大新銀行集團有限公司
Dah Sing Banking Group Limited

(incorporated in Hong Kong with limited liability under the Companies Ordinance)
The holding company of Dah Sing Bank, Limited and MEVAS Bank Limited
(Stock Code: 2356)

ANNOUNCEMENT OF 2004 FINAL RESULTS

The Directors of Dah Sing Banking Group Limited (the "Company") are pleased to present the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2004.

A. CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31st December

	Note	**2004**	2003	Variance
		HK$'000	*HK$'000*	%
Interest income		**2,228,406**	2,355,956	
Interest expense		**(581,940)**	(672,575)	
Net interest income		**1,646,466**	1,683,381	-2.2
Other operating income	3	**531,938**	534,254	-0.4
Operating income		**2,178,404**	2,217,635	-1.8
Operating expenses	4	**(802,246)**	(781,087)	2.7
Operating profit before provisions		**1,376,158**	1,436,548	-4.2
Charge for bad and doubtful debts	5			
– Continuing operations		**(208,746)**	(534,752)	-61.0
– Discontinued operation		**(9)**	(2)	
Operating profit after provisions		**1,167,403**	901,794	29.5
Net gain / (loss) on revaluation and disposal of fixed assets	6	**49,365**	(64,479)	
Net gain on disposal of non-trading securities		**46,698**	195,918	
Provisions on non-trading securities		**–**	(25,877)	
Profit on ordinary activities		**1,263,466**	1,007,356	25.4
Share of results of jointly controlled entities		**4,095**	(2,015)	
Net other contribution from discontinued operation	2	**276**	141	
Reorganisation costs	7	**(8,963)**	–	
Profit before taxation		**1,258,874**	1,005,482	25.2
Taxation	8			
– Continuing operations		**(136,479)**	(122,758)	
– Discontinued operation		**(47)**	(18)	
Profit after taxation		**1,122,348**	882,706	27.1
Minority interests		**(2,683)**	(2,880)	
Profit attributable to shareholders		**1,119,665**	879,826	27.3
Dividends				
Interim dividend paid		**211,561**		
Proposed final dividend		**349,536**		
		561,097		
Earnings per share	9			
Basic		**HK$1.29**	HK$1.09	
Diluted		**HK$1.29**	N/A	
Dividend per share				
Interim		**HK$0.23**		
Proposed final		**HK$0.38**		

B. CONSOLIDATED BALANCE SHEET

As at 31st December

	Note	2004 HK$'000	2003 HK$'000
ASSETS			
Cash and short-term funds		**14,097,786**	10,983,523
Placements with banks and other financial institutions maturing between one and twelve months		**463,230**	–
Trade bills		**563,170**	737,548
Certificates of deposit held		**195,744**	204,400
Trading securities		**2,568,170**	2,789,214
Advances and other accounts	10	**33,702,549**	29,049,518
Current and deferred tax assets		**38,252**	89
Held-to-maturity securities		**1,296,927**	392,198
Non-trading securities		**17,444,626**	17,091,136
Investments in jointly controlled entities		**27,080**	22,985
Fixed assets		**914,404**	893,750
Total assets		**71,311,938**	62,164,361
LIABILITIES			
Deposits and balances of banks and other financial institutions		**215,702**	161,972
Deposits from customers	11	**43,477,448**	40,152,196
Certificates of deposit issued		**8,452,136**	7,868,079
Issued debt securities		**2,332,305**	31,052
Current and deferred tax liabilities		**4,976**	61,550
Other accounts and accruals		**8,106,680**	7,219,535
Total liabilities		**62,589,247**	55,494,384
CAPITAL RESOURCES			
Loan capital		**971,794**	970,388
Minority interests		**19,990**	19,120
Share capital		**919,831**	809,900
Reserves		**6,461,540**	4,870,569
Proposed final dividend		**349,536**	–
Shareholders' funds	12	**7,730,907**	5,680,469
Total capital resources		**8,722,691**	6,669,977
Total liabilities and capital resources		**71,311,938**	62,164,361

C. CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st December

	Note	2004 HK$'000	2003 HK$'000
OPERATING ACTIVITIES			
Cash generated from operations		**2,596,683**	2,981,391
Interest paid on loan capital and debt securities issued		**(33,443)**	(30,837)
Interest paid on certificates of deposit issued		**(60,686)**	(122,042)
Hong Kong profits tax paid		**(166,875)**	(15,497)
Overseas tax paid		**(466)**	(1,346)
Net cash inflow from operating activities		**2,335,213**	2,811,669
INVESTING ACTIVITIES			
Purchase of fixed assets		**(26,991)**	(23,407)
Proceeds from disposal of fixed assets		**1,951**	6,321
Investments in partnerships for taxation purposes		**(57,979)**	(44,170)
Disposal of a subsidiary (net of cash and cash equivalents disposed of) as part of the Reorganisation	2	**(1,284)**	–
Net cash outflow from investing activities		**(84,303)**	(61,256)
Net cash inflow before financing		**2,250,910**	2,750,413
FINANCING			
Issue of ordinary shares		**1,391,724**	–
Share issue expenses		**(42,662)**	–
Reorganisation costs paid		**(8,963)**	–
Certificates of deposit issued		**1,915,658**	4,350,184
Certificates of deposit redeemed		**(1,333,294)**	(3,363,176)
Debt securities issued		**2,329,556**	31,052
Debt securities redeemed		**(31,118)**	–
Dividend paid to minority shareholder of a subsidiary		**(1,837)**	(1,838)
Dividends paid by subsidiaries prior to the Reorganisation		**(205,663)**	(545,662)
Dividends paid on ordinary shares		**(211,561)**	–
Net cash inflow from financing		**3,801,840**	470,560
Increase in cash and cash equivalents		**6,052,750**	3,220,973
Cash and cash equivalents at beginning of the year		**6,825,537**	3,604,564
Cash and cash equivalents at end of the year		**12,878,287**	6,825,537

Analysis of the balance of cash and cash equivalents:

Cash and balances with banks and other financial institutions	**1,426,432**	595,685
Money at call and short notice	**7,567,931**	4,996,907
Treasury bills with original maturity within three months	**3,610,361**	1,391,323
Placements with banks and other financial institutions with original maturity within three months	**463,230**	–
Deposits and balances of banks and other financial institutions with original maturity within three months	**(189,667)**	(158,378)
	12,878,287	6,825,537

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December

	Note	2004 *HK$'000*	2003 *HK$'000*
Total equity as at 1st January		**5,680,469**	5,378,087
Change in fair value of non-trading securities		**41,925**	137,747
Deficit write-back / (deficit) on revaluation of premises		**3,391**	(1,164)
Deferred tax liabilities released on premises and investment revaluation		**1,413**	1,909
Exchange differences arising on translation of the financial statements of a foreign subsidiary		**77**	(233)
Net gains not recognised in the profit and loss account		**46,806**	138,259
Profit attributable to shareholders		**1,119,665**	879,826
Issue of ordinary shares		**1,391,724**	–
Share issue expenses		**(42,662)**	–
Reserves pertaining to a subsidiary disposed of as part of the Reorganisation	2	**(1,173)**	–
Reserves transferred to profit and loss account upon disposal of non-trading securities		**(46,698)**	(195,918)
Deficit in reserves transferred to profit and loss account upon provisioning on non-trading securities		**–**	25,877
Dividends paid by subsidiaries prior to the Reorganisation		**(205,663)**	(545,662)
Dividends paid on ordinary shares		**(211,561)**	–
Total equity as at 31st December		**7,730,907**	5,680,469

Note:

(1) Results announcement

The financial information set out in this report does not constitute the Group's statutory accounts for the year ended 31st December 2004 but is derived from those accounts. The statutory accounts for the year ended 31st December 2004 will be available from the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in due course. The auditors have expressed an unqualified opinion on those accounts in their report dated 15th March 2005.

(2) Basis of preparation

The Company was established on 11th March 2004 as the holding company for the banking-related subsidiaries of the ultimate holding company, Dah Sing Financial Holdings Limited ("DSFH"). DSFH completed a group reorganisation (the "Reorganisation") during the year whereby DSFH transferred its banking-related subsidiaries to the Company. The Reorganisation, which was completed on 12th June 2004, was effected by a share-for-share swap of DSFH's interests in the banking-related subsidiaries (which comprise Dah Sing Bank, Limited, MEVAS Bank Limited, D.A.H. Holdings Limited and Global Courage Securities Limited) with the Company. The Company was subsequently listed on the Stock Exchange on 30th June 2004.

As part of the Reorganisation, Dah Sing Bank, Limited, which is now a subsidiary of the Company, disposed of its interest in the entire share capital of Dah Sing Insurance Agency Limited ("DS Insurance Agency") to the ultimate holding company, DSFH.

The statutory accounts from which the information set out in this report is extracted, are prepared under the historical cost convention as modified by the revaluation of certain premises, investment properties and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong, and comply with Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

On the basis of the merger accounting method set out in SSAP No. 27 "Accounting for Group Reconstructions", the consolidated accounts include the assets and liabilities, and results of the Company and the banking subsidiaries now forming the Group as if the Company had existed and these banking-related subsidiaries had been subsidiaries of the Company throughout the reporting periods.

The results and contribution under "discontinued operation" refer to those of DS Insurance Agency which have been included in the consolidated profit and loss account up to the date of disposal to DSFH, i.e. 12th June 2004.

HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (the "new HKFRSs") which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in the accounts for the year ended 31st December 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

(3) Other operating income

For the year ended 31st December

	2004 *HK$'000*	2003 *HK$'000*
Fees and commission income	**473,187**	467,583
Less: Fees and commission expense	**(56,524)**	(49,976)
Net fees and commission income	**416,663**	417,607
Net gain from foreign exchange trading	**73,490**	26,028
Net (loss) / gain from trading securities and derivatives	**(4,462)**	56,317
Dividend income from investments in securities		
Listed investments	**4,238**	162
Unlisted investments	**15,858**	9,738
Gross rental income from investment properties	**10,802**	11,900
Other rental income	**5,689**	5,417
Others	**9,660**	7,085
	531,938	534,254

(4) Operating expenses

For the year ended 31st December

	2004 *HK$'000*	2003 *HK$'000*
Staff costs (including directors' remuneration)	**471,124**	441,682
Premises and other fixed assets		
Rental of premises	**33,340**	44,100
Others	**53,810**	54,944
Depreciation	**63,153**	63,009
Auditors' remuneration	**2,625**	2,225
Other operating expenses	**178,194**	175,127
	802,246	781,087

Rental of premises under operating leases is stated net of rental income received from sub-lease agreements with third parties.

(5) Charge for bad and doubtful debts

For the year ended 31st December

	2004 *HK$'000*	2003 *HK$'000*	Variance %
Specific provisions charged	**165,975**	539,617	-69.2
General provisions charged / (written back)			
– Continuing operations	**42,771**	(4,865)	
– Discontinued operation	**9**	2	
	42,780	(4,863)	
Net charge to profit and loss account	**208,755**	534,754	-61.0

(6) Net gain / (loss) on revaluation and disposal of fixed assets

For the year ended 31st December

	2004 *HK$'000*	2003 *HK$'000*
Deficit write-back / (deficit) on revaluation of investment properties	**49,839**	(19,022)
Deficit on revaluation of premises	**–**	(45,187)
Gain on disposal of investment properties	**–**	590
Loss on disposal of other fixed assets	**(474)**	(860)
	49,365	(64,479)

Investment properties were revalued as at 31st December 2004. Both investment properties and premises were revalued as at 31st December 2003. Revaluations were conducted on an open market value basis by an independent professional chartered surveyor, Knight Frank Hong Kong Limited.

(7) Reorganisation costs

For the year ended 31st December

Reorganisation costs were direct expenditure arising from the Reorganisation as set out in Note 2 above shared by the Company.

	2004 *HK$'000*	2003 *HK$'000*
Stamp duty on transfers of shares	**5,826**	–
Legal and professional fees	**2,480**	–
Others	**657**	–
	8,963	–

(8) Taxation

For the year ended 31st December

Hong Kong profits tax has been calculated at the rate of 17.5% (2003: 17.5%) 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 rates of taxation prevailing in the countries in which the Group operates. A deferred tax asset on tax losses has been recognised to the extent that it is probable that taxable profit will be available against which these tax losses can be utilised.

The amount of taxation charged to the consolidated profit and loss account represents:

	2004 *HK$'000*	2003 *HK$'000*
Current taxation		
– Hong Kong profits tax		
– Continuing operations	**148,366**	133,511
– Discontinued operation	**47**	18
– Overseas taxation	**407**	1,005
Deferred taxation	**(12,294)**	(11,758)
	136,526	122,776

(9) Basic and diluted earnings per share

The Company was incorporated on 11th March 2004 with two fully paid subscriber's shares. On 12th June 2004, the Company issued a further 809,899,998 shares to DSFH as consideration for the acquisition of the latter's interest in various banking-related subsidiaries. On 30th June 2004, the Company issued an additional 100,100,000 shares upon completion of its initial public offering and listing on the Stock Exchange. On 19th July 2004, the Company issued a further 9,830,827 shares pursuant to the exercise of the over-allotment option by the international placing underwriters.

For the purpose of the calculation of basic earnings per share, on the basis of the merger accounting method adopted, the Company is considered as if it had the reported profit accrued to it, and had 809,900,000 shares in issue throughout the reporting years up to the date immediately before listing, after which its total number of shares was increased to 919,830,827.

Basic earnings per share is therefore calculated based on earnings of HK$1,119,665,000 (2003: HK$879,826,000) and the weighted average number of 864,955,785 (2003: 809,900,000) shares in issue during the year.

The calculation of diluted earnings per share is based on earnings of HK$1,119,665,000 and the weighted average number of 865,220,126 shares in issue during the year after adjusting for the effect of all dilutive potential ordinary shares.

(10) Advances and other accounts
As at 31st December

	2004 *HK$'000*	2003 *HK$'000*	Variance %
Advances to customers	**32,528,414**	27,942,364	16.4
Provisions for bad and doubtful debts			
– Specific	**(147,071)**	(235,747)	
– General	**(318,753)**	(274,376)	
	32,062,590	27,432,241	16.9
Advances to banks and other financial institutions	**15,549**	–	
Provisions for bad and doubtful debts			
– General	**(155)**	–	
	15,394	–	
Accrued interest	**405,532**	411,868	
Other accounts	**1,219,088**	1,205,529	
Provisions against accrued interest and other accounts			
– General	**(55)**	(120)	
	1,624,565	1,617,277	
	33,702,549	29,049,518	16.0

(a) Gross advances to customers by industry sector
As at 31st December

	2004 *HK$'000*	2003 *HK$'000*	Variance %
Industrial, commercial and financial			
– Property development	**179,157**	74,024	142.0
– Property investment	**3,100,094**	2,380,652	30.2
– Financial concerns	**537,898**	385,350	39.6
– Stockbrokers	**14,978**	9,065	65.2
– Wholesale and retail trade	**1,033,707**	1,018,219	1.5
– Manufacturing	**2,756,340**	2,262,914	21.8
– Transport and transport equipment	**1,904,984**	1,903,823	0.1
– Others	**1,009,823**	767,300	31.6
	10,536,981	8,801,347	19.7
Individuals			
– Loans for the purchase of flats in the Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	**2,143,031**	2,204,899	-2.8
– Loans for the purchase of other residential properties	**9,950,171**	8,801,491	13.1
– Credit card advances	**2,356,865**	2,131,724	10.6
– Others	**3,476,438**	2,770,559	25.5
	17,926,505	15,908,673	12.7
Loans for use in Hong Kong	**28,463,486**	24,710,020	15.2
Trade finance	**3,340,369**	2,657,311	25.7
Loans for use outside Hong Kong	**724,559**	575,033	26.0
	32,528,414	27,942,364	16.4

Over 90% of gross advances to customers were extended to customers located in Hong Kong.

(b) Non-performing loans
As at 31st December

	2004 *HK$'000*	% of Advances to Customers	2003 *HK$'000*	% of Advances to Customers
Gross advances	**311,928**	**0.96**	433,346	1.55
Specific provisions made	**(137,258)**		(209,965)	
	174,670		223,381	
Market value of securities held	**248,829**		228,250	
Interest in suspense	**16,356**		24,502	

Non-performing loans are loans and advances to customers on which interest is being placed in suspense or on which interest accrual has ceased.

(c) Overdue advances
As at 31st December

	2004 *HK$'000*	% of Advances to Customers	2003 *HK$'000*	% of Advances to Customers
Gross advances overdue for:				
Six months or less but over three months	**72,042**	**0.22**	121,029	0.43
One year or less but over six months	**75,051**	**0.23**	68,533	0.25
Over one year	**86,347**	**0.27**	177,266	0.63
	233,440	**0.72**	366,828	1.31
The amount on which interest is still being accrued	**16,378**		32,111	
Market value of securities held against the secured advances	**165,013**		207,073	
Secured overdue advances	**127,727**		189,193	
Unsecured overdue advances	**105,713**		177,635	
Specific provisions made	**104,429**		196,964	

(d) Overdue advances are reconciled to non-performing loans as follows:

As at 31st December

	2004 *HK$'000*	2003 *HK$'000*
Advances which are overdue for more than three months	**233,440**	366,828
Add: non-performing loans which are overdue for three months or less	**25,214**	65,438
Add: non-performing loans which are not yet overdue	**41,690**	7,985
Add: rescheduled advances net of amounts included in overdue advances	**27,962**	25,206
Less: advances which are overdue for more than three months and on which interest is still being accrued	**(16,378)**	(32,111)
Non-performing loans	**311,928**	433,346

Over 90% of non-performing loans and overdue loans were due from customers located in Hong Kong.

(e) Rescheduled advances (net of those which have been overdue for over three months and reported as part of Overdue advances above)

As at 31st December

	2004 *HK$'000*	**% of Advances to Customers**	2003 *HK$'000*	% of Advances to Customers
Rescheduled advances	**114,762**	**0.35**	210,515	0.75
Specific provisions made	**12,526**		12,074	

(f) Other overdue assets

Included in "Trade bills" in the balance sheet is an amount of HK$215,000 which had been overdue for six months or less but over three months as at 31st December 2004 (2003: an amount of HK$394,000 which had been overdue for over one year). Apart from this, there were no advances to banks and other financial institutions nor other assets that were classified under non-performing, overdue and rescheduled assets as at 31st December 2004 and 31st December 2003 respectively.

(g) Repossessed assets

Advances with repossessed collateral assets will continue to be accounted for as customer advances. Upon the repossession of collateral assets for realisation in recovering customer advances, the advances are adjusted to the net realisable value of the repossessed assets, which are revalued periodically. Specific provisions are made on the shortfall between the expected sales proceeds from realisation of the repossessed assets and the outstanding advances.

As at 31st December, the repossessed assets of the Group were as follows:

	2004 *HK$'000*	2003 *HK$'000*
Repossessed properties	**22,163**	64,629
Others	**–**	2,850
	22,163	67,479

The amount represents the estimated market value of the repossessed assets as at 31st December.

(11) Deposits from customers

As at 31st December

	2004 *HK$'000*	2003 *HK$'000*
Demand deposits and current account	**4,509,787**	3,757,246
Savings deposits	**8,384,517**	6,924,297
Time, call and notice deposits	**30,583,144**	29,470,653
	43,477,448	40,152,196

(12) Shareholders' funds

As at 31st December

	2004 *HK$'000*	2003 *HK$'000*
Share capital	**919,831**	809,900
Reserves		
Share premium	**2,054,513**	815,382
Consolidation reserve	**(220,986)**	(219,813)
Investment properties revaluation reserve	**53,482**	40,426
Premises revaluation reserve	**228,412**	236,386
Investment revaluation reserve	**75,684**	80,735
Exchange reserve	**(156)**	(233)
General reserve	**700,254**	700,254
Retained earnings	**3,570,337**	3,017,432
	6,461,540	4,670,569
Proposed final dividend	**349,536**	200,000
Total	**7,730,907**	5,680,469

(13) Segment reporting

For the year ended 31st December

Segmental information is presented in respect of the Group's business segments:

2004 *(HK$'000)*	**Personal Banking**	**Commercial Banking**	**Treasury**	**Unallocated**	**Elimination**	**Total**
Interest income from						
– external customers	**895,398**	**590,505**	**735,706**	**6,797**	**–**	**2,228,406**
– inter-segments	**337,492**	**25,169**	**–**	**22,969**	**(385,630)**	**–**
Interest expense to						
– external customers	**(389,819)**	**(70,115)**	**(112,419)**	**(9,587)**	**–**	**(581,940)**
– inter-segments	**–**	**–**	**(385,630)**	**–**	**385,630**	**–**
Net interest income	**843,071**	**545,559**	**237,657**	**20,179**	**–**	**1,646,466**
Other operating income	**315,361**	**107,854**	**76,969**	**31,754**	**–**	**531,938**
Operating income	**1,158,432**	**653,413**	**314,626**	**51,933**	**–**	**2,178,404**
Operating expenses	**(575,316)**	**(134,236)**	**(77,725)**	**(14,969)**	**–**	**(802,246)**
Operating profit before provisions	**583,116**	**519,177**	**236,901**	**36,964**	**–**	**1,376,158**

(Charge) / write-back of provisions for bad and doubtful debts						
– Continuing operations	**(157,859)**	**(52,157)**	**156**	**1,114**	–	**(208,746)**
– Discontinued operation	–	–	–	**(9)**	–	**(9)**
Operating profit after provisions	**425,257**	**467,020**	**237,057**	**38,069**	–	**1,167,403**
Net gain on revaluation and disposal of fixed assets	**179**	–	–	**49,186**	–	**49,365**
Net (loss) / gain on disposal of non-trading securities	**(5)**	–	**44,656**	**2,047**	–	**46,698**
Share of results of jointly controlled entities	–	–	–	**4,095**	–	**4,095**
Net other contribution from discontinued operation	–	–	–	**276**	–	**276**
Reorganisation costs	–	–	–	**(8,963)**	–	**(8,963)**
Profit before taxation	**425,431**	**467,020**	**281,713**	**84,710**	–	**1,258,874**
As at 31st December 2004						
Total assets	**18,768,712**	**15,284,547**	**36,064,101**	**1,194,578**	–	**71,311,938**
Total liabilities	**35,445,960**	**8,199,513**	**17,849,055**	**1,094,719**	–	**62,589,247**
For the year ended 31st December 2004						
Depreciation	**43,490**	**9,730**	**5,831**	**4,102**	–	**63,153**
Capital expenditure incurred	**20,366**	**4,841**	**801**	**6,993**	–	**33,001**

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 and receivable financing. Hire purchase finance and leasing related to equipment, vehicle and transport financing are included.

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

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

No geographical reporting is provided as over 90% of the Group's revenues and assets are originated from business decisions and operations based in Hong Kong.

2003 (HK$000)	Personal Banking	Commercial Banking	Treasury	Unallocated	Elimination	Total
Interest income from						
– external customers	950,603	578,781	819,834	6,738	–	2,355,956
– inter-segments	319,523	–	–	–	(319,523)	–
Interest expense to						
– external customers	(358,210)	(75,071)	(230,220)	(9,074)	–	(672,575)
– inter-segments	–	(26,505)	(283,802)	(9,216)	319,523	–
Net interest income / (expense)	911,916	477,205	305,812	(11,552)	–	1,683,381
Other operating income	329,174	93,499	83,199	28,382	–	534,254
Operating income	1,241,090	570,704	389,011	16,830	–	2,217,635
Operating expenses	(552,103)	(118,967)	(69,316)	(40,701)	–	(781,087)
Operating profit / (loss) before provisions	688,987	451,737	319,695	(23,871)	–	1,436,548
(Charge) / write-back of provisions for bad and doubtful debts						
– Continuing operations	(456,934)	(79,881)	879	1,184	–	(534,752)
– Discontinued operation	–	–	–	(2)	–	(2)
Operating profit / (loss) after provisions	232,053	371,856	320,574	(22,689)	–	901,794
Net loss on revaluation and disposal of fixed assets	–	–	–	(64,479)	–	(64,479)
Net gain on disposal of non-trading securities	–	–	195,918	–	–	195,918
Provisions on non-trading securities	–	–	(25,877)	–	–	(25,877)
Share of results of jointly controlled entities	–	–	–	(2,015)	–	(2,015)
Net other contribution from discontinued operation	–	–	–	141	–	141
Profit / (loss) before taxation	232,053	371,856	490,615	(89,042)	–	1,005,482
As at 31st December 2003						
Total assets	16,308,987	13,111,303	31,454,300	1,289,771	–	62,164,361
Total liabilities	30,898,665	7,896,489	15,930,004	769,226	–	55,494,384
For the year ended 31st December 2003						
Depreciation	31,257	1,754	862	29,136	–	63,009
Capital expenditure incurred	7,232	143	230	15,802	–	23,407

E. CONTINGENT LIABILITIES, COMMITMENTS AND DERIVATIVES

As at 31st December

The following is a summary of the contractual amounts of each significant class of contingent liability and commitment:

	2004	2003
	HK$'000	*HK$'000*
Direct credit substitutes	**757,320**	312,580
Transaction related contingencies	**30,961**	15,051
Trade-related contingencies	**790,228**	802,388
Other commitments with an original maturity of:		
– under 1 year or which are unconditionally cancellable	**22,081,608**	19,529,291
– 1 year and over	**738,712**	895,261
	24,398,829	21,554,571

Included in "Direct credit substitutes" are credit exposures in respect of credit default swap contracts with a total principal amount of HK$583,076,000 (2003: HK$155,262,000).

The following is a summary of the aggregate notional contract amounts of each significant type of derivatives in addition to the credit default swap contracts disclosed above:

	Trading		Hedging		Total	
	2004	2003	**2004**	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Exchange rate contracts						
Forward and future contracts	**4,161,885**	1,902,840	**25,231,921**	27,485,672	**29,393,806**	29,388,512
Currency swaps	**–**	–	**551,347**	–	**551,347**	–
Foreign exchange option contracts						
– Currency options purchased	**121,709**	255,143	**–**	–	**121,709**	255,143
– Currency options written	**121,672**	254,890	**–**	–	**121,672**	254,890
	4,405,266	2,412,873	**25,783,268**	27,485,672	**30,188,534**	29,898,545
Interest rate contracts						
Forward and futures contracts	**–**	1,141,550	**–**	–	**–**	1,141,550
Interest rate swaps	**–**	213,122	**13,278,562**	8,489,383	**13,278,562**	8,702,505
Interest rate option contracts						
– Options written	**–**	261,616	**695,804**	1,859,263	**695,804**	2,120,879
	–	1,616,288	**13,974,366**	10,348,646	**13,974,366**	11,964,934
Other contracts						
Equity option contracts						
– Options purchased	**150,464**	199,535	**–**	–	**150,464**	199,535
– Options written	**150,464**	199,535	**–**	–	**150,464**	199,535
	300,928	399,070	**–**	–	**300,928**	399,070

The trading transactions include positions arising from the execution of trade orders from customers or transactions taken to hedge these positions.

As at 31st December, the credit risk weighted amounts and replacement costs of the above off-balance sheet exposures, without taking into account the effect of bilateral netting arrangements that the Group entered into, are as follows:

	2004		2003	
	Credit risk weighted amount	**Replacement cost**	Credit risk weighted amount	Replacement cost
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Contingent liabilities and commitments	**1,262,469**		780,114	
Derivatives				
Exchange rate contracts	**94,426**	**93,413**	152,771	462,356
Interest rate contracts	**122,174**	**457,217**	103,874	427,738
Other contracts	**1,897**	**5,432**	2,394	1,823
	218,497	**556,062**	259,039	891,917
	1,480,966		1,039,153	

The contract amounts of these instruments indicate the volume of transactions outstanding as at the balance sheet date. They do not represent the amounts at risk.

The credit risk weighted amounts are the amounts which have been calculated in accordance with the Third Schedule of the Banking Ordinance and guidelines issued by the Hong Kong Monetary Authority. The amounts calculated are dependent upon the status of the counterparty and the maturity characteristics of each type of contract.

Replacement cost is the cost of replacing all contracts which have a positive value when marked to market (should the counterparty default on its obligations) and is obtained by marking to market contracts with a positive value. Replacement cost is considered to be a close approximation of the credit risk for these contracts at the balance sheet date.

F. CROSS-BORDER CLAIMS

As at 31st December

	2004			
	Banks and other financial institutions	**Public sector entities**	**Others**	**Total**
Equivalent in millions of Hong Kong dollars				
Asia Pacific excluding Hong Kong	**3,837**	**–**	**577**	**4,414**
North and South America	**1,286**	**2,064**	**3,626**	**6,976**
Europe	**10,972**	**90**	**3,461**	**14,523**
	16,095	**2,154**	**7,664**	**25,913**

	2003			
	Banks and other financial institutions	Public sector entities	Others	Total
Equivalent in millions of Hong Kong dollars				
Asia Pacific excluding Hong Kong	1,741	–	421	2,162
North and South America	649	3,096	1,994	5,739
Europe	4,403	1,391	2,652	8,446
	6,793	4,487	5,067	16,347

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

G. FOREIGN EXCHANGE RISK

As at 31st December

The following is the Group's net foreign exchange position in USD which constitutes more than 10% of the total net position in all foreign currencies as at 31st December 2004, and the next largest net foreign exchange position as at the same date:

	2004		2003	
Equivalent in millions of Hong Kong dollars	**USD**	**CNY**	USD	CNY
Spot assets	**21,602**	**557**	21,236	–
Spot liabilities	**(19,270)**	**(535)**	(13,578)	–
Forward purchases	**13,234**	**4**	13,879	–
Forward sales	**(12,126)**	**–**	(20,020)	–
Net long position	**3,440**	**26**	1,517	–

H. CAPITAL ADEQUACY RATIO

As at 31st December

	2004	2003
Capital adequacy ratio *(Note 1)*	**17.3%**	20.4%
Adjusted capital adequacy ratio *(Note 2)*	**17.3%**	20.2%

Note:

1. The capital adequacy ratio represents the combined ratio of the banking subsidiaries within the Group comprising Dah Sing Bank, Limited, MEVAS Bank Limited and D.A.H. Hambros Bank (Channel Islands) Limited as at 31st December. The capital adequacy ratio is computed with reference to the methods set out in the Third Schedule of the Banking Ordinance.
2. The adjusted capital adequacy ratio represents the combined ratio of the banking subsidiaries within the Group as at 31st December. The adjusted capital adequacy ratio is computed with reference to the methods set out in the Supervisory Policy Manual entitled "Maintenance of Adequacy Capital Against Market Risks" issued by the Hong Kong Monetary Authority. The adjusted ratio takes into account market risk as at 31st December.
3. Only the locally incorporated banking subsidiaries within the Group are subject to the minimum capital adequacy ratio requirement under the Banking Ordinance. The above ratios of the Group are calculated for reference only.

The capital base after deductions used in the calculation of the above capital adequacy ratios as at 31st December is analysed as follows:

	2004 *HK$'000*	2003 *HK$'000*
Core capital		
Paid up ordinary share capital	**1,207,749**	1,207,749
Reserves	**4,464,858**	3,922,614
Total core capital	**5,672,607**	5,130,363
Supplementary capital		
Reserve on revaluation of land and interests in land	**197,326**	193,769
Reserve on revaluation of holding of securities not held for trading purposes	**52,957**	56,464
General provisions for doubtful debts	**324,598**	281,826
Term subordinated debts	**971,794**	970,388
Total eligible supplementary capital	**1,546,675**	1,502,447
Total capital base before deductions	**7,219,282**	6,632,810
Deductions from total capital base	**(83,297)**	(26,186)
Total capital base after deductions	**7,135,985**	6,606,624

I. LIQUIDITY RATIO

	2004	2003
Liquidity ratio *(Note)*	**57.9%**	65.9%

Note:

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

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

J. FINANCIAL RATIOS

	2004	2003
Net interest income / operating income	**75.6%**	75.9%
Cost to income ratio	**36.8%**	35.2%
Return on average total assets	**1.7%**	1.5%
Return on average shareholders' funds	**16.7%**	15.9%
Dividend payout ratio	**50.1%**	N/A
Loan to deposit (excluding loan capital) ratio	**61.8%**	57.1%
Net interest margin	**2.92%**	3.21%

FINAL DIVIDEND

At the forthcoming annual general meeting of the Company to be held on Thursday, 28th April 2005, the Directors will propose a final dividend of HK$0.38 per share for 2004 to Shareholders whose names are on the Register of Shareholders as at the close of business on Thursday, 28th April 2005. Dividend warrants will be sent to Shareholders by ordinary mail on or about Friday, 29th April 2005.

CLOSING OF REGISTER OF SHAREHOLDERS

The Register of Shareholders will be closed from Friday, 22nd April 2005 to Thursday, 28th April 2005, 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 Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 21st April 2005.

CORPORATE OVERVIEW

The Company was established in March 2004 as a subsidiary of Dah Sing Financial Holdings Limited ("DSFH"), and pursuant to a group reorganisation effected on 12th June 2004, became the holding company of Dah Sing Bank, MEVAS Bank, D.A.H. Holdings Limited (which owns D.A.H. Hambros Bank (Channel Island) in Guernsey). The Company was listed on the Stock Exchange on 30th June 2004.

The results presented herewith reflect the consolidated results of the Company and its subsidiaries (the "Group") for the full year ended 31st December 2004 and 2003. Although the Company was only established in March 2004, the Group has adopted the merger accounting method as set out in the Statement of Standard Accounting Practice No. 27 "Accounting for Group Reconstructions" to recognise and report its results with the effect that the Group was treated as though it had been operating as a combined group (on a basis consistent with the group reorganisation) throughout 2004 and 2003.

BUSINESS REVIEW

Economic conditions improved in Hong Kong in 2004. Government estimates of real GDP growth for the year are currently around 7.5%, and the unemployment rate had reduced to 6.5% by the year end. Property prices and domestic consumption also showed continued positive momentum during the year.

The improved economic environment was also reflected in improved conditions in the banking sector. There was a return to market loan growth after a number of years of flat or declining loan balances in the industry and credit quality generally improved.

Dah Sing Bank reported record results for the year, with attributable profit for the year ended 31st December 2004 of HK$1,094.0 million, up 25.8% when compared with 2003.

The Group's loan book grew by 16.9% during 2004 led by trade finance, commercial lending and residential mortgages. Asset quality, particularly in consumer and credit card lending, improved substantially, benefitting from the pick-up in the economy, lower bankruptcies and a recovery in the property market.

The Group's personal banking business delivered significantly higher profit for the year as a result of better asset quality and growth in the wealth management business. Credit card charge-offs were much lower whilst the number of negative-equity residential mortgages also reduced significantly. Strong sales of wealth management products were achieved as customers looked for investment alternatives in an environment of near-zero deposit rates.

The commercial banking business also delivered higher profits, assisted by stronger trade flows and higher demand for property financing. Solid growth was seen in trade finance, manufacturing and syndicated lending.

The first Mainland branch of Dah Sing Bank in Shenzhen commenced business in July 2004, focusing on supporting the Group's commercial banking customers operating in Southern China. This marked the first step to expand the banking business geographically into the Pearl River Delta region.

FINANCIAL REVIEW

The Group achieved a record level of profit for the year, with profit attributable to shareholders increasing by 27.3% from HK$879.8 million to HK$1,119.7 million.

Net interest income declined 2.2% as a result of a lower net interest margin despite the growth in interest earning assets. The net interest margin narrowed to 2.92% from 3.21% due to the continued subdued demand for high-yield unsecured consumer credit and credit card lending, a lower yield earned on surplus funds investments due to shorter duration, and a narrower lending margin in general as a result of keen pricing competition.

Other operating income was marginally down from 2003, with the growth in the fee revenue from the wealth management business offset by lower fee income from the credit card and retail lending businesses.

Operating expenses rose 2.7% mainly due to higher staff costs and advertising expenses. More resources and spending were required to support business growth and strengthen operational capabilities. The cost to income ratio rose moderately to 36.8% in 2004 from 35.2% in 2003.

Operating profit before provisions was HK$1,376.2 million, 4.2% lower than 2003.

The charge for bad and doubtful debts reduced significantly by HK$326.0 million or 61.0% when compared with 2003 due to improved asset quality, in particular in the unsecured consumer lending and credit card portfolios. The improvement in macroeconomic conditions, lower unemployment and bankruptcies, and improved financial performance of trading and manufacturing customers contributed to lower charge-offs and credit losses. As at 31st December 2004, the non-performing loan ratio further improved to 0.96%, down from 1.55% level as of 31st December 2003.

Operating profit after provisions for the year was HK$1,167.4 million, 29.5% higher than 2003.

As the duration of the Group's surplus funds investments was shortened, in order to mitigate interest rate risk caused by rising US interest rates, the net gain on disposal of non-trading securities for the year, amounting to HK$46.7 million, was much lower than 2003, when the market conditions in the bond market were more benign.

The rebound in property prices has resulted in a surplus on revaluation of investment properties of HK$49.8 million in the Group's annual revaluation of its investment properties. This partially reversed the revaluation losses on investment properties that had been recognised over the past few years. No revaluation was performed on premises at the end of 2004, as such revaluations are normally performed once every three years and the last revaluation was conducted in 2003.

The improvement in the operating performance of the jointly controlled entities resulted in a positive contribution of HK$4 million during the year, compared to the share of net losses of HK$2 million in 2003.

On 12th June 2004, in preparation of the separate listing of the Company, the ultimate holding company, Dah Sing Financial Holdings Limited ("DSFH"), completed a group reorganisation whereby DSFH consolidated its banking-related subsidiaries under the Company via a share-for-share swap arrangement. Reorganisation costs of HK$9.0 million were incurred and expensed off during the year.

As at 31st December 2004, the Group's total loans net of provisions amounted to HK$32,078 million, up 16.9% relative to the end of last year. Positive growth was recorded in residential mortgages, credit card receivables, trade finance, syndicated loans and securities investment financing. Customers' deposits totalled HK$43,477 million, up 8.3% on 2003 year end. Certificates of deposit issued grew 7.4% to HK$8,452 million, half of which were retail issues.

In December 2004, Dah Sing Bank, through a wholly-owned subsidiary, Dah Sing MTN Financing Limited, issued US$300 million 5-year medium term notes in response to favourable market conditions. This was the first major issue under its medium term note programme and worked to expand the Group's term funding.

PROSPECTS

With the completion of the Company's initial public offering in June 2004 and as a result of new equity capital raised, the Group's capital resources have been strengthened. The stronger pool of equity capital will help support the growth of the Group's banking business and facilitate other expansion initiatives.

With the continuation of the economic recovery, it is anticipated that there will be further market loan growth in 2005. However, the rise in interest rates and a likely narrowing in the spread between Prime and interbank rates, and the increasingly keen pricing competition in the local banking market are likely to lead to a further tightening in the net interest margin and pressure on revenue growth. We will actively pursue a strategy to build our scale, and continue to believe that it is critical that we achieve growth in loans, deposits and customer numbers. The wealth management business will continue to be a key area of emphasis for the Group.

While we are cautiously optimistic as regards the positive growth of the local economy in 2005 and the favourable effect on the financial services sector, the banking landscape is likely to become increasingly challenging against an outlook of rising interest rates, tightening margin and higher operating cost. With China's rapid development and growth, we believe the increasing economic integration and the flow of goods and people between Hong Kong and the Pan Pearl River Delta will present increasing opportunities and support to the development of the Hong Kong economy.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by this report, in compliance with Appendix 14 of the Listing Rules of the Stock Exchange.

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 audited financial statements for the year ended 31st December 2004.

DEALINGS IN THE COMPANY'S SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares during the period from 30th June 2004 to 31st December 2004.

STATEMENT OF COMPLIANCE

In preparing the statutory accounts of the Company for the year ended 31st December 2004, the Company has fully complied with the requirements set out in the Supervisory Policy Manual entitled "Financial Disclosure by Locally Incorporated Authorized Institutions" issued by the Hong Kong Monetary Authority.

BOARD OF DIRECTORS

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. David Shou-Yeh Wong as the Chairman, Hon-Hing Wong (Derek Wong) as the Managing Director, David Richard Hinde, John William Simpson, Robert Tsai-To Sze and Andrew Kwan-Yuen Leung as independent non-executive directors, Takashi Muraoka as non-executive director, and Lung-Man Chiu, Gary Pak-Ling Wang, Harold Tsu-Hing Wong and Dennis Tat-Wang Yau as executive directors.

By Order of the Board
H L Soo
Company Secretary

Hong Kong, Tuesday, 15th March 2005

The Annual Report containing all the information required by paragraphs 6 to 34A of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

Please also refer to the published version of this announcement in South China Morning Post.