

FINANCIAL REVIEW

The Group's turnover was HK\$50.3 million for the first six months of 2003, a decrease of 57% over the corresponding period in 2002. 26% of the Group's turnover was generated by the sale of properties in Macau (2002: 73%). During the period under review, revenue from hotel and club operations amounted to HK\$30.7 million, an increase of 21% as compared to HK\$25.3 million in the corresponding period in 2002. A loss attributable to shareholders of HK\$4.7 million was reported as compared to a profit attributable to shareholders of HK\$21.4 million in 2002 which was primarily due to the decrease in sale of properties.

The Group's net borrowings at 30 June 2003 amounted to approximately HK\$435,666,000, representing total bank loans and other borrowings of HK\$566,256,000 less cash equivalents of HK\$130,590,000. The Group's ratio of net borrowings to total assets was 20%. Of the total amount of bank borrowings of HK\$285,241,000, HK\$136,933,000 are repayable within twelve months and the remaining of HK\$148,308,000 are repayable within two to five years.

The Group's borrowings are mostly in Hong Kong dollars and United States dollars. Cash and cash equivalents are mostly in Hong Kong dollars, Euros, Australian dollars and United States dollars. Most of the Group's bank borrowings are on a floating rate basis. Taking into account cash in hand and available credit facilities, the Directors believe the Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

At 30 June 2003, the secured bank loan facilities granted to the Group were secured by mortgages over the Group's properties, including investment properties, other properties, a hotel property and properties held for sale with an aggregate carrying value of approximately HK\$533 million.

In addition, shares in a subsidiary were pledged to a bank as part of the security given to secure a bank loan and shares in an associate were pledged to a bank by a subsidiary of the Group in return for banking facilities granted to that associate.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

For the six months ended 30 June 2003, all of the 96 serviced apartment units, and 178 out of the total 382 hotel rooms, at the Sheraton Saigon Hotel & Towers and Executive Residences have opened. Additions in hotel properties and related fixed assets amounted to HK\$48 million for the six months ended 30 June 2003.

Apart from the above, the Group had no other significant investments and acquisitions during the six months ended 30 June 2003.