



大新銀行集團有限公司

DahSingBankingGroupLimited

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

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

(Stock Code: 2356)

ANNOUNCEMENT OF 2007 INTERIM RESULTS

The Directors of Dah Sing Banking Group Limited (the “Company”) are pleased to present the interim results and condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2007. The unaudited profit attributable to shareholders after minority interests was HK\$616.1 million for the six months ended 30 June 2007.

UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited 2007 interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June

HK\$'000	Note	2007	Restated 2006	Variance %
Interest income		2,797,970	2,436,034	
Interest expense		(1,773,975)	(1,478,009)	
Net interest income	3	1,023,995	958,025	6.9
Fee and commission income		348,763	293,343	
Fee and commission expense		(48,014)	(40,027)	
Net fee and commission income	4	300,749	253,316	18.7
Net trading income/(loss)	5	8,575	(10,078)	
Other operating income	6	25,329	42,352	
Operating income		1,358,648	1,243,615	9.2
Operating expenses	7	(626,970)	(560,464)	11.9
Operating profit before impairment losses on loans and advances		731,678	683,151	7.1
Impairment losses on loans and advances	8	(87,854)	(75,270)	16.7

UNAUDITED CONSOLIDATED INCOME STATEMENT *(Continued)*

For the six months ended 30 June

<i>HK\$'000</i>	<i>Note</i>	2007	Restated 2006	Variance %
Operating profit before gains on certain investments and fixed assets				
		643,824	607,881	5.9
Net gain/(loss) on disposal of fixed assets		452	(17)	
Net gain on disposal of interests in subsidiaries		–	4,048	
Net gain on disposal of available-for-sale securities		81,314	62,403	
Share of results of jointly controlled entities		4,339	2,675	
Reversal of impairment losses on available-for-sale securities		–	25,891	
		<hr/>	<hr/>	
Profit before income tax		729,929	702,881	3.8
Income tax expense	9	(111,033)	(133,729)	
		<hr/>	<hr/>	
Profit for the period		618,896	569,152	8.7
Profit attributable to minority interests		(2,819)	(2,849)	
		<hr/>	<hr/>	
Profit attributable to shareholders of the Company		616,077	566,303	8.8
Dividend		232,854	232,854	
		<hr/> <hr/>	<hr/> <hr/>	
Earnings per share				
Basic	10	HK\$0.66	HK\$0.61	
Diluted	10	HK\$0.66	HK\$0.61	
		<hr/> <hr/>	<hr/> <hr/>	
Dividend per share				
Interim dividend		HK\$0.25	HK\$0.25	

UNAUDITED CONSOLIDATED BALANCE SHEET

<i>HK\$'000</i>	<i>Note</i>	As at 30 June 2007	As at 31 Dec 2006
ASSETS			
Cash and balances with banks		5,727,997	6,988,137
Placements with banks maturing between one and twelve months		1,265,051	596,659
Trading securities		8,398,564	4,792,830
Financial assets at fair value through profit or loss		1,266,015	1,276,671
Derivative financial instruments	11	744,232	366,708
Advances and other accounts	12	60,041,637	51,730,681
Available-for-sale securities		34,365,020	32,923,713
Held-to-maturity securities		189,075	300,701
Investments in jointly controlled entities		41,531	37,192
Goodwill		811,690	811,690
Intangible assets		157,287	168,663
Premises and other fixed assets		1,376,538	1,386,636
Investment properties		657,909	642,140
Current income tax assets		10,769	10,763
Deferred income tax assets		416	3,377
Total assets		<u>115,053,731</u>	<u>102,036,561</u>
LIABILITIES			
Deposits from banks		2,607,622	1,678,259
Derivative financial instruments	11	524,931	317,655
Trading liabilities		8,469,893	6,526,233
Deposits from customers designated at fair value through profit or loss		3,706,712	3,393,048
Deposits from customers		66,293,889	63,885,058
Certificates of deposit issued		10,064,051	8,768,472
Issued debt securities		2,309,668	2,299,574
Subordinated notes		5,004,716	3,480,127
Other accounts and accruals		6,270,993	2,138,677
Current income tax liabilities		149,381	79,268
Deferred income tax liabilities		135,730	134,949
Total liabilities		<u>105,537,586</u>	<u>92,701,320</u>
EQUITY			
Minority interests		21,931	19,000
Equity attributable to the Company's shareholders			
Share capital		931,416	931,416
Retained earnings		5,036,467	4,653,244
Other reserves	13	3,293,477	3,312,444
Proposed dividend		232,854	419,137
Shareholders' funds		<u>9,494,214</u>	<u>9,316,241</u>
Total equity		<u>9,516,145</u>	<u>9,335,241</u>
Total equity and liabilities		<u>115,053,731</u>	<u>102,036,561</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

<i>HK\$'000</i>	Attributable to the Shareholders of the Company				Minority interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings		
Balance at 1 January 2007	931,416	2,209,149	1,103,295	5,072,381	19,000	9,335,241
Fair value gains on available-for-sale securities	-	-	62,269	-	14	62,283
Disposal of available-for-sale securities	-	-	(81,314)	-	-	(81,314)
Deferred income tax liabilities recognised on fair value gains on and disposal of available-for-sale securities	-	-	(276)	-	-	(276)
Exchange differences arising on translation of the financial statements of foreign entities	-	-	354	-	98	452
Net (expense)/income recognised directly in equity	-	-	(18,967)	-	112	(18,855)
Profit for the period	-	-	-	616,077	2,819	618,896
Total recognised (expense)/income for the six months ended 30 June 2007	-	-	(18,967)	616,077	2,931	600,041
2006 final dividend	-	-	-	(419,137)	-	(419,137)
	-	-	-	(419,137)	-	(419,137)
Balance at 30 June 2007	931,416	2,209,149	1,084,328	5,269,321	21,931	9,516,145
				Six months ended 30 June		
				2007		2006
Proposed interim dividend included in retained earnings				232,854		232,854

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)
For the six months ended 30 June 2007

<i>HK\$'000</i>	Attributable to the Shareholders of the Company				Minority interests	Total equity
	Share capital	Share premium	Other reserves	Retained earnings		
Balance at 1 January 2006	931,416	2,209,149	1,044,862	4,463,187	24,692	8,673,306
Fair value (losses)/gains on available-for-sale securities	–	–	(108,049)	–	26	(108,023)
Disposal of available-for-sale securities	–	–	(62,403)	–	–	(62,403)
Deferred tax liabilities released on fair value losses on and disposal of available-for-sale securities	–	–	27,960	–	–	27,960
Exchange differences arising on translation of the financial statements of a foreign subsidiary	–	–	88	–	(32)	56
Net expense recognised directly in equity	–	–	(142,404)	–	(6)	(142,410)
Profit for the period	–	–	–	566,303	2,849	569,152
Total recognised (expense)/income for the six months ended 30 June 2006	–	–	(142,404)	566,303	2,843	426,742
Disposal of interests in subsidiaries	–	–	–	–	(6,258)	(6,258)
2005 final dividend	–	–	–	(353,938)	–	(353,938)
	–	–	–	(353,938)	(6,258)	(360,196)
Balance at 30 June 2006	<u>931,416</u>	<u>2,209,149</u>	<u>902,458</u>	<u>4,675,552</u>	<u>21,277</u>	<u>8,739,852</u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June

<i>HK\$'000</i>	2007	2006
Net cash from/(used in) operating activities	<u>322,669</u>	<u>(2,687,264)</u>
Cash flows from investing activities		
Purchase of investment properties	(15,769)	(20,059)
Purchase of fixed assets	(31,114)	(12,899)
Proceeds from disposal of fixed assets	469	–
Disposal of interests in subsidiaries (net of cash and cash equivalents disposed of)	<u>–</u>	<u>279,470</u>
Net cash (used in)/from investing activities	<u>(46,414)</u>	<u>246,512</u>
Cash flows from financing activities		
Certificates of deposit issued	1,869,541	2,038,761
Certificates of deposit redeemed	(596,661)	(1,306,741)
Subordinated notes issued	1,562,570	1,162,210
Subordinated notes redeemed	–	(970,069)
Dividends paid on ordinary shares	(419,137)	(353,938)
Net cash from financing activities	<u>2,416,313</u>	<u>570,223</u>
Net increase/(decrease) in cash and cash equivalents	2,692,568	(1,870,529)
Cash and cash equivalents at beginning of the period	<u>11,262,102</u>	<u>12,691,736</u>
Cash and cash equivalents at end of the period	<u>13,954,670</u>	<u>10,821,207</u>
Analysis of the balance of cash and cash equivalents:		
Cash and balances with banks	1,854,345	1,588,211
Money at call and short notice	3,873,652	3,877,212
Treasury bills with original maturity within three months	6,961,622	4,743,267
Placements with banks with original maturity within three months	1,265,051	1,125,051
Deposits and balances of banks with original maturity within three months	<u>–</u>	<u>(512,534)</u>
	<u>13,954,670</u>	<u>10,821,207</u>

Note:

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

With effect from 1 January 2007, interest income or expense arising from trading assets and liabilities, financial instruments designated at fair value through profit or loss, and interest rate derivatives not held for trading purposes are reported under “Interest income” and “Interest expense” instead of “Net trading (loss)/income” in the previous reporting periods. Comparative figures have been restated to conform with the current period’s presentation. This revised classification has been made mainly to match interest expense on financial liabilities designated at fair value through profit or loss with the interest income and expense of the interest rate derivatives entered to hedge these liabilities. This revised classification also facilitates comparison of the Group’s net interest income and net interest margin with other banks in the industry.

With the exception of the restatement described above, the accounting policies and methods of computation used in the preparation of the 2007 interim financial statements are consistent with those used and described in the Group’s annual audited financial statements for the year ended 31 December 2006. The Group has not early adopted Hong Kong Financial Reporting Standard No. 7 “Financial Instruments: Disclosure” and the Amendment to Hong Kong Accounting Standard No. 1 “Presentation of Financial Statements – Capital disclosures” in its 2007 interim financial statements. The Group has assessed that the adoption of these new standards will result in more qualitative and quantitative disclosures primarily related to fair value measurement and risk management but they will have no effect on the Group’s results of operations or financial position.

The 2007 interim condensed consolidated financial statements have been prepared in accordance with the requirements set out in the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority (“HKMA”) under section 60A of the Banking Ordinance (Cap. 155) as amended by the Banking (Amendment) Ordinance 2005 (19 of 2005).

The interim condensed consolidated financial statements are presented in thousands of Hong Kong dollars (HK\$’000), unless otherwise stated.

3. NET INTEREST INCOME

For the six months ended 30 June

	2007	Restated 2006
Interest income arising from:		
Cash and balances with banks	137,306	197,298
Debt securities held	908,722	671,581
Advances and other accounts	1,750,565	1,564,550
Others	1,377	2,605
	<u>2,797,970</u>	<u>2,436,034</u>
Interest expense arising from:		
Deposits from banks/Deposits from customers	1,303,897	1,125,272
Certificates of deposit issued	214,027	171,175
Issued debt securities	66,642	58,868
Subordinated notes	147,995	82,949
Others	41,414	39,745
	<u>1,773,975</u>	<u>1,478,009</u>
	2007	Restated 2006
Included within interest income:		
Interest income on financial assets not designated at fair value at profit or loss	2,752,053	2,385,893
Interest income on impaired loans	<u>2,716</u>	<u>1,925</u>
Included within interest expense:		
Interest expense on financial liabilities not designated at fair value through profit or loss	<u>1,500,014</u>	<u>1,284,651</u>

4. NET FEE AND COMMISSION INCOME

For the six months ended 30 June

	2007	2006
Fee and commission income		
Credit related fees and commissions	29,245	31,256
Trade finance	31,077	31,729
Credit card	99,159	92,865
Securities brokerage and investment services	56,495	32,463
Insurance distribution and others	26,790	22,165
Retail investment funds and fiduciary services	71,348	59,126
Other fees	34,649	23,739
	<u>348,763</u>	<u>293,343</u>
Fee and commission expense		
Handling fees and commission paid	41,927	33,994
Other fees paid	6,087	6,033
	<u>48,014</u>	<u>40,027</u>
	<u><u>300,749</u></u>	<u><u>253,316</u></u>

5. NET TRADING INCOME/(LOSS)

For the six months ended 30 June

	2007	Restated 2006
Net gain arising from dealing in foreign currencies	49,555	53,154
Net loss from trading securities	(10,920)	(20,018)
Net loss from derivatives entered into for trading purpose	(10,534)	(1,927)
	<u>28,101</u>	<u>31,209</u>
Net loss arising from financial instruments designated at fair value through profit or loss	(19,526)	(41,287)
	<u><u>8,575</u></u>	<u><u>(10,078)</u></u>

6. OTHER OPERATING INCOME

For the six months ended 30 June

	2007	2006
Dividend income from investments in available-for-sale securities		
– listed investments	1,252	34
– unlisted investments	2,988	20,995
Gross rental income from investment properties	8,598	7,353
Other rental income	3,458	3,318
Others	9,033	10,652
	<u>25,329</u>	<u>42,352</u>

7. OPERATING EXPENSES

For the six months ended 30 June

	2007	2006
Staff costs (including directors' remuneration)	368,318	311,097
Premises and other fixed assets expenses, excluding depreciation	67,643	58,255
Depreciation	41,195	41,479
Advertising cost	41,056	36,789
Amortisation of intangible assets	11,376	18,226
Others	97,382	94,618
	<u>626,970</u>	<u>560,464</u>

8. IMPAIRMENT LOSSES ON LOANS AND ADVANCES

For the six months ended 30 June

	2007	2006
Net charge of impairment losses on loans and advances		
– Individually assessed	27,520	41,084
– Collectively assessed	60,334	34,186
	<u>87,854</u>	<u>75,270</u>
Of which:		
– new and additional	139,959	128,772
– releases	(9,064)	–
– recoveries	(43,041)	(53,502)
	<u>87,854</u>	<u>75,270</u>

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Deferred taxation is calculated in full on temporary differences under the liability method using a taxation rate of 17.5% (2006: 17.5%).

For the six months ended 30 June

	2007	2006
Current income tax		
– Hong Kong profits tax	97,577	103,100
– Overseas taxation	9,990	7,065
Deferred income tax		
– relating to the origination and reversal of timing differences	–	23,564
– utilisation of tax losses	3,466	–
	<u>111,033</u>	<u>133,729</u>

10. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on earnings of HK\$616,077,000 (2006: HK\$566,303,000) and the weighted average number of 931,416,279 (2006: 931,416,279) shares in issue during the period.

The calculation of diluted earnings per share is based on earnings of HK\$616,077,000 (2006: HK\$566,303,000) and the weighted average number of 931,587,673 (2006: 931,451,321) shares in issue during the period after adjusting for the effect of all dilutive potential ordinary shares as shown below:

Number of shares	2007	2006
Weighted average number of ordinary shares as at 30 June	931,416,279	931,416,279
Adjustments for share options	171,394	35,042
	<u>931,587,673</u>	<u>931,451,321</u>

11. DERIVATIVE FINANCIAL INSTRUMENTS

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

	As at 30 Jun 2007			As at 31 Dec 2006		
	Contract/ notional amount	Fair values		Contract/ notional amount	Fair values	
		Assets	Liabilities		Assets	Liabilities
1) Derivatives held for trading						
a) Foreign exchange derivatives						
Forward and future contracts	62,018,059	156,929	194,637	49,360,369	131,565	56,427
Currency swaps	1,139,355	86,937	22,348	1,370,700	45,470	27,559
Currency options purchased and written	1,023,434	1,559	1,559	545,816	957	957
b) Interest rate derivatives						
Interest rate swaps	27,706,177	36,724	192,451	19,812,762	41,305	124,765
Interest rate options purchased and written	608,412	863	863	606,320	1,447	1,447
c) Equity derivatives						
Equity options purchased and written	97,050	587	587	125,720	1,701	1,701
d) Credit derivatives						
Credit default swaps	703,620	3,114	834	1,088,913	6,570	1,322
Total derivatives held for trading	93,296,107	286,713	413,279	72,910,600	229,015	214,178
2) Derivatives held for hedging						
a) Derivatives designated as fair value hedges						
Interest rate swaps	15,918,981	457,519	111,652	10,684,881	137,693	103,477
Total derivatives held for hedging	15,918,981	457,519	111,652	10,684,881	137,693	103,477
Total recognised derivative financial instruments	109,215,088	744,232	524,931	83,595,481	366,708	317,655

As at 30 June 2007, the credit risk weighted amounts of the above off-balance sheet exposures (including credit default swaps) calculated under Basel II basis and without taking into account the effect of bilateral netting arrangements that the Group entered into, are as follows:

	As at 30 Jun 2007	As at 31 Dec 2006
Derivatives		
– Exchange rate contracts	351,698	140,229
– Interest rate contracts	186,011	111,404
– Equity contracts	3,009	2,524
– Other contracts	3,435	–
	<u>544,153</u>	<u>254,157</u>

As at 31 December 2006, the credit risk weighted amount of credit default swaps calculated under Basel I basis amounting to HK\$855,575,000 is included in the total credit risk weighted amount of contingent liabilities and commitments in Note 14.

12. ADVANCES AND OTHER ACCOUNTS

	As at 30 Jun 2007	As at 31 Dec 2006
Gross advances to customers	56,244,648	49,908,688
Gross advances to banks and other financial institutions	153,307	155,102
Trade bills	853,433	694,604
Accounts receivable on sale of investments in securities	1,504,592	300
Other assets	1,643,935	1,327,084
	<u>60,399,915</u>	<u>52,085,778</u>
Less: impairment allowances		
– Individually assessed	(136,782)	(136,746)
– Collectively assessed	(221,496)	(218,351)
	<u>(358,278)</u>	<u>(355,097)</u>
Advances and other accounts	<u>60,041,637</u>	<u>51,730,681</u>

- (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 2007		As at 31 Dec 2006	
	Outstanding balance	% of gross advances covered by collateral	Outstanding Balance	% of gross advances covered by collateral
Loans for use in Hong Kong				
Industrial, commercial and financial				
– Property development	422,178	99.6	409,887	99.9
– Property investment	7,698,075	90.9	6,107,283	94.6
– Financial concerns	454,294	75.6	424,368	82.6
– Stockbrokers	71,882	38.8	49,845	38.2
– Wholesale and retail trade	1,071,147	87.0	1,086,361	87.5
– Manufacturing	1,300,005	70.3	1,334,677	74.9
– Transport and transport equipment	3,878,237	92.5	3,563,617	91.2
– Recreational activities	61,512	21.9	49,086	2.4
– Information technology	36,237	2.9	36,087	4.0
– Others	1,940,883	80.9	1,325,409	82.9
	16,934,450	87.5	14,386,620	89.4
Individuals				
– Loans for the purchase of flats in Home Ownership Scheme, Private Sector Participation Scheme and Tenants Purchase Scheme	1,843,010	99.7	1,850,462	99.7
– Loans for purchase of other residential properties	11,553,318	99.7	10,917,179	99.5
– Credit card advances	3,221,049	–	3,154,851	–
– Others	6,728,853	50.9	5,614,419	53.7
	23,346,230	71.9	21,536,911	73.0
Loans for use in Hong Kong	40,280,680	78.4	35,923,531	79.6
Trade finance	4,614,828	50.9	4,385,560	45.5
Loans for use outside Hong Kong	11,349,140	74.8	9,599,597	70.4
	56,244,648	75.4	49,908,688	74.8

For each industry sector reported above with loan balance constituting 10% or more of the total balance of advances to customers, the attributable amount of impaired loans, overdue loans, and individually and collectively assessed loan impairment allowances are as follows:

	Outstanding balance	Impaired loans	As at 30 Jun 2007		
			Gross advances overdue for over 3 months	Individually assessed impairment allowances	Collectively assessed impairment allowances
Loans for use in Hong Kong					
Industrial, commercial and financial – Property investment	7,698,075	–	1,122	–	12,627
Individuals – Loans for purchase of other residential properties	<u>11,553,318</u>	<u>3,193</u>	<u>14,667</u>	<u>1,366</u>	<u>5,852</u>
			As at 31 Dec 2006		
	Outstanding balance	Impaired loans	Gross advances overdue for over 3 months	Individually assessed impairment allowances	Collectively assessed impairment allowances
Loans for use in Hong Kong					
Industrial, commercial and financial – Property investment	6,107,283	6,590	8,105	2,214	12,672
Individuals – Loans for purchase of other residential properties	<u>10,917,179</u>	<u>10,320</u>	<u>23,694</u>	<u>3,739</u>	<u>11,854</u>

(b) **Non-bank Mainland exposures**

Type of counterparties	As at 30 Jun 2007			Individually assessed impairment allowances
	On-balance sheet exposure	Off-balance sheet exposure	Total	
Mainland entities	1,697,301	5,662	1,702,963	–
Companies and individuals outside Mainland where the credits are granted for use in the Mainland	9,407,525	797,874	10,205,399	52,991
Other counterparties the exposures to whom are considered by the Group to be non-bank Mainland exposures	<u>63,342</u>	<u>6,501</u>	<u>69,843</u>	<u>–</u>

Type of counterparties	As at 31 Dec 2006			Individually assessed impairment allowances
	On-balance sheet exposure	Off-balance sheet exposure	Total	
Mainland entities	1,835,834	2,187	1,838,021	–
Companies and individuals outside Mainland where the credits are granted for use in the Mainland	8,415,195	767,331	9,182,526	78,942
Other counterparties the exposures to whom are considered by the Group to be non-bank Mainland exposures	<u>41,904</u>	<u>2,496</u>	<u>44,400</u>	<u>–</u>

Note: The balances of exposures reported above include gross advances and other balances of claims on the customers.

(c) **Analysis of gross advances to customers and overdue loans by geographical area**

Advances to customers by geographical area are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when an advances is guaranteed by a party located in an area which is different from that of the counterparty.

At 30 June 2007, over 90% of the Group's advances to customers, including related impaired advances and overdue advances, were classified under Hong Kong (a position unchanged from that as at 31 December 2006).

(d) Impaired, overdue and rescheduled assets

(i) Impaired loans

	As at 30 Jun 2007	As at 31 Dec 2006
Gross impaired loans (<i>Note (a)</i>)	215,477	254,533
As a percentage of total advances to customers	0.38%	0.51%
Individual impairment allowances	136,782	136,746
Amount of collateral held	81,764	122,343

Note:

- a. 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 future cash flows of the loans that can be reliably estimated. Impaired loans are individually determined to be impaired.
- b. The above individual impairment allowances were made after taking into account the value of collateral in respect of such advances as at 30 June/31 December.

(ii) Overdue loans

	As at 30 Jun 2007	% of total advances to customers	As at 31 Dec 2006	% of total advances to customers
Gross advances to customers which have been overdue for:				
– six months or less but over three months	97,210	0.17	99,855	0.20
– one year or less but over six months	66,662	0.12	61,973	0.12
– over one year	103,872	0.19	119,804	0.24
	<u>267,744</u>	<u>0.48</u>	<u>281,632</u>	<u>0.56</u>
Market value of securities held against the secured overdue advances	<u>169,342</u>		<u>168,065</u>	
Secured overdue advances	113,635		133,324	
Unsecured overdue advances	<u>154,109</u>		<u>148,308</u>	
Individual impairment allowances	<u>118,002</u>		<u>118,518</u>	

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

	As at 30 Jun 2007	% of total advances to customers	As at 31 Dec 2006	% of total advances to customers
Rescheduled advances	<u>62,285</u>	0.11	<u>69,106</u>	0.14
Impairment allowances	<u>2,862</u>		<u>6,886</u>	

There were no advances to banks and other financial institutions, which were impaired, overdue for over 3 months or rescheduled as at 30 June 2007 and 31 December 2006.

(iv) *Trade bills*

	As at 30 Jun 2007	As at 31 Dec 2006
Overdue for:		
– six months or less but over three months	935	–
– one year or less but over six months	1,180	–
	<u>2,115</u>	<u>–</u>

(e) *Repossessed assets*

The repossessed assets of the Group were as follows:

	As at 30 Jun 2007	As at 31 Dec 2006
Repossessed properties	20,506	31,485
Others	9,206	738
	<u>29,712</u>	<u>32,223</u>

13. OTHER RESERVES

	As at 30 Jun 2007	As at 31 Dec 2006
Reserves		
Share premium	2,209,149	2,209,149
Consolidation reserve	(220,986)	(220,986)
Premises revaluation reserve	621,018	621,018
Investment revaluation reserve	(16,193)	3,128
Exchange reserve	235	(119)
General reserve	700,254	700,254
	<u>3,293,477</u>	<u>3,312,444</u>

The Group complies with the requirement of the HKMA to maintain loan impairment allowances (determined in accordance with regulatory guidelines) in excess of those determined in accordance with Hong Kong Accounting Standards. Dah Sing Bank (“DSB”) together with its subsidiaries and MEVAS Bank (“MEVAS”) have earmarked a “Regulatory Reserve” from general reserve for an amount of HK\$365,608,000 (31 December 2006: HK\$313,999,000) and HK\$10,367,000 (31 December 2006: Nil) respectively which, together with their collective impairment allowances after the adoption of HKAS 39, is included as supplementary capital in their capital bases as at 30 June 2007. The regulatory reserve of DSB and MEVAS are not distributable without the consent of the HKMA.

14 CONTINGENT LIABILITIES AND COMMITMENTS

The contract and credit risk weighted amounts of the Group’s off-balance sheet financial instruments that commit it to extend credit to customers are as follows:

	Contract amounts	
	As at 30 Jun 2007	As at 31 Dec 2006
Direct credit substitutes	618,249	1,628,553
Transaction related contingencies	276	4,576
Trade-related contingencies	1,070,787	1,066,214
Other commitments which are unconditionally cancelable	27,738,630	24,612,456
Other commitments with an original maturity of:		
– under 1 year	6,608,256	7,725,382
– 1 year and over	2,206,043	790,570
Forward forward deposits placed	115,403	1,923,185
	<u>38,357,644</u>	<u>37,750,936</u>
	Credit risk weighted amounts	
	As at	As at
	30 Jun 2007	31 Dec 2006
Contingent liabilities and commitments	<u>2,536,705</u>	<u>2,287,097</u>

15. CROSS-BORDER CLAIMS

Equivalent in HK\$ millions

	As at 30 Jun 2007			Total
	Banks and other financial institutions	Public sector entities	Others	
Asia Pacific excluding Hong Kong	7,710	250	8,818	16,778
North and South America	642	–	2,733	3,375
Europe	14,039	–	4,201	18,240
	<u>22,391</u>	<u>250</u>	<u>15,752</u>	<u>38,393</u>
	As at 31 Dec 2006			Total
	Banks and other financial institutions	Public sector entities	Others	Total
Asia Pacific excluding Hong Kong	7,840	–	6,088	13,928
North and South America	917	–	2,203	3,120
Europe	15,297	–	3,856	19,153
	<u>24,054</u>	<u>–</u>	<u>12,147</u>	<u>36,201</u>

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

16. SEGMENT REPORTING

(A) By business segments

For the six months ended 30 June 2007

	Personal Banking	Commercial Banking	Treasury	Unallocated	Elimination	Total
Interest income from						
– external customers	872,855	932,410	978,899	13,806	–	2,797,970
– inter-segments	632,899	–	10	423,648	(1,056,557)	–
Interest expense to						
– external customers	(993,508)	(251,388)	(160,551)	(368,528)	–	(1,773,975)
– inter-segments	3,799	(318,854)	(741,502)	–	1,056,557	–
Net interest income	516,045	362,168	76,856	68,926	–	1,023,995
Net fee and commission income/(expense)	229,246	63,401	(734)	8,836	–	300,749
Net trading income/(loss) and other operating income	8,443	10,107	17,702	(2,348)	–	33,904
Operating income	753,734	435,676	93,824	75,414	–	1,358,648
Operating expenses	(422,342)	(142,386)	(42,893)	(19,349)	–	(626,970)
Operating profit before impairment losses on loans and advances	331,392	293,290	50,931	56,065	–	731,678
Impairment losses on loans and advances	(42,241)	(45,636)	23	–	–	(87,854)
Operating profit before gains on certain investments and fixed assets	289,151	247,654	50,954	56,065	–	643,824
Net (loss)/gain on disposal of fixed assets	(29)	(4)	–	485	–	452
Net (loss)/gain on disposal of available-for-sale securities	(13)	–	77,434	3,893	–	81,314
Share of results of jointly controlled entities	–	–	–	4,339	–	4,339
Profit before income tax	<u>289,109</u>	<u>247,650</u>	<u>128,388</u>	<u>64,782</u>	<u>–</u>	<u>729,929</u>
As at 30 June 2007						
Total assets	27,670,126	31,743,952	53,371,073	2,268,580	–	115,053,731
Total liabilities	53,135,235	14,419,804	22,993,700	14,988,847	–	105,537,586
For the six months ended 30 June 2007						
Depreciation	21,097	9,257	3,003	7,838	–	41,195
Capital expenditure incurred	20,750	1,907	496	7,961	–	31,114

*For the six months ended 30 June 2006
(Restated)*

	Personal Banking	Commercial Banking	Treasury	Unallocated	Elimination	Total
Interest income from						
– external customers	820,726	810,876	797,636	6,796	–	2,436,034
– inter-segments	584,940	–	107	328,828	(913,875)	–
Interest expense to						
– external customers	(893,475)	(221,781)	(104,256)	(258,497)	–	(1,478,009)
– inter-segments	(12,996)	(244,238)	(656,606)	(35)	913,875	–
Net interest income	499,195	344,857	36,881	77,092	–	958,025
Net fee and commission income	182,500	58,779	4,123	7,914	–	253,316
Net trading income/(loss) and other operating income	12,750	6,473	58,796	(45,745)	–	32,274
Operating income	694,445	410,109	99,800	39,261	–	1,243,615
Operating expenses	(382,861)	(131,978)	(28,719)	(16,906)	–	(560,464)
Operating profit before impairment losses on loans and advances	311,584	278,131	71,081	22,355	–	683,151
Impairment losses on loans and advances	(25,210)	(50,078)	–	18	–	(75,270)
Operating profit before gains on certain investments and fixed assets	286,374	228,053	71,081	22,373	–	607,881
Net loss on disposal of fixed assets	(12)	–	–	(5)	–	(17)
Net gain on disposal of interests in subsidiaries	–	–	–	4,048	–	4,048
Net (loss)/gain on disposal of available-for-sale securities	(6)	–	62,409	–	–	62,403
Share of results of jointly controlled entities	–	–	–	2,675	–	2,675
Reversal of impairment losses on available-for-sale securities	–	–	25,891	–	–	25,891
Profit before income tax	<u>286,356</u>	<u>228,053</u>	<u>159,381</u>	<u>29,091</u>	<u>–</u>	<u>702,881</u>
As at 31 December 2006						
Total assets	24,952,007	27,542,139	47,003,768	2,538,647	–	102,036,561
Total liabilities	50,418,508	14,752,513	15,672,008	11,858,291	–	92,701,320
For the period ended 30 June 2006						
Depreciation	26,780	9,299	2,090	3,310	–	41,479
Capital expenditure incurred	9,709	822	323	2,045	–	12,899

Personal banking business includes the acceptance of deposits from individual customers and the extension of residential mortgage lending, personal loans, overdraft and credit card services, the provision of insurance sales and investment services.

Commercial banking business includes the acceptance of deposits from and the advance of loans and working capital finance to commercial, industrial and institutional customers, and the provision of trade financing. Hire purchase finance and leasing related to equipment, vehicle and transport financing are included.

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

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

(B) By geographical segments

	Hong Kong and others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2007				
Operating income	1,214,360	144,288	–	1,358,648
Profit before income tax	663,897	66,032	–	729,929
Profit for the period	562,160	56,736	–	618,896
Depreciation	32,697	8,498	–	41,195
Capital expenditure incurred	26,669	4,445	–	31,114
As at 30 June 2007				
Total assets	105,153,199	10,991,991	(1,091,459)	115,053,731
Total liabilities	97,253,348	9,375,697	(1,091,459)	105,537,586
Contingent liabilities and commitments	<u>45,183,045</u>	<u>1,947,679</u>	<u>–</u>	<u>47,130,724</u>
	Hong Kong and others	Macau	Inter-segment elimination	Total
For the six months ended 30 June 2006				
Operating income	1,113,958	129,657	–	1,243,615
Profit before income tax	649,761	53,120	–	702,881
Profit for the period	522,766	46,386	–	569,152
Depreciation	32,614	8,865	–	41,479
Capital expenditure incurred	9,901	2,998	–	12,899
As at 31 December 2006				
Total assets	93,575,958	10,346,607	(1,886,004)	102,036,561
Total liabilities	85,804,297	8,783,027	(1,886,004)	92,701,320
Contingent liabilities and commitments	<u>43,160,412</u>	<u>1,975,726</u>	<u>(163,408)</u>	<u>44,972,730</u>

17. CURRENCY CONCENTRATIONS

Equivalent in HK\$ millions

The following sets out the Group's net foreign exchange position in USD and other individual currency that constitutes more than 10% of the total net position in all foreign currencies as at 30 June 2007 and the corresponding comparative balances.

At 30 Jun 2007	USD	CNY	MOP	Total
Spot assets	28,924	837	3,763	33,524
Spot liabilities	(28,383)	(846)	(4,364)	(33,593)
Forward purchases	31,837	617	–	32,454
Forward sales	(32,190)	(115)	–	(32,305)
	<u>188</u>	<u>493</u>	<u>(601)</u>	<u>80</u>
Net long/(short) position				
At 31 Dec 2006	USD	CNY	MOP	Total
Spot assets	29,246	739	3,053	33,038
Spot liabilities	(24,386)	(727)	(3,955)	(29,068)
Forward purchases	23,693	–	–	23,693
Forward sales	(26,928)	–	–	(26,928)
	<u>1,625</u>	<u>12</u>	<u>(902)</u>	<u>735</u>
Net long/(short) position				

18. CAPITAL ADEQUACY RATIO

	As at 30 Jun 2007 Basel II basis	As at 31 Dec 2006 Basel I basis
Capital adequacy ratio		
– Tier 1	9.8%	12.2%
– Overall	<u>17.1%</u>	<u>16.6%</u>
Adjusted capital adequacy ratio (under Basel I basis)		<u>16.6%</u>

The capital adequacy ratio as at 30 June 2007 represents the combined ratio of Dah Sing Bank, Limited (“DSB”), MEVAS Bank Limited (“MEVAS”) and D.A.H. Hambros Bank (Channel Islands) Limited (“DAHCI”) computed on Basel II basis with reference to the Banking (Capital) Rules. This capital adequacy ratio takes into account market risk and operational risk.

The capital adequacy ratio as at 31 December 2006 represents the combined ratio of DSB, MEVAS and DAHCI computed on Basel I basis with reference to the methods set out in the then Third Schedule of the Banking Ordinance.

The adjusted capital adequacy ratio represents the combined ratio of DSB, MEVAS and DAHCI as at 31 December 2006 computed on Basel I basis with reference to the methods set out in the Supervisory Policy Manual entitled “Maintenance of Adequate Capital Against Market Risks” issued by the HKMA. The adjusted ratio takes into account market risk as at 31 December 2006.

The combined capital base of the Group computed on the basis of the Banking Ordinance is set out below:

	As at 30 Jun 2007 Basel II basis	As at 31 Dec 2006 Basel I basis
Core capital		
Paid up ordinary share capital	2,707,749	2,707,749
Share premium	55,519	55,519
Published reserves	5,218,375	4,791,802
Profit and loss account	183,391	511,762
Classified as regulatory reserve	(346,845)	(284,869)
Less: goodwill	(318,667)	(318,667)
Less: Other intangible assets and net deferred tax assets	(10,722)	–
Less: 50% of total amount of deductible items	(1,118,623)	–
	<u>6,370,177</u>	<u>7,463,296</u>
Total core capital		
Supplementary capital		
Reserves attributable to fair value gains on revaluation of holdings of land and buildings	238,402	238,402
Reserves attributable to fair value gains on revaluation of holdings of available-for-sale equities and debt securities	(15,636)	2,098
Regulatory reserve	346,845	284,869
Collective impairment allowances for impaired assets	195,560	195,836
Perpetual subordinated debt	1,581,441	–
Term subordinated debt	3,494,759	3,480,127
Less: 50% of total amount of deductible items	(1,118,623)	–
	<u>4,722,748</u>	<u>4,201,332</u>
Eligible value of supplementary capital		
	<u>11,092,925</u>	<u>11,664,628</u>
Total core capital and supplementary capital		
Deductions		(1,489,923)
Total capital base after deductions	<u>11,092,925</u>	<u>10,174,705</u>

19. LIQUIDITY RATIO

	Six months ended 30 Jun 2007	Year ended 31 Dec 2006
Liquidity ratio	<u>55.2%</u>	<u>58.0%</u>

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

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

FINANCIAL RATIOS

	Six months ended 30 Jun 2007	Six months ended 30 Jun 2006 Restated
Net interest income/operating income	76.7%	78.9%
Cost to income ratio	46.1%	45.1%
Loan to deposit (including certificates of deposit) ratio	70.2%	66.4%
Return on average total assets	1.1%	1.1%
Return on average shareholders' funds	12.3%	12.1%
Dividend payout ratio	37.8%	41.1%
Net interest margin	2.27%	2.46%

INTERIM DIVIDEND

The Directors have declared an interim dividend of HK\$0.25 per share for 2007 payable on or after Wednesday, 3 October 2007 to shareholders whose names are on the Register of Shareholders at the close of business on Friday, 28 September 2007.

CLOSING OF REGISTER OF SHAREHOLDERS

The Register of Shareholders will be closed from Monday, 24 September 2007 to Friday, 28 September 2007, both days inclusive. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 September 2007.

CORPORATE AND BUSINESS OVERVIEW

HIGHLIGHTS

Against a backdrop of a generally positive operating environment, growing economies in Hong Kong and Macau, extremely robust economic growth in the Mainland, and driven by a higher operating income rising from HK\$1.24 billion in the same period last year to HK\$1.36 billion in the period, our profit attributable to shareholders increased by 9% from HK\$566 million in the first half of 2006 to HK\$616 million in the first six months of 2007. Earnings per share increased by 8% to HK\$0.66. The Board of Directors has declared an interim dividend of HK\$0.25 per share.

Loan growth was particularly strong, with an increase of 22% year on year, and 13% since 31 December 2006, driven mainly by our commercial lending business. Deposit growth was also significant, with an increase of 16% year on year, and 5% since the end of 2006.

Non-interest income grew by 17% relative to the first half of 2006 to HK\$335 million, due mainly to a good performance from our wealth management business.

Operating expenses increased by around 12% year-on-year, reflecting the costs of the expansion of our businesses, and our expansion in the Hong Kong, Macau and Mainland markets.

During the period under review, we completed our acquisition of 17% of Chongqing Commercial Bank, and contracted to acquire a further 3%, subject to regulatory approval, to take our total investment to 20%. We also issued US\$200 million perpetual subordinated debt callable in 2017 qualifying as Upper Tier 2 capital to strengthen our capital base and to prepare for the further expansion of our business, which assisted us to achieve a capital adequacy ratio of 17.1% at the mid-year.

BUSINESS AND FINANCIAL REVIEW

The key drivers of the strong loan growth were property lending, syndicated loans, equipment and vehicle financing and financing for securities trading. Growth was driven primarily by our commercial lending business, although it was encouraging to note that the speed of growth in our retail lending business has accelerated over the same period last year. Net interest margin weakened slightly to 2.27% in the first half of 2007, compared with 2.46% in the first half of 2006, due mainly to a tighter Prime/HIBOR margin and increased funding cost. Our strong loan growth was more than sufficient to offset the slightly weaker margin, allowing us to report an increase in net interest income of 7% for the period to HK\$1,024 million.

Our Macau banking business performed particularly well, with a 25% year on year increase in profit, driven by healthy loan growth, as well as a steady net interest margin.

Net fee and commission income increased by 18.7% relative to the first half of 2006, largely contributed by stronger wealth management income. Boosted by the buoyant investment environment and higher securities turnover, our wealth management business recorded higher brokerage fees and commission income generated from investment services and stronger unit trust and insurance sales.

The growth in operating expenses during the period was due mainly to increased staff costs, both through higher salaries and increased headcount, as well as increased rental, and general expenses such as advertising and marketing.

We were able to take advantage of favourable market conditions in the first half of the year to realise a net gain on disposal of available-for-sale securities of HK\$81 million, an increase of 30% relative to the same period last year. In 2006 we benefited from a write-back of HK\$26 million impairment allowance on an investment which has not been repeated in 2007.

Credit quality remained solid, although impairment charges increased by 17% to HK\$88 million, mainly relating to higher collective impairment charges from our retail banking business, particularly our credit card and personal loan businesses, reflecting higher business volumes. Credit quality in our commercial lending business remained robust in the first half. Overall credit quality remained acceptable, as demonstrated by the continuing low impaired loan ratio of 0.4%, and a total overdue and rescheduled loan ratio of 0.6% as of 30 June 2007.

As at 30 June 2007, total gross loans and advances amounted to HK\$56.2 billion, up 12.7% relative to the end of last year. Strong growth was recorded in the Commercial Banking sector, led by syndicated loans, commercial loans and property lending. The overall Personal Banking loan portfolio achieved a modest growth amidst keen competition, and was mainly driven by mortgage loans and securities related financing.

Customers' deposits including structured deposits totalled HK\$70.0 billion, an increase of 4.0% relative to the end of 2006. Issued certificates of deposit rose to HK\$10.1 billion, 14.8% higher than 2006 year end. The loan to deposit ratio increased from 66.4% as at 31 December 2006 to 70.2% as at 30 June 2007.

PROSPECTS

We continue to believe that the economic prospects in Mainland China will present an important opportunity for growth in the coming years. In addition to our investment in Chongqing Commercial Bank, we have also submitted an application for the opening of a Mainland locally incorporated subsidiary bank, based in Shenzhen, to further develop our presence in that market.

We expect that the Hong Kong and Macau domestic economies will continue to develop positively in the second half of the year, providing opportunities for the growth of our business. However, competition in these markets is expected to remain intense, and this coupled with the possible impact on the economy of the recent volatile conditions in global financial markets, and particularly in global credit markets where a rapid correction has been taking place, is likely to mean that the second half of the year will be challenging.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007.

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors (Appendix 10 of the Main Board Rules). After having made specific enquiry of all Directors, the Company confirmed that the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions have been fully complied with.

COMPLIANCE WITH THE BANKING (DISCLOSURE) RULES

The Group has fully complied with the requirements set out in the Banking (Disclosure) Rules made by the Hong Kong Monetary Authority under section 60A of the Banking Ordinance (Cap. 155) as amended by the Banking (Amendment) Ordinance 2005 (19 of 2005).

UNAUDITED FINANCIAL STATEMENTS

The financial information in this 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 financial statements for the period ended 30 June 2007.

REMUNERATION AND STAFF DEVELOPMENT

There have been no material change to the information disclosed in the Company's 2006 Annual Report in respect of the remuneration of employees, remuneration policies and training schemes.

DEALINGS IN THE COMPANY'S SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares during the period from 1 January 2007 to 30 June 2007.

INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

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

The 2007 Interim Report of the Group containing all the information required by the Listing Rules and the Banking (Disclosure) Rules will be published on the websites of the Hong Kong Stock Exchange and the Company in due course. Printed copies of the 2007 Interim Report will be sent to shareholders before the end of September 2007.

BOARD OF DIRECTORS

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

By Order of the Board
H L Soo
Company Secretary

Hong Kong, Wednesday, 29 August 2007