

DIRECTORS' REPORT

The Directors present their annual report and the audited consolidated financial statements of the Company for the year ended 30th June, 2007.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 33 to the consolidated financial statements.

SUBSIDIARIES AND ASSOCIATES

Details of the Company's principal subsidiaries and associates at 30th June, 2007 are set out in notes 33 and 18, respectively, to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 44.

An interim dividend of HK2.4 cents per share amounting to HK\$20,305,711 was paid to shareholders during the year. The Directors now recommend a final dividend of HK2.8 cents per share amounting to HK\$23,790,597 payable to shareholders whose names appear on the Register of Members of the Company on 15th November, 2007.

PROPERTY, PLANT AND EQUIPMENT, AND PREPAID LEASE PAYMENTS

Details of movements during the year in the property, plant and equipment, and prepaid lease payments of the Group are set out in notes 16 and 17, respectively, to the consolidated financial statements.

SHARE CAPITAL

Details of movements during the year in the share capital of the Company are set out in note 25 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The reserves available for distribution to the shareholders by the Company at 30th June, 2007 consisted of share premium, distributable reserve and retained profits totaling HK\$2,239,037,803 (2006: HK\$2,340,255,739).

Under the Companies Law (Revised) Chapter 22 of the Cayman Islands and the provisions of the Company's Articles of Association, the share premium of the Company is available for distribution or paying dividends to the shareholders provided that immediately following the distribution or the payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

TREASURY, GROUP BORROWINGS AND INTEREST CAPITALISED

The Group maintains a conservative approach in its treasury management with foreign exchange exposure being kept at a minimal level and interest rates on floating rate bases. As at 30th June, 2007, the Group's bank loans accounted for 11.5% of the Group's assets. Details of bank loans and other borrowings of the Group are set out in note 24 to the consolidated financial statements. No interest was capitalised by the Group during the year.

DIRECTORS' REPORT *(Continued)*

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

Executive Directors

Mr. Robert Ng Chee Siong
Mr. Thomas Tang Wing Yung
Mr. Daryl Ng Win Kong

Non-executive Directors

The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP
Mr. Gilbert Lui Wing Kwong

Independent Non-executive Directors

Mr. Peter Wong Man Kong, BBS, JP
Mr. Adrian David Li Man-kiu
Mr. Steven Ong Kay Eng

In accordance with the provisions of the Company's Articles of Association, Messrs. Robert Ng Chee Siong and Peter Wong Man Kong, BBS, JP will retire at the forthcoming Annual General Meeting and, who being eligible, will offer themselves for re-election.

DIRECTORS' REPORT (Continued)

DIRECTORS' INTERESTS

As at 30th June, 2007, the interests and short positions held by the Directors in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long Positions in Shares of the Company

Name of Directors	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Robert Ng Chee Siong	907,869	Beneficial owner of 228,834 shares and spouse interest in 679,035 shares	0.10%
The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP	282,167	Beneficial owner	0.03%
Mr. Gilbert Lui Wing Kwong	–	–	–
Mr. Peter Wong Man Kong, BBS, JP	–	–	–
Mr. Adrian David Li Man-kiu	–	–	–
Mr. Steven Ong Kay Eng	–	–	–
Mr. Thomas Tang Wing Yung	–	–	–
Mr. Daryl Ng Win Kong	–	–	–

Save as disclosed above, as at 30th June, 2007, none of the Directors had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company under Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' REPORT *(Continued)*

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Pursuant to paragraph 8.10 of the Listing Rules, the Company discloses that during the year, the following Directors held share interests and/or directorships in companies engaged in businesses which compete or likely to compete, either directly or indirectly, with the businesses of the Group:

Mr. Robert Ng Chee Siong held share interests and directorships in companies of Ng Family (including Mr. Ng Teng Fong, Mr. Robert Ng Chee Siong and their respective associates) which engage in business of hotel operation.

The Honourable Ronald Joseph Arculli, GBS, CVO, OBE, JP, is an Independent Non-executive Director of Hang Lung Properties Limited and Non-executive Director of HKR International Limited, which engage in business of hotel operation.

As the Board of Directors of the Company is independent of the boards of the aforesaid companies and maintains three Independent Non-executive Directors, the Group operates its businesses independently of, and at arm's length from, the businesses of the aforesaid companies.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Details of Directors' interests in contracts of significance are set out in note 32 to the consolidated financial statements.

Other than as disclosed in note 32, no other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SERVICE CONTRACTS

None of the Directors of the Company has a contract of service with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation (except for statutory compensation).

DIRECTORS' REPORT (Continued)

CONNECTED TRANSACTIONS

(A) Existing Continuing Connected Transactions up to 30th June, 2007

The Company announced on 2nd November, 2004 that it had entered into an agreement on 13th October, 2004 ("Agreement") relating to the following non-exempt continuing connected transactions between the Group and Sino Land Company Limited or its subsidiaries ("Sino Land Group") (being an associate of the Ng Family, which includes Mr. Ng Teng Fong, Mr. Robert Ng Chee Siong and their respective associates) for the three financial years commenced from 1st July, 2004 and ended on 30th June, 2007 with an annual cap fixed for each of the years. Particulars of the Agreement together with the total consideration for the year ended 30th June, 2007 are disclosed herein as required under the Listing Rules:

Security Guard Services

Party A:	Sino Security Services Limited, a wholly-owned subsidiary of Sino Land Company Limited
Party B:	The Company
Nature of transactions:	Provision of security guard services by Sino Security Services Limited to properties owned by the Group
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin, which varies on a case-by-case basis depending on factors such as size of the property, nature of the property, location of the property, complexity of the work, image, degree of competition and length of the contract. In general, for indicative purpose, the current profit margin for the services provided ranges from 1% to 10% for particular properties based on the abovementioned factors.
Annual cap:	HK\$1.75 million
Total consideration for the year:	HK\$1.47 million
Basis of the Annual Cap:	In determining the annual cap, the management took into account the existing scales and operations of the businesses and the anticipated growth of such businesses of the Group.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(A) Existing Continuing Connected Transactions up to 30th June, 2007 *(Continued)*

Security Guard Services *(Continued)*

The Sino Land Group is a connected person of the Company by virtue of it being an associate of the Ng Family, a substantial shareholder of the Company. Therefore the above transactions constituted continuing connected transactions of the Company pursuant to the Listing Rules.

The Company is a leading service provider of hotel management and club management services. The Directors of the Company considered that the above continuing connected transactions were consistent with the business and commercial objectives of the Company and provided a good opportunity to further strengthen the Company's position as a service provider of hotel management and club management services in Hong Kong.

The above continuing connected transactions during the year were carried out within the annual cap and have been reviewed by the Directors of the Company (including the Independent Non-executive Directors). The Independent Non-executive Directors have confirmed that during the year, the above continuing connected transactions were conducted and entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms (on arm's length basis or on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties);
- (iii) in accordance with the relevant agreements forming such transactions; and
- (iv) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

CONNECTED TRANSACTIONS *(Continued)*

(B) **Renewal of Continuing Connected Transactions**

Reference is made to the continuing connected transactions mentioned in section (A) above. The original agreement has expired on 30th June, 2007 and the continuing connected transactions were carried out upon the terms set out therein. A new agreement ("New Agreement") has been entered into on 28th June, 2007 to continue such continuing connected transactions for a term of three years from 1st July, 2007 to 30th June, 2010 with annual cap fixed for each of these years. Particulars of the New Agreement are disclosed herein:

Security Guard Services

Party A:	Sino Security Services Limited, a wholly-owned subsidiary of Sino Land Company Limited
Party B:	The Company
Nature of transactions:	Provision of security guard services by Sino Security Services Limited to properties owned or partly-owned by the Group
Terms:	A lump sum fee to be agreed between the parties which shall be determined by reference to cost plus a profit margin, which varies on a case-by-case basis depending on factors such as size of the property, nature of the property, location of the property, complexity of the work, image, degree of competition and length of the contract. In general, for indicative purpose, the current profit margin for the services provided ranges from 1% to 25% for particular properties based on the abovementioned factors.
Annual cap:	HK\$2.5 million
Basis of the Annual Cap:	In determining the annual cap, the management took into account the existing scales and operations of the businesses and the anticipated growth of such businesses and changes of general economic conditions for the next three years, which management deemed reasonable.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(C) Provision of Clubhouse Management Services

On 6th August, 2007, the Company announced that Bright Tower (HK) Limited ("Bright Tower"), a wholly-owned subsidiary of the Company, was awarded a clubhouse management contract ("Clubhouse Management Contract") by tender, pursuant to which Bright Tower agreed to manage the clubhouse of Pacific Palisades for the period from 1st March, 2007 to 28th February, 2009. Particulars of such contract are as follows:

Party A:	Bright Tower, a wholly-owned subsidiary of the Company
Party B:	Sino Estates Management Limited ("SEM"), a wholly-owned subsidiary of Sino Land, as the building manager and agent for the unincorporated body of owners of Pacific Palisades
Nature of transactions:	Provision of management service by Bright Tower to the clubhouse of the Pacific Palisades
Service fee:	HK\$265,000 per month and payable on a monthly basis
Annual cap (and basis thereof):	HK\$3.18 million for the period from 1st July, 2007 to 30th June, 2008 (i.e. HK\$265,000 X 12 months) HK\$2.12 million for the period from 1st July, 2008 to 28th February, 2009 (i.e. HK\$265,000 X 8 months)
Total consideration during the year:	HK\$1.06 million for the period from 1st March, 2007 to 30th June, 2007 (i.e. HK\$265,000 X 4 months)
Basis of Annual Cap:	The monthly service fee payable by SEM to Bright Tower under the Clubhouse Management Contract is based on the tender price submitted by Bright Tower and is arrived at on an arm's length basis after considering the estimated cost and profit margin for providing the clubhouse management services.

DIRECTORS' REPORT *(Continued)*

CONNECTED TRANSACTIONS *(Continued)*

(C) **Provision of Clubhouse Management Services** *(Continued)*

Boatswain Enterprises Limited and Beverhill Limited, being companies controlled by the Ng Family, are two of the owners of Pacific Palisades who together are interested in approximately 60% of the undivided shares of the Pacific Palisades. The Ng Family is a connected person of the Company by virtue of it being a substantial shareholder of the Company. Boatswain Enterprises Limited and Beverhill Limited, being associates of the Ng Family, are also connected persons of the Company. On such basis, the provision of clubhouse management services during the year by the Company to Pacific Palisades under the Clubhouse Management Contract constituted a continuing connected transaction of the Company under Rule 14A.34 of the Listing Rules.

The Company is a leading service provider of hotel management and club management services.

The Board considered that the provision of the clubhouse management services under the Clubhouse Management Contract was consistent with the business and commercial objectives of the Group and it provided a good opportunity to further strengthen the Company's position as a service provider of hotel management and club management services in Hong Kong.

The Directors (including the Independent Non-executive Directors) were of the opinion that the transaction was entered into: (i) in the ordinary and usual course of business of the Group; and (ii) on normal commercial terms and on arm's length basis; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Details of other related party transactions are set out in note 32 to the consolidated financial statements.

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS

As at 30th June, 2007, the interests and short positions of the substantial shareholders and other shareholders in the shares and underlying shares of the Company as recorded in the register kept under Section 336 of Part XV of the SFO were as follows:

Long Positions in Shares of the Company

Name of Substantial Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Mr. Ng Teng Fong	399,101,116 <i>(Note 1)</i>	Beneficial owner of 35,112,512 shares, spouse interest in 974,151 shares and interest of controlled corporations in 363,014,453 shares	46.97%
Tamworth Investment Limited	141,605,562 <i>(Note 2)</i>	Beneficial owner	16.66%
Strathallan Investment Limited	95,359,310 <i>(Note 2)</i>	Beneficial owner	11.22%
Name of Other Shareholders	Number of Ordinary Shares	Capacity and Nature of Interest	% of Issued Share Capital
Solid Capital Holdings Limited	83,087,978 <i>(Note 3)</i>	Security interest in 82,725,739 shares and beneficial owner of 362,239 shares	9.78%
Nippomo Limited	47,176,804 <i>(Note 2)</i>	Beneficial owner	5.55%

DIRECTORS' REPORT *(Continued)*

SUBSTANTIAL SHAREHOLDERS' AND OTHER SHAREHOLDERS' INTERESTS *(Continued)*

Long Positions in Shares of the Company *(Continued)*

Notes:

1. As regards 363,014,453 shares held by controlled corporations:
 - (a) 361,387,913 shares were held through companies which were 100% controlled by Mr. Ng Teng Fong – 35,009,965 shares by Fanlight Investment Limited, 15,134,526 shares by Karaganda Investments Inc., 47,176,804 shares by Nippomo Limited, 1,375,980 shares by Orient Creation Limited, 95,359,310 shares by Strathallan Investment Limited, 4,100,920 shares by Strong Investments Limited, 141,605,562 shares by Tamworth Investment Limited and 21,624,846 shares by Transpire Investment Limited; and
 - (b) 1,626,540 shares were held through wholly-owned subsidiaries of Tsim Sha Tsui Properties Limited, in which Mr. Ng Teng Fong had a 71.75% control.
2. The interests of Nippomo Limited, Strathallan Investment Limited and Tamworth Investment Limited were duplicated in the interests of Mr. Ng Teng Fong.
3. 19,889 shares were held by Meadow Gate Company Limited which is 70% controlled by Solid Capital Holdings Limited.

Save as disclosed above and so far as the Directors of the Company are aware of, as at 30th June, 2007, no other person had an interest or short position in the shares and underlying shares of the Company which were recorded in the register required to be kept under Section 336 of the SFO, or was otherwise a substantial shareholder of the Company.

MAJOR SUPPLIERS AND CUSTOMERS

The aggregate turnover or purchases attributable to the Group's five largest customers or suppliers was less than 30% of the Group's total turnover or purchases for the year under review.

RETIREMENT BENEFIT SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in fund under the control of trustee.

The retirement benefit cost charged to consolidated income statement represents contribution payable to the scheme by the Group at rates specified in the rules of the scheme.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.

DIRECTORS' REPORT *(Continued)*

PRE-EMPTIVE RIGHTS

No provisions for pre-emptive rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders exist in the Cayman Islands, being the jurisdiction in which the Company was incorporated.

CORPORATE GOVERNANCE

The corporate governance report is set out on pages 17 to 23.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has at all times maintained the prescribed public float under the Listing Rules.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
Robert NG Chee Siong
Chairman

Hong Kong, 18th September, 2007

Conrad
Hong Kong





Conrad Hong Kong is part of the prestigious Pacific Place development located in the heart of central business district. The hotel is across from the lush Hong Kong Park, directly connected to Admiralty MTR subway station, and within minutes from Star Ferry and Hong Kong Convention and Exhibition Centre.

Towering from 40th to 61st floor, Conrad Hong Kong features 513 deluxe rooms which include 46 suites and 5 dedicated executive floors complete with an exclusive lounge. All rooms offer unparalleled views of Hong Kong harbour and picturesque Victoria Peak. The hotel has an extensive range of function rooms including one of the city's largest column-free ballrooms.



Royal Pacific
Hotel &
Towers



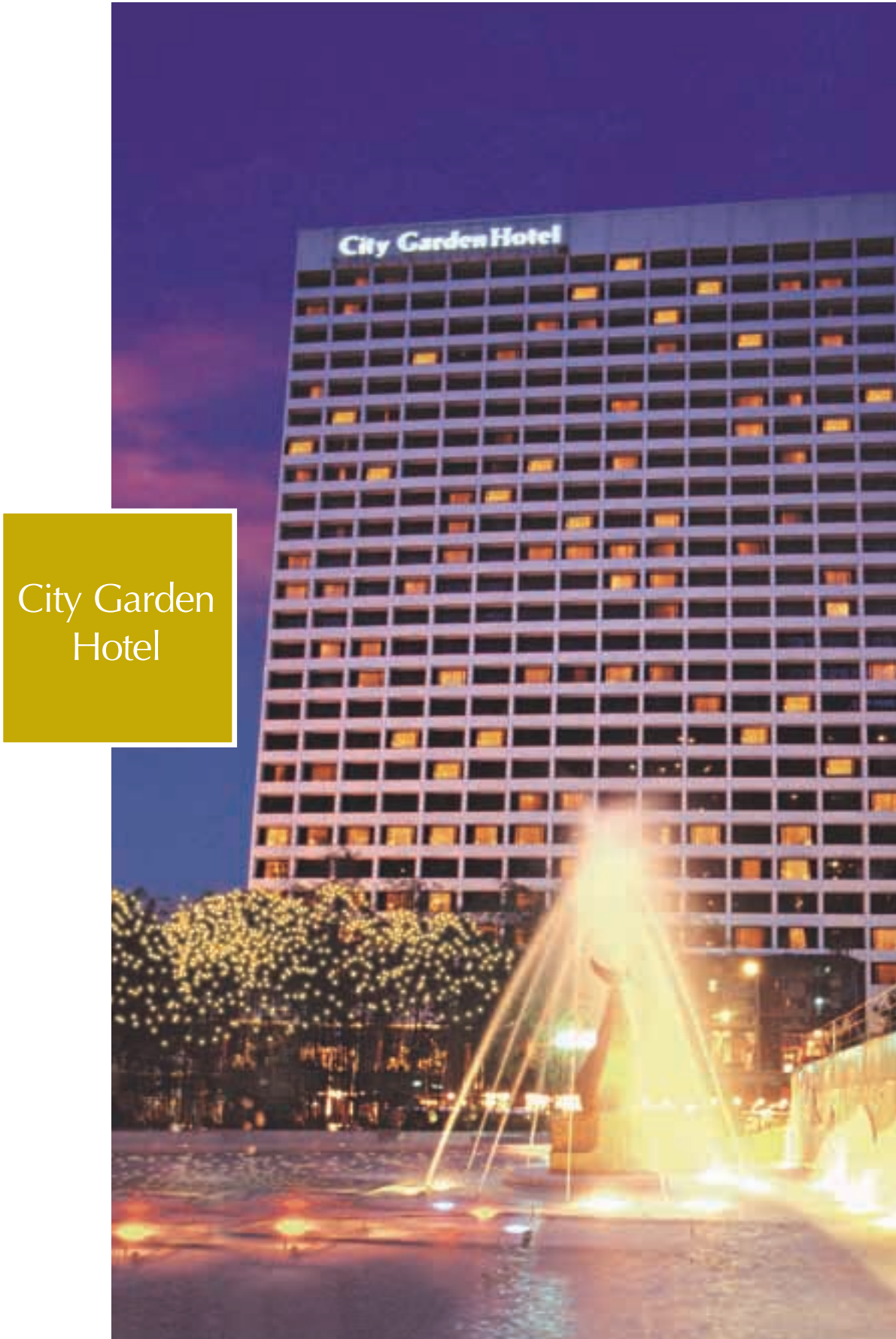


The Royal Pacific Hotel and Towers is located on the top of the China Ferry Terminal in the heart of Tsim Sha Tsui. It is within walking distance of the Mass Transit Railway, the KCR East Rail and the Star Ferry, with Hong Kong International Airport and Hong Kong Disneyland just a 30-minute ride away. All 673 luxuriously furnished guest rooms and suites boast postcard views of either Victoria Harbour or Kowloon Park, and are equipped with a wireless broadband connection and a full range of personal amenities. The Royal Executive Club offers a personalized secretarial service to business travellers in addition to a Business Centre, a Club Lounge and a private meeting room.

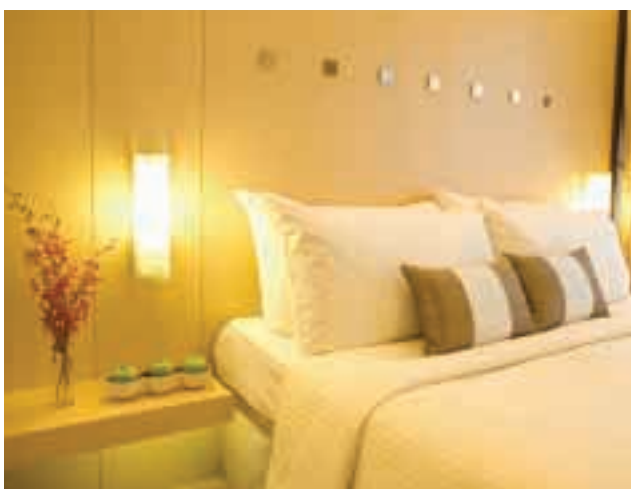
Feast on a magnificent range of mouth-watering cuisine and buffets, the newly renovated Café on the Park, features contemporary interior design with its interactive open kitchen. A blend of food and beverages also available all day at Pierside, Park Deli and Satay Inn.



The Royal Pacific
 Hotel and Towers
 HONG KONG
 皇家太平洋酒店



City Garden
Hotel



Designed to surpass the demands of today's seasoned travellers, the City Garden Hotel presents 613 elegantly furnished rooms, including 15 suites, with accommodating ergonomic work areas and luxurious finishes. 9 executive club floors offer private lounge and dedicated staffs devoted to personal attention. There is a business centre on site to satisfy every business need. And at our distinctive fitness centre, guests can keep up their workout routines, or just unwind and enjoy the heated swimming pool, Jacuzzi, and sauna to relax the body and soothe the soul.

Hotel restaurants and bar offer International, South East Asian cuisines and live band entertainment. Contemporary designed function rooms are suitable for dinner gatherings, cocktail receptions, conferences and seminars.

