notes to the financial statements

31 december 2005

These notes form an integral part of the financial statements.

1. PRINCIPAL ACTIVITIES

The principal activities of the Company comprise those of investment holding and the provision of consultancy services.

The principal activities of its subsidiaries comprise those of investment holding, e-business enablement, provision of hospitality solutions, hotel management services, reservation services, insurance sales and risk management services, accounting and payroll services and procurement services.

The analysis of the principal activities and geographical locations of the operations of the Company and its subsidiaries during the financial year are set out in note 11 on the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. Information on the changes in accounting policies resulting from initial application of these new and revised HKFRSs for the current and prior accounting periods reflected in these financial statements is provided in note 3.

(b) Basis of Preparation of the Financial Statements

The consolidated financial statements for the year ended 31 December 2005 comprise the Company and its subsidiaries (together referred to as the "Group").

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investments in securities which are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Subsidiaries

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half the voting power, or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

notes to the financial statements

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Subsidiaries (cont'd)

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated profit and loss account as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority's interest in the equity of a subsidiary, the excess, and any further losses attributable to the minority, are charged against the Group's interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group's interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see note 2(i)).

(d) Goodwill

Goodwill represents the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 2(i)).

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination is recognised immediately in profit or loss.

(e) Property, Plant and Equipment

Property, plant and equipment are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see note 2(i)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the profit and loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

Plant, machinery and equipment (comprising principally furniture and fixtures and office equipment)	– 6% to 33.33%
Motor vehicles	– 20%

Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Intangible Assets (other than Goodwill)

Intangible assets that are acquired by the Group are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and impairment losses (see note 2(i)).

Amortisation of intangible assets is charged to the profit and loss on a straight-line basis over the assets' estimated useful lives unless such lives are indefinite. Trademarks are amortised over their estimated useful lives of 15 years.

Both the period and method of amortisation and any conclusion that the useful life of an intangible asset is indefinite are reviewed annually.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Other Investments in Equity Securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries are as follows:

Investments in securities are initially stated at fair value. At each balance sheet date, the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 2(i)).

Investments are recognised / derecognised on the date the Group and / or the Company commits to purchase / sell the investments or they expire.

(h) Leased Assets

(i) Classification of assets leased to the Group

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

(i) Impairment of Assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities and current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases. Impairment losses for equity securities are not reversed.

- For financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets).

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Impairment of Assets (cont'd)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- intangible assets;
- investments in subsidiaries;
- other investments in securities; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversal of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 2(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 2(i)).

(k) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case, they are stated at cost.

notes to the financial statements

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(m) Employee Benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Termination benefits

Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(n) Liability for Unpaid Insurance Claims

Liability for unpaid insurance claims are based on claims filed and estimates for claims incurred but not reported.

(o) Income Tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Income Tax (cont'd)

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if, the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(p) Revenue Recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the profit or loss as follows:

(i) Revenue arising from hotel management services, reservation distribution and payroll services is recognised when the relevant services are delivered.

(ii) Revenue arising from insurance and risk management services, where the Group acts as an agent and does not assume underwriting risk, is recognised based on the net amount retained or the amount billed to the customer less the amount paid to suppliers.

(iii) Revenue arising from insurance and risk management services, where the Group assumes underwriting risks, is recognised on a straight-line basis over the term of the insurance policy.

(iv) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and the rate applicable.

(v) Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(q) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date and transactions in foreign currencies during the year are translated at the foreign exchange rates ruling on the transaction dates. Exchange gains and losses are recognised in the profit or loss.

Assets and liabilities of foreign operations are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date while the results are translated into Hong Kong dollars at the average exchange rates for the year. Exchange differences arising thereon are taken directly to reserves.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

notes to the financial statements

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Related Parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals (being members of key management personnel, significant shareholders and / or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(s) Segment Reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise tax balances.

3. CHANGES IN ACCOUNTING STANDARDS

The HKICPA has issued a number of new and revised HKFRSs that are effective for accounting periods beginning on or after 1 January 2005.

The accounting policies of the Group and / or Company after the adoption of these new and revised HKFRSs have been summarised in note 2. The following sets out information on the significant changes in accounting policies for the current and prior accounting periods reflected in these financial statements.

The Group has not applied any new standards or interpretation that is not yet effective for the current accounting period (see note 29).

(a) Changes in presentation (HKAS 1, Presentation of financial statements)

Minority interests (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the profit and loss account as a deduction before arriving at the profit attributable to shareholders (the equity shareholders of the Company).

notes to the financial statements

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3. CHANGES IN ACCOUNTING STANDARDS (cont'd)

(a) Changes in presentation (HKAS 1, Presentation of financial statements) (cont'd)

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, the Group has changed its accounting policy relating to presentation of minority interests. Under the new policy, minority interests are presented as part of equity, separately from interests attributable to the equity shareholders of the Company. Further details of the new policy are set out in note 2(c). These changes in presentation have been applied retrospectively with comparatives restated.

(b) Definition of related parties (HKAS 24, Related party disclosures)

As a result of the adoption of HKAS 24, *Related party disclosures,* the definition of related parties as disclosed in note 2(r) has been expanded to clarify that related parties include entities that are under the significant influence of a related party that is an individual (i.e. key management personnel, significant shareholders and/or their close family members) and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group. The clarification of the definition of related parties has not resulted in any material changes to the previously reported disclosures of related party transactions nor has it had any material effect on the disclosures made in the current period, as compared to those that would have been reported had SSAP 20, Related party disclosures, still been in effect.

4. TURNOVER

Turnover of the Group comprises revenue from hospitality-related operations, dividend income and interest income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2005 **HK$'000**	**2004** **HK$'000**
Hospitality related services	**63,653**	62,210
Investment holding	**20,865**	9,937
	84,518	72,147

Included in turnover above is:

	2005 **HK$'000**	**2004** **HK$'000**
Dividend income from listed securities	**1,853**	589
Dividend income from unlisted securities	**3,600**	3,330
Interest income from financial institutions	**15,412**	6,018

5. OTHER NET (EXPENSES) / INCOME

	2005 **HK$'000**	**2004** **HK$'000**
Exchange (loss)/gain (net)	**(8,738)**	4,804
Profit/(loss) on sale of property, plant & equipment (net)	**458**	(9)
Net unrealised (loss)/gain on stating trading securities at fair value	**(3,527)**	20,250
Others	**–**	874
	(11,807)	25,919

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6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	The Group	
	2005 HK$'000	2004 HK$'000
(a) Staff costs		
Contributions to defined contribution plan	**445**	772
Salaries, wages and other benefits	**29,502**	31,846
	29,947	32,618

(b) Other items

	The Group	
	2005 HK$'000	2004 HK$'000
Amortisation of intangible assets	**65**	70
Auditors' remuneration		
- audit services:		
- current year	**707**	670
- overprovision in respect of prior year	**–**	(5)
- tax services	**48**	47
- other services	**399**	382
Depreciation of property, plant and equipment	**1,355**	1,630
Impairment losses on trade receivables	**287**	1,601
Operating lease charges: minimum lease payments		
- property rentals	**985**	936

7. TAXATION

(a) Taxation in the consolidated profit and loss account represents:

	The Group	
	2005 HK$'000	2004 HK$'000
Current tax		
Hong Kong Profits Tax		
- overprovision in respect of prior years	**–**	(15)
	–	(15)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2005 HK$'000	2004 HK$'000
Profit before taxation	**7,370**	27,354
Income tax using Hong Kong tax rates	**1,290**	4,787
Tax effect of non-taxable income	**(4,135)**	(6,437)
Tax effect on non-deductible expenses	**3,653**	1,275
Effect of tax rates in foreign jurisdictions	**2,058**	1,125
Current year's deferred tax assets not recognised	**838**	1,041
Utilisation of deferred tax assets not recognised in prior years	**(3,704)**	(1,791)
Overprovision in respect of prior years	**–**	(15)
Actual tax credit	**–**	(15)

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7. TAXATION (cont'd)

(c) Taxation in the balance sheet represents:

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Balance of Hong Kong Profits Tax provision relating to prior years	**1,025**	1,025	**1,025**	1,025

The provision for Hong Kong profits tax is calculated at 17.5% (2004: 17.5%) of the estimated assessable profits for the year ended 31 December 2005. Taxation for overseas subsidiaries is similarly charged at the appropriate current rates of taxation ruling in the relevant countries.

The Company is exempted from taxation in the Cayman Islands for a period of twenty years from 1989 under the provisions of Section 6 of the Tax Concessions Law (Revised) of the Cayman Islands.

(d) Deferred tax assets not recognised:

The following temporary differences have not been recognised:

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Deductible temporary differences	**10,003**	15,148	**1,038**	848
Tax losses	**70,705**	70,710	**21,425**	17,425
	80,708	85,858	**22,463**	18,273

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group and the Company can utilise the benefits. Tax losses amounting to HK$49,280,000 (2004: HK$53,285,000) expire 20 years from the year the tax losses were incurred. The remaining tax losses of HK$21,425,000 (2004: HK$17,425,000) do not expire under the respective countries' tax legislations.

8. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

Profit after taxation to the extent of HK$12,260,000 (2004: HK$21,599,000) has been dealt with in the Company's financial statements.

9. DIVIDENDS

	2005	**2004**
	HK$'000	**HK$'000**
(a) Dividends payable to equity shareholders of the Company attributable to the year		
Final dividend proposed after the balance sheet date of HK3 cents per share (2004: HK3 cents per share)	**11,494**	11,494

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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9. DIVIDENDS (cont'd)

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2005 HK$'000	2004 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK3 cents per share (2004: HK3 cents per share)	**11,494**	11,494

10. EARNINGS PER SHARE

(a) Basic Earnings Per Share

In the current financial year, the calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$5,392,000 (2004: HK$26,519,000) and 383,125,524 (2004: 383,125,524) ordinary shares in issue during the year.

(b) Diluted Earnings Per Share

Diluted earnings per share is not applicable as there are no dilutive potential ordinary shares during the financial year.

11. SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Investment holding: The activities of investing.
Hospitality related services: The provision of e-business enablement, hospitality solutions, hotel management services, hotel reservation services, insurance sales and risk management services, and payroll services and procurement services.

	Investment Holding		Hospitality Related Services		Consolidated	
	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000
Revenue from external customers	**20,865**	9,937	**63,653**	62,210	**84,518**	72,147
Profit before taxation	**(2,762)**	22,572	**10,132**	4,782	**7,370**	27,354
Income tax					–	15
Profit after taxation					**7,370**	27,369
Depreciation and amortisation for the year	**957**	1,133	**463**	567	**1,420**	1,700
Segment assets	**591,984**	608,223	**50,434**	39,302	**642,418**	647,525
Segment liabilities	**5,913**	7,930	**17,658**	16,293	**23,571**	24,223
Unallocated liabilities					**1,025**	1,025
Total liabilities					**24,596**	25,248
Capital expenditure incurred during the year	**2,734**	18	**1,079**	67	**3,813**	85

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11. SEGMENT REPORTING (cont'd)

Geographical segments

The Group's investing activities are mainly carried out in Hong Kong and Singapore. The hospitality related services are carried out by the subsidiaries based in the United States.

In presenting information on the basis of geographical segments, segment revenue, in relation to investment holding is based on the geographical location of investments and segment revenue in relation to hospitality related services is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Hong Kong		United States		Singapore		Consolidated	
	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000
Revenue from external customers	**15,941**	7,982	**64,114**	58,883	**4,463**	5,282	**84,518**	72,147
Segment assets	**432,622**	450,070	**51,594**	38,725	**158,202**	158,730	**642,418**	647,525
Capital expenditure incurred during the year	**2,734**	–	**1,063**	67	**16**	18	**3,813**	85

12. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Plant, Machinery & Equipment HK$'000	Motor Vehicles HK$'000	Total HK$'000
Cost			
At 1 January 2004	11,932	5,900	17,832
Exchange difference	12	–	12
Additions	85	–	85
Disposals	–	(755)	(755)
At 31 December 2004	12,029	5,145	17,174
At 1 January 2005	12,029	5,145	17,174
Exchange difference	(11)	–	(11)
Additions	1,079	2,734	3,813
Disposals	(488)	(2,793)	(3,281)
At 31 December 2005	12,609	5,086	17,695
Accumulated depreciation			
At 1 January 2004	10,414	2,163	12,577
Exchange difference	9	–	9
Charge for the year	721	909	1,630
Disposals	–	(388)	(388)
At 31 December 2004	11,144	2,684	13,828
At 1 January 2005	11,144	2,684	13,828
Exchange difference	(9)	–	(9)
Charge for the year	588	767	1,355
Disposals	(488)	(1,776)	(2,264)
At 31 December 2005	11,235	1,675	12,910
Net Book Value			
At 31 December 2005	1,374	3,411	4,785
At 31 December 2004	885	2,461	3,346

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12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) The Company

	Plant, Machinery & Equipment HK$'000	Motor Vehicles HK$'000	Total HK$'000
Cost			
At 1 January 2004	2,938	5,900	8,838
Additions	18	–	18
Disposals	–	(755)	(755)
At 31 December 2004	2,956	5,145	8,101
At 1 January 2005	2,956	5,145	8,101
Additions	16	2,734	2,750
Disposals	–	(2,793)	(2,793)
At 31 December 2005	2,972	5,086	8,058
Accumulated depreciation			
At 1 January 2004	2,506	2,163	4,669
Charge for the year	224	909	1,133
Disposals	–	(388)	(388)
At 31 December 2004	2,730	2,684	5,414
At 1 January 2005	2,730	2,684	5,414
Charge for the year	190	767	957
Disposals	–	(1,776)	(1,776)
At 31 December 2005	2,920	1,675	4,595
Net Book Value			
At 31 December 2005	52	3,411	3,463
At 31 December 2004	226	2,461	2,687

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13. INTANGIBLE ASSETS

	The Group Trademarks HK$'000
Cost	
At 1 January 2004	1,026
Exchange difference	4
At 31 December 2004	1,030
At 1 January 2005	1,030
Exchange difference	1
At 31 December 2005	1,031
Amortisation and Impairment Losses	
At 1 January 2004	553
Charge for the year	70
At 31 December 2004	623
At 1 January 2005	623
Charge for the year	65
At 31 December 2005	688
Net Book Value	
At 31 December 2005	343
At 31 December 2004	407

The amortisation charge for the year is included in "administrative expenses" in the consolidated profit and loss account.

14. INTERESTS IN SUBSIDIARIES

	The Company	
	2005 HK$'000	2004 HK$'000
Unlisted shares, at cost	**220,860**	220,860
Less:		
Impairment losses at 1 January and 31 December	**62,119**	80,119
	158,741	140,741

In prior years, in view of losses incurred by a subsidiary, the Company assessed the recoverable amount of the subsidiary. Based on this assessment, the carrying amount of this subsidiary was written down by HK$80,119,000. In 2005, following improvements in the subsidiary's results, the Company reassessed its estimates and HK$18,000,000 of the impairment loss initially recognised was reversed.

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31 december 2005

14. INTERESTS IN SUBSIDIARIES (cont'd)

	Note	The Company 2005 HK$'000	2004 HK$'000
Non-current:			
Loan owing to a subsidiary		**–**	(63)
Current:			
Amounts owing by subsidiaries	18	**411**	533

The amounts owing by/(to) subsidiaries are interest-free, unsecured and are repayable on demand. In 2004, the loan owing to a subsidiary was interest-free, unsecured and had no fixed terms of repayment.

Details of the Group's significant interests in subsidiaries as at 31 December 2005 are as follows:

Company Name/ Principal Activities	Place of Incorporation and Operation	Particulars of Issued and Paid Up Capital	Group's Effective Holding %	Proportion of Equity Interest Held by Company %	Held by Subsidiary %
Principal direct and indirect subsidiaries					
SWAN Holdings Limited (Investment holding)	Bermuda	33,345,333 shares of US$1 each	85	85	–
SWAN USA, Inc. (Holding company)	United States of America	100 common stocks of US$0.01 each	85	–	100
Richfield Hospitality Inc. (Investment holding and provision of hospitality related services)	United States of America	10,000,000 common stocks of US$0.01 each	85	–	100
Sceptre Hospitality Resources Inc. (Provision of reservation system services)	United States of America	100 common stocks of US$0.01 each	85	–	100
SWAN Risk Services Limited (Provision of risk management services)	Bermuda	120,000 ordinary shares of US$1 each	85	–	100

15. AFFILIATED COMPANIES

The amounts owing by/(to) affiliated companies as set out in note 17 and note 19 are unsecured, interest-free and are repayable on demand.

Affiliated companies comprise subsidiaries of the holding company.

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16. OTHER FINANCIAL ASSETS

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Trading securities (at market value)				
Equity securities				
Listed outside Hong Kong				
- fellow subsidiary	**54,739**	59,781	**54,739**	59,781
Other securities				
- unlisted	**63,309**	58,951	**59,771**	57,965
	118,048	118,732	**114,510**	117,746

Included in other financial assets are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	'000	**'000**	**'000**	**'000**
United States Dollar	**USD5,082**	USD4,957	**USD5,082**	USD4,957
Sterling Pound	**GBP4,078**	GBP3,994	**GBP4,078**	GBP3,994

Included in other financial assets is an amount of HK$3,538,000 (2004: HK$986,000) relating to investment securities held in respect of the Group's deferred compensation plan (see note 26).

17. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Trade receivables less impairment losses	**12,402**	16,662	**2,588**	4,437
Other receivables, deposits and prepayments	**2,591**	2,603	**1,835**	1,635
Amounts owing by subsidiaries (Note 14)	**–**	–	**411**	533
Amounts owing by affiliated companies (Note 15)	**3,314**	3,297	**391**	709
Dividend receivable	**3,600**	3,330	**3,600**	3,330
	21,907	25,892	**8,825**	10,644

All of the trade and other receivables are expected to be recovered within one year.

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17. TRADE AND OTHER RECEIVABLES (cont'd)

The aging analysis of trade receivables (net of impairment losses) is as follows:

	The Group		The Company	
	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000
Current	**3,986**	6,702	**–**	2,061
1 to 3 months overdue	**2,976**	4,010	**112**	54
More than 3 months overdue but less than 12 months overdue	**5,440**	5,950	**2,476**	2,322
	12,402	16,662	**2,588**	4,437

The Group's credit policy is set out in note 21.

Included in trade and other receivables are following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group		The Company	
	2005 '000	2004 '000	2005 '000	2004 '000
United States Dollar	**USD163**	USD294	**USD163**	USD294
Sterling Pound	**GBP106**	GBP151	**GBP106**	GBP151

18. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2005 HK$'000	2004 HK$'000	2005 HK$'000	2004 HK$'000
Deposits with banks and other financial institutions	**457,817**	470,509	**307,413**	323,951
Cash at bank and in hand	**39,518**	28,639	**6,693**	5,377
	497,335	499,148	**314,106**	329,328

The weighted average effective interest rates per annum at the balance sheet date are as follows:

The Group

	2005		2004	
	HK$'000	%	HK$'000	%
Cash and cash equivalents denominated in:				
- Hong Kong Dollar	**4,900**	**1.32**	**2,853**	–
- Singapore Dollar	**758**	**0.07**	**2,955**	0.13
- United States Dollar	**420,068**	**3.79**	**418,371**	2.09
- Sterling Pound	**71,609**	**4.38**	**74,969**	4.50
	497,335		**499,148**	

The Company

	2005		2004	
	HK$'000	%	HK$'000	%
Cash and cash equivalents denominated in:				
- Hong Kong Dollar	**4,900**	**1.32**	**2,853**	–
- Singapore Dollar	**758**	**0.07**	**2,955**	0.13
- United States Dollar	**236,839**	**3.93**	**248,551**	2.19
- Sterling Pound	**71,609**	**4.38**	**74,969**	4.50
	314,106		**329,328**	

Interest rates will be repriced within one year.

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18. CASH AND CASH EQUIVALENTS (cont'd)

Included in cash and cash equivalents are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group 2005 '000	The Group 2004 '000	The Company 2005 '000	The Company 2004 '000
United States Dollar	**USD54,145**	USD53,628	**USD30,528**	USD31,778
Sterling Pound	**GBP5,335**	GBP5,009	**GBP5,335**	GBP5,009
Singapore Dollar	**SGD163**	SGD741	**SGD163**	SGD741

19. TRADE AND OTHER PAYABLES

	The Group 2005 HK$'000	The Group 2004 HK$'000	The Company 2005 HK$'000	The Company 2004 HK$'000
Trade payables	**1,574**	3,075	**992**	1,504
Other payables and accrued charges	**21,964**	21,032	**7,491**	9,101
Amounts owing to affiliated companies (Note 15)	**33**	116	**34**	116
	23,571	24,223	**8,517**	10,721

All of the trade and other payables are expected to be settled within one year. All trade payables are due within 1 month or on demand.

Included in trade and other payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

	The Group 2005 '000	The Group 2004 '000	The Company 2005 '000	The Company 2004 '000
United States Dollar	**USD98**	USD133	**USD98**	USD133
Sterling Pound	**GBP9**	GBP11	**GBP9**	GBP11
Singapore Dollar	**SGD24**	SGD65	**SGD24**	SGD65

The percentage of purchases for the year attributable to the Group's five largest suppliers combined was about 99% (2004: 82%) and the largest supplier included therein accounted for approximately 53% (2004: 44%).

20. CAPITAL AND RESERVES

(a) The Group

	Attributable to equity shareholders of the Company					
	Share Capital HK$'000	Exchange Reserve HK$'000	Revenue Reserve HK$'000	(a) Total HK$'000	(b) Minority Interests HK$'000	(a+b) Total Equity HK$'000
At 1 January 2004	383,126	(524)	198,251	580,853	25,212	606,065
Dividends approved in respect of the previous financial year (Note 9(b))	–	–	(11,494)	(11,494)	–	(11,494)
Profit for the year	–	–	26,519	26,519	850	27,369
Exchange differences on translation of financial statements of foreign subsidiaries	–	286	–	286	51	337
At 31 December 2004	383,126	(238)	213,276	596,164	26,113	622,277

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20. CAPITAL AND RESERVES (cont'd)

(a) The Group (cont'd)

	Attributable to equity shareholders of the Company					
				(a)	(b)	(a+b)
	Share Capital HK$'000	**Exchange Reserve HK$'000**	**Revenue Reserve HK$'000**	**Total HK$'000**	**Minority Interests HK$'000**	**Total Equity HK$'000**
At 1 January 2005	383,126	(238)	213,276	596,164	26,113	622,277
Dividends approved in respect of the previous financial year (Note 9(b))	–	–	(11,494)	(11,494)	–	(11,494)
Profit for the year	–	–	5,392	5,392	1,978	7,370
Exchange differences on translation of financial statements of foreign subsidiaries	–	(281)	–	(281)	(50)	(331)
At 31 December 2005	383,126	(519)	207,174	589,781	28,041	617,822

(b) The Company

	Share Capital HK$'000	**Revenue Reserve HK$'000**	**Total HK$'000**
At 1 January 2004	383,126	196,106	579,232
Dividends approved in respect of the previous financial year (Note 9(b))	–	(11,494)	(11,494)
Profit for the year	–	21,599	21,599
At 31 December 2004	383,126	206,211	589,337
At 1 January 2005	383,126	206,211	589,337
Dividends approved in respect of the previous financial year (Note 9(b))	–	(11,494)	(11,494)
Profit for the year	–	12,260	12,260
At 31 December 2005	383,126	206,977	590,103

(c) Share Capital

(i) Authorised and issued share capital

	The Company			
	2005		2004	
	No. of shares	**HK$'000**	**No. of shares**	**HK$'000**
Authorised: Ordinary shares of HK$1 each	**2,720,615,042**	**2,720,615**	2,720,615,042	2,720,615

	The Company			
	2005		2004	
	No. of shares	**HK$'000**	**No. of shares**	**HK$'000**
Issued and fully paid: Ordinary shares of HK$1 each	**383,125,524**	**383,126**	383,125,524	383,126

20. CAPITAL AND RESERVES (cont'd)

(c) Share Capital (cont'd)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Share Option Scheme

In 2005, a new Share Option Scheme (the "2005 Scheme") for eligible persons, including employees (including the executive directors) and non-executive directors of the Company and its associates, was adopted by the Company on 27 April 2005 ("Adoption Date"). Under the 2005 Scheme, the maximum number of shares that may be granted by the Directors shall not exceed 10% of the share capital of the Company in issue at the Adoption Date unless the Company obtains a fresh approval from its Shareholders. The maximum number of Shares which may be issued upon exercise of all outstanding options and yet to be exercised under the 2005 Scheme and any other option scheme(s) of the Company shall not in aggregate exceed 30% of the Shares in issue from time to time. The subscription price of shares under the 2005 Scheme shall not be less than the highest of: (i) the official closing price of the Shares as stated in daily quotations sheet of the Stock Exchange on the Offer Date; (ii) the average of the official closing price of the Shares as stated in daily quotations sheets of the Stock Exchange for the 5 business days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

An Executive Share Option Scheme (the "1997 Scheme") for executives and/or employees (including the executive directors) of the Company and its subsidiaries was adopted by the Company on 11 June 1997. Under the 1997 Scheme, the maximum number of shares that may be granted by the Directors shall not exceed 10% of the share capital of the Company in issue on the date of granting any option. The subscription price of shares under the Scheme will be equivalent to 80% of the average of the last dealt prices of shares on the Hong Kong Stock Exchange on the five trading days immediately preceding the date of grant of the option or the nominal value of the shares, whichever is greater. The 1997 Scheme adopted by the Company on 11 June 1997 was terminated upon the 2005 Scheme becoming effective.

Throughout the financial year, no share option was granted and outstanding.

(d) Exchange Reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(q).

(e) Distributability of Reserves

At 31 December 2005, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$206,977,000 (2004: HK$206,211,000). After the balance sheet date, the directors proposed a final dividend of HK3 cents per ordinary share (2004: HK3 cents per share), amounting HK$11,494,000 (2004: HK$11,494,000). This dividend has not been recognised as a liability at the balance sheet date.

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21. FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These receivables are due within 1 month from the date of billing. Debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

At the balance sheet date, the Group has a certain concentration of credit risk as 5% (2004: 3%) and 9% (2004: 6%) of trade receivables (net of impairment losses) was due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses. The Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements in the short and longer term.

Interest rate risk

The Group is affected by changes in interest rates due to the impact such changes have on interest on fixed deposits. Note 18 contains information about the effective interest rates and the repricing period of the Group's cash and cash equivalents.

Foreign currency risk

The Group incurs foreign currency risk in the countries where the Group has fixed deposits and investments denominated in foreign currencies and foreign operations. The Group is also exposed to foreign currency risk through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are Sterling Pound, United States Dollar and Singapore Dollar.

In respect of other trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level.

Sensitivity analysis

In managing interest rate and foreign currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes in foreign exchange and interest rates would have an impact on consolidated earnings.

At 31 December 2005, it is estimated that a general increase of one percentage point in interest rates would increase the Group's profit before tax by approximately HK$4,962,000 (2004: HK$4,880,000) so far as the effect on interest-bearing financial instruments is concerned.

Estimation of fair values

Securities

The fair values of investments in securities are based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Other financial assets and liabilities

The notional amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values.

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22. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following material related party transactions:

	The Group 2005 HK$'000	The Group 2004 HK$'000
Affiliated companies		
Dividend income	**1,853**	590
Reimbursement of payroll costs	**344**	695
Rental income	**–**	17
Income from provision of hospitality and other related services	**21,734**	21,586
Sale of motor vehicle	**–**	357

Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in note 24 and certain of the highest paid employees as disclosed in note 25, is as follows:

	The Group 2005 HK$'000	The Group 2004 HK$'000
Short-term employee benefits	**4,280**	4,297

Total remuneration is included in "staff costs" (see note 6).

23. COMMITMENTS

At 31 December 2005, the total future minimum lease payments under a non-cancellable operating lease in respect of an office space are payable as follows:

	The Group 2005 HK$'000	The Group 2004 HK$'000
Within 1 year	**921**	479
After 1 year but within 5 years	**3,947**	–
	4,868	479

The above lease expires in November 2011 and the Group has the option to renew the lease for an additional five-year term prior to the end of the lease term. The lease does not include any contingent rental.

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24. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	Directors' fees HK$'000	Salaries, Allowances and Benefits in Kind HK$'000	Discretionary bonuses HK$'000	Retirement Scheme Contributions HK$'000	Total HK$'000
2005					
Executive Directors					
Kwek Leng Beng	750	–	–	–	750
Vincent Yeo Wee Eng	100	1,100	254	29	1,483
Kwek Leng Joo	200	–	–	–	200
Kwek Leng Peck	200	–	–	–	200
Gan Khai Choon	200	–	–	–	200
Lawrence Yip Wai Lam	100	–	–	–	100
Non-Executive Directors					
Wong Hong Ren	200	371	–	–	571
Hon. Chan Bernard Charnwut	194	–	–	–	194
Independent Non-Executive Directors					
Dr. Lo Ka Shui	100	–	–	–	100
Lee Jackson @ Li Chik Sin	288	–	–	–	288
Teoh Teik Kee	194	–	–	–	194
	2,526	1,471	254	29	4,280
2004					
Executive Directors					
Kwek Leng Beng	750	–	–	–	750
Vincent Yeo Wee Eng	100	1,123	265	30	1,518
Kwek Leng Joo	200	–	–	–	200
Kwek Leng Peck	200	–	–	–	200
Gan Khai Choon	200	–	–	–	200
Lawrence Yip Wai Lam	100	120	–	–	220
Non-Executive Directors					
Wong Hong Ren	200	378	–	–	578
Hon. Chan Bernard Charnwut	194	–	–	–	194
Independent Non-Executive Directors					
Dr. Lo Ka Shui	100	–	–	–	100
Lee Jackson @ Li Chik Sin	288	–	–	–	288
Teoh Teik Kee	49	–	–	–	49
	2,381	1,621	265	30	4,297

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25. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2004: three) are directors whose emoluments are disclosed in note 24. The aggregate of the emoluments in respect of the other two (2004: two) individuals are as follows:

	2005 HK$'000	2004 HK$'000
Salaries and other emoluments	**1,375**	1,219
Discretionary bonuses	**116**	141
Retirement scheme contributions	**55**	63
	1,546	1,423

The emoluments of the two (2004: two) individuals with the highest emoluments are within the following band:

	2005	2004
HK$Nil - HK$1,000,000	**2**	2

26. EMPLOYEE RETIREMENT BENEFITS

In United States, the Group operates a defined contribution plan. Under this plan, employees may elect to contribute a percentage of their regular compensation to the plan and to direct the distribution of these amounts among the plan's investment options. The Group matches 50% of each employee's contributions up to a maximum of 6% of the employee's annual base compensation.

In addition, the Group has a deferred compensation plan (the "Plan"). Under this Plan, participants may defer annual amounts which are computed as a percentage of the participant's base compensation. These amounts plus earnings, as defined under the Plan, will be paid to the participant, generally at retirement. The Group matches 50% of each employee's contributions up to a maximum of 6% of the employee's base compensation. At the balance sheet date, approximately HK$3,538,000 (2004: HK$986,000) has been included in other financial assets (see note 16).

27. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The immediate holding company at 31 December 2005 is City Developments Limited. The Directors consider the ultimate holding company at 31 December 2005 to be Hong Leong Investment Holdings Pte. Ltd.. Both companies are incorporated in the Republic of Singapore. The immediate holding company produces financial statements available for public use.

28. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of the change in accounting policies. Further details are disclosed in note 3.

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29. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDED 31 DECEMBER 2005

Up to the date of issue of these financial statements, the HKICPA has issued the following amendments, new standards and interpretations which are not yet effective for the accounting period ended 31 December 2005 and which have not been adopted in these financial statements:

	Effective for accounting periods beginning on or after
HKFRS 6, Exploration for evaluation of mineral resources	1 January 2006
HK(IFRIC) 4, Determining whether an arrangement contains a lease	1 January 2006
HK(IFRIC) 5, Rights to interests arising from Decommissioning, restoration and environmental rehabilitation funds	1 January 2006
HK(IFRIC) 6, Liabilities arising from participating in a specific market – Waste electrical and electronic equipment	1 December 2005
HK(IFRIC) 7, Applying the restatement approach under IAS 29, Financial reporting in hyperinflationary economies	1 March 2006
Amendments to HKAS 19, Employee benefits – Actuarial Gains and losses, group plans and disclosures	1 January 2006
Amendments to HKAS 21, The effect of changes in foreign exchange rates – Net investments in a foreign operation	1 January 2006
Amendments to HKAS 39, Financial instruments: Recognition and measurement:	
- Cash flow hedge accounting of forecast intragroup transactions	1 January 2006
- The fair value option	1 January 2006
- Financial guarantee contracts	1 January 2006
Amendments, as a consequence of the Hong Kong Companies (Amendment) Ordinance 2005, to:	
- HKAS 1, Presentation of financial statements	1 January 2006
- HKAS 27, Consolidated and separate financial statements	1 January 2006
- HKFRS 3, Business combinations	1 January 2006
HKFRS 7, Financial instruments: disclosures	1 January 2007
Amendments to HKAS 1, Presentation of financial statements: capital disclosures	1 January 2007

In addition, the Hong Kong Companies (Amendment) Ordinance 2005 came into effect on 1 December 2005 and would be first applicable to the Group's financial statements for the period beginning 1 January 2006.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of HKFRS 6, HK(IFRIC) 4, HK(IFRIC) 5, HK(IFRIC) 6, HK(IFRIC) 7, HKAS 19 and the amendments to HKAS 1, HKAS 27 and HKFRS 3 made as a result of the Hong Kong Companies (Amendment) Ordinance 2005 are not applicable to any of the Group's operations and that the adoption of the rest of them is unlikely to have a significant impact on the Group's results of operations and financial position.

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