



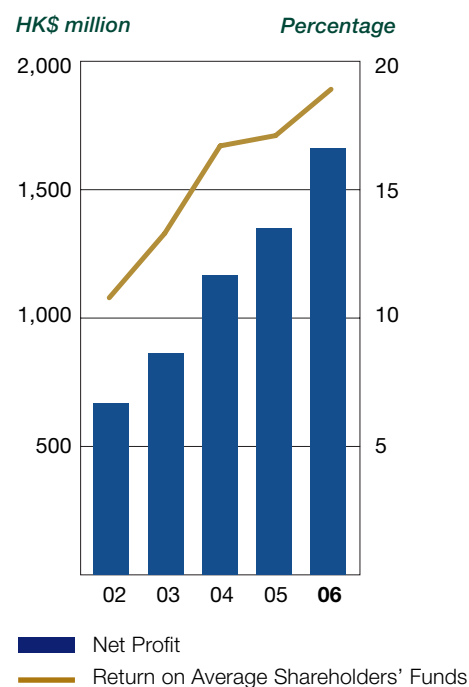
Dr Patrick Y B Fung
Chairman and Chief Executive

The Wing Hang Bank Group achieved record results in 2006 underpinned by strong economic growth in Hong Kong and China. Profit attributable to shareholders grew by 23.1 percent to HK\$1,660.7 million compared to HK\$1,348.7 million in 2005. Basic earnings per share rose 23.1 percent to HK\$5.65. The Board has recommended a final dividend of HK\$2.00 per share. Together with the interim dividend of HK\$0.82 paid on 18th September, 2006, the total distribution for the year amounted to HK\$2.82 per share representing an increase of 22.6 percent over 2005.

Hong Kong's economic expansion has been impressive. Real GDP grew by 6.8 percent in the third quarter of 2006 following an annual growth rate of 7.3 percent in 2005. Exports of goods and services grew by 8.9 percent reflecting China's substantial economic growth and a strong tourism industry. The stock market has also performed well since the second half of the year as a result of abundant liquidity and strong demand for new listings. In the property sector, prices have picked up slightly since 2005. The unemployment rate fell to a six-year low of 4.4 percent while the rate of inflation as measured by the CPI advanced to 2.3 percent in December 2006.

Short-term U.S. interest rates continued to rise in the first half of 2006 following increases in the Fed Funds rate. Hong Kong dollar interest rates rose in tandem but were reduced in the second half of the year due to the build-up of liquidity and a pause in tightening by the Federal Reserve in August.

Net Profit/ Return on Average Shareholders' Funds



Chairman's Statement

Meanwhile asset quality continues to improve along with better economic conditions and the relatively low interest rate environment.

Turning to our individual business divisions, the Group achieved satisfactory asset growth in areas such as residential and investment mortgages, share financing and consumer financing. Our China and Macau operations also performed well.

Return on average assets and average shareholders' funds stood at 1.47 percent and 18.9 percent respectively. The Group's adjusted capital adequacy ratio as at 31st December, 2006 and average liquidity ratio in 2006 stood at 15.2 percent and 51.6 percent respectively while the loan to deposit ratio eased slightly to 54.6 percent due to an increase in deposit volumes.

The Group currently has 38 branches in Hong Kong, 13 branches in Macau and 3 branches and 1 sub-branch in the Mainland employing at total workforce of 2,436 as at the end of December 2006.

Looking ahead, global economic growth should stabilise in 2007 despite uncertainties over the U.S. housing market. Gradual banking and financial liberalisation in China should also provide more opportunities for Hong Kong's financial industry.

Consequently we will continue to expand our business in high growth areas such as Macau and China. In this respect, we have obtained preliminary approval to establish a subsidiary bank in China. This subsidiary will be able to provide Renminbi banking service to Chinese nationals and will, therefore, offer immense opportunities to expand our Renminbi deposit. We expect the subsidiary bank will begin operation in the third quarter of 2007. We also plan to upgrade Beijing Representative Office to a Branch and open sub-branches in Shenzhen and Guangzhou. The growth strategy in China will be complimented by the additional hiring of 100 staff. Similarly, to cope with the business growth we will add 40 new staff for Banco Weng Hang.

In another move to expand our customer base and gain more cross-selling opportunities, we acquired Inchroy Credit Corporation in January 2007. The company is engaged in the hire purchase and lease financing business. Assets from Inchroy will help double the volume of hire-purchase business of Wing Hang Finance and we expect the acquisition to be income accretive in 2007.

Domestically, we will strive to continuously improve our businesses through product innovation and better service. In an effort to broaden our wealth management business and expand our consumer lending businesses, we plan to open three more branches and add two Wing Hang Credit outlets in 2007. In line with our growth plan, we will add 60 new staff. At the same time we will continue to improve efficiency across the Group's operations by streamlining the operation where appropriate.

Finally I would like to take this opportunity to extend my gratitude to all my colleagues who have worked very hard over the past year. I am indebted to the Board of Directors for their continued support and counsel. I am also grateful to our shareholders who have continued to extend their trust and support to us.

Patrick Y B Fung

Chairman and Chief Executive

Hong Kong, 15th March, 2007