

CHAIRMAN'S STATEMENT 主席報告



BOARD OF DIRECTORS

From left to right: Peter WONG, Joseph TONG, Alan Stephen JONES, LEE Seng Huang, Carlisle Caldwell PROCTER, David Craig BARTLETT

CHAIRMAN'S STATEMENT

主席報告

As the new Executive Chairman of the Company, I am pleased to advise you that the Group performed strongly in 2006. Revenue and profitability were driven by increased activities across all our core business areas of Wealth Management and Brokerage, Asset Management and Corporate Finance. This underlying operational strength coupled with Hong Kong's improving economic environment and buoyant regional equity markets, reinforced our position as one of the leading non-bank financial institutions in Hong Kong.

2006 has been a year of significant progress and growth for the Group. We continued to invest in our human capital by making a number of key managerial appointments designed to strengthen our operational structure. The Group formally set up a dedicated Risks Control unit to support the recently established Risk Management Committee. We also continued to drive operational efficiencies by streamlining our operations by fully integrating the operations of the Shun Loong group of companies which we acquired several years ago. Most significantly, in August, a top-up placing and subscription of an aggregate of 248,000,000 new shares of the Company was carried out, bringing total net proceeds of approximately HK\$1.69 billion. Part of the equity raised was used to finance our HK\$4.328 billion acquisition of UAF Holdings Limited, which holds approximately 50.91% interest in United Asia Finance Limited ("UAF"), one of the leading consumer finance companies in Hong Kong. Consequently, the Group's interest in UAF increased from approximately 7.27% to 58.18%. This substantial acquisition has allowed the Group to expedite the diversification of our income sources as well as broaden our overall customer base. While the transaction has resulted in an increase in the Group's overall gearing ratio, our balance sheet continues to be strong and is well supported by our diversified earnings streams. Management will continue with its strategy to pursue acquisitions in the coming year as suitable opportunities arise.

作為本公司的新任執行主席，本人欣然向各位宣佈，集團在2006年表現出色，財富管理及經紀、資產管理以及企業融資等核心業務均有增長，帶動了收益及溢利上升。憑著集團潛在的經營實力，加上香港經濟環境不斷改善、股票市場蓬勃，鞏固了集團作為香港其中一家領先的非銀行金融機構的地位。

2006年是集團取得重大進步和增長的一年。我們繼續投入人力資本，聘任多位管理人員擔任要職，以強化集團的營運結構。集團正式成立了風險管理部，以協助近期成立的風險管理委員會。為了提高營運效率，我們繼續精簡經營模式，將數年前收購的順隆集團旗下業務全面整合。更重要的是，在八月以先舊後新方式進行了本公司股份配售及認購共248,000,000股新股份，所得款項淨額約16.9億港元，其中部分用於作價43.28億港元的UAF Holdings Limited收購，該公司持有亞洲聯合財務有限公司（「亞洲聯合財務」，香港其中一家提供私人財務的主要公司）約50.91%權益。因此，集團在亞洲聯合財務的權益由原來的約7.27%增至58.18%，是次重大收購可讓集團的收入來源更多元化和擴大我們整體的客戶基礎。雖然是次交易使集團整體的負債比率上升，然而，我們的財政基礎在盈利來源多元化的支持下仍然穩健。來年，管理層將會在適當機會出現時繼續實行其收購策略。

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EXECUTIVE CHAIRMAN
LEE Seng Huang

RESULTS FOR THE YEAR

During the year, the Group recorded a 53.10% increase in profit before tax to HK\$668.3 million (2005: HK\$436.5 million). Consolidated profit attributable to equity holders of the Company increased by 21.25% to HK\$486.8 million (2005: HK\$401.5 million). Earnings per share (EPS) increased by 12.42% to HK36.2 cents (2005: HK32.2 cents). Revenue was HK\$1,984.4 million for the year, against HK\$793.6 million for the previous year. However, this year's results included several significant non-recurring, non-cash charges including a deemed loss of approximately HK\$81 million arising from the requisite accounting treatment of the carrying value of the Company's investment in Tian An China Investments Company Limited ("Tian An") due to the conversion of 78,800,000 Tian An warrants by a third party and a placement by Tian An of 175,000,000 shares and an impairment provision of approximately HK\$58 million to the carrying value of the Group's interest in the Kuala Lumpur hotel joint venture with New World Development Company Limited. In addition to these two charges, Tian An made provisions of approximately HK\$297.4 million due to the newly imposed Land Appreciation Tax in Mainland China (with the Group's share of the provisions being at 39.59%), and Yu Ming Investments Limited ("Yu Ming") derecognized its investment in CR Airways Limited and receivables originally held in an aggregate amount of approximately HK\$190.2 million (with the Group's share of the derecognition being at 22.43%), both of which are outlined in the Management Discussion and Analysis. The Group's 2006 results, stripped of these non-recurring, non-cash charges, showed solid operational improvements and growth.

全年業績

年內，集團的除稅前溢利增加53.10%至668.3百萬港元（2005年：436.5百萬港元）。本公司股東應佔綜合溢利增加21.25%至486.8百萬港元（2005年：401.5百萬港元）。每股盈利增加12.42%至36.2港仙（2005年：32.2港仙）。本年度收益為1,984.4百萬港元，去年則為793.6百萬港元。然而，本年度業績扣除了數項重大非經常性非現金支出，包括本公司於天安中國投資有限公司（「天安」）的投資賬面值由於一第三方轉換78,800,000份天安認股權證以及天安配售175,000,000股股份而須作出的會計處理後所產生一項視作虧損約81百萬港元，以及就集團於吉隆坡合營酒店（與新世界發展有限公司合資經營）的權益的賬面值作出減值撥備約58百萬港元。除了這兩項支出外，天安就中國內地新近實施的土地增值稅撥備約297.4百萬港元（集團分擔該撥備39.59%），而禹銘投資有限公司（「禹銘」）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（集團分擔該取消確認額22.43%），上述兩項均於管理層討論及分析內概述。撇開這些非經常性非現金支出，集團於2006年的業績在營運上有實質的改善和增長。

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The Directors recommended the declaration of a final dividend of HK10 cents per share payable on 29 June 2007 to shareholders whose names appear on the register of members of the Company on 12 June 2007, making a total dividend for the year 2006 of HK15 cents per share (2005: HK12 cents), an increase of 25%. This increase in dividend is in line with the Company's strategy of maintaining a payout ratio of at least 30% of profit after tax.

OPERATIONS

While the details of the performance of the various divisions are outlined in the Management Discussion and Analysis, the Group's operating divisions continued to strive to deliver on our commitment to provide our clients with a wide and innovative range of services and products at the highest levels of customer service. During the year, management continued to pursue its expansion strategy by recruiting additional sales personnel and widening our product range in our core retail Wealth Management and Brokerage business. Furthermore, we have renewed our focus on institutional distribution and a new unit was established to serve this fast growing segment of clients. This initiative has been supported by our popular Research products that include extensive fundamental coverage and technical analysis.

During the year, Corporate Finance activity was intense, as we participated in a large number of initial public offerings (IPO) and advised on various corporate exercises. We will continue to focus on IPOs, advisory opportunities and secondary offerings for small medium enterprises (SMEs) situated in both Hong Kong and the Mainland China.

董事會建議派發末期股息每股10港仙予於2007年6月12日名列本公司股東名冊內的股東，2006年度全年派發的股息每股合共15港仙（2005年：12港仙），增加25%。股息將於2007年6月29日寄發。股息的增加符合本公司維持派息率至少達稅後溢利30%的策略。

業務

集團各業務的表現於管理層討論及分析內詳述。各營運部門繼續努力堅守承諾，為客戶提供各類嶄新的服務和產品，維持最高的客戶服務水平。年內，管理層繼續實行其擴張策略，為財富管理及經紀這一核心零售業務招聘更多銷售人員和擴大產品類別。此外，我們將重點從新放於機構層面的分銷上，為配合這個迅速增長的客戶群，更設立了新的營銷隊伍，並由我們廣受歡迎的資料研究服務提供支援，包括範圍廣泛的基礎和技術分析。

年內，企業融資活動熾熱，我們參與了不少企業的首次公開招股活動，亦擔任了數項企業活動的財務顧問。我們將會繼續將重點放在中港兩地中小型企業的上市招股、諮詢和在交易市場的股份配售等業務之上。

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We continued to strengthen our existing relationships with Mainland Chinese financial institutions; a new strategic alliance was struck with one of China's largest futures brokerage companies, 浙江省永安期貨經紀有限公司 (Zhe Jiang Province Yong'an Futures Broker Company Limited), to establish China Xin Yong'an Futures Company Limited. The company is planning to commence operations in Hong Kong as soon as the necessary regulatory approvals have been obtained, which it hopes will be in the second quarter of 2007.

We have sought to increase the scale of our growing Asset Management business. We continued to launch new funds and took over the management of an existing umbrella fund comprising two alternative funds. In June 2006, we launched our Asia (ex Japan) multi-strategy equity fund which has since performed strongly. Consequently total assets under management have grown from US\$260 million at end of 2005 to US\$650 million at the end of 2006, an increase of 150% over the course of the year. It has been a very promising year for this relatively new business.

Our Consumer Finance business conducted through UAF, benefited substantially from rising consumer spending and economic growth in Hong Kong during the year, resulting in strong profitability and a marked increase in its loan book. UAF's listed subsidiary (74.99% owned), The Hong Kong Building and Loan Agency Limited recorded a significant increase in profit to HK\$11.3 million (2005: HK\$1.2 million), mainly derived from its treasury management activities.

我們不斷促進與國內金融機構既有的合作關係，與中國最大的期貨經紀公司之一浙江省永安期貨經紀有限公司策略結盟，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。

我們致力擴張不斷增長的資產管理業務規模，推出新的基金，並接任管理現時由兩個另類基金組成的傘子基金。2006年6月，我們推出了亞洲（不包括日本）多策略股票基金，此基金一直表現突出。我們所管理的資產總值增長迅速，由2005年底的260百萬美元增至2006年底的650百萬美元，一年內增幅達150%。對於這個較新發展的業務來說，本年度的成績已令人十分鼓舞。

年內，我們透過亞洲聯合財務經營的私人財務業務大大受惠於香港消費上升和經濟增長，因此該公司的盈利增強，貸款額亦顯著增加。由亞洲聯合財務擁有74.99%權益的上市附屬公司香港建屋貸款有限公司的溢利大幅上升至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。

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PRINCIPAL INVESTMENTS, OTHER SUBSIDIARY & ASSOCIATED COMPANIES

The results of the Group's subsidiary and associated companies that we retain as part of our Principal Investments portfolio in 2006 are outlined below.

Following a general offer that closed in November 2006 and exercises of the warrants of Quality HealthCare Asia Limited ("QHA") in November 2006 and January 2007, the Group's equity interest in QHA, the leading private medical practice in Hong Kong, increased to approximately 51.15%. QHA delivered improved results for 2006 with a 16% increase in net profit to HK\$65.1 million. 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.

Tian An, a leading property developer in Mainland China, recorded a profit of approximately HK\$51.5 million for 2006, a decline of 75%. This sharp decrease was attributable to the provisions of a total amount of approximately HK\$297.4 million for potential additional taxes due to the imposition of the Land Appreciation Tax in Mainland China. While the actual tax liability may be lower than the amount provided, in the interest of prudence, the directors of Tian An have taken the more conservative view. Without these provisions, the profit attributable to equity holders of Tian An would have been significantly higher than the previous year. Despite this setback, our 39.59% investment in Tian An continues to be profitable and maintains a stake in the fast growing Mainland Chinese real estate sector.

主要投資、其他附屬及聯營公司

被集團視為其部分主要投資組合的附屬公司及聯營公司於2006年的業績概述如下。

就卓健亞洲有限公司(「卓健」)提出的全面收購於2006年11月完成以及於2006年11月及2007年1月行使卓健的認股權證後，集團於卓健這家香港主要私營醫療服務機構的股權增至約51.15%。卓健在2006年的業績有所進步，淨溢利增長16%，達65.1百萬港元。溢利持續增長是由於該公司不斷提升客戶服務、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。

天安為中國內地主要的房地產發展商，於2006年錄得溢利約51.5百萬港元，大幅下降75%，原因在於其因應中國內地實施的土地增值稅而就潛在另需支付的稅款撥備共約297.4百萬港元。雖然實際的稅務負擔可能會低於撥備，但天安的董事會認為宜審慎作出該項撥備。倘無作出此等撥備，天安的股東應佔溢利應遠較去年為高。雖然天安業績因此倒退，我們於天安的39.59%投資應仍為有利，並可繼續讓我們參予中國內地迅速增長之房地產市場。

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Yu Ming incurred a loss attributable to equity holders of approximately HK\$155.7 million (2005: profit of HK\$144.7 million) 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.

Our other Principal Investments generally performed well in 2006. Management's strategy is to maximize the value of these positions and, when appropriate, realize them or alternatively use them to seed appropriate specialized funds management vehicles as part of our Asset Management business.

PEOPLE

The Group places great importance on maintaining, and where possible enhancing, the professionalism of our staff and recognizes the need to provide an environment in which our staff feel a strong sense of belonging, and are encouraged to develop their careers. We will continue to focus on staff recruitment, training and development, and are committed to appropriately remunerating and incentivizing key management and staff.

OUTLOOK

Economic conditions in Hong Kong have remained robust, with the unemployment rate continuing to fall and personal income levels continuing to rise. As the economic relationship between Hong Kong and Mainland China develops, Hong Kong's prosperity and future is becoming increasingly correlated with Mainland China. The Group is well placed to capitalize on this trend through the steady expansion and export of our proven business models, both in our core financial services business as well as in the businesses within our strategic principal investments portfolio. At the same time, we remain alert to the various uncertainties in the outlook for the global economy in the coming year.

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。

我們其他的主要投資在2006年表現普遍良好，而管理層所採取的策略是從此等投資取得最大增益，並在適當時機將其變現，又或是將此等投資所得款項投入我們資產管理業務中適當的特設基金管理工具。

人才

集團十分著重保持和盡量提升員工的專業精神，認為有需要為員工提供具強烈歸屬感的工作環境，在事業上鼓勵他們發揮所長。我們將會繼續將重點放在僱員招募、培訓和潛能發展上，並會以適當的薪酬福利獎勵管理階層和下層的要員。

展望

香港的經濟狀況持續向好，失業率持續下降，個人收入水平亦不斷上升。隨著香港與中國內地經濟上建立關係，香港的繁榮進步及未來發展與中國內地更加息息相關。集團已作好充分準備，透過逐步擴展其核心金融服務業，以及旗下策略性主要投資組合中的業務，並藉著輸出集團已見成效的業務模式，銳意捕捉這個發展商機。與此同時，對若干影響環球經濟前景的未明朗因素，我們仍抱審慎態度。

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APPRECIATION

In November 2006, Ms. Tham Yok Mui resigned from her position as Deputy Group Chief Operating Officer, to relocate to her native Malaysia. Ms. Tham had joined the Group in 1990 as Head of the Internal Audit and Compliance department. She will be sorely missed.

On 31 December 2006, Mr. Arthur George Dew resigned from his position as a Non-Executive Director and Chairman of the Company due to his retirement. Mr. Dew had served on the Board in various capacities since 1996 and has made an invaluable contribution to the Group's success.

We wish both Mr. Dew and Ms. Tham all the best in their respective endeavors and are very grateful for their dedicated service to and involvement with the Group.

Finally, I wish to extend my appreciation to all our stakeholders for their continued involvement with and support of our Group during the year. 2007 will be another important year for the Group as we further streamline our business and balance sheet in order to achieve the targets that we have set.



Lee Seng Huang
Executive Chairman

Hong Kong, 11 April 2007

致謝

於2006年11月，覃學美小姐辭任集團副營運總監一職，返回其原居地馬來西亞。覃小姐於1990年加入集團任稽核及法規監核部主管。我們對她的離任非常惋惜。

於2006年12月31日，狄亞法先生因退休而辭任本公司非執行董事兼主席的職務。自1996年起，狄亞法先生曾出任董事會多項職務，對集團的成功作出了重大的貢獻。

我們祝願狄亞法先生和覃小姐今後一切美滿，並萬分感激他倆對集團的忠誠服務及參予。

最後，本人感謝所有股東於過去一年繼續參予並支持本集團。2007年將是集團又一重要的一年，我們將會進一步精簡業務及增強財政實力，以達成我們既定的目標。



執行主席
李成煌

香港，2007年4月11日