

(Stock Code: 373)

ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR 2006

Note.

2006

HK\$'000

2005

HK\$'000

(Note 1)

(3) Segmental information

The Board of Directors ("Board") of Allied Group Limited ("Company") is pleased to announce that the audited consolidated results of the Company and its subsidiaries ("Group" for the year ended 31st December, 2006 are as follows.

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2006

FOR THE TEAK ENDED SIST DECEMD.	LIN, 2000		
	Notes	2006 <i>HK\$'000</i>	2005 HK\$'000
			(Note 1)
Revenue Other income	(2)	2,810,634 222,759	1,818,801 108,836
Total income		3,033,393	1,927,637
Cost of sales and other direct costs		(299,815)	(99,414)
Brokerage and commission expenses Selling and marketing expenses		(231,446) (77,680)	(148,489) (74,586)
Administrative expenses		(762,345)	(517,371)
Profit on deemed disposal of partial interests in subsidiaries	(4)	327,275	_
Changes in values of properties Net loss on deemed disposal of partial	(5)	233,324	576,411
interests in listed associates Impairment loss recognised in respect of	(6)	(80,932)	-
available-for-sale financial assets	(7)	(58,203)	(14,411)
Bad and doubtful debts		(139,220)	(89,718)
Other operating expenses Finance costs	(9)	(104,284)	(116,691)
Share of results of associates	(8)	(206,453) 8,982	(102,245) 150,388
Share of results of jointly controlled entities		159,987	105,298
Profit before taxation	(0)	1 902 592	1 506 800
	(9)	1,802,583	1,596,809
Taxation	(10)	(130,740)	(170,042)
Profit for the year		1,671,843	1,426,767
Attributable to : Equity holders of the Company		1,029,830	901,480
Minority interests		642,013	525,287
		1,671,843	1,426,767
Earnings per share Basic	(11)	HK\$4.12	HK\$3.48
Diluted		HK\$4.11	HK\$3.48
CONSOLIDATED BALANCE SHEET			
AT 31ST DECEMBER, 2006		2006	2005
	Notes	HK\$'000	HK\$'000 (Note 1)
Non-current assets			(Note 1)
Investment properties		2,780,300	2,626,100
Property, plant and equipment Prepaid land lease payments		394,219 291,196	245,608 295,670
Goodwill		295,581	33,267
Intangible assets		29,630	25,016
Interests in associates		2,521,862 914,092	2,645,475
Interests in jointly controlled entities Available-for-sale financial assets		1,112,921	866,394 616,857
Statutory deposits		78,687	32,831
Amounts due from associates		78,000	78,000
Loans and advances to consumer finance customers due after one year		1,156,998	1,055,691
Loans and receivables		33,603	124,306
Deferred tax assets		47,709	40,336
		9,734,798	8,685,551
Current assets Properties held for sale and other inventories		525,000	520,950
Financial assets at fair value through profit or l	oss	377,008	241,137
Prepaid land lease payments Loans and advances to consumer finance		4,517	4,559
customers due within one year		1,654,167	1,485,499
Accounts receivable, deposits and prepayments		3,753,345	2,423,911
Amounts due from associates		80,702	322,366
Amount due from a jointly controlled entity Tax recoverable		2,185 2,660	2,159 3,842
Short-term pledged bank deposit		1,000	972
Cash and cash equivalents		1,764,313	732,173
Current liabilities		8,164,897	5,737,568
Current liabilities Accounts payable and accrued charges	an la a-1 053	1,552,676	1,083,390
Financial liabilities at fair value through profit Amounts due to associates	or 10881,972	17,1 12,527	62,828
Amounts due to associates Amount due to a jointly controlled entity		79,063	81,063
Tax payable		83,481	44,214
Bank and other borrowings due within one yea	r	1,645,170	1,251,889
Provisions Other liabilities due within one year		77,840 861	33,382
		3,453,590	2,574,522
Net current assets		4,711,307	3,163,046
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Total assets less current liabilities

Capital and reserves			
Share capital		494,033	508,657
Reserves	(13)	6,746,774	5,606,087
Equity attributable to equity holders of the Company		7,240,807	6,114,744
Equity component of convertible bonds of a subsidiary		3,487	-
Minority interests		5,947,132	3,998,261
Total equity		13,191,426	10,113,005
Non-current liabilities			
Bank and other borrowings due after one year		919,151	1,375,763
Loan notes		110,650	144,931
Convertible bonds		34,384	-
Deferred tax liabilities		189,306	212,155
Provisions		1,180	1,769
Other liabilities due after one year		8	974
		1,254,679	1,735,592
		14,446,105	11,848,597

Notes

(1) Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and anges in presentation

(a) Application of new and revised Hong Kong Financial Reporting Standards

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants, which are either effective for accounting periods beginning on or after 1st December, 2005 or 1st January, 2006. The adoption of these new HKFRSs has had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

(b) Changes in presentation - Hong Kong Accounting Standard 1 "Presentation of Financial

In the current year, the amounts due from associates previously included in "interests in associates" of HK\$64,582,000, loans and receivables of HK\$78,000,000 and accounts receivable, associates of HKS04,552,000, loans and receivances of HKS76,000,000 and accounts receivance, deposits and prepayments of HKS250,400,000 are presented as separate line items in the consolidated balance sheet. Also, certain comparative figures have been reclassified and certain notes to the consolidated financial statements have been merged, split or expanded to conform with current year's presentation.

Except for the change explained above, the accounting policies and methods of computation used in preparation of the consolidated financial statements are consistent with those adopted in the 2005 annual report.

(c) Potential impact arising on the new accounting standards not vet effective

The Group has not early applied the following new standards, amendment or interpretations that have been issued but are not yet effective and are relevant to the operations of the Group. The Directors of the Company ("Directors") anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKFRS 7	Financial Instruments: Disclosures1
HKFRS 8	Operating Segments ²
HK(IFRIC)-Int 8	Scope of HKFRS 23
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives4
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment ⁵
HK(IFRIC)-Int 11	HKFRS 2: Group and Treasury Share Transactions

Effective for annual periods beginning on or after 1st January, 2009. Effective for annual periods beginning on or after 1st May. 2006. Effective for annual periods beginning on or after 1st May. 2006. Effective for annual periods beginning on or after 1st Navember, 2006. Effective for annual periods beginning on or after 1st Navember, 2006.

Revenue

Re

(2)

14,446,105 11,848,597

	2006 HK\$'000	2005 HK\$'000
		(Note 1)
Revenue comprises:		
Interest income on loans and advances to		
consumer finance customers	976,785	870,275
Securities broking	463,838	225,664
Other interest income	363,800	181,382
Income from corporate finance and others	274,602	169,343
Medical services, nursing agency, physiotherapy and		
dental services, and elderly care services	222,594	-
Trading profit from forex, bullion, commodities and futures	222,250	153,369
Property rental, hotel operations and management services	179,493	173,358
Trading profit from securities	80,291	25,379
Dividend income	26,981	20,031

All interest income for the current year is derived from financial assets that are not carried at fair value through profit or loss

	2006					
	Investment, broking and finance HK\$'000	Consumer finance HK\$'000	Healthcare HK\$'000	Property development and investment HK\$'000	Corporate and other operations <i>HK\$'000</i>	Total HK\$'000
Revenue	1,436,873	992,294	224,579	187,972	93,705	2,935,423
Less: inter-segment revenue	(29,565)	-		(8,479)	(86,745)	(124,789
	1,407,308	992,294	224,579	179,493	6,960	2,810,634
Segment results	693,227	580,289	17,983	318,215	(15,990)	1,593,724
Profit on deemed disposal of partial interests in subsidiaries						327,275
Net loss on deemed disposal of partial interests in listed associates						(80,932
Finance costs						(206,453
Share of results of associates						8,982
Share of results of jointly controlled entities	1.464		(149)	158.672		159,987
controlled entities	1,404	-	(149)	156,072	-	159,98/
Profit before taxation						1,802,583
Taxation						(130,740

During the year, the Group acquired additional interests in Quality HealthCare Asia Limited ("QHA"), a former associate of the Group, to the extent that QHA became a subsidiary of the Group. Accordingly, the results, assets and liabilities of QHA were consolidated and have been classified as Healthcare segment.

			2005		
	Investment, broking and finance <i>HK\$'000</i>	Consumer finance HK\$'000	Property development and investment HK\$'000	Corporate and other operations <i>HK\$</i> '000	Total HK\$'000
	(Note 1)	(Note 1)			(Note 1)
Revenue Less : inter-segment revenue	795,203 (22,883)	871,330	177,957 (6,999)	16,413 (12,220)	1,860,903 (42,102)
	772,320	871,330	170,958	4,193	1,818,801
Segment results Finance costs	281,383	551,539	624,668	(14,222)	1,443,368 (102,245)
Share of results of associates Share of results of jointly controlled entities	2	-	105,296	-	150,388 105,298
Profit before taxation Taxation					1,596,809 (170,042)
Profit for the year					1,426,767

ing the year, less than 10% of the operations of the Group in terms of both revenue and segment Its were carried on outside Hong Kong. Accordingly, no geographical segmental information is Dur

(4) Profit on deemed disposal of partial interests in subsidiaries

	2006 HK\$'000	2005 HK\$'000
Profit on deemed disposal of partial interests in		
subsidiaries comprises:		
Share placing of 248,000,000 shares of a subsidiary (note)	324,320	-
Exercise of warrants of subsidiaries by warrants holders	2,955	-
-		
-	327,275	_

Note

(6)

2,810,634 1,818,801

Allied Properties (H.K.) Limited ("Allied Properties"), a listed subsidiary of the Company, through its wholly-owned subsidiary, had completed share placings of 169,000,000 shares ("1st Share Placing") and 79,000,000 shares ("2nd Share Placing") of Sun Hung Kai & Co. Limited ("Sun Hung Kai"), a listed subsidiary of Allied Properties, on 22nd May, 2006 and 10th August, 2006 respectively. The top-up subscription of 248,000,000 new shares of Sun Hung Kai was completed on 10th August, 2006. The shareholdings in Sun Hung Kai held by Allied Properties before the 1st Share Placing and after top-up subscription wer 74.99% and 62.54% respectively. The total profit arising from the deemed disposal of partial interest in Sun Hung Kai (HKS303,914,000) as well as United Asia Finance Limited (a subsidiary of the Company UKES04 (6000) of chief a 276% were build through Sun Hung Kai or the 1st Share Placing the Company UKES04 (6000). of the Company) (HK\$20,406,000), of which 7.27% was held through Sun Hung Kai on the 1st Shar Placing and immediately after top-up subscription, arising from the placing and top-up subscription of 248,000,000 shares in Sun Hung Kai, was recognised in the consolidated income statement.

(5) Changes in values of properties

	_	2006 HK\$'000	2005 HK\$'000
	Changes in values of properties comprise:		
	Net increase in fair value of investment properties (Recognition) reversal of impairment loss of	240,296	489,975
	properties held for sale	(5,900)	47,452
	Impairment loss (recognised) reversed of hotel property	(1,072)	4,284
	Reversal of impairment loss of properties held for development		34,700
		233,324	576,411
	The recognition and reversal of impairment losses were based on lo property and the lower of cost and net realisable values for propertie net realisable values were determined with reference to the respective at 31st December, 2006.	s held for sale. The v	alue in use and
	property and the lower of cost and net realisable values for propertie net realisable values were determined with reference to the respective	s held for sale. The v independent professi	alue in use and
1	property and the lower of cost and net realisable values for propertie net realisable values were determined with reference to the respective at 31st December, 2006.	s held for sale. The v independent professi 2006	alue in use and ional valuations 2005
I	property and the lower of cost and net realisable values for propertie net realisable values were determined with reference to the respective at 31st December, 2006.	s held for sale. The v	alue in use and ional valuations
	property and the lower of cost and net realisable values for propertie net realisable values were determined with reference to the respective at 31st December, 2006.	s held for sale. The v independent professi 2006	alue in use and ional valuations 2005
	property and the lower of cost and net realisable values for propertie net realisable values were determined with reference to the respective at 31st December, 2006. Net loss on deemed disposal of partial interests in listed associates Net loss on deemed disposal of partial interests in listed	s held for sale. The v independent professi 2006	alue in use and ional valuations 2005
	 property and the lower of cost and net realisable values for propertienet realisable values were determined with reference to the respective at 31st December, 2006. Net loss on deemed disposal of partial interests in listed associates Net loss on deemed disposal of partial interests in listed associates arises from the following: (a) - Exercise of unlisted warrants of a listed associate conferring rights to subscribe for up to 78,800,000 new shares by a subscriber 	s held for sale. The v independent professi 2006	alue in use and ional valuations 2005
	property and the lower of cost and net realisable values for propertie net realisable values were determined with reference to the respective at 31st December, 2006. Net loss on deemed disposal of partial interests in listed associates Net loss on deemed disposal of partial interests in listed associates arises from the following: (a) – Exercise of unlisted warrants of a listed associate conferring rights to subscribe for up to 78,800,000	s held for sale. The vi independent professi 2006 <i>HKS'000</i>	alue in use and ional valuations 2005

(320)

80,932

Exercise of share option and listed warrants of an listed associate

Impairment loss recognised in respect of an available-for-sale financial asset

The amount for 2006 represents an impairment loss of HK\$58,203,000 provided by the Group relating to its 12.5% interest in a Kuala Lumpur hotels project because the earrying amount of the investment exceeded the estimated recoverable amount.

The amount for 2005 of HK\$14,411,000 represents impairment losses of listed equity investments

(0)	Finance costs		
		2006	2005
		HK\$'000	HK\$'000
	Total finance costs included in:		
	Cost of sales and other direct costs	49,426	19,408
	Finance costs	206,453	102,245
		255 870	121 652

All of the interest expense for the year is derived from financial liabilities that are not carried at fair value through profit or loss

Profit before taxation

(9)	r ront before taxation		
		2006 HK\$'000	2005 HK\$'000
	Profit before taxation has been arrived at after charging:		
	Depreciation		
	Owned assets Asset under a finance lease	36,221	34,404
		36,221	34,446
	Amortisation of intangible assets (included in other	4 225	2.662
	operating expenses) Amortisation of prepaid land lease payments	4,225 4,517	3,662 4,540
	Loss on disposal of partial interest in a subsidiary	4,517	1,423
	Loss on disposal of property, plant and equipment	395	662
	Loss on disposal of an investment property	146	-
	and after crediting:		
	Dividend income from listed equity securities	22,002	17,850
	Dividend income from unlisted equity securities	4,979	4,581
	Net realised profit on derivatives	27,267	20,513
	Net profit on other dealing activities	23,961	7,733
	Net realised profit on financial assets at fair value		
	through profit or loss	34,441	4,680
	Profit on disposal of a jointly controlled entity	-	1,219
	Profit on disposal of available-for-sale financial assets	164,113	57,473
	Profit on disposal of investment properties	-	2,061
	Profit on dealing in leveraged foreign currencies	8,304	6,753
	Profit on disposal of a subsidiary	14,460	62
	Repayment of interest in respect of litigation with		
	New World Development Company Limited pursuant to		14 792
	Court of Appeal Judgement		14,783
(10)	Taxation		
		2006	2005
		HK\$'000	HK\$'000
	The income tax charge (credit) comprises:		
	Current tax:		
	Hong Kong	168,070	121,638
	Outside Hong Kong	(46)	229
		168,024	121,867
	Deferred tax	(37,284)	48,175
		130,740	170,042
		150,740	170,042

Hong Kong Profits Tax is calculated at the rate of 17.5% of the estimated assessable profits for the year

Taxation outside Hong Kong is calculated at the rates prevailing in the relevant jurisdictions

(11) Earnings per share

The calculation of basic and diluted earnings pe	r share attributable to the equity holders of	of the Company
s based on the following:		
	2006	2005
	HK\$'000	HK\$'000

	Earnings		
	Earnings for the purposes of basic earnings per share (profit for the year attributable to equity holders of the Company)	1,029,830	901,480
	Adjustments to earnings in respect of the effect of dilutive potential ordinary shares arising from warrants and		
	convertible bonds of subsidiaries	(2,549)	
	Earnings for the purposes of diluted earnings per share	1,027,281	901,480
	Number of shares	,000	,000
	Weighted average number of shares for the purpose of basic and diluted earnings per share	249,791	258,926
(12)	Dividend		
		2006 HK\$'000	2005 HK\$'000
	Ordinary shares: Interim dividend of HK10 cents per share (2005: HK5 cents) Proposed final dividend of HK40 cents per share	24,791	12,881
	(2005: HK15 cents)	98,633	37,637
		123,424	50,518

A final dividend of HK40 cents (2005: HK15 cents) per share has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting of the Company.

The amount of the proposed final dividend for the year ended 31st December, 2006 has been calculated by reference to 246,582,423 shares in issue at 16th April, 2007.

In 2006, the Company paid and recognised dividends of HK\$37,637,000 and HK\$24,791,000, ing HK15 cents per share, being final dividend of 2005 and HK10 cents per share, being interim dividend of 2006 respectively.

In 2005, the Company paid and recognised dividends of HK\$25,957,000 and HK\$12,881,000, representing HK10 cents per share, being final dividend of 2004 and HK5 cents per share, being interim dividend of 2005 respectively.

(13) Reserves

	HK\$'000	2005 HK\$'000
Share premium	1,519,481	1,519,481
Property revaluation reserve	19,241	-
Investment revaluation reserve	475,381	238,263
Capital redemption reserve	208,115	193,491
Translation reserve	16,275	(17,449)
Non-distributable reserve	55,226	55,226
Capital reserve	1,517	3,410
Accumulated profits	4,352,905	3,576,028
Dividend reserve	98,633	37,637
	6,746,774	5,606,087

DIVIDEND AND BOOK CLOSE

The Board has proposed a final dividend of HK40 cents per share (2005: HK15 cents) payable to shareholders whose names appear on the register of members of the Company on Wednesday, 13th June, 2007, making a total dividend for the year 2006 of HK50 cents per share (2005: HK20 cents). It should also be noted that the Company continued to repurchase its shares during the year at an aggregate consideration of HK\$122.2 million. Accordingly, earnings per share for 2006 rose by 18.4% over 2005, compared to a corresponding increase of 14.2% in profit attributable to equity holders of the Company. The Company will, when it considers appropriate, continue to use surplus cash to repurchase its shares for cancellation

The register of members of the Company will be closed from Thursday, 7th June, 2007 to Wednesday, 13th June, 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 6th June, 2007. Subject to approval by the shareholders at the forthcomin annual general meeting of the Company, dividend warrants are expected to be despatched on Wednesday, 11th July, 2007.

FINANCIAL REVIEW

Results

The revenue of the Group was approximately HK\$2,810.6 million, an increase of 54.5% compared with the year 2005. The increase in revenue was due to

- stronger performances from the Group's core financial services divisions
- higher rental income received from the Group's investment properties; and
- consolidation of Quality HealthCare Asia Limited ("QHA"), which became a subsidiary from October 2006

The profit attributable to the equity holders of the Company for 2006 was approximately HK\$1,029.8 million, an increase of HK\$128.3 million compared with HK\$901.5 million for 2005. Earnings per share amounted to HK\$4.12 (2005: HK\$3.48).

The increase in profit was due to:

- increased contributions from the Group's core financial services and property invest divisions; and
- a profit on the deemed disposal of a portion of the Group's interest in Sun Hung Kai & Co. Limited ("Sun Hung Kai") amounting to HK\$303.9 million (approximately HK\$227.7 million attributable to the Company).

The increase in profit was partially offset by a number of issues including:

provisions by Tian An China Investments Company Limited ("Tian An") for past years Land Appreciation Tax ("LAT") in Mainland China amounting to approximately HK\$50.5 million attributable to the Company, a deemed loss of approximately HK\$33.2 million attributable to the Company arising from the conversion of 78,800,000 warrants of Tian An by Wachovia Investment Holdings, LLC, as well as a deemed loss of approximately HK\$6.5 million attributable to the Company arising from the placing of 175,000,000 Tian An shares to a number of institutional investors.

We believe, however, that the consequent cash injection into Tian An in respect of the conversion of Tian An warrants and placement of Tian An shares above has in fact strengthened its balance sheet and its capacity to pursue its development projects and has thus enhanced the long term value of the Group's investment in Tian An;

- an impairment provision of approximately HK\$28.4 million attributable to the Company in relation to the carrying value of the interest in the Kuala Lumpur hotel joint venture with New World Development Company Limited ("NWDC"); and
- a loss on the derecognition by Yu Ming Investments Limited ("Yu Ming") of its investment in CR Airways Limited (now known as Hong Kong Airlines Limited) and receivables in an aggregate amount of approximately HK\$20.8 million attributable to the Company

Material Acquisitions and Disposals

(a) Acquisition of additional interests in QHA

During the year, Sun Hung Kai concluded on option agreement with CLSA Capital Limited ("CLSA") in relation to the option shares and option warrants of QHA for a consideration of approximately HK\$11.1 million. The option entitled Sun Hung Kai to acquire from CLSA 34,156,666 shares in QHA at an aggregate exercise price of approximately HK\$99.9 million, and for warrants leading to the subscription of 7.056.232 shares in OHA.

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

(b) Group Reorganisation

On 13th June, 2006, the Company, AG Capital Holding Limited ("AGCH") (a whollyowned subsidiary of the Company), Sun Hung Kai and Swan Islands Limited ("Swan Islands") (a wholly-owned subsidiary of Sun Hung Kai) entered into an agreement for sale of the entire issued share capital of UAF Holdings Limited ("UAF Holdings", a wholly-owned subsidiary of AGCH) to Swan Islands and the assignment of shareholder's loan of HK\$39.6 million for an aggregate consideration of HK\$4,328.0 million. The transaction was completed on 24th August, 2006.

Deemed disposal of interests in Sun Hung Kai arising from share placing and top up (c) subscriptio

Allied Properties (H.K.) Limited ("Allied Properties"), through its wholly-owned subsidiary, had completed share placing of 169,000,000 shares ("1st Share Placing") and 79,000,000 shares ("2nd Share Placing") of Sun Hung Kai on 22nd May, 2006 and 10th August, 2006 respectively. The top-up subscription of 248,000,000 new shares of Sun Hung Kai was completed on 10th August, 2006. The net proceeds of the placing and topup subscription was approximately HK\$1,685.5 million. The shareholdings in Sun Hung Kai held by Allied Properties before the 1st Share Placing and after top-up subscription were 74.99% and 62.54% respectively.

Deemed disposal of interests in Tian An arising from share placing and top (d) subscription and exercise of unlisted warrants by a subscriber

In April 2006, Sun Hung Kai completed the placing and top-up subscription of 175,000,000 shares in Tian An. Subsequently, a third party exercised its rights ur unlisted Tian An warrants for the conversion of 78,800,000 shares in Tian An. The shareholdings in Tian An held by Sun Hung Kai decreased from 48.6% as at 1st January, 2006 to 39.59% as at 31st December, 2006.

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

Financial Resources, Liquidity and Capital Structure

On 10th November, 2006, Allied Properties issued convertible bonds amounting to HK\$537.3 million. The convertible bonds bear interests at 7% p.a. for the period from 10th November, 2006 to 30th June 2009 and 4% p.a. for the period from 1st July 2009 to 9th November 2011 the maturity date. Bondholders have rights to convert the bonds into new shares of Allied Properties at an initial conversion price of HK\$10 (subject to adjustments) during the conversion period commencing from 1st July, 2009. At 31st December, 2006, the Company and its subsidiaries held convertible bonds of principal amount amounted to HK\$498.8 million, which was eliminated on consolidation. Subsequent to the balance sheet date, Allied Properties had partially redeemed the convertible bonds. Details are set out in the section "Events After The Balance Sheet Date" below

At 31st December, 2006, the equity attributable to the equity holders of the Company amou to HK\$7,240.8 million, representing an increase of HK\$1,126,1 million or approximately 18.4% from 2005. The Group maintained a strong cash and bank balance position and had cash, treasury bills and bank balances of approximately HK\$1,765.3 million as at 31st December, 2006 (2005: HK\$733.1 million). The Group's bank and other borrowings, together with loan notes and convertible bonds, totalling HK\$2,709.4 million (2005: HK\$2,772.6 million) of which the portion due on demand or within one year increased to HK\$1,645.2 million (2005: HK\$1,251.9 million) and the remaining long-term portion decreased to HK\$1.064.2 million (2005; HK\$1.520.7 million). The liquidity of the Group as evidenced by the current ratio (current assets/current liabilities) was 2.36 times (2005: 2.23 times). The Group's gearing ratio (net bank and other borrowings together with loan notes and convertible nds/equity attributable to the equity holders of the Company) decreased to 13.0% (2005: 33.4%).

The Group's capital expenditure, investments and repurchases of shares were primarily funded by net bank and other borrowings raised during the year and proceeds from the issue of shares by a subsidiary. During the year, the Company had repurchased 7,312,000 own shares at an aggregate consideration of approximately HK\$122.2 million, details of which are outlined in the section "Purchase, Sale or Redemption of Shares" below.

The loan notes and convertible bonds are charged at fixed interest rates. Most of the bank borrowings of the Group are charged at floating interest rates. There are no known seasonal factors in the Group's borrowing profile.

Contingent Liabilitie

(a) At 31st December, 2006, the Group had guarantees as follows:

	HK\$'000	HK\$'000
Indemnities on banking guarantees made available to a		
clearing house and regulatory body	5,540	5,540
Other guarantees	es <u>12,098</u>	7,084
	17 638	12 624

In June 2006, Sun Hung Kai received notice of a 2001 order made by the Hubei Province (b) Higher Peoples Court in China freezing US\$3 million of funds (or assets of equivalent value) of Sun Hung Kai Securities Limited ("SHKS"), a wholly-owned subsidiary of Sun Hung Kai, pursuant to which SHKS's shares in Chang Zhou Power Development Company Limited ("Chang Zhou Power") in China ("Chang Zhou Power Shares") (worth US\$3 million) were subsequently frozen. SHKS had sold the Chang Zhou Power Shares in 1998. Sun Hung Kai will further investigate the matter but at this stage it does not consider that it is appropriate to make any provision considering the circumstances

Material Litigation Update

(a) By the Judgment of High Court on 1st April, 2004 ("Judgment") in HCA 3191/1999 ween NWDC and Stapleton Developments Limited ("SDL") against SHKS, 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 ("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 ("GUP Shares") on trust for SHKS, and that SHKS is entitled to the transfer to it of the legal title to the GUP Shares, upon payment of certain amounts to NWDC; (ii) as to the Joint Venture, that SHKS beneficially owns 25% of MWDC'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 valent to HK\$114,904,023.60. SHKS was ordered to pay NWDC the s HK\$105,534,018,22 together with interest on the principal sum of HK\$80,117,652,72 at judgment rate from 16th December, 1998 until payment, pursuant to the terms of an oral agreement which the Court found. As at 17th June, 2004, the date when the Judgment sum was paid, the Judgment amounted to HK\$150,115,681.54 (being HK\$105,534,108.22 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 to the Court of Appeal That Court of Appeal handed down the judgment ("Court of Appeal Judgment") in which the Court of Appeal handed down the judgment ("Court of Appeal Judgment") in which the Court of Appeal ordered a repayment to SHKS of part of the interest element for the period from 16th December, 1998 to 31st 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 ("Final Appeal"). The Final Appeal was heard on 19th, 20th and 21st June, 2006. On 10th July, 2006, the Court of Final Appeal delivered its decision ("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\$(29,448.15. This amount ogener with interest thereon of HK\$(47,991.43) 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

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 1st March, 2000 and 2nd January, 2001 respectively at such rate as the Court considers appropriate, although as at the date of this announcement, the writ in HCA 813/2004 had 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 announcement, that writ had 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 has yet to be determined. SHKS has given notice to NWDC and SDL, nong other things, of its demand that the legal interest in the GUP Shares be transferred to it and that its portion of the shareholder's loans be assigned to it.

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

- (c) Shun Loong Finance Limited and SLHL (together the "Petitioners"), both indirect wholly-owned subsidiaries of Sun Hung Kai, filed a winding-up petition on 19th February, 2004 in the British Virgin Islands ("B.V.I.") seeking an order that SFHL 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 10th November, 2006.
- (d) Sun Hung Kai, STCC and SHKIS filed a writ on 7th 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 27th October, 2006.
- (e) Details of the case regarding Chang Zhou Power are set out in paragraphs (b) of the "Contingent Liabilities" section above.

Pledge of Assets

At 31st December, 2006, certain of the Group's investment properties, land and buildings, properties held for development, prepaid land lease payments and properties held for sale with an aggregate carrying value of HK\$3,819.9 million (2005: HK\$3,565.7 million), listed investments belonging to the Group and margin clients with a carrying value of HK\$1,306.2 million (2005: HK\$1,387.7 million) together with certain securities in respect of listed subsidiaries held by the Company and its subsidiaries, the net book value of which in their respective accounts totalling HK\$3,845.2 million (2005: HK\$3,171.1 million) were pledged to secure loans and general banking facilities to the extent of HK\$3,275.6 million (2005: HK\$3,248.8 million) granted to the Group. Facilities amounting to HK\$1,556.0 million (2005: HK\$1,832.5 million) were utilised at 31st December, 2006.

At 31st December, 2006, a bank deposit of HK\$1.0 million (2005: HK\$1.0 million) was pledged to secure a bank guarantee amounting to HK\$2.0 million (2005: HK\$2.0 million).

Events After the Balance Sheet Date

- (a) In January 2007, Sun Hung Kai sold 43,950,000 shares in Lippo Limited, an availablefor-sale investment, through a number of on-market transactions on The Stock Exchange of Hong Kong Limited ("Stock Exchange") at an aggregate consideration of approximately HK\$131.9 million which gave rise to a profit of approximately HK\$48.0 million. Sun Hung Kai ceased to have any interest in Lippo Limited after the disposal.
- (b) On 22nd February, 2007, Allied Properties announced a partial redemption of the convertible bonds, being HK\$5 out of the principal amount of HK\$10 per convertible bond. The redemption monies, together with accrued interest amounting to approximately HK\$274.8 million were payable by Allied Properties on 22nd March, 2007. The effect to the consolidated income statement arising on the transaction was immaterial.

OPERATIONAL REVIEW

Financial services

Consumer finance

United Asia Finance Limited ("UAF"), the Group's consumer finance arm, recorded a 13.9% increase in revenue during the year and a 10.6% growth in the balance of loans and advances to consumer finance customers at the year end. This performance has set another record high in UAF's operating history.

During the year, UAF expanded its network to 36 branches (2005: 32) with the opening of two branches in Tai Kok Tsui and Tin Shui Wai both in March and branches in Kwun Tong and Kowloon Bay in April and October respectively. In 2007, UAF will continue to focus on improving its service, expanding its branch network, and exploring further business initiatives.

UAF believes that significant untapped market demand for consumer finance products exists in China and accordingly has set up a team to explore the potential of a retail chain to develop consumer finance businesses in China and to formulate an appropriate action plan for development of same. We anticipate that UAF should be able to launch a viable consumer finance business in Mainland China in the foreseeable future after appropriate preparatory work has been effectively established.

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

The Group completed its corporate reorganisation in terms of the acquisition of UAF by Sun Hung Kai in August 2006. The rationale for the strategic group reorganisation was to rationalise the group structure and consolidate the loan and financial services businesses of the Group into Sun Hung Kai, with the objective of achieving ongoing operational economies. The structure should also enhance Sun Hung Kai's ability to provide a wider range of finance products and other related services. The Group will however, continue to benefit from the success of UAF through its indirect interest in Sun Hung Kai.

Broking and finance

Sun Hung Kai, the Group's broking arm, recorded a profit attributable to its equity holders of HK\$486.8 million (2005: HK\$401.5 million). Revenue for the year was HK\$1,984.4 million, compared to HK\$793.6 million for the previous year. Sun Hung Kai enjoyed a strong year with all operating divisions showing marked increases in both revenue and profit reported. The principal reason for Sun Hung Kai reporting a modest increase of 21.2% in the profit attributable to its equity holders was due to the inclusion of several significant non-recurring items, which included some non-cash charges, as detailed in the Results section above. Sun Hung Kai's 2006 results, stripped of the above non-recurring items, showed solid operational improvement and growth.

Securities broking continued to be a significant contributor to the revenue in Sun Hung Kai. Third party execution provided to non-exchange participants also produced ongoing revenue. Institutional and investment bank clients remained a source of stable income.

The buoyant stock market conditions were reflected in a substantial increase in Sun Hung Kai's margin book. The term lending book remained stable despite keen competition in alternate financing through the capital markets using IPOs and placements.

The fund management business experienced pleasing 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. Sun Hung Kai grew its platform from three to six funds and continued to recruit experienced investment professionals to join its platform as well as launching additional Asian hedge funds.

The corporate finance division successfully launched and sponsored four IPOs on the main board and one IPO on the GEM board of the Stock Exchange. It was also actively involved in a number of underwriting exercises for IPOs. Sun Hung Kai participated in 37 issues of subunderwriting, 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. The division was also appointed as the independent financial advisor in respect of several major transactions and connected transactions of various listed companies.

Sun Hung Kai continued to strengthen its existing relationships with Mainland Chinese financial institutions and is exploring potential avenues to expand its China business.

The Shun Loong group of companies which was acquired in 2003 was fully integrated with the operations of Sun Hung Kai to maximise operational efficiencies and cost savings.

Sun Hung Kai, during the year, raised approximately HK\$1,685.5 million through two placements and a top-up subscription with its majority shareholder to strengthen its balance sheet and finance its acquisition of UAF.

Properties

Hong Kong

Allied Properties reported a profit attributable to its equity holders of HK\$1,070.2 million (2005: 935.3 million).

The local property market continued to benefit from the stable economy and the buoyant stock market. Capital values of properties rose moderately and positive rental trends continued during the year. China Online Centre, Allied Cargo Centre, Park Place as well as Century Court all achieved higher rental income. Contribution from Ibis North Point continued to strengthen resulting from both higher occupancy and average room rates.

Allied Kajima Limited, 50% indirectly owned by Allied Properties and holding properties including Allied Kajima Building, Novotel Century Hong Kong hotel and the Philippine Plaza Hotel, contributed a profit increase of 50.7% in 2006 as compared to 2005. The increase was mainly due to a revaluation of its investment property and a strong performance by Novotel Century Hong Kong hotel which recorded significantly higher average room rates.

Mainland PRC

The profit attributable to equity holders of Tian An, a listed associate of Sun Hung Kai and the Group's PRC property unit, 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, in the interest of prudence, of a provision for both past years and year 2006 LAT previously noted as a contingent liability. These provisions amounted to approximately HK\$261.6 million and HK\$35.8 million respectively. Had these provisions not been made, the profit attributable to equity holders of Tian An would have increased to HK\$334.6 million (2005: HK\$202.5 million). This increase, before the provision for additional LAT, would have resulted from 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.

Pursuant to its strategy of increasing rental income and maximizing development profit, Tian An managed its portfolio so as to retain more real estate for the generation of rental income. Tian An recorded sales of approximately 79,100m² total GFA in 2006, compared to 138,00m² in 2005. The benefits of this strategy should be realized in 2008 and 2009 when substantial developments held for sale will be available for marketing. These developments include 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 properties have significantly increased in value in recent years and Tian An expects to record substantial profit on any disposals. The rental income increased by 70% in 2006 and is expected to continue to increase in the next few years as a larger portion of Tian An's investment properties are completed, including the "Flour Mill" project in Shanghai.

Tian An has a current landbank of total GFA of approximately 6,322,000 m² (total GFA attributable to Tian An is approximately 4,615,000 m², consisting of 222,000 m² of completed investment properties and 4,393,000 m² of properties for development), located mainly in Shanghai and Shenzhen, as well as other cities.

Investments

QHA

Following Sun Hung Kai's purchase of additional shares of QHA from CLSA in October 2006 upon its exercise of an option granted by CLSA and a consequent general offer, QHA became a 51.15% subsidiary of Sun Hung Kai.

QHA reported 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 resulted from ongoing enhancement to customer services, 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.

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 continued to strengthen and QHA has been appointed by international insurers to handle China claims and health plans.

Yu Ming

Yu Ming, a 22.43% owned listed associate of Sun Hung Kai, incurred a loss attributable to its equity holders of HK\$155.7 million (2005: profit of HK\$144.7 million). The loss was mainly due to the derecognition of the investment and the receivables in CR Airways Limited in an aggregate amount of HK\$102.2 million. We understand that Yu Ming is studying the legal implications of the exchange of its interest in CR Airways Limited for its stake in Grand China Air Company Limited.

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

Shanghai Allied Cement Limited ("SAC")

SAC, a 54.77% owned listed subsidiary of Tian An, reported a profit attributable to its equity holders of HK\$0.4 million (2005: loss of HK\$35.2 million). The improvement in profit was principally due to the higher cement price. In addition, the sales volume of cement and clinker amounted to 2.186 million tonnes, representing an increase of 23% as compared to the previous year. SAC's Shanghai cement factory is located on an attractive site in Shanghai. The property is carried at cost in the books and the management of SAC is examining alternative avenues to realise its value.

Employees

The total number of staff of the Group as at 31st December, 2006 was 3,157 (2005: 2,098). The increase was mainly due to the consolidation of QHA. Total staff costs, including Directors' emoluments, amounted to HK\$507.5 million (2005: HK\$345.4 million). The Group reviews remuneration packages from time to time. In addition to salary payments, other staff benefits include contributions to employee provident funds, medical subsidies and a discretionary bonus scheme.

BUSINESS OUTLOOK

The market expects the Hong Kong economy to experience moderate growth in 2007. Again, the Hong Kong investment property market is expected to be satisfactory and the financial market is forecast to benefit from strong investor confidence and continuing inflows of capital. Nevertheless, persistently high fuel price, possible additional austerity measures imposed by the Mainland Government and the unsettled disputes in the Middle East are factors that may affect market sentiment.

The Group will continue to develop its core financial services and property investment and development businesses both in Hong Kong and Mainland China for the benefit of all shareholders.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles of, and complied with, the applicable code provisions of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited throughout the financial year ended 31st December, 2006, except for certain deviations which are summarised below:

1. CODE PROVISIONS B.1.3 AND C.3.3

Code provisions B.1.3 and C.3.3 of the CG Code stipulate that the terms of reference of the remuneration committee and audit committee should include, as a minimum, those specific duties as set out in the respective code provisions.

The terms of reference of the remuneration committee ("Remuneration Committee") adopted by the Company are in compliance with the code provision B.1.3 except that the Remuneration Committee should review (as opposed to determine under the code provision) and make recommendations to the Board on the remuneration packages of the Executive Directors only and not senior management (as opposed to Directors and senior management under the code provision).

The terms of reference of the audit committee ("Audit Committee") adopted by the Company are in compliance with the code provision C.3.3 except that the Audit Committee (i) should recommend (as opposed to implement under the code provision) the policy on the engagement of the external auditors to supply non-audit services; (ii) only possesses the effective ability to scrutinise (as opposed to ensure under the code provision) whether management has discharged its duty to have an effective internal control system; and (iii) can promote (as opposed to ensure under the code provision) the coordination between the internal auditors, and check (as opposed to ensure under the code provision) whether the internal audit function is adequately resourced.

 Subsequent to the retirement of Sir Gordon Macwhinnie as the Non-Executive Chairman and an Independent Non-Executive Director of the Company on 30th December, 2005, the post of the Chairman was vacant until 1st January, 2007 when Mr. Arthur George Dew was appointed as the Chairman of the Company.

The reasons for the above deviations are set out in the section "Corporate Governance Report" to be contained in the Company's 2006 Annual Report. The Board considers that the Remuneration Committee and the Audit Committee should continue to operate according to the terms of reference adopted by the Company. The Board will review the terms at least annually and make appropriate changes if considered necessary.

Further information on the Company's corporate governance practices and details of the Company's deviations from certain code provisions of the CG Code during the year under review will be set out in the corporate governance report to be contained in the Company's 2006 Annual Report which will be sent to the Shareholders at the end of April 2007.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the financial statements for the year ended 31st December, 2006.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and related notes thereto for the year ended 31st December, 2006 as set out in this announcement have been agreed by the Group's auditors, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year, the Company made the following purchases of its own shares on the Stock Exchange:

Month of purchase in	Number of shares purchased	Purchase consideration per share		Aggregate consideration
2006		Highest	Lowest	paid
		HK\$	HK\$	HK\$
January	3,324,000	11.85	11.00	38,884,700.00
February	60,000	11.95	11.90	715,000.00
March	28,000	11.90	11.80	333,000.00
May	74,000	20.30	20.00	1,483,700.00
June	618,000	20.40	18.45	11,695,000.00
July	786,000	20.60	19.45	15,927,900.00
September	1,274,000	23.00	21.10	27,291,400.00
October	712,000	23.20	22.00	16,069,100.00
November	418,000	23.00	22.30	9,451,900.00
December	18,000	21.70	21.40	387,600.00

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

APPRECIATION

The Board would like to thank all the staff for achieving the commendable results for 2006, and would like to express appreciation to the shareholders for their continual support.

By Order of the Board Allied Group Limited Edwin Lo King Yau Executive Director

Hong Kong, 16th April, 2007

As at the date of this announcement, the Board comprises Messrs. Lee Seng Hui (Chief Executive), Edwin Lo King Yau and Mak Pak Hung being the Executive Directors, Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei being the Non-Executive Directors, and Messrs. Wong Po Yan, David Craig Bartlett, John Douglas Mackie and Alan Stephen Jones being the Independent Non-Executive Directors.