

The Directors have pleasure in presenting their report together with the audited financial statements of Fubon Bank (Hong Kong) Limited ("the Bank") and its subsidiaries (collectively "the Group") for the year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The Bank, through its branches and subsidiaries, provides a range of banking, financial and related services.

SUBSIDIARIES

Particulars of the Bank's principal subsidiaries at 31 December 2006 are set out in Note 23 to the financial statements.

PRINCIPAL PLACE OF BUSINESS

The Bank is a licensed bank incorporated and domiciled in Hong Kong and has its registered office at 38 Des Voeux Road Central, Hong Kong.

RESULTS AND APPROPRIATIONS

The result of the Group for the year ended 31 December 2006 is set out in the consolidated income statement on page 79. The state of the Bank's and Group's affairs as at 31 December 2006 are set out in the financial statements on pages 79 to 173.

During the year, the Bank paid an interim dividend of 6 Hong Kong cents per ordinary share, totalling HK\$70,329,600 (2005: 6 Hong Kong cents, HK\$70,329,600).

The Directors recommend the payment of a final dividend of 12 Hong Kong cents per ordinary share in respect of the year ended 31 December 2006, totalling HK\$140,659,000 (2005: 11 Hong Kong cents, HK\$128,938,000).

DIRECTORS

The Directors in office during the financial year were:

Executive Directors

Jin-Yi Lee (Managing Director and Chief Executive Officer)
Michael Chang Ming-Yuen (Elected on 28 April 2006)
James Yip (Appointed on 1 July 2006)
Horace Fan Sheung Yam (Resigned on 1 July 2006)

Non-Executive Directors

Ming-Hsing (Richard) Tsai (Chairman)
Ming-Chung (Daniel) Tsai (Vice Chairman)
Wing-Fai Ng (Retired on 28 April 2006)
Victor Kung
Jesse Ding

Independent Non-Executive Directors

Robert James Kenrick
Moses Tsang
Hung Shih

董事會欣然提呈其報告連同富邦銀行(香港)有限公司(「本行」)及其附屬公司(統稱「本集團」)截至二零零六年十二月三十一日止年度的經審核財務報告。

主要業務

本行透過其分行及附屬公司提供一系列銀行、金融及相關服務。

附屬公司

本行的主要附屬公司於二零零六年十二月三十一日的詳情載於財務報告附註23。

主要營業地點

本行為於香港註冊成立並以香港為本籍的持牌銀行，其註冊辦事處位於香港中環德輔道中三十八號。

業績及分派

本集團截至二零零六年十二月三十一日止年度的業績載於第79頁綜合收益表。有關本行及本集團於二零零六年十二月三十一日的業務狀況載於第79頁至第173頁的財務報告。

於本年度，本行派付中期股息每股普通股6港仙，合共70,329,600港元(二零零五年：6港仙，70,329,600港元)。

董事建議派付截至二零零六年十二月三十一日止年度末期股息每股普通股12港仙，合共140,659,000港元(二零零五年：11港仙，128,938,000港元)。

董事

本財政年度之在任董事為：

執行董事

李晉頤(董事總經理兼行政總裁)
張明遠(於二零零六年四月二十八日選任)
葉強華(於二零零六年七月一日委任)
范上欽(於二零零六年七月一日辭任)

非執行董事

蔡明興(主席)
蔡明忠(副主席)
吳榮輝(於二零零六年四月二十八日退任)
龔天行
丁予康

獨立非執行董事

甘禮傑
曾國泰
石宏

ROTATION OF DIRECTORS IN THE FORTHCOMING ANNUAL GENERAL MEETING

In accordance with Article 81 of the Bank's Articles of Association, Hung Shih, Victor Kung and Jesse Ding retire and, being eligible, offer themselves for re-election.

In accordance with Article 77 of the Bank's Articles of Association, James Yip will hold office until the 2007 Annual General Meeting and, being eligible, offer himself for re-election.

DIRECTORS' SERVICE CONTRACTS

The Non-Executive Directors were appointed by the Bank's shareholders at the Annual General Meeting with appointment terms in accordance with Article 77 and Article 81 of the Bank's Articles of Association.

No Director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract with the Bank which is not determinable by the Bank or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Bank's business to which the Bank, its holding company, subsidiaries or fellow subsidiaries was a party and in which the Directors of the Bank had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

The Directors and Chief Executive of the Bank who held office at 31 December 2006 had the following interests in the shares of its ultimate holding company, Fubon Financial Holding Co., Ltd. ("Fubon Financial"), at that date as recorded in the register of Directors' and Chief Executive's interests and short positions required to be kept under section 352 of the Securities and Futures Ordinance ("SFO"):

Ordinary shares in Fubon Financial of NT\$1 each 富邦金控每股面值一元新台幣普通股

Name	Personal	Family	Corporate	Total number of shares held	Percentage of total issued shares
姓名	個人	家族	法團	所持股份總數	佔全部已發行股份百分比
Ming-Hsing (Richard) Tsai 蔡明興	209,591,280	27,686,879	1,814,127,232 ⁽¹⁾	2,051,405,391	26.58
Ming-Chung (Daniel) Tsai 蔡明忠	229,536,304	30,954,166	1,814,127,232 ⁽¹⁾	2,074,617,702	26.88
Jin-Yi Lee 李晉頤	550,000 ⁽²⁾	–	–	550,000	0.01
Jesse Ding 丁予康	2,021,531	–	–	2,021,531	0.03
Victor Kung 龔天行	670,571	383	–	670,954	0.01

於下屆週年股東常會上的董事輪任

根據本行組織章程細則第八十一條，石宏、龔天行及丁予康告退，並合資格膺選連任。

根據本行組織章程細則第七十七條，葉強華將任至二零零七年週年股東常會，然後告退並合資格膺選連任。

董事的服務合約

非執行董事按照本行組織章程細則第七十七條及第八十一條委任條款於週年股東常會上獲本行股東委任。

於下屆週年股東常會擬膺選連任的董事並無與本行或其任何附屬公司訂立可由本行於一年內毋須賠償（一般法定責任除外）而終止的尚未屆滿服務合約。

董事之合約權益

於年底或年內任何時間，本行、其控股公司、附屬公司或同系附屬公司並無訂立與本行業務有關連，而本行董事直接或間接擁有重大權益的重要合約。

董事及行政總裁於股份、相關股份及債券的權益和淡倉

本行於二零零六年十二月三十一日的在任董事及行政總裁，在當日根據《證券及期貨條例》第352條須存置的董事及行政總裁的權益及淡倉登記冊中，擁有其最終控股公司富邦金融控股股份有限公司（「富邦金控」）股份中的權益如下：

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (continued)

Notes:

- (1) 1,814,127,232 shares were held through corporations in which Mr. Ming-Chung (Daniel) Tsai, Mr Ming-Hsing (Richard) Tsai and other Tsai family members have beneficial interest.
- (2) The shares were acquired during 2004 pursuant to Fubon Financial's treasury shares programme which invited the Directors and certain senior management of the Group to acquire Fubon Financial's shares at discounted price.

Apart from the foregoing, none of the other Directors and Chief Executive of the Bank or any of their spouses or children under eighteen years of age has interests or short positions in the shares, underlying shares or debentures of the Bank, any of its holding company, subsidiaries or fellow subsidiaries, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Bank pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2006, the register of substantial shareholders showed that the Bank had been notified of the following interests, being 5% or more of the Bank's issued share capital.

Fubon Financial Holding Co., Ltd.
富邦金融控股股份有限公司

PURCHASE, SALE OR REDEMPTION OF THE BANK'S LISTED SHARES

The Bank has not redeemed any of its listed shares during the year. Neither the Bank nor any of its subsidiaries has purchased or sold any of the Bank's shares during the year.

FIXED ASSETS

Movements in fixed assets of the Bank and the Group are set out in Note 24 to the financial statements.

DONATIONS

Donations made by the Group during the year amounted to HK\$20,000 (2005: HK\$Nil).

董事及行政總裁於股份、相關股份及債券的權益和淡倉 (續)

附註：

- (1) 該1,814,127,232股股份由多個法團持有，而蔡明忠先生、蔡明興先生及其他蔡氏家族成員於上述法團均享有實益權益。
- (2) 該等股份是於二零零四年透過富邦金控的庫存股份計劃所認購。該計劃邀請本集團之董事及若干高級管理層以折讓價認購富邦金控股份。

除上述者外，本行概無其他董事及行政總裁或彼等的配偶或任何未滿十八歲子女在本行、其任何控股公司、附屬公司或同系附屬公司的股份、相關股份或債券中，擁有在根據《證券及期貨條例》的第352條須存置的登記冊中已記錄，或根據香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄十之《上市公司董事進行證券交易的標準守則》（「標準守則」）而須知會本行的權益或淡倉。

主要股東及其他人士

於二零零六年十二月三十一日，主要股東登記冊內顯示，本行已獲悉下列公司擁有本行已發行股本5%或以上的權益。

	Ordinary shares of HK\$1 each 每股面值 一港元普通股	Percentage of total shareholding 佔股權總數 百分比
Fubon Financial Holding Co., Ltd. 富邦金融控股股份有限公司	879,120,000	75

購入、出售或贖回本行之上市股份

本行於年內並無贖回其任何上市股份。本行或其任何附屬公司於年內亦無購入或出售本行的股份。

固定資產

本行及本集團的固定資產變動載於財務報告附註24。

慈善捐款

本集團於年內捐出20,000港元作慈善用途（二零零五年：零港元）。

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Bank and within the knowledge of the Directors of the Bank as at the date of this annual report, the Bank maintained a public float of 24.992% until 2 March 2006 and 25% during the remainder of the year.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 6 to 7 of the annual report.

RETIREMENT SCHEMES

The Group operates a defined benefit retirement scheme which covers 86% of the Group's employees, and a Mandatory Provident Fund scheme. Particulars of these retirement schemes are set out in Note 36 to the financial statements.

CONFIRMATION OF INDEPENDENCE

The Bank has received from each of the Independent Non-Executive Directors an annual confirmation of his independence pursuant to Chapter 3.13 of the Listing Rules. The Bank considers all the Independent Non-Executive Directors to be independent.

AUDIT COMMITTEE

The audit committee comprises three Non-Executive Directors, a majority of whom are independent, and is a committee of the Board of Directors. The audit committee oversees the work of the Group's internal auditors and thereby monitors the effectiveness of the Group's internal control systems and compliance with policies approved by the Board of Directors and the requirements of the regulatory authorities. The audit committee meets regularly with the Group's external auditors and reviews the Group's financial reports prior to approval by the Board of Directors.

COMPLIANCE WITH SUPERVISORY POLICY MANUAL ON FINANCIAL DISCLOSURE BY LOCALLY INCORPORATED AUTHORISED INSTITUTIONS

The financial statements on pages 79 to 173 together with the unaudited supplementary financial information on pages 174 to 184 fully comply with the Supervisory Policy Manual "Financial Disclosure by Locally Incorporated Authorised Institutions" issued by the Hong Kong Monetary Authority ("HKMA").

AUDITORS

The financial statements have been audited by KPMG who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as auditors of the Bank is to be proposed at the forthcoming Annual General Meeting.

By order of the board

Ivan Young
Secretary

Hong Kong, 6 March 2007

足夠公眾持股量

截至本年報刊發日期為止，根據本行可從公開途徑獲得的資料及據本行董事所知悉，本行於二零零六年三月二日之前維持24.992%的公眾持股量，並於年內剩餘時間維持25%的公眾持股量。

五個年度之財務概要

本集團於過往五個財政年度之業績及資產與負債之概要載於本年報第6頁至第7頁。

退休計劃

本集團推行一項界定利益退休福利計劃(範圍涵蓋本集團86%的僱員)及一項強制性公積金計劃。該等退休計劃的詳情載於財務報告附註36。

確認獨立性

本行已接獲各獨立非執行董事根據上市規則第3.13章之規定就其獨立性作出之年度確認書。本行認為所有獨立非執行董事均為獨立人士。

審核委員會

審核委員會由三位非執行董事組成，大部分為獨立人士。該委員會附屬董事會，負責監督本集團內部核數師之工作，並監察本集團的內部監控系統能否有效地運作並且遵從由董事會批准的政策及監管機構的規定。審核委員會定期與本集團外部核數師舉行會議，在財務報告書交予董事會審批前，審核委員會更會審閱有關報告。

遵守監管政策手冊內《本地註冊認可機構披露財務資料》所載的指引

第79頁至第173頁的財務報告連同第174頁至第184頁的未經審核補充財務資料已完全遵守香港金融管理局(「金管局」)頒佈之監管政策手冊內「本地註冊認可機構披露財務資料」所載的指引。

核數師

財務報告已由畢馬威會計師事務所審核，彼將告退並膺選連任。於應屆週年股東常會上，一項決議案將予以提呈，以續聘畢馬威會計師事務所為本行的核數師。

承董事會命

楊雅雲
秘書

香港，二零零七年三月六日