

Report of the Directors

董事會報告

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 18 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

An analysis of the business segments of the Group during the year is set out in note 4 to the financial statements.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2005 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 57 to 136.

An interim dividend of HK2.5 cents per ordinary share was paid to shareholders on 20 September 2005. The Directors recommend the payment of a final dividend of HK3.25 cents per ordinary share in respect of the year payable on 28 June 2006 to shareholders on the register of members of the Company on 24 May 2006, making a total dividend for the year 2005 of HK5.75 cents per ordinary share. This recommendation has been incorporated in the financial statements as an allocation of retained profits within the equity section of the balance sheet.

董事會欣然提呈本公司及本集團截至二零零五年十二月三十一日止年度之報告及經審核財務報告。

主要業務

本公司之主要業務為投資控股。各主要附屬公司之主要業務詳情載於財務報告附註18。年內，本集團之主要業務性質概無重大變動。

本集團於年內之業務分類分析載於財務報告附註4。

業績及股息

本集團截至二零零五年十二月三十一日止年度之溢利，以及本公司及本集團於該日之財政狀況載於第57頁至136頁之財務報告內。

中期股息每股普通股2.5港仙已於二零零五年九月二十日向股東派發。董事建議於二零零六年六月二十八日派發本年度末期股息每股普通股3.25港仙予於二零零六年五月二十四日登記在本公司股東名冊內之股東，二零零五年全年派發之股息每股普通股合共5.75港仙。此項建議股息已於財務報告列作資產負債表權益部份之保留溢利分配。

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SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and reclassified/restated as appropriate, is set out below. This summary does not form part of the audited financial statements.

財政資料概要

下文所載為摘錄自經審核財務報告並按需要重新分類／重新呈列之本集團於過去五個財政年度之已公佈業績及資產負債之概要。本概要並不構成經審核財務報告之一部份。

		Year ended 31 December 截至十二月三十一日止年度				
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
RESULTS	業績					
CONTINUING OPERATIONS	持續經營業務					
REVENUE	收入	822,844	788,348	743,522	737,134	751,983
Profit/(loss) before tax	除稅前溢利／(虧損)	66,440	53,909	33,372	20,443	(68,429)
Tax	稅項	(10,300)	(8,891)	(8,933)	(5,600)	(2,289)
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	本年度持續經營業務溢利／(虧損)	56,140	45,018	24,439	14,843	(70,718)
DISCONTINUED OPERATIONS	已終止經營業務					
Profit/(loss) for the year from discontinued operations	本年度已終止經營業務溢利／(虧損)	—	—	—	24,167	(238,645)
PROFIT/(LOSS) FOR THE YEAR	本年度溢利／(虧損)	56,140	45,018	24,439	39,010	(309,363)
Attributable to:	應佔：					
Equity holders of the Company	本公司股本持有人	56,140	45,018	24,439	54,144	(183,583)
Minority interests	少數股東權益	—	—	—	(15,134)	(125,780)
		56,140	45,018	24,439	39,010	(309,363)

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		31 December 十二月三十一日				
		2005 二零零五年 HK\$'000 千港元	2004 二零零四年 HK\$'000 千港元	2003 二零零三年 HK\$'000 千港元	2002 二零零二年 HK\$'000 千港元	2001 二零零一年 HK\$'000 千港元
ASSETS AND LIABILITIES	資產及負債					
Total assets	資產總值	262,335	254,707	222,559	279,719	303,935
Total liabilities	負債總額	112,048	108,823	114,729	185,929	263,621
Equity attributable to equity holders of the Company	本公司股本持有人應佔權益	150,287	145,884	107,830	93,790	40,314
Total liabilities and equity attributable to equity holders of the Company	本公司股本持有人應佔負債及權益總額	262,335	254,707	222,559	279,719	303,935

PROPERTY, PLANT AND EQUIPMENT

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

CHARITABLE DONATIONS

The total donations made by the Group for charitable purposes during the year amounted to approximately HK\$24,000.

SHARES, WARRANTS AND SHARE OPTIONS

Details of movements in the Company's share capital, warrants and share options during the year, together with the reasons therefor, are set out in notes 26 and 27 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to the existing shareholders.

物業、廠房及設備

本集團物業、廠房及設備於年內之變動詳情載於財務報告附註14。

慈善捐款

本集團於年內就慈善用途捐出之款項總額約24,000港元。

股份、認股權證及購股權

本公司股本、認股權證及購股權於年內之變動詳情及其變動原因載於財務報告附註26及27。

優先購股權

本公司之公司細則或百慕達法例並無有關優先購股權之條款，以規定本公司須按比例向現有股東提呈發售新股份。

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PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company repurchased a total of 21,667,288 ordinary shares at a price of HK\$2.00 in cash per ordinary share pursuant to a general offer made by Sun Hung Kai International Limited on behalf of the Company to repurchase up to 21,667,288 ordinary shares which was completed in April 2005 (the "Share Repurchase"). All the shares repurchased have been cancelled accordingly. The total consideration paid by the Company for the offer was approximately, after expenses, of HK\$44,700,000 which was financed by the internal resources of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the year ended 31 December 2005.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 28(b) to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2005, the Company's reserves available for distribution, calculated in accordance with the Bermuda Companies Act 1981, amounted to HK\$537,767,000, of which HK\$6,348,000 has been proposed as a final dividend for the year. In addition, the Company's share premium account, in the amount of HK\$914,000, may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate revenue and purchases attributable to the Group's five largest customers and suppliers, respectively, accounted for less than 30% of the Group's total revenue and purchases for the year.

None of the Directors of the Company or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers.

購買、出售或贖回證券

根據新鴻基國際有限公司代表本公司作出購回最多達21,667,288股普通股之全面收購建議(「股份回購」)已於二零零五年四月完成。本公司以每股普通股2.00港元之現金價格，購回合共21,667,288股普通股。所有已回購之股份已隨即註銷。本公司就收購建議支付之總代價(計入支出後)約為44,700,000港元，由本集團以內部資源撥付。

除上述披露者外，本公司或其任何附屬公司於截至二零零五年十二月三十一日止年度內並無購買、出售或贖回本公司任何證券。

儲備

本公司及本集團於年內之儲備變動詳情分別載於財務報告附註28(b)及綜合權益變動表。

可分派儲備

截至二零零五年十二月三十一日，本公司根據百慕達一九八一年公司法計算之可供分派儲備為537,767,000港元，其中6,348,000港元已建議作為本年度末期股息。此外，本公司股份溢價賬914,000港元可以繳足股款紅股方式分派。

主要客戶及供應商

年內，本集團前五名最大客戶之收入總額及本集團前五名最大供應商之採購總額均各自少於本集團全年收入總額及採購總額之30%。

本公司董事或其任何聯繫人士或任何股東(據董事所知，擁有本公司已發行股本逾5%之股東)，概無於本集團五大客戶中擁有任何實益權益。

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DIRECTORS

The Directors of the Company during the year were:

Executive Directors:

Arthur George Dew (*Chairman*)

Dr. Lincoln Chee Wang Jin

Mark Wong Tai Chun

Non-Executive Directors:

Richard Owen Pyvis (*Deputy Chairman*)

Brian Damian O'Connor (retired on 20 May 2005)

Independent Non-Executive Directors:

Li Chak Hung

Francis J. Chang Chu Fai

Carlisle Caldow Procter

Mr. Brian Damian O'Connor retired as a Non-Executive Director of the Company at the annual general meeting of the Company held on 20 May 2005.

In accordance with the Company's bye-law 87(1) and (2), Mr. Arthur George Dew, Dr. Lincoln Chee Wang Jin and Mr. Richard Owen Pyvis will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 32 to the financial statements, no Director had a material interest in, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

董事

年內，本公司之董事載列如下：

執行董事：

狄亞法 (主席)

徐旺仁醫生

王大鈞

非執行董事：

Richard Owen Pyvis (副主席)

Brian Damian O'Connor (於二零零五年五月二十日退任)

獨立非執行董事：

李澤雄

鄭鑄輝

Carlisle Caldow Procter

於二零零五年五月二十日舉行之本公司股東週年大會上，Brian Damian O'Connor先生退任本公司非執行董事。

根據公司細則第87(1)及(2)條，狄亞法先生、徐旺仁醫生及Richard Owen Pyvis先生於將召開之股東週年大會任期屆滿，按序告退，如再獲選，亦願繼續連任。

董事之服務合約

擬於將召開之股東週年大會上膺選連任之董事，概無與本公司訂立不可於一年內毋須補償(法定補償除外)而可予以終止之未到期之服務合約。

董事之合約權益

除財務報告附註32所披露者外，年內各董事概無於本公司或其任何附屬公司所訂立對本集團業務而言之任何重大合約中直接或間接佔有重大權益。

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DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2005, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO were as follows:

Name of Director	Nature of interest	Beneficial interest in shares 於股份之實益權益 (Note 1) (附註1)	Beneficial interest in underlying shares 於相關股份之實益權益 (Notes 1 & 2) (附註1及2)	Total interests 權益總計	Approximate aggregate percentage of the issued share capital 估已發行股本概約總百分比
董事姓名	權益性質				
Mark Wong Tai Chun 王大鈞	Personal 個人權益	50,040	145,170	195,210	0.09%

Notes:

- Interests in the shares and underlying shares of equity derivatives are long positions.
- The interests include the holding of 135,000 share options, details of which are disclosed in note 27 to the financial statements, and 10,170 underlying shares attached to listed physically settled warrants. The listed physically settled warrants (the "Warrants") were issued on 12 January 2004 and are exercisable at any time during the period from 14 January 2004 to 13 January 2007 at an initial subscription price of HK\$2.50 per share (subject to adjustment). On 10 May 2005, the subscription price of the Warrants was adjusted from HK\$2.50 per share to HK\$2.46 per share as a result of the Share Repurchase.

Save as disclosed above, as at 31 December 2005, neither the Directors nor the 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 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 for Securities Transactions by Directors of Listed Issuers.

董事於股份及相關股份之權益及淡倉

於二零零五年十二月三十一日，根據證券及期貨條例（「證券期貨條例」）第352條規定所存放之登記冊，本公司董事及主要行政人員於本公司或其任何相聯法團（定義見證券期貨條例第XV部）之股份、相關股份或債券擁有之權益或淡倉如下：

Name of Director	Nature of interest	Beneficial interest in shares 於股份之實益權益 (Note 1) (附註1)	Beneficial interest in underlying shares 於相關股份之實益權益 (Notes 1 & 2) (附註1及2)	Total interests 權益總計	Approximate aggregate percentage of the issued share capital 估已發行股本概約總百分比
董事姓名	權益性質				
Mark Wong Tai Chun 王大鈞	Personal 個人權益	50,040	145,170	195,210	0.09%

附註：

- 於股份及股本衍生工具之相關股份之權益均為長倉。
- 該等權益包括持有135,000份購股權（其詳情披露於財務報告附註27）及10,170份屬於相關股份之上市實物交收認股權證。該等上市實物交收之認股權證（「認股權證」）於二零零四年一月十二日發行，可於二零零四年一月十四日至二零零七年一月十三日之期間內隨時按初步認購價每股2.50港元（可予調整）行使。於二零零五年五月十日，認股權證之認購價因股份回購而由每股2.50港元調整至每股2.46港元。

除上文所披露者外，於二零零五年十二月三十一日，本公司各董事及主要行政人員概無於本公司或其任何相聯法團（定義見證券期貨條例第XV部）之任何股份、相關股份或債券中擁有須記錄於證券期貨條例第352條所規定存放之登記冊內，或根據上市發行人董事進行證券交易之標準守則須另行知會本公司及聯交所之任何權益或淡倉。

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DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the share option plan as set out in note 27 to the financial statements, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to the Directors of the Company, as at 31 December 2005, shareholders (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

董事認購股份或債券之權利

除財務報告附註27所載購股權計劃所述外，於本年度內，本公司之董事或彼等之配偶或未成年子女並無獲授予或行使任何權利可藉購入本公司之股份或債券而取得利益。此外，本公司或其任何附屬公司並無參與任何安排，使本公司董事可從其他法人團體獲取該種權利。

主要股東於股份及相關股份之權益及淡倉

就本公司董事所知，於二零零五年十二月三十一日，根據本公司按照證券期貨條例第336條規定所存放之登記冊之記錄，持有本公司股份或相關股份中擁有權益或淡倉之股東(本公司董事或主要行政人員除外)如下：

Name of substantial shareholders	Interest in shares held	Interest in underlying shares held	Total interests	Approximate percentage of the issued share capital	Notes
主要股東名稱	持有之股份權益	持有之相關股份權益	權益總計	佔已發行股本之概約百分比	附註
	(Note 1) (附註1)	(Notes 1 & 2) (附註1及2)			
Sun Hung Kai & Co. Limited ("SHK") 新鴻基有限公司(「新鴻基」)	67,188,357	12,544,632	79,732,989	40.82	3
Allied Properties (H.K.) Limited ("Allied Properties") 聯合地產(香港)有限公司(「聯合地產」)	67,188,357	12,544,632	79,732,989	40.82	4
Allied Group Limited ("Allied Group") 聯合集團有限公司(「聯合集團」)	67,188,357	12,544,632	79,732,989	40.82	5
Lee and Lee Trust ("LL Trust")	67,188,357	12,544,632	79,732,989	40.82	6
CLSA Capital Limited ("CLSA")	34,156,666	6,943,333	41,099,999	21.04	
CLSA BV	34,156,666	6,943,333	41,099,999	21.04	7

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Name of substantial shareholders	Interest in shares held	Interest in underlying shares held	Total interests	Approximate percentage of the issued share capital	Notes
主要股東名稱	持有之股份權益	持有之相關股份權益	權益總計	佔已發行股本之概約百分比	附註
	(Note 1)	(Notes 1 & 2)			
	(附註1)	(附註1及2)			
Calyon Capital Markets (Asia) BV (“Calyon BV”)	34,156,666	6,943,333	41,099,999	21.04	8
Calyon Capital Markets International SASU (“Calyon CM”)	34,156,666	6,943,333	41,099,999	21.04	9
Calyon SA	34,156,666	6,943,333	41,099,999	21.04	10
Credit Agricole S.A. (“Credit Agricole”)	34,156,666	6,943,333	41,099,999	21.04	11
SAS Rue la Boetie (“SAS”)	34,156,666	6,943,333	41,099,999	21.04	12
Arisaig Greater China Fund Limited (“Arisaig Fund”)	18,483,600	3,696,720	22,180,320	11.35	
Arisaig Partners (Mauritius) Ltd (“Arisaig Mauritius”)	18,483,600	3,696,720	22,180,320	11.35	13
Lindsay William Ernest Cooper	18,483,600	3,696,720	22,180,320	11.35	14

Notes:

- The interests stated above represent long positions.
- These represent interests of the listed physically settled Warrants. The Warrants were issued on 12 January 2004 and are exercisable at any time during the period from 14 January 2004 to 13 January 2007 at an initial subscription price of HK\$2.50 per share (subject to adjustment). On 10 May 2005, the subscription price of the Warrants was adjusted from HK\$2.50 per share to HK\$2.46 per share as a result of the Share Repurchase.
- The 67,188,357 shares and 12,544,632 underlying shares were held by Wah Cheong Development (B.V.I.) Limited (“Wah Cheong”), a wholly-owned subsidiary of SHK. SHK was therefore deemed to have an interest in the shares and underlying shares in which Wah Cheong was interested.
- Through AP Jade Limited and AP Emerald Limited, direct and indirect wholly-owned subsidiaries of Allied Properties respectively, Allied Properties owned approximately 74.99% interest in the issued share capital of SHK and was therefore deemed to have an interest in the shares and underlying shares in which SHK was interested.

附註：

- 上述權益均為長倉。
- 該等權益指上市實物交收認股權證之權益。該等認股權證於二零零四年一月十二日發行，可於二零零四年一月十四日至二零零七年一月十三日之期間內隨時按初步認購價每股2.50港元（可予調整）行使。於二零零五年五月十日，認股權證之認購價因股份回購而由每股2.50港元調整至每股2.46港元。
- 該67,188,357股股份及12,544,632股相關股份由Wah Cheong Development (B.V.I.) Limited (「Wah Cheong」) (新鴻基之全資附屬公司) 持有。新鴻基因此被視為擁有該等由Wah Cheong擁有之股份及相關股份之權益。
- AP Jade Limited及AP Emerald Limited分別為聯合地產之直接及間接全資附屬公司，而聯合地產則於新鴻基已發行股本中擁有約74.99%權益，因此被視為擁有該等由新鴻基擁有之股份及相關股份之權益。

Report of the Directors 董事會報告

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| <p>5. Allied Group owned approximately 74.93% interest in the issued share capital of Allied Properties and was therefore deemed to have an interest in the shares and underlying shares in which Allied Properties was interested.</p> | <p>5. 聯合集團於聯合地產已發行股本中擁有約74.93%權益，因此被視為擁有該等由聯合地產擁有之股份及相關股份之權益。</p> |
| <p>6. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of LL Trust, being a discretionary trust. They together owned approximately 40.06% interest in the issued share capital of Allied Group and were therefore deemed to have an interest in the shares and underlying shares in which Allied Group was interested.</p> | <p>6. 李成輝先生、李淑慧女士及李成煌先生為LL Trust之信託人，該信託乃一項全權信託，於聯合集團已發行股本中合共擁有約40.06%權益，因此彼等被視為擁有該等由聯合集團擁有之股份及相關股份之權益。</p> |
| <p>7. The 34,156,666 shares and 6,943,333 underlying shares were held by CLSA. CLSA BV owned more than 33.33% interest in the issued share capital of CLSA and was therefore deemed to have an interest in the shares and underlying shares in which CLSA was interested.</p> | <p>7. 該34,156,666股股份及6,943,333股相關股份由CLSA持有。CLSA BV於CLSA已發行股本中擁有逾33.33%權益，因此被視為擁有該等由CLSA擁有之股份及相關股份之權益。</p> |
| <p>8. Calyon BV owned more than 33.33% interest in the issued share capital of CLSA BV and was therefore deemed to have an interest in the shares and underlying shares in which CLSA BV was interested.</p> | <p>8. Calyon BV於CLSA BV已發行股本中擁有逾33.33%權益，因此被視為擁有該等由CLSA BV擁有之股份及相關股份之權益。</p> |
| <p>9. Calyon CM owned more than 33.33% interest in the issued share capital of Calyon BV and was therefore deemed to have an interest in the shares and underlying shares in which Calyon BV was interested.</p> | <p>9. Calyon CM於Calyon BV已發行股本中擁有逾33.33%權益，因此被視為擁有該等由Calyon BV擁有之股份及相關股份之權益。</p> |
| <p>10. Calyon SA owned more than 33.33% interest in the issued share capital of Calyon CM and was therefore deemed to have an interest in the shares and underlying shares in which Calyon CM was interested.</p> | <p>10. Calyon SA於Calyon CM已發行股本中擁有逾33.33%權益，因此被視為擁有該等由Calyon CM擁有之股份及相關股份之權益。</p> |
| <p>11. Credit Agricole owned more than 33.33% interest in the issued share capital of Calyon SA and was therefore deemed to have an interest in the shares and underlying shares in which Calyon SA was interested.</p> | <p>11. Credit Agricole於Calyon SA已發行股本中擁有逾33.33%權益，因此被視為擁有該等由Calyon SA擁有之股份及相關股份之權益。</p> |
| <p>12. SAS owned more than 33.33% interest in the issued share capital of Credit Agricole and was therefore deemed to have an interest in the shares and underlying shares in which Credit Agricole was interested.</p> | <p>12. SAS於Credit Agricole已發行股本中擁有逾33.33%權益，因此被視為擁有該等由Credit Agricole擁有之股份及相關股份之權益。</p> |
| <p>13. The 18,483,600 shares and 3,696,720 underlying shares were held by the Arisaig Fund. Arisaig Mauritius is the investment manager of the Arisaig Fund and is thereby deemed to have an interest in the shares and underlying shares in which Arisaig Fund is interested.</p> | <p>13. 該18,483,600股股份及3,696,720股相關股份由Arisaig Fund持有，而Arisaig Mauritius為Arisaig Fund之投資經理，因此被視為擁有該等由Arisaig Fund擁有之股份及相關股份之權益。</p> |
| <p>14. Mr. Lindsay William Ernest Cooper has an indirect 33% beneficial interest in Arisaig Mauritius (the investment manager of the Arisaig Fund) and is thereby deemed to have an interest in the shares and underlying shares in which Arisaig Mauritius is interested.</p> | <p>14. Lindsay William Ernest Cooper先生間接實益持有Arisaig Mauritius (Arisaig Fund之投資經理) 之33%權益，因此被視為擁有該等由Arisaig Mauritius擁有之股份及相關股份之權益。</p> |

Save as disclosed above, as at 31 December 2005, no short position were recorded in the register required to be kept under Section 336 of the SFO.

除以上披露者外，於二零零五年十二月三十一日，根據證券期貨條例第336條規定所存放之登記冊所載，並無淡倉記錄。

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CONTINUING CONNECTED TRANSACTIONS

As disclosed in the press announcement of the Company dated 7 February 2005, the Company entered into the following three agreements (the “Agreements”) with certain subsidiaries of SHK, a controlling shareholder and a connected person of the Company as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), all on 7 February 2005:

(1) Insurance Brokerage Services Agreement

An Insurance Brokerage Services Agreement was entered with Sun Hung Kai Insurance Consultants Limited (“SHK Insurance”), an indirect wholly-owned subsidiary of SHK, pursuant to which, SHK Insurance would agree to provide packaged insurance brokerage services to the Company and its subsidiaries (the “Group”) for a term of one year commencing from 1 February 2005. SHK Insurance would assist the Group in procuring insurance policies to be taken out with third party insurers. The provision of such services by SHK Insurance would be on SHK Insurance’s usual terms for provision of the same services to an independent third party and the premium for any insurance policy procured would be the prevailing premium charged by SHK Insurance to an independent third party when dealing at arm’s length having regard to any other special circumstances such as arm’s length negotiated volume discounts. The aggregate annual amount payable by the Group under this agreement for the twelve-month period ended 31 January 2006 should not exceed the annual cap of HK\$6,000,000. The total amount of insurance premium paid to SHK Insurance for the term of the agreement was approximately HK\$5,200,000.

(2) Corporate Secretarial Services Agreement

A Corporate Secretarial Services Agreement was entered with Wineur Secretaries Limited (“Wineur Secretaries”), an indirect wholly-owned subsidiary of SHK, pursuant to which, Wineur Secretaries would agree to provide the companies in the Group with the services of a company secretary and with the corporate secretarial services for a term of one year commencing from 1 February 2005. The services provided by Wineur Secretaries was classified into two types, namely, routine services and non-routine services. The retainer fee for the routine services was HK\$863,000 per year and the service fee for the provision of non-routine services would be agreed on an arm’s length basis separately for each task having regard to the work involved. The aggregate annual amount payable by the Group under this agreement for the twelve-month period ended 31 January 2006 should not exceed the annual cap of HK\$1,340,000. The total amount paid to Wineur Secretaries,

持續關連交易

誠如本公司於二零零五年二月七日之報章公佈所披露，本公司於二零零五年二月七日與新鴻基（為本公司控股股東及其關連人士）（定義見聯交所證券上市規則（「上市規則」））之若干附屬公司訂立以下三項協議（「協議」）：

(1) 保險經紀服務協議

與新鴻基保險顧問有限公司（「新鴻基保險」）（新鴻基之間接全資附屬公司）訂立保險經紀服務協議，據此，新鴻基保險同意向本公司及其附屬公司（「本集團」）提供保險經紀服務，由二零零五年二月一日起，為期一年。新鴻基保險將協助本集團獲得由第三方承保人投購之保單。新鴻基保險提供該等服務之條款，將會為新鴻基保險向獨立第三方提供相同服務時所採用之慣用條款，而就任何保單所收取之保費，則將會為新鴻基保險經公平磋商，並計及任何特殊情況（如公平磋商下之總額折扣）後收取獨立第三方之現行保費。本集團根據此項協議於截至二零零六年一月三十一日止十二個月期間內應付之年度總金額將不超過每年上限金額6,000,000港元。協議期限內，向新鴻基保險支付之保費總額約為5,200,000港元。

(2) 公司秘書服務協議

與偉略秘書有限公司（「偉略秘書」）（新鴻基之間接全資附屬公司）訂立公司秘書服務協議，據此，偉略秘書同意向本集團旗下各公司提供一名公司秘書連同有關之秘書服務，由二零零五年二月一日起，為期一年。偉略秘書所提供之服務可分為兩類，分別為常規服務及非常規服務。常規服務之聘用費為每年863,000港元，而非常規服務之服務收費，則會考慮個別服務所需之工作，按公平磋商基準協定。本集團根據此項協議於截至二零零六年一月三十一日止十二個月期間內應付之年度總金額將不超過每年上限金額1,340,000港

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for both the routine and non-routine services together with related disbursements, for the term of the agreement was approximately HK\$1,140,000.

(3) Internal Audit and Compliance Consultancy Services Agreement

An Internal Audit and Compliance Consultancy Services Agreement was entered with SHK Consultancy Services Limited ("SHKCS"), an indirect wholly-owned subsidiary of SHK, pursuant to which SHKCS would agree to provide the companies in the Group with internal audit and compliance consultancy services for a term of one year commencing from 1 February 2005. The fee for the services provided by SHKCS, charged on a time-cost basis, was estimated to be around HK\$250,000 per year. Furthermore, the fee for any requested audit and compliance work would be pre-estimated and agreed separately on an arm's length basis in view of the work involved. The aggregate annual amount payable by the Group under this agreement for the twelve-month period ended 31 January 2006 should not exceed the annual cap of HK\$250,000. The total amount of the internal audit and compliance consultancy fee paid to SHKCS for the term of the agreement was approximately HK\$11,600.

The transactions contemplated under the Agreements constitute continuing connected transactions of the Company (the "Continuing Connected Transactions") under Rule 14A.14 of the Listing Rules. Details of the Continuing Connected Transactions were published in the Company's announcement dated 7 February 2005 and are included in this Annual Report in accordance with the requirements of Rule 14A.34 of the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-Executive Directors of the Company, being Messrs. Li Chak Hung, Francis J. Chang Chu Fai and Carlisle Caldwell Procter, have reviewed the Continuing Connected Transactions and confirmed that the Continuing Connected Transactions were entered into:

- (i) in the ordinary and usual course of business of the Company;
- (ii) on normal commercial terms; and
- (iii) in accordance with the relevant Agreements governing them on terms that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

元。協議期限內，就常規及非常規服務以及相關代支費向偉略秘書支付之總金額約為1,140,000港元。

(3) 內部稽核及法規監核顧問服務協議

與SHK Consultancy Services Limited ("SHKCS") (新鴻基之間接全資附屬公司) 訂立內部稽核及法規監核顧問服務協議，據此，SHKCS同意向本集團旗下各公司提供內部稽核及法規監核顧問服務，由二零零五年二月一日起，為期一年。SHKCS所提供之服務將會按工時收費，估計每年收費約為250,000港元。此外，任何應要求而進行之稽核及法規監核工作之費用均會考慮個別服務所涉及之工作，按公平磋商基準事前估計及協定。本集團根據此項協議於截至二零零六年一月三十一日止十二個月期間內應付之年度總金額將不超過每年上限金額250,000港元。協議期限內，向SHKCS支付之內部稽核及法規監核顧問費總金額約為11,600港元。

根據該等協議進行的交易按上市規則第14A.14條，構成本公司持續關連交易（「持續關連交易」）。持續關連交易之詳情已刊載於二零零五年二月七日刊發之本公司公佈內，並按照上市規則第14A.34條載列於本年報內。

根據上市規則第14A.37條，本公司獨立非執行董事李澤雄先生、鄭鑄輝先生及Carlisle Caldwell Procter先生已審閱該等持續關連交易，並確認該等持續關連交易乃符合下列各項條件而訂立：

- (i) 屬本公司之日常及一般業務；
- (ii) 按一般商業條款；及
- (iii) 根據有關交易的協議條款進行，而交易條款公平合理，且符合本公司股東之整體利益。

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In the opinion of the Board of Directors, the Continuing Connected Transactions have been entered into in the manners stated above.

Pursuant to Rule 14A.38 of the Listing Rules, the Board of Directors has also received a letter from the Company's auditors confirming that the Continuing Connected Transactions:

- (i) have received the approval of the Company's Board of Directors;
- (ii) had been entered into in accordance with the relevant Agreements; and
- (iii) the aggregate amount of the fees paid or payable by the Group under the Agreements have not exceeded the relevant annual caps as disclosed in the Company's announcement dated 7 February 2005.

The Continuing Connected Transactions also constitute related party transactions of the Group during the year which are detailed in note 32 to the financial statements pursuant to the requirements under the Hong Kong Accounting Standard 24 and falls under the definition of "continuing connected transaction" in Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements, where appropriate, in accordance with Chapter 14A of the Listing Rules.

Subsequent to the balance sheet date, on 27 January 2006, the Company entered into the new Insurance Brokerage Services Agreement, Corporate Secretarial Services Agreement and Internal Audit and Compliance Consultancy Services Agreement (the "New Agreements") for a term of one year commencing from 1 February 2006 on the same principal terms as those of the Agreements. The annual caps for the transactions under the New Agreements were set at HK\$6,000,000, HK\$1,600,000 and HK\$150,000 respectively. The Directors (including the Independent Non-Executive Directors) are of the view that the New Agreements were entered into, after arm's length negotiations, on normal commercial terms and that the terms of the New Agreements are fair and reasonable so far as the shareholders of the Company and the Company are concerned. Further details of the New Agreements have been published in the press announcement of the Company dated 27 January 2006.

董事會認為，持續關連交易乃按上文訂明方式訂立。

根據上市規則第14A.38條，董事會亦接獲本公司核數師之函件，確認持續關連交易：

- (i) 已經本公司董事會批准；
- (ii) 乃根據有關協議而進行；及
- (iii) 本集團根據該等協議已付或應付的費用總金額並未超過本公司於二零零五年二月七日作出之公佈所披露之相關每年上限金額。

根據香港會計準則第24條之規定，持續關連交易亦構成本集團於年內之關連人士交易，其詳情載於財務報告附註32，及符合上市規則第14A章「持續關連交易」之定義。本公司亦已遵照上市規則第14A章之披露規定（如適用）。

於結算日後，本公司已於二零零六年一月二十七日，按與協議相同之主要條款，訂立新保險經紀服務協議、公司秘書服務協議及內部稽核及法規監核顧問服務協議（「新協議」），由二零零六年二月一日起計，為期一年。新協議項下之每年交易上限金額分別為6,000,000港元、1,600,000港元及150,000港元。董事（包括獨立非執行董事）認為新協議乃經公平磋商後按照一般商業條款而簽訂，新協議之條款就本公司股東及本公司而言屬公平合理。新協議之進一步詳情已刊載於二零零六年一月二十七日刊發之本公司報章公佈內。

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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 29 to 41.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

Ernst & Young retire and a resolution for their reappointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board
Arthur George Dew
Chairman

Hong Kong, 28 March 2006

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29至41頁之「企業管治報告」內。

公眾持股量

按本報告日期本公司可以得悉之公開資料所示及據董事所知悉，本公司已維持上市規則所規定之公眾持股量。

核數師

安永會計師事務所將任滿告退，而有關續聘其為本公司核數師之決議案將於應屆股東週年大會上提呈。

承董事會命
主席
狄亞法

香港，二零零六年三月二十八日