

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



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OVERVIEW OF 2005

The Hong Kong stock market underwent a period of consolidation in the first half of 2005 but staged a strong upturn in the third quarter. Investor confidence was apparently boosted by better than expected first half corporate earnings, robust growth in both the P.R.C. and HKSAR economies, as well as the decision by the People's Bank of China to allow revaluation of the Renminbi.

During 2005, the Hang Seng Index gained 646 points or 4.54% to close at 14,876 for the year. Average daily market turnover was HK\$18.21 billion, a 14.85% increase over 2004. The year was marked by a number of new records, most noticeably the fact that the capitalization of the Hong Kong market exceeded HK\$8 trillion for the first time. Also the total equity capital raised exceeded HK\$295.4 billion.

This capital raising placed Hong Kong fourth among the global stock exchanges in total equity funds raised after New York, London and Toronto. Hong Kong is a key fund raising centre for the P.R.C. and its ranking climbed to eighth in market capitalization among members of the World Federation of Exchanges by the end of 2005.

REVIEW OF OPERATIONS

Wealth Management

Securities Broking and Margin Financing

Securities broking commissions again formed the principal source of our income in 2005. The Group participated in 45 issues of new share offerings, sub-underwriting and placements of equities and warrants for clients. Third-party execution provided to non-exchange participants continued to contribute sound revenues. While the Group was not as active as a Liquidity Provider for warrant issuers as in the past, the income growth from structured products was generally pleasing.

2005年綜論

香港股市於2005年上半年處於調整階段，於第三季卻大幅上升。上半年企業盈利較預期理想、中國及香港特區經濟均有強勁增長，加上中國人民銀行決定容許人民幣升值，均應有助提高投資者信心。

於2005年，恒生指數上升646點或4.54%，以14,876點收市。平均每日市場成交額為182.1億港元，較2004年增加14.85%。年內亦創出多項紀錄，最顯著是香港股市市值首次超逾8萬億港元，而股本集資總額亦超逾2,954億港元。

集資活動活躍，使香港僅次於紐約、倫敦及多倫多，於全球證券交易所中排名第四。香港已成為中國市場進行集資的主要中心，其股市市值於2005年底在國際證券交易所聯會的成員中更躍升至第八位。

業務回顧

財富管理

證券經紀及放款

證券經紀佣金仍是集團2005年的主要收入來源。集團年內曾參與45宗集資活動，包括新股發行、股份與認股權證的分包銷及配售。為非交易所參與者提供的第三方交易執行服務繼續帶來豐厚收益。儘管集團並未如過往般積極擔任認股權證發行商的流通量提供者，但結構性產品的收入增長大致令人滿意。

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Securities financing recorded strong net revenues as a result of our expanded loan portfolio and active participation in IPO financing.

Leveraged Forex, Bullion, Commodities and Financial Futures

2005 witnessed a strengthening US dollar, supported by rising interest rates. However, increasing volatility in precious metals attracted investors, whose activity centred on the bullion market, especially in the second half of the year when prices rose dramatically. Metals futures business maintained satisfactory growth during the year.

Our continued high-ranking in the local listed-derivatives market was primarily the result of the rising volume of Hang Seng Index Futures and Options business transacted by the Group. In addition to the transaction services performed for clients, we continued to act as a Liquidity Provider for options issuers. Our operations in both overseas and domestic futures/options contributed stable revenues for the year overall. We are hopeful of growth in both of these business areas for 2006.

Unit-Linked and Mutual Fund Products

Sales in these products showed continuing growth in 2005 with a substantial increase in revenue notwithstanding increasing competition. Our platform has expanded offering more than 1,500 mutual funds. Our various marketing efforts have raised awareness of our services and resulted in the broadening of our client base. Further initiatives are planned for 2006 as we endeavour to consolidate our position as a market leader.

Online Trading

Our online trading business was able to record improvement in many aspects of operations in 2005. Key business parameters such as the number of accounts, number of trades, assets under custody, turnover and revenue all posted significant increases over the previous year.

集團的貸款組合擴大，並積極參與首次公開招股融資活動，故證券放款錄得理想的淨收益。

槓桿外匯、黃金、商品及金融期貨

隨著利率趨升，美元在2005年走勢強勁。然而，貴金屬價格日趨波動吸引投資者入市，主要投資於黃金市場，而當下半年金屬價格飆升時尤為熾熱。因此，集團的金屬期貨業務年內維持理想增長。

由於集團進行的恒生指數期貨及期權交投量不斷上升，使集團在本地上市衍生工具市場中繼續保持領先地位。除為客戶提供交易服務外，集團繼續擔任期權發行商的流通量提供者。集團的海外及本地期貨／期權業務全年整體帶來穩定收益，期望2006年此等業務會有所增長。

相連及互惠基金

儘管面對激烈競爭，此等產品銷售在2005年仍持續增長，收益大幅上升。集團的交易平台亦擴大產品數目，可買賣之互惠基金多達1,500種。集團所進行的多項市場推廣活動提高了客戶對集團服務的認識，客戶基礎亦得以擴闊。集團會於2006年制訂更多新計劃，致力鞏固集團的市場領導地位。

網上交易

於2005年，集團的網上交易業務在多方面的營運上均取得改善。客戶數目、交易宗數、所保管的客戶資產、營業額及收益等主要業務指標均較上年度大幅增長。

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We believe that our online trading platform is well-positioned to capitalize on improvements in market sentiment and market conditions as a result of its robust infrastructure and well packaged pricing strategies. Efforts to further rationalize pricing and enhance profit margins will continue, as will opportunistic marketing, client acquisition and asset gathering initiatives.

Branch Network

Rising office rents and increased competition contributed to a difficult year for the branch network. A multiple product platform was introduced to increase the ability of the branches to generate new revenue and improve the overall performance of the branch network.

Newly Acquired Financial Operations

Excalibur Securities Limited (“Excalibur Securities”) and Excalibur Futures Limited (“Excalibur Futures”) were acquired in March 2005. The companies have continued to operate independently but the Group is now applying its resources to enable a transition of the companies’ operational framework to one more in line with the Group’s own policies and procedures. The Shun Loong group of companies which was acquired in 2003 is being integrated with the overall Group’s operations.

Asset Management

Hedge Fund division

The Hedge Fund division was set up in 2005 to expand the Group’s involvement in the rapidly growing asset management market. The division’s management team has drawn on its expertise in this sector of the industry and has created infrastructure capable of facilitating the operation of multiple managers on one platform. The first in-house hedge fund was launched in June 2005. This fund invests in established Asian equity markets, including Japan and Australia, and employs a market neutral strategy through the application of quantitative methods. In addition, the Group holds a majority interest in a company that was recently formed for the purpose of launching

集團相信，由於交易平台的基本設施穩健，加上相宜的定價策略，故集團的網上交易平台可把握市場氣氛及市況好轉帶來的商機。集團將繼續著力制定更為合理的價格及提升利潤比率，並會伺機進行市場推廣、招攬客戶及滙集資產。

分行網絡

辦公室租金持續上升，競爭越趨激烈，以致分行網絡在年內經營困難。為提升各分行開源的能力，使分行網絡的整體表現有所改善，集團在分行引入多類產品的服務平台。

新收購的金融業務

集團於2005年3月收購駿溢証券有限公司（「駿溢証券」）及駿溢期貨有限公司（「駿溢期貨」）。該兩間公司仍繼續獨立營運，但集團現正動用資源重組此兩間公司的營運架構，使其與集團本身的政策及程序更為一致。而於2003年收購的順隆集團旗下公司將與集團之整體營運結合。

資產管理

對沖基金部

對沖基金部於2005年成立，令集團更廣泛地參與迅速發展的資產管理市場。該部門的管理人員憑藉在該行業層面的專業知識，設立可促使多名對沖基金經理在同一平台運作的基礎設施。部門於2005年6月推出本身首個對沖基金，此基金投資於日本及澳洲等發展成熟的亞洲股票市場，應用定量方式，採取中性的市場策略。此外，集團亦持有一間近期新成立公司的大部分權益，該公司成立目的是推出和管理以拉

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and managing a Latin America focused fund-of-funds. This was launched in October 2005. The division is hopeful of launching new hedge funds in 2006.

Alternative Investments division

Towards the end of 2005, the Alternative Investments division was invited to consider a nomination for the management mandate for an umbrella Fund. A subsidiary company was appointed as that Fund's replacement manager. This appointment brought, as at the February 2006 dealing date, a further US\$410 million of investor's funds under management.

Corporate Finance

During the year, the Corporate Finance division successfully sponsored the IPOs on the main board of The Stock Exchange of Hong Kong Limited of Bauhaus International (Holdings) Limited, Shinhint Acoustic Link Holdings Limited and China Flavors and Fragrances Company Limited. It also completed the secondary placement of shares in a number of listed companies including Soundwill Holdings Limited, Upbest Group Limited, Wing Lee Holdings Limited, Pearl Oriental Enterprises Limited, Topsearch International (Holdings) Limited and Tianjin TEDA Biomedical Engineering Company Limited.

The division was the financial adviser to Quality HealthCare Asia Limited (on its general offer for a repurchase of shares), A-Max Holdings Limited (on its very substantial acquisition), Asia Network Holdings Limited (on the acquisition of and mandatory general offer for the shares of Stockmartnet Holdings Limited) and Island New Finance Limited (on the mandatory conditional cash offer for the shares of The Hong Kong Building Loan and Agency Limited).

丁美洲基金為主的基金，而該基金已於2005年10月推出。該部門於2006年期望會推出更多新的對沖基金。

另類投資部

於2005年底，另類投資部獲邀考慮為一個傘子基金擔任經理的任命提名。一間附屬公司獲委任為該基金的替任經理。此委任為集團帶來了4.1億美元(截至2006年2月的交易日)的額外管理投資基金。

企業融資

年內，企業融資部成功保薦包浩斯國際(控股)有限公司、成謙聲匯控股有限公司及中國香精香料有限公司於香港聯合交易所有限公司主板上市。該部門亦為數間上市公司(包括金朝陽集團有限公司、美建集團有限公司、永利控股有限公司、東方明珠實業有限公司、至卓國際(控股)有限公司及天津泰達生物醫學工程股份有限公司)在交易市場進行股份配售。

該部門曾擔任卓健亞洲有限公司(就其全面購回股份建議)、奧瑪仕控股有限公司(就其非常重大收購)、Asia Network Holdings Limited(就其收購金融社控股有限公司的股份提出強制性全面收購建議)及Island New Finance Limited(就其對香港建屋貸款有限公司的股份提出強制性有條件現金收購建議)的財務顧問。

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The division was appointed as the independent financial adviser to Shanghai Zendai Property Limited (on the major and connected transaction), Wonson International Holdings Limited (on its rights issue) and Melco International Development Limited (on its very substantial acquisition & connected transaction and major & connected transaction).

It was also actively involved in a number of underwriting exercises for IPO issues and will continue to focus on IPO projects for enterprises in both Hong Kong and China as well as performing financial advisory and placing services for listed companies in Hong Kong.

Other Financial Services

Insurance Broking

The general insurance market in Hong Kong in 2005 was softer than anticipated with premiums declining sharply across many classes of insurance. The insurance broking division continues to face aggressive competition both in terms of business acquisition and staff recruitment. The division will attempt to work more closely with insurers to improve its products and distribution channels, as well as identify opportunities for profitable growth.

SHK Financial Data

SHK Financial Data achieved growth in operating profit as well as improvement in its profit margin in 2005. The division continues to focus on developing value-added products and steadily growing revenues through its distribution network.

Sun Hung Kai International Bank [Brunei] Limited

Sun Hung Kai International Bank [Brunei] Limited, officially opened in February 2004, is developing plans to commence international banking business.

該部門又獲委任為上海証大房地產有限公司(就其主要及關連交易)、和成國際集團有限公司(就其供股)及新濠國際發展有限公司(就其非常重大收購及關連交易與另一項主要及關連交易)的獨立財務顧問。

該部門亦積極參與多項首次公開招股的包銷工作，並將繼續集中於中港兩地企業的首次公開招股項目，以及為香港上市公司提供財務顧問及配售服務。

其他金融服務

保險經紀

2005年整體保險市場較預期偏軟，多類保險的保費均大幅下調。由於市場競爭激烈，保險經紀部在業務及招聘人手方面，均面對挑戰。該部門會與保險公司更緊密合作，以改良產品及分銷渠道，並物色有利潤增長的商機。

新鴻基財經資訊

新鴻基財經資訊之經營溢利於2005年錄得增長，利潤比率亦有改善。該部門繼續專注發展增值產品，並透過分銷網絡增加穩定的收益。

Sun Hung Kai International Bank [Brunei] Limited

Sun Hung Kai International Bank [Brunei] Limited 於2004年2月正式開業，現正計劃發展國際銀行業務。

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OPERATING COSTS

Renovation and staff costs have increased in line with our business expansion and favourable market conditions. However, some cost savings have been achieved particularly in information technology infrastructure. We foresee rental, information technology and staff costs rising in 2006.

The Group continues to be cognizant of costs and will attempt to ensure, where achievable, that any cost increases result in additional revenue or the expansion of our business.

HUMAN RESOURCES AND TRAINING

As of 31 December 2005, the total number of employees was 930. Staff costs (including Directors' emoluments) and contributions to retirement benefit schemes amounted to approximately HK\$173.1 million (2004: HK\$171.9 million).

The Group operates different remuneration schemes according to role. 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.

There are currently no share option schemes applicable to the Group's officers or employees.

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 43 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.

營運成本

隨著集團致力拓展業務及有利的市場環境，辦公室修建費用及僱員成本亦有所增加。然而，集團在某些成本節省上已取得成效，以資訊科技基建方面尤為顯著。集團預期2006年的租金、資訊科技及僱員成本均會上升。

集團將繼續密切監察成本，並在可行情況下致力確保成本上升可為集團帶來額外收益，或促進其業務擴展。

人力資源及培訓

截至2005年12月31日，集團僱員人數共有930名。僱員成本(包括董事酬金)及退休福利計劃供款合共約173.1百萬港元(2004年：171.9百萬港元)。

集團為營銷及非營銷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。

集團現時並無適用於其高級職員或僱員之認購股權計劃。

集團將繼續招聘於金融服務業具有實質經驗之優秀人才，以保持其在金融業之市場領先地位。

集團為旗下之持牌及相關僱員舉辦了共43個內部持續專業培訓課程及持續專業培訓計劃，以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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INVESTMENTS IN PRINCIPAL ASSOCIATED COMPANIES

The Group's share of results and amortization of negative goodwill (goodwill) of associated companies declined slightly in 2005 principally because of the changes to amortization of goodwill introduced by the new accounting standards and the elimination of intergroup profits on the disposal of the premises in the Tian An Centre in Shanghai by a wholly-owned subsidiary of Tian An China Investments Company Limited to the Group. Details of the above are set out in note 11 to the consolidated financial statements.

The results of the Group's three listed principal associated companies are detailed below.

Tian An China Investments Company Limited ("Tian An")

In 2005, Tian An recorded sales of total gross floor area ("GFA") of approximately 138,000m² (2004: 225,000m²), whereas a total of 246,000m² GFA was under construction (2004: 272,000m²), and 182,000m² GFA of residential/commercial properties was completed (2004: 319,000m²).

The net profit attributable to Tian An's equity holders was HK\$202.5 million, representing a 10.2% increase over the previous year. A 29.2% decrease in turnover to HK\$1,397.1 million was due mainly to reduced property sales. Sales have declined primarily because Tian An has, where appropriate, retained selected commercial and office properties for rental income. The increase in net profit for the year is the result of contributions from jointly controlled entities as well as the appreciation in valuation of Tian An's portfolio of investment properties.

於主要聯營公司之投資

集團2005年所佔聯營公司業績及負商譽(商譽)攤銷略為減少，主要是由於採用新會計標準而更改商譽的攤銷，加上天安中國投資有限公司一間全資附屬公司向集團出售上海天安中心物業所產生的集團內公司間溢利對銷所致。有關上述之詳情載列於綜合財務報表附註11。

本集團三間主要上市聯營公司的業績詳情載於下文。

天安中國投資有限公司(「天安」)

於2005年，天安錄得銷售總樓面面積(「總樓面面積」)約138,000平方米(2004年：225,000平方米)，在建工程總樓面面積合共246,000平方米(2004年：272,000平方米)，而已竣工之商住物業總樓面面積為182,000平方米(2004年：319,000平方米)。

天安之股東應佔淨溢利為202.5百萬港元，較去年上升10.2%。營業額則下跌29.2%至1,397.1百萬港元，主要是物業銷售減少所致，而物業銷售減少主要是由於天安按情況預留部份挑選的商業及寫字樓物業作出租用用途所致。年內天安淨溢利增加乃來自共同控制公司之貢獻及其投資物業組合的升值。

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With the rapid expansion of the P.R.C. economy and rate of growth in personal incomes there, Tian An expects firm housing demand in the foreseeable future. The major projects to be developed by the Tian An Group in 2006 comprise Shanghai Tian An Villa (Phase 2), Shanghai Tian An Place (Phase 1), Nantong Tian An Garden (Phase 3), Guangzhou Panyu Hi-Tech Ecological Park (Phase 3), and Shenzhen Tian An Cyber Park - Golf & Seaview Garden (Phase 3).

Quality HealthCare Asia Limited (“Quality HealthCare”)

Quality HealthCare delivered a net profit of HK\$56.1 million in 2005, a 24.7% increase compared to the net profit of HK\$45 million in 2004. Turnover for the group in 2005 increased by 4.4% to HK\$822.8 million from HK\$788.3 million in 2004.

All of the company’s three core businesses demonstrated a significant improvement in operating profit in 2005 compared to 2004.

Visits from contract clients and private paying clients increased in 2005, and there was an overall growth in the total number of corporate clients served.

Major resources were dedicated towards renovation and upgrading some of the key medical centres, including the flagship centre at Prince’s Building. The purposes of the renovation were to upgrade the facilities, enhance the operational efficiency and improve the ambience of the centres in order to deliver a better experience for clients.

Training and development of staff remained a key management initiative directed towards enhancing service quality and operational efficiency. In addition to the continuous training programmes provided by the Human Resources and Training team, consultants were engaged to provide service training for the frontline supervisory staff and management training for the head office executives to facilitate personal and professional development and to instill a positive mindset and a learning culture in the group.

隨着中國經濟迅速擴展及人民收入不斷增長，天安預期國內未來的住房需求將上升。2006年天安集團主要開發的項目包括上海天安別墅(二期)、上海天安豪園(一期)、南通天安花園(三期)、廣州番禺節能科技園(三期)及深圳天安數碼城高爾夫海景花園(三期)。

卓健亞洲有限公司(「卓健」)

卓健於2005年淨溢利為56.1百萬港元，2004年淨溢利則為45百萬港元，升幅達24.7%。2005年該集團之營業額為822.8百萬港元，較2004年之788.3百萬港元上升4.4%。

2005年卓健全部三大核心業務之經營溢利較2004年大幅改善。

於2005年，卓健的合約客戶及私人付款客戶之求診次數均有上升，以及其企業客戶總數亦有整體增長。

卓健投入大量資源為部份主要醫療中心進行翻新工程，其中包括太子大廈的旗艦中心。翻新工程目的為提升設施，提高營運效率及改善中心環境，為客戶帶來更佳體驗。

員工培訓及發展仍是卓健管理層就提高服務質素及營運效率的主要工作。除其人力資源部及培訓組所提供的持續培訓課程外，卓健亦聘請顧問為前線主管員工提供服務培訓及為總辦事處高級職員提供管理培訓，以促進員工個人及專業發展，並灌輸積極的理念及於該集團營造學習文化。

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Continual process review was utilised to analytically define and assess the frontline and back office procedures and where appropriate to introduce changes directed towards improving performance. System enhancement was undertaken to support these changes and to broaden capabilities including third party administration and scheme management skills.

On 7 April 2006, the Company announced jointly with Allied Group Limited (“Allied Group”) and Allied Properties (H.K.) Limited (“Allied Properties”), the Company’s holding companies, that Wah Cheong Development (B.V.I.) Limited (“Wah Cheong”), a wholly-owned subsidiary of the Company, had entered into a conditional option agreement in which Wah Cheong is granted the option to acquire further 34,156,666 shares in Quality HealthCare from CLSA Capital Limited (“CLSA”) at an option consideration of HK\$27,752,291.125. The option is conditional on the Securities and Futures Commission approving on terms which are not detrimental to either party that Wah Cheong is not required to make a mandatory offer to all Quality HealthCare’s shareholders until it exercises the option and also on the approval of the shareholders of the Company and Allied Properties and Allied Group. The option will entitle Wah Cheong to: (i) acquire all (but not part) of the option shares (being 34,156,666 shares of Quality HealthCare held by CLSA) at an aggregate exercise price of HK\$83,256,873.375 (i.e. HK\$2.4375 per option share); and (ii) require CLSA to exercise all or part of the option warrants (being such number of warrants of Quality HealthCare held by CLSA as would, if exercised, lead to the subscription of 6,943,333 shares at an initial subscription price of HK\$2.50 per share).

對前線及後勤辦事處的工作程序持續進行流程檢討，從分析角度界定及評估表現，並在適當情況下引入改善措施。亦進行系統提升以支援該等改善措施，以及擴闊第三者行政管理及計劃管理等技能。

於2006年4月7日，本公司與其控股公司聯合集團有限公司（「聯合集團」）及聯合地產（香港）有限公司（「聯合地產」）發出聯合公佈，表示本公司的全資附屬公司 Wah Cheong Development (B.V.I.) Limited（「Wah Cheong」）已訂立有條件認購權協議，可以27,752,291.125港元的認購權代價向 CLSA Capital Limited（「CLSA」）額外收購34,156,666股卓健股份。在證券及期貨事務監察委員會批准（按俱不會損害任何一方之條款）Wah Cheong 在行使認購權前毋須向卓健所有股東提出強制性收購建議，且獲得本公司、聯合集團及聯合地產股東批准後，認購權方可作實。Wah Cheong 可根據認購權而(i)以總行使價83,256,873.375港元（即每股認購權股份2.4375港元）收購全部（並非部份）認購權股份（即 CLSA 所持有的34,156,666股卓健股份）；及(ii)要求 CLSA 行使全部或部份認購權認股證（即 CLSA 所持有的卓健認股權證，如獲行使可按初步認購價每股2.50港元認購6,943,333股卓健股份）。

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Yu Ming Investments Limited (“Yu Ming”)

The net consolidated profit attributable to equity holders of Yu Ming for 2005 increased to HK\$144.7 million, compared to HK\$39.4 million for the previous year, mainly as a result of profit from investment in the Argyle Centre, which has appreciated significantly in value.

As at 31 December 2005, Yu Ming’s major investments were in Asia World-Expo, retail shops in Mongkok and Causeway Bay, CR Airways Limited (“CR Airways”), Oriental Cashmere Limited (“Oriental Cashmere”), high-yield bonds and equity securities.

Asia World-Expo was officially opened in December 2005. Bookings have already been received for 2009, and revenue is exceeding original expectations.

During 2005, the retail property market strengthened considerably and growth was witnessed in rental rates and asset values. In particular, retail shops in Argyle Centre reported significant growth in value.

Yu Ming has been encouraged by the progress made by CR Airways as it continues to expand the destinations available by scheduled flights, despite it not yet being profitable.

Yu Ming is hopeful for improved performances from its other investments in 2006, as Oriental Cashmere experienced some operational and other difficulties in 2005, and the decline in bond markets adversely affected the overall performance of the equities and high-yield bond portfolio which recorded only a slight profit for the year.

禹銘投資有限公司 (「禹銘」)

禹銘2005年度之股東應佔綜合淨溢利增至144.7百萬港元，去年則為39.4百萬港元，淨溢利增加主要是由於旺角中心大幅升值，令禹銘於該項投資的溢利相繼上升。

於2005年12月31日，禹銘之主要投資項目為亞洲國際博覽館、旺角及銅鑼灣的零售商舖、中富航空有限公司 (「中富航空」)、Oriental Cashmere Limited (「Oriental Cashmere」)、高息債券及股本證券。

亞洲國際博覽館於2005年12月已正式開幕。訂場預約已遠至2009年，收益更超出原先預期。

於2005年，零售物業市場表現強勁，租金比率及資產價值均錄得增長，尤其是位於旺角中心的零售商舖更大幅升值。

雖然中富航空仍未有盈利，其飛往各目的地之航班服務繼續擴展，禹銘對其業務改善仍感鼓舞。

於2005年 Oriental Cashmere 在營運上及其他方面曾出現某些困難，債券市場下跌亦對禹銘的股本及高息債券組合之整體表現有負面影響，令禹銘於本年度在此等投資上只錄得輕微溢利。因此，禹銘期望於2006年業績會因其他投資項目而有所改善。

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FINANCIAL RESOURCES AND GEARING RATIO

The Group consistently maintained a strong financial position with a low gearing ratio.

As at 31 December 2005, the equity attributable to equity holders of the Company amounted to HK\$5,840.9 million, representing an increase of HK\$849.2 million or approximately 17.01% from those of 31 December 2004. The Group's short-term bank deposits, bank balances, treasury bills and cash amounted to HK\$423.4 million (at 31 December 2004: HK\$487.2 million). The Group's total bank borrowings and loan notes (excluding advance from minority equity holder of HK\$1 million (at 31 December 2004: HK\$1 million)) amounted to HK\$449.5 million (at 31 December 2004: HK\$217.8 million) with HK\$342.5 million (at 31 December 2004: HK\$63.9 million) repayable within one year (mainly utilized to support margin loan financing) and HK\$107 million (at 31 December 2004: HK\$153.9 million) repayable beyond one year.

The liquidity of the Group remained healthy as demonstrated by the current ratio (current assets/current liabilities) of 2.34 times as at 31 December 2005 (at 31 December 2004: 2.44 times restated).

The Group continued to maintain a low gearing ratio, calculated on the basis of the Group's total bank borrowings and loan notes over the equity attributable to equity holders of the Company, at 7.7% at the year end (at 31 December 2004: 4.36% restated).

財政資源及資本與負債比率

集團繼續維持強健之財政狀況以及低的負債比率。

於2005年12月31日，本公司股東應佔權益為5,840.9百萬港元，較2004年12月31日之數額增長849.2百萬港元，或約17.01%。集團之短期銀行存款、銀行結存、國庫券及現金合共為423.4百萬港元（於2004年12月31日：487.2百萬港元）。集團之總銀行借款連同貸款票據（不包括少數股東貸款1百萬港元（2004年12月31日：1百萬港元））合共為449.5百萬港元（於2004年12月31日：217.8百萬港元），須於一年內償還之款項為342.5百萬港元（於2004年12月31日：63.9百萬港元），（主要用作證券放款融資），而須於一年後償還之款項為107百萬港元（於2004年12月31日：153.9百萬港元）。

於2005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2.34倍（於2004年12月31日：重列為2.44倍），顯示集團之流動資金依然穩健。

集團繼續維持一個低的資本與負債比率，按集團之銀行總借款及貸款票據相對集團之本公司股東應佔權益計算，該比率於年結時為7.7%（於2004年12月31日：重列為4.36%）。

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

The Company has not issued any additional shares nor made share repurchases during the year as shown in note 34 to the consolidated financial statements.

Other than the mortgage loans as shown in note 38 to the consolidated financial statements and the remaining balance of 4% loan notes as shown in note 37 to the consolidated financial statements, the Group's bank borrowings were on a short-term basis and in HK dollars as at 31 December 2005. 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.

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

During the year, the Group acquired the entire interest in Hing Yip Holdings Limited and Sing Hing Investment Limited from a wholly-owned subsidiary of Tian An, a listed associated company of the Group, at a total consideration of HK\$52.3 million. These two subsidiaries are principally engaged in property investment in China and own certain office premises in the Tian An Centre in Shanghai. A portion of the office premises is occupied by our Shanghai offices to facilitate expansion while some units not being occupied by the Group are leased out for rental income.

In March 2005, the Group acquired the entire interest in Excalibur Futures and Excalibur Securities at a total consideration of HK\$25.9 million. Excalibur Futures is principally engaged in futures dealing and broking whereas Excalibur Securities is engaged in securities broking.

資本結構、銀行貸款及滙兌率浮動風險

集團於年內並無發行任何額外股份或購回股份，請參閱綜合財務報表附註34。

除了列於綜合財務報表附註38的按揭貸款，及列於綜合財務報表附註37的4%貸款票據餘額外，集團於2005年12月31日之銀行貸款為港元短期貸款，並根據浮動利率計算。集團之銀行借款並不受任何已知之季節性因素所影響。

滙率及市價之變動概不會令集團承擔重大風險，因其外滙風險水平相對來說不大。

附屬公司、聯營公司及共同控制公司之重大收購及出售

集團於本年內從天安(集團之上市聯營公司)的附屬公司購入興業控股有限公司及誠興投資有限公司所有權益，總代價為52.3百萬港元。此兩間附屬公司主要從事於中國之物業投資及擁有在上海天安中心若干辦公室物業。部份辦公室物業是由上海辦事處佔用以促進發展之用，而餘下單位現已出租以賺取租金。

於2005年3月，集團購入駿溢期貨及駿溢証券，總代價為25.9百萬港元。駿溢期貨主要從事期貨買賣及期貨經紀，而駿溢証券主要從事證券經紀。

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

SEGMENT INFORMATION

Detailed segment information in respect of the Group's revenue and contribution to profit before taxation are shown in note 5 to the consolidated financial statements.

CHARGES ON GROUP ASSETS

Listed shares with an aggregate value of HK\$190.7 million were pledged by subsidiaries for bank loans and overdrafts. Leasehold properties of the Group with a total book value of HK\$153.6 million were pledged by subsidiaries to banks for mortgage loans and overdrafts granted to them with a total outstanding balance of HK\$85.8 million as at 31 December 2005.

CONTINGENT LIABILITIES

Details regarding the contingent liabilities are set out in note 45 to the consolidated financial statements.

TAXATION

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

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 Development Limited against Sun Hung Kai Securities Limited ("SHKS"), a wholly-owned subsidiary of the Company, 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

除上述收購以外，於本年內並無附屬公司、聯營公司及共同控制公司之任何重大收購或出售。

分項資料

有關集團收益、除稅前溢利之貢獻之分項資料詳情，請參閱綜合財務報表附註5。

集團資產押記

集團之附屬公司將其持有總值190.7百萬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153.6百萬港元之有租契物業抵押予銀行，作為給予按揭貸款及透支之抵押，該等貸款於2005年12月31日之未償還結餘為85.8百萬港元。

或然負債

或然負債詳情載於綜合財務報表附註45。

稅項

集團稅項詳情載於綜合財務報表附註14。

訴訟

(a) 根據高等法院暫委法官杜漣峯於2004年4月1日就新世界發展有限公司（「新世界發展」）與 Stapleton Development Limited 向本公司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」），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

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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 has now handed down its Judgment (the “Court of Appeal Judgment”) in which the 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 now been repaid. SHKS has obtained leave to appeal the Court of Appeal Judgment to the Court of Final Appeal (the “Final Appeal”). The Final Appeal is scheduled to commence hearing on 19 June 2006. Matters relating to the Judgment and the Court of Appeal Judgment are further described in notes 7, 26 and 45 to the consolidated financial statements.

(b) On 4 February 2004, Sun Tai Cheung Credits Limited (“STCC”) and Sun Hung Kai Investment Services Limited (“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 (“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.

世界發展支付總額105,534,018.22港元，連同本金金額80,117,652.72港元由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」）。上訴法院現已宣判裁決（「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。金額合共14,783,090.86港元之利息經已退還。新鴻基證券已獲批准向終審法院就上訴法院裁決提出上訴（「最終上訴」）。最終上訴將於2006年6月19日開始聆訊。有關裁決及上訴法院裁決之進一步詳情載於綜合財務報表附註7、26及45。

(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」）及新鴻基投資服務有限公司（「新鴻基投資」）發出附有申索陳述書之令狀（「200/2004」），要求（其中包括）撤銷新泰昌授信（作為受讓人）根據日期為2003年6月25日之買賣協議就順隆集團有限公司股份（「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

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The writ is being vigorously defended. STCC and SHKIS were properly advised at all times during the transaction and believe that the claim is not soundly based. STCC and SHKIS have applied to have the claim struck out. The proceedings have now been stayed until further order of the court.

- (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 stayed by order of the B.V.I. court. The Petitioners have appealed that decision but have agreed not to pursue the appeal during the stay of 200/2004.
- (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 case remains at an early stage.
- (e) SHKIS filed a notice of action on 8 June 2004 in Canada naming as defendants Sung Chun (“Sung”), Song Lei (“Song”) and the Bank of Montreal claiming from Sung and Song reimbursement for funds totalling US\$1,300,000 transferred by them in addition to costs, and against the Bank of Montreal for an injunction freezing the subject funds or alternatively for payment of the

以及申索新泰昌授信就順隆股份所獲取之金額。集團正極力對此項索償作出抗辯。新泰昌授信及新鴻基投資在交易期間一直按適當專業建議行事，並深信有關索償理據不足。新泰昌授信及新鴻基投資已申請剔除此宗索償。有關司法程序現正暫停辦理，直至法院另行頒令為止。

- (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。英屬處女群島法院判令暫停辦理英屬處女群島之司法程序。呈請人已就該決定提出上訴，但同意在法院暫停辦理200/2004案之司法程序期間不提出上訴。
- (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。此訴訟仍處於初步階段。
- (e) 新鴻基投資於2004年6月8日在加拿大提呈一份訴訟通知書，向宋秦、Song Lei 及蒙特利爾銀行(同為被告)發出傳票，要求宋秦及 Song Lei 償付由其轉撥合共1,300,000美元之金額連同訟費，並要求向蒙特利爾銀行發出禁制

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funds into court. SHKIS discontinued the action in respect of the Bank of Montreal, and agreed to a dismissal of the action against Song. On 31 March 2005, Madam Justice Herman granted summary judgment to SHKIS (the “Summary Judgment”) in the amount of Canadian currency sufficient to purchase HK\$10,533,000 plus prejudgment and postjudgment interest thereon. On 24 January 2006, SHKIS received in partial satisfaction of the Summary Judgment order C\$14,070.99 and US\$1,288,555.31 (i.e. together HK\$10,008,867.89) that had been held in the custody of the Superior Court of Justice.

(f) SHKIS filed a writ on 23 July 2004 in Hong Kong naming as defendants Sellon Enterprises Limited (“Sellon”), Sung and Song and seeking a declaration that Sellon holds property wholly or in part on trust for SHKIS. The case remains at an early stage.

令凍結上述金額或將該金額繳存法院。新鴻基投資終止對蒙特利爾銀行之訴訟及同意撤銷對 Song Lei 之訴訟。於 2005 年 3 月 31 日，大法官 Herman 女士向新鴻基投資作出簡易判決（「簡易判決」），判予獲取一筆相等於 10,533,000 港元之加幣金額（連同裁決前後之利息）。於 2006 年 1 月 24 日，新鴻基投資已收回經由高等法院保管的 14,070.99 加幣及 1,288,555.31 美元（總共相當於 10,008,867.89 港元），作為簡易判決命令之部分償付。

(f) 新鴻基投資於 2004 年 7 月 23 日在香港提交一份令狀，向 Sellon Enterprises Limited（「Sellon」）、宋秦及 Song Lei（同為被告）提出訴訟，要求法庭判令聲明 Sellon 持有之財產全部或部份是為新鴻基投資所託管之財產。此訴訟仍處於初步階段。

MANAGEMENT OF RISKS

Policies and Procedures

The Group has established policies and procedures for risk management which are reviewed regularly by the management and the Credit & Risks Management Committee, which reports to the Executive Committee of 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 department (“IAC”) (which reports independently to the non-executive Chairman and the Audit Committee) also performs regular 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.

風險管理

政策及程序

集團已設立風險管理之政策及程序，並由管理層及須向董事會執行委員會匯報之信貸及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，集團之稽核及法規監核部（「稽核部」）（一個向非執行主席及審核委員會獨立匯報之部門）亦會定期查核，從而確保該等政策及程序得以遵守。

MANAGEMENT DISCUSSION AND ANALYSIS

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Financial Risks

The Group's financial risk management is discussed in note 50 to the consolidated financial statements.

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.

The Board places importance on ensuring that there is an effective operational risk management framework by maintaining strong risk and internal control cultures, including clear lines of responsibility and segregation of duties, effective internal reporting and contingency planning.

Line management is required to declare and submit annually its "Responsibility Statement for Internal Control Procedures" for review by the Group's IAC.

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 IAC.

金融風險

集團之金融風險管理於綜合財務報表附註50內論述。

營運風險

營運風險指因內部程序、人為及制度不足或失當或外在事件導致產生損失之風險。

董事會一貫注重維持良好之風險及內部監控制度(包括清晰界定職權範圍及職務分工、有效之內部匯報及應變計劃)，以確保集團擁有有效之營運風險管理機制。

高級管理層須每年申報及提交一份「內部監控程序責任聲明」，供集團之稽核部審閱。

商譽風險

誠實及審慎之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及營運守則，加上集團稽核部之效能與獨立運作，致使我們成功管理此方面之風險。