

於年內，香港經濟環境持續增強，整體本地生產總值穩健增長達百分之六點八，標誌着連續第三年之經濟復甦。本港勞動市場繼續改善，失業率於年底下滑至六年之新底百分之四點四。地產市場於年內保持平穩，恆生指數近年年底大幅上揚。於年內，消費者價格通脹保持溫和，通脹壓力僅輕微上升。

本集團業務其他主要經營地區中國大陸及澳門之經濟表現極佳，中國大陸及澳門的本地生產總值分別約為百分之十一及百分之十六。

由於經濟增長良好，本集團於二零零六年之內部業務增長亦顯強勁。年內，本集團扣除貸款減值後之營運溢利上升百分之四十四，達十六億港元，股東應佔溢利上升百分之三十七，錄十四億港元，經調整後之正常化每股盈利由4.09港元，提升百分之十八至4.83港元，資產總額由九百三十億港元，增長百分之十七至一千零九十億港元。本集團業績創新高，為未來集團發展奠下穩固根基。

本集團持續發展中國大陸業務之策略，誠如近年底一項公佈所披露，本集團已同意待取得監管批准後，將購入重慶市商業銀行百分之十七之權益。

於二零零六年二月，本公司另外配售百分之三點六之大新銀行集團股份，使大新銀行集團之公眾持股量逾百分之二十五水平。其配售為大新金融套現約五億零六百萬港元，並帶來一億八千九百萬港元之出售收益。此外，本公司亦向三井住友保險集團購入其持有百分之四十九權益而令本集團全資擁有其在港之一般保險業務，藉此本集團可加強其保險業務之發展。

Economic conditions in Hong Kong continued to strengthen during the year, with a robust GDP growth of 6.8% in 2006, marking the third consecutive year of recovery. The labour market continued to improve, with the unemployment rate falling to a 6-year low of 4.4% by the end of 2006. The property market was steady during the course of the year, and the Hang Seng Index rising considerably towards the year end. During the year, consumer price inflation remained benign, with only mild inflationary pressure being experienced.

The economies of both the Mainland and Macau, our other core areas of business, also performed extremely well during the year, with GDP growth of approximately 11% for the Mainland, and of 16% for Macau.

Against the background of good economic growth, we were able to grow our business organically at a

strong pace in 2006. For the year, our operating profit after loan impairment grew by 44% to HK\$1.6 billion, our profit attributable to shareholders grew by 37% to HK\$1.4 billion, our normalised EPS grew by 18% from HK\$4.09 to HK\$4.83, and our total assets grew by 17% from HK\$93 billion to HK\$109 billion. These are record results for our group, and form a solid foundation for the years to come.

We continued to further our Mainland strategy, with the announcement towards the year end that we had agreed to acquire, subject to regulatory approvals, a 17% shareholding in Chongqing Commercial Bank.

In February 2006, we placed a further 3.6% of the shares in Dah Sing Banking Group ("DSBG") in order to restore the public float of DSBG to above the 25% level, raising approximately HK\$506 million for DSFH, and generating a profit on disposal of HK\$189 million. In addition, we purchased the 49% shareholding in our general insurance business in Hong Kong from Mitsui Sumitomo Insurance Group to wholly own this business and to further our development in the insurance sector.



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銀行業務

大新銀行集團有限公司為本集團獨立上市之從事銀行業務附屬公司，是年度溢利錄得增長，股東應佔溢利達十一億九千六百萬港元，較去年上升百分之二十二點二。

本集團之核心銀行業務表現強勁，年度貸款總額增長百分之十一，對照本港市場平均水平僅為百分之六點七。商業銀行業務承持續數年之強勁增長，上半年仍穩居牽領增長之勢，零售銀行業務於首六個月的表現則相對略遜。於下半年，因本集團積極努力本港按揭市場業務，加上無抵押貸款及信用卡業務持續的增長，零售銀行業務表現有所改善，於年底，本集團核心之商業及零售銀行業務的增幅皆遠較市場水平為佳。

本集團之服務費用收入業務於年度內表現良好，主要由於股市表現暢旺，令本集團之財富管理業務因而受惠。

於二零零五年的兩項收購，即澳門商業銀行有限公司（「澳門商業銀行」）及怡泰富財務（香港）有限公司（「怡泰富財務」）之整合經已完成。於二零零六年，澳門商業銀行之淨溢利激增百分之三十，達一億一千七百萬澳門幣，引證有關收購已可為本集團盈利增長作出貢獻。怡泰富財務之業務現已完全併入大新銀行，因此怡泰富財務之業績不會另行撰寫。然而，若按個別業務單位計算，前怡泰富財務業務提供百分之十點七收購成本（扣除已收股息計）回報率，有助提高本集團之盈利。

整體信貸質素維持良好，減值支出輕微上升，主要為雖則信貸環境改善，綜合減值支出率得以降低，惟礙於商業銀行業務個別客戶貸款減值撥備增加，以及信用卡與無抵押個人貸款業務貸款總額提高的緣故而相互大致完全抵銷的結果。

Banking Business

Our separately listed banking subsidiary, DSBG, reported an increase in profits for the year, with profit attributable to shareholders of HK\$1,196 million, an increase of 22.2% compared with the previous year.

Our core banking business performed strongly, with total loan growth for the year of 11%, against growth in the Hong Kong market of 6.7%. Commercial banking led growth in the first half of the year, continuing several years of strong growth, with a relatively weaker performance from our retail banking business. In the second half of the year, renewed efforts in the Hong Kong domestic mortgage market, coupled with continuing growth in the unsecured loan and credit card businesses resulted in an improved performance from retail banking, and by the year end, both our core commercial and retail banking businesses reported growth significantly ahead of the market.

Our fee income business performed well during the year, particularly as a result of strong equity markets which were beneficial to our wealth management business.

The integration of the two acquisitions made in 2005, Banco Comercial de Macau, S.A. ("BCM") and Pacific Finance (Hong Kong) Limited ("PF") have now been completed. BCM's net profit grew very substantially by 30% to MOP117 million in 2006, and this acquisition is now delivering earnings enhancement to our group. The business of PF has now been fully incorporated into Dah Sing Bank, and PF therefore no longer reports its results separately from those of Dah Sing Bank. However, on a business unit basis, the former PF businesses generated a return of 10.7% on the acquisition cost, net of dividends received, which is earnings enhancing for our group.

Credit quality overall remained good, with impairment charges rising slightly, due mainly to higher individual loan impairment charges relating mainly to our commercial banking business and to loan increases in credit cards and unsecured personal loans which broadly balanced a lower collective impairment charge rate due to improved credit conditions.

本集團持續發展中國業務，誠如近年底公佈所披露，本集團已同意待取得監管批准後，將購入設於重慶市之主要城市銀行重慶市商業銀行百分之十七之權益。重慶市是中國西部最大城市，乃全中國僅四個直接匯報中央政府直轄市之一，其他直轄市為北京、上海及天津。本集團更注意到中國銀行業監督管理委員會於近年底頒佈允許在中國境內設立經營銀行業務附屬公司的新管理辦法，亦已成立工作小組探討成立於中國境內註冊附屬公司之優勝點。



Signing ceremony for Dah Sing Bank to acquire a 17% interest in Chongqing Commercial Bank as a strategic investor took place on 21 December 2006. 大新銀行購入重慶市商業銀行百分之十七權益成為其策略性股東的簽約儀式已於二零零六年十二月二十一日舉行。

We continued to build our China business, and towards the end of the year we announced that we had agreed to purchase, subject to regulatory approvals, a 17% stake in Chongqing Commercial Bank, the leading city commercial bank in Chongqing, the largest city in Western China, and one of only four municipalities in the PRC reporting directly to the central government, the others being Beijing, Shanghai and Tianjin. We also noted the changes announced by the China

Banking Regulatory Commission towards the year end allowing for the incorporation of a local subsidiary in the PRC to conduct banking business, and established a working group to analyse the benefits of expanding under a PRC subsidiary.

保險業務

於香港及澳門之用保險業務業績均於年內均錄得新高，為本集團貢獻除稅前溢利二億七千三百萬港元，較去年上升百分之二十八。於年底，本集團賬內之保險業務股東資金及內含價值總額約十九億八千萬港元，較二零零五年底結餘上升百分之二十一。

本集團之人壽保險及一般保險業務均表現理想。主要透過本集團全資擁有人壽保險業務附屬公司大新人壽保險有限公司(「大新人壽」)在港之營運，集團之保險業務錄得保費收入增加，包括單一保費產品之銷售及透過成功引進電話推廣之直接銷售方式，以協助傳統的長期人壽產品及目標儲蓄產品之銷售，亦受惠於年內投資市場強勁的表現。本集團之一般保險業務表現理想，於澳門繼續保持其市場領導地位，亦維持由AMBEST(信貸評級機構)授予之「A」等評級。本集團於十二月宣佈，同意購入本集團當時仍未持有Dah Sing General Insurance Company Limited百分之四十九的權益，而令本集團全資擁有其在港之一般保險業務權益，藉此本集團可悉心加強其保險業務之發展。

於中國內地，本集團於中國長城人壽保險股份有限公司之少數權益投資亦陸續推出其發展計劃。於年內，本集團更在深圳市設立大新人壽中國辦公室。

Insurance Business

Our insurance businesses in Hong Kong and Macau together delivered record results for the year, with a contribution to the Group's profit before taxation of HK\$273 million, an increase of 28% over the previous year. The total shareholders' funds and embedded value of our insurance business in the Group's accounts amounted to around HK\$1.98 billion at the end of the year, 21% higher than the balance at the end of 2005.

Our insurance business performed strongly, both in life assurance and in general insurance. The life business, operating mainly through our wholly owned life assurance subsidiary, Dah Sing Life Assurance Company Limited ("DSLAL") in Hong Kong, benefited from premium growth, including a return to sales of single premium products and the successful introduction of direct sales through telemarketing, to supplement the traditional whole of life and endowment products, as well as benefiting from the strong investment markets during the year. Our general insurance business performed well, and we maintained both our leading market position in Macau, as well as our "A" rating from AM Best. We announced in December that we had agreed to purchase the 49% interest in Dah Sing General Insurance Company Limited that we did not already own, bringing all of our Hong Kong insurance businesses to 100% ownership and reflecting our Group's commitment to this sector of our business.

In the Mainland, our minority investment, Great Wall Life Insurance Company, continued to roll out its business expansion plan. Also during the year, we opened the Mainland representative office for DSLAL in Shenzhen.

董事會

是年度直至本年報截稿日，田中達郎先生接替 Sohei Sasaki 先生、吉川英一先生接替古川弘介先生獲本公司委任為非執行董事。彼等代表三菱東京UFJ銀行在本公司的權益。

本人藉此歡迎新董事加入董事會，並相信彼等之專業知識和豐富經驗將為本集團提供莫大裨益。本人亦在此謹向退任董事在任期間所作出寶貴貢獻表示深切感謝。

未來前瞻

繼二零零六年香港經濟表現良好，本集團期望二零零七年之經濟狀況持續利好靠穩。然而，香港本地銀行業市場貸款增長趨向放緩，核心借貸業務之價格競爭預料持續劇烈。息差被受利率走勢影響，儘管現時利率環境尚算溫和，惟仍潛在一定下調的風險。就觀察所見，二零零七年初段，最優惠利率與本港同業拆息之息差已顯收窄。

本集團正悉心投注更多資源發展其人壽業務，針對在港之經營，本集團已擴大代理團隊，並積極加強銀行保險業務運作之成效，期望人壽業務於二零零七年有良好的增長。

澳門市場發展持續利好，本集團預料於二零零七年，澳門市場的增長將較香港迅速。多幢大型酒店、博彩及物業項目計劃於二零零七年如貫落成，將可提高作為澳門兩大主要經濟支柱——博彩業及旅遊業——發展之承載力。

本集團預期將於二零零七年上半年完成收購重慶市商業銀行百分之十七之權益，並可望落實本集團透過內部增長以開拓中國大陸市場業務之策略，以及本集團在中國大陸設立境內註冊附屬銀行的計劃。

Board of Directors

During the year up to the date of this report, Messrs. Tatsuo Tanaka, succeeding Sohei Sasaki and Eiichi Yoshikawa, succeeding Kosuke Furukawa, were appointed as non-executive Directors to represent the interest of The Bank of Tokyo-Mitsubishi UFJ, Ltd. in the Company.

I would like to welcome the new Directors to the Board and believe their expertise and extensive experience will be of great value to the Group. I would also like to express my gratitude to the departing Directors, for their valuable contribution during their tenure on the Board.

Future Prospects

After a robust economic performance in Hong Kong in 2006, we are looking forward to the continuation of relatively stable and positive economic conditions in 2007. However, loan growth in the domestic banking market in Hong Kong is likely to remain relatively slow and price competition in core lending areas is expected to remain intense. Margins will be influenced by prevailing interest rate conditions, which although still benign at present could have some risk to the downside, particularly as we have already seen some reduction in the Prime/Hibor spread in the early part of 2007.

We are devoting additional resources to grow our life business, particularly in Hong Kong where we are expanding our agency force and making additional efforts to improve bancassurance productivity, and expect good growth in sales in this business in 2007.

The market in Macau continues to be robust, and we expect that in 2007, the rate of growth in Macau will be faster than in Hong Kong. Several large hotel, gaming and property projects are scheduled to come on stream during the course of 2007, which will increase capacity in the gaming and tourism industries, two key economic sectors in Macau.

We expect to complete our acquisition of 17% interest of Chongqing Commercial Bank during the first half of 2007, and we also expect to determine our organic strategy for growth in the Mainland market, and our plans for the establishment of a locally incorporated banking subsidiary in the Mainland.

大新銀行將於二零零七年五月一日慶祝其成立六十周年紀念，標誌著本集團發展之一項重要里程碑。展望來年，本集團將繼續有效調配資源，秉承本集團在區內多年積累的努力，紮穩根基，提供客戶更優質的產品與服務，為本集團各股東帶來長期之裨益。

最後，本人謹代表董事會，感謝諸位董事所作出之貢獻，並對各級員工在過往一年之辛勤與努力，表示謝意。

主席
王守業

香港 二零零七年三月二十八日

Dah Sing Bank will be celebrating its 60th anniversary on 1 May 2007, an important milestone of the Group's development. We intend to continue to leverage on our resources and the foundation we have built over the years to expand in the region, to provide better services and products to our customers, and to generate long-term value for our shareholders.

Finally, I would like to thank my fellow directors for their valuable contribution and extend on behalf of the Board, our appreciation to all our colleagues for their hard work and dedication over the past year.

David Shou-Yeh Wong
Chairman

Hong Kong, 28 March 2007