

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the year ended 31st December, 2005.

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in investment holding, treasury investments and the provision of mortgage finance and other related services. The principal activities and other particulars of the Company's subsidiaries are set out in note 23 to the financial statements.

There were no significant changes in the nature of the Group's principal activities during the year.

SEGMENT INFORMATION

An analysis of the Group's revenue and results by principal activity and geographical area for the year ended 31st December, 2005 is set out in note 7 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st December, 2005 are set out in the consolidated income statement on page 25.

The Directors do not recommend the payment of final dividend for the year (2004: Nil). No interim dividend was declared for the year (2004: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years ended 31st December, 2005, as extracted from the audited consolidated financial statements, is set out on page 60.

PLANT AND EQUIPMENT

Details of movements in plant and equipment of the Group and the Company during the year are set out in note 14 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 21 to the financial statements.

RESERVE

Details of movements in the reserve of the Company and of the Group during the year are set out in note 22 to the financial statements and the Consolidated Statement of Changes in Equity, respectively.

RESERVE (continued)

As at 31st December, 2005, there were no reserves of the Company available for distribution, calculated in accordance with Section 79B of the Companies Ordinance (2004: Nil).

SUBSIDIARIES

During the year, the Company has acquired a wholly-owned subsidiary, The Building and Loan Agency (Asia) Limited (formerly known as Goldnet Investment Limited), a company incorporated in Hong Kong. Particulars of the Company's subsidiaries are set out in note 23 to the financial statements.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Akihiro Nagahara (<i>Chairman</i>)	(appointed on 12th October, 2005)
Stephen Lo Kam Fai (<i>Chief Executive</i>)	(appointed on 12th October, 2005)
Edwin Lo King Yau	(appointed on 12th October, 2005)
David T. Yeh	(resigned on 12th October, 2005)
Lee Jark Pui, O.B.E., J.P.	(resigned on 12th October, 2005)
Jonathan Miles Foxall	(resigned on 12th October, 2005)
Ng Tai Chiu	(resigned on 12th October, 2005)

Non-Executive Directors:

Ning Gaoning	(resigned on 12th October, 2005)
Chan Wai Lam	(resigned on 12th October, 2005)
Leon Chan Nim Leung	(resigned on 12th October, 2005)
Michael Chan Kwok Shung	(retired by rotation in accordance with the Company's Articles of Association on 3rd June, 2005)

INEDs:

Chan Bo Ching	(appointed on 12th October, 2005)
Li Chak Hung	(appointed on 12th October, 2005)
Yuen Wai Ho	(appointed on 12th October, 2005)
Leung Nai Kong, B.B.S., J.P.	(resigned on 12th October, 2005)
Tsui King Fai	(resigned on 12th October, 2005)
Victor Yung Ha Kuk	(resigned on 12th October, 2005)

In accordance with Article 110 of the Company's Articles of Association, all existing Directors who have been appointed subsequent to the last AGM, and before the date of this report, will retire at the forthcoming AGM and, being eligible, offer themselves for re-election.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Akihiro Nagahara, aged 65, was appointed as the Chairman and an Executive Director of the Company since October 2005. He is the managing director of United Asia Finance Limited (“UAF”), the Company’s indirect holding company. He holds a law degree from the National Taiwan University and a Master’s degree from the Graduate School in Law of the National Hitotsubashi University of Japan, where he also completed his doctorate courses. He is an acknowledged expert in the consumer finance business in Hong Kong and is credited with the successful establishment of Public Finance Limited (formerly known as JCG Finance Company, Limited). He is also the chairman of The Hong Kong S.A.R. Licensed Money Lenders Association Limited since its establishment in 1999, which is the only industry representative association of licensed money lenders in Hong Kong.

Stephen Lo Kam Fai, aged 44, was appointed as the Chief Executive and an Executive Director of the Company since October 2005 and as the Company Secretary of the Company since September 2005. He is a member of the Institute of Chartered Accountants of England and Wales and a fellow member of both The Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He holds a Master of Business Administration degree from the Hong Kong Polytechnic and a Bachelor of Science degree in Economics with First Class Honours from the University of London. He has over 20 years’ experience in the auditing and accounting profession. He started his career in one of the big four international auditing firms and subsequently joined and worked for a sizeable listed company for a number of years in various postings including internal audit, acquisition advisory, financial controller, management and budgetary controller, etc. He is currently a director of UAF, the Company’s indirect holding company, and has worked for UAF as the financial controller for 10 years.

Edwin Lo King Yau, aged 45, was appointed as an Executive Director of the Company since October 2005. He is a chartered company secretary and holder of a Master’s degree in Applied Finance from Macquarie University, Australia. He had served various executive roles in several companies in Hong Kong including as company secretary for public listed companies. He is also an executive director of Allied Group Limited (“Allied Group”), the Company’s ultimate holding company, and Tian An China Investments Company Limited, both are companies listed on the Stock Exchange.

Chan Bo Ching, aged 47, was appointed as an INED of the Company since October 2005. He had over 15 years’ experience in the banking and financial fields in Hong Kong and Southeast Asia region. Mr. Chan holds a bachelor degree in laws and a Master’s degree in laws from the University of London. He obtained a Master’s degree in business administration from the Chinese University of Hong Kong through the Executive MBA programme. Mr. Chan was qualified as an associate of the Chartered Institute of Bankers in 1985 and is also an associate of the Hong Kong Institute of Bankers. Mr. Chan was awarded the Council Prize from the Chartered Institute of Bankers for the highest aggregate marks on completion of Credit Card Certificate in 1984. Mr. Chan is currently a practising barrister in Hong Kong. Prior to joining the legal profession, he held various senior executive and responsible positions in banks and finance related companies. Mr. Chan is also a member of the Hong Kong Institute of Directors, an associate member of the Taxation Institute of Hong Kong and a member of the Hong Kong Securities Institute.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (continued)

Li Chak Hung, aged 41, was appointed as an INED of the Company since October 2005. Mr. Li holds a bachelor degree in business administration and is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of The Association of Chartered Certified Accountants in the United Kingdom. He has over 17 years' experience in auditing, accounting and financial management. Mr. Li is also an independent non-executive director of Shanghai Allied Cement Limited, Quality HealthCare Asia Limited and Orient Industries Holdings Limited, all are companies listed on the Stock Exchange.

Yuen Wai Ho, aged 46, was appointed as an INED of the Company since October 2005. He holds two Master's degrees, one in business administration from the University of Bath in England and the other in electronic commerce from the Open University of Hong Kong. Mr. Yuen is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants in the United Kingdom and the Taxation Institute of Hong Kong respectively and is also an associate member of the Chartered Institute of Management Accountants and the Institute of Chartered Secretaries and Administrators. Mr. Yuen has more than 20 years' experience in auditing, accounting, taxation and financial management, of which 15 years was served as senior financial executives in various multinational companies and listed companies in Hong Kong. Mr. Yuen is currently a group financial controller of a listed company in Hong Kong and an independent non-executive director of Rexcapital Financial Holdings Limited, a company listed on the Stock Exchange. Mr. Yuen was an executive director of Huabao International Holdings Limited, a company listed on the Stock Exchange.

Eddie Wong Tak Fai, aged 47, was appointed as the Qualified Accountant of the Company since October 2005. He is a fellow member of both The Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor of Social Sciences degree from the University of Hong Kong. He has over 20 years of accounting experience in the banking and finance industry.

DIRECTORS' INTERESTS

As at 31st December, 2005, none of the Directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding companies, or any of its fellow subsidiaries or subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate with the exception of granting of share options to subscribe for shares in the Company's ultimate holding company, Allied Group, under the share option scheme of Allied Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31st December, 2005, the following shareholders had interests in the shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of shareholder	Number of shares held	Approximate percentage of the issued share capital	Notes
UAF	171,313,538	76.139	1
Allied Group	171,313,538	76.139	2 and 3
Lee and Lee Trust	171,313,538	76.139	2 and 4

Notes:

- The 171,313,538 shares were held by Island New Finance Limited ("INFL"), a wholly-owned subsidiary of Onspeed Investments Limited which in turn was a wholly-owned subsidiary of UAF. UAF was therefore deemed to have an interest in the shares in which INFL was interested.
- The figure refers to the same interest of UAF in 171,313,538 shares of the Company.
- UAF was a 50.91 per cent. owned subsidiary of UAF Holdings Limited, a wholly-owned subsidiary of AG Capital Holding Limited which in turn was a wholly-owned subsidiary of Allied Group. Allied Group was therefore deemed to have an interest in the shares in which UAF was interested.
- Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together owned approximately 40.06 per cent. interest in the issued share capital of Allied Group and were therefore deemed to have an interest in the shares in which Allied Group was interested.
- The interest stated above represents a long position. As at 31st December, 2005, no short positions were recorded in the register required to be kept under Section 336 of the SFO.

On 16th January, 2006, INFL was beneficially interested in 174,766,013 shares of the Company which represented approximately 77.673 per cent. of the issued share capital of the Company. On the same day, INFL has placed out 6,018,000 shares of the Company at the price of HK\$1.0933 per share. Following completion of the placement, INFL became the beneficial owner of 168,748,013 shares of the Company which represented approximately 74.999 per cent. of the issued share capital of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors of the Company was considered to have interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company proposed for re-election at the forthcoming AGM has an unexpired service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONNECTED TRANSACTION

During the year, the Company and the Group had the following continuing connected transaction:

On 16th December, 2002, a tenancy agreement (the "Tenancy Agreement") was entered into between the Company and Prime Power Investment Limited ("Prime Power"), a wholly-owned subsidiary of Lippo China Resources Limited which in turn had been the previous intermediate holding company of the Company until 12th September, 2005 pursuant to which Prime Power agreed to let to the Company a portion of Room 2301, 23rd Floor, Tower One, Lippo Centre, 89 Queensway, Hong Kong with a gross floor area of 3,316 square feet for a term of two years from 1st February, 2003 to 31st January, 2005, both days inclusive, at a monthly rental of HK\$55,709, exclusive of rates, service charges and all other outgoings, for office use. During the year, the Company paid rental expense in respect of the Tenancy Agreement of HK\$55,709 (2004: HK\$669,000) to Prime Power. The Tenancy Agreement was in accordance with the pricing policy of the Company which was determined by reference to the then prevailing open market rentals. Pursuant to the waiver granted by the Stock Exchange in February 2003, the INEDs have confirmed that (i) the above tenancy was entered into in accordance with the terms of the Tenancy Agreement by the relevant parties in the ordinary and usual course of their business; (ii) the above tenancy was undertaken on normal commercial terms and on terms that were fair and reasonable so far as the shareholders of the Company were concerned; and (iii) the rental paid in respect of the Tenancy Agreement for the year did not exceed the cap amount as stated in the above waiver. Pursuant to Rule 14A.38 of the Listing Rules, the Board engaged the auditors of the Company to perform certain agreed upon procedures in respect of the continuing connected transaction of the Group and the auditors have reported their factual findings on these procedures to the Board of Directors. The INEDs have reviewed the continuing connected transaction and the factual findings report of the auditors and the INEDs have confirmed that the transaction has been entered into by the Company in the ordinary course of its business, on normal commercial terms and in accordance with the terms of the agreement governing such transaction that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in note 30 to the financial statements, there were no other contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the year or at any time during the year, and in which a Director or the controlling shareholders of the Company or any of their respective subsidiaries, directly or indirectly, had a material interest.

During the year, no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries has been made.

MANAGEMENT CONTRACTS

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Group was entered into or existed during the year.

EMOLUMENT POLICY

Details of the Directors' emoluments and of the five highest paid individuals in the Group are set out in notes 10 and 11 to the financial statements respectively.

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31st December, 2005, the Group's revenue attributed to the five largest customers accounted for less than 30 per cent. of the Group's total revenue. The Group had no major suppliers due to the nature of principal activities of the Group.

RETIREMENT BENEFIT SCHEME

Details of the retirement benefit scheme of the Group and the employer's retirement benefit costs charged to the consolidated income statement for the year are set out in note 28 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 6 to 15.

SUFFICIENCY OF PUBLIC FLOAT

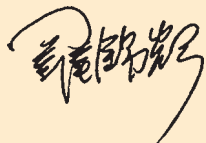
Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

AUDITORS

Messrs. Ernst & Young, who acted as auditors of the Company for the past three years, have resigned with effect from 13th January, 2006 and Messrs. Deloitte Touche Tohmatsu have been appointed as auditors of the Company with effect from 13th January, 2006 to fill the casual vacancy until the conclusion of the next AGM. A resolution will be submitted to the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditors of the Company.

The financial statements for the year were audited by Deloitte Touche Tohmatsu who will retire at the conclusion of the forthcoming AGM and, being eligible, will offer themselves for re-appointment.

On behalf of the Board



Stephen Lo Kam Fai

Chief Executive

Hong Kong, 24th March, 2006