

## INTRODUCTION

The core businesses of the Company and its subsidiaries and associates consist of property investment, property development, hospitality related activities and financial services. The Company is a subsidiary of Allied Group Limited (“Allied Group”). The Company’s interests in property investment and development and hospitality related activities in Hong Kong are mainly held through its wholly owned subsidiaries or the 50% owned Allied Kajima Limited (“Allied Kajima”), and in respect of property investment and development and hospitality related activities in The People’s Republic of China (“PRC”), through Tian An China Investments Company Limited (“Tian An”), being an associate held by Sun Hung Kai & Co. Limited (“Sun Hung Kai”). The Company’s financial services business is mainly conducted through its 65.17% holding in Sun Hung Kai. During the year under review, Sun Hung Kai acquired the entire issued capital of UAF Holdings Limited (“UAF Holdings”), which holds 50.91% in UAF, and additional interests in QHA. Consequent to the acquisitions, UAF and QHA became 58.18% and 51.15% subsidiaries of Sun Hung Kai respectively. The Group’s core businesses expanded into the consumer finance sector.

## FINANCIAL REVIEW

### Results

The revenue of the Group for 2006 was approximately HK\$2,166.4 million, which was an increase of 125% compared with 2005. The increase in revenue was due to:-

- stronger performance from Sun Hung Kai;
- higher rental income received from the Group’s investment properties; and
- consolidation of the revenues of UAF and QHA, which became subsidiaries of the Group in August and October 2006 respectively.

The profit attributable to the equity holders of the Company for the year was approximately HK\$1,070.2 million (2005: HK\$935.3 million). Earnings per share amounted to HK\$1.99 (2005: HK\$1.74).

The increase in profit was due to:-

- increased contributions from Sun Hung Kai and the Group’s investment properties; and
- a profit on the deemed disposal of a portion of the Group’s interest in Sun Hung Kai amounting to HK\$303.9 million.

## 簡介

本公司及其附屬公司及聯營公司之核心業務為地產投資、地產發展、酒店相關業務及金融服務。本公司為聯合集團有限公司（「聯合集團」）之附屬公司。本公司在香港於地產投資及發展以及酒店相關業務之權益，主要透過其全資附屬公司或擁有50%權益之Allied Kajima Limited（「Allied Kajima」）持有；而有關於中華人民共和國（「中國」）之地產投資及發展以及酒店相關業務之權益，乃透過新鴻基有限公司（「新鴻基」）持有之聯營公司天安中國投資有限公司（「天安」）而持有。本公司之金融服務業務則主要透過目前擁有65.17%權益之新鴻基而持有。在回顧年度內，新鴻基收購UAF Holdings Limited（「UAF Holdings」）（擁有亞洲聯合財務50.91%股權）之全部已發行股本以及收購卓健額外權益。在該等收購之後，亞洲聯合財務以及卓健分別成為新鴻基之58.18%及51.15%之附屬公司。本集團之業務已擴大至私人財務方面。

## 財務回顧

### 業績

本集團二零零六年年度收益約為2,166,400,000港元，較二零零五年年度增加125%。收益增加乃由於：

- 新鴻基業務表現強勁；
- 本集團之投資物業獲得高租金收入；及
- 綜合亞洲聯合財務及卓健（分別自二零零六年八月及十月起成為本集團附屬公司）之收益。

本年度本公司股東應佔溢利約為1,070,200,000港元（二零零五年：935,300,000港元）。每股盈利為1.99港元（二零零五年：1.74港元）。

溢利增加乃由於：

- 來自新鴻基及本集團投資物業之貢獻增加；及
- 視作為出售本集團於新鴻基部份權益之溢利303,900,000港元。

**FINANCIAL REVIEW (CONT'D)****Results (Cont'd)**

The increase in profit was partially offset by a number of issues including:-

- provisions by Tian An for past years Land Appreciation Tax ("LAT") in Mainland China amounting to approximately HK\$67.4 million attributable to the Company, a deemed loss of approximately HK\$44.3 million attributable to the Company arising from the conversion of 78,800,000 warrants of Tian An by Wachovia Investment Holdings, LLC, as well as a deemed loss of approximately HK\$8.7 million attributable to the Company arising from the placing of 175,000,000 Tian An shares to a number of institutional investors.

We believe, however, that the consequent cash injection into Tian An in respect of the conversion of Tian An warrants and placement of Tian An shares above has in fact strengthened its balance sheet and its capacity to pursue its development projects and has thus enhanced the long term value of the Group's investment in Tian An;

- an impairment provision of approximately HK\$37.9 million attributable to the Company in relation to the carrying value of the interest in the Kuala Lumpur hotel joint venture with New World Development Company Limited ("NWDC"); and
- a loss on the derecognition by Yu Ming Investments Limited ("Yu Ming") of its investment in CR Airways Limited (now known as Hong Kong Airlines Limited, "Hong Kong Airlines") and receivables in an aggregate amount of approximately HK\$27.8 million attributable to the Company.

**Segmental Information**

Detailed segmental information in respect of the Group's revenue and segmental results as well as other information is shown in note 8 to the consolidated financial statements.

**Material Acquisitions and Disposal***(a) Acquisition of additional interests in QHA*

During the year, Sun Hung Kai concluded an option agreement with CLSA Capital Limited ("CLSA") in relation to the option shares and option warrants of QHA for a consideration of approximately HK\$11.1 million. The option entitled Sun Hung Kai to acquire from CLSA 34,156,666 shares in QHA at an aggregate exercise price of approximately HK\$99.9 million, and for warrants leading to the subscription of 7,056,232 shares in QHA.

**業務回顧 (續)****財務回顧 (續)****業績 (續)**

溢利增加部份被下列各項所抵銷：

- 天安就本公司應佔以往年度於中國之土地增值稅作出之撥備約67,400,000港元、本公司應佔Wachovia Investment Holdings, LLC轉換天安78,800,000份認股權證之被視作虧損約44,300,000港元，以及本公司應佔配售175,000,000股天安股份予數家機構投資者之被視作虧損約8,700,000港元。

吾等相信，就上述天安認股權證獲轉換及配售天安股份而向天安注入現金，有助加強其資產負債狀況及其進行發展項目之能力，因而提升本集團於天安之投資之長遠價值；

- 就本公司應佔與新世界發展有限公司（「新世界發展」）於吉隆坡酒店合營項目之權益有關之賬面值減值作出撥備約37,900,000港元；及
- 本公司應佔禹銘投資有限公司（「禹銘」）取消確認其於中富航空有限公司（現稱香港航空有限公司，「香港航空」）之投資及應收款項總金額約27,800,000港元之虧損。

**分部資料**

有關本集團收益及分部業績之分部資料以及其他資料，載於綜合財務報表附註第8項。

**重要收購及出售事項***(a) 收購卓健額外權益*

於本年度，新鴻基與CLSA Capital Limited（「CLSA」）就卓健之認購權股份及認購權認股證達成代價約為11,100,000港元之認購權協議。認購權賦予新鴻基以總行使價約99,900,000港元向CLSA收購於卓健之34,156,666股股份，而認股權證則導致認購卓健之7,056,232股股份。

## FINANCIAL REVIEW (CONT'D)

## Material Acquisitions and Disposal (Cont'd)

## (a) Acquisition of additional interests in QHA (Cont'd)

On 29th September, 2006, Sun Hung Kai exercised the option over the option shares of QHA and in October 2006 CLSA transferred all the option warrants of QHA to Sun Hung Kai. The exercise of the option over the option shares of QHA required Sun Hung Kai to make a general offer for all the issued shares of QHA not already owned by it. Sun Hung Kai increased its interests in QHA from approximately 34.40% as at 1st January, 2006 to 50.13% after the closing of the general offer in November 2006. On 27th November, 2006, Sun Hung Kai exercised warrants of QHA to subscribe for 5,000,000 QHA shares and increased Sun Hung Kai's interests in QHA to approximately 51.14%.

## (b) Acquisition of interests in UAF Holdings

On 24th August, 2006, Sun Hung Kai completed an agreement with Allied Group and AG Capital Holding Limited ("AGCH"), a wholly-owned subsidiary of Allied Group, for the purchase of the entire issued share capital of UAF Holdings, a wholly-owned subsidiary of AGCH, together with the assignment of related shareholder's loan at an aggregate consideration of HK\$4,328.0 million. The consideration was settled by cash of HK\$628.0 million, a short-term loan of HK\$900.0 million and three year bonds with a principal amount of HK\$2,800.0 million.

UAF Holdings holds 50.91% interest in UAF. Consequent to the acquisition, Sun Hung Kai's interests in UAF increased from 7.27% to 58.18%. UAF and its subsidiaries are principally engaged in consumer finance loans throughout Hong Kong.

## (c) Deemed disposal of interests in Sun Hung Kai arising from share placing and top-up subscription

The Company, through its wholly-owned subsidiary, had completed share placing of 169,000,000 shares ("1st Share Placing") and 79,000,000 shares ("2nd Share Placing") of Sun Hung Kai on 22nd May, 2006 and 10th August, 2006 respectively. The top-up subscription of 248,000,000 new shares of Sun Hung Kai was completed on 10th August, 2006. The net proceeds of the placing and top-up subscription was approximately HK\$1,685.5 million. The shareholdings in Sun Hung Kai held by the Company before the 1st Share Placing and after top-up subscription were 74.99% and 62.54% respectively.

## (d) Deemed disposal of interests in Tian An arising from share placing and top-up subscription and exercise of unlisted warrants by a subscriber

In April 2006, Sun Hung Kai completed the placing and top-up subscription of 175,000,000 shares in Tian An. Subsequently, a third party exercised its rights under unlisted Tian An warrants for the conversion of 78,800,000 shares in Tian An. The shareholdings in Tian An held by Sun Hung Kai decreased from 48.6% as at 1st January, 2006 to 39.59%, as at 31st December, 2006.

## 財務回顧(續)

## 重要收購及出售事項(續)

## (a) 收購卓健額外權益(續)

於二零零六年九月二十九日，新鴻基就卓健之認購權股份行使認購權，及於二零零六年十月，CLSA轉讓卓健之所有認購權認股證予新鴻基。新鴻基就卓健之認購權股份行使認購權須就所有其尚未擁有之卓健已發行股份作出全面收購建議。新鴻基將其於卓健之權益自於二零零六年一月一日之約34.40%增至於二零零六年十一月全面收購建議結束後之50.13%。於二零零六年十一月二十七日，新鴻基行使卓健認股權證認購5,000,000股卓健股份，將其於卓健權益增至約51.14%。

## (b) 收購UAF Holdings之權益

於二零零六年八月二十四日，新鴻基與聯合集團及AG Capital Holding Limited(「AGCH」，聯合集團之一間全資附屬公司)訂立協議，以總代價4,328,000,000港元收購UAF Holdings(AGCH之全資附屬公司)全部已發行股本及轉讓相關股東貸款。該代價乃以628,000,000港元現金、900,000,000港元短期貸款及2,800,000,000港元本金額之三年期債券支付。

UAF Holdings持有亞洲聯合財務50.91%之權益。收購後，新鴻基於亞洲聯合財務之權益從7.27%增至58.18%。亞洲聯合財務及其附屬公司主要於全香港從事私人財務貸款。

## (c) 因股份配售及以先舊後新方式認購而視作出售新鴻基之權益

本公司(透過其全資附屬公司)分別於二零零六年五月二十二日及二零零六年八月十日完成配售169,000,000股(「第一次股份配售」)和79,000,000股(「第二次股份配售」)新鴻基股份。於二零零六年八月十日，完成以先舊後新方式認購248,000,000股新鴻基新股份。配售及以先舊後新方式認購之所得款項淨額約為1,685,500,000港元。本公司於第一次股份配售之前及以先舊後新方式認購之後所持於新鴻基之股權分別為74.99%及62.54%。

## (d) 因股份配售及以先舊後新方式認購以及一名認購者行使非上市認股權證而視作出售天安之權益

於二零零六年四月，新鴻基完成配售及以先舊後新方式認購175,000,000股天安股份。其後，一名第三方行使其於非上市天安認股權證下之權利以轉換78,800,000股天安股份。新鴻基持有天安股權自於二零零六年一月一日之48.6%降至二零零六年十二月三十一日之39.59%。

**FINANCIAL REVIEW (CONT'D)****Material Acquisitions and Disposal (Cont'd)**

Other than the above acquisitions and deemed disposals, there were no material acquisitions or disposals of subsidiaries, associates and jointly controlled entities during the year.

**Financial Resources, Liquidity and Capital Structure**

A bonus issue of warrants on the basis of one warrant for every five shares held was proposed by the Board on 12th April, 2006. 107,430,380 warrants were issued on 5th June, 2006.

The warrant holders are entitled to subscribe in cash for one fully paid share at an initial subscription price of HK\$10 per share, subject to adjustments, at any time from 7th June, 2006 to 6th June, 2009 (both days inclusive). During the year ended 31st December, 2006, 147,625 warrants were converted into 147,625 ordinary shares at a subscription price of HK\$10 per share. Accordingly 107,282,755 warrants were outstanding at 31st December, 2006. Exercise in full of the outstanding warrants would result in the issue of 107,282,755 additional shares with an aggregate subscription value of approximately HK\$1,072.8 million.

The net proceeds received from conversion of warrants was used to finance the general working capital of the Group.

On 10th November, 2006, the Company issued convertible bonds amounting to HK\$537.3 million. The convertible bonds bear interests at 7% p.a. for the period from 10th November, 2006 to 30th June, 2009 and 4% p.a. for the period from 1st July, 2009 to 9th November, 2011, the maturity date. Bondholders have rights to convert the bonds into new shares of the Company at an initial conversion price of HK\$10 (subject to adjustments) during the conversion period commencing from 1st July, 2009. Subsequent to the balance sheet date, the Company had partially redeemed the convertible bonds. Details are set out in the section "Events After The Balance Sheet Date" below.

Sun Hung Kai completed share placings and top-up subscription of total 248,000,000 shares in August 2006, bringing total net proceeds of approximately HK\$1,685.5 million to the Group. Part of the proceeds raised by Sun Hung Kai was used to finance the HK\$4,328.0 million acquisition of UAF Holdings. While the transaction has affected the Group's overall gearing ratio, the Group's balance sheet continues to be strong.

The Group is principally financed by banking facilities granted by the banks and proceeds from issue of shares by the Company and subsidiary, and bonds and convertible bonds issued. The banking facilities of the Group are reviewed from time to time and new banking facilities will be obtained or renewed to meet the funding requirements for capital commitments, investments and operations of the Group.

At 31st December, 2006, the current ratio (current assets/current liabilities) of the Group was 1.90 times, which increased from the 1.76 times applicable at the end of the preceding year.

**業務回顧 (續)****財務回顧 (續)****重要收購及出售事項 (續)**

除上述收購及視作出售以外，年內概無就附屬公司、聯營公司及共同控制企業作出重大收購或出售。

**財務資源、流動資金及股本結構**

董事會於二零零六年四月十二日建議按每持有五股股份獲發1份認股權證之基準進行認股權證紅利發行。於二零零六年六月五日已發行107,430,380份認股權證。

認股權證持有人有權於二零零六年六月七日至二零零九年六月六日(包括首尾兩天)期間任何時間，以初步認購價每股10港元(可予調整)之價格以現金認購一股繳足股份。截至二零零六年十二月三十一日止年度，147,625份認股權證按每股10港元之認購價轉換為147,625股普通股。因此，於二零零六年十二月三十一日流通之認股權證為107,282,755份尚未行使。全面行使尚未行使之認股權證將導致額外發行107,282,755股股份，總認購價值約為1,072,800,000港元。

轉換認股權證之所得款項淨額乃用作本集團之一般營運資金。

於二零零六年十一月十日，本公司發行537,300,000港元之可換股債券。可換股債券之年息率於二零零六年十一月十日至二零零九年六月三十日期間為7%，於二零零九年七月一日至二零一一年十一月九日(到期日)期間為4%。債券持有人有權於自二零零九年七月一日起的轉換期間按初步轉換價10港元(可予調整)將債券轉換為聯合地產的新股份。於結算日後，本公司已贖回部份可換股債券。有關詳情載於下文「結算日以後之事項」一節。

於二零零六年八月，新鴻基完成股份配售及以先舊後新方式認購合共248,000,000股股份，為本集團帶來合共約1,685,500,000港元之所得款項淨額。新鴻基所籌集之部份所得款項已用於為收購UAF Holdings支付4,328,000,000港元。儘管該等交易影響到本集團之整體資產負債比率，但本集團之資產負債情況仍舊穩健。

本集團之資金主要來自銀行授出之銀行信貸額以及本公司及附屬公司發行股份及已發行債券及可換股債券之所得款項。本集團不時檢討本集團之銀行信貸額，新銀行信貸額將獲批授或續期以應付本集團資本承擔、投資及營運之資金需求。

於二零零六年十二月三十一日，本集團之流動比率(流動資產/流動負債)由前一年年底之1.76倍增加至1.90倍。



## FINANCIAL REVIEW (CONT'D)

## Financial Resources, Liquidity and Capital Structure (Cont'd)

At 31st December, 2006, the Group's net borrowings amounted to HK\$5,043.5 million (2005: HK\$1,408.0 million), representing bank and other borrowings, loan notes, short-term loan due to a fellow subsidiary, bonds due to a fellow subsidiary and convertible bonds totalling HK\$6,500.1 million (2005: HK\$1,890.2 million) less bank deposits, bank balances, treasury bills and cash of HK\$1,456.6 million (2005: HK\$482.2 million) and the Group had equity attributable to equity holders of the Company of HK\$8,368.4 million (2005: HK\$7,070.5 million). Accordingly, the Group's gearing ratio of net borrowings to equity attributable to equity holders of the Company was 60.3% (2005: 19.9%). The increase in borrowings was mainly due to the finance raised for the acquisition of UAF Holdings.

## 財務回顧(續)

## 財務資源、流動資金及股本結構(續)

於二零零六年十二月三十一日，本集團之借貸淨額達5,043,500,000港元(二零零五年：1,408,000,000港元)，相當於銀行及其他借貸、貸款票據、欠一間同系附屬公司之短期貸款、欠一間同系附屬公司之債券及可換股債券共6,500,100,000港元(二零零五年：1,890,200,000港元)減銀行存款、銀行結存、國庫券及現金1,456,600,000港元(二零零五年：482,200,000港元)，本集團之本公司股東應佔權益為8,368,400,000港元(二零零五年：7,070,500,000港元)。因此，本集團借貸淨額相對本公司股東應佔權益之資本負債比率為60.3%(二零零五年：19.9%)。借貸增加主要是由於就收購UAF Holdings所需籌集資金所致。

		2006 二零零六年 HK\$'000 千港元	2005 二零零五年 HK\$'000 千港元
Bank borrowings of the Group are repayable as follows:	本集團之銀行借貸償還期限如下：		
Within one year or on demand	不足一年或即期	1,526,570	950,233
More than one year but not exceeding two years	一年以上但不超過兩年	645,712	606,939
More than two years but not exceeding five years	兩年以上但不超過五年	273,439	211,214
More than five years	五年以上	-	57,610
		<b>2,445,721</b>	<b>1,825,996</b>
Other borrowings due within one year	於一年內到期之其他貸款	8,000	-
Short-term loan due to a fellow subsidiary	欠一間同系附屬公司之短期貸款	700,000	-
Loan notes repayable within five years	須於五年內償還之貸款票據	66,639	64,252
Convertible bonds repayable within five years	須於五年內償還之可換股債券	479,783	-
Bonds held by a fellow subsidiary repayable within five years	一間同系附屬公司持有之須於五年內償還之債券	2,800,000	-
		<b>6,500,143</b>	<b>1,890,248</b>

The short-term loan and bonds due to a fellow subsidiary and most of the bank borrowings of the Group are charged at floating interest rates. The convertible bonds and the loan notes are charged at fixed interest rates. There are no known seasonal factors in the Group's borrowing profiles.

欠一間同系附屬公司之短期貸款及債券及本集團之大部份銀行貸款均以浮動利率計息。可換股債券及貸款票據以固定利率計息。本集團並無季節性借款需要。

## Risk of Foreign Exchange Fluctuation

## 外匯波動風險

The fluctuation in exchange rates and market prices does not impose a significant risk to the Group as its level of foreign currency exposure is relatively immaterial.

由於本集團之外匯波動風險程度相對十分低微，故外匯匯率及市價波動並無對本集團構成重大風險。

## Contingent Liabilities

## 或然負債

Details of contingent liabilities are set out in note 53 to the consolidated financial statements.

或然負債之詳情載於綜合財務報表附註第53項。

## FINANCIAL REVIEW (CONT'D)

## 財務回顧(續)

## Material Litigation Update

## 重大訴訟資料更新

(a) By the Judgment of High Court on 1st April, 2004 ("Judgment") in HCA 3191/1999 between NWDC and Stapleton Developments Limited ("SDL") against SHKS, the Court held that SHKS had a 12.5% interest in a 50/50 joint venture entered into between NWDC and IGB Corporation Berhad to purchase land and build 2 international hotels plus a 200-unit service apartment in Kuala Lumpur, Malaysia ("Joint Venture"). In particular the Court found that: (i) as to SHKS's interest in Great Union Properties Sdn. Bhd. ("GUP") that SDL, a corporation ultimately owned 100% by NWDC, holds 12.5% of the issued shares of GUP ("GUP Shares") on trust for SHKS, and that SHKS is entitled to the transfer to it of the legal title to the GUP Shares, upon payment of certain amounts to NWDC; (ii) as to the Joint Venture, that SHKS beneficially owns 25% of NWDC's entire interest in the Joint Venture; (iii) as to the shareholder's loans, that SHKS beneficially owns 25% of the loans advanced to GUP by SDL in a principal amount equivalent to HK\$114,904,023.60. SHKS was ordered to pay NWDC the sum of HK\$105,534,018.22 together with interest on the principal sum of HK\$80,117,652.72 at judgment rate from 16th December, 1998 until payment, pursuant to the terms of an oral agreement which the Court found. As at 17th June, 2004, the date when the Judgment sum was paid, the Judgment amounted to HK\$150,115,681.54 (being HK\$105,534,018.22 plus interest of HK\$44,581,663.32). SHKS has paid the Judgment amounts. SHKS filed an appeal against the Judgment both as to liability and quantum to the Court of Appeal. That Court of Appeal handed down the judgment ("Court of Appeal Judgment") in which the Court of Appeal ordered a repayment to SHKS of part of the interest element for the period from 16th December, 1998 to 31st March, 2004 previously ordered against SHKS in the Court of First Instance but otherwise broadly confirmed the Judgment. The sum repayable amounted to HK\$14,783,090.86 and has been repaid. SHKS obtained leave to appeal the Court of Appeal Judgment to the Court of Final Appeal ("Final Appeal"). The Final Appeal was heard on 19th, 20th and 21st June, 2006. On 10th July, 2006, the Court of Final Appeal delivered its decision ("Final Appeal Judgment"), dismissing the Final Appeal except to the extent that the principal sum awarded in favour of NWDC should be reduced by HK\$629,448.15. This amount together with interest thereon of HK\$647,991.43 totalling HK\$1,277,439.58 has now been paid to SHKS by NWDC. Pursuant to the Final Appeal Judgment, SHKS was ordered to pay costs of the appeal.

(a) 根據高等法院於二零零四年四月一日就新世界發展與Stapleton Developments Limited(「SDL」)向新鴻基証券提出之法律訴訟(高等法院民事訴訟一九九九年第3191宗)作出之裁決(「裁決」)，法院裁定新鴻基証券在新世界發展與IGB Corporation Berhad成立各佔一半權益以購買馬來西亞吉隆坡一幅地皮及興建兩幢國際級酒店另加一幢有200個單位的服務式住宅樓房的合營企業(「合營企業」)中擁有12.5%權益。具體而言，法院認定：(i)就新鴻基証券於Great Union Properties Sdn. Bhd. (「GUP」)的權益而言，SDL(一家由新世界發展最終全資擁有的公司)持有GUP已發行股份(「GUP股份」)的12.5%以信託形式代新鴻基証券持有，而新鴻基証券在向新世界發展支付若干款項後，有權將GUP股份的法定所有權轉讓至其名下；(ii)就合營企業而言，新鴻基証券實益擁有新世界發展於合營企業的全部權益的25%；(iii)就股東貸款而言，新鴻基証券實益擁有由SDL墊付予GUP本金額相等於114,904,023.60港元的貸款的25%權益。根據法官認定的口頭協議內訂明之條款，新鴻基証券被判令向新世界發展支付總額105,534,018.22港元，連同本金金額80,117,652.72港元由一九九八年十二月十六日起至付款期間按判定利率計算之利息。於二零零四年六月十七日(即支付判定金額當日)，新鴻基証券已支付判定金額，總額為150,115,681.54港元(即105,534,018.22港元連同利息44,581,663.32港元)。新鴻基証券已向上訴法院申請就該項裁決之法律責任及索償金額提出上訴。上訴法院已宣判裁決(「上訴法院裁決」)，判令退還部份新鴻基証券按原訟法院判決所支付由一九九八年十二月十六日起計至二零零四年三月三十一日之利息，惟確定大部份其他裁決。應退還金額合共14,783,090.86港元，並經已退還。新鴻基証券獲批准向終審法院就上訴法院裁決提出上訴(「最終上訴」)。最終上訴已於二零零六年六月十九日、二十日及二十一日作出聆訊。於二零零六年七月十日，終審法院頒佈裁決(「最終上訴裁決」)，判令駁回最終上訴(判令向新世界發展支付之本金額減少629,448.15港元的部份除外)。新世界發展現已向新鴻基証券支付此筆金額連同利息647,991.43港元，總額為1,277,439.58港元。根據最終上訴裁決，新鴻基証券被判須支付上訴訟費。

## FINANCIAL REVIEW (CONT'D)

## Material Litigation Update (Cont'd)

## (a) (Cont'd)

SHKS received new claims contained in (i) a writ containing an endorsement of claim issued by NWDC in April 2004 ("HCA 813/2004") for the sums of HK\$27,237,489.51 and HK\$7,697,418.42 together with interest on such sums from 1st March, 2000 and 2nd January, 2001 respectively at such rate as the Court considers appropriate, although as at the date of this report, the writ in HCA 813/2004 had not been served on SHKS; and (ii) a writ including a statement of claim issued by NWDC and SDL in February, 2006 ("HCA 376/2006") for what are asserted to be amounts advanced by NWDC on behalf of SHKS as pro-rata contributions to shareholders' loans. The sum of HK\$37,498,011.41, being the aggregate of the contributions claimed from SHKS, together with interest thereon at such rate and for such period as the Court considers appropriate is claimed in HCA 376/2006, although as at the date of this report, that writ had not been served on SHKS. In October 2006, SHKS made payment to NWDC of HK\$37,498,011 in settlement of the principal amount of the new claims, and in December 2006, it made payment to NWDC of HK\$10,081,950 in settlement of interest on the new claims. SHKS has now paid all amounts of principal and interest due to be paid to NWDC. The final amount of NWDC's costs and disbursements, that SHKS is liable to pay has yet to be determined. SHKS has given notice to NWDC and SDL, among other things, of its demand that the legal interest in the GUP Shares be transferred to it and that its portion of the shareholder's loans be assigned to it.

(b) On 4th February, 2004, Sun Tai Cheung Credits Limited ("STCC") and Sun Hung Kai Investment Services Limited ("SHKIS"), both indirect wholly-owned subsidiaries of Sun Hung Kai, were served with a writ including a statement of claim ("200/2004") by Shanghai Finance Holdings Limited ("SFHL"), claiming, inter alia, an order that the sale of the shares in Shun Loong Holdings Limited ("SLHL") ("Shun Loong Shares") by STCC as assignee to SHKIS (at a consideration of HK\$36,500,000 subject to additional amounts in a total sum not exceeding HK\$15,700,000 which might have been payable one year from the date of completion under certain conditions) pursuant to a sale and purchase agreement dated 25th June, 2003 be set aside, or alternatively, as against STCC for damages and an account as to the money obtained by STCC in respect of the Shun Loong Shares. The action was dismissed by consent on 27th October, 2006.

(c) Shun Loong Finance Limited and SLHL (together the "Petitioners"), both indirect wholly-owned subsidiaries of Sun Hung Kai, filed a winding-up petition on 19th February, 2004 in the British Virgin Islands ("B.V.I.") seeking an order that SFHL be wound up by reason of its failure to pay debts owing to the Petitioners. The B.V.I. proceedings were discontinued by consent on 10th November, 2006.

## 財務回顧(續)

## 重大訴訟資料更新(續)

## (a) (續)

新鴻基証券收到下列各項所載之新索償：(i) 由新世界發展於二零零四年四月發出載有申索註明之令狀(「高等法院民事訴訟二零零四年第813宗」)，索償金額為27,237,489.51港元及7,697,418.42港元，連同該等金額分別由二零零零年三月一日及二零零一年一月二日起按法院認為合適之利率而釐定之利息。然而，於本報告日期，高等法院民事訴訟二零零四年第813宗之令狀尚未送達新鴻基証券；及(ii) 由新世界發展及SDL於二零零六年二月就新世界發展宣稱代表新鴻基証券按比例墊付股東貸款之金額所發出載有申索陳述書之令狀(「高等法院民事訴訟2006年第376宗」)，高等法院民事訴訟二零零六年第376宗中索償之金額為37,498,011.41港元(即向新鴻基証券索償之出資總額)以及按法院認為合適之利率及期間所計算的利息。然而，於本報告日期，該令狀尚未送達新鴻基証券。於二零零六年十月，新鴻基証券向新世界發展支付37,498,011港元以償付新索償的本金額，並於二零零六年十二月，新鴻基証券向新世界發展支付10,081,950港元以償付新索償的利息。新鴻基証券現已支付到期應付予新世界發展的本金額及利息。新鴻基証券就新世界發展的訟費及償付費用的最終金額迄今尚未確定。新鴻基証券已向新世界發展及SDL發出通知，(其中包括)註明其要求將GUP股份的法定權益轉讓至其名下，同時將新鴻基証券所屬股東貸款部份轉至其名下。

(b) 於二零零四年二月四日，Shanghai Finance Holdings Limited (「SFHL」) 向同為新鴻基之間接全資附屬公司新泰昌授信有限公司(「新泰昌授信」)及新鴻基投資服務有限公司(「新鴻基投資」)發出附有申索陳述書之令狀(「200/2004」)，要求(其中包括)撤銷新泰昌授信(作為受讓人)根據日期為二零零三年六月二十五日之買賣協議就順隆集團有限公司(「順隆集團」)之股份(「順隆股份」)向新鴻基投資所作之出售(作價36,500,000港元，在若干條件下，將會於交易完成日期一年後額外支付不超過15,700,000港元之款項)，或要求新泰昌授信給予損害賠償以及申索新泰昌授信就順隆股份所獲取之金額。於二零零六年十月二十七日此訴訟按同意被駁回。

(c) 順隆財務有限公司及順隆集團(統稱為「呈請人」)(同為新鴻基之間接全資附屬公司)在二零零四年二月十九日於英屬處女群島提交一項清盤呈請，基於SFHL未能償還欠負呈請人之債務，故要求判令SFHL清盤。此英屬處女群島之司法程序於二零零六年十一月十日按同意被中止。



**FINANCIAL REVIEW (CONT'D)****Material Litigation Update (Cont'd)**

- (d) Sun Hung Kai, STCC and SHKIS filed a writ on 7th February, 2004 ("230/2004") naming as defendants Shanghai Land Holdings Limited, Stephen Liu Yiu Keung, Yeo Boon Ann, The Standard Newspapers Publishing Limited and Hong Kong Economic Times Limited and claiming damages for libel, injunctive relief, interest and costs. The action was dismissed by consent on 27th October, 2006.
- (e) Details on the case regarding Chang Zhou Power are set out in paragraph (b) of note 53 to the consolidated financial statements on "Contingent Liabilities".

**Pledge of Assets**

Details regarding pledge of assets are set out in note 57 to the consolidated financial statements.

**Events After the Balance Sheet Date**

- (a) In January 2007, Sun Hung Kai sold 43,950,000 shares in Lippo Limited, an available-for-sale investment, through a number of on-market transactions on The Stock Exchange of Hong Kong Limited ("Stock Exchange") at an aggregate consideration of approximately HK\$131.9 million which gave rise to a profit of approximately HK\$48.0 million. Sun Hung Kai ceased to have any interest in Lippo Limited after the disposal.
- (b) On 22nd February, 2007, the Company announced a partial redemption of the convertible bonds, being HK\$5 out of the principal amount of HK\$10 per convertible bond. The redemption monies, together with accrued interest amounting to approximately HK\$274.8 million were payable on 22nd March, 2007. The effect to consolidated income statement arising on the transaction was immaterial.

As stated in the prospectus dated 12th October, 2006 issued by the Company, one of the major reasons for the issue of the convertible bonds was to enable the Company to restore, to the extent possible, its shareholding percentage in Sun Hung Kai, which was diluted in the top-up placing arrangement of SHK in August 2006. Following completion of such top-up placing arrangement, one of the placees has become a substantial shareholder of Sun Hung Kai, whose shares in Sun Hung Kai are, by such reason, not regarded as being held in public hands for the purposes of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). Public disclosures reveal that since then, such placee has not disposed of any of its shares in Sun Hung Kai. Any increase in the Company's shareholding percentage in Sun Hung Kai may therefore have further impact on the public float of Sun Hung Kai and give rise to the risk of the public float of Sun Hung Kai not being maintained in accordance with the requirements under the Listing Rules. Accordingly, the Directors do not foresee any opportunity, in the short or medium run, for the Company to apply any significant part of the proceeds of the issue of the convertible bonds to restore its shareholding percentage in Sun Hung Kai.

The Directors consider that the partial redemption of the convertible bonds provides a good opportunity for the Group to reduce its liabilities and interest payment obligations and to improve its financial position.

**財務回顧(續)****重大訴訟資料更新(續)**

- (d) 新鴻基、新泰昌授信及新鴻基投資於二零零四年二月七日向上海地產控股有限公司、廖耀強、楊文安、英文虎報出版有限公司及香港經濟日報有限公司(同為被告)發出傳訊令狀(「230/2004」),申索誹謗賠償、要求頒佈禁制令,以及索償涉及之利息及訟費。此訴訟於二零零六年十月二十七日按同意被駁回。
- (e) 有關長州電力之案件詳情,已載列於綜合財務報表附註第53項「或然負債」(b)段內。

**資產抵押**

有關資產抵押之詳情載於綜合財務報表附註第57項。

**結算日以後之事項**

- (a) 於二零零七年一月,新鴻基於香港聯合交易所有限公司(「聯交所」)藉約數項場內交易出售43,950,000股力寶有限公司股份(可供出售投資),總代價為約131,900,000港元,由此產生約48,000,000港元之溢利。新鴻基於該出售後已不再擁有任何力寶有限公司之權益。
- (b) 於二零零七年二月二十二日,本公司宣佈部份贖回可換股債券,即由每份可換股債券10港元本金中贖回5港元。贖回款項連同應計利息約為274,800,000港元,已於二零零七年三月二十二日支付。交易對綜合收益賬所產生之影響並不重大。

誠如本公司於二零零六年十月十二日刊發之章程所述,發行可換股債券其中之主要原因是使本公司在可能之程度下回復其於新鴻基之股權百分比(經新鴻基於二零零六年八月進行先舊後新配售安排而被攤薄)。該先舊後新配售安排完成後,其中一位承配人成為新鴻基之主要股東,因此,根據香港聯合交易所有限公司上市規則(「上市規則」),其於新鴻基之股份不被視為由公眾持有。其後公開披露之資料顯示,該承配人並未出售其任何新鴻基之股份。本公司於新鴻基之股權百分比有任何上升或會因而進一步影響新鴻基之公眾持股量,並可能引致新鴻基未能維持上市規則所規定之公眾持股量之風險。因此,董事預期本公司在短期或中期而言,並沒有任何機會動用發行可換股債券之所得款項之任何重大部份,以回復其於新鴻基之股權百分比。

董事相信贖回部份可換股債券為本集團提供減少債務及債務所附利息及改善財務狀況之良好機會。



## OPERATIONAL REVIEW

### Properties

#### Hong Kong

The local property market continued to benefit from the stable economy and the buoyant stock market. Capital values of properties rose moderately and positive rental trends continued during the year. China Online Centre, Allied Cargo Centre, Park Place as well as Century Court all achieved higher rental income. Contribution from Ibis North Point continued to strengthen resulting from both higher occupancy and average room rates.

Property valuation has been carried out by independent qualified professional surveyors in respect of the Group's investment properties held as at 31st December, 2006. The Group's investment properties were valued at HK\$2,959.3 million, the net increase in fair value of approximately HK\$261.3 million being reported in the consolidated income statement for the year.

Allied Kajima, 50% indirectly owned by the Group and holding properties including Allied Kajima Building, Novotel Century Hong Kong hotel and the Philippine Plaza Hotel, contributed a profit increase of 50.7% in 2006 as compared to 2005. The increase was mainly due to a revaluation of its investment property and a strong performance by Novotel Century Hong Kong hotel which recorded significantly higher average room rates.

#### Mainland PRC

The profit attributable to equity holders of Tian An, a listed associate of Sun Hung Kai and the Group's PRC property unit, was approximately HK\$51.5 million (2005: HK\$202.5 million), representing a 75% decrease over the previous year. The decrease was attributable to the recognition in the current year by Tian An, in the interest of prudence, of a provision for both past years and year 2006 LAT previously noted as a contingent liability. These provisions amounted to approximately HK\$261.6 million and HK\$35.8 million respectively. Had these provisions not been made, the profit attributable to equity holders of Tian An would have increased to HK\$334.6 million (2005: HK\$202.5 million). This increase, before the provision for additional LAT, would have resulted from an increase in the fair value of its investment properties, a gain on its disposal of a jointly controlled entity, and a substantial increase in rental income.

### 業務回顧

#### 地產

#### 香港

本地之物業市場繼續得益於穩定之經濟及興旺之股市。物業之資本值於年內略有增長，租金亦呈上升趨勢。中國網絡中心、聯合貨運中心、雅柏苑及世紀閣均錄得租金收入上升。來自世紀軒之貢獻因佔用率及平均入住率提高而繼續增強。

本集團於二零零六年十二月三十一日持有之物業已由獨立合資格專業測量師進行物業評估。本集團之投資物業價值為2,959,300,000港元，約261,300,000港元之公平值增長淨額於本年度之綜合收益表內列賬。

由本集團間接擁有50%並持有包括聯合鹿島大廈、世紀香港酒店及Philippine Plaza Hotel在內之物業之Allied Kajima與二零零五年相比為二零零六年之溢利貢獻上升50.7%。溢利增長主要由重估其投資物業及世紀香港酒店平均入住率顯著增長之優異表現而達致。

#### 中國內地

新鴻基之上市聯營公司及本集團之中國物業分部天安之股東應佔溢利約為51,500,000港元(二零零五年：202,500,000港元)，較上年下降75%。溢利下降主要歸因於天安於本年度確認就先前標示為或然負債之過往年度及二零零六年年度之土地增值稅撥備之審慎權益。該等撥備分別約為261,600,000港元及35,800,000港元。倘未作出該等撥備，天安之股東應佔溢利原應增至334,600,000港元(二零零五年：202,500,000港元)。就額外土地增值稅作出撥備前，乃由其投資物業公平值提高、出售一間共同控制企業之收益及租金收入顯著增長所致。

## OPERATIONAL REVIEW (CONT'D)

### Properties (Cont'd)

#### Mainland PRC (Cont'd)

Pursuant to its strategy of increasing rental income and maximizing development profit, Tian An managed its portfolio so as to retain more real estate for the generation of rental income. Tian An recorded sales of approximately 79,100 m<sup>2</sup> total GFA in 2006, compared to 138,000 m<sup>2</sup> in 2005. The benefits of this strategy should be realized in 2008 and 2009 when substantial developments held for sale will be available for marketing. These developments include Shanghai Tian An Place in Cao Bao Lu, Shanghai Tian An Villa in Sheshan, The Manhattan in Wuxi and Shenzhen Tian An Golf Garden (Phase 3). These properties have significantly increased in value in recent years and Tian An expects to record substantial profit on any disposals. The rental income increased by 70% in 2006 and is expected to continue to increase in the next few years as a larger portion of Tian An's investment properties are completed, including the "Flour Mill" project in Shanghai.

Tian An has a current landbank of total GFA of approximately 6,322,000 m<sup>2</sup> (total GFA attributable to Tian An is approximately 4,615,000 m<sup>2</sup>, consisting of 222,000 m<sup>2</sup> of completed investment properties and 4,393,000 m<sup>2</sup> of properties for development), located mainly in Shanghai and Shenzhen, as well as other cities.

### Financial Services

#### Broking and finance

Sun Hung Kai, the Group's broking arm, recorded a profit attributable to its equity holders of HK\$486.8 million (2005: HK\$401.5 million), representing earning per share of HK36.2 cents (2005: HK32.2 cents). Revenue for the year was HK\$1,984.4 million, compared to HK\$793.6 million for the previous year. The increases in the revenue and profit reported were due to the combined effect of the consolidation of the results of UAF and QHA, which became subsidiaries of the Group in August and October 2006 respectively, and the strong performance of Sun Hung Kai itself. Sun Hung Kai enjoyed a strong year with all operating divisions showing marked increases in both revenue and profit reported. The principal reason for Sun Hung Kai reporting a modest increase of 21.2% in the profit attributable to its equity holders was due to the inclusion of several significant non-recurring items, which included some non-cash charges, as detailed in the Results section above. Sun Hung Kai's 2006 results, excluding the above non-recurring items, showed solid operational improvements and growth with earnings per share of HK58.5 cents for the year.

Securities broking continued to be a significant contributor to the revenue in Sun Hung Kai. Third party execution provided to non-exchange participants also produced ongoing revenue. Institutional and investment bank clients remained a source of stable income.

The buoyant stock market conditions were reflected in a substantial increase in Sun Hung Kai's margin book. The term lending book remained stable despite keen competition in alternate financing through the capital markets using IPOs and placements.

## 業務回顧 (續)

### 業務回顧 (續)

#### 地產 (續)

#### 中國內地 (續)

根據提高租金收入及盡量提升發展溢利之策略，天安保留更多物業作產生租金收入之宗旨管理其組合。天安於二零零六年錄得銷售總建築樓面面積約為79,100平方米，二零零五年則為138,000平方米。該策略之裨益將於二零零八年及二零零九年當持作出售的大量發展項目將可供推出市場時實現。該等發展包括位於漕寶路之上海天安豪園、位於佘山之上海天安別墅、位於無錫之The Manhattan以及深圳天安高爾夫花園(三期)之物業。該等物業之價值於近年已顯著增長，天安預期任何出售將錄得重大溢利。二零零六年租金收入增加70%，而隨著天安之投資物業相繼落成之部份(包括上海之「麵粉廠」項目)增加，預期未來數年租金收入將繼續上升。

天安現擁有總建築樓面面積約6,322,000平方米之土地儲備(天安應佔之總建築樓面面積約4,615,000平方米，包括222,000平方米之已落成投資物業及4,393,000平方米之待發展物業)，主要位於上海及深圳以及其他城市。

### 金融服務

#### 經紀及金融

本集團之經紀分部新鴻基錄得股東應佔溢利486,800,000港元(二零零五年:401,500,000港元)，相當於每股盈利36.2港仙(二零零五年:32.2港仙)。年內收益為1,984,400,000港元，而上年則為793,600,000港元。所呈報之收益及溢利增長乃由綜合亞洲聯合財務及卓健(分別於二零零六年八月及十月成為本集團之附屬公司)之業績以及新鴻基本身表現優異之共同影響而達致。新鴻基年內表現出色，所有業務分部在收入及溢利方面均有顯著增長。然而，新鴻基之股東應佔溢利只錄得相對輕微增長21.2%，此乃主要由於列入若干重大非經常性項目，包括一些非現金支出(如上文業績一節所詳述)所致。倘撇除上述非經常性項目，新鴻基二零零六年之業績錄得強勁之營運改善和增長，每股盈利為58.5港仙。

證券經紀繼續為新鴻基之收入帶來非常重大之貢獻。提供予非交易參與者之第三方執行交易更產生持續收益，而機構及投資銀行客戶仍是穩定之收入來源。

股市市況活躍反映於保證金借貸額顯著增加。儘管面臨來自其他透過首次公開發售機股份配售等資本市場進行融資之方式之激烈競爭，有期借貸額仍維持穩定。

**OPERATIONAL REVIEW (CONT'D)****Financial Services (Cont'd)***Broking and finance (Cont'd)*

The fund management business experienced pleasing growth in 2006. Assets under management grew by 150% from approximately US\$260 million at the end of 2005 to US\$650 million at the end of 2006. Sun Hung Kai grew its platform from three to six funds and continued to recruit experienced investment professionals to join its platform as well as launching additional Asian hedge funds.

The corporate finance division successfully launched and sponsored four IPOs on the main board and one IPO on the GEM board of the Stock Exchange. It was also actively involved in a number of underwriting exercises for IPOs. Sun Hung Kai participated in 37 issues of sub-underwriting, placements and IPOs generating substantial income from IPO placement and trading commissions as a result of the upsurge of IPO launches especially from H-shares. The division was also appointed as the independent financial advisor in respect of several major transactions and connected transactions of various listed companies.

Sun Hung Kai continued to strengthen its existing relationships with Mainland Chinese financial institutions and is exploring potential avenues to expand its China business.

The Shun Loong group of companies which was acquired in 2003 was fully integrated with the operations of Sun Hung Kai to maximise operational efficiencies and cost savings.

Sun Hung Kai, during the year, raised approximately HK\$1,685.5 million through two placements and a top-up subscription with its majority shareholder to strengthen its balance sheet and finance its acquisition of UAF.

*Consumer finance*

In 2006, the Group expanded into the consumer finance sector, through the acquisition by Sun Hung Kai in August of UAF (and in which now Sun Hung Kai holds 58.18%). Given UAF's proven expertise in the industry and growth potential in both Hong Kong and China's consumer finance market, the Group believes this strategic acquisition will strengthen and diversify the Group's earnings base significantly.

UAF is a leading consumer finance company that had 36 branches in Hong Kong at the end of 2006 (2005: 32), providing a versatile range of personal loan products. UAF achieved a 13.9% increase in revenue during the year and a 10.6% growth in the balance of loans and advances to consumer finance customers at the year end. In 2007, UAF will continue to focus on improving its service, expanding its branch network, and exploring further business initiatives.

UAF believes that significant untapped market demand for consumer finance products exists in China and accordingly has set up a team to explore the potential of a retail chain to develop consumer finance businesses in China and to formulate an appropriate action plan for development of same. We anticipate that UAF should be able to launch a viable consumer finance business in Mainland China in the foreseeable future after appropriate preparatory work has been effectively established.

**業務回顧(續)****金融服務(續)***經紀及金融(續)*

基金管理業務於二零零六年取得可喜增長。受管理資產由二零零五年末約260,000,000美元增長150%至二零零六年末之650,000,000美元。新鴻基之平台數目由三項基金增至六項。新鴻基繼續招募有經驗之投資專業人員加入其平台及推出其他亞洲對沖基金。

企業融資部門成功於主板推出及保薦四項首次公開發售以及於聯交所創業板推出及保薦一項首次公開發售。該部門亦積極參與進行多項首次公開發售之包銷。新鴻基參與了37宗分包銷、配售及首次公開發售活動，受惠於新股活動頻繁(尤以H股為然)，而新鴻基獲得龐大之首次公開發售配售及交易佣金。該部門亦獲委任擔任多家上市公司進行若干重大交易及關連交易之獨立財務顧問。

新鴻基繼續加強其與於中國內地之中國金融機構之現有關係及正探討機會擴展其中國業務。

於二零零三年收購之順隆集團公司已全面與新鴻基之營運進行整合，以盡量提升營運效率和節省成本。

新鴻基於年內透過兩項配售及一項由其主要股東先舊後新認購而集資約1,685,500,000港元，藉以加強其資產負債狀況和為收購亞洲聯合財務融資。

*私人財務*

於二零零六年，透過新鴻基於二零零六年八月收購亞洲聯合財務(據此，新鴻基現時持有其權益之58.18%)，本集團將業務擴展至私人財務領域。藉助亞洲聯合財務於該行業之豐富專業經驗及香港及中國私人財務市場之增長潛力，本集團認為此次策略性收購將顯著加強及多元化本集團之收入基礎。

亞洲聯合財務為一間領先之私人財務公司，截至二零零六年底於香港擁有36間分行(二零零五年：32間)，提供廣泛之私人貸款產品。亞洲聯合財務之收益年內錄得13.9%之增長及於年結時私人財務客戶之貸款和墊款之結餘增長10.6%。於二零零七年，亞洲聯合財務將繼續專注於提高其服務質素、擴大分行網絡及尋求業務創新。

亞洲聯合財務相信，中國私人財務產品存在龐大而有待開發之市場需求。亞洲聯合財務已設立一支隊伍探討在中國設立零售網絡以發展私人財務業務之發展潛力和制訂適當之行動部署發展該等業務。我們預期，待亞洲聯合財務有效部署準備工作後，亞洲聯合財務可望於可見將來在中國大陸推出私人財務業務。

**OPERATIONAL REVIEW (CONT'D)****Financial Services (Cont'd)***Consumer finance (Cont'd)*

The Hong Kong Building and Loan Agency Limited ("HKBLA"), a listed company in Hong Kong and 74.99% owned subsidiary of UAF since September 2005, was principally engaged in the provision of mortgage finance, investment holding and treasury investments. HKBLA recorded a pleasing increase in profit for the year to HK\$11.3 million (2005: HK\$1.2 million), mainly driven by its treasury management activities.

**Investments***QHA*

Following Sun Hung Kai's purchase of the additional shares of QHA from CLSA in October 2006 upon its exercise of an option granted by CLSA and a consequent general offer, QHA became a 51.15% subsidiary of Sun Hung Kai.

QHA reported a net profit of HK\$65.1 million in 2006, a 16% increase compared to net profit of HK\$56.1 million in 2005. Turnover for QHA in 2006 increased by 8.6% to HK\$893.7 million from HK\$822.8 million in 2005.

The continued growth in profit resulted from ongoing enhancement to customer services, improvements in operational efficiency, and closer teamwork between frontline and back office staff. The total number of client visits to QHA's medical network continued to increase, and there was overall growth in the total number of corporate clients.

QHA continued to expand its medical network in 2006 with the establishment of new centres and the expansion and relocation of existing centres. The expertise and reputation of QHA's third party administration and call centre continued to strengthen and QHA has been appointed by international insurers to handle China claims and health plans.

*Yu Ming*

Yu Ming, a 22.43% owned listed associate of Sun Hung Kai, incurred a loss attributable to its equity holders of HK\$155.7 million (2005: profit of HK\$ 144.7 million). The loss was mainly due to the derecognition of the investment and the receivables originally held in Hong Kong Airlines in an aggregate amount of HK\$190.2 million. We understand that Yu Ming is studying the legal implications of the exchange of its interest in Hong Kong Airlines for its stake in Grand China Air Company Limited.

At the end of 2006, the major investments of Yu Ming were in AsiaWorld-Expo, retail shops in Mongkok and Causeway Bay, Grand China Air Company Limited and a portfolio of debt securities and equity investments.

**業務回顧 (續)****業務回顧 (續)****金融服務 (續)***私人財務 (續)*

香港建屋貸款有限公司(「香港建屋貸款」)(一間香港上市公司,自二零零五年九月起為亞洲聯合財務擁有74.99%之附屬公司)主要從事提供按揭貸款、投資控股及庫務投資。主要受其庫務管理業務推動,香港建屋貸款於年內溢利錄得顯著增長,達11,300,000港元(二零零五年:1,200,000港元)。

**投資***卓健*

於新鴻基因行使CLSA授予之認購權在二零零六年十月自CLSA購入卓健之額外股份及最終提出全面收購建議之後以及所引致之全面收購,卓健成為新鴻基擁有51.15%股權之附屬公司。

卓健於二零零六年呈報之純利為65,100,000港元,較二零零五年之純利56,100,000港元增長16%。卓健於二零零六年之營業額由二零零五年之822,800,000港元增長8.6%至893,700,000港元。

溢利持續增長乃由持續提高客戶服務質素、改善經營效率及一線工作人員與後勤辦公人員合作更為緊密而達致。向卓健之醫療網絡求診之客戶總數持續增長,公司客戶總數亦全面增長。

卓健於二零零六年繼續開設新中心並對現有中心進行擴建或遷址,以擴展其醫療網絡。卓健第三方管理及呼叫中心之專業水準及聲譽持續提高,卓健已被國際保險商指定處理中國索賠及健康計劃。

*禹銘*

新鴻基擁有22.43%之上市聯營公司禹銘之股東應佔虧損為155,700,000港元(二零零五年:溢利144,700,000港元)。虧損主要由終止確認總額為190,200,000港元於香港航空之投資及先前持有其之應收賬款所致。吾等明白,禹銘正研究以於香港航空與其於新華航空控股有限公司交換之法律含義。

於二零零六年末,禹銘之主要投資項目為亞洲國際博覽館、旺角及銅鑼灣之零售店舖、新華航空控股有限公司,以及債券與股本投資之投資組合。



## OPERATIONAL REVIEW (CONT'D)

### Investments (Cont'd)

#### Shanghai Allied Cement Limited ("SAC")

SAC, a 54.77% owned listed subsidiary of Tian An, reported a profit attributable to its equity holders of HK\$0.4 million (2005: loss of HK\$35.2 million). The improvement in profit was principally due to the higher cement price. In addition, the sales volume of cement and clinker amounted to 2.186 million tonnes, representing an increase of 23% as compared to the previous year. SAC's Shanghai cement factory is located on an attractive site in Shanghai. The property is carried at cost in the books and the management of SAC is examining alternative avenues to realise its value.

### MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers accounted for less than 30% of the total turnover for the year. Also, the aggregate purchases attributable to the Group's five largest suppliers taken together were less than 30% of the Group's total purchases for the year.

### EMPLOYEES

The total number of staff of the Group as at 31st December, 2006 was 3,111 (2005: 1,662). The increase was mainly due to the consolidation of UAF and QHA. Total staff costs, including Directors' emoluments, amounted to HK\$409.1 million (2005: HK\$224.5 million). The Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme.

### MANAGEMENT OF RISKS

#### Financial Services Business

#### Policies and Procedures

The Group has established policies and procedures for risk management over the Group which are reviewed regularly by the respective management, the relevant risk control unit ("RCU") and risk management committee ("RMC"), which reports to the respective board of directors, to ensure the proper monitoring and control of all major risks arising from the group's activities at all times. The group's internal audit and compliance departments have responsibilities to perform periodic reviews to supplement the various internal control measures adopted by the management and various divisions within the Group, to ensure compliance with policies and procedures.

### 業務回顧(續)

#### 投資(續)

#### 上海聯合水泥有限公司(「上聯水泥」)

天安擁有54.77%之上市附屬公司上聯水泥呈報之證券持有人應佔溢利為400,000港元(二零零五年:虧損35,200,000港元)。溢利改善主要乃由於水泥價格上升所致。此外,水泥及熟料之銷售額為2,186,000噸,較上年度上升23%。上聯水泥之上海水泥廠房位於上海之吸引地段。該物業按成本列值,上聯水泥之管理層現時正研究將之變現之其他途徑。

### 主要客戶及供應商

本集團五大客戶應佔之總銷售,相當於本年度營業總額之30%以下。同時,本集團之五大供應商應佔之總採購,相當於本年度總採購額之30%以下。

### 僱員

於二零零六年十二月三十一日,本集團之員工總人數為3,111名(二零零五年:1,662名)。增長主要乃由於綜合亞洲聯合財務及卓健所致。僱員成本總額(包括董事酬金),為409,100,000港元(二零零五年:224,500,000港元)。本集團不時檢討薪酬福利。除支付薪金外,僱員尚有其他福利,包括僱員公積金供款計劃、醫療津貼及酌定花紅計劃。

### 風險管理

#### 金融業務

#### 政策及程序

本集團已設立風險管理之政策及程序,並由各管理層、有關風險控制部門(「風險控制部」)及風險管理委員會(「風險委員會」)定期進行檢討,以確保於任何時候因集團業務而產生之所有主要風險得以受到監控。除管理層及個別部門採取各項內部監控措施外,集團之稽核及法規監核部亦會負責定期查核,從而確保該等政策及程序得以遵守。

## MANAGEMENT OF RISKS (CONT'D)

### Financial Risk

The Group's financial risk management is discussed in note 5 to the consolidated financial statements which includes the management of market risk, credit risk, liquidity risk and interest rate risk.

### Operational Risk

Operational risk has been defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. It includes legal and compliance risks.

The Group has put in place an effective internal control process and places importance on clear lines of responsibility, proper segregation of duties, effective internal reporting and contingency planning, and the establishment of detailed policies and control procedures for all its key activities. Business line management is responsible for managing and reporting operational risks specific to their business units on a day-to-day basis by identifying, assessing, mitigating, and continuously monitoring the risks inherent in business processes, activities and products. Business line management is required to declare and submit periodically its "responsibility statement for internal control procedures" for review by the respective RCU and internal audit department ("IAD"). In addition, respective RCUs formulate corporate-level policies and procedures concerning the operational risk management which are approved by the RMCs. Senior management, the relevant RCUs and IADs (through regular audits) are involved in reviewing overall risk exposure to ensure the Group maintains an acceptable risk level.

### Reputational Risk

A key factor for businesses in the financial services sector is their reputation for financial probity and prudence. In our case, with our important and valuable "brand", we manage these risks through our strong internal controls and risk management regime, by comprehensive employee training and operational manuals in key areas, and by the strength and independence of our IAD which reports independently to the chairman and audit committee of respective companies.

## 業務回顧(續)

### 風險管理(續)

#### 金融風險

本集團之金融風險管理包括市場風險、信貸風險、流動資金風險及利率風險，於綜合財務報表附註5內論述。

#### 營運風險

營運風險指因內部程序、人為及制度不足或失當或外在事件導致產生損失之風險，包括法律及法規遵守之風險。

本集團已妥善設立有效內部監控程序，並就所有重大活動注重維持清晰界定職權範圍及職務分工、有效之內部匯報及應變計劃及設立詳盡之制度及監控程序。各業務部門透過識別、評估、減低及持續監控潛在於業務流程、活動及產品內的風險，負責其內部營運風險的日常管理及匯報。業務部門風險管理層須定期申報及提交其「內部監控程序責任聲明」供各風險控制部及內部審計部門（「內部審計部」）審閱。另外，各風險控制部制定企業層面的營運風險管理政策及程序，由風險委員會審批。高級管理層、有關風險控制部及內部稽核部（透過定期審核）均參與檢討本集團之整體風險，以確保本集團之風險維持在可接受水平。

#### 商譽風險

具財務誠信及審慎的商譽對金融服務業來說是一重要因素。就集團而言，「品牌」實屬非常重要及珍貴，而藉著嚴謹之內部監控及風險管理，如在主要業務上推行全面之員工培訓及營運守則，加上集團審計部（向有關公司主席及審核委員會獨立匯報之部門）之效能與獨立運作，致使我們成功管理此方面之風險。

## BUSINESS OUTLOOK

The market expects the Hong Kong economy to have further growth in 2007, although at a more moderate rate when compared with last year. Again, the Hong Kong investment property market is expected to be satisfactory and the financial market is forecast to benefit from strong investor confidence and continuing inflows of capital. Nevertheless, the Group will keep alert on any potential impacts arising from the persistently high fuel price, possible additional austerity measures imposed by the Mainland Government and the unsettled disputes in the Middle East.

The Group will continue to develop its core financial services and property investment and development businesses both in Hong Kong and Mainland China for the benefit of all shareholders.

## APPRECIATION

The Board would like to thank all the staff for achieving the commendable results for 2006, and would like to express appreciation to the shareholders for their continual support.



**Patrick Lee Seng Wei**  
Chief Executive  
Hong Kong, 16th April, 2007

## 業務展望

香港市場預期於二零零七年將繼續增長，雖然將以較去年溫和之步伐增長。香港投資物業市場預期將有令人滿意之發展，而金融市場則預期將受惠於投資者強大之信心及持續流入之資金。然而，本集團將對因燃料價格持續上揚、內地政府可能再實施緊縮措施及中東紛爭久拖不決等因素帶來之任何潛在影響保持警覺。

本集團將繼續發展在香港及中國內地之核心金融服務業務以及物業投資及發展業務，以使所有股東得以受惠。

## 鳴謝

董事會謹此衷心感謝各員工締造二零零六年度之佳績，並感謝各位股東對本集團一直以來的支持。



行政總裁  
**李成偉**  
香港，二零零七年四月十六日