Dah Sing Financial Holdings Limited

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

ANNOUNCEMENT OF 2014 FINAL RESULTS

The Directors of Dah Sing Financial Holdings Limited ("DSFH" or 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 2014.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December

HK$'000	Note	**2014**	2013	Variance %
Interest income		**5,223,202**	4,661,835	
Interest expense		**(1,930,250)**	(1,553,887)	
Net interest income	4	**3,292,952**	3,107,948	6.0
Fee and commission income		**971,913**	861,752	
Fee and commission expense		**(226,318)**	(239,640)	
Net fee and commission income	5	**745,595**	622,112	19.8
Net trading income	6	**711,098**	15,037	
Net insurance premium and other income		**2,238,790**	1,659,452	
Other operating income	7	**70,581**	68,156	
Operating income		**7,059,016**	5,472,705	29.0
Net insurance claims and expenses		**(2,436,101)**	(1,293,995)	
Total operating income net of insurance claims		**4,622,915**	4,178,710	10.6
Operating expenses	8	**(2,389,693)**	(2,202,684)	8.5
Operating profit before impairment losses		**2,233,222**	1,976,026	13.0
Loan impairment losses and other credit provisions	9	**(472,962)**	(309,806)	52.7
Operating profit after impairment losses		**1,760,260**	1,666,220	5.6
Net loss on disposal of other fixed assets	10	**(3,198)**	(2,703)	
Net gain on fair value adjustment of investment properties	11	**93,239**	81,334	
Net gain/ (loss) on disposal of investments in securities	12	**19,051**	(63,505)	
Loss on deemed disposal of investment in an associate		**-**	(56,971)	
Share of results of an associate		**602,299**	578,556	
Share of results of jointly controlled entities		**20,657**	17,311	
Profit before taxation		**2,492,308**	2,220,242	12.3
Taxation	13	**(245,786)**	(272,428)	
Profit for the year		**2,246,522**	1,947,814	15.3
Profit attributable to non-controlling interests		**(519,635)**	(449,355)	
Profit attributable to Shareholders of the Company		**1,726,887**	1,498,459	15.2
Dividends				
Interim dividend paid		**100,523**	91,923	
Proposed final dividend/ final dividend paid		**318,321**	304,918	
		418,844	396,841	
Earnings per share				
			Restated	
Basic	14	**HK$5.29**	HK$4.84	
Diluted	14	**HK$5.28**	HK$4.84	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

HK$'000	**2014**	2013
Profit for the year	**2,246,522**	1,947,814
Other comprehensive income for the year		
Items that will not be reclassified to the consolidated income statement:		
Premises		
Reserves arising from reclassification of premises to investment properties	**36,533**	79,903
Items that may be reclassified subsequently to the consolidated income statement:		
Investments in securities		
Fair value gains on available-for-sale securities recognised in equity	**297,824**	81,727
Fair value (gain)/ loss realised and transferred to income statement upon:		
- Disposal of available-for-sale securities	**(23,707)**	(144,123)
- Disposal of held-to-maturity securities and investments in securities included in the loans and receivables category which were previously reclassified from the available-for-sale category	**3,756**	135,647
Deferred income tax on movements in investment revaluation reserve	**(35,285)**	(20,540)
	242,588	52,711
Exchange differences arising on translation of the financial statements of foreign entities	**(108,599)**	105,919
Other comprehensive income for the year, net of tax	**170,522**	238,533
Total comprehensive income for the year, net of tax	**2,417,044**	2,186,347
Attributable to:		
Non-controlling interests	**554,257**	522,118
Shareholders of the Company	**1,862,787**	1,664,229
Total comprehensive income for the year, net of tax	**2,417,044**	2,186,347

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

HK$'000	Note	**2014**	2013
ASSETS			
Cash and balances with banks		**15,063,006**	8,654,820
Placements with banks maturing between one and twelve months		**5,626,019**	4,314,389
Trading securities	15	**7,082,517**	6,577,308
Financial assets designated at fair value through profit or loss	15	**9,627,563**	8,626,280
Derivative financial instruments		**831,566**	745,393
Advances and other accounts	16	**118,593,929**	110,258,169
Available-for-sale securities	18	**23,724,503**	27,439,399
Held-to-maturity securities	19	**11,047,201**	5,843,905
Investment in an associate		**3,746,918**	3,304,993
Investments in jointly controlled entities		**65,694**	59,657
Goodwill		**950,992**	950,992
Intangible assets		**84,519**	88,230
Premises and other fixed assets		**2,074,058**	2,147,606
Investment properties		**786,703**	589,965
Current income tax assets		**3,995**	-
Deferred income tax assets		**80,591**	22,975
Value of in-force long-term life assurance business		**2,018,068**	1,705,616
Total assets		**201,407,842**	181,329,697
LIABILITIES			
Deposits from banks		**1,572,467**	1,995,297
Derivative financial instruments		**1,217,118**	1,159,043
Trading liabilities		**5,597,614**	3,362,473
Deposits from customers		**140,916,635**	128,220,440
Certificates of deposit issued		**6,109,777**	6,132,561
Issued debt securities		**-**	775,385
Subordinated notes		**5,391,357**	3,721,537
Other accounts and accruals		**5,971,301**	5,841,014
Current income tax liabilities		**213,984**	217,527
Deferred income tax liabilities		**94,398**	57,225
Liabilities to policyholders under long-term insurance contracts		**10,205,811**	8,813,069
Total liabilities		**177,290,462**	160,295,571
EQUITY			
Non-controlling interests		**5,071,933**	4,332,731
Equity attributable to the Company's shareholders			
Share capital		**4,248,559**	593,053
Share premium		**-**	2,764,288
Other reserves (including retained earnings)		**14,478,567**	13,074,215
Proposed final dividend		**318,321**	269,839
Shareholders' funds	21	**19,045,447**	16,701,395
Total equity		**24,117,380**	21,034,126
Total equity and liabilities		**201,407,842**	181,329,697

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 2014 but is derived from those statutory financial statements. The consolidated financial statements of the Group for the year ended 31 December 2014 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 2015.

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" is a collective term which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance.

In accordance with the transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622) ("NCO"), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the NCO, the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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

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.

Except as described below, the accounting policies and methods of computation used in the preparation of the 2014 consolidated financial statements are consistent with those used and described in the Group's annual audited financial statements for the year ended 31 December 2013.

The financial information in this results announcement is presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated.

(a) New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2014:

- Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011), "Investment entities", provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have impact to the financial statements of the Group.

- Amendments to HKAS 32, "Offsetting financial assets and financial liabilities", clarifies the requirements for offsetting financial instruments and addressed inconsistencies in current practice when applying the offsetting criteria in HKAS 32, "Financial Instruments: Presentation". There is no material impact to the financial statements of the Group as a result of this amendment.

2. Basis of Preparation and Accounting Policies (Continued)

(a) New and amended standards adopted by the Group (Continued)

- Amendments to HKAS 36, "Impairment of assets – Recoverable amount disclosures for non-financial assets", removes certain disclosures of the recoverable amount of cash generating units which had been included in HKAS 36 by the issue of HKFRS 13. There is no material impact to the financial statements of the Group as a result of this amendment.

- Amendments to HKAS 39, "Novation of derivatives and continuation of hedge accounting", provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments do not have impact to the financial statements of the Group.

- HK(IFRIC) 21, "Levies", sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses what the obligating event is that gives rise to the payment of a levy and when should a liability be recognised. The Group is not currently subject to significant levies so the impact on the Group is not material.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been early adopted in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, "Financial instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities and hedge accounting. HKFRS 9 was issued in November 2009 and October 2010. It replaces the parts of HKAS 39 that relate to the classification and measurement of financial instruments. HKFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the HKAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than in the income statement, unless this creates an accounting mismatch. In December 2013, HKFRS 9 was further amended when the requirements related to hedge accounting (other than specific accounting for open portfolios on macro hedging) were added.

In July 2014, the International Accounting Standards Board published the full and final version of IFRS 9 (which is closely followed by HKFRS 9) and set the effective date of IFRS 9 as 1 January 2018 although earlier adoption of the new standard is permitted. The final IFRS 9 sets out, amongst other things, the classification and measurement requirements for financial instruments as described above, the requirement for a new, expected-loss impairment model that will require more timely recognition of expected credit losses, and a substantially-reformed model for hedge accounting that aligns the accounting treatment with risk management activities.

The Group has already commenced the assessment of the full impact and so far has not decided to early adopt the standard, which shall be effective for the financial year beginning on 1 January 2018.

2. Basis of Preparation and Accounting Policies (Continued)

(c) New Hong Kong Companies Ordinance (Cap. 622)

The NCO came into effect on 3 March 2014. On this effective date, the concepts of nominal (par) value, share premium and authorised share capital for all shares of Hong Kong incorporated companies are abolished. Any amount received for issuing equity shares of a company on or after 3 March 2014 should be recorded as part of share capital. The effect of this transition on the Company is to subsume balance in the share premium account into share capital as set out in section 37 of Schedule 11 of the NCO. There is no impact on the number of shares in issue or the relative entitlement of any of the shareholders.

In addition, the requirements of Part 9 "Accounts and Audit" of the NCO came into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of the NCO. The Group is in the process of making an assessment of expected impact of the changes in the NCO on the consolidated financial statements in the period of initial application of Part 9 of the NCO. So far the Group has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3. Operating segment reporting

Segment reporting by the Group is prepared in accordance with HKFRS 8 "Operating Segments". Information reported to the chief operating decision maker, including the Chief Executive and other Executive Committee members, for the purposes of resource allocation and performance assessment, is determined on the basis of banking business and insurance business. For banking business, operating performances are analysed by business activities for local banking business, and on business entity basis for overseas banking business. For insurance business, resources allocation and performance evaluation are based on insurance business entity basis.

Considering the customer groups, products and services of local businesses, the economic environment and regulations, the Group splits the operating segments of the Group into the following reportable segments:

- 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.

- 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.

- Overseas banking businesses include personal banking, commercial banking business activities provided by overseas subsidiaries in Macau and China, and the Group's interest in a commercial bank in China.

- 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.

- Others include results of operations not directly identified under other reportable segments, corporate investments and debt funding (including subordinated notes).

For the purpose of segment reporting, revenue derived from customers, products and services directly identifiable with individual segments are reported directly under respective segments, while revenue and funding cost arising from inter-segment funding operation and funding resources are allocated to segments by way of transfer pricing mechanism with reference to market interest rates. Transactions within segments are priced based on similar terms offered to or transacted with external parties. Inter-segment income or expenses are eliminated on consolidation.

All direct costs incurred by different segments are grouped under respective segments. Indirect costs and support functions' costs are allocated to various segments and products based on effort and time spent as well as segments' operating income depending on the nature of costs incurred. Costs related to corporate activities that cannot be reasonably allocated to segments, products and support functions are grouped under Others as unallocated corporate expenses.

3. Operating segment reporting (Continued)

For the year ended 31 December 2014

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Insurance Business	Others	Inter-segment	Total
Net interest income/ (expenses)	1,312,668	978,782	399,286	537,362	300,287	(235,433)	-	3,292,952
Non-interest income/ (expenses)	559,054	269,405	305,088	121,551	176,166	(41,760)	(59,541)	1,329,963
Total operating income net of insurance claims	1,871,722	1,248,187	704,374	658,913	476,453	(277,193)	(59,541)	4,622,915
Operating expenses	(1,153,698)	(347,412)	(143,964)	(486,161)	(265,175)	(52,824)	59,541	(2,389,693)
Operating profit/ (loss) before impairment losses and other credit provisions	718,024	900,775	560,410	172,752	211,278	(330,017)	-	2,233,222
Loan impairment losses and other credit provisions (charged)/ written back	(201,779)	(63,223)	60,000	(267,960)	-	-	-	(472,962)
Operating profit/ (loss) after impairment losses and other credit provisions	516,245	837,552	620,410	(95,208)	211,278	(330,017)	-	1,760,260
Net (loss)/ gain on disposal and fair value adjustment of investment properties and other fixed assets	(844)	(60)	(9)	(46)	62,468	28,532	-	90,041
Net gain on disposal of investments in securities	-	-	17,036	-	-	2,015	-	19,051
Share of results of an associate	-	-	-	602,299	-	-	-	602,299
Share of results of jointly controlled entities	-	-	-	-	-	20,657	-	20,657
Profit/ (loss) before taxation	515,401	837,492	637,437	507,045	273,746	(278,813)	-	2,492,308
Taxation (expenses)/ credit	(83,485)	(138,186)	(105,177)	32,324	(21,331)	70,069	-	(245,786)
Profit/ (loss) after taxation	431,916	699,306	532,260	539,369	252,415	(208,744)	-	2,246,522
For the year ended 31 December 2014								
Depreciation and amortisation	51,293	10,427	6,256	42,831	12,943	37,300	-	161,050
At 31 December 2014								
Segment assets	41,988,779	54,596,171	55,550,630	33,581,542	17,982,755	4,343,972	(6,636,007)	201,407,842
Segment liabilities	78,375,819	36,248,907	15,126,832	25,631,700	13,905,896	14,637,315	(6,636,007)	177,290,462

3. Operating segment reporting (Continued)

For the year ended 31 December 2013

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Insurance Business	Others	Inter-segment	Total
Net interest income/ (expenses)	1,233,273	914,331	372,738	524,456	305,973	(242,823)	-	3,107,948
Non-interest income/ (expenses)	444,435	239,291	286,112	120,380	66,927	(9,844)	(76,539)	1,070,762
Total operating income net of insurance claims	1,677,708	1,153,622	658,850	644,836	372,900	(252,667)	(76,539)	4,178,710
Operating expenses	(1,091,660)	(296,834)	(138,141)	(443,201)	(235,873)	(73,514)	76,539	(2,202,684)
Operating profit/ (loss) before impairment losses and other credit provisions	586,048	856,788	520,709	201,635	137,027	(326,181)	-	1,976,026
Loan impairment losses and other credit provisions (charged)/ written back	(140,949)	(92,699)	25,000	(101,158)	-	-	-	(309,806)
Operating profit/ (loss) after impairment losses and other credit provisions	445,099	764,089	545,709	100,477	137,027	(326,181)	-	1,666,220
Net (loss)/ gain on disposal and fair value adjustment of investment properties and other fixed assets	(2,167)	-	-	30	82,264	(1,496)	-	78,631
Net (loss)/ gain on disposal of investments in securities	-	-	(127,876)	-	24,681	39,690	-	(63,505)
Loss on deemed disposal of investment in an associate	-	-	-	(56,971)	-	-	-	(56,971)
Share of results of an associate	-	-	-	578,556	-	-	-	578,556
Share of results of jointly controlled entities	-	-	-	-	-	17,311	-	17,311
Profit/ (loss) before taxation	442,932	764,089	417,833	622,092	243,972	(270,676)	-	2,220,242
Taxation (expenses)/ credit	(73,989)	(126,075)	(68,942)	(27,460)	(22,296)	46,334	-	(272,428)
Profit/ (loss) after taxation	368,943	638,014	348,891	594,632	221,676	(224,342)	-	1,947,814
For the year ended 31 December 2013								
Depreciation and amortisation	41,266	6,467	5,047	38,062	11,720	34,168	-	136,730
At 31 December 2013								
Segment assets	39,558,463	49,216,979	47,675,728	32,018,112	15,869,983	3,598,086	(6,607,654)	181,329,697
Segment liabilities	69,442,368	32,237,167	14,025,526	24,726,047	12,070,141	14,401,976	(6,607,654)	160,295,571

3. Operating segment reporting (Continued)

More than 90% of the revenues from external customers were contributed from banking subsidiaries in Hong Kong, Macau and People's Republic of China, with major products and services including deposit taking, extension of credit, asset-based finance, securities investment services offered to customers.

The following tables provide information by geographical area, which was determined with reference to the domicile of the legal entities within the Group with business dealing and relationship with, and services to external customers.

HK$'000	**Hong Kong and Others**	**Macau**	**Inter-segment elimination**	**Total**
For the year ended 31 December 2014				
Total operating income net of insurance claims	**4,175,832**	**448,092**	**(1,009)**	**4,622,915**
Profit before taxation	**2,225,375**	**266,933**	**-**	**2,492,308**
At 31 December 2014				
Total assets	**184,313,204**	**18,361,316**	**(1,266,678)**	**201,407,842**
Total liabilities	**162,631,043**	**15,926,097**	**(1,266,678)**	**177,290,462**
Intangible assets and goodwill	**318,667**	**716,844**	**-**	**1,035,511**
Contingent liabilities and commitments	**74,864,593**	**1,937,500**	**-**	**76,802,093**

	Hong Kong and Others	Macau	Inter-segment elimination	Total
For the year ended 31 December 2013				
Total operating income net of insurance claims	3,759,648	419,754	(692)	4,178,710
Profit before taxation	1,976,269	243,973	-	2,220,242
At 31 December 2013				
Total assets	166,860,137	16,839,143	(2,369,583)	181,329,697
Total liabilities	148,028,235	14,636,919	(2,369,583)	160,295,571
Intangible assets and goodwill	318,667	720,555	-	1,039,222
Contingent liabilities and commitments	73,081,145	1,891,180	-	74,972,325

4. Net interest income

HK$'000	**2014**	2013
Interest income		
Cash and balances with banks	**358,298**	340,844
Investments in securities	**968,477**	960,467
Advances and other accounts	**3,896,427**	3,360,524
	5,223,202	4,661,835
Interest expense		
Deposits from banks/ Deposits from customers	**1,663,559**	1,288,162
Certificates of deposit issued	**72,106**	90,181
Issued debt securities	**3,494**	35,793
Subordinated notes	**187,441**	130,958
Others	**3,650**	8,793
	1,930,250	1,553,887
Included within interest income		
Interest income on listed investments	**793,296**	780,344
Interest income on unlisted investments	**175,181**	180,123
	968,477	960,467
Interest income on financial assets not at fair value through profit or loss	**4,931,766**	4,367,255
Interest income on impaired assets	**-**	1,204
Included within interest expense		
Interest expense on financial liabilities not at fair value through profit or loss	**1,925,314**	1,545,193

5. Net fee and commission income

HK$'000	**2014**	2013
Fee and commission income		
Fee and commission income from financial assets and liabilities not at fair value through profit or loss		
- Credit related fees and commissions	**135,992**	135,670
- Trade finance	**73,158**	68,237
- Credit card	**304,195**	296,042
Other fee and commission income		
- Securities brokerage	**89,876**	64,858
- Retail investment and wealth management services	**181,070**	140,751
- Bank services and handling fees	**58,582**	51,356
- Other fees	**129,040**	104,838
	971,913	861,752
Fee and commission expense		
Fee and commission expense from financial assets and liabilities not at fair value through profit or loss		
- Handling fees and commission	**212,708**	223,981
- Other fees paid	**13,610**	15,659
	226,318	239,640

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.

6. Net trading income

HK$'000	2014	2013
Dividend income from financial assets at fair value through profit or loss		
- Listed investments	**75,024**	50,926
- Unlisted investments	**8,370**	8,165
Net gain arising from dealing in foreign currencies	**190,637**	221,000
Net (loss)/ gain on trading securities	**(4,345)**	20,088
Net gain from derivatives entered into for trading purpose	**51,481**	56,317
Net loss arising from financial instruments subject to fair value hedge	**(25,077)**	(42,651)
Net gain/ (loss) arising from financial instruments designated at fair value through profit or loss	**415,008**	(298,808)
	711,098	15,037

7. Other operating income

HK$'000	2014	2013
Dividend income from investments in available-for-sale securities		
- Listed investments	**17,288**	13,176
- Unlisted investments	**7,382**	6,805
Gross rental income from investment properties	**24,270**	22,955
Other rental income	**11,012**	8,658
Others	**10,629**	16,562
	70,581	68,156

8. Operating expenses

HK$'000	2014	2013
Employee compensation and benefit expenses (including directors' remuneration)	**1,456,456**	1,340,481
Premises and other fixed assets expenses, excluding depreciation		
- Rental of premises	**152,534**	148,148
- Others	**137,890**	125,743
Depreciation	**157,339**	131,972
Advertising and promotion costs	**113,678**	104,824
Printing, stationery and postage	**51,805**	50,835
Amortisation expenses of intangible assets	**3,711**	4,758
Auditors' remuneration	**9,343**	9,300
Others	**306,937**	286,623
	2,389,693	2,202,684

9. Loan impairment losses and other credit provisions

HK$'000	**2014**	2013
Loan impairment losses		
Net charge/ (reversal) of impairment losses on advances and other accounts		
- Trade bills	**2,070**	937
- Advances to customers	**510,339**	334,188
- Accrued interest and other accounts	**20,553**	(319)
	532,962	334,806
Net charge of impairment losses on advances and other accounts		
- Individually assessed	**249,015**	161,796
- Collectively assessed	**283,947**	173,010
	532,962	334,806
Of which		
- new and additional allowances (including amounts directly written off in the year)	**596,620**	413,155
- releases	**(22,866)**	(30,259)
- recoveries	**(40,792)**	(48,090)
	532,962	334,806
Other credit provisions		
Net charge of impairment losses on available-for-sale securities		
- Collectively assessed	**15,000**	-
Net reversal of impairment losses on investments in securities included in the loans and receivables category		
- Collectively assessed	**(75,000)**	(25,000)
Net charge to income statement	**472,962**	309,806

10. Net loss on disposal of other fixed assets

HK$'000	**2014**	2013
Net loss on disposal of other fixed assets	**3,198**	2,703

11. Net gain on fair value adjustment of investment properties

HK$'000	**2014**	2013
Net gain on fair value adjustment of investment properties	**93,239**	81,334

12. Net gain/ (loss) on disposal of investments in securities

HK$'000	**2014**	2013
Net gain on disposal of available-for-sale securities	**23,707**	144,123
Net loss on disposal of investments in securities included in the loans and receivables category	**(4,656)**	(172,413)
Net loss on disposal of held-to-maturity securities (Note)	**-**	(35,215)
	19,051	(63,505)

Note:
The disposals in 2013 were made after considering risk and external factors.

13. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Taxation 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 at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised.

HK$'000	**2014**	2013
Current income tax:		
- Hong Kong profits tax	**265,476**	212,921
- Overseas taxation	**34,931**	54,207
- Under-provision in prior years	**1,765**	1,303
Deferred income tax:		
- Origination and reversal of temporary differences	**(59,374)**	3,456
- Utilisation of tax losses	**2,988**	541
Taxation	**245,786**	272,428

14. Basic and diluted earnings per share

The calculation of basic earnings per share is based on earnings of HK$1,726,887,000 (2013: HK$1,498,459,000) and the weighted average number of 326,670,891 (2013: 309,297,486) ordinary shares in issue during the year.

The calculation of fully diluted earnings per share is based on earnings of HK$1,726,887,000 (2013: HK$1,498,459,000) and the weighted average number of 326,837,953 (2013: 309,367,436) ordinary shares in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

Basic earnings per share and diluted earnings per share for 2013 have been restated to take into account the effects of the rights issue of the Company completed in the year of 2014.

15. Trading securities and financial assets designated at fair value through profit or loss

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Trading securities:		
Debt securities:		
- Listed in Hong Kong	**243,944**	1,211,300
- Unlisted	**6,606,418**	5,124,488
	6,850,362	6,335,788
Equity securities:		
- Listed in Hong Kong	**73,651**	99,687
- Listed outside Hong Kong	**152,044**	135,571
- Unlisted, interests in investment funds	**6,460**	6,262
	232,155	241,520
Total trading securities	**7,082,517**	6,577,308
Financial assets designated at fair value through profit or loss:		
Debt securities:		
- Listed in Hong Kong	**949,787**	960,886
- Listed outside Hong Kong	**3,055,237**	2,844,485
- Unlisted	**2,662,318**	2,205,299
	6,667,342	6,010,670
Equity securities:		
- Listed in Hong Kong	**564,620**	383,044
- Listed outside Hong Kong	**1,286,724**	1,275,248
- Unlisted	**1,108,877**	957,318
	2,960,221	2,615,610
Total financial assets designated at fair value through profit or loss	**9,627,563**	8,626,280
Total trading securities and financial assets designated at fair value through profit or loss	**16,710,080**	15,203,588

15. Trading securities and financial assets designated at fair value through profit or loss (Continued)

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Included within debt securities are:		
- Government bonds included in trading securities	**6,850,117**	6,335,548
- Other government bonds	**905,012**	329,919
- Other debt securities	**5,762,575**	5,680,991
	13,517,704	12,346,458

As at 31 December 2014 and 2013, there were no certificates of deposit held included in the above balances of trading or fair value debt securities.

Trading securities and financial assets designated at fair value through profit or loss are analysed by categories of issuers as follows:

	As at 31 Dec 2014	As at 31 Dec 2013
- Central governments and central banks	**7,755,129**	6,665,467
- Public sector entities	**8,386**	240
- Banks and other financial institutions	**1,002,089**	1,446,025
- Corporate entities	**7,944,476**	7,091,856
	16,710,080	15,203,588

16. Advances and other accounts

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Gross advances to customers	**105,230,046**	97,977,520
Trade bills	**7,384,057**	5,925,648
Other assets		
- Other accounts receivable and prepayments	**6,514,742**	5,737,876
	119,128,845	109,641,044
Less: impairment allowances		
- Individually assessed	**(238,250)**	(244,294)
- Collectively assessed	**(296,666)**	(201,212)
	(534,916)	(445,506)
Investments in securities included in the loans and receivables category (Note 17)	**-**	1,062,631
Advances and other accounts	**118,593,929**	110,258,169

16. Advances and other accounts (Continued)

(a) Gross advances to customers by industry sector classified according to the usage of loans

HK$'000	**As at 31 Dec 2014**		As at 31 Dec 2013	
	Outstanding balance	**% of gross advances**	Outstanding balance	% of gross advances
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Property development	**1,741,185**	**1.6**	2,015,552	2.1
- Property investment	**15,752,867**	**15.0**	15,122,078	15.4
- Financial concerns	**821,938**	**0.8**	740,178	0.8
- Stockbrokers	**133,234**	**0.1**	109,264	0.1
- Wholesale and retail trade	**4,497,466**	**4.3**	4,006,724	4.1
- Manufacturing	**2,971,483**	**2.8**	1,975,672	2.0
- Transport and transport equipment	**4,612,041**	**4.4**	5,050,680	5.2
- Recreational activities	**277,832**	**0.3**	300,505	0.3
- Information technology	**22,938**	**-**	24,916	-
- Others	**5,036,198**	**4.8**	3,571,083	3.6
	35,867,182	**34.1**	32,916,652	33.6
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**962,720**	**0.9**	1,080,873	1.1
- Loans for the purchase of other residential properties	**19,451,578**	**18.5**	18,041,141	18.4
- Credit card advances	**3,838,208**	**3.7**	3,949,544	4.0
- Others	**8,355,472**	**7.9**	6,880,302	7.1
	32,607,978	**31.0**	29,951,860	30.6
Loans for use in Hong Kong	**68,475,160**	**65.1**	62,868,512	64.2
Trade finance (Note (1))	**6,517,342**	**6.2**	5,918,454	6.0
Loans for use outside Hong Kong (Note (2))	**30,237,544**	**28.7**	29,190,554	29.8
	105,230,046	**100.0**	97,977,520	100.0

Note:

(1) Trade finance shown above represents loans covering finance of imports to Hong Kong, exports and re-exports from Hong Kong and merchandising trade classified with reference to the relevant guidelines issued by the Hong Kong Monetary Authority ("HKMA").

Trade finance loans not involving Hong Kong (including trade finance extended by the overseas subsidiary banks of Dah Sing Bank, Limited ("DSB")) totalling HK$618,230,000 (31 December 2013: HK$992,627,000) are classified under Loans for use outside Hong Kong.

(2) Loans for use outside Hong Kong include loans extended to customers located in Hong Kong with the finance used outside Hong Kong.

16. Advances and other accounts (Continued)

(b) Impaired, overdue and rescheduled assets

(i) Impaired loans

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Impaired loans and advances		
- Individually impaired (Note (a))	**348,287**	380,940
- Collectively impaired (Note (b))	**20,179**	15,355
	368,466	396,295
Impairment allowances made		
- Individually assessed (Note (c))	**(217,744)**	(244,294)
- Collectively assessed (Note (b))	**(18,578)**	(13,838)
	(236,322)	(258,132)
	132,144	138,163
Fair value of collaterals held*	**169,394**	92,205
Impaired loans and advances as a % of total loans and advances to customers	**0.35%**	0.40%

* Fair value of collaterals is determined at the lower of the market value of collateral and outstanding loan 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)

(b) Impaired, overdue and rescheduled assets (Continued)

(ii) Gross amount of overdue loans

HK$'000	**As at 31 Dec 2014** Gross amount of overdue loans	**As at 31 Dec 2014** % of total	As at 31 Dec 2013 Gross amount of overdue loans	As at 31 Dec 2013 % of total
Gross advances to customers which have been overdue for:				
- six months or less but over three months	**97,112**	**0.09**	100,260	0.10
- one year or less but over six months	**39,052**	**0.04**	69,831	0.07
- over one year	**185,726**	**0.18**	127,380	0.13
	321,890	**0.31**	297,471	0.30
Market value of securities held against the secured overdue advances	**233,734**		177,543	
Secured overdue advances	**160,454**		121,065	
Unsecured overdue advances	**161,436**		176,406	
Individual impairment allowances	**146,562**		160,454	

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

	As at 31 Dec 2014	**% of total**	As at 31 Dec 2013	% of total
Advances to customers	**171,817**	**0.16**	148,512	0.15
Impairment allowances	**-**		-	

(c) Trade bills

As at 31 December 2014, there were no trade bills that were overdue for more than 3 months (2013: trade bills of HK$475,000 were overdue for more than 3 months and up to 6 months) or impaired (2013: Nil).

16. Advances and other accounts (Continued)

(d) Repossessed collateral

Repossessed collateral held at the year-end is as follows:

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Nature of assets		
- Repossessed properties	**69,680**	87,660
- Others	**315**	85
	69,995	87,745

Repossessed collaterals are sold as soon as practicable with the proceeds used to reduce the outstanding indebtedness of the borrowers concerned.

Certain other properties in the Mainland China with a total estimated realisable value of HK$66,228,000 (2013: HK$67,860,000), which had been foreclosed and repossessed by the Group pursuant to orders issued by courts in the Mainland China, represent assets held by the Group for resale and have been reported under "Other assets". The relevant loans had been derecognised.

17. Investments in securities included in the loans and receivables category

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Investments in securities reclassified from the available-for-sale category		
- At fair value under fair value hedge (for hedging interest rate risk)	-	548,651
- At amortised cost	-	588,939
	-	1,137,590
Less: impairment allowances		
- Collectively assessed	-	(75,000)
	-	1,062,590
Investments in securities classified as loans and receivables upon initial recognition	-	41
	-	1,062,631

Investments in securities classified as loans and receivables upon initial recognition and outstanding as at 31 December 2013 were overdue at the time of recognition. As at 31 December 2013, these investments were overdue for more than one year.

For investments in securities reclassified from the available-for-sale category in the previous years and remaining outstanding as at 5 June 2014, they were reclassified to the available-for-sale category on the same date. For details, please refer to Note 20(a).

Investments in securities included in the loans and receivables category are analysed as follows:

	As at 31 Dec 2014	As at 31 Dec 2013
Debt securities:		
- Listed outside Hong Kong	-	1,137,590
- Unlisted	-	41
	-	1,137,631
Less: impairment allowances		
- Collectively assessed	-	(75,000)
	-	1,062,631
Market value of listed securities	-	1,020,565

As at 31 December 2013, there were no certificates of deposit held included in the above balances of investments in debt securities.

Investments in securities included in the loans and receivables category are analysed by categories of issuers as follows:		
- Banks and other financial institutions	-	668,806
- Corporate entities	-	468,825
	-	1,137,631

18. Available-for-sale securities

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Debt securities:		
- Listed in Hong Kong	**11,929,660**	12,114,443
- Listed outside Hong Kong	**9,151,353**	13,067,076
- Unlisted	**1,920,824**	1,711,066
	23,001,837	26,892,585
Equity securities:		
- Listed in Hong Kong	**342,366**	196,174
- Listed outside Hong Kong	**83,297**	79,935
- Unlisted	**297,003**	270,705
	722,666	546,814
Total available-for-sale securities	**23,724,503**	27,439,399

Note:

As at 31 December 2014, the Group had impairment of HK$15 million recognised against those available-for-sale debt securities that were reclassified in 2014 from the loans and receivables category. Please refer to Note 20(a) for details relating to the reclassification.

As at 31 December 2014 and 2013, there were no certificates of deposit held included in the above balances of investments in debt securities.

Available-for-sale securities are analysed by categories of issuers as follows:		
- Central governments and central banks	**2,535,358**	3,181,651
- Public sector entities	**198,916**	205,067
- Banks and other financial institutions	**5,187,382**	6,585,507
- Corporate entities	**15,800,319**	17,464,646
- Others	**2,528**	2,528
	23,724,503	27,439,399

19. Held-to-maturity securities

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Debt securities:		
- Listed in Hong Kong	**2,255,635**	731,541
- Listed outside Hong Kong	**5,234,147**	2,799,824
- Unlisted	**3,557,419**	2,312,540
	11,047,201	5,843,905
Market value of listed securities	**7,519,030**	3,602,160
Included within debt securities are:		
- Certificates of deposit held	**1,947,377**	1,106,272
- Other debt securities	**9,099,824**	4,737,633
	11,047,201	5,843,905
Held-to-maturity securities are analysed by issuers as follows:		
- Central governments and central banks	**1,219,264**	935,473
- Public sector entities	**19,923**	222,142
- Banks and other financial institutions	**4,993,341**	3,196,869
- Corporate entities	**4,814,673**	1,489,421
	11,047,201	5,843,905

The outstanding balance as at 31 December 2014 reported above included the securities reclassified from the available-for-sale category during the period (2013: Nil). Please refer to Note 20(b) for details.

20. Reclassification of financial assets

The Group made the following reclassification of financial assets in the year ended 31 December 2014.

(a) Reclassification of investments in securities included in the loans and receivables category to the available-for-sale category

On 5 June 2014, the Group reclassified all investments in securities included in the loans and receivable category that qualified for recognition as available-for-sale out of the loans and receivables category.

The fair value and carrying value of these financial assets at the date of reclassification were HK$828,504,000 and HK$873,550,000 respectively. The fair value loss of HK$45,046,000 generated upon the reclassification had been taken to other comprehensive income.

(b) Reclassification of certain available-for-sale securities as held-to-maturity securities

On 26 June 2014, the Group reclassified certain available-for-sale debt securities with a total market value at the time of reclassification of HK$4,378,815,000 as held-to-maturity securities, reflecting a change in the Group's intention on holding these securities to maturity.

The Group did not reclassify any financial assets in the year ended 31 December 2013.

21. Shareholders' funds

HK$'000	**As at 31 Dec 2014**	As at 31 Dec 2013
Share capital	**4,248,559**	593,053
Share premium (Note (c))	**-**	2,764,288
Share capital and other statutory capital reserves	**4,248,559**	3,357,341
Capital reserve	**19,535**	26,522
Premises revaluation reserve	**226,122**	198,874
Investment revaluation reserve	**213,316**	23,664
Exchange reserve	**210,881**	291,881
General reserve	**484,289**	484,289
Reserve for share-based compensation	**5,736**	3,261
Retained earnings	**13,637,009**	12,315,563
	19,045,447	16,701,395
Proposed final dividends included in retained earnings (Note (d))	**318,321**	269,839

Note

(a) DSB as a locally incorporated bank in Hong Kong is required to maintain minimum impairment provisions in excess of those required under HKFRS in the form of regulatory reserve. The regulatory reserve is maintained to satisfy the provisions of the Hong Kong Banking Ordinance and local regulatory requirements for prudential supervision purposes. The regulatory reserve restricts the amount of reserves which can be distributed to shareholders. Movements in the regulatory reserve are made directly through equity reserve and in consultation with the HKMA.

(b) As at 31 December 2014, DSB has earmarked a regulatory reserve of HK$1,481,245,000 (2013: HK$1,433,269,000) first against its general reserve; and for any excess amount, the balance is earmarked against its retained earnings.

(c) The amount which was previously credited to the share premium account has been transferred to form part of the Company's share capital as explained in detail in Note 2(c).

(d) The actual amount of 2013 final dividend paid after taking into account the additional shares issued upon completion of the Company's rights issue in the second quarter of 2014 was HK$304,918,000.

FINANCIAL RATIOS

	Year ended 31 Dec 2014	Year ended 31 Dec 2013
Net interest income/ operating income	**71.2%**	74.4%
Cost to income ratio	**51.7%**	52.7%
Return on average total assets	**0.9%**	0.9%
Return on average shareholders' funds	**9.7%**	9.3%
Net interest margin	**1.76%**	1.79%

FINAL DIVIDEND

At the forthcoming annual general meeting ("AGM") of the Company to be held on Wednesday, 27 May 2015, the Directors will propose a final dividend of HK$0.95 per share for 2014 to shareholders whose names are on the Register of Shareholders as at the close of business on Thursday, 11 June 2015. The final dividend is payable on or about Friday, 19 June 2015.

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 AGM, the Register of Shareholders will be closed from Thursday, 21 May 2015 to Wednesday, 27 May 2015, both days inclusive. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 20 May 2015.

(2) For the purpose of determining shareholders who are entitled to receive the final dividend in respect of the year ended 31 December 2014, the Register of Shareholders will be closed from Friday, 5 June 2015 to Thursday, 11 June 2015, both days inclusive. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 June 2015.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

2014 was a satisfactory year for the Group, with the highest ever core profit attributable to shareholders of HK$1,727 million, representing a growth of 15%. The key growth drivers were strong growth in net fee and commission income and trading income, with overall operating income growth running ahead of the increase in expenses over the year. Even after a steady contribution from Bank of Chongqing ("BOCQ") and higher loan impairment charges, the improved performance resulted in a higher return on equity, reaching 9.7% for the first time since the financial crisis.

Business conditions remained fairly stable in Hong Kong and Macau, whilst our Mainland China business reported higher credit costs in part due to the continued slowdown in the Mainland China economy. Loan growth slowed in the second half of the year, with full year loan growth at 7.4%, somewhat slower than in the prior year. The growth in earnings, coupled with the relatively modest loan growth during the year, contributed to an improvement in our capital ratios, further to the completion of the Group's rights issue during the second quarter of 2014. As at 31 December 2014, our Banking Group's consolidated Common Equity Tier 1 ("CET1") Capital ratio was 11.4% and overall Capital Adequacy Ratio was 16.3%.

Our Banking Business reported growth in earnings of 16%, a little ahead of our Group level earnings growth, due to a stronger performance, particularly from our Hong Kong and Macau businesses. Our attributable share of the earnings of BOCQ grew by 4%, which is a slower pace of growth than we have experienced in the recent past, mainly due to the dilution of our shareholding in the bank since late 2013, when BOCQ raised new equity via its IPO and listing in Hong Kong.

Our Insurance Business reported steady growth in overall premium income, and a higher investment income, due mainly to appreciation of both bond and equity prices during the year. This was offset in part by much higher transfers to actuarial reserves, due to the lower interest rates at the end of the year, resulting in overall growth in net profit from the business of 14%.

In 2014, we continued to build on the good platform that we had established in 2013, with encouraging results, although it is notable that growth in the second half of the year was slower than that in the first half. Whilst the slowing Mainland economy has impacted our business, with higher credit costs experienced, to date credit quality of our Banking Business remains strong and credit costs manageable in relation to the scale of our overall business.

BUSINESS AND FINANCIAL REVIEW

We experienced growth in all of our core revenue lines during the year. Net interest income grew by 6% from HK$3,108 million to HK$3,293 million due mainly to growth in volumes offset slightly by a small decrease in net interest margin. Net fee and commission income increased by 20% from HK$622 million to HK$746 million, and net trading income and other operating income increased substantially from HK$83 million to HK$782 million due to much higher fair value gains in our insurance investment portfolio. The increase in fee income was driven largely by improvements in wealth management and bancassurance revenues, increases in our sales of treasury products to customers, securities services and general banking related fees.

Net insurance premium and other insurance income increased by 35% to HK$2,239 million.

The improved operating income items led to an overall increase in operating income net of insurance claims by 10.6% from HK$4,179 million to HK$4,623 million, ahead of the increase in operating expenses of 8.5%.

Loan impairment losses and other credit provisions increased from HK$310 million to HK$473 million. Whilst credit conditions in our core Hong Kong market declined modestly and Macau remained benign, we experienced a further increase in credit cost overall due to a small number of Mainland and Mainland related loans over the period.

BUSINESS AND FINANCIAL REVIEW (CONTINUED)

BOCQ continued to deliver improved performance with a contribution of HK$602 million for the year, an increase of 4% over the prior year. Whilst it is encouraging that the contribution continues to grow, it is noted that this is the slowest increase in the contribution for some years, and that therefore the increase in group profit in 2014 is driven more by our wholly owned businesses than by our associate, BOCQ.

Our insurance business reported a strong increase in net premium and other insurance income, mainly supported by increase in renewal premiums, and also a strong increase in the value of the inforce long-term insurance policies (vs a net decrease recorded in 2013). New business volumes were however lower than the prior year, due mainly to the migration towards selling products with higher value but lower sales volume by our bancassurance business, while the new business sales of our agency force in the year were similar to 2013. Due to the decline in long term interest rates during the year, we experienced a substantial fair value gain in the bond portfolio of our insurance investment portfolios, as well as a good performance from our insurance equity investment portfolio. This drove very strong investment performance, with an increase year on year of 350% to HK$819 million. However, this was offset in part by much higher transfers to reserves, again as a result of the decline in long term bond yields during the year, and the need to hold higher actuarial reserves against the higher liabilities to policyholders. As a whole, our Insurance Business recorded a 14% increase in net profit to HK$252 million in the year.

We experienced improvement in a number of key financial performance indicators during the year:

- ROE was up from 9.3% to 9.7%
- Improvement in CET1 ratio from 10.4% to 11.4%
- Cost income ratio improved from 52.7% to 51.7%

PROSPECTS

We are somewhat cautious on the outlook for 2015. It seems likely that the Mainland economy will continue to slow down modestly during the year, which will have an impact on the Hong Kong and Macau economies. Whilst the US economy continues to improve, there remain challenges in Europe, with a number of risks still present, and growth outlook fragile. Whilst overall, further improvement in the US economy is positive, it also brings with it the greater probability that US interest rates will rise during the second half of 2015, which will have a knock-on effect for Hong Kong interest rates. How higher interest rates will be received by the market or impact the US and Asia remains uncertain.

After the rights issues last year, our capital position has strengthened. We continue to monitor developments both in regulation and in the banking market generally, and we intend to maintain a strong capital position both to allow us to continue to grow our business, and to provide reasonable capital cushion to guard against any market surprises and volatility. We have benefitted from strong liquidity conditions in local markets, and with a conservative loan to deposit ratio of around 70%, as well as a liquidity ratio averaging 45% during 2014, some 20% points above the regulatory minimum, we feel confident that we are well positioned to deal with a less benign market should there be a slowdown in the near term.

Over the longer term, we believe that there are still ample opportunities for growth in our core markets and businesses. However, at present we continue to be cautious, with the objective of continuing to grow our businesses and profitability at a moderate pace, whilst paying close attention to the possibility that the environment in our markets will change, and ensuring that we are able to manage any emerging and continuing risks in a conservative fashion.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with all the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2014, with the exception of code provisions A.4.1 and A.4.2.

Pursuant to code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The Non-Executive Directors of the Company are not appointed for a specific term, but are subject to retirement by rotation and re-election at annual general meetings in accordance with the provisions of the Company's Articles of Association.

In respect of compliance with code provision A.4.2 of the CG Code, the Company noted that in the past, the managing director shall not be subject to retirement by rotation or taken into account in determining the number of directors to retire under the Company's Articles of Association. The Company put forward a special resolution at the 2014 Annual General Meeting, and the shareholders, among other things, approved the special resolution to amend the Articles by removing the provision of excluding the managing director from the requirement of retirement by rotation. As such, the Company has complied with A.4.2 of the CG Code.

CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct for directors' securities dealing ("Directors' Dealing Code") on terms no less exacting than the prevailing required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") under Appendix 10 of the Listing Rules. Following specific enquiry, the Directors of the Company confirmed that they have complied with the required standard set out in the Model Code and the Directors' Dealing Code throughout the year ended 31 December 2014.

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 2014.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the year ended 31 December 2014.

ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

The 2014 Annual Report of the Group containing all the information required by the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and Dah Sing Bank in due course. Printed copies of the 2014 Annual Report will be sent to shareholders before the end of April 2015.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of the Company comprises Messrs. David Shou-Yeh Wong (Chairman), Hon-Hing Wong (Derek Wong) (Managing Director and Chief Executive), Gary Pak-Ling Wang and Nicholas John Mayhew as Executive Directors; Messrs. Takashi Morimura (Eiichi Yoshikawa as alternate), Toshihide Motoshita and John Wai-Wai Chow as Non-Executive Directors; Messrs. Robert Tsai-To Sze, Lon Dounn, Seiji Nakamura and Blair Chilton Pickerell as Independent Non-Executive Directors.

By Order of the Board
Doris W. N. Wong
Company Secretary

Hong Kong, Wednesday, 25 March 2015