

Other Corporate Information

FINANCIAL REVIEW

The Group's turnover was HK\$403,668,000 for the year ended 31 December 2004, an increase of 19% over the corresponding period in 2003. This increase was due primarily to higher revenue generated by sale of properties in Macau and revenue generated from the operation of the Sheraton Saigon Hotel in Vietnam. Profit from operations amounted HK\$117,097,000 for the year ended 31 December 2004 as compared to a profit of HK\$40,934,000 in 2003. Profit attributable to shareholders amounted to HK\$89,835,000 for the year ended 31 December 2004.

The Group's net borrowings as at 31 December 2004 amounted to approximately HK\$51,062,000, representing total bank loans and other borrowings of HK\$495,856,000 less cash equivalents of HK\$444,794,000. The Group's ratio of net borrowings to total assets was 2%. Of the total amount of bank borrowings of HK\$285,707,000, HK\$115,442,000 are repayable within twelve months and the remaining of HK\$170,265,000 are repayable after twelve months.

The Group's bank 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 Group has sufficient working capital for its present requirements.

PLEDGE OF ASSETS

As at 31 December 2004, the secured bank loan facilities granted to the Group were secured by mortgages over the Group's assets, including hotel properties and related assets and properties under development with an aggregate carrying value of approximately HK\$958.8 million.

CONTINGENT LIABILITIES

At 31 December 2004, there were outstanding counter indemnities relating to guarantees issued by bankers of a subsidiary in favour of the Macau SAR Government in respect of properties under development amounting to HK\$6,311,000 (2003: HK\$6,311,000).

At 31 December 2004, there were guarantees given by a subsidiary to banks on behalf of purchasers of flats amounting to HK\$Nil (2003: HK\$37,379,000).

At 31 December 2004, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries and the associates amounted to HK\$134.5 million and HK\$66.7 million (2003: HK\$182.3 million and HK\$62.0 million) respectively.

At 31 December 2004, guarantees given by a subsidiary and the Company to a bank to secure banking facilities made available to its associate amounted to HK\$32.3 million (2003: HK\$37.5 million).

Other Corporate Information (Continued)

CONTINGENT LIABILITIES (Continued)

To finance the capital expenditure of its subsidiary, an intermediate subsidiary provided a guarantee to a bank to secure a banking facility made available to the Company. At 31 December 2004, the guarantee granted by the subsidiary amounted to HK\$62.1 million (2003: HK\$62.0 million).

Pursuant to the revised agreement with the Macau SAR Government on 29 August 2003, a subsidiary of the Group is required to complete the remaining phases of the development project by 4 September 2005. Failure to complete the remaining phases of the development by the deadline would give rise to the possibility of fines being imposed by the Macau SAR Government in a manner more particularly described in Note 28 on the financial statements. Delays beyond the 180-day period would give rise to the possibility of rescission of the lease by the Macau SAR Government without compensation to the subsidiary. The directors are confident that the remaining phase of its development project will be completed by 4 September 2005.

DETAILS OF DIRECTORS PROFILES

Mr HO Kian Guan, aged 59, is the Executive Chairman of the Company. He was appointed as a director of the Company on 5 December 1979. He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited, all of which are substantial shareholders of the Company. Mr Ho is also the Chairman and director of Keck Seng (Malaysia) Berhad, (a company listed on the Malaysia Securities Exchange Berhad (the "MSE")). He also serves on the board of Shangri-La Asia Limited (a company listed on the Hong Kong Stock Exchange), Petaling Garden Berhad, Pelangi Berhad (both companies listed on the MSE), Parkway Holdings Limited (a company listed on the Singapore Exchange Securities Trading Limited) and Shangri-La Hotel Public Company Limited, Thailand (a company listed on the Stock Exchange of Thailand). He is a brother of Mr Ho Kian Hock and Mr Ho Kian Cheong.

Mr HO Kian Hock, aged 57, is the Deputy Executive Chairman of the Company. He was appointed as a director of the Company on 19 December 1979. He is also a director of Ocean Inc, Pad Inc, Lapford Limited, Goodland Limited and Kansas Holdings Limited, all of which are substantial shareholders of the Company. Mr Ho is also the Managing Director of Keck Seng (Malaysia) Berhad and a director of Petaling Garden Berhad and Pelangi Berhad (all three companies listed on the MSE). He also serves on the board of Shangri-La Asia Limited (a company listed on the Hong Kong Stock Exchange) as alternate director. He is a brother of Mr Ho Kian Guan and Mr Ho Kian Cheong.

Mr TSE See Fan, Paul, aged 50, is an executive director of the Company. He was appointed as a director of the Company on 5 December 1979. He is also a director of Lapford Limited, Goodland Limited and Kansas Holdings Limited which are substantial shareholders of the Company.

Other Corporate Information (Continued)

DETAILS OF DIRECTORS PROFILES (Continued)

Mr HO Kian Cheong, aged 55, is a non-executive director of the Company. He was appointed as a director of the Company on 5 December 1979. He is also a director of Keck Seng (Malaysia) Berhad (a company listed on the MSE). He is a brother of Mr Ho Kian Guan and Mr Ho Kian Hock.

Dr CHAN Yau Hing, Robin, GBS, LLD, JP, aged 72, is an independent non-executive director of the Company. He was appointed as a director of the Company on 8 September 1988. He is also the Chairman and Managing Director of Asia Financial Holdings Limited and a director of K. Wah International Holdings Limited and Liu Chong Hing Bank Limited (companies listed on the Hong Kong Stock Exchange), the Chairman of Asia Commercial Bank Ltd and Asia Insurance Company, Limited. He is also a director and adviser of numerous other companies with over 40 years experience in banking business. Dr Chan was awarded the Knight Commander (Second Class) of the Most Noble Order of the Crown of Thailand by His Majesty, the King of Thailand and the Gold Bauhinia Star of the Hong Kong Special Administrative Region Government of the People's Republic of China. He is also a Deputy to the Chinese National People's Congress and the Ex-officio Life Honorary Chairman of the Chinese General Chamber of Commerce, Hong Kong.

Mr KWOK Chi Shun, Arthur, aged 59, is an independent non-executive director of the Company. He was appointed as a director of the Company on 3 January 1995. He is a professional architect with extensive architectural, town planning and interior design experience and has wide business interests in property development, merchandise retailing and wholesale. He is also the Commandant of the Hong Kong Auxiliary Police Force.

Ms WANG Poey Foon, Angela, aged 47, was appointed as an independent non-executive director of the Company on 28 September 2004. Ms Wang holds an LLB (Hons) degree from the National University of Singapore, and is an Advocate and Solicitor (Singapore), Solicitor (Hong Kong and United Kingdom). She has practised with major law firms in Singapore, Australia and Hong Kong and is currently the senior partner of a firm of solicitors in Hong Kong. She is also a non-executive director of Vision Century Corporation Limited (a company listed on the Hong Kong Stock Exchange).