

Chairman's Statement

主席匯報



In the wake of the downturn in 2009, the global economy in 2010 staged a gradual recovery. The relatively strong growth sustained by the Mainland economy and reviving global trade flows continued to benefit Hong Kong. Global investors' interest in Asia-Pacific economies and markets was evident from the sizeable capital inflows, which raised the risks of inflation and asset bubbles. The second round of quantitative easing by the U.S. further raised these risks and may lead to sharper monetary tightening by central banks. We could not ignore the potential sources of global instability and the fact that sentiment was still weak in the West, accentuated by concerns over European debtor countries and uncertainties about China's policy moves to curb inflation.

Therefore, we started the year with caution and adopted a growth-yet-prudent strategy that we believed would better place us to weather the risks, take headwinds in our stride and still deliver satisfactory performance. In 2010, we focused on the effective management of capital, on improving our risk profile further and on the disciplined execution of our strategy of establishing our local franchise. Costs remained well managed and loan impairments declined significantly. Building on the inherent strengths of our parent company, Fubon Financial Holding Co., Ltd. ("Fubon Financial"), enabled us to realize synergies that led to increased economies of scale, faster market intelligence, enhanced risk management and improved cost control.

I am pleased to report that during 2010 we made progress in improving our financial performance. We generated a net profit of HK\$266 million, representing a more than tenfold increase from the HK\$23 million reported in 2009. Our success stemmed from enhanced risk management and prudent financial planning, as well as from focusing on our core businesses and our strong client relationships.

In Corporate & Investment Banking, we benefited from the economic recovery and a strategy that placed equal emphasis on business expansion and risk management. We saw a significant reduction in corporate loan defaults and loan impairment charges. While we continued to implement a conservative strategy for our credit underwriting business, we managed to develop income streams from low-risk products, build a quality customer base both locally and in China, and direct more intensive cross-selling efforts among the Group's overseas business platforms. We were also able to provide our clients with the banking services needed for their overseas expansion through collaboration among the Group's business platforms in different locations.

在經歷2009年的經濟衰退之後，全球經濟於2010年穩步復甦。中國經濟維持相對強穩的增長，全球貿易活動回升，均持續利好香港的經濟。龐大的資本流入，反映全球投資者對亞太區的經濟及市場興趣不減，但通脹及資產泡沫的風險卻因此上升。美國第二輪量化寬鬆政策令這些風險增加，並可能導致各地中央銀行進一步收緊貨幣政策。我們不可忽視全球經濟不穩的潛在源頭，而歐洲國家債務問題所引起的關注和中國對通脹升溫的政策回應所導致的不明朗情況，更進一步打擊西方國家的市場情緒。

有見及此，本行於年初審慎地謀定而後動，採取一個穩中求進的策略。本行相信，此舉有助我們抵禦風險、克服逆境，創造穩健的績效。2010年，本行專注提升資本的管理效益、進一步改善風險組合，並嚴格執行擴展本地業務的策略。本行成功地控制成本，貸款減值虧損亦大幅下降。藉著母公司富邦金融控股股份有限公司（「富邦金控」）的雄厚實力，本行得以擴大經濟規模、加速交流市場資訊、強化風險控管，以及節省成本，充分發揮協同效益。

本人欣然宣布，本行於2010年在提升財務表現方面取得了進展。年內的淨溢利為2.66億港元，較2009年錄得的2,300萬港元，獲得逾10倍的增幅。本行的成功，源於強化風險控管、落實審慎的財務規劃，以及專注拓展核心業務及跟客戶維持穩固關係。

企業金融部受惠於經濟復甦以及採取業務發展與風險控管並重的策略下，企業貸款拖欠逾期及問題貸款減值虧損大幅減少。除了持續在授信業務採取保守策略，我們持續拓展低風險產品收益、擴展本地及中國大陸優質客戶基盤，並加強集團海外業務平台的協銷合作。透過集團各地平台間之相互合作，讓我們能夠為客戶提供拓展海外業務時所需之銀行服務。

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In Wealth Management, we continued to enhance our policies, systems and processes to cope with the latest investor protection scheme requirements. Our insurance products performed extremely well in 2010. Our strategic partnership with China Life Insurance (Overseas) Company Limited, which gave us the exclusive distribution rights on a number of their products, contributed a good portion of our insurance premium income. Through our sub-brokerage channel, our Taiwan stock brokerage business developed a customer base of local and Mainland Chinese financial institutions and high net-worth customers.

New opportunities were introduced to the financial sector in Hong Kong as Renminbi ("RMB") was in the process of liberalization. In Financial Markets, we seized the opportunity to deliver RMB products and services to both retail customers and corporate clients which contributed to our marketing fee income. Our investment activities continued to be focused in the high credit quality and strong liquidity space, which helped the Bank to retain the stability in relationship to the value of our investment. In November, we successfully issued US\$200 million subordinated debt to replenish the outstanding US\$200 million subordinated debt callable in April 2011. The ten-year notes, which offer a 6.125% coupon, were five times over-subscribed and qualify as Tier 2 capital.

In Consumer Finance, we continued to place great emphasis on the mortgage business. During the year, we launched various marketing programmes to expand business networks, strengthen market positioning and induce new business opportunities. We were able to grow a quality mortgage business amid fierce competition by strengthening the direct sales channels and developing a new segmentation pricing model. Also by launching efficient sales and marketing campaigns for mortgages, credit cards, personal loans and expanding the merchant acquisition business, we succeeded in substantially growing our customer base, loans receivables and fee income.

On 10 January 2011, the Board of Directors of Fubon Financial unanimously resolved to make a proposal to privatize the ordinary share capital of the Bank and make a voluntary cash offer to acquire all the issued preference shares of the Bank other than those already held by Fubon Financial. Referring to the joint announcement issued on 19 January 2011, the Board of Directors of the Bank put forward the Scheme Proposal to Scheme Shareholders to privatize the ordinary share capital of

財富管理部持續在政策、系統及流程方面作出提升，以配合投資者保障計劃的最新規定。本行的保險產品於2010年取得優異表現。本行透過與中國人壽保險（海外）股份有限公司（「中國人壽」）的策略性夥伴關係，獲得多項保險產品的獨家代理權，佔本行全年保費收入的大部分。此外，透過複委託，我們的台灣證券投資業務開拓了包涵本地和中國大陸金融機構及高資產值客戶的客戶基盤。

人民幣相關業務進一步放寬，為香港金融業帶來新的機遇。金融市場部抓緊市場契機，為零售和企業客戶提供人民幣產品和服務，增加金融行銷收入。本行投資組合的分佈持續以高信貸質素及高流動性的債務證券為主，以穩定投資資產價值。於11月，本行成功發行2億美元的後償票據，為2011年4月到期之2億美元未償付之後償票據進行再融資。該10年期票據獲得五倍超額認購，固定年利率為6.125%，並列作本行的次級資本。

消費金融部持續專注拓展按揭業務。年內，我們推出了多項推廣計劃，以擴充業務網絡、強化市場定位及開拓新商機。透過加強直銷渠道和制訂一個嶄新的分層定價模式，我們在競爭激烈的市況下，仍能成功擴大優質的按揭業務。此外，為按揭業務、信用卡和私人貸款而啟動的高效銷售及市場推廣活動，以及商戶收單業務的擴展，均令我們成功地在客戶基盤、貸款應收賬額和費用收入方面取得可觀的增長。

2011年1月10日，富邦金控董事會一致通過作出建議，對本行的普通股股本進行私有化，並對所有已發行的優先股（已由富邦金控持有的優先股除外）作出自願現金要約。在2011年1月19日發表的聯合公告中，本行董事會將計劃建議提呈予計劃股東，計劃建議將根據《香港法例》第32章《公司條例》第166條以協議安排方式私有化本行的普通股股本。建議一經批准及落實，將導致股份撤銷在香港聯交所的上市地位。優先股收購建議以協議安排生效為先決條件。本行已成立獨立董事委員會，成員包括獨立非執行董事甘禮傑先生、曾國泰先生及石宏先生，以便就計劃建議向少數股東提供

the Bank by way of a Scheme of Arrangement under section 166 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), which, if approved and implemented, would result in the withdrawal of the listing of the shares on the Hong Kong Stock Exchange. The preference share offer will be subject to and conditional upon the Scheme of Arrangement becoming effective. An independent committee of the Board comprising Mr. Robert James Kenrick, Mr. Moses Tsang and Mr. Hung Shih, being independent non-executive directors, has been formed to advise the Bank's minority shareholders regarding the Scheme Proposal and the preference shareholders in connection with the preference share offer. CLSA Equity Capital Markets Limited has been appointed, with the approval of the independent committee of the Board, as the independent financial adviser. A Scheme document containing further details of the Scheme Proposal will be dispatched to our shareholders and our preference shareholders no later than 4 April 2011.

Going forward, we will build on the achievements of 2010 and continue to focus on the enhancement of our core businesses and to establish our customer franchises. We will leverage business opportunities arising from the Mainland government's relaxation of cross-boundary RMB transactions. Whilst not underestimating the near-term challenges, we remain firmly committed to investing on strengthening our IT infrastructure and service delivery capabilities. The policies, systems and mechanisms that we have put in place during the downturn for boosting our risk management and internal control capabilities have created a solid platform for us to move our business ahead and to achieve steady growth.

I would like to thank our shareholders and customers for their long-lasting loyalty and support, and our staff for their hard work and dedication, as any success we achieve owes to their ability and effort.

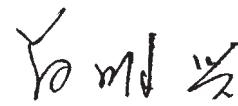


Ming-Hsing (Richard) TSAI
Chairman
March 2011

意見，以及就優先股收購建議向優先股股東提供意見。經獨立董事委員會核准，本行已委任里昂證券資本市場有限公司為獨立財務顧問。本行將於2011年4月4日或以前向股東及優先股股東寄發載有計劃建議的進一步詳情的計劃文件。

展望未來，本行將以2010年建立的穩健基礎上，繼續專注提升核心業務及擴大客戶基盤。我們亦將掌握大陸政府放寬人民幣跨境交易所帶來的商機。我們不會低估短期內的挑戰，並將繼續在資訊科技的基礎建設上作出投資，提升服務交付的能力。本行於經濟低迷期間為提升風險控管和內部監控能力而推行的政策及引進的監理系統和管理機制，成為本行穩健經營及成長的基礎。

對各位股東和客戶一直以來對本行的信任與支持，本人謹在此深表謝意。本人並感謝全體員工的辛勤努力和熱誠投入，他們的才幹和付出的努力，對我們獲得成功至為重要。



蔡明興
主席
二零一一年三月