

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Group and the Company for the year ended 31st December, 2006.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries, associates and jointly controlled entities at 31st December, 2006 are set out in notes 61, 62 and 63 to the consolidated financial statements respectively.

RESULTS AND APPROPRIATIONS

The results of the Group and appropriations of the Company are set out in the consolidated income statement on page 47 and in the accompanying notes to the consolidated financial statements.

The Directors have proposed the payment of a final dividend of HK15 cents per share payable to shareholders whose names appear on the register of members of the Company on Wednesday, 13th June, 2007. Since no interim dividend was paid, the total dividend for the year is HK15 cents per share. Details are set out in note 19 to the consolidated financial statements.

INVESTMENT PROPERTIES

During the year, the Group spent HK\$245,000 on investment properties. Certain of the Group's properties previously included in property, plant and equipment with a carrying value of HK\$34,200,000 were transferred to investment properties. In addition, certain of the Group's investment properties with a carrying value of HK\$106,509,000 were transferred to property, plant and equipment.

The Group's investment properties were revalued on 31st December, 2006 at HK\$2,959,300,000. The net increase in fair value of HK\$261,264,000 has been credited to the consolidated income statement.

Details of these and other movements in the investment properties of the Group during the year are set out in note 20 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK\$35,946,000 on property, plant and equipment and acquired a further HK\$49,847,000 of property, plant and equipment on the acquisition of subsidiaries. The Group also disposed of certain of its property, plant and equipment with a carrying value of HK\$958,000.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 21 to the consolidated financial statements.

董事會報告

董事會同寅謹欣然將本集團及本公司截至二零零六年十二月三十一日止年度之週年報告及經審核綜合財務報表呈覽。

主要業務

本公司乃一間控股投資公司，其主要附屬公司、聯營公司及共同控制企業於二零零六年十二月三十一日之主要業務分別列於綜合財務報表附註第61、62及63項。

業績及溢利分配

本集團之業績及本公司之溢利分配列於第47頁之綜合收益賬及隨附之綜合財務報表附註內。

董事會建議派發末期股息每股15港仙予二零零七年六月十三日(星期三)名列本公司股東名冊內之股東。鑑於本公司無支付中期股息，故本年度之股息總額為每股15港仙。有關詳情列於綜合財務報表附註第19項。

投資物業

年內，本集團支出245,000港元添置投資物業。本集團之前載於物業、廠房及設備賬面值為34,200,000港元之若干物業已撥往投資物業。此外，本集團賬面值為106,509,000港元之若干投資物業已撥往物業、廠房及設備。

本集團投資物業於二零零六年十二月三十一日之重估價值為2,959,300,000港元，而公平價值增加261,264,000港元已計入綜合收益賬內。

上述事項及本集團投資物業於本年度其他變動之詳情列於綜合財務報表附註第20項。

物業、廠房及設備

年內，本集團支出35,946,000港元添置物業、廠房及設備，並於收購附屬公司時進一步增購價值49,847,000港元之物業、廠房及設備。本集團亦出售賬面值達958,000港元之若干物業、廠房及設備。

上述事項及本集團物業、廠房及設備於本年度其他變動之詳情列於綜合財務報表附註第21項。

PROPERTIES

Particulars of major properties of the Group at 31st December, 2006 are set out on pages 146 to 148.

SHARE CAPITAL AND WARRANTS

Details of movement in the share capital and warrants of the Company during the year are set out in note 40 to the consolidated financial statements.

DIRECTORS

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

Executive Directors:

Patrick Lee Seng Wei
Li Chi Kong

Non-Executive Directors:

Arthur George Dew (appointed on 1st January, 2007)
Henry Lai Hin Wing
Steven Lee Siu Chung

Independent Non-Executive Directors:

John Douglas Mackie
Steven Samuel Zoellner
Alan Stephen Jones

In accordance with Article 105(A) of the Company's Articles of Association, Messrs. Li Chi Kong, Henry Lai Hin Wing and Steven Lee Siu Chung will retire by rotation and, being eligible, offer themselves for re-election.

In accordance with Article 96 of the Company's Articles of Association, Mr. Arthur George Dew, who has been appointed since the last annual general meeting and before the date of this report, will retire at the forthcoming annual general meeting and, being eligible, offers himself for re-appointment as Director.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming AGM have 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.

TERMS OF OFFICE FOR THE NON-EXECUTIVE DIRECTORS

All the Non-Executive Directors (including the INEDs) were appointed for a specific term which shall continue until 31st December, 2007 but subject to the relevant provisions of the Articles of Association of the Company or any other applicable laws whereby the Directors shall vacate or retire from their office.

物業

本集團於二零零六年十二月三十一日之主要物業資料列於第146至148頁。

股本及認股權證

本公司之股本及認股權證於本年度之變動詳情列於綜合財務報表附註第40項。

董事會成員

於本年度及至本報告日為止，董事會之成員如下：

執行董事：

李成偉
李志剛

非執行董事：

狄亞法 (於二零零七年一月一日獲委任)
賴顯榮
李兆忠

獨立非執行董事：

麥尊德
Steven Samuel Zoellner
Alan Stephen Jones

根據本公司之組織章程細則第105(A)條，李志剛先生、賴顯榮先生及李兆忠先生將輪值退任，惟有資格並願膺選連任。

根據本公司之組織章程細則第96條，自上屆股東週年大會起至本報告日期前獲委任之狄亞法先生，將於即將舉行之股東週年大會上退任，惟有資格並願膺選連任為董事。

董事之服務合約

擬於應屆股東週年大會上膺選連任之董事概無與本集團訂立本集團不可於一年內毋須賠償(法定賠償除外)而可予以終止之未到期之服務合約。

非執行董事之任期

所有非執行董事(包括獨立非執行董事)均獲指定任期，任期將持續至二零零七年十二月三十一日，惟董事之離任或退任須受本公司組織章程細則之有關條文或任何其他適用法例所規限。

DIRECTORS' INTERESTS

At 31st December, 2006, Messrs. Patrick Lee Seng Wei and Steven Samuel Zoellner, the Directors of the Company, had the following interests in the shares and underlying shares of the Company and its associated corporations, within the meaning of Part XV of the SFO, as recorded in the register required to be kept under Section 352 of the SFO:

Name of Director 董事姓名	Name of Company 公司名稱	Number of shares and underlying shares held 持有股份及相關股份數目	Approximate % of the relevant issued share capital 佔有關已發行股本之概約百分比	Nature of interest 權益性質
Patrick Lee Seng Wei 李成偉	The Company 本公司	351,000 (Note 1) (附註1)	0.06%	Personal interest (held as beneficial owner) 個人權益(以實益擁有人身份持有)
	Allied Group (Note 2) 聯合集團(附註2)	550,000 (Note 3) (附註3)	0.22%	Personal interest (held as beneficial owner) 個人權益(以實益擁有人身份持有)
Steven Samuel Zoellner	Sun Hung Kai (Note 2) 新鴻基(附註2)	49,200 (Note 4) (附註4)	0.00%	Personal interest (held as beneficial owner) 個人權益(以實益擁有人身份持有)
	QHA (Note 2) 卓健(附註2)	102,000 (Note 5) (附註5)	0.048%	Personal interest (held as beneficial owner) 個人權益(以實益擁有人身份持有)

Notes :

- The interest includes the holding of (i) 270,000 shares; and (ii) 54,000 units of warrants of the Company ("Warrants") and 27,000 units of convertible bonds of the Company ("Convertible Bonds") giving rise to an interest in 81,000 underlying shares of the Company. The Warrants entitle the holders thereof to subscribe at any time during the period from 7th June, 2006 to 6th June, 2009 (both days inclusive) for fully paid shares of the Company at an initial subscription price of HK\$10 per share (subject to adjustments). The Convertible Bonds entitle the holders thereof to convert all or any of the convertible bonds into fully paid shares of the Company at any time during the period from 1st July, 2009 and ending on the business day falling ten business days immediately preceding 9th November, 2011 at an initial conversion price of HK\$10 per convertible bond (subject to adjustments).
- Allied Group is the ultimate holding company of the Company. Sun Hung Kai is an indirect non wholly-owned subsidiary of the Company and QHA is an indirect non wholly-owned subsidiary of Sun Hung Kai. Therefore, Allied Group, Sun Hung Kai and QHA are associated corporations of the Company within the meaning of Part XV of the SFO.
- This represents an interest in 550,000 shares of Allied Group.
- This represents an interest in 49,200 shares in Sun Hung Kai.
- This represents an interest in 102,000 shares in QHA.
- All interests stated above represent long positions.

附註：

- 該權益包括持有(i)270,000股股份；及(ii)54,000份本公司之認股權證(「認股權證」)以及本公司27,000份可換股債券(「可換股債券」)而產生之本公司81,000股相關股份之權益。認股權證賦予其持有人權利，可於二零零六年六月七日至二零零九年六月六日(首尾兩天包括在內)之期間內任何時間內按初步認購價每股股份10港元(可予調整)認購本公司繳足股款之本公司股份。可換股債券賦予其持有人權利，可於二零零九年七月一日至緊接二零一一年十一月九日前第十個營業日正期間內任何時間內按初步轉換價每份可換股債券10港元(可予調整)，將全部或任何可換股債券轉換成本公司繳足股款之本公司股份。
- 聯合集團乃本公司之最終控股公司。新鴻基為本公司之間接非全資附屬公司，而卓健為新鴻基之間接非全資附屬公司。因此，聯合集團、新鴻基及卓健為本公司之相關法團(釋義見證券及期貨條例第XV部)。
- 該等股數指於聯合集團550,000股股份之權益。
- 該股數指於新鴻基49,200股股份之權益。
- 該股數指於卓健102,000股股份之權益。
- 上述所有權益均屬好倉。



DIRECTORS' INTERESTS (CONT'D)

Save as disclosed above, at 31st December, 2006, none of the Directors and chief executive of the Company had any interests or short positions in any 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 under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year and up to the date of this report, Messrs. Arthur George Dew, Patrick Lee Seng Wei and Li Chi Kong, Directors of the Company (not being the INEDs), are considered to have interests in the following competing businesses pursuant to the Listing Rules:

- (i) Mr. Arthur George Dew is a director of Allied Group which, through a subsidiary, is partly engaged in business of money lending;
- (ii) Mr. Arthur George Dew was a director of Sun Hung Kai which, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment. He resigned as a director of Sun Hung Kai on 31st December, 2006;
- (iii) Mr. Patrick Lee Seng Wei is a director of Sun Hung Kai which, through certain of its subsidiaries, is partly engaged in the businesses of money lending and property investment;
- (iv) Mr. Li Chi Kong is a director of AG Capital, a subsidiary of Allied Group, which is partly engaged in the business of money lending;
- (v) Messrs. Patrick Lee Seng Wei and Li Chi Kong are directors of Tian An which, through a subsidiary, is partly engaged in the business of money lending; and
- (vi) Messrs. Patrick Lee Seng Wei and Li Chi Kong are directors of Allied Kajima which, through certain of its subsidiaries, is partly engaged in the businesses of property rental, management services and hospitality related activities.

As the Board is independent from the boards of the abovementioned companies and none of the above Directors can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

DIRECTORS' INTERESTS IN CONTRACTS

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

董事權益(續)

除以上所披露者外，於二零零六年十二月三十一日，本公司之各董事及最高行政人員概無於本公司或其任何相聯法團(釋義見證券及期貨條例第XV部)之任何股份、相關股份或債券中擁有須記錄於根據證券及期貨條例第352條規定所存放之登記冊所載，或根據標準守則須另行知會本公司及聯交所之任何權益或淡倉。

董事在構成競爭業務中之權益

年內及至本報告日為止，根據上市規則，本公司董事(獨立非執行董事除外)狄亞法先生、李成偉先生及李志剛先生，被視為於下列構成競爭業務中有利益關係：

- (i) 狄亞法先生為聯合集團之董事，該公司透過一間附屬公司部份從事借貸業務；
- (ii) 狄亞法先生曾為新鴻基之董事，該公司透過其若干附屬公司部份從事借貸及物業投資業務。彼於二零零六年十二月三十一日辭任新鴻基董事一職；
- (iii) 李成偉先生為新鴻基之董事，該公司透過其若干附屬公司部份從事借貸及物業開發業務；
- (iv) 李志剛先生為AG Capital(一間聯合集團之附屬公司)之董事，該公司部份從事借貸業務；
- (v) 李成偉先生及李志剛先生均為天安之董事，該公司透過一間附屬公司部份從事借貸業務；及
- (vi) 李成偉先生及李志剛先生均為Allied Kajima之董事，該公司透過其若干附屬公司部份從事物業租賃、管理服務以及酒店相關業務。

鑑於董事會乃獨立於上述公司之董事會，而上述各董事均未能控制董事會，本集團得以按照公平原則以獨立於有關公司業務之方式進行其本身之業務。

董事在合約中之權益

於本年度終結時或於本年度內任何時間，本公司、其控股公司或其任何同系附屬公司或附屬公司並無訂立任何與董事直接或間接擁有重大權益之重要合約。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its holding company, or any of its fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors 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 its share option scheme.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

At 31st December, 2006, the following shareholders had interests in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder 股東名稱	Number of shares and underlying shares held 持有股份及相關股份之數目	Approximate % of the issued share capital 佔已發行股本概約百分比	Notes 附註
Allied Group 聯合集團	533,037,519	99.20%	1
Lee and Lee Trust	533,037,519	99.20%	2, 3

Notes:

- The interest includes the holding of: (i) 167,061,619 shares of the Company, 33,412,323 units of Warrants and 16,706,161 units of Convertible Bonds held by Capscore Limited ("Capcore"); (ii) 4,186,632 shares of the Company, 837,324 units of Warrants and 10,044,116 units of Convertible Bonds held by Citiwealth Investment Limited ("Citiwealth"); (iii) 135,063,783 shares of the Company, 26,990,756 units of Warrants and 13,495,377 units of Convertible Bonds held by Sunhill Investments Limited ("Sunhill"); and (iv) 96,338,025 shares of the Company, 19,267,603 units of Warrants and 9,633,800 units of Convertible Bonds held by Allied Group. The said Warrants and Convertible Bonds held by Capscore, Citiwealth, Sunhill and Allied Group giving rise to an interest in an aggregate of 130,387,460 underlying shares of the Company. Capscore, Citiwealth and Sunhill are all wholly-owned subsidiaries of Allied Group. Allied Group was therefore deemed to have an interest in the shares of the Company and the underlying shares of the Company in which Capscore, Citiwealth and Sunhill were interested.
- This represents the same interest of Allied Group in 533,037,519 shares and underlying shares of the Company.
- 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 own approximately 41.25% interest of the issued share capital of Allied Group and were therefore deemed to have an interest in the shares and underlying shares of the Company in which Allied Group was interested.
- The interest stated above represents a long position. As at 31st December, 2006, no short positions were recorded in the register required to be kept under Section 336 of the SFO.

購買股份或債券之安排

除根據本公司最終控股公司聯合集團之購股權計劃授予以認購聯合集團股份之購股權外，本公司、其控股公司或其任何同系附屬公司或附屬公司於本年度任何時間內概無參與任何安排，使董事能藉此獲得本公司或其他任何法人團體之股份或債券而獲得利益。

主要股東權益

於二零零六年十二月三十一日，根據證券及期貨條例第336條規定所存放之登記冊所載，持有本公司股份權益之股東如下：

附註：

- 該權益包括由：(i) Capscore Limited (「Capcore」) 持有之 167,061,619 股本公司股份、33,412,323 份認股權證及 16,706,161 份可換股債券；(ii) 開鵬投資有限公司 (「開鵬」) 持有之 4,186,632 股本公司股份、837,324 份認股權證及 10,044,116 份可換股債券；(iii) 陽山投資有限公司 (「陽山」) 持有之 135,063,783 股本公司股份、26,990,756 份認股權證及 13,495,377 份可換股債券；及 (iv) 聯合集團持有之 96,338,025 股本公司股份、19,267,603 份認股權證及 9,633,800 份可換股債券。由 Capscore、開鵬、陽山及聯合集團所持有之該等認股權證及可換股債券產生合共 130,387,460 股本公司相關股份之權益。Capcore、開鵬及陽山均為聯合集團之全資附屬公司。因此，聯合集團被視作擁有 Capcore、開鵬及陽山所持本公司股份及相關股份之權益。
- 該數字指聯合集團於本公司 533,037,519 股本公司股份及相關股份中所擁有之相同權益。
- 李成輝先生、李淑慧女士及李成煌先生乃全權信託 Lee and Lee Trust 之信託人。彼等共同於聯合集團已發行股本中擁有約 41.25% 之權益，因此，彼等被視作擁有聯合集團所持本公司股份及相關股份之權益。
- 上述權益均屬好倉。於二零零六年十二月三十一日，根據證券及期貨條例第 336 條規定所存放之登記冊所載，並無淡倉記錄。

CONNECTED TRANSACTIONS

1. As disclosed in the announcement of the Company dated 14th September, 2005, the Company entered into a sharing of administrative services and management services agreement ("Services Agreement") with Allied Group on 14th September, 2005, pursuant to which the Company agreed to reimburse Allied Group the costs incurred in respect of the administrative services, which included the secretarial services, provision of office premises, utilities, courier and delivery, telephone (including international telephone), internet, photocopying and other ancillary office services provided by Allied Group to the Group (i.e. the Company and its subsidiaries, but excluding those in the group of Sun Hung Kai) ("Administrative Services") and management services, which included the management, strategic and business advice provided by the senior management of Allied Group to the Group (i.e. the Company and its subsidiaries, but excluding those in the group of Sun Hung Kai) ("Management Services"). Since Allied Group is the controlling shareholder and ultimate holding company of the Company, entering into the Services Agreement and the transactions contemplated thereunder regarding the sharing of the Management Services constituted continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Pursuant to Rule 14A.31(8) of the Listing Rules, the transactions regarding the sharing of Administrative Services between the Company and Allied Group contemplated thereunder are exempt from the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the INEDs have reviewed the transactions regarding the sharing of the Management Services and have confirmed that the transactions were:

- (i) entered into in the ordinary and usual course of business of the Company;
- (ii) conducted on normal commercial terms; and
- (iii) entered into in accordance with the terms of the Services Agreement governing the transactions regarding the sharing of the Management Services and on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

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 above continuing connected transactions and the auditors have reported their factual findings from these procedures to the Board.

Pursuant to Rule 14A.34 of the Listing Rules, details of the Services Agreement and the aggregate amount of the Management Services for the year ended 31st December, 2006 of HK\$5,200,000 are required to be included in this report of the Company in accordance with Rule 14A.45 of the Listing Rules.

關連交易

1. 誠如本公司於二零零五年九月十四日刊發之公告中所披露，本公司於二零零五年九月十四日與聯合集團訂立行政服務及管理服務分攤協議（「服務協議」），據此，本公司同意向聯合集團償付就聯合集團向本集團（即本公司及其附屬公司，但不包括新鴻基集團成員）提供之行政服務（包括秘書服務、提供辦公場所、公用設施、郵遞及送遞、電話（包括國際電話）、互聯網、影印及其他輔助辦公室服務）（「行政服務」）及管理服務（包括聯合集團高級管理層人員向本集團提供管理、策略及業務建議）（「管理服務」）所產生之成本。由於聯合集團為本公司之控股股東及最終控股公司，因此，根據上市規則第14A.14條，訂立服務協議及其項下就分攤管理服務進行之交易構成本公司之持續關連交易。根據上市規則第14A.31(8)條，本公司與聯合集團於服務協議項下進行之有關分攤行政服務之交易獲豁免遵守上市規則之申報、公告及獨立股東批准之規定。

根據上市規則第14A.37條，獨立非執行董事已審閱有關分攤管理服務之交易，並確認該等交易乃：

- (i) 於本公司之一般及日常業務範圍內訂立；
- (ii) 按一般商業條款進行；及
- (iii) 根據規管有關分攤管理服務之交易之服務協議條款及按公平合理且符合本公司股東之整體利益而訂立。

根據上市規則第14A.38條規定，董事會聘用本公司核數師為上述持續關連交易履行若干已協定之程序。核數師已向董事會報告該等程序之實際發現。

根據上市規則第14A.34條，服務協議之詳情及截至二零零六年十二月三十一日止年度管理服務之總金額為5,200,000港元並須按上市規則第14A.45條之規定列載於本報告內。

CONNECTED TRANSACTIONS (CONT'D)

2. As disclosed in the announcement of the Company dated 4th January, 2006, a tenancy agreement ("Tenancy Agreement") was entered into on 30th December, 2005 between Hillcrest Development Limited ("Hillcrest"), a wholly-owned subsidiary of the Company, as the landlord and Allied Group as the tenant for the renewal of a tenancy of 60 Plantation Road, The Peak, Hong Kong for residential use for a further term of two years commencing from 1st January, 2006 to 31st December, 2007 at a monthly rental of HK\$238,000 (exclusive of rates and management fee). This property is held by Hillcrest for investment purposes. The rent was based on the prevailing market rent as reviewed by Savills (Hong Kong) Limited ("Savills") on 19th December, 2005. Savills is an independent firm of international property consultants and is not a connected person of the Company under the Listing Rules. Since Allied Group is the controlling shareholder and ultimate holding company of the Company, the renewed tenancy constituted a continuing connected transaction for the Company under Rule 14A.34 of the Listing Rules and is exempt from the independent shareholders' approval requirement.

Pursuant to Rule 14A.37 of the Listing Rules, the INEDs have reviewed the transactions regarding entering into the Tenancy Agreement and have confirmed that the transactions were:

- (i) entered into in the ordinary and usual course of business of the Company;
- (ii) conducted on normal commercial terms; and
- (iii) entered into in accordance with the terms of the Tenancy Agreement governing it and on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

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 above continuing connected transactions and the auditors have reported their factual findings from these procedures to the Board.

Pursuant to Rule 14A.34 of the Listing Rules, details of the Tenancy Agreement and the annual cap of HK\$2,856,000 are required to be included in this report of the Company in accordance with Rule 14A.45 of the Listing Rules.

關連交易(續)

2. 誠如本公司於二零零六年一月四日刊發之公告中所披露，於二零零五年十二月三十日，本公司之全資附屬公司 Hillcrest Development Limited (「Hillcrest」) (作為業主) 與聯合集團 (作為承租人) 就繼續出租位於香港山頂種植道60號之物業作住宅用途一事與聯合集團訂立租賃協議 (「租賃協議」)，租期由二零零六年一月一日起至二零零七年十二月三十一日止，續期兩年，月租為238,000港元 (不包括差餉及管理費)。Hillcrest 持有此項物業作投資用途。租金乃按現行市值租金釐訂，並經第一太平戴維斯 (香港) 有限公司 (「戴維斯」) 於二零零五年十二月十九日審閱。戴維斯乃一所獨立之國際物業顧問公司，根據上市規則，並非本公司之關連人士。由於聯合集團為本公司之控股股東及最終控股公司，因此，根據上市規則第14A.34條，續訂租賃構成本公司之持續關連交易，並獲豁免遵守獨立股東批准之規定。

根據上市規則第14A.37條，獨立非執行董事已審閱有關訂立租賃協議之交易，並確認該交易乃：

- (i) 於本公司之一般及日常業務範圍內訂立；
- (ii) 按一般商業條款進行；及
- (iii) 根據規管該交易之租賃協議條款及按公平合理且符合本公司股東之整體利益而訂立。

根據上市規則第14A.38條規定，董事會聘用本公司核數師為上述持續關連交易履行若干已協定之程序。核數師已向董事會報告該等程序之實際發現。

根據上市規則第14A.34條，租賃協議之詳情及年度上限2,856,000港元須按上市規則第14A.45條之規定列載於本報告內。

CONNECTED TRANSACTIONS (CONT'D)

3. As disclosed in the joint announcement of the Company, Allied Group and Sun Hung Kai dated 19th June, 2006 and in the circular of the Company dated 30th June, 2006, an agreement for sale and purchase dated 13th June, 2006 (the "S&P Agreement") was entered into between (i) AGCH as the vendor; (ii) Allied Group as the warrantor; (iii) Swan Islands, a wholly-owned subsidiary of Sun Hung Kai as the purchaser; and (iv) Sun Hung Kai as the guarantor in relation to the conditional sale and purchase of the entire issued share capital of UAF Holdings and the assignment of the shareholder's loan advanced by AGCH to UAF Holdings for an aggregate consideration of HK\$4,328,000,000 which, pursuant to the S&P Agreement, was to be settled as follows:

(i) HK\$1,528,000,000 in cash, payable on completion; and

(ii) the balance by way of the creation and issue by Swan Islands of bonds to AGCH (or its nominees) on completion. The principal terms of the bonds are as follows:

Total principal amount : HK\$2,800,000,000

Term : three years from the date of issue

Interest : simple interest at the rate of 1% above HIBOR per annum, payable half-yearly in arrears from the date of issue

Redemption : - redeemable, at the option of Swan Islands, partially in an amount of not less than HK\$100,000,000 for each partial early redemption, at any time during the term of the bonds (or as extended), by giving AGCH one month's prior written notice of each partial early redemption

- redeemable in full upon the occurrence of an event of default under the terms and conditions of the bonds (including, without limitation, the liquidation or winding-up of Swan Islands), or upon expiration of the term of the bonds (or as extended), if not already redeemed

關連交易(續)

3. 誠如本公司、聯合集團及新鴻基於二零零六年六月十九日刊發之聯合公告及本公司於二零零六年六月三十日刊發之通函中披露，(i) AGCH 作為賣方；(ii) 聯合集團（作為保證人）；(iii) Swan Islands，為新鴻基之全資附屬公司，作為買方；及(iv) 新鴻基（作為擔保人）於二零零六年六月十三日訂立一項買賣協議（「買賣協議」），關於有條件買賣 UAF Holdings 全部已發行股本及轉讓由 AGCH 墊支予 UAF Holdings 之股東貸款，總代價為 4,328,000,000 港元。根據買賣協議，總代價按下列方式支付：

(i) 須於完成時以現金支付 1,528,000,000 港元；及

(ii) 餘額由 Swan Islands 於完成時以設立及發行債券予 AGCH（或其代理人）之方式支付。債券之主要條款如下：

本金總額 : 2,800,000,000 港元

年期 : 由發行日期起計三年

利息 : 年息按香港銀行同業拆息加一厘以單息利率計算，由發行日期起每半年派息一次

贖回 : - Swan Islands 可向 AGCH 發行一個月事先書面通知，於債券期限（或經延長之期間）內任何時間選擇提早贖回部份債券，惟每次提早贖回之金額不得少於 100,000,000 港元

- 根據債券之條款及條件，在發生失責事件（包括但不限於 Swan Islands 解散或清盤）時全部贖回，或在債券期限（或經延長之期間）屆滿時（倘債券仍未被贖回）全部贖回

CONNECTED TRANSACTIONS (CONT'D)

3. (ii) (Cont'd)

- Option to extend : exercisable by Sun Hung Kai and Swan Islands on reasonable market terms above HIBOR prevailing at the time, for a further term of three years from the expiry date of the initial term of the bonds
- Transferability : transferable by mutual agreement
- Security : secured by a mortgage over the one sale share being the entire issued share capital of UAF Holdings

Completion of the S&P Agreement was subject to, amongst other things, the approval of the independent shareholders of the Company and Sun Hung Kai, as well as the approval of the shareholders of Allied Group, in accordance with the applicable requirements under the Listing Rules. Completion took place on 24th August, 2006 as announced in the joint announcement of the Company, Allied Group and Sun Hung Kai dated 25th August, 2006. The payment method of the cash portion of the consideration was agreed as follows:

- (i) HK\$628,000,000 was paid in cash by Swan Islands to AGCH on completion; and
- (ii) payment of the remaining HK\$900,000,000, which was not immediately required by Allied Group or AGCH in cash, was extended to any time on or before 31st December, 2006.

As announced in another joint announcement of the Company, Allied Group and Sun Hung Kai dated 27th December, 2006, the payment method of the remaining HK\$900,000,000 of the cash portion of the consideration was further agreed as follows:-

- (i) HK\$200,000,000 would be paid in cash by Swan Islands to AGCH on or before 31st December, 2006; and
- (ii) payment of the remaining HK\$700,000,000 was extended to any time on or before 30th June, 2007 (or such other time as may be agreed between AGCH and Swan Islands).

The Sun Hung Kai group would apply the monies not immediately payable by Swan Islands to AGCH to fund its business operations, other than for new investments, in particular the provision of margin financing facilities to subscribers in initial public offerings.

關連交易(續)

3. (ii) (續)

- 續期選擇權 : 新鴻基及Swan Islands可按合理之市場條款以高於當時之香港銀行同業拆息行使續期權，將債券初步年期之到期日延長三年
- 可轉讓性 : 在雙方同意下可予轉讓
- 抵押 : 以銷售股份(為UAF Holdings全部已發行股本)之按揭作抵押

根據上市規則之適用規定，買賣協議須待(其中包括)本公司及新鴻基之獨立股東批准；以及聯合集團之股東批准後，方告完成。誠如本公司、聯合集團及新鴻基於二零零六年八月二十五日刊發之聯合公告宣佈，買賣協議已於二零零六年八月二十四日完成。代價之現金部份之協定付款方法如下：

- (i) Swan Islands於完成時向AGCH以現金支付628,000,000港元；及
- (ii) 其餘900,000,000港元(聯合集團或AGCH並不即時需要之現金)已協定延後至二零零六年十二月三十一日或之前任何時間支付。

誠如本公司、聯合集團及新鴻基於二零零六年十二月二十七日另行刊發之聯合公告宣佈，代價現金部份之餘額900,000,000港元之付款方法進一步協定如下：—

- (i) Swan Islands於二零零六年十二月三十一日或之前向AGCH以現金支付200,000,000港元；及
- (ii) 其餘700,000,000港元延後至二零零七年六月三十日或之前(或AGCH與Swan Islands可能協定之其他時間)任何時間內支付。

新鴻基集團將動用Swan Islands毋須即時支付予AGCH之款項，作為其業務營運(新投資除外)之資金，特別是為首次公開招股之認購人提供證券放款。

CONNECTED TRANSACTIONS (CONT'D)

3. (Cont'd)

It was the intention of the Sun Hung Kai group to increase its degree of participation in the continuing growth of the Hong Kong economy by way of a further expansion of its loan and consumer finance business. This objective might be pursued by increasing its investment in the group of UAF (through UAF Holdings) companies from an approximately 7.27% to 58.18% interest. It was also expected that following completion of the S&P Agreement, the Sun Hung Kai group would be in a position to consolidate its loan and financial services businesses, thereby expanding its overall market share through the ability to provide a wide range of finance products and other related services.

As AGCH is a wholly-owned subsidiary of Allied Group which, in turn, is a substantial shareholder of the Company, it is a connected person of the Company as defined in the Listing Rules resulting in the entering into the S&P Agreement constituting a connected transaction for the Company and requires approval of the independent shareholders of the Company under Chapter 14A of the Listing Rules. An Extraordinary General Meeting of the Company was duly convened and held on 9th August, 2006 at which the relevant resolution was duly passed by the independent shareholders pursuant to the requirements under Chapter 14A of the Listing Rules. In accordance with Rule 14A.45 of the Listing Rules, details of the S&P Agreement are required to be included in this report.

EMOLUMENT POLICY

Details of the Directors' emoluments and emoluments of the five highest paid individuals in the Group are set out in note 14 to the consolidated financial statements.

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

The emoluments payable to Directors of the Company will depend on their respective contractual terms under their employment contracts or service contracts as approved by the Board on the recommendation of the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

關連交易(續)

3. (續)

新鴻基集團有意透過進一步擴充其貸款及私人財務業務，以分享香港經濟持續增長之成果。此目標可藉著透過UAF Holdings增持其於UAF集團公司約7.27%權益之投資至58.18%達成。新鴻基集團更預期，於完成買賣協議後，新鴻基集團將可鞏固其貸款及金融服務業務，從而透過提供廣泛之金融產品及其他相關服務擴大其整體市場佔有率。

由於AGCH為聯合集團之全資附屬公司，而聯合集團為本公司之主要股東，因此彼為本公司之關連人士(定義見上市規則)，故根據上市規則第14A章，訂立買賣協議構成本公司一項關連交易。本公司已根據上市規則第14A章於二零零六年八月九日正式召開及舉行股東特別大會，會上已獲獨立股東正式通過有關決議案。根據上市規則第14A.45條之規定，有關買賣協議之詳情須收錄於本報告內。

薪酬政策

董事酬金及本集團五名最高薪酬人士之酬金詳情載於綜合財務報表附註第14項。

執行委員會按本集團僱員之功績、資歷及能力制訂本集團僱員之薪酬政策。

應付本公司董事之薪酬將視乎薪酬委員會向董事會提供之建議獲批准後，並按各自之僱傭合約或服務合約內之條款及按本公司經營業績、個人表現及比較市場統計數字而釐定。

購回、出售或贖回證券

本公司或其任何附屬公司概無於本年度內購回、出售或贖回本公司之任何證券。

DONATIONS

The Group made charitable donations of HK\$172,000 during the year.

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 22 to 33.

SUFFICIENCY OF PUBLIC FLOAT

Based on the 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

A resolution will be submitted to the AGM of the Company to re-appoint Deloitte as the auditors of the Company.

On behalf of the Board



Arthur George Dew
Chairman
Hong Kong, 16th April, 2007

捐款

本集團於本年度內之慈善捐款為 172,000 港元。

企業管治

本公司致力維持高水平之企業管治常規。有關本公司所採納之企業管治常規之資料，載於第22至33頁「企業管治報告」內。

足夠之公眾持股量

於本報告日，按本公司可以得悉之公開資料所示及就董事所知悉，本公司已維持上市規則所規定之足夠公眾持股量。

核數師

本公司將於股東週年大會上提呈決議案重新委聘德勤連任為本公司之核數師。

代表董事會



主席
狄亞法
香港，二零零七年四月十六日