

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析



ASSET MANAGEMENT

From left to right:
Jacqueline HO, Christophe LEE



WEALTH MANAGEMENT AND BROKERAGE

From left to right:
Douglas CHEN, Patrick WONG, Jimmy FONG, Kevin TAI,
Wilhelm BUDIHARDJO, Raymond KWONG, Dean CHAN



WEALTH MANAGEMENT AND BROKERAGE

From left to right:
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CAPITAL MARKETS

From left to right:
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2006 MARKET REVIEW

In 2006, the Hang Seng Index and the Hang Seng China Enterprises Index moved within a tight range in the first half of the year before surging in the second half. For the full year, the Hang Seng Index rose by 34.2%, whilst the Hang Seng China Enterprises Index rose by 94.0%. With strong liquidity inflows, average daily market turnover was HK\$33.9 billion, an increase of 85.3% over 2005, and surpassing the record average reached in 2005. As at the end of 2006, Hong Kong ranked third by total equity funds raised, second by new listings' funds raised, and sixth by market capitalisation, among members of the World Federation of Exchanges*.

Investor confidence was boosted by several developments. From the third quarter onwards, the U.S. Federal Reserve kept the overnight interest rate on hold. This followed seventeen consecutive rises from the second quarter of 2004. In addition, the Renminbi appreciated by 3.3% against the U.S. dollar during the year, and Mainland China recorded GDP growth of 10.7% in 2006 compared to the previous year. Sectors that benefited the most from these factors included the Mainland consumer and related sectors, and the banking and insurance sectors.

At the end of the year, Hong Kong's unemployment rate had dropped to 4.4%, a substantial improvement from the 8.5% unemployment rate reached in May 2003. In the fourth quarter of 2006, Hong Kong's GDP was 7.0% higher than the same period a year earlier. Hong Kong's interest rates remained well below U.S. interest rates throughout the year. The gap between the 1-month Hibor and 1-month U.S. Libor widened from 0.294 percentage points at the start of 2006, to 1.267 percentage points at the end of the year.

* World Federation of Exchanges Monthly Statistics December 2006

2006年市場回顧

恒生指數及恒生中國企業指數於2006年上半年窄幅上落，直到下半年才展開升浪。恒生指數全年上升34.2%，恒生中國企業指數則上升94.0%。隨著大量資金流入市場，港股平均每日市場成交額為339億港元，較2005年增加85.3%，亦超越2005年創下的平均紀錄。於2006年底，香港在國際證券交易所聯會各成員當中，股票集資總額排名第三，新上市集資金額排名第二，市值則排名第六*。

市場多項發展有助刺激投資者信心。自第三季起，美國聯邦儲備局宣佈維持隔夜利率不變，是聯儲局自2004年第二季連續加息十七次以來首次維持利率不變。此外，年內人民幣兌美元升值3.3%，中國內地2006年國內生產總值亦較去年增長10.7%，其中最受惠的行業包括國內消費及相關行業，以及銀行及保險業。

於年底，香港的失業率降至4.4%，較2003年5月錄得的8.5%失業率有顯著改善。於2006年第四季，香港的本地生產總值較去年同期上升7.0%。香港的利率全年維持遠低於美國的利率水平。一個月香港銀行同業拆息及一個月美元倫敦銀行同業拆息的息差，由2006年初的0.294個百分點擴闊至2006年底的1.267個百分點。

* 國際證券交易所聯會2006年12月份的統計數字

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REVIEW OF OPERATIONS

WEALTH MANAGEMENT AND BROKERAGE

Securities Broking

Securities broking continued to be a very significant contributor to our revenue. The Group 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. Third party execution provided to non-exchange participants produced sustainable revenues while institutional and investment bank clients remained a source of stable income.

With higher demand for a diversified portfolio of investment products from clients coupled with our extensive trading platform, our income from mutual fund and unit-linked products achieved significant growth. The Group continued to act as a Liquidity Provider to warrant issuers, although the level of activity and thus income softened following policy reform in the industry.

SHK Online, our self directed execution service, was again able to capitalize on its position as a market leader and with buoyant market conditions, recorded significant growth in turnover and increased profitability by more than 100% from the year before.

Leveraged Foreign Exchange, Bullion, Commodities, Financial Futures, and Other Products

Turnover in stock options and futures rose strongly with rising market interest. Our average daily volume of stock options traded on Hong Kong Exchanges and Clearing Limited ("HKEx") grew significantly, with the Group achieving one of the top ranking

業務回顧

財富管理及經紀

證券經紀

證券經紀仍為集團收益提供重大貢獻。集團年內曾參與37宗集資活動，包括分包銷、配售及首次公開招股，而由於年內首次公開招股（特別是H股）的宗數急升，就首次公開股配的配售及交易佣金為集團帶來豐厚收入。為非交易所參與者提供的第三方交易執行服務繼續帶來可觀收益，而機構及投資銀行客戶仍是集團穩定的收入來源。

隨著客戶對多元化投資產品組合的需求日增，加上集團的交易平台所提供的產品繁多，來自互惠基金及相連基金產品的收入錄得顯著增長。集團繼續為認股權證發行人擔任流通量提供者，惟此項業務以至收入均在業界推行政策改革後而有所減少。

由集團直接提供交易執行服務的鴻財網仍然能把握其市場領導地位，營業額隨著市場交投暢旺錄得顯著增長，盈利較上年度增加100%。

槓桿外匯、黃金、商品、金融期貨及其他產品

由於市場投資意欲上升，股票期權及期貨成交合約張數大增。集團在香港交易及結算所有限公司（「香港交易所」）的股票期權平均每日成交量顯著增長，於年

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positions for turnover at the end of the year. In commodities, the price of gold reached a 25 year high of US\$725.75 per ounce, contributing to a considerable strengthening in our turnover for gold futures and bullion contracts.

Securities Financing and Term Lending

The buoyant conditions in the stock market were reflected in a substantial increase in our margin book. Our term lending book remained stable despite keen competition in alternate financing through the capital markets such as IPO and shares placement.

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Minibonds

The mandate for the Minibond business is to distribute structured products to third party intermediaries in Hong Kong and Macau. By forming a strategic partnership with investment bank Lehman Brothers, the Group has issued more than 25 credit-linked notes and 2 fund-linked notes, raising in excess of HK\$8 billion in aggregate since 2002. Our mandate includes product origination, sales and marketing and relationship management with over 20 intermediaries in Hong Kong and Macau. We will continue to explore new asset classes to increase our product offering and broaden our distribution network.

Insurance Brokerage

2006 was a difficult year for Hong Kong's general insurance industry due to the continuation of a soft market, rising operating costs and intense competition from banks both in terms of business acquisition and human resources. As a result, we experienced high staff turnover and significant premium reduction on many classes of insurance during the year.

底穩踞最高成交量經紀之一。在商品方面，金價一度升至25年歷史高位每盎司725.75美元，大大刺激集團在黃金期貨及黃金合約之成交量。

證券放款及有期借款

股票市場交投暢旺，從集團之證券放款額大幅增加得以反映。雖然資本市場上有首次公開招股及股份配售等另類集資途徑的激烈競爭，但集團之有期借款業務表現仍然平穩。

迷你債券

集團經營迷你債券業務，旨在向香港及澳門的第三方中介公司分銷結構性產品。自2002年起，集團透過與投資銀行雷曼兄弟建立策略性夥伴關係，發行逾25類信貸掛鈎票據及2類基金掛鈎票據，集資金額超過80億港元。集團此項業務範疇包括產品發行、銷售及市場推廣，以及關係管理，涉及香港及澳門逾20間中介公司。集團將繼續發掘新的資產類別，以增加所提供之產品種類及拓展分銷網絡。

保險經紀

於2006年，由於保險業市場持續偏軟，加上營運成本上升，來自銀行在業務收購及人力資源方面之熾熱競爭，使香港整個保險業經營困難。因此，集團年內亦面對人才流失，以及多類保險之保費大幅下調之境況。

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For 2007, we will strengthen efforts to enhance client loyalty, develop new products with insurers to suit the market's evolving needs, explore ways to expand our distribution network and enhance our market development efforts in China.

Equities Research

Throughout 2006, we remained positive on the local equities market and our Equities Research analyses encouraged investors to buy into Hong Kong and China equities. Targets published at the start of the year for the major equities indices were met during the year. The research team attended more than 300 company visits and corporate presentations and published more than 500 equity comments and analyses as well as almost 600 strategy, sector and company reports. It also held press conferences and conducted numerous seminars. Our top 20 calls of 2006 outperformed the Hang Seng Index by a margin of between 43% and 148%. 50% of the team's recommendations were "Buy" calls and the remainder were "Hold" and "Sell" recommendations.

In a survey of broker performance conducted jointly by the South China Morning Post and Starmine, our Research team was ranked in the top ten for recommendations made on Hong Kong large cap stocks and in the top five for recommendations on mid-small cap stocks.

於2007年，我們將會致力提高客戶的忠誠度，為保險公司發展新產品以切合瞬息萬變的市場需要，開拓途徑以擴展集團的分銷網絡，以及加強發展中國市場。

股票資料研究

於2006年全年，集團對於本港股票市場仍然樂觀，而集團的股票資料研究分析亦支持投資者買入香港及中國股票。年內，主要股票指數已達致年初公佈之目標。集團的資料研究組曾進行逾300間公司探訪及企業簡報會，以及發表逾500份股票評論及分析，提供超過600份策略性、個別行業及公司報告，亦曾召開記者會及舉辦多次研討會。於2006年，我們推介買入而表現最佳的20隻股份，股價表現均超越恒生指數43%至148%不等。資料研究組所作的投資建議中有一半為「買入」股份，其餘則建議「持有」及「沽售」。

於南華早報與Starmine共同進行之經紀公司表現調查中，集團的資料研究組就大型港股提出投資建議方面取得首十位的排名，而就中小型港股提出投資建議方面則取得首五位的排名。

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Corporate Finance

During the year, the Corporate Finance division successfully launched and sponsored the IPOs of Modern Beauty Salon Holdings Limited, DBA Telecommunication (Asia) Holdings Limited, Jutal Offshore Oil Services Limited and Smart Union Group (Holdings) Limited on the main board, and Xinjiang Tianye Water Saving Irrigation System Company Limited on the GEM board of The Stock Exchange of Hong Kong Limited.

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We were also appointed as the Independent Financial Adviser to Shanghai Zendai Property Limited on its major and connected transaction, A-Max Holdings Limited on its major transaction and IRICO Group Electronics Company Limited on its continuing connected transactions. Furthermore, we were the Financial Adviser to Wah Cheong Development (B.V.I.) Limited, a wholly-owned subsidiary of the Company, on its unconditional mandatory cash offers for the securities of Quality HealthCare Asia Limited.

We were also actively involved in underwriting numerous IPOs during the year.

Institutional Sales

Business development for our recently established institutional sales units in the Asia-Pacific region has been very pleasing. The Group was very active in promoting Hong Kong primary and secondary deals to institutional investors from Hong Kong, Mainland China, Singapore, Taiwan, and Japan. An encouraging number of accounts were opened in the second half of 2006. Plans to establish relationships in European markets are presently being explored.

資本市場

企業融資

年內，企業融資部成功促成及保薦現代美容控股有限公司、DBA電訊（亞洲）控股有限公司、巨濤海洋石油服務有限公司及合俊集團控股有限公司於香港聯合交易所有限公司主板上市，以及新疆天業節水灌溉股份有限公司於創業板上市。

集團亦分別獲委任為上海証大房地產有限公司（就其主要及關連交易）、奧瑪仕控股有限公司（就其主要交易）及彩虹集團電子股份有限公司（就其持續關連交易）之獨立財務顧問。另外，又為本公司之全資附屬公司Wah Cheong Development (B.V.I.) Limited擔任財務顧問（就卓健亞洲有限公司證券提出無條件強制現金收購建議）。

年內，集團亦積極參與多項首次公開招股之包銷工作。

機構銷售

集團近期成立之機構銷售組在亞太區的業務發展情況一直令人滿意。集團向來自香港、中國內地、新加坡、台灣及日本之機構投資者積極推廣香港的一級及二級市場交易。於2006年下半年，機構投資者開戶數目令人鼓舞。集團目前正在計劃於歐洲市場拓展關係。

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China Business Development

In 2006, we launched the China Business Development unit and are presently in the process of setting up an investment consultancy company in Guangzhou (with a branch office in Shenzhen), which we hope will enable us to strengthen our existing relationships with institutions and regulators in Mainland China as well as to develop new relationships. The division brought the Group and one of the Mainland's largest futures brokerage companies, 浙江省永安期貨經紀有限公司 (Zhe Jiang Province Yongan Futures Broker Company Limited), together to establish China Xin Yongan Futures Company Limited. The company is planning to commence operations in Hong Kong as soon as it has obtained the necessary regulatory approvals, which it expects in the second quarter of 2007.

Throughout 2006, the Group has been active in sourcing origination opportunities in Mainland China and will continue to evaluate prospective pre-IPO / IPO transactions as well as other opportunities for business cooperation with financial institutions in Mainland China.

ASSET MANAGEMENT

The fund management business experienced another year of strong 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.

The number of global funds on our platform grew from three to six. One represented a new launch of a single strategy fund of funds, focused on asset-backed lending. We were also approached to assume the management mandate for two existing funds – a single manager multi-strategy fund and a merger and event driven fund.

中國業務發展

於2006年，集團開設中國業務發展部，現正籌備在廣州市成立投資顧問公司（並於深圳市設立分支辦事處），我們期望集團藉此得以鞏固現時與中國內地機構及監管機關的關係，以及建立新的關係。該部門推動集團與內地其中一間最大的期貨經紀公司浙江省永安期貨經紀有限公司合作，成立了中國新永安期貨有限公司。該公司希望於2007年第二季於取得必須的監管機構批准後在香港開業。

於2006年全年，集團一直積極在中國內地物色發展機會，並繼續就可能進行之首次公開招股前的交易項目/首次公開招股項目作評估，以及發掘其他與中國內地金融機構業務合作的機會。

資產管理

於2006年，基金管理業務再續去年之強勢增長，管理資產由2005年底約260百萬美元增加至2006年底的650百萬美元，增幅達150%。

集團的管理平台上的環球基金數目已由三隻增至六隻，當中一隻新推出的單一策略基金中的基金是集中投資於資產抵押貸款市場。此外，集團已被邀請接替管理現行兩隻基金，一隻是單一經理多策略基金，而另一隻是單一經理併購及事件主導套戥基金。

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We also launched our second Asian hedge fund. The fund is managed by a portfolio manager who has over 14 years' trading experience at various financial institutions. The fund is multi-strategy, Asian (ex-Japan) and equity focused.

We continue to recruit experienced investment professionals to join our platform and to launch additional Asian hedge funds.

CONSUMER FINANCE

In 2006, the Group expanded into the consumer finance sector, through the acquisition of United Asia Finance Limited ("UAF") in August (and in which it now 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 earning base significantly.

UAF is a leading consumer finance company. At the end of 2006, UAF operated 36 (2005: 32) branches in Hong Kong, providing a versatile range of personal loan products. UAF achieved very strong growth in profitability as well as in respect to its loan portfolio balances in 2006. In 2007, UAF will continue to focus on improving service, expanding its branch network, and exploring further business initiatives.

集團亦推出第二隻亞洲對沖基金。此基金由一名具備逾14年交易經驗曾於多間金融機構工作的投資組合經理所管理。該基金為著眼於亞洲（不包括日本）股本的多策略基金。

集團繼續招攬資深投資專才加盟其管理平台，以及推出更多亞洲對沖基金。

私人財務

於2006年，集團在八月透過收購亞洲聯合財務有限公司（「亞洲聯合財務」，集團現持有其58.18%權益），將業務拓展至私人財務方面。鑒於亞洲聯合財務具備業界的豐富專業知識，加上香港及中國的消費者信貸市場具有增長潛力，故集團相信此項策略性收購將顯著加強及擴展集團的盈利基礎。

亞洲聯合財務為香港一家提供私人財務的主要公司。於2006年底，亞洲聯合財務於香港設有36間（2005年：32間）分行，提供廣泛的私人貸款產品。於2006年，亞洲聯合財務的盈利能力及貸款組合結餘均見顯著增長。於2007年，亞洲聯合財務將繼續致力於提升服務質素、擴大其分行網絡，以及進一步拓展其業務計劃。

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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, is principally engaged in the provision of mortgage finance, investment holding and treasury investments. HKBLA has recorded a significant increase in profit for the year to HK\$11.3 million (2005: HK\$1.2 million), mainly driven by its treasury management activities.

PRINCIPAL INVESTMENTS, OTHER SUBSIDIARY & ASSOCIATED COMPANIES

QUALITY HEALTHCARE ASIA LIMITED (“QHA”)

Following the Group’s purchase of the additional shares of QHA from CLSA Capital Limited (“CLSA”) in October 2006 upon its exercise of an option granted by CLSA as detailed in a circular of the Company dated 27 October 2006, QHA has become a subsidiary of the Company, which currently holds approximately 51.15% equity interest in it.

QHA delivered 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 has resulted from ongoing enhancements in customer service, 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.

香港建屋貸款有限公司(「建屋貸款」)為一間香港上市公司，自2005年9月起成為亞洲聯合財務擁有74.99%權益的附屬公司，主要從事提供按揭融資、投資控股及庫務投資。於本年度，建屋貸款錄得的溢利大幅上升至11.3百萬港元(2005年：1.2百萬港元)，溢利主要是來自其庫務管理活動。

主要投資、其他附屬及聯營公司

卓健亞洲有限公司(「卓健」)

繼集團行使CLSA Capital Limited(「CLSA」)授予的認購權(詳情見本公司於2006年10月27日刊發的通函)而於2006年10月向CLSA增購卓健股份後，卓健已成為本公司的附屬公司，本公司現持有其約51.15%股權。

卓健於2006年錄得純利65.1百萬港元，較2005年的56.1百萬港元上升16%。卓健的營業額由2005年的822.8百萬港元增加至2006年的893.7百萬港元，上升8.6%。

溢利持續增長乃由於卓健不斷提升客戶服務、改善營運效率，以及前線與後勤人員更緊密的團隊合作所致。卓健醫療服務網絡的求診總人數持續增加，而公司客戶總數整體亦有所增長。

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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 continue to be strengthened and QHA has been appointed by international insurers to handle China claims and health plans.

TIAN AN CHINA INVESTMENTS COMPANY LIMITED ("TIAN AN")

The profit attributable to equity holders of Tian An 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 of a provision for past years and also this year for the newly imposed Land Appreciation Tax ("LAT") in Mainland China which was previously noted as a contingent liability. These provisions amounted to approximately HK\$261.6 million and HK\$35.8 million. Had these provisions not been made, the profit attributable to equity holders of Tian An would have been HK\$334.6 million. The increase in profit attributable to equity holders of Tian An for the year, before the provision for additional LAT, was the result of 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.

於2006年，卓健繼續擴充其醫療網絡，開設新的中心，以及擴充及遷移其現有中心。卓健亦繼續鞏固其第三者管理服務及電話中心的專業技術及聲譽，而卓健更已獲得國際保險公司委聘，處理中國的索償及健康保險計劃。

天安中國投資有限公司(「天安」)

天安的股東應佔溢利約51.5百萬港元(2005年：202.5百萬港元)，較去年下降75%。溢利下降乃由於天安就中國內地新近實施的土地增值稅所作的往年及本年度撥備(往年以或有負債形式披露)於年內確認，有關撥備分別約為261.6百萬港元及35.8百萬港元。倘不作出此等撥備，天安的股東應佔溢利應為334.6百萬港元。年內天安股東應佔溢利(未計算額外之土地增值稅撥備)的增加主要是由於其投資物業公允價值的增加、出售一間共同控制公司的收益以及租金收入大幅增加所致。

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A total gross floor area (“GFA”) of approximately 83,800m² (2005: 182,000m²) of residential/commercial properties was completed during the year, representing a decrease of 54% over last year. By the end of 2006, a total GFA of approximately 282,300m² (2005: 246,400m²) was under construction, representing a 15% increase from the preceding year.

As a direct result of the strategy shift to postpone sales as well as retain more real estate for rental income generation, there was a significant decline in GFA sold. Sales of approximately 79,100m² total GFA, were recorded in 2006, compared to 138,000m² in 2005. The benefits of this new strategy should be realized in 2008 and 2009 when key developments will come on stream. These include the properties of 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 developments have significantly increased in value, and Tian An hopes to record substantial profit on sales in the coming years.

YU MING INVESTMENTS LIMITED (“YU MING”)

The Group’s associated company Yu Ming incurred a loss attributable to equity holders for the year ended 31 December 2006 of approximately HK\$155.7 million (2005: profit of HK\$144.7 million). It was primarily due to the derecognition of its investment in CR Airways Limited as well as receivables originally held in an aggregate amount of approximately HK\$190.2 million.

於本年度內，已竣工商/住宅物業總樓面面積約為83,800平方米(2005年：182,000平方米)，較去年同期下降54%。於2006年底，在建工程總樓面面積約為282,300平方米(2005年：246,400平方米)，較去年同期上升15%。

由於天安轉變策略，押後銷售以及保留更多房地產以提高其日後的租金收入，所售出之總樓面面積大幅減少。天安於2006年售出之總樓面面積約79,100平方米，而2005年則為138,000平方米。此項新策略之利益可望於2008年及2009年各項重要發展項目落成時顯現，其中包括漕寶路之上海天安豪園、佘山之上海天安別墅、無錫The Manhattan、深圳天安高爾夫花園(三期)。此等發展項目之價值已顯著上升，天安期望此等發展項目的銷售可於來年錄得可觀溢利。

禹銘投資有限公司(「禹銘」)

截至2006年12月31日止年度，集團的聯營公司禹銘產生股東應佔虧損約155.7百萬港元(2005年：溢利144.7百萬港元)，主要是由於取消確認其中富航空有限公司的投資以及原先持有的應收款項合共約190.2百萬港元所致。

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During 2006, AsiaWorld-Expo had its first full year of operation, from which Yu Ming derived solid income. The retail property market remained steady, and together with the opening of the shopping mall “timeplus” in Causeway Bay in November 2006, Yu Ming’s rental income recorded modest growth.

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

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OTHER INVESTMENTS

Our other Principal Investments, including a fairly significant stake in HKEx, stakes in The Macao Water Supply Co. Ltd. and several Chinese SMEs, generally performed well in 2006. Management will use its best endeavors to maximize the value of these positions and when appropriate, realize them.

FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2006, the equity attributable to equity holders of the Company amounted to HK\$8,113.2 million, representing an increase of HK\$2,272.3 million or approximately 38.90% from that of 31 December 2005. The Group’s short-term bank deposits, bank balances, treasury bills and cash amounted to HK\$1,089.4 million (at 31 December 2005: HK\$423.4 million). The Group’s total bank and other borrowings, loan notes, short term loan and three year bonds due to a fellow subsidiary amounted to HK\$4,709.2 million (at 31 December 2005: HK\$450.5 million) with HK\$1,328.0 million (at 31 December 2005: HK\$342.5 million) repayable within one year

於2006年，亞洲國際博覽館經過其首個完整營運年度，為禹銘帶來穩固的收入來源。零售物業市場維持平穩，加上於2006年11月在銅鑼灣開設「timeplus」商場，令禹銘的租金收入錄得溫和增長。

於2006年底，禹銘的主要投資包括亞洲博覽館、旺角及銅鑼灣的零售商舖、新華航空控股有限公司以及債務及股本投資組合。

其他投資

我們的其他主要投資（其中包括於香港交易所的頗為重大權益、於澳門自來水有限公司及多間華資中小型企業的權益）於2006年整體表現理想。管理層將盡力從此等投資取得最大增益，並在適當時機將其變現。

財政資源及資本與負債比率

於2006年12月31日，本公司股東應佔權益為8,113.2百萬港元，較2005年12月31日之數額增長2,272.3百萬港元，或約38.90%。集團之短期銀行存款、銀行結存、國庫券及現金合共為1,089.4百萬港元（於2005年12月31日：423.4百萬港元）。集團之銀行及其他總借款、貸款票據、欠同系附屬公司之短期貸款及三年期債券合共為4,709.2百萬港元（於2005年12月31日：450.5百萬港元），須於一年內償還之款項為1,328.0百萬港元（於2005年

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(mainly utilized to support margin loan and consumer financing) and HK\$3,381.2 million (at 31 December 2005: HK\$108.0 million) repayable after one year.

The liquidity of the Group remained healthy as demonstrated by the current ratio (current assets/current liabilities) of 2.26 times as at 31 December 2006 (at 31 December 2005: 2.29 times).

The Group's gearing ratio (calculated on the basis of the Group's total bank and other borrowings, loan notes, short term loan and three year bonds due to a fellow subsidiary over the equity attributable to equity holders of the Company) was around 58.04% at the year end (at 31 December 2005: 7.71%). The increase in borrowings was mainly due to financing raised for the acquisition of UAF Holdings Limited ("UAF Holdings").

CAPITAL STRUCTURE, BANK BORROWINGS AND EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Pursuant to a placing agreement dated 12 May 2006 (as supplemented on 17 May 2006) made between AP Emerald Limited ("AP Emerald"), an indirect wholly-owned subsidiary of Allied Properties (H.K.) Limited, as the vendor and 3V Capital Limited as a placing agent, AP Emerald placed 169,000,000 existing shares of HK\$0.20 each in the Company to independent investors at a price of HK\$7.00 per share.

12月31日：342.5百萬港元)，（主要用作證券放款融資及私人財務信貸），而須於一年後償還之款項為3,381.2百萬港元（於2005年12月31日：108.0百萬港元）。

於2006年12月31日，集團之流動資產比率（流動資產相對流動負債）為2.26倍（於2005年12月31日：2.29倍），顯示集團之流動資金依然穩健。

集團之資本與負債比率，（按集團之銀行及其他總借款、貸款票據、欠同系附屬公司之短期貸款及三年期債券相對本公司股東應佔權益計算），約為58.04%（於2005年12月31日：7.71%）。借款之增長主要是收購UAF Holdings Limited（「UAF Holdings」）之融資籌集。

資本結構、銀行貸款及匯兌率浮動風險

根據AP Emerald Limited（「AP Emerald」，聯合地產（香港）有限公司的間接全資附屬公司，作為賣方）與3V Capital Limited（作為配售代理）於2006年5月12日訂立的一份配售協議（按2006年5月17日補充），AP Emerald按每股7.00港元的價格，向多名獨立投資者配售本公司169,000,000股每股面值0.20港元的現有股份。

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Pursuant to another placing agreement dated 18 May 2006 made between AP Emerald as the vendor and Sun Hung Kai Investment Services Limited (“SHKIS”), an indirect wholly-owned subsidiary of the Company, as a placing agent, AP Emerald placed 79,000,000 existing shares of HK\$0.20 each in the Company to independent investors at a price of HK\$7.00 per share.

Pursuant to a subscription agreement dated 12 May 2006 (as supplemented on 17 May 2006) made between AP Emerald and the Company, AP Emerald subscribed for 248,000,000 new shares of HK\$0.20 each in the Company at a price of HK\$7.00 per share. The allotment and issue of new shares under the subscription agreement were duly approved by the independent shareholders of the Company in an extraordinary general meeting on 1 August 2006.

During the year, 253,987 shares of HK\$0.20 each in the Company were issued for HK\$1,502,511 as a result of the exercises of the Company’s warrants by warrant holders. The Company has not made any share repurchase in 2006.

Other than the mortgage loans as shown in note 32 to the consolidated financial statements, three year bonds as shown in note 39 and the remaining balance of 4% loan notes as shown in note 38 to the consolidated financial statements, the Group’s bank and other borrowings were on a short-term basis and in HK dollars as at 31 December 2006. They were charged at floating interest rates. There are no known seasonal factors in our borrowing profiles.

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.

根據AP Emerald (作為賣方) 與新鴻基投資服務有限公司 (「新鴻基投資」, 本公司的間接全資附屬公司) (作為配售代理) 於2006年5月18日訂立的另一份配售協議, AP Emerald按每股7.00港元的價格, 向多名獨立投資者配售本公司79,000,000股每股面值0.20港元的現有股份。

根據AP Emerald與本公司於2006年5月12日訂立的一份認購協議 (按2006年5月17日補充), AP Emerald按每股7.00港元的價格認購本公司248,000,000股每股面值0.20港元的新股份。於2006年8月1日舉行的本公司股東特別大會上, 獨立股東已正式批准根據認購協議配發及發行的新股份。

年內, 本公司因認股權證持有人行使認股權證而發行本公司253,987股每股面值0.20港元的股份, 並取得1,502,511港元。於2006年, 本公司並無購回任何股份。

除了列於綜合財務報表附註32的按揭貸款、列於附註39的三年期債券及列於附註38的4%貸款票據餘額外, 集團於2006年12月31日的銀行及其他借款均為港元短期借款, 並根據浮動利率計算。集團的銀行借款並不受任何已知的季節性因素所影響。

匯率及市價的變動概不會令集團承擔重大風險, 因其外匯風險水平相對來說不大。

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MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINTLY CONTROLLED ENTITIES

On 24 August 2006, the Group completed an agreement with Allied Group Limited (“AGL”) and AG Capital Holding Limited (a wholly-owned subsidiary of AGL) for the purchase of the entire issued share capital of UAF Holdings together with the assignment of related shareholder’s loan at an aggregate consideration of HK\$4.328 billion. UAF Holdings and its subsidiaries are principally engaged in consumer finance loans and have a strong branch network throughout Hong Kong.

During the year, the Group concluded an option agreement with CLSA Capital Limited (“CLSA”) in relation to the option shares and option warrants of QHA as defined in the option agreement and the supplemental letter governing the transaction at a consideration of approximately HK\$11,101,000. The option entitled the Group to acquire from CLSA 34,156,666 shares in QHA at an aggregate exercise price of approximately HK\$99,908,000, and to exercise warrants leading to the subscription of 7,056,232 shares in QHA.

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

附屬公司、聯營公司及共同控制公司之重大收購及出售

於2006年8月24日，集團與聯合集團有限公司（「聯合集團」）及AG Capital Holding Limited（聯合集團的全資附屬公司）按照協議完成收購UAF Holdings全部已發行股本以及轉讓相關的股東貸款，總代價4,328百萬港元。UAF Holdings及其附屬公司主要從事私人財務貸款業務，分行遍布香港各區。

年內，集團與CLSA Capital Limited（「CLSA」）訂立一份認購權協議，涉及卓健的認購權股份及認購權認股證（定義見認購權協議及規限是次交易的補充函件），代價約為11,101,000港元。該認購權讓集團可按總行使價約99,908,000港元向CLSA收購34,156,666股卓健股份，並可行使認股證認購7,056,232股卓健股份。

於2006年9月29日，集團對卓健的認購權股份行使認購權，其後在2006年10月，CLSA向集團轉讓所有卓健的認購權認股證。集團對卓健的認購權股份行使認購權，需要同時就其尚未擁有卓健的所有已發行股份提出全面收購建議。集團於卓健的權益由2006年1月1日的約34.40%增至2006年11月全面收購建議結束後的50.13%。於2006年11月27日，集團行使卓健的認股證認購5,000,000股卓健股份，集團於卓健的權益再增至約51.14%。

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As a result of the exercise of unlisted warrants of Tian An conferring rights to subscribe for up to 78,800,000 new shares by a subscriber, the share placing and top-up subscription of new shares by Tian An and the Group's acquisition of 21,535,000 Tian An shares in the stock market during the year, the Group's equity interest in Tian An being 48.60% at 31 December 2005 decreased to 39.59% as at 31 December 2006.

Apart from the above, there have been no material acquisitions or disposals of subsidiaries, associated companies or jointly controlled entities by the Group in 2006.

SEGMENT INFORMATION

Detailed segment information in respect of the Group's revenue and segment results are shown in note 7 to the consolidated financial statements.

CHARGES ON GROUP ASSETS

Listed shares with an aggregate value of HK\$142,130,000 were pledged by subsidiaries for bank loans and overdrafts. Investment properties, buildings and interests in land of the Group with a total book value of HK\$165,257,000 were pledged by subsidiaries to banks for mortgage loans and overdrafts granted to them with a total outstanding balance of HK\$77,411,000 as at 31 December 2006.

CONTINGENT LIABILITIES

Details regarding the contingent liabilities are set out in note 46 to the consolidated financial statements.

由於年內一認購人行使天安之非上市認股權證，賦予其權利認購多達78,800,000股新股、天安配售股份及補充認購新股份、以及集團多次在市場購入共21,535,000股天安股份，導致集團於2005年12月31日持有天安之權益由48.60%下降至2006年12月31日約39.59%。

除以上所述外，集團在2006年並無其他有關附屬公司、聯營公司及共同控制公司的重大收購或出售。

分項資料

有關集團收益及分項業績之分項資料詳情，請參閱綜合財務報表附註7。

集團資產押記

集團之附屬公司將其持有總值142,130,000港元之上市公司股份抵押予銀行，以換取銀行貸款及透支。集團之附屬公司亦將其賬面總值165,257,000港元之投資物業、樓宇及土地權益抵押予銀行，作為給予按揭貸款及透支之抵押，該等貸款於2006年12月31日之未償還總結餘為77,411,000港元。

或然負債

或然負債詳情載於綜合財務報表附註46。

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TAXATION

Details regarding the Group's taxation are set out in note 14 to the consolidated financial statements.

HUMAN RESOURCES AND TRAINING

As of 31 December 2006, the total number of employees was approximately 2,440. Staff costs (including Directors' emoluments) and contributions to retirement benefit schemes amounted to approximately HK\$369.4 million (2005: HK\$173.1 million).

The Group operates different remuneration schemes according to the different roles in the organisation. For sales personnel, the package may comprise either a base pay or draw and commission/bonus/sales incentive, or alternatively, it can be a straight commission arrangement. For non-sales personnel, the remuneration is comprised of either a straight base pay, or where appropriate, a base pay with a performance-based bonus.

The Group will continue to recruit high-calibre candidates with proven experience in the provision of financial services in order to maintain its position as a market leader in the financial sector.

A total of 106 in-house Continuing Professional Training (CPT) programmes and Continuing Professional Development (CPD) programmes have been arranged for our licensed and relevant staff to ensure that they are updated with new product knowledge and the latest regulatory-related issues.

稅項

集團稅項詳情載於綜合財務報表附註14。

人力資源及培訓

於2006年12月31日，集團僱員人數約共有2,440名。僱員成本（包括董事酬金）及退休福利計劃供款合共約369.4百萬港元（2005年：173.1百萬港元）。

集團根據公司組織內不同崗位的僱員設立不同之薪酬制度。營銷僱員之薪酬組合包括底薪以及佣金/花紅/銷售獎金，或僅佣金安排，而非營銷僱員之薪酬則僅有底薪，或於適當情況下底薪連同按表現發放之花紅。

為保持集團在金融業的市場領先地位，集團將繼續聘請高質素並於金融服務業具有實質經驗之人才。

集團為旗下之持牌及有關僱員舉行了共106個內部持續專業培訓課程及持續專業培訓計劃，確保他們掌握最新之產品知識及現行之監管事務資訊。

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LITIGATION

(a) By the Judgment of Deputy High Court Judge To on 1 April 2004 (the “Judgment”) in HCA 3191/1999 between New World Development Company Limited (“NWDC”) and Stapleton Developments Limited (“SDL”) against Sun Hung Kai Securities Limited (“SHKS”), a wholly-owned subsidiary of the Company, 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 (the “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 (the “Shares”) on trust for SHKS, and that SHKS is entitled to the transfer to it of the legal title to the 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 16 December 1998 until payment, pursuant to the terms of an oral agreement which His Lordship found (the “Oral Agreement”). As at 17 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 (the “Appeal”) to the Court of Appeal. That Court handed down its judgment (the “Court of Appeal Judgment”) in which the

訴訟

(a) 根據高等法院暫委法官杜濶峯於2004年4月1日就新世界發展有限公司(「新世界發展」)與Stapleton Developments Limited(「SDL」)向本公司之全資附屬公司新鴻基證券有限公司(「新鴻基證券」)提出之法律訴訟(高等法院民事訴訟1999年第3191宗)作出之裁決(「裁決」),法院裁定新鴻基證券在新世界發展與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)就新鴻基證券於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(「股份」)的12.5%以信託形式代新鴻基證券持有,而新鴻基證券在向新世界發展支付若干款項後,有權將股份的法定所有權轉讓至其名下;(ii)就合營企業而言,新鴻基證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,新鴻基證券實益擁有由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(「口頭協議」)內訂明之條款,新鴻基證券被判令向新世界發展支付總

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Court ordered a repayment to SHKS of part of the interest element for the period from 16 December 1998 to 31 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 (the “Final Appeal”). The Final Appeal was heard on 19, 20 and 21 June 2006. On 10 July 2006, the Court of Final Appeal delivered its decision (the “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.

額105,534,018.22港元，連同本金額80,117,652.72港元由1998年12月16日起至付款期間按判定利率計算之利息。於2004年6月17日（即支付判定金額當日），新鴻基證券已支付判定金額，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）。新鴻基證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」）。上訴法院已宣判決決（「上訴法院裁決」），判令退還部份新鴻基證券按原訟法院判決所支付由1998年12月16日起計至2004年3月31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。新鴻基證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2006年6月19日、20日及21日作出聆訊。於2006年7月10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證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，新鴻基證券被判須支付上訴訟費。

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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 1 March 2000 and 2 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 has 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 has 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

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2004年4月發出載有申索註明之令狀(「高等法院民事訴訟2004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2000年3月1日及2001年1月2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2004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2006年2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2006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2006年10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2006年12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所有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

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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 Shares be transferred to it and that its portion of the shareholder's loans be assigned to it.

(b) On 4 February 2004, Sun Tai Cheung Credits Limited (“STCC”) and SHKIS, both indirect wholly-owned subsidiaries of the Company, were served with a writ including a statement of claim (200/2004) by Shanghai Finance Holdings Limited (“Shanghai Finance”), claiming, inter alia, an order that the sale of the shares in Shun Loong Holdings Limited (the “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 25 June 2003 be set aside, or alternatively, as against STCC, 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 27 October 2006.

(c) Shun Loong Finance Limited and Shun Loong Holdings Limited (together the “Petitioners”), both indirect wholly-owned subsidiaries of the Company, filed a winding-up petition on 19 February 2004 in the British Virgin Islands (“B.V.I.”) seeking an order that Shanghai Finance 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 10 November 2006.

確定。新鴻基證券已向新世界發展及SDL發出通知，(其中包括)註明其要求將股份的法定權益轉讓至其名下，同時將新鴻基證券所屬股東貸款部分轉至其名下。

(b) 於2004年2月4日，Shanghai Finance Holdings Limited (「Shanghai Finance」)向同為本公司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2003年6月25日之買賣協議就順隆集團有限公司之股份(「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2006年10月27日此訴訟按同意被駁回。

(c) 順隆財務有限公司及順隆集團有限公司(統稱為「呈請人」)(同為本公司之間接全資附屬公司)在2004年2月19日於英屬處女群島提交一項清盤呈請，基於Shanghai Finance未能償還欠負呈請人之債務，故要求判令Shanghai Finance清盤。此英屬處女群島之司法程序於2006年11月10日按同意被中止。

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- (d) The Company, STCC and SHKIS filed a writ on 7 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 27 October 2006.
- (d) 本公司、新泰昌授信及新鴻基投資於2004年2月7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2006年10月27日按同意被駁回。
- (e) In June 2006, the Company received notice of a 2001 order made by the Hubei Province Higher Peoples Court in China freezing US\$3 million of SHKS's funds (or assets of equivalent value) pursuant to which SHKS's shares in Chang Zhou Power Development Company Limited in China (the "Shares") (worth US\$3 million) were frozen. SHKS had sold the Shares in 1998. The Company will further investigate the matter but at this stage it does not consider that it is appropriate to make any provision in the circumstances. It will make a final decision once its investigation has been completed.
- (e) 於2006年6月，本公司接獲中國湖北省高級人民法院發出的2001年判令通知，判令凍結新鴻基証券達3百萬美元的資金（或等同值之資產），據此，新鴻基証券於中國長州電力發展有限公司的股份（「股份」）（價值3百萬美元）隨後遭受凍結。新鴻基証券已於1998年出售該等股份。本公司將會作出進一步調查，但認為現階段並不適宜作出任何撥備，待調查完成後將作出最終決定。

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MANAGEMENT OF RISKS

POLICIES AND PROCEDURES

The Group has established policies and procedures for risk management which are reviewed regularly by the management, the Group's Risks Control department ("RCD") and the Risk Management Committee ("RMC"), which reports to the 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.

FINANCIAL RISKS

The Group's financial risk management is discussed in note 53 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.

風險管理

政策及程序

集團已設立風險管理之政策及程序，並由管理層、集團的風險管理部及須向董事會匯報之風險管理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，集團之稽核部及法規監核部均會負責定期查核，從而確保該等政策及程序得以遵守。

金融風險

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53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的風險，包括法律及法規遵守的風險。

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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 Group’s RCD and Internal Audit department (“IAD”). In addition, the Group’s RCD formulates corporate-level policies and procedures concerning the operational risk management at Group level which are approved by the RMC. Senior management, the Group’s RCD and IAD (through its 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 Executive Chairman and the Audit Committee.

集團設立了有效的內部監控制度，著重清晰的職權範圍、恰當的職務分工、有效的內部匯報及應變計劃，以及為其各個主要業務制定詳細的政策和監控程序。各業務部門的主管負責日常的營運風險管理和匯報，對業務流程、活動及產品固有的風險進行審察、評估、消滅及持續監察。各業務部門的主管須定期申報及提交一份「內部監控程序責任聲明」，供集團的風險管理部以及稽核部審閱。此外，集團風險管理部就集團整體的營運風險管理制定有關的企業政策及程序，並提交風險管理委員會審批。高級管理層、集團的風險管理部及稽核部（透過其常規核查），均會參予集團整體風險的審閱工作，確保集團保持合理的風險水平。

商譽風險

具財務誠信及謹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，加上集團稽核部（一個向執行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。