Notes to the Financial Statements
31 December 2006

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 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 13 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 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 certain new and revised HKFRSs that are effective or available for early adoption for the current accounting period of the Group and the Company. The accounting policies of the Group after the adoption of these new developments to the extent that they are relevant to the Group have been summarised below. The adoption of these accounting standards did not have a significant effect on the Group's financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period (see note 27).

(b) Basis of Preparation of the Financial Statements

The consolidated financial statements for the year ended 31 December 2006 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 that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as trading securities (see note 2(e)); and

- derivative financial instruments (see note 2(f)).

Notes to the Financial Statements
31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Basis of Preparation of the Financial Statements (cont'd)

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 and Minority Interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

An investment in a 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.

Minority interests represent 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, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. Minority interests 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(j)).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 treated annually for impairment (see note 2(j)).

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.

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Other Investments in Debt and Equity Securities

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

Investments in debt and equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliably estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below.

Investments in debt and equity securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

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

(f) Derivative Financial Instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss.

(g) Other 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(j)).

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 or loss on the date of retirement or disposal.

Notes to the Financial Statements
31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Other Property, Plant and Equipment (Cont'd)

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.

(h) 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 finite) and impairment losses (see note 2(j)).

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

Both the period and method of amortisation are reviewed annually.

(i) Leased Assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Assets

(i) Impairment of other receivables

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:

- Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases.
- For trade and other current receivables and other 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 where the effect of discounting is material).

  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.

(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).

Notes to the Financial Statements
31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Impairment of Assets (Cont'd)

(ii) Impairment of other assets (cont'd)

- 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.

(iii) Interim financial reporting and impairment

Under the Rules of Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(j)(i) and (ii)).

(k) 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(j)), 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(j)).

(l) Trade and other payables

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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.

(n) Employee Benefits

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

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement 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.

(o) Liability for Unpaid Insurance Claims

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

(p) 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.

Notes to the Financial Statements
31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
(p) Income Tax (Cont'd)

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.

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.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) 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) Hotel management revenue

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

(ii) Insurance and risk management revenue

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.

For risk management services where the Company acts as an agent and does not assume any underwriting risk, revenue is recorded as the net amount earned as fees rather than the gross amount of insurance premiums and related costs.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Dividends

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.

(r) Translation of Foreign Currencies

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

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Hong Kong dollars at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

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
31 December 2006

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Related Parties

For the purpose of these financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;

(iv) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(v) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(t) 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. 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:

	2006 HK$'000	2005 HK$'000
Hospitality related services	**46,952**	63,653
Investment holding	**32,058**	20,865
	79,010	84,518

Included in turnover above is:

	2006 HK$'000	2005 HK$'000
Dividend income from listed securities	**1,095**	1,853
Dividend income from unlisted securities	**7,200**	3,600
Interest income from listed securities	**1,596**	–
Other interest income	**22,167**	15,412

4. OTHER NET INCOME / (EXPENSES)

	2006 HK$'000	2005 HK$'000
Net foreign exchange gain/(loss)	**19,460**	(8,738)
Net loss on forward foreign exchange contracts	**(1,006)**	–
Net profit on sale of property, plant & equipment	**16**	458
Net realised and unrealised gains/(losses) on trading securities	**27,882**	(3,527)
Others	**365**	–
	46,717	(11,807)

Notes to the Financial Statements
31 December 2006

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	The Group	
	2006	2005
	HK$'000	HK$'000
(a) Staff costs		
Contributions to defined contribution retirement plan	**485**	445
Salaries, wages and other benefits	**28,090**	29,502
	28,575	29,947

(b) Other items	The Group	
	2006	2005
	HK$'000	HK$'000
Amortisation of intangible assets	**66**	65
Auditors' remuneration		
- audit services	**822**	707
- tax services	**50**	48
- other services	**296**	399
Depreciation of property, plant and equipment	**1,382**	1,355
Impairment losses on trade receivables	**839**	287
Operating lease charges: minimum lease payments on property rentals	**776**	985

6. INCOME TAX

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

	The Group	
	2006	2005
	HK$'000	HK$'000
Current tax - Overseas		
Provision for the year	**217**	–
Over-provision in respect of prior years	**(39)**	–
	178	–
Deferred tax		
Origination and reversal of temporary differences	**2,276**	–
Recognition of deferred tax assets not recognised in in prior years	**(23,325)**	–
	(21,049)	–
	(20,871)	–

6. INCOME TAX (CONT'D)

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

	2006 HK$'000	2005 HK$'000
Profit before taxation	**74,581**	7,370
Income tax using Hong Kong tax rates	**13,052**	1,290
Tax effect of non-taxable income	**(13,516)**	(4,135)
Tax effect of non-deductible expenses	**1,481**	3,653
Effect of tax rates in foreign jurisdictions	**1,341**	2,058
Current year's deferred tax assets not recognised	**135**	838
Recognition of deferred tax assets not recognised in in prior years	**(23,325)**	–
Utilisation of deferred tax assets not recognised in prior years	**–**	(3,704)
Over-provision in respect of prior years	**(39)**	–
Actual tax credit	**(20,871)**	–

(c) Current taxation in the balance sheet represents:

	The Group		The Company	
	2006 HK$'000	2005 HK$'000	2006 HK$'000	2005 HK$'000
Balance of Hong Kong Profits Tax provision relating to prior years	**1,025**	1,025	**1,025**	1,025
Provisional Overseas Tax paid	**(266)**	–	**–**	–
	759	1,025	**1,025**	1,025

The provision for Hong Kong profits tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year ended 31 December 2006. 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.

7. PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

Profit after taxation to the extent of HK$90,892,000 (2005: HK$12,260,000) has been dealt with in the Company's financial statements.

Notes to the Financial Statements
31 December 2006

8. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2006 HK$'000	2005 HK$'000
Final dividend proposed after the balance sheet date of HK6 cents per share (2005: HK3 cents per share)	**22,988**	11,494

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

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

	2006 HK$'000	2005 HK$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK3 cents per share (2005: HK3 cents per share)	**11,494**	11,494

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK$90,152,000 (2005: HK$5,392,000) and 383,125,524 (2005: 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.

10. 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.

10. SEGMENT REPORTING (CONT'D)

	Investment Holding		Hospitality Related Services		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Revenue from external customers	**32,058**	20,865	**46,952**	63,653	**79,010**	84,518
Profit/(loss) from operations	**66,944**	(2,762)	**7,637**	10,132	**74,581**	7,370
Income tax					**20,871**	–
Profit after taxation					**95,452**	7,370
Depreciation and amortisation for the year	**950**	957	**498**	463	**1,448**	1,420
Segment assets	**634,164**	591,984	**67,374**	50,434	**701,538**	642,418
Unallocated assets					**21,083**	-
Total assets					**722,621**	642,418
Segment liabilities	**6,051**	5,913	**13,461**	17,658	**19,512**	23,571
Unallocated liabilities					**759**	1,025
Total liabilities					**20,271**	24,596
Capital expenditure incurred during the year	**3,748**	2,734	**259**	1,079	**4,007**	3,813

Notes to the Financial Statements
31 December 2006

10. 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	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from external customers	**23,491**	15,941	**51,991**	64,114	**3,528**	4,463	**79,010**	84,518
Segment assets	**460,924**	432,622	**214,213**	51,594	**26,401**	158,202	**701,538**	642,418
Capital expenditure incurred during the year	**619**	2,734	**259**	1,063	**3,129**	16	**4,007**	3,813

11. PROPERTY, PLANT AND EQUIPMENT

(a) The Group

	Plant, Machinery & Equipment HK$'000	Motor Vehicles HK$'000	Total HK$'000
Cost			
At 1 January 2005	12,029	5,145	17,174
Exchange adjustments	(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
At 1 January 2006	12,609	5,086	17,695
Exchange adjustments	18	–	18
Additions	291	3,692	3,983
Disposals	(33)	(2,352)	(2,385)
Written-off during the year	(3,202)	–	(3,202)
At 31 December 2006	9,683	6,426	16,109
Accumulated depreciation			
At 1 January 2005	11,144	2,684	13,828
Exchange adjustments	(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
At 1 January 2006	11,235	1,675	12,910
Exchange adjustments	13	–	13
Charge for the year	475	907	1,382
Disposals	(33)	(1,548)	(1,581)
Written-off during the year	(3,202)	–	(3,202)
At 31 December 2006	8,488	1,034	9,522
Net book value			
At 31 December 2006	1,195	5,392	6,587
At 31 December 2005	1,374	3,411	4,785

Notes to the Financial Statements
31 December 2006

11. 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 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
At 1 January 2006	2,972	5,086	8,058
Additions	56	3,692	3,748
Disposals	(33)	(2,352)	(2,385)
At 31 December 2006	2,995	6,426	9,421
Accumulated depreciation			
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
At 1 January 2006	2,920	1,675	4,595
Charge for the year	43	907	950
Disposals	(33)	(1,548)	(1,581)
At 31 December 2006	2,930	1,034	3,964
Net book value			
At 31 December 2006	65	5,392	5,457
At 31 December 2005	52	3,411	3,463

12. INTANGIBLE ASSETS

	The Group Trademarks HK$'000
Cost	
At 1 January 2005	1,030
Exchange adjustments	1
At 31 December 2005	1,031
At 1 January 2006	1,031
Additions	24
Exchange adjustments	2
At 31 December 2006	1,057
Amortisation and Impairment Losses	
At 1 January 2005	623
Charge for the year	65
At 31 December 2005	688
At 1 January 2006	688
Charge for the year	66
Exchange adjustments	1
At 31 December 2006	755
Net book value	
At 31 December 2006	302
At 31 December 2005	343

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

Notes to the Financial Statements
31 December 2006

13. INTERESTS IN SUBSIDIARIES

	The Company	
	2006	**2005**
	HK$'000	**HK$'000**
Unlisted shares, at cost	**220,860**	220,860
Less: Impairment loss	**31,419**	62,119
	189,441	158,741

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$62,119,000. In 2006, following improvements in the subsidiary's operating cash flows and results, the Company reassessed its estimates and HK$30,700,000 of the impairment loss initially recognised was reversed.

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Company Name/ Principal Activities	Place of Incorporation and Operation	Particulars of Issued and Paid Up Capital	Proportion of Ownership Interest: Group's Effective 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	100 common stocks of US$1000.01 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

14. DEFERRED TAX ASSETS

(a) Deferred tax assets recognised:

The Group

The components of deferred tax assets recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred tax arising from:	**Tax losses HK$'000**	**Deductible temporary differences HK$'000**	**Total HK$'000**
At 1 January 2006	–	–	–
Credited to profit or loss	18,152	2,897	21,049
Exchange adjustments	29	5	34
At 31 December 2006	18,181	2,902	21,083

(b) Deferred tax assets not recognised:

The following temporary differences have not been recognised:

	The Group		**The Company**	
	2006 HK$'000	**2005 HK$'000**	**2006 HK$'000**	**2005 HK$'000**
Deductible temporary differences	**1,070**	10,003	**1,070**	1,038
Tax losses	**24,099**	70,705	**24,099**	21,425
	25,169	80,708	**25,169**	22,463

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$Nil (2005: HK$49,280,000) expire 20 years from the year the tax losses were incurred. The remaining tax losses of HK$24,099,000 (2005: HK$21,425,000) do not expire under the respective countries' tax legislations.

Notes to the Financial Statements
31 December 2006

15. TRADING SECURITIES

	The Group		The Company	
	2006	2005	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000
Equity securities (at market value)				
- Listed outside Hong Kong				
- fellow subsidiary	**96,391**	54,739	**96,391**	54,739
Debt securities (at market value)				
- Listed outside Hong Kong	**61,947**	–	**61,947**	–
Other securities (at market value)				
- Unlisted	**23,303**	63,309	**17,784**	59,771
	181,641	118,048	**176,122**	114,510

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

	The Group and the Company	
	2006	2005
	'000	'000
United States Dollar	**USD4,094**	USD5,082
Sterling Pound	**GBP6,331**	GBP4,078
Euro	**EUR2,533**	–
Japanese Yen	**JPY64,813**	–

Included in other financial assets is an amount of HK$5,519,000 (2005: HK$3,538,000) relating to investment securities held in respect of the Group's defined retirement contribution plan (see note 25).

16. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006	2005	2006	2005
	HK$'000	HK$'000	HK$'000	HK$'000
Trade receivables less impairment losses	**11,945**	12,402	**439**	2,588
Other receivables, deposits and prepayments	**5,861**	2,591	**2,639**	1,835
Amounts owing by subsidiaries	**–**	–	**1,529**	411
Amounts owing by affiliated companies	**278**	3,314	**167**	391
Dividend receivable	**7,200**	3,600	**7,200**	3,600
Derivative financial instruments	**475**	–	**475**	–
	25,759	21,907	**12,449**	8,825

All trade and other receivables are expected to be recovered within one year. The amounts owing by subsidiaries and affiliated companies are unsecured, interest-free and repayable on demand.

16. TRADE AND OTHER RECEIVABLES (CONT'D)

Affiliated companies comprise subsidiaries of the holding company.

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

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Current or less than 1 month overdue	**8,858**	3,986	**–**	–
1 to 3 months overdue	**1,084**	2,976	**9**	112
More than 3 months overdue but less than 12 months overdue	**2,003**	5,440	**430**	2,476
	11,945	12,402	**439**	2,588

The Group's credit policy is set out in note 20.

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 and the Company	
	2006	**2005**
	'000	**'000**
United States Dollar	**USD17**	USD163
Sterling Pound	**GBP28**	GBP106
Singapore Dollar	**SGD265**	–

17. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Deposits with banks and other financial institutions	**444,264**	457,817	**286,192**	307,413
Cash at bank and in hand	**42,985**	39,518	**7,822**	6,693
	487,249	497,335	**294,014**	314,106

Notes to the Financial Statements
31 December 2006

17. CASH AND CASH EQUIVALENTS (CONT'D)

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

	The Group and the Company	
	2006	**2005**
	'000	**'000**
United States Dollar	**USD24,817**	USD30,528
Sterling Pound	**GBP5,000**	GBP5,335
Singapore Dollar	**SGD3,765**	SGD163

18. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Trade payables	**1,281**	1,574	**204**	992
Other payables and accrued charges	**18,231**	21,964	**6,753**	7,491
Amounts owing to affiliated companies	**–**	33	**–**	34
	19,512	23,571	**6,957**	8,517

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.

Amounts owing to affiliated companies are unsecured, interest-free and are repayable 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 and the Company	
	2006	**2005**
	'000	**'000**
United States Dollar	**USD1**	USD98
Sterling Pound	**GBP4**	GBP9
Singapore Dollar	**SGD94**	SGD24

19. CAPITAL AND RESERVES

(a) The Group

	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 8(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
At 1 January 2006	383,126	(519)	207,174	589,781	28,041	617,822
Dividends approved in respect of the previous financial year (Note 8(b))	–	–	(11,494)	(11,494)	–	(11,494)
Profit for the year	–	–	90,152	90,152	5,300	95,452
Exchange differences on translation of financial statements of foreign subsidiaries	–	481	–	481	89	570
At 31 December 2006	383,126	(38)	285,832	668,920	33,430	702,350

(b) The Company

	Share Capital HK$'000	Revenue Reserve HK$'000	Total HK$'000
At 1 January 2005	383,126	206,211	589,337
Dividends approved in respect of the previous financial year (Note 8(b))	–	(11,494)	(11,494)
Profit for the year	–	12,260	12,260
At 31 December 2005	383,126	206,977	590,103
At 1 January 2006	383,126	206,977	590,103
Dividends approved in respect of the previous financial year (Note 8(b))	–	(11,494)	(11,494)
Profit for the year	–	90,892	90,892
At 31 December 2006	383,126	286,375	669,501

Notes to the Financial Statements

31 December 2006

19. CAPITAL AND RESERVES (CONT'D)

(c) Share capital

(i) Authorised and issued share capital

	The Company			
	2006		2005	
	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			
	2006		2005	
	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

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

The 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. The Executive Share Option Scheme (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.

19. CAPITAL AND RESERVES (CONT'D)

(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(r).

(e) Distributability of reserves

At 31 December 2006, the aggregate amount of reserves available for distribution to equity shareholders of the Company was HK$286,375,000 (2005: HK$206,977,000). After the balance sheet date, the directors proposed a final dividend of HK6 cents per ordinary share (2005: HK3 cents per share), amounting HK$22,988,000 (2005: HK$11,494,000). This dividend has not been recognised as a liability at the balance sheet date.

20. 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.

Investments are normally only in liquid securities and with counterparties that have a credit rating equal to or better than the group. Transactions involving derivative financial instruments are with counterparties with sound credit ratings and with whom the group has a signed netting agreement. Given their high credit ratings, management does not expect any investment counterparty to fail to meet its obligations.

At the balance sheet date, the Group has a certain concentration of credit risk as 1% (2005: 5%) and 18% (2005: 9%) 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, including derivative financial instruments, 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.

Notes to the Financial Statements
31 December 2006

20. FINANCIAL INSTRUMENTS (CONT'D)
Interest rate risk

The Group is affected by changes in interest rates due to the impact such changes have on interest on fixed deposits.

Effective interest rates and repricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or the maturity dates, if earlier.

2006 The Group	**Effective interest rate %**	**Total HK$'000**	**One year or less HK$'000**	**1-2 years HK$'000**	**2-5 years HK$'000**	**More than 5 years HK$'000**
Repricing dates for assets which reprice before maturity						
Cash and cash equivalents denominated in:						
- Hong Kong Dollar	3.73	5,748	5,748	–	–	–
- Singapore Dollar	3.05	19,065	19,065	–	–	–
- United States Dollar	4.83	386,306	386,306	–	–	–
- Sterling Pound	4.88	76,130	76,130	–	–	–
		487,249	487,249	–	–	–
Debt securities	3.57	61,947	14,183	35,302	12,462	–

2006 The Company	**Effective interest rate %**	**Total HK$'000**	**One year or less HK$'000**	**1-2 years HK$'000**	**2-5 years HK$'000**	**More than 5 years HK$'000**
Repricing dates for assets which reprice before maturity						
Cash and cash equivalents denominated in:						
- Hong Kong Dollar	3.73	5,748	5,748	–	–	–
- Singapore Dollar	3.05	19,065	19,065	–	–	–
- United States Dollar	4.70	193,071	193,071	–	–	–
- Sterling Pound	4.88	76,130	76,130	–	–	–
		294,014	294,014	–	–	–
Debt securities	3.57	61,947	14,183	35,302	12,462	–

20. FINANCIAL INSTRUMENTS (CONT'D)

2005 The Group	Effective interest rate %	Total HK$'000	One year or less HK$'000	1-2 years HK$'000	2-5 years HK$'000	More than 5 years HK$'000
Repricing dates for assets which reprice before maturity						
Cash and cash equivalents denominate in:						
- Hong Kong Dollar	1.32	4,900	4,900	–	–	–
- Singapore Dollar	0.07	758	758	–	–	–
- United States Dollar	3.79	420,068	420,068	–	–	–
- Sterling Pound	4.38	71,609	71,609	–	–	–
		497,335	497,335	–	–	–

2005 The Company	Effective interest rate %	Total HK$'000	One year or less HK$'000	1-2 years HK$'000	2-5 years HK$'000	More than 5 years HK$'000
Repricing dates for assets which reprice before maturity						
Cash and cash equivalents denominate in:						
- Hong Kong Dollar	1.32	4,900	4,900	–	–	–
- Singapore Dollar	0.07	758	758	–	–	–
- United States Dollar	3.93	236,839	236,839	–	–	–
- Sterling Pound	4.38	71,609	71,609	–	–	–
		314,106	314,106	–	–	–

Notes to the Financial Statements
31 December 2006

20. FINANCIAL INSTRUMENTS (CONT'D)

Foreign currency risk

The Group incurs foreign currency risk in the countries where the Group has fixed deposits and trading securities denominated in foreign currencies and foreign operations. The Group is also exposed to foreign currency risk through deposits and withdrawals of fixed deposits, sales and purchases of the trading securities that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to these risks are Sterling Pound, US Dollars, Euros, Japanese Yen and Singapore Dollars.

As at 31 December 2006, the Group has outstanding forward exchange contracts with notional amounts of approximately HK$106,958,000 (2005: Nil).

Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies are recognised in profit and loss (see note 2(f)). The net fair value of forward exchange contracts used by the Group and the Company as economic hedges of monetary assets and liabilities in foreign currencies at 31 December 2006 was HK$475,000 (2005: Nil). These amounts are recognised as derivative financial instruments.

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 2006, 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$4,439,000 (2005: HK$4,962,000) so far as the effect on interest-bearing financial instruments is concerned.

Estimation of fair values

Securities

The fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs. If a quoted market price is not available, the fair value is estimated using valuation technique, which includes recent market transactions, pricing models or discounted cash flow analysis.

Derivatives

The fair value of forward exchange contracts is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

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.

21. 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	
	2006	**2005**
	HK$'000	**HK$'000**
Affiliated companies		
Dividend income	**1,095**	1,853
Reimbursement of payroll costs	**–**	344
Income from provision of hospitality and other related services	**3,821**	21,734

Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 23 and certain of the highest paid employees as disclosed in note 24, is as follows:

	The Group	
	2006	**2005**
	HK$'000	**HK$'000**
Short-term employee benefits	**3,027**	4,280

Total remuneration is included in "staff costs" (see note 5(a).)

22. COMMITMENTS

(a) Capital commitments outstanding at 31 December 2006 not provided for in the financial statements were as follows:

	The Group	
	2006	**2005**
	HK$'000	**HK$'000**
Contracted for	**15,429**	–

Notes to the Financial Statements
31 December 2006

22. COMMITMENTS (CONT'D)

(b) At 31 December 2006, the total future minimum lease payments under a non-cancellable operating lease in respect of an office space are payable as follows:

	The Group	
	2006	**2005**
	HK$'000	**HK$'000**
Within 1 year	**958**	921
After 1 year but within 5 years	**2,992**	3,947
	3,950	4,868

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.

23. 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**	**2006 Total HK$'000**
Executive Directors					
Kwek Leng Beng	750	–	–	–	750
Vincent Yeo Wee Eng	100	1,168	16	27	1,311
Kwek Leng Joo	200	–	–	–	200
Kwek Leng Peck	200	–	–	–	200
Gan Khai Choon	200	–	–	–	200
Lawrence Yip Wai Lam	100	52	–	–	152
Non-Executive Directors					
Wong Hong Ren	200	396	–	–	596
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	1,616	16	27	4,185

23. DIRECTORS' REMUNERATION (CONT'D)

	Directors' fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Discretionary bonuses HK$'000	Retirement scheme contributions HK$'000	2005 Total HK$'000
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

Notes to the Financial Statements

31 December 2006

24. INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2005: three) are directors whose emoluments are disclosed in note 23. The aggregate of the emoluments in respect of the other two (2005: two) individuals are as follows:

	2006 HK$'000	2005 HK$'000
Salaries and other emoluments	**1,269**	1,375
Discretionary bonuses	**57**	116
Retirement scheme contributions	**42**	55
	1,368	1,546

The emoluments of the two (2005: two) individuals with the highest emoluments are within the following band:

	2006 Number of Individuals	2005 Number of Individuals
HK$Nil – HK$1,000,000	**2**	2

25. EMPLOYEE RETIREMENT BENEFITS

In United States, the Group operates a defined retirement contribution plan (the "Plan"). Under the 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.

At the balance sheet date, approximately HK$5,519,000 (2005: HK$3,538,000) has been included in trading securities (see note 15).

26. IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The immediate holding company at 31 December 2006 is City Developments Limited. The Directors consider the ultimate holding company at 31 December 2006 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.

27. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2006

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 year ended 31 December 2006 and which have not been adopted in these financial statements:

	Effective for accounting periods beginning on or after
HKFRS 7, Financial instruments: Disclosures	1 January 2007
Amendments to HKAS 1, Presentation of financial statements: Capital disclosures	1 January 2007
Revised guidance on implementing HKFRS 4, Insurance contracts	1 January 2007
IFRIC 11: IFRS 2 – Group and treasury share transactions	1 March 2007

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 them is unlikely to have a significant impact on the Group's results of operations and financial position.

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