Dah Sing Financial Holdings Limited

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

(Stock code: 440)

ANNOUNCEMENT OF 2016 INTERIM RESULTS

The Directors of Dah Sing Financial Holdings Limited (the "Company") are pleased to present the interim results and condensed consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2016. The unaudited profit attributable to shareholders after non-controlling interests for the six months ended 30 June 2016 was HK$913.9 million.

UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

The unaudited 2016 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 ("HKICPA").

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June

HK$'000	Note	**2016**	2015	Variance %
Interest income		**2,724,218**	2,658,943	
Interest expense		**(777,099)**	(916,166)	
Net interest income	3	**1,947,119**	1,742,777	11.7
Fee and commission income		**462,899**	592,302	
Fee and commission expense		**(110,985)**	(110,035)	
Net fee and commission income	4	**351,914**	482,267	(27.0)
Net trading income	5	**593,413**	111,740	
Net insurance premium and other income		**1,188,856**	900,194	
Other operating income	6	**39,946**	35,877	
Operating income		**4,121,248**	3,272,855	25.9
Net insurance claims and expenses		**(1,610,980)**	(664,910)	
Total operating income net of insurance claims		**2,510,268**	2,607,945	(3.7)
Operating expenses	7	**(1,267,304)**	(1,226,906)	3.3
Operating profit before impairment losses		**1,242,964**	1,381,039	(10.0)
Loan impairment losses	8	**(344,479)**	(193,164)	78.3
Operating profit after impairment losses		**898,485**	1,187,875	(24.4)
Net gain/ (loss) on disposal of other fixed assets		**18**	(342)	
Net gain on disposal of available-for-sale securities		**61,955**	15,375	
Provision for loss on dilution of interest in an associate		**-**	(32,000)	
Share of results of an associate		**352,936**	388,861	
Share of results of jointly controlled entities		**7,599**	10,117	
Profit before taxation		**1,320,993**	1,569,886	(15.9)
Taxation	9	**(133,441)**	(179,013)	
Profit for the period		**1,187,552**	1,390,873	(14.6)
Profit attributable to non-controlling interests		**(273,671)**	(316,989)	
Profit attributable to Shareholders of the Company		**913,881**	1,073,884	(14.9)
Interim dividend		**97,172**	107,224	
Earnings per share				
Basic	10	**HK$2.73**	HK$3.20	
Diluted	10	**HK$2.73**	HK$3.20	

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June

HK$'000	**2016**	2015
Profit for the period	**1,187,552**	1,390,873
Other comprehensive income for the period		
Items that may be reclassified to the consolidated income statement:		
Investments in securities		
Fair value gain on available-for-sale securities recognised in equity	**182,781**	155,521
Fair value gain realised and transferred to income statement upon:		
- Disposal of available-for-sale securities	**(61,955)**	(15,375)
Deferred income tax on movements in investment revaluation reserve	**(16,074)**	(17,964)
	104,752	122,182
Exchange differences arising on translation of the financial statements of foreign entities	**(145,433)**	4,577
Other comprehensive (loss)/ income for the period, net of tax	**(40,681)**	126,759
Total comprehensive income for the period, net of tax	**1,146,871**	1,517,632
Attributable to:		
Non-controlling interests	**261,164**	346,394
Shareholders of the Company	**885,707**	1,171,238
Total comprehensive income for the period, net of tax	**1,146,871**	1,517,632

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

HK$'000	Note	**As at 30 Jun 2016**	As at 31 Dec 2015
ASSETS			
Cash and balances with banks		**10,899,333**	17,631,716
Placements with banks maturing between one and twelve months		**8,422,195**	7,714,421
Trading securities	11	**9,269,640**	8,766,304
Financial assets designated at fair value through profit or loss	11	**12,176,344**	11,000,786
Derivative financial instruments		**966,342**	1,100,710
Advances and other accounts	12	**122,439,735**	120,776,773
Available-for-sale securities	13	**27,742,104**	24,533,819
Held-to-maturity securities	14	**11,307,648**	10,698,859
Investment in an associate		**4,344,042**	4,099,217
Investments in jointly controlled entities		**78,718**	71,119
Goodwill		**950,992**	950,992
Intangible assets		**81,898**	82,480
Premises and other fixed assets		**2,221,499**	2,222,465
Investment properties		**916,162**	886,664
Current income tax assets		**5,409**	5,784
Deferred income tax assets		**78,499**	83,473
Value of in-force long-term life assurance business		**2,418,975**	2,166,695
Total assets		**214,319,535**	212,792,277
LIABILITIES			
Deposits from banks		**1,801,444**	1,550,911
Derivative financial instruments		**1,614,168**	1,500,591
Trading liabilities		**3,824,813**	6,270,630
Deposits from customers		**148,953,038**	149,264,197
Certificates of deposit issued		**6,262,620**	6,231,837
Subordinated notes		**5,393,954**	5,279,340
Other accounts and accruals		**7,542,499**	5,785,899
Current income tax liabilities		**284,114**	208,046
Deferred income tax liabilities		**104,851**	95,950
Liabilities to policyholders under long-term insurance contracts		**11,911,486**	10,695,944
Total liabilities		**187,692,987**	186,883,345
EQUITY			
Non-controlling interests		**5,631,224**	5,463,846
Equity attributable to the Company's shareholders			
Share capital		**4,248,559**	4,248,559
Other reserves (including retained earnings)		**16,746,765**	16,196,527
Shareholders' funds	15	**20,995,324**	20,445,086
Total equity		**26,626,548**	25,908,932
Total equity and liabilities		**214,319,535**	212,792,277

Note:

1. General information

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

2. Unaudited financial statements and accounting policies

The information set out in this interim results announcement does not constitute statutory financial statements.

Certain financial information in this interim results announcement is extracted from the statutory financial statements for the year ended 31 December 2015 (the “2015 financial statements”) which have been delivered to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and the Hong Kong Monetary Authority (“HKMA”).

The auditor’s report on the 2015 financial statements was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Basis of preparation and accounting policies

Except as described below, the accounting policies and methods of computation used in the preparation of the 2016 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 2015.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2016:

- Annual Improvements to HKFRSs 2012-2014 Cycle contains amendments to four standards. Among them, HKAS 34, Interim Financial Reporting, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group’s interim financial statements as the Group has not presented any of the required disclosures outside the interim financial statements.

- Amendments to HKAS 1, “Presentation of financial statements: Disclosure initiative” introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group’s interim financial statements.

On 2 June 2016, the Group announced that it had entered into a share sale agreement with an external party pursuant to which it conditionally agreed to sell (the “Sale”) to the latter the entire issued share capital of certain of its subsidiaries, namely Dah Sing Life Assurance Company Limited (“DSLA”), Dah Sing Insurance Services Limited (“DSIS”) and Macau Life Insurance Company Limited (“MLIC”), whose collective core business is the sale and underwriting of life insurance products in Hong Kong and Macau. The completion of the Sale is conditional on a number of conditions which include obtaining the approval from the relevant regulatory authorities. As at the date of this interim results announcement, the regulatory filing process for the purpose of regulatory review and approval is still at its early stage. The Company has therefore continued to include DSLA, DSIS and MLIC as its subsidiaries and consolidate them as part of the Group in preparing the 2016 interim financial statements.

2. Unaudited financial statements and accounting policies (Continued)

Basis of preparation and accounting policies (Continued)

The interim condensed consolidated financial statements are presented in thousands of Hong Kong dollars (HK$'000), unless otherwise stated, and were approved by the Board of Directors for issue on 24 August 2016.

These interim condensed consolidated financial statements have not been audited.

3. Net interest income

For the six months ended 30 June

HK$'000	**2016**	2015
Interest income		
Cash and balances with banks	**136,518**	170,425
Investments in securities	**551,313**	471,301
Advances and other accounts	**2,036,387**	2,017,217
	2,724,218	2,658,943
Interest expense		
Deposits from banks/ Deposits from customers	**631,009**	777,490
Certificates of deposit issued	**36,795**	41,659
Subordinated notes	**105,440**	96,344
Others	**3,855**	673
	777,099	916,166
Included within interest income		
Interest income on financial assets not at fair value through profit or loss	**2,563,741**	2,528,987
Included within interest expense		
Interest expenses on financial liabilities not at fair value through profit or loss	**772,102**	914,244

For the six months ended 30 June 2016 and 30 June 2015, there was no interest income recognised on impaired assets.

4. Net fee and commission income

For the six months ended 30 June

HK$'000	**2016**	2015
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	**78,358**	69,833
- Trade finance	**37,245**	59,710
- Credit card	**137,815**	146,418
Other fee and commission income		
- Securities brokerage	**36,249**	81,582
- Retail investment and wealth management services	**108,997**	116,512
- Bank services and handling fees	**32,871**	31,884
- Other fees	**31,364**	86,363
	462,899	592,302
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	**101,179**	103,497
- Other fees paid	**9,806**	6,538
	110,985	110,035

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

HK$'000	**2016**	2015
Dividend income from financial assets at fair value through profit or loss	**49,084**	32,007
Net gain arising from dealing in foreign currencies	**70,467**	92,860
Net loss on trading securities	**(376)**	(17,519)
Net gain from derivatives entered into for trading purpose	**15,172**	30,693
Net gain/ (loss) arising from financial instruments subject to fair value hedge	**11,751**	(9,094)
Net gain/ (loss) arising from financial instruments designated at fair value through profit or loss	**447,315**	(17,207)
	593,413	111,740

6. Other operating income

For the six months ended 30 June

HK$'000	**2016**	2015
Dividend income from investments in available-for-sale securities	**13,724**	12,438
Gross rental income from investment properties	**14,473**	13,206
Other rental income	**5,563**	6,361
Others	**6,186**	3,872
	39,946	35,877

7. Operating expenses

For the six months ended 30 June

HK$'000	**2016**	2015
Employee compensation and benefit expenses (including directors' remuneration)	**832,194**	797,997
Premises and other fixed assets expenses, excluding depreciation	**157,890**	145,919
Depreciation	**84,329**	85,128
Advertising and promotion costs	**38,824**	48,122
Printing, stationery and postage	**17,597**	17,580
Amortisation expenses of intangible assets	**583**	1,020
Others	**135,887**	131,140
	1,267,304	1,226,906

8. Loan impairment losses

For the six months ended 30 June

HK$'000	**2016**	2015
Net charge of impairment losses on advances and other accounts		
- Individually assessed	**170,975**	70,605
- Collectively assessed	**173,504**	122,559
	344,479	193,164
Of which		
- new and additional allowances (including amounts directly written off in the period)	**409,663**	262,383
- releases	**(39,348)**	(47,349)
- recoveries	**(25,836)**	(21,870)
	344,479	193,164

9. Taxation

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) 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 at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised.

For the six months ended 30 June

HK$'000	**2016**	2015
Current income tax		
- Hong Kong profits tax	**114,712**	156,758
- Overseas taxation	**21,653**	20,646
- Under-provision in prior periods	**1,307**	4,918
Deferred income tax		
- Origination and reversal of temporary differences	**(4,231)**	(3,309)
Taxation	**133,441**	179,013

10. Basic and diluted earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2016 is based on earnings of HK$913,881,000 and the weighted average number of 335,075,100 ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2016 is based on earnings of HK$913,881,000 and the weighted average number of 335,243,737 ordinary shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares.

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on earnings of HK$1,073,884,000 and the weighted average number of 335,075,100 ordinary shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2015 is based on earnings of HK$1,073,884,000 and the weighted average number of 335,285,729 ordinary shares in issue during the period after adjusting for the effects of all dilutive potential ordinary shares.

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

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Trading securities:		
Debt securities:		
- Listed in Hong Kong	**85,473**	58,398
- Unlisted	**8,995,011**	8,513,996
	9,080,484	8,572,394
Equity securities:		
- Listed in Hong Kong	**47,191**	61,592
- Listed outside Hong Kong	**137,404**	126,915
- Unlisted, interests in investment funds	**4,561**	5,403
	189,156	193,910
Total trading securities	**9,269,640**	8,766,304

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

	As at 30 Jun 2016	As at 31 Dec 2015
Financial assets designated at fair value through profit or loss:		
Debt securities:		
- Listed in Hong Kong	**1,078,348**	936,627
- Listed outside Hong Kong	**5,361,878**	2,965,456
- Unlisted	**1,835,787**	3,603,684
	8,276,013	7,505,767
Equity securities:		
- Listed in Hong Kong	**937,788**	966,514
- Listed outside Hong Kong	**1,540,553**	1,075,113
- Unlisted	**1,421,990**	1,453,392
	3,900,331	3,495,019
Total financial assets designated at fair value through profit or loss	**12,176,344**	11,000,786
Total trading securities and financial assets designated at fair value through profit or loss	**21,445,984**	19,767,090
Included within debt securities are:		
- Government bonds included in trading securities which are cash equivalents	**2,619,618**	228,497
- Government bonds included in trading securities	**6,460,616**	8,343,648
- Other government bonds	**461,052**	396,841
- Other debt securities	**7,815,211**	7,109,175
	17,356,497	16,078,161

As at 30 June 2016 and 31 December 2015, 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 30 Jun 2016	As at 31 Dec 2015
- Central governments and central banks	**9,541,286**	8,968,986
- Public sector entities	**8,757**	77,047
- Banks and other financial institutions	**2,496,517**	1,333,728
- Corporate entities	**9,399,424**	9,387,329
	21,445,984	19,767,090

12. Advances and other accounts

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Gross advances to customers	**111,896,788**	109,625,324
Trade bills	**5,463,468**	6,469,899
Other assets		
- Other accounts receivable and prepayments	**5,993,856**	5,396,317
	123,354,112	121,491,540
Less: impairment allowances		
- Individually assessed	**(501,270)**	(347,538)
- Collectively assessed	**(413,107)**	(367,229)
	(914,377)	(714,767)
Advances and other accounts	**122,439,735**	120,776,773

12. 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 2016		As at 31 Dec 2015	
	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	**2,488,685**	**56.3**	1,909,605	66.5
- Property investment	**15,687,305**	**99.6**	16,136,906	98.5
- Financial concerns	**2,989,499**	**43.5**	1,118,110	30.7
- Stockbrokers	**794,567**	**40.3**	965,931	45.1
- Wholesale and retail trade	**4,311,475**	**91.4**	4,144,996	90.1
- Manufacturing	**2,451,800**	**93.1**	3,026,032	93.5
- Transport and transport equipment	**3,635,577**	**84.1**	3,713,584	89.1
- Recreational activities	**62,100**	**100.0**	262,522	56.5
- Information technology	**76,361**	**88.9**	72,019	89.1
- Others	**5,612,152**	**82.0**	5,454,602	83.3
	38,109,521	**85.7**	36,804,307	88.5
Individuals				
- Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**811,282**	**100.0**	869,023	100.0
- Loans for the purchase of other residential properties	**21,745,196**	**99.9**	21,260,300	99.9
- Credit card advances	**4,570,814**	**-**	4,465,225	-
- Others	**9,921,128**	**35.8**	9,217,401	37.5
	37,048,420	**70.4**	35,811,949	71.4
Loans for use in Hong Kong	**75,157,941**	**78.1**	72,616,256	80.1
Trade finance (Note (1))	**7,592,125**	**67.7**	7,394,880	66.5
Loans for use outside Hong Kong (Note (2))	**29,146,722**	**70.5**	29,614,188	68.7
	111,896,788	**75.4**	109,625,324	76.1

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 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$557,598,000 (31 December 2015: HK$592,075,000) 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.

12. Advances and other accounts (Continued)

(b) Impaired, overdue and rescheduled assets

(i) Impaired loans

	As at 30 Jun 2016	As at 31 Dec 2015
Impaired loans and advances		
- Individually impaired (Note (1))	**1,132,309**	796,319
- Collectively impaired (Note (2))	**23,808**	21,815
	1,156,117	818,134
Impairment allowances made		
- Individually assessed (Note (3))	**(480,195)**	(327,953)
- Collectively assessed (Note (2))	**(21,767)**	(20,026)
	(501,962)	(347,979)
	654,155	470,155
Fair value of collaterals held*	**783,237**	582,726
Impaired loans and advances as a % of total loans and advances to customers	**1.03%**	0.75%

* Fair value of collateral is determined at 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.

12. Advances and other accounts (Continued)

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

(ii) Gross amount of overdue loans

	As at 30 Jun 2016		As at 31 Dec 2015	
	Gross amount of overdue loans	**% of total**	Gross amount of overdue loans	% of total
Gross advances to customers which have been overdue for:				
- six months or less but over three months	**268,209**	**0.24**	229,892	0.21
- one year or less but over six months	**352,399**	**0.31**	260,593	0.24
- over one year	**342,098**	**0.31**	209,635	0.19
	962,706	**0.86**	700,120	0.64
Market value of securities held against the secured overdue advances	**981,849**		1,196,607	
Secured overdue advances	**648,136**		525,584	
Unsecured overdue advances	**314,570**		174,536	
Individual impairment allowances	**383,863**		213,854	

Collateral and securities held against impaired or overdue loans are principally represented by pledged deposits, mortgages over properties and charges over other fixed assets such as equipment.

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

	As at 30 Jun 2016	**% of total**	As at 31 Dec 2015	% of total
Advances to customers	**375,231**	**0.34**	243,284	0.22
Impairment allowances	**27,933**		15,825	

12. Advances and other accounts (Continued)

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

(iv) Trade bills

	As at 30 Jun 2016	As at 31 Dec 2015
Trade bills which have been overdue for:		
- six months or less but over three months	**4,647**	1,975
- one year or less but over six months	**5,244**	3,070
- over one year	**3,074**	-
	12,965	5,045

(c) Repossessed collateral

Repossessed collateral held is as follows:

	As at 30 Jun 2016	As at 31 Dec 2015
Nature of assets		
Repossessed properties	**196,663**	140,163
Others	**7,216**	7,464
	203,879	147,627

13. Available-for-sale securities

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Debt securities:		
- Listed in Hong Kong	**13,524,882**	12,724,190
- Listed outside Hong Kong	**11,461,463**	9,060,290
- Unlisted	**1,997,666**	1,989,770
	26,984,011	23,774,250
Equity securities:		
- Listed in Hong Kong	**441,655**	391,038
- Listed outside Hong Kong	**111,479**	47,662
- Unlisted	**204,959**	320,869
	758,093	759,569
Total available-for-sale securities	**27,742,104**	24,533,819

Note:

As at 30 June 2016 and 31 December 2015, there were no certificates of deposit held included in the above balances of investments in debt securities.

	As at 30 Jun 2016	As at 31 Dec 2015
Available-for-sale securities are analysed by categories of issuers as follows:		
- Central governments and central banks	**3,521,640**	3,848,200
- Public sector entities	**579,755**	500,463
- Banks and other financial institutions	**4,187,820**	4,158,534
- Corporate entities	**19,450,361**	16,024,094
- Others	**2,528**	2,528
	27,742,104	24,533,819

14. Held-to-maturity securities

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Debt securities:		
- Listed in Hong Kong	**3,107,095**	2,384,910
- Listed outside Hong Kong	**3,986,690**	4,441,722
- Unlisted	**4,213,863**	3,872,227
	11,307,648	10,698,859
Included within debt securities are:		
- Certificates of deposit held	**853,774**	1,177,533
- Other debt securities	**10,453,874**	9,521,326
	11,307,648	10,698,859
Held-to-maturity securities are analysed by categories of issuers as follows:		
- Central governments and central banks	**3,122,881**	2,436,484
- Public sector entities	**3,917**	3,912
- Banks and other financial institutions	**3,435,422**	3,673,686
- Corporate entities	**4,745,428**	4,584,777
	11,307,648	10,698,859

15. Shareholders' funds

HK$'000	**As at 30 Jun 2016**	As at 31 Dec 2015
Share capital	**4,248,559**	4,248,559
Premises revaluation reserve	**227,161**	227,161
Investment revaluation reserve	**326,458**	246,192
Exchange reserve	**(54,042)**	54,458
Capital reserve	**18,482**	18,871
General reserve	**484,289**	484,289
Reserve for share-based compensation	**6,680**	6,625
Retained earnings	**15,737,737**	15,158,931
	20,995,324	20,445,086
Proposed dividend included in retained earnings	**97,172**	335,075

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.

As at 30 June 2016, DSB has earmarked a regulatory reserve of HK$1,416,000,000 (31 December 2015: HK$ 1,528,440,000) first against its consolidated general reserve; and for any excess amount, the balance is earmarked against its consolidated retained earnings.

16. 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.

16. Operating segment reporting (Continued)

For the six months ended 30 June 2016

HK$'000	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Insurance Business	Others	Inter-segment	Total
Net interest income/ (expenses)	741,204	626,475	191,609	244,084	176,463	(32,716)	-	1,947,119
Non-interest income/ (expenses)	288,161	93,834	78,494	53,608	71,861	(1,369)	(21,440)	563,149
Total operating income/ (loss) net of insurance claims	1,029,365	720,309	270,103	297,692	248,324	(34,085)	(21,440)	2,510,268
Operating expenses	(635,617)	(197,093)	(69,207)	(220,038)	(138,442)	(28,347)	21,440	(1,267,304)
Operating profit/ (loss) before impairment (losses)/ written back	393,748	523,216	200,896	77,654	109,882	(62,432)	-	1,242,964
Loan impairment (losses)/ written back	(136,616)	(230,583)	-	22,720	-	-	-	(344,479)
Operating profit/ (loss) after impairment (losses)/ written back	257,132	292,633	200,896	100,374	109,882	(62,432)	-	898,485
Net (loss)/ gain on disposal of other fixed assets	(56)	(4)	-	(9)	-	87	-	18
Net gain on disposal of available-for-sale securities	-	-	13,219	-	-	48,736	-	61,955
Provision for loss on dilution of interest in an associate	-	-	-	-	-	-	-	-
Share of results of an associate	-	-	-	352,936	-	-	-	352,936
Share of results of jointly controlled entities	-	-	-	-	-	7,599	-	7,599
Profit/ (loss) before taxation	257,076	292,629	214,115	453,301	109,882	(6,010)	-	1,320,993
Taxation (expenses)/ credit	(42,417)	(48,284)	(35,329)	(19,546)	11,875	260	-	(133,441)
Profit/ (loss) after taxation	214,659	244,345	178,786	433,755	121,757	(5,750)	-	1,187,552
For the six months ended 30 June 2016								
Depreciation and amortisation	31,465	6,654	3,070	17,919	7,486	18,318	-	84,912
As at 30 June 2016								
Segment assets	45,339,194	55,152,495	60,957,463	32,710,197	20,371,310	6,015,675	(6,226,799)	214,319,535
Segment liabilities	86,584,162	37,627,899	13,718,468	23,974,178	15,831,640	16,183,439	(6,226,799)	187,692,987

16. Operating segment reporting (Continued)

For the six months ended 30 June 2015

	Personal Banking	Commercial Banking	Treasury	Overseas Banking	Insurance Business	Others	Inter-segment	Total
Net interest income/ (expenses)	661,831	550,376	147,864	261,691	147,966	(26,951)	-	1,742,777
Non-interest income/ (expenses)	338,239	136,596	125,327	67,296	135,719	82,654	(20,663)	865,168
Total operating income net of insurance claims	1,000,070	686,972	273,191	328,987	283,685	55,703	(20,663)	2,607,945
Operating expenses	(599,114)	(187,869)	(71,525)	(235,166)	(137,255)	(16,640)	20,663	(1,226,906)
Operating profit before impairment losses	400,956	499,103	201,666	93,821	146,430	39,063	-	1,381,039
Loan impairment losses	(114,497)	(51,425)	-	(27,242)	-	-	-	(193,164)
Operating profit after impairment losses	286,459	447,678	201,666	66,579	146,430	39,063	-	1,187,875
Net (loss)/ gain on disposal of other fixed assets	(319)	(7)	(4)	11	6	(29)	-	(342)
Net gain on disposal of available-for-sale securities	-	-	5,779	-	7,992	1,604	-	15,375
Provision for loss on dilution of interest in an associate	-	-	-	(32,000)	-	-	-	(32,000)
Share of results of an associate	-	-	-	388,861	-	-	-	388,861
Share of results of jointly controlled entities	-	-	-	-	-	10,117	-	10,117
Profit before taxation	286,140	447,671	207,441	423,451	154,428	50,755	-	1,569,886
Taxation expenses	(47,213)	(73,865)	(34,228)	(11,233)	(8,184)	(4,290)	-	(179,013)
Profit after taxation	238,927	373,806	173,213	412,218	146,244	46,465	-	1,390,873
For the six months ended 30 June 2015								
Depreciation and amortisation	29,210	6,010	3,370	21,251	7,529	18,778	-	86,148
As at 31 December 2015								
Segment assets	44,238,858	55,906,000	63,141,488	31,842,489	18,638,943	4,851,310	(5,826,811)	212,792,277
Segment liabilities	85,575,624	37,962,644	16,816,776	23,429,044	14,233,827	14,692,241	(5,826,811)	186,883,345

16. 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 six months ended 30 June 2016				
Total operating income net of insurance claims	**2,260,754**	**250,072**	**(558)**	**2,510,268**
Profit before taxation	**1,187,059**	**133,934**	**-**	**1,320,993**
As at 30 June 2016				
Total assets	**195,467,739**	**19,859,908**	**(1,008,112)**	**214,319,535**
Total liabilities	**171,603,607**	**17,097,492**	**(1,008,112)**	**187,692,987**
Intangible assets and goodwill	**318,667**	**714,223**	**-**	**1,032,890**
Contingent liabilities and commitments	**69,232,734**	**1,687,686**	**(31,568)**	**70,888,852**

	Hong Kong and Others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2015				
Total operating income net of insurance claims	2,375,336	233,167	(558)	2,607,945
Profit before taxation	1,444,441	125,445	-	1,569,886
As at 31 December 2015				
Total assets	194,868,421	19,569,962	(1,646,106)	212,792,277
Total liabilities	171,615,505	16,913,946	(1,646,106)	186,883,345
Intangible assets and goodwill	318,667	714,805	-	1,033,472
Contingent liabilities and commitments	76,227,916	1,862,414	(32,000)	78,058,330

FINANCIAL RATIOS

	Six months ended 30 Jun 2016	Six months ended 30 Jun 2015
Net interest income/operating income	**77.6%**	66.8%
Cost to income ratio	**50.5%**	47.0%
Return on average total assets (annualised)	**0.8%**	1.1%
Return on average shareholders' funds (annualised)	**8.7%**	11.1%
Net interest margin	**1.94%**	1.76%

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK$0.29 per share for 2016 payable on Friday, 23 September 2016 to shareholders whose names are on the Register of Shareholders at the close of business on Thursday, 15 September 2016.

CLOSURE OF REGISTER OF SHAREHOLDERS

For determining shareholders' entitlement to receive the interim dividend:

Closure dates of Register of Shareholders (both days inclusive)	13 September 2016 (Tuesday) to 15 September 2016 (Thursday)
Latest time to lodge transfers	4:30 p.m. on 12 September 2016 (Monday)
Record date	15 September 2016 (Thursday)
Payment date of the interim dividend	23 September 2016 (Friday)

In order to qualify for the interim dividend, all transfer documents 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 before the above latest time to lodge transfers.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

The first half of 2016 continued to be difficult for both the global and local economies. Hong Kong GDP growth in the first half was 1.2%, with a slight improvement recorded in the second quarter growth at 1.7% reversing the disappointing first quarter growth at only 0.8% and the prior quarter-on-quarter contraction. Retail sales and domestic consumption were weak, though a slight year-on-year improvement was recorded in the second quarter. However, unemployment, whilst deteriorating slightly, remained at the generally benign level of 3.4%. Market conditions were also difficult with volatility in both equity and currency markets. This was further exacerbated by the unexpected outcome of the Brexit vote towards the middle of the year. Against this economic and market backdrop, US and therefore HK interest rate increases remained on hold. Globally, interest rates remain extremely low, or even negative yield for the government bonds in some developed countries. However, local liquidity conditions in Hong Kong remained benign.

Against this more difficult economic and market background, our profit attributable to shareholders for the first half of 2016 decreased by approximately 14.9% to HK$914 million. The decrease in profit was driven both by lower profit from our banking operations in Hong Kong, which in aggregate reported a decrease in operating profit after impairment losses of 23.1% to HK$803 million, and by lower results from our insurance business, which reported a decrease in operating profit of 16.7% to HK$122 million.

BUSINESS AND FINANCIAL REVIEW

As a result of the weakening economic conditions referred to above, the Banking Group's performance was adversely affected. Whilst net interest income improved by 11% to HK$1,769 million, loan growth was sluggish, and fee and commission income dropped versus the prior period. The net interest margin improved from 1.76% in the first half of 2015, 1.90% in the second half of 2015, to 1.94% in the current period, mainly due to continued low funding costs in the domestic Hong Kong market. Fee and commission income was down by 19.3% to HK$508 million due to lower fee income from our commercial banking and trade finance business, a worse performance from our retail securities broking business and wealth management product sales, and lower sales of treasury products, particularly to our corporate customers. Our bancassurance distribution in the period, however, reported both increased volumes and commission income compared with the prior period. Our overseas banking business reported slightly improved performance. Despite that our share of the net profit of Bank of Chongqing ("BOCQ") dropped following the dilution in our shareholding from approximately 17% to approximately 14.7% caused by the completion of their share placement towards the end of last year, a solid increase in the underlying net profit of BOCQ by around 10% in the period, and our HK$32 million provision for the possible accounting loss on the deemed partial disposal of our interest in BOCQ made in mid 2015 resulted in a rather mild impact, when compared with the first half of 2015, in the overall contribution from BOCQ recognised in our consolidated results. Our Macau business reported moderately lower profitability, whilst the performance of our Mainland subsidiary, Dah Sing Bank (China), improved. Credit costs overall were up, led mainly by increases in loan impairments in our Hong Kong based commercial banking business due to financial difficulties experienced by some SME borrowers, as well as some increase in collective impairment charges in our retail banking business, driven mainly by increases in volumes of unsecured personal loans.

Our insurance business reported slightly lower sales during the period, as the better sales performance from our bancassurance business was offset by the lower sales produced by the agency force. Investment performance during the period was much improved, due mainly to lower long-term interest rates during the period driving an improved mark-to-market valuation for our fixed income portfolio. However, the lower interest rates also resulted in higher transfers to reserves of our life insurance business, and a lower expected future level of investment returns, resulting in aggregate a lower embedded value profit for our insurance business overall, with profit dropping by 16.7% to HK$122 million.

Both return on assets of 0.8% and ROE of 8.7% were lower than in the same period in 2015, due to the lower level of profit reported. The cost to income ratio was slightly up from 47% to 50.5%, due to the reduced income during the period, despite tight cost control.

BUSINESS AND FINANCIAL REVIEW (Continued)

As at 30 June 2016, the consolidated Common Equity Tier 1 ratio of Dah Sing Bank, Limited ("DSB") strengthened to 12.4%, compared with 12.2% at the end of 2015, driven by slower asset growth coupled with higher retained earnings, as no additional capital raising was undertaken during the period. Total consolidated capital adequacy ratio stood at 16.7%, same as at the end of last year despite the growth in Common Equity Tier 1 mentioned above, mainly due to the phase out of a portion of the non-Basel III compliant subordinated debts as eligible Tier 2 capital base under the transitional arrangement.

The Company announced on 2 June 2016 the entering into of the share sale agreement (the "Share Sale Agreement") with a wholly owned subsidiary of Fujian Thai Hot Investment Company, Limited ("Thai Hot") in respect of the sale of Dah Sing Life Assurance Company Limited ("DSLA") and Macau Life Insurance Company Limited ("MLIC") (the life insurance subsidiaries of the Company) to Thai Hot, subject to certain conditions precedents including regulatory approvals.

Under the Share Sale Agreement, it was proposed that new bancassurance distribution agreements for 15 years ("New DAs") between DSB and its wholly owned Macau subsidiary bank (Banco Comercial de Macau "BCM") on the one hand, and DSLA and MLIC on the other side be entered into and take effect on completion of the Share Sale Agreement. DSLA and MLIC will become subsidiaries of Thai Hot on completion of the Share Sale Agreement. DSB and BCM are wholly owned subsidiaries of Dah Sing Banking Group Limited ("DSBG").

An Extraordinary General Meeting ("EGM") of DSBG was held on 5 August 2016 to confirm and approve the entering into of the New DAs respectively by DSB and BCM. As announced by DSBG, 99.999% of the votes cast by the independent shareholders of DSBG at the EGM were in favour of the resolution to approve the entry into of the New DAs.

Separately, an EGM of the Company to approve the Share Sale Agreement as a major transaction of the Company will be held on 25 August 2016 for the shareholders of the Company to consider and if thought fit, approve the disposal of DSLA and MLIC under the Share Sale Agreement.

PROSPECTS

Conditions in the first half of 2016 have generally been difficult. Local and global economic conditions have generally weakened, and Hong Kong has experienced a relatively slower GDP growth during the first half of the year, which is not expected to improve strongly in the near term, based on the Hong Kong Government's forecast that local GDP growth in 2016 is expected to be in the range of 1-2%. Financial markets have been volatile, and weak equity markets and large moves in FX have generally been negative for our fee and commission income. Whilst economic growth in Mainland China continues to be at the upper end of the range globally, there is continued evidence that growth has slowed significantly when compared to that experienced a few years ago.

These more difficult economic and market conditions have led to slower loan growth, lower fee and commission income, and higher loan impairment charges. It is unlikely that local economic conditions will rebound strongly in the near future, and therefore business conditions are expected to remain weak in the second half of the year. As the sluggish rate of loan growth continues and is not expected to recover strongly in the second half of the year, this has begun to be reflected in lower loan pricing for certain loan products such as residential mortgages.

More encouragingly, despite the weaker economic conditions, unemployment remains relatively low, and local market liquidity is strong. Whilst credit quality has worsened somewhat, the pace of deterioration remains manageable. Costs remain under control generally, and interest rates have remained low. Whilst it is still possible that the US Federal Reserve will raise US interest rates before the end of the year, in general interest rates have remained lower than was expected at the beginning of the year. There are a number of global political uncertainties at present, including the results of the US Presidential election later in the year, as well as the further development of "Brexit" as the UK makes preparations to leave the European Union.

For all of these reasons, we remain cautious as to the outlook in the second half of the year, and our business will be managed accordingly. This means that we will continue to be cautious as regards credit and overall risk management, and will manage costs appropriately. Continued engagement with our customers remains key, and we will look for opportunities to ensure that we can continue to provide quality service to customers. In line with our vision and strategy to grow with our customers, Dah Sing Bank launched in July a campaign in the second half of the year to promote our brand with the theme of "Together we progress and prosper".

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2016, the Company has complied with all the code provisions as set out in the Corporate Governance Code ("CG Code") under Appendix 14 of the Listing Rules, with the exception of code provision A.4.1.

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.

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 had complied with the required standard set out in the Model Code and the Directors' Dealing Code throughout the six months ended 30 June 2016.

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 six months ended 30 June 2016.

REMUNERATION AND STAFF DEVELOPMENT

There have been no material changes to the information disclosed in the Company's 2015 Annual Report in respect of the remuneration of employees, remuneration policies and training schemes.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of listed securities of the Company during the six months ended 30 June 2016.

INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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>.

The 2016 Interim Report of the Group containing all the information required by the Listing Rules will be published on the websites of the Hong Kong Stock Exchange and Dah Sing Bank in due course. Printed copies of the 2016 Interim Report will be sent to shareholders before the end of September 2016.

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), Gary Pak-Ling Wang and Nicholas John Mayhew as Executive Directors; Messrs. Eiichi Yoshikawa (Hidekazu Horikoshi 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, 24 August 2016