,557	–
Net interest income	516,045	362,168	76,856	68,926	–	1,023,995
Net fee and commission income/(expense)	229,246	63,401	(734)	8,836	–	300,749
Net trading income/(loss) and other operating income	8,443	10,107	17,702	(2,348)	–	33,904
Operating income	753,734	435,676	93,824	75,414	–	1,358,648
Operating expenses	(422,342)	(142,386)	(42,893)	(19,349)	–	(626,970)
Operating profit before impairment losses on loans and advances	331,392	293,290	50,931	56,065	–	731,678
Impairment losses on loans and advances	(42,241)	(45,636)	23	–	–	(87,854)
Operating profit before gains or losses on certain investments and fixed assets	289,151	247,654	50,954	56,065	–	643,824
Net (loss)/gain on disposal of other fixed assets	(29)	(4)	–	485	–	452
Net (loss)/gain on disposal of available-for-sale securities	(13)	–	77,434	3,893	–	81,314
Share of results of jointly controlled entities	–	–	–	4,339	–	4,339
Profit before income tax	289,109	247,650	128,388	64,782	–	729,929
As at 31 December 2007						
Total assets	27,267,243	35,957,780	48,482,583	4,232,552	–	115,940,158
Total liabilities	55,411,277	19,761,043	17,146,476	14,372,891	–	106,691,687
For the six months ended 30 June 2007						
Depreciation	21,097	9,257	3,003	7,838	–	41,195
Capital expenditure incurred	20,750	1,907	496	7,961	–	31,114

17. SEGMENT REPORTING *(Continued)*

(B) By geographical segments

	Hong Kong and others	**Macau**	**Inter-segment elimination**	**Total**
For the six months ended 30 June 2008				
Operating income	**1,465,978**	**134,827**	**(104)**	**1,600,701**
Profit before income tax	**578,884**	**39,533**	**–**	**618,417**
Profit for the period	**484,720**	**33,535**	**–**	**518,255**
Depreciation	**39,858**	**6,757**	**–**	**46,615**
Capital expenditure incurred	**16,557**	**3,948**	**–**	**20,505**
As at 30 June 2008				
Total assets	**105,179,403**	**10,867,830**	**(1,404,739)**	**114,642,494**
Total liabilities	**97,593,496**	**9,214,844**	**(1,404,739)**	**105,403,601**
Contingent liabilities and commitments	**40,772,529**	**1,755,358**	**–**	**42,527,887**

	Hong Kong and others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2007				
Operating income	1,214,360	144,288	–	1,358,648
Profit before income tax	663,897	66,032	–	729,929
Profit for the period	562,160	56,736	–	618,896
Depreciation	32,697	8,498	–	41,195
Capital expenditure incurred	26,669	4,445	–	31,114
As at 31 December 2007				
Total assets	107,127,748	11,047,005	(2,234,595)	115,940,158
Total liabilities	99,474,842	9,451,440	(2,234,595)	106,691,687
Contingent liabilities and commitments (Restated)	36,841,031	1,584,097	–	38,425,128

18. CURRENCY CONCENTRATIONS

The following sets out the Group's net foreign exchange position in USD and other individual currency that constitutes more than 10% of the total net position in all foreign currencies as at 30 June 2008 and the corresponding comparative balances.

Equivalent in HK$ millions

At 30 Jun 2008	**USD**	**CNY**	**MOP**
Spot assets	**28,334**	**2,393**	**2,997**
Spot liabilities	**(26,833)**	**(2,386)**	**(4,490)**
Forward purchases	**31,262**	**52**	**1**
Forward sales	**(31,756)**	**(2)**	**–**
Net long/(short) position	**1,007**	**57**	**(1,492)**
Net structural position	**–**	**114**	**–**

At 31 Dec 2007	USD	CNY	MOP
Spot assets	30,404	1,031	3,038
Spot liabilities	(26,030)	(1,045)	(4,317)
Forward purchases	34,672	638	–
Forward sales	(38,417)	(548)	–
Net long/(short) position	629	76	(1,279)
Net structural position	–	107	–

19. CAPITAL ADEQUACY RATIO

	As at 30 Jun 2008	As at 31 Dec 2007
Capital adequacy ratio		
– Core	**10.4%**	9.1%
– Overall	**16.4%**	15.5%

The capital adequacy ratio represents the combined ratio of DSB, MEVAS and DAHCI computed on Basel II basis with reference to the Banking (Capital) Rules. This capital adequacy ratio takes into account market risk and operational risk.

Only the Hong Kong incorporated banking subsidiaries within the Group are subject to the minimum capital adequacy ratio requirement under the Hong Kong 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.

19. CAPITAL ADEQUACY RATIO *(Continued)*

The capital base after deductions used in the calculation of the above capital adequacy ratios is analysed as follows.

	As at 30 Jun 2008	As at 31 Dec 2007
Core capital		
Paid up ordinary share capital	**2,707,749**	2,707,749
Share premium	**55,519**	55,519
Reserves	**5,805,018**	4,996,578
Less: goodwill	**(318,667)**	(318,667)
Less: Other intangible assets and net deferred tax assets	**(80,602)**	(7,479)
Less: 50% of total amount of deductible items	**(1,094,307)**	(1,331,367)
Core capital	**7,074,710**	6,102,333
Supplementary capital		
Reserves on revaluation of holdings of land and buildings	**238,402**	238,402
Eligible amount of collective impairment allowances for impaired assets and regulatory reserve	**742,871**	848,438
Revaluation reserve for available-for-sale investments	**(989,392)**	(552,435)
Perpetual subordinated debt	**1,644,723**	1,643,879
Term subordinated debt	**3,522,343**	3,461,825
Less: 50% of total amount of deductible items	**(1,094,307)**	(1,331,368)
Supplementary capital	**4,064,640**	4,308,741
Total capital base	**11,139,350**	10,411,074

20. LIQUIDITY RATIO

	Six months ended 30 Jun 2008	Six months ended 30 Jun 2007	Year ended 31 Dec 2007
Liquidity ratio	**46.3%**	55.2%	52.4%

The liquidity ratio is calculated as the simple average of each calendar month's average liquidity ratio of the Group's banking subsidiaries for the six/twelve months of the financial year. The liquidity ratio is computed with reference to the methods set out in the Fourth Schedule of the Banking Ordinance.

Only the locally incorporated banking subsidiaries within the Group are subject to the minimum liquidity ratio requirement under the Banking Ordinance. The above ratios of the Group are calculated for reference only.

FINANCIAL RATIOS

	Six months ended 30 Jun 2008	Restated Six months ended 30 Jun 2007
Net interest income/operating income	**72.2%**	75.4%
Cost to income ratio	**42.6%**	46.1%
Loan to deposit (including certificates of deposit) ratio	**76.1%**	71.6%
Return on average total assets	**1.1%**	1.1%
Return on average shareholders' funds	**13.7%**	12.2%
Dividend payout ratio	**32.5%**	37.8%
Net interest margin	**2.24%**	2.25%

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$0.18 per share for 2008 payable on or after Thursday, 18 September 2008 to shareholders whose names are on the Register of Shareholders at the close of business on Friday, 12 September 2008.

CLOSING OF REGISTER OF SHAREHOLDERS

The Register of Shareholders will be closed from Tuesday, 9 September 2008 to Friday, 12 September 2008, 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 Monday, 8 September 2008.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

The first six months of 2008 continued to be a difficult period for financial markets globally. Although core operating performance remained stable, our net profit suffered from further impairment charges against externally managed investments, resulting in a decline in profit attributable to shareholders of 16% compared with the first half of 2007. Earnings per share decreased by 17% to HK$0.55 compared with the first half of 2007. The Board of Directors has declared an interim dividend of HK$0.18 per share.

In response to the deteriorating market conditions in the second half of 2007, we adopted a cautious approach to business growth in the first half of 2008. As a result of this more cautious strategy, total assets contracted slightly compared with the end of last year. However, with strong loan growth last year, and a stable net interest margin, as well as reasonable fee income and a strong increase in trading income, operating profit after loan impairment grew by 23% when compared with the first half of 2007.

Our 17% associate, Bank of Chongqing performed well during the period, contributing HK$55 million.

BUSINESS AND FINANCIAL REVIEW

The core performance remained sound, with operating profit after loan impairment increasing by 23%. As a result of our more cautious strategy, loan balances for the period grew by a modest 3% mainly driven by syndicated loans, equipment and vehicle finance and property lending. Retail lending did not grow significantly, as we were cautious and did not compete aggressively due to the low margins achievable in the residential mortgage market during the period. With a lower interest rate environment, net interest margin expanded sequentially from 2.08% in the second half of 2007 to 2.24% in the period, a level similar to the first half of last year. Net interest income, largely driven by a higher average loan balance, increased by 13%.

Non-interest income grew by 33% to HK$445 million, mainly driven by higher net fee and commission income as well as a strong trading performance.

Operating expenses in the period increased by 9%, due mainly to inflationary pressure on both staff costs and other expenses, and higher IT and depreciation expenses. Staff numbers at the end of June 2008 remained similar to the end of 2007 at close to 1,800 despite the continuing build-up of our Mainland banking operations.

Operating profit before impairment charges was up by 26% to HK$919 million, and impairment charges increased by 44% to HK$126 million, resulting in an increase in operating profit after impairment charges to HK$793 million, up 23% relative to the first half of 2007.

Credit quality in our commercial and retail banking loan portfolios remained sound, as reflected in the continuing low overall impaired loan ratio at 0.44% as compared to 0.46% at the end of 2007, and a total overdue and rescheduled loan ratio of 0.49% as at 30 June 2008, against 0.56% as at 31 December 2007.

We experienced further write-downs of HK$318 million on our externally managed structured investment portfolio in the period (reflected under trading income as a fair value loss of HK$66 million, and an impairment charge on available-for-sale securities of HK$252 million). We have now written down the entire structured investment portfolio by 87% to HK$205 million, and therefore do not expect any further write-downs to be material.

When compared with the first half of 2007, Bank of Chongqing achieved a set of stronger results in the period underpinned by strong loan growth and improved operating income. The Group's 17% share of its net profit in the period was HK$55 million.

Our total assets were slightly down, largely a result of our more cautious balance sheet management and business strategy.

PROSPECTS

In the short to medium term, we believe that global financial markets will remain volatile, and it is too early to predict an imminent end to the current financial crisis. The global economy, on the back of a weaker outlook of the US and European economies as well as continuing concerns on rising inflation, is expected to slow in the second half year, which will have an unfavourable impact to the economic growth of Hong Kong in the near term. The generally tighter economic policies of the Central Government of Mainland China, for the purpose of achieving sustainable growth at a reasonable pace, had in the past few months operated to slightly constrain the rapid rate of growth as experienced in the past two years.

Against such a backdrop and in the short term, we expect to maintain our cautious stance on growing our businesses. We do not expect substantial growth in our loan book this year, and will place increased emphasis on controlling and monitoring the credit quality of our loan portfolio.

We have recently received approvals for the commencement of our wholly-owned Mainland China banking subsidiary, Dah Sing Bank (China) Limited, which has been formally incorporated in Shenzhen, and started business operations, on 1 August 2008. We look forward to building this business, including the opening of further Mainland China branches of this subsidiary in the years to come.

In the medium to long term, we continue to believe that the growing Greater China market is likely to continue to provide opportunities for growth for our business.

COMPLIANCE WITH THE CODE FOR 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 2008.

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.

COMPLIANCE WITH THE BANKING (DISCLOSURE) RULES

In preparing the interim financial disclosure, the Group's Hong Kong banking subsidiaries have fully complied with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority under section 60A of the Hong Kong Banking Ordinance (Cap. 155) as amended by the Hong Kong Banking (Amendment) Ordinance 2005 (19 of 2005).

UNAUDITED FINANCIAL STATEMENTS

The financial information in this Interim 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 interim financial statements for the period ended 30 June 2008.

REMUNERATION AND STAFF DEVELOPMENT

There have been no material changes to the information disclosed in the Company's 2007 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 six months ended 30 June 2008.

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 2008 Interim Report of the Group containing all the information required by the Listing Rules and the Banking (Disclosure) Rules will be published on the websites of the Hong Kong Stock Exchange and the Company in due course. Printed copies of the 2008 Interim Report will be sent to shareholders before the end of September 2008.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Managing Director and Chief Executive), Lung-Man Chiu (John Chiu), Gary Pak-Ling Wang, Harold Tsu-Hing Wong and Frederic Suet-Chiu Lau as Executive Directors; Mr. Keisuke Tahara as Non-Executive Director; Messrs. John William Simpson, David Richard Hinde, Robert Tsai-To Sze, Andrew Kwan-Yuen Leung and Seng-Lee Chan as Independent Non-Executive Directors.

By Order of the Board
H L Soo
Company Secretary

Hong Kong, Wednesday, 20 August 2008