

## 主席報告書 | Chairman's Statement

二零零四年乃大新集團另一轉捩的年度，上半年集團進行重組，為籌措大新銀行集團獨立上市，並於中國內地開設首家分行。

本人欣然匯報集團是年度創出盈利新高，首次超逾十億港元。二零零四年度扣除集團重組之特殊收益後之股東應佔溢利增加百分之十六點一，達十一億五千二百萬港元；若包括有關特殊收益，則上升百分之一百零五，達二十億三千三百萬港元。扣除特殊收益之每股盈利由4.02港元增加至4.66港元，包括有關收益則上升至8.22港元。根據集團重組時承諾之派息政策，股息分派比率已提高至約為扣除特殊收益及年中支付特別股息之正常化股東應佔溢利的百分之四十五；扣除特別股息後的是年度每股股息為2.08港元，較二零零三年增加百分之五十六。大新銀行集團獨立上市完成後，於二零零四年八月派發特別股息每股0.80港元，全年共派息2.88港元。

年內，集團的銀行及保險業務均表現理想。銀行業務溢利提升百分之二十七，由八億八千萬港元增加至十一億二千萬港元，而集團之保險業務盈利貢獻則增長百分之十七，由一億二千六百萬港元，上升至一億四千七百萬港元。

於二零零四年，香港經濟持續復甦，實質本地生產總值增長百分之八點一。貿易數據尤見強勁，產品及服務出口總值分別上升百分之十五點三及百分之十四點九。雖然上半年仍稍有通縮，惟整體形勢已見改善。二零零四年內，失業率回落，惟由於本港經濟繼續轉型，年底失業率仍然高企在百分之六點五水平。

2004 was a year of reorientation for the Dah Sing Group, with the reorganisation and separate listing of the Dah Sing Banking Group at the end of the first half of the year, as well as the opening of our first branch in Mainland China.

I am pleased to report that the Group achieved a record level of profit for the year, exceeding HK\$1 billion for the first time. Profit attributable to shareholders for 2004 increased by 16.1% to HK\$1,152 million if the exceptional gains from the Group reorganisation were excluded, and by 105% to HK\$2,033 million including the exceptional gains. Earnings per share increased from HK\$4.02 to HK\$4.66, excluding the exceptional gains, and to HK\$8.22 including those gains. In line with the dividend policy expressed at the time of the reorganisation, the dividend payout ratio has been raised to approximately 45% of normalised attributable profit excluding exceptional gains and the special dividend paid in the year, bringing the dividend per share (excluding special dividend) to HK\$2.08 for the year, an increase of 56% over 2003. A special dividend of HK\$0.80 per share was paid in August 2004 after the completion of the separate listing of Dah Sing Banking Group, bringing the total dividend for the year to HK\$2.88.

Both our banking business and insurance business performed strongly during the year, with the profits of the banking business growing by 27% from HK\$880 million to HK\$1,120 million, and the total contribution from our insurance businesses growing by 17% from HK\$126 million to HK\$147 million.

Hong Kong's economic recovery continued in 2004, with real GDP growth of 8.1%. Trade figures were particularly strong, with exports of goods and services increasing by 15.3% and 14.9% respectively. Although there was still slight deflation in the first half of the year, the overall trend has improved. Unemployment fell during 2004, and was at a level of 6.5% by the end of the year, which is still a relatively high level, due to the continuing restructuring of Hong Kong's economy.



The Hang Seng Index closed at above 14,200 points at the end of 2004 reflecting Hong Kong's improved economy.  
二零零四年底恆生指數收市超越一萬四千二百點反映香港經濟持續復甦。

## 主席報告書 | Chairman's Statement

年內，銀行及保險業務市況良好。銀行業務市場受若干大勢主導，貸款增長恢復、信貸質素改善、價格競爭劇烈、息差收窄、財富管理及人民幣業務發展，皆為主導市場的重要因素。本港以外，本地銀行已更積極踏足中國內地，尤以泛珠三角地區為甚。

值得鼓舞一提，本港銀行業務市場自一九九八年迄今，首次回復錄得貸款增長，二零零四年整體本地貸款增長達百分之五。然而貸款增長背後仍然存在隱憂，多項主要貸款業務，包括商業借貸及住宅按揭等，均面對極其嚴峻的價格競爭。各項貸款增長不一，按揭借貸及商業銀行業務較個人貸款及信用卡業務增長為速。

年內大部份時間，港元同業拆息仍於低位徘徊，特別是十月份尾段同業拆息下調，有助舒緩息差壓力。惟由於貸款價格競爭及賺息資產利率回報減低，二零零四年本地銀行業的平均淨息差亦普遍收窄。

在低存款利率的環境下，客戶趨向尋求各類投資產品，令財富管理業務持續發展，銀行及保險業務因此均能受惠。銀行業錄得費用收入增長，而保險業界的保費收入亦大幅上升。

由於香港與中國內地聯繫日趨緊密，純為本港居民而設的本地人民幣服務（包括人民幣存款、匯款及信用卡）從而錄得增長，推延帶動其他多項本港銀行業務在中國內地的增長，尤其是泛珠三角地區。

保險業務方面，保費收入增長持續，主要由於市場對較短期、單一保費、針對財富管理市場的單位投資相連產品需求甚殷所致。以銀行保險平台經營之承保機構繼續擴大市場佔有率。

Conditions in the banking and insurance markets were reasonably positive during the year. There were a number of trends influencing the banking market. In particular, a return to loan growth, improving credit quality, competitive pricing, tighter interest margins, wealth management and Renminbi ("RMB") business, have all been key factors influencing the market over the past year. Outside Hong Kong, there has also been the move by Hong Kong banks to participate more actively in Mainland China, particularly in the Pan Pearl River Delta region.

It is encouraging to note that there was a return to loan growth in the Hong Kong banking market for the first time since 1998, with overall domestic loan growth in 2004 reaching 5%. However, this loan growth was achieved against a background of extremely keen pricing competition in many main loan segments, including commercial lending and residential mortgages. The loan growth was also mixed by loan segment, with mortgage lending and commercial banking increasing more rapidly than personal loans and credit cards.

Continuing low Hong Kong dollar interbank rates during most part of the year, particularly following the reduction in interbank rates in late October, mitigated the margin pressure to some extent. However, as a result of competitive loan pricing and lower yields on interest earning assets, the average net interest margin in the local banking industry generally tightened in 2004.

Wealth management has been a growing business as customers seek alternatives to the low deposit rates available in the market. This has been a trend benefitting both the banking and insurance sectors, with growth in fee income in the banking industry, and strong growth in premium income in the insurance sector.

The ever-closer links between Hong Kong and Mainland China have been reflected in the growth in RMB business for Hong Kong residents in Hong Kong (including RMB deposits, remittances and credit cards), as well as the growth in many Hong Kong banks' business in Mainland China, particularly in the Pan Pearl River Delta region.

In the insurance business, growth in premium income continued, buoyed by strong demand for shorter maturity, single premium and unit-linked products targeted at the wealth management market. Insurers with bancassurance platforms continued to grow market share.

## 主席報告書 | Chairman's Statement

### 銀行業務

集團分拆上市之銀行業務附屬公司大新銀行集團有限公司是年度表現理想，股東應佔溢利報十一億二千萬港元，較去年上升百分之二十七點三。

貸款增長優於大市，是年度整體增長百分之十六點四，年底客戶貸款總額為三百二十五億港元。貸款增長主要源自個人銀行業務及商業銀行業務兩方面，其中以零售與商業按揭，以及貿易融資的增長尤為明顯。信貸成本持續改善，整體撥備支出於二零零四年大幅削減。令人鼓舞的是信用卡撇賬進一步減少，二零零四年底撇賬率下跌至二零零零年零售市場信貸成本剛開始上升的水平。

年內，集團的財富管理業務繼續大幅增長，以零售及私人銀行客戶為對象的債券及股票相關財富管理產品，以及結構式存款銷售服務費收入創出新高。

是年度內存款增長強勁。臨近年底，集團掌握時機，根據大新銀行中期票據計劃透過其全資擁有附屬公司Dah Sing MTN Financing Limited發行共三億美元五年期至二零零九年屆滿的定息及浮息優先票據。

貸款價格競爭劇烈，以及資產與剩餘資金投資回報下跌，令二零零四年度淨息差由百分之三點二一下降至百分之二點九二。

集團藉中港「更緊密經貿關係安排」，成功於二零零四年六月在深圳開設集團在中國內地的第一家分行。集團對此分行初期發展之成績感到鼓舞。

### Banking Business

Our separately listed banking subsidiary, Dah Sing Banking Group Limited, reported a strong performance for the year, with profit attributable to shareholders of HK\$1,120 million, an increase of 27.3% over the previous year.

Loan growth was significantly above market, with overall growth for the year of 16.4%, and advances to customers at the year-end totalling HK\$32.5 billion. The loan growth came both from our personal banking business as well as our commercial banking business, with retail and commercial mortgages and trade finance as particular areas of growth. Credit cost continued its improving trend with overall provisioning charges falling significantly in 2004. It was particularly encouraging to see a further reduction in credit card charge-offs, with the charge-off rate at the end of 2004 dropping to a level similar to 2000, which was the start of the increase in credit cost in the retail sector.

Our wealth management business continued to grow strongly during the year, with record levels of fee income from the sale of both debt and equity related wealth management products, as well as structured deposits for both retail and private banking customers.

Deposit growth was strong during the year. We also took the opportunity towards the end of the year to issue a total of US\$300 million of fixed and floating 5-year senior notes due in 2009 under the Medium Term Note Programme of Dah Sing Bank, through Dah Sing MTN Financing Limited being its wholly-owned subsidiary.

Competitive loan pricing and declining yields on assets and surplus funds investments during the year resulted in a decline in the net interest margin from 3.21% to 2.92%.

Under the Closer Economic Partnership Arrangement between Mainland China and Hong Kong, we were able to open our first Mainland China branch, in Shenzhen in June 2004. We have been encouraged by its early progress.

## 保險業務

集團全資擁有壽險附屬公司大新人壽保險有限公司(「大新人壽」)貢獻集團盈利共一億四千一百萬港元，較去年上升百分之二十二點四。於二零零四年底，集團的保險業務之總資產淨值為十億三千三百萬港元，包括潛在價值六億六千四百萬港元。

大新人壽繼續受惠於市場對較短期目標儲蓄人壽產品的殷切需求及傳統終身人壽產品的銷售。大新人壽的新業務保費收入大部份源自集團銀行分行的銷售，誠然經紀隊伍於是年度亦取得業務增長。由於股票市場復甦令投資表現理想，加上較穩定的長期利率與改善中的保單持續率，集團壽險業務業績因此而受惠。

集團佔百分之五十一權益的大新保險有限公司於二零零四年度錄得的溢利輕微下降，乃由於二零零三年業績因儲備支出較低及投資回報較高令業績表現理想相較下使然。

於二零零四年，集團落實擴充壽險業務的管理人員，加速其未來發展優先次序。

## 董事會

余國雄先生於二零零四年三月十五日獲委任為本公司獨立非執行董事，憑其豐富業務經驗與商業卓見，為董事會帶來裨益。

為配合集團於二零零四年上半年度進行架構重組及銀行業務在香港聯合交易所獨立上市，莊先進先生、韓以德先生和梁君彥先生遂於二零零四年六月十一日辭任本公司獨立非執行董事職務，並隨即獲委任為本公司現持有百分之七十八點三權益股份的大新銀行集團有限公司之獨立非執行董事。

## Insurance Business

Our wholly owned life assurance subsidiary, Dah Sing Life Assurance Company Limited ("Dah Sing Life") reported a contribution to the Group's earnings of HK\$141.0 million, an increase of 22.4% over the previous year. The total net asset value attributable to our insurance business in the Group's accounts at the end of the year, including the HK\$664 million embedded value of our life insurance business, was HK\$1,033 million.

Dah Sing Life continued to benefit from strong demand for shorter maturity endowment products, as well as sales of traditional whole-of-life product. Sales through the Group's bank branches now represent the majority of new business premiums for Dah Sing Life, although our agency force also generated reasonable new business growth for the year. The results of our life business benefitted from a strong investment performance, particularly in respect of a recovery in equity markets, and relatively stable long-term interest rates as well as improving persistency.

Our 51% owned general insurance subsidiary, Dah Sing General Insurance Company Limited, achieved a slightly lower level of profit in 2004, as 2003 performance was boosted by lower reserving cost and higher investment return.

We took steps in 2004 to broaden the management team of our life assurance business, and have placed increasing priority on its growth for the future.

## Board of Directors

Mr. Kwok-Hung Yue (Justin Yue) was appointed as an independent non-executive Director of the Company on 15th March 2004, and brings extensive experience and business insight to our Board.

As part of the Group reorganisation, and separate listing of the Group's banking business on the Hong Kong Stock Exchange in the first half of 2004, Messrs. John W. Simpson, David R. Hinde and Andrew Kwan-Yuen Leung resigned as independent non-executive Directors of the Company on 11th June 2004, and were appointed as independent non-executive Directors of Dah Sing Banking Group Limited, in which the Company currently holds a 78.3% stake.

## 主席報告書 | Chairman's Statement

麥曉德先生於二零零四年八月六日獲委任為本公司執行董事。

Sohei Sasaki 先生和古川弘介先生分別接替辭任之玉越良介先生和御手洗徹先生，同於二零零五年三月十五日獲委任為非執行董事。

本人藉此歡迎新任董事加入本公司董事會，相信彼等之專業及豐富經驗對集團有莫大裨益。本人並向退任董事及其替任董事在任期間所作出寶貴貢獻表示感謝。

### 未來前瞻

二零零五年香港的經濟狀況預料大致向好，政府預測本年度實質本地生產總值增長大致在百分之四點五至五點五之間。本年初段零售銷情良好，是由於內地自由行旅客數目激增，與中國更緊密結合，及物業價格較年前大幅上升等因素所帶動。

泛珠江三角地區增長仍顯持續，而中港經濟融合亦加速落實，顯現未來數年向好的趨勢。

預測二零零五年因經濟復甦持續，將有助銀行業貸款溫和增長，惟貸款價格競爭劇烈，加上美國加息將會影響港元利率，年內資金成本預測會上調。因此，縱然我們對二零零五年的銀行業務前景抱審慎樂觀態度，來年亦需面對不少挑戰，特別是淨息差方面。經濟改善，通脹隨之，對成本構成上升壓力，而這趨勢在年內亦難以有逆轉的可能。

On 6th August 2004, Mr. Nicholas J. Mayhew was appointed an executive Director of the Company.

On 15th March 2005, Messrs. Sohei Sasaki and Kosuke Furukawa, succeeding Messrs. Ryosuke Tamakoshi and Toru Mitarai, were appointed non-executive Directors of 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, as well as their alternates, for their valuable contribution during their tenure on the Board.

### Future Prospects

Economic conditions in Hong Kong in 2005 are forecast to be broadly positive, with government forecasts for real GDP growth of around 4.5% to 5.5% for the year. Retail sales have shown a good performance in the early stages of the year, assisted by the substantial increase in Mainland Individual Travellers, and generally closer integration. Property prices are at significantly higher levels than a year ago.

The growth of the Pan Pearl River Delta region looks set to continue, and the economic integration between Hong Kong and Mainland China continues to gather momentum. We see this as a positive trend for the years to come.

Whilst market loan growth is expected to be mildly positive in 2005, as the economic recovery continues, loan pricing remains very competitive, and funding costs are expected to rise during the year as the effects of increases in US interest rates flow through to Hong Kong dollar rates. Therefore, whilst we are cautiously optimistic on the outlook for our banking business in 2005, we also believe that there are challenges to be faced in the coming year, particularly as regards our net interest margin. The improved economy and the return of inflation have also started to put upward pressure on costs, and this trend is unlikely to reverse during the year.

## 主席報告書 | Chairman's Statement

保險市場展望樂觀，隨著經濟環境改善對儲蓄和保障產品需求增加，預期整個行業的保費收入增長將會持續。過往數年，以銀行保險平台經營壽險業務的機構之市場佔有率續有增長，相信以銀行保險平台，輔以其他分銷途徑，在來年將會繼續成為分銷壽險業務的重要渠道。集團銳意發展壽險業務，通過投放更多資源，期望能在中期於這業務取得更佳業績。

我們相信集團重組與大新銀行集團獨立上市，有效地部署集團面對市場挑戰與迎接新機遇，亦為集團未來繼續擴展其銀行和保險業務提供有利平台。

最後，本人謹代表董事會，感謝諸位董事所作的貢獻，並對各級員工在過往一年之勤奮努力及作出承擔致意。集團繼續銳意銀行和保險業務的發展，並悉力不懈達致「理財之選」的目標。

主席  
王守業

香港 二零零五年三月十五日

Conditions in the insurance market are reasonable, with expectations of continued growth in premium income for the industry as a whole, as a result of improved economic conditions as well as greater demand for savings and protection products. Over the past few years, we have seen growth in market share amongst those life assurance businesses operating on a bancassurance platform, and we believe that bancassurance, alongside other distribution channels, will continue to be an important method of distribution in the coming year. We are keen to grow our insurance business, and we expect that the increased resource that we are devoting to this business will bring benefits in the medium term.

We believe that the reorganisation and separate listing of the Dah Sing Banking Group has positioned us to meet the challenges and opportunities of the market, and has given us a platform to be able to continue to expand both our banking and insurance businesses in the years to come.

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 commitment over the past year. We remain committed to the growth of both our banking and insurance businesses, and look forward to continuing our efforts to become a "Financial Services Provider of Choice".

**David Shou-Yeh Wong**  
*Chairman*

Hong Kong, 15th March 2005