

本人欣然匯報縱然上半年度經營環境惡劣，集團仍能創出盈利新高。二零零三年度扣除準備後之營運溢利上升百分之十五點八，達十億零二千三百萬港元，股東應佔溢利增加百分之十六點五，共九億九千三百萬港元。每股盈利由3.46港元提升至4.02港元，每股股息由1.12港元增加至1.33港元。特別一提，憑著超卓銷售額與出色投資表現，本年度保險業務收益貢獻刷新紀錄，成績斐然。

二零零三年度，好壞參半。首六個月香港沙士疫症爆發、通縮持續與市場不景氣，嚴重影響集團之銀行與保險業務。下半年，營商環境與氣氛均告好轉。隨著宣佈達成「更緊密經貿關係安排」，與內地放寬個人旅遊限制，內地旅客顯著增加，本地經濟呈現復甦，香港銀行業與其他以港為基地的製造業與服務業均一併受惠。失業率下降、通縮放緩、物業與股票價格趨升、本地消費(尤其是零售行業)穩步增長，令本地生產總值急速反彈。二零零三年十二月三十一日恆生指數收市錄得一萬二千五百七十五點，較本年六月三十日的九千五百七十七點，升幅達百分之三十一。



The Hang Seng Index closed above 12,500 points at the end of 2003, up 31% relative to June end
二零零三年底恆生指數收市超越一萬二千五百點，較六月底上升百分之三十一

香港經濟向好，下半年大量資金湧入，市場炒賣投機人民幣可能升值傳聞，本港聯繫匯率受壓上調，導致短期利率低迷，銀行同業港元現金結餘高企。綜合上述因素，加上二零零三年十一月宣佈為本港客戶引入人民幣銀行服務(並於二零零四年二月推出)，金融服務業的營商環境已趨樂觀。

集團相信上述所指的「更緊密經貿關係安排」及人民幣銀行業務，對本地銀行業發展極具鼓舞性。在「更緊密經貿關係安排」下，本港銀行准予進入中國內地經營之總資產值要求由二百億美元降低至六十億美元，以此水平，大新銀行有限公司即時合乎規定。集團

I am pleased to report that, despite the very difficult operating conditions in the first half of 2003, the Group achieved a record level of profit for the year. Operating profit for 2003 after provisions increased by 15.8% to HK\$1,023 million, and profit attributable to shareholders increased by 16.5% to HK\$993 million. Earnings per share increased from HK\$3.46 to HK\$4.02, and the dividend per share increased from HK\$1.12 to HK\$1.33. Of particular note was the contribution from our insurance business which produced record results for the year with excellent sales figures and a strong investment performance.

2003 was a year of two halves. In the first six months, Hong Kong was affected by the outbreak of SARS, continuing deflation and poor sentiment reflecting the generally weak market. These difficult conditions adversely affected both our banking and insurance businesses. In the second half of the year business conditions and sentiment recovered. The banking industry in Hong Kong, along with other Hong Kong based manufacturing and service industries, benefited from the announcement of the Closer Economic Partnership Arrangement ("CEPA") and the local economy was boosted by the significant increase in Mainland tourists after the relaxation of individual travel restrictions. Hong Kong GDP rebounded rapidly, driven by declining unemployment, easing deflation, rising property and stock prices, and steady increases in domestic consumption, particularly in the retail sector. The Hang Seng Index closed at 12,575 on 31st December, 2003, up from 9,577 on 30th June, 2003, an increase of 31%.

The strong inflow of capital in the second half of the year arising from a stronger sentiment towards the Hong Kong economy and market speculation of a possible revaluation of the Renminbi exerted upward pressure on the local pegged exchange rate, resulting in very low short-term interest rates and a high level of HK\$ interbank liquidity. These factors, together with the announcement in November, 2003, of the introduction of Renminbi banking services for customers in Hong Kong (launched in February 2004) resulted in a more positive operating environment for the financial services industry.

We believe that CEPA and the Renminbi banking services to which I have referred are very encouraging developments for the banking sector in Hong Kong. Under CEPA, the minimum total asset requirement for Hong Kong banks to operate in the Mainland has been lowered from US\$20 billion to US\$6 billion, at which level Dah Sing Bank, Limited immediately qualifies. We have already submitted an application to China Banking Regulatory Commission ("CBRC"), established

主席報告書

Chairman's Statement

已向於二零零三年四月成立的中國銀行業監督管理委員會(「中國銀監會」)提交申請在深圳設立首家分行。集團亦已在港開展人民幣兌換與接受存款業務，藉此為集團拓展業務至珠江三角洲地域，以擴大客戶基礎。

大新銀行有限公司

大新銀行有限公司錄得扣除準備後之營運溢利上升百分之五點五，達八億八千六百萬港元，股東應佔溢利增加百分之七點五，達八億六千八百萬港元。個人銀行、商業銀行與財資業務表現均錄得增長。

貸款需求於下半年逐漸恢復。截至年底貸款及墊款總額為二百七十四億港元(較二零零二年底下跌百分之零點九，但較二零零三年六月份則上升百分之五點四)。本年下半年度貸款結餘總額上升，乃源自按揭借貸的增長及商業銀行業務的理想表現。下半年信貸質素亦有重大改善(尤以信用卡及個人貸款業務最為顯著)，壞賬及呆賬支出大幅下降。惟此類貸款需求仍然疲弱。

由於客戶需於低息市場尋求存款替代品，令集團財富管理業務迅速增長。本年度的單位信託、互惠基金及其他財富管理產品銷售額錄得強勁增幅。

成本控制仍然極其重要，將若干支援職能整合令集團的營運成本進一步下降，營運支出減少百分之八。

豐明銀行有限公司

豐明銀行有限公司(「豐明」)繼續專注個人銀行業務，並取得進展。本年度錄得純利一百五十萬港元，乃豐明自二零零一年四月啟業以來錄得的首次盈利。由於收入增多，加上二零零三年初，豐明整合後勤職能，經外判安排交予大新銀行有限公司，使營運成本顯著降低，致使整體盈利得以改善。

大新保險業務

大新人壽保險有限公司(「大新人壽」)於本年度表現超著，其長期業務貢獻集團收益達九千五百六十萬港元，較去年上升百分之二十

in April 2003, for a license for our first branch in Shenzhen, and we have started our Renminbi bank note exchange and deposit taking business in Hong Kong. These developments will help us to expand into the Pearl River Delta region and to increase our customer base.

Dah Sing Bank, Limited

Dah Sing Bank, Limited recorded an increase in operating profit, after provisions, of 5.5% to HK\$886 million, and an increase in profit attributable to shareholders of 7.5% to HK\$868 million. Personal banking, commercial banking and treasury all reported improved performances.

Loan demand picked up in the second half of the year. Total loans and advances ended the year at HK\$27.4 billion, which was 0.9% below 2002 but 5.4% higher than June 2003. The growth in the loan book in the second half of the year was the result of increased mortgage lending as well as a resilient performance from our commercial banking business. Whilst credit quality improved substantially in the second half of the year, notably in the credit card and personal loan businesses, resulting in a significant reduction in the charge for bad and doubtful debts, loan demand in these areas remained weak.

Our wealth management business continued to grow rapidly as customers looked for alternatives to the low interest rates available in the market for deposits. Sales of unit trusts, mutual funds and other wealth management products recorded strong growth in the year.

Cost control remained extremely important and the rationalization of certain support functions enabled us to achieve a lower cost base, with operating expenses down by 8%.

MEVAS Bank Limited

MEVAS Bank Limited ("MEVAS") continued to focus on the personal banking sector and made further progress, reporting a net profit of HK\$1.5 million for the year. This is the first time that MEVAS has reported a profit since starting operation in April 2001. The improvement in its profitability resulted from higher revenue and significantly lower operating expenses achieved by the integration in early 2003 of all of MEVAS' support functions with those of Dah Sing Bank, Limited through an outsourcing arrangement.

Dah Sing Insurance Business

Dah Sing Life Assurance Company Limited ("Dah Sing Life") delivered an excellent performance for the year with a contribution to Group earnings of HK\$95.6 million from its long-term business, an increase of 20.3% over the previous

點三。大新人壽業績能刷新此項新記錄，在經歷艱難的上半年後尤為鼓舞。

大新人壽年內推出一連串新產品，其中較短期的目標儲蓄人壽保險甚受客戶歡迎。縱使上半年銷情疲弱，全年整體業務增長超著，達百分之六十三。由於債券回報穩定，股票市場暢旺，投資表現理想。

集團佔百分之五十一權益與英傑華（前稱CGNU）合營之綜合保險附屬機構大新保險有限公司於二零零三年度取得較高盈利，營運表現與投資回報亦見理想。

集團相信雙管齊下，以經紀隊伍糅合銀行兼營保險業務策略分銷保險產品乃集團保險業務的重要成功因素。隨著本港經濟改善，集團將以此成功模式進一步投放資源，繼續擴展業務。

董事會

於二零零三年一月十五日，Malcolm Millington先生（其替任董事為Graham S. Long先生）辭任非執行董事職務。

於二零零三年三月四日，玉越良介先生（中村政照先生為替任董事至二零零三年六月十八日；自二零零三年六月二十五日起，小笠原剛先生繼任為替任董事）接替辭任的蔭山真人先生（其替任董事為中村政照先生），繼任為非執行董事。於二零零四年二月二十七日，金子佳喜先生獲委任為御手洗徹先生之替任董事。

年內，梁君彥先生獲委任為獨立非執行董事，鈴木邦雄先生（由二零零三年四月一日至六月二十五日止，中村清次先生為其替任董事；隨後其替任董事為小西一明先生）獲委任為非執行董事。於二零零三年三月三十一日，生田正治先生（其替任董事為中村清次先生）辭任非執行董事職務。

本人藉此歡迎新晉董事加盟本董事會，相信彼等之專業及廣泛經驗對集團有莫大裨益。本人並向退任董事及其替任董事所作出寶貴貢獻表示感謝。本人特別鳴謝生田正治先生

year. This represents a record result for Dah Sing Life, and is particularly encouraging after a very difficult first half of the year.

Dah Sing Life introduced a range of new products during the year, particularly shorter-dated endowment policies which appealed to customers as savings products. Despite the weaker sales in the first half year, excellent overall new business growth of 63% for the year was achieved. Investment performance was also good, due to a solid bond performance and a stronger equity market.

Our 51% owned general insurance subsidiary, Dah Sing General Insurance Company, a joint venture with Aviva (formerly CGNU) achieved a higher level of profit in 2003 on the back of a better operating performance and stronger investment returns.

We believe that our strategy of operating both an agency force and a bancassurance model for distributing our insurance products is an important factor in the success of our insurance business and with the improving Hong Kong economy, we intend to devote resources to further expand upon this successful formula.

Board of Directors

On 15th January 2003, Mr. Malcolm Millington (with Mr. Graham S. Long as alternate) resigned as a non-executive Director of the Company.

On 4th March 2003, Mr. Ryosuke Tamakoshi (with Mr. Masateru Nakamura as alternate up to 18th June 2003 and Mr. Takeshi Ogasawara as alternate effective from 25th June 2003), succeeding Mr. Mahito Kageyama (with Mr. Masateru Nakamura as alternate), was appointed as a non-executive Director. On 27th February 2004, Mr. Yoshiki Kaneko was confirmed as an alternate Director to Mr. Toru Mitarai.

During the year, Mr. Andrew Kwan-Yuen Leung was appointed as an independent non-executive director and Mr. Kunio Suzuki (with Mr. Seiji Nakamura as alternate from 1st April to 25th June 2003, and Mr. Kazuaki Konishi as his alternate thereafter) was appointed as a non-executive Director of the Company. Mr. Masaharu Ikuta (with Mr. Seiji Nakamura as alternate) resigned as a non-executive Director of the Company on 31st March 2003.

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. In particular, I would

主席報告書

Chairman's Statement

在任期間為集團分享其廣泛經驗及環球業務知識，並冀生田先生履新日本郵政公社總裁勝任愉快。

未來前瞻

二零零四年香港經濟表現預測最近已修訂上調，預測本地生產總值有百分之四至百分之八的增長。基於本地經濟逐步改善，銀行業亦漸次復甦，惟業內競爭仍然激烈。隨著壞賬支出、個人破產與債務重組個案（以無抵押信用卡及零售借貸為甚）現已遠低其高峰水平，資產質素預料將陸續改善。困擾本港迄今超逾五載的通縮問題亦預期於二零零四年內告終。物業市場信心回升，失業率持續下降與借貸需求逐步增強，均有利按揭、個人與商業貸款的增長。預料二零零四年內短期利率將繼續徘徊低位，惟債券市場有利條件亦難以與二零零三年上半年相比。

過往數年內地經濟發展蓬勃，香港與內地之聯繫將更加密切。以往大新只能間接從中獲益，然而，透過「更緊密經貿關係安排」與預計於二零零四年上半年開設首間內地分行後，加上在港經營人民幣業務，集團計劃參與珠江三角洲與周邊地帶的持續發展，並為擴大的客戶群提供更廣泛的銀行服務。

集團承諾提供多元化金融服務產品，並以優質客戶服務擴展銀行與保險業務。集團之增長策略乃恪守著重成本控制及風險管理為股東賺取回報的原則，同時亦正努力達致「大新金融－理財之選」的目標。

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承擔致意。隨著全球經濟復甦與中國經濟發展，本人對二零零四年前景充滿熱切期望，且審慎樂觀。

主席
王守業

香港 二零零四年三月二日

like to give special thanks to Mr. Masaharu Ikuta for sharing with us his extensive experience and knowledge of global business and wish him well in his new role as President of Japan Post.

Future Prospects

Forecasts for Hong Kong's economic performance in 2004 have been revised upward lately, with forecast GDP up between 4% to 8%. Banking business, on the back of an improving local economy, is recovering although competition remains very intense. Asset quality is expected to continue to improve as bad debt charges, personal bankruptcies and restructurings, particularly relating to unsecured credit card and retail lending, are now well below their peak levels. Deflation, which has been present in Hong Kong for more than five years, is expected to come to an end sometime in 2004. Rising confidence in the property market, continued improvement in the level of unemployment and a gradual increase in loan demand are expected to lead to growth in mortgages and personal and commercial lending. Short-term interest rates are likely to remain low for most of 2004, although conditions in the bond market are unlikely to be as favourable as they were in the first half of 2003.

The economic development that has taken place in the Mainland over the past years and the closer integration between Hong Kong and the Mainland look set to continue. In the past, Dah Sing was only able to benefit from this indirectly but with CEPA and the opening of our first Mainland branch expected in the first half of 2004, and with our ability to conduct Renminbi business in Hong Kong, we intend to participate in the continuing growth of the Pearl River Delta and beyond, and to provide additional banking services to our expanding customer base.

We are committed to growing our banking and insurance businesses by providing a wide range of financial services products, and delivering a high quality of service to our customers. Our strategy for growth is founded upon the principles of generating shareholder value with a prudent focus on cost control and risk management, while pursuing our vision of becoming the "Financial Services Provider of Choice".

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. Against the background of global economic recovery and an expanding Chinese economy, I look forward to the challenges of 2004 with enthusiasm and cautious optimism.

David Shou-Yeh Wong
Chairman

Hong Kong, 2nd March 2004