NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

1. Significant accounting policies

Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 28 September 2005.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2004 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2005 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2004 annual financial statements. The condensed consolidated interim financial report and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Statement of Auditing Standards 700, Engagements to review interim financial reports, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 30.

The financial information relating to the financial year ended 31 December 2004 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2004 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 21 April 2005.

2. Changes in accounting policies

The HKICPA has issued a number of new and revised HKFRSs, which term collectively includes HKASs, Hong Kong (Standing Interpretations Committee) ("HK(SIC)") Interpretations and other Interpretations that are effective or available for early adoption for accounting periods beginning on or after 1 January 2005. The Board of Directors has determined the accounting policies to be adopted in the preparation of the Group's annual financial statements for the year ending 31 December 2005, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2005 may be affected by the issue of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of the interim financial report. Therefore, the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of the interim financial report.

2. Changes in accounting policies *(continued)*

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1 January 2005 which have been reflected in this interim financial report.

(a) Summary of the effect of changes in the accounting policies

(i) Effect on opening balance of total equity at 1 January 2005 (as adjusted)

The following table sets out the adjustments that have been made to the opening balances at 1 January 2005. These represent the aggregate effect of retrospective adjustments to the net assets as at 31 December 2004.

	Note	**Revenue reserves** *HK$'000*	**Capital and other reserves** *HK$'000*	**Total** *HK$'000*	**Minority interests** *HK$'000*	**Total equity** *HK$'000*
Effect of new policy (increase/(decrease))						
Prior period adjustments:						
HKAS 17						
Leasehold land and buildings held for own use	*2(c)*	(8,474)	–	(8,474)	(4,772)	(13,246)
HKAS 40						
Investment properties	*2(b)(i)*	19,576	(19,576)	–	–	–
HK(SIC) Interpretation 21						
Deferred taxation	*2(b)(ii)*	(2,349)	–	(2,349)	(566)	(2,915)
		17,227	(19,576)	(2,349)	(566)	(2,915)
Total effect at 1 January 2005		8,753	(19,576)	(10,823)	(5,338)	(16,161)

2. Changes in accounting policies *(continued)*

(a) Summary of the effect of changes in the accounting policies (continued)

(ii) Effect on opening balance of total equity at 1 January 2004 (as adjusted)

The following table sets out only those adjustments that have been made to the opening balances at 1 January 2004.

	Note	Revenue reserves HK$'000	Capital and other reserves HK$'000	Total HK$'000	Minority interests HK$'000	Total equity HK$'000
Effect of new policy (increase/(decrease))						
HKAS 17						
Leasehold land and buildings held for own use	*2(c)*	(8,474)	–	(8,474)	(4,772)	(13,246)
HKAS 40						
Investment properties	*2(b)(i)*	10,927	(10,927)	–	–	–
HK(SIC) Interpretation 21						
Deferred taxation	*2(b)(ii)*	(1,311)	–	(1,311)	(284)	(1,595)
		9,616	(10,927)	(1,311)	(284)	(1,595)
Total effect at 1 January 2004		1,142	(10,927)	(9,785)	(5,056)	(14,841)

2. Changes in accounting policies *(continued)*

(a) Summary of the effect of changes in the accounting policies (continued)

(iii) Effect on profit after taxation for the six months ended 30 June 2005 (estimated) and 30 June 2004 (as adjusted)

In respect of the six month period ended 30 June 2005, the following table provides estimates of the extent to which the profits for that period are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

In respect of the six month period ended 30 June 2004, the table discloses the adjustments that have been made to the profits as previously reported for that period, in accordance with the transitional provisions of the respective HKFRSs.

		Six months ended 30 June 2005			Six months ended 30 June 2004		
		Equity holders of the Company	**Minority interests**	**Total**	Equity holders of the Company	Minority interests	Total
	Note	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Effect of new policy (increase/(decrease))							
HKAS 40							
Investment properties	*2(b)(i)*	**10,473**	**3,527**	**14,000**	–	–	–
HK(SIC) Interpretation 21							
Deferred taxation	*2(b)(ii)*	**(1,257)**	**(423)**	**(1,680)**	–	–	–
Total effect for the period		**9,216**	**3,104**	**12,320**	–	–	–
Effect on earnings per share:							
– basic		**HK2.7 cents**			–		

2. Changes in accounting policies *(continued)*

(a) Summary of the effect of changes in the accounting policies (continued)

(iv) Effect on net income recognised directly in equity for the six months ended 30 June 2005 (estimated) and 30 June 2004 (as adjusted)

In respect of the six month period ended 30 June 2005, the following table provides estimates of the extent to which the income or expenses recognised directly in equity are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

In respect of the six month period ended 30 June 2004, the table discloses the adjustments that have been made to the net income or expenses as previously reported for that period, in accordance with the transitional provisions of the respective HKFRSs.

		Six months ended 30 June 2005			Six months ended 30 June 2004		
		Equity holders of the Company	**Minority interests**	**Total**	Equity holders of the Company	Minority interests	Total
	Note	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Effect of new policy (increase/(decrease))							
HKAS 40							
Investment properties							
– effect on investment property revaluation reserve	*2(b)(i)*	**(10,473)**	**(3,527)**	**(14,000)**	–	–	–
Total effect for the period		**(10,473)**	**(3,527)**	**(14,000)**	–	–	–

2. Changes in accounting policies *(continued)*

(b) Investment properties (HKAS 40, Investment property, and HK(SIC) Interpretation 21, Income taxes – Recovery of revalued non-depreciable assets)

Changes in accounting policies relating to investment properties are as follows:

(i) Timing of recognition of movements in fair value in the income statement

In prior years, movements in the fair value of the Group's investment properties were recognised directly in the investment property revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognised in the income statement had reversed, or when an individual investment property was disposed of. In these limited circumstances movements in the fair value were recognised in the income statement.

Upon adoption of HKAS 40 as from 1 January 2005:

– all changes in the fair value of investment properties are recognised directly in the income statement in accordance with the fair value model in HKAS 40; and

– land held for an undetermined future purpose is recognised as "investment property" if the property is freehold or, if the property is leasehold, the Group has chosen to recognise such land as investment property rather than as land held under an operating lease. As such, movements in the fair value of land held for an undetermined future purpose are also now recognised directly in the income statement as they arise in accordance with the fair value model.

These changes in accounting policy have been adopted retrospectively by increasing the opening balance of revenue reserves as of 1 January 2005 by HK$19,576,000 (1 January 2004: HK$10,927,000) to include all of the Group's previous investment property revaluation reserve.

As a result of this new policy, the Group's profit before taxation for the six months ended 30 June 2005 has increased by HK$14,000,000 before considering the minority interests' effect of HK$3,527,000 (six months ended 30 June 2004: HK$Nil), being the net increase in the fair value of the Group's investment properties.

2. Changes in accounting policies *(continued)*

(b) Investment properties (HKAS 40, Investment property, and HK(SIC) Interpretation 21, Income taxes – Recovery of revalued non-depreciable assets) (continued)

(ii) Measurement of deferred tax on movements in fair value

In prior years, the Group was required to apply the tax rate that would be applicable to the sale of investment properties to determine whether any amounts of deferred tax should be recognised on the revaluation of investment properties. As there would have been no tax payable on the disposal of the Group's investment properties, no deferred tax was provided in prior years.

As from 1 January 2005, in accordance with HK(SIC) Interpretation 21, the Group recognises deferred tax on movements in the value of an investment property using tax rates that are applicable to the property's use, if the Group has no intention to sell it and the property would have been depreciable had the Group not adopted the fair value model.

The change in accounting policy has been adopted retrospectively by reducing the opening balance of revenue reserves as of 1 January 2005 by HK$2,915,000 before considering the effect of minority interests of HK$566,000 (1 January 2004: HK$1,595,000 before considering the effect of minority interests of HK$284,000) and increasing deferred tax liabilities by the same amount.

As a result of this new policy, the Group's taxation expense for the six months ended 30 June 2005 has increased by HK$1,680,000 (six months ended 30 June 2004: HK$Nil).

(c) Leasehold land and buildings held for own use (HKAS 17, Leases)

In prior years, leasehold land and buildings held for own use were stated at cost less accumulated depreciation and impairment losses. Depreciation on hotel properties is provided on a straight line basis over the shorter of the joint venture period and 25 years on the cost of the hotel properties. Depreciation on land and buildings and other properties is provided on a straight line basis over the unexpired period of the lease.

With the adoption of HKAS 17 as from 1 January 2005, the leasehold interest in the land held for own use is accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land can be separately identified from the fair value of the leasehold interest in the land at the time the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

2. Changes in accounting policies *(continued)*

(c) Leasehold land and buildings held for own use (HKAS 17, Leases) (Continued)

Any pre-paid land premiums for acquiring the land leases, or other lease payments, are amortised on a straight line basis over the lease term. If the property is in the course of development or re-development, or the property is otherwise being used in the production of inventory, the amortisation charge is included as part of the costs of the property under development or other inventory. In all other cases the amortisation charge for the period is recognised in the income statement immediately.

Any buildings held for own use which are situated on such land leases continue to be presented as part of property, plant and equipment. The buildings are stated at cost less accumulated depreciation, to be consistent with the new policy required to be adopted for the land element.

The adoption of HKAS 17 "Leases" has resulted in a change in the accounting policy relating to the classification of leasehold land relating to hotel properties and other properties and the depreciation thereof.

The change in accounting policy has been adopted retrospectively which has had the effect of reducing the opening balance of revenue reserves as of 1 January 2005 and 2004 by HK$8,474,000, after considering the minority interests' effect of HK$4,772,000. In prior years, the Group did not commence amortisation of the costs of land use rights until the buildings constructed thereon were completed and had started to generate revenue for the Group. The retrospective adjustment represents the amortisation of such land use rights from the date of acquisition as required by HKAS 17.

This change in accounting policy does not have any material effect on the financial statements for the periods ended 30 June 2005 and 2004.

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

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

With effect from 1 January 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to the equity holders of the Company, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the equity holders of the Company.

The presentation of minority interests in the consolidated balance sheet, income statement and statement of changes in equity for the comparative period has been restated accordingly.

3. Segmental information

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

Information relating to geographical segments based on the location of assets is chosen as the primary reporting format because this is considered by management to be more relevant to the Group in making operating and financial decisions. The Group's business operations are mainly divided into Macau, the People's Republic of China ("PRC"), Vietnam, Canada and other markets classified by the location of assets.

Segment revenue and expenses include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue and expenses are determined before intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group transactions are between group enterprises within a single segment.

The analysis of the geographical locations of the Group's operations during the financial period is as follows:

	Six months ended 30 June 2005 *(HK$'000)*					
	Macau	PRC	Vietnam	Canada	Others	Total
Turnover	163,813	19,131	106,770	474	6,025	296,213
Other revenue						
– allocated	4,745	181	38	–	–	4,964
– unallocated	–	–	–	–	1,216	1,216
Total revenue	168,558	19,312	106,808	474	7,241	302,393
Segment result	119,358	(3,151)	18,410	(184)	(4,343)	130,090
Finance costs	(37)	(734)	–	–	(4,164)	(4,935)
Share of profits less losses of associates	–	3,649	6,749	5,296	(1)	15,693
Profit before taxation						140,848
Income tax						(19,683)
Profit after taxation						121,165
Profit attributable to equity holders of the Company						91,205
Minority interests						29,960
Depreciation and amortisation	2,029	6,720	39,592	–	88	48,429

3. **Segmental information** *(continued)*

	Six months ended 30 June 2004 (restated) *(HK$'000)*					
	Macau	PRC	Vietnam	Canada	Others	Total
Turnover	92,767	17,833	72,097	406	312	183,415
Other revenue						
– allocated	2,209	186	118	–	–	2,513
– unallocated	–	–	–	–	542	542
Total revenue	94,976	18,019	72,215	406	854	186,470
Segment result	47,411	(3,590)	(7,063)	(67)	(605)	36,086
Finance costs	(83)	(813)	–	–	(2,694)	(3,590)
Share of profits less losses of associates	(1)	2,753	3,750	2,223	–	8,725
Profit before taxation						41,221
Income tax credit						4,126
Profit after taxation						45,347
Profit attributable to equity holders of the Company						32,287
Minority interests						13,060
Depreciation and amortisation	2,041	6,094	38,521	–	88	46,744

An analysis of the Group's turnover for the six months ended 30 June 2005 by business segments is as follows:

	Six months ended 30 June	
	2005	2004
	HK$'000	*HK$'000*
Proceeds from sale of properties	**161,357**	84,979
Hotel and club operations	**127,677**	92,089
Rental income	**4,560**	3,914
Management fee received	**2,619**	2,433
	296,213	183,415

4. Other net loss

Other net loss represents net exchange losses.

5. Profit from ordinary activities before taxation

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

	Six months ended 30 June	
	2005	2004
		(restated)
	HK$'000	*HK$'000*
(a) Finance costs:		
Interest on bank overdraft and other advances wholly repayable within five years	**2,527**	2,630
Interest on other loans	**2,375**	905
Interest paid on amounts due to an affiliated company	**33**	55
	4,935	3,590

	Six months ended 30 June	
	2005	2004
		(restated)
	HK$'000	*HK$'000*
(b) Other items:		
Amortisation of land lease premium	**3,004**	2,854
Less: amortisation capitalised into properties under development	**(89)**	(89)
	2,915	2,765
Staff costs (including retirement costs of HK$300,000 (2004: HK$361,000))	**12,587**	11,498
Cost of properties sold	**31,044**	27,171
Cost of inventories	**12,555**	10,198
Depreciation	**45,514**	43,979
Dividend income from listed investments	**(21)**	(16)
Interest income	**(4,964)**	(2,029)
Provisions for construction costs released to cost of sales *(Note)*	**–**	(16,866)

Note: The financial statements include provisions for construction costs for work performed, which are estimated based on information available to the Directors, including independent surveyors' reports, where applicable. Upon completion of certain units of a property development during the period ended 30 June 2004, the Directors reassessed the adequacy of provisions for construction costs for this property development based on information provided by an independent surveyor, and provisions for construction costs amounting to HK$16,866,000 were released to cost of sales in the consolidated income statement for the six months ended 30 June 2004.

6. Income tax

Taxation is calculated at the rate of 17.5% (2004: 17.5%) on Hong Kong assessable profits and at the applicable rates on overseas assessable profits. The taxation credit/(charge) is made up as follows:

	Six months ended 30 June	
	2005	2004
	HK$'000	*HK$'000*
Provision for Hong Kong Profits Tax for the period	**–**	–
Overseas taxation		
– Current period	**(17,554)**	(8,205)
– Prior periods	**817**	13,282
Deferred taxation	**(1,680)**	–
	(18,417)	5,077
Share of associates' taxation	**(1,266)**	(951)
Income tax	**(19,683)**	4,126

In prior years, the Directors provided for overseas taxation in respect of certain subsidiaries of the Group based on the information available to the Group at that time. During the six months ended 30 June 2005, the Directors have reassessed the adequacy of those provisions and as a result of this evaluation, provisions for overseas taxation totalling HK$817,000 (2004: HK$13,282,000) have been released into the consolidated income statement for the six months ended 30 June 2005.

At 30 June 2005, the Group had deferred tax liabilities in the amount of HK$4,595,000 (31 December 2004: HK$2,915,000), arising from revaluation of investment properties (note 2(b)(ii)).

The major component of unprovided deferred taxation of the Group is the future benefit of tax losses, which have been agreed with the relevant tax authorities, of HK$5,457,000 (31 December 2004: HK$4,955,000). The future benefit of tax losses which are subject to agreement by the relevant tax authorities at 30 June 2005 amounted to HK$89,553,000 (31 December 2004: HK$89,574,000). The future benefit of tax losses is not recognised as it is not probable that there will be sufficient appropriate taxable profits before expiry of tax losses in the respective tax jurisdictions.

The tax losses can be carried forward to offset against the taxable profits of subsequent years for up to three to ten years from the year in which they were incurred or there is no restriction on their expiry, depending on the tax jurisdiction concerned.

7. Dividend

The interim dividend declared after the interim period end has not been recognised as a liability at the interim period end date.

8. Basic earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of HK$91,205,000 (2004: HK$32,287,000) and 340,200,000 ordinary shares in issue during both periods.

9. Fixed assets

Investment properties carried at fair value were revalued at 30 June 2005 by an independent firm of surveyors, Chesterton Petty Limited, who have among their staff Fellows of the Hong Kong Institute of Surveyors, on an open market value basis. As a result of the valuation, a gain of HK$14,000,000 (2004: HK$Nil), and deferred tax thereon of HK$1,680,000 (2004: HK$Nil), have been included in the consolidated income statement.

At 30 June 2005, certain investment properties, other properties and a hotel property together with its integral fixtures and fittings with a net book value of HK$817,121,000 (31 December 2004: HK$873,345,000) were mortgaged to various banks to secure banking facilities granted to the Group.

10. Properties under development

Certain of these properties with a carrying value of HK$106,841,000 (31 December 2004: HK$85,475,000) have been mortgaged to secure a subsidiary's banking facilities at 30 June 2005.

11. Trade and other receivables

Included in trade and other receivables are trade receivables (net of specific provisions for bad and doubtful debts) with the following ageing analysis:

	At 30 June 2005	At 31 December 2004
	HK$'000	*HK$'000*
Current	**9,272**	3,065
1 to 3 months overdue	**88,155**	17,907
4 to 12 months overdue	**–**	57
More than 12 months overdue	**–**	4
Trade receivables	**97,427**	21,033

The Group has a defined credit policy. The general credit terms allows range from 0 to 30 days. Debtors with balances that are more than 3 months overdue are requested to settle all outstanding balances before any further credit is granted.

12. Trade and other payables

Included in trade and other payables are trade creditors with the following ageing analysis:

	At 30 June 2005	At 31 December 2004
	HK$'000	*HK$'000*
Due within 1 month or on demand	**7,942**	16,482
Due after 1 month but within 3 months	**1,036**	5,572
Due after 3 months but within 6 months	**1,171**	35
Trade creditors	**10,149**	22,089

13. Share capital

	No. of shares	**Amount**
		HK$'000
Authorised:		
Ordinary shares of HK$1 each	500,000,000	500,000
Issued and fully paid:		
At 1 January 2005 and 30 June 2005	340,200,000	340,200

14. Capital and reserves

	Share premium HK$'000	Legal reserve HK$'000	Exchange reserve HK$'000	Investment property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Revenue reserves HK$'000	Total reserves HK$'000	Minority interests HK$'000	Total HK$'000	Share capital HK$'000	Total equity HK$'000
At 1 January 2004	158,105	12,758	14,824	10,927	212	804,782	1,001,608	176,725	1,178,333	340,200	1,518,533
Prior period adjustments in respect of:											
– Investment properties *(note 2(b)(i))*	–	–	–	(10,927)	–	10,927	–	–	–	–	–
– Deferred taxation *(note 2(b)(ii))*	–	–	–	–	–	(1,311)	(1,311)	(284)	(1,595)	–	(1,595)
– Leasehold land and buildings *(note 2(c))*	–	–	–	–	–	(8,474)	(8,474)	(4,772)	(13,246)	–	(13,246)
Movement during the period	–	–	(230)	–	(30)	–	(260)	–	(260)	–	(260)
Profit for the period (as restated)	–	–	–	–	–	32,287	32,287	13,060	45,347	–	45,347
Dividends	–	–	–	–	–	(3,402)	(3,402)	(14,695)	(18,097)	–	(18,097)
At 30 June 2004 (as restated) and at 1 July 2004 (as restated)	158,105	12,758	14,594	–	182	834,809	1,020,448	170,034	1,190,482	340,200	1,530,682
Movement during the period	–	–	3,360	–	44	–	3,404	–	3,404	–	3,404
Profit for the period (as restated)	–	–	–	–	–	65,159	65,159	19,285	84,444	–	84,444
Dividends	–	–	–	–	–	(5,103)	(5,103)	(3,086)	(8,189)	–	(8,189)
At 31 December 2004 (as restated) and at 1 January 2005 (as restated)	158,105	12,758	17,954	–	226	894,865	1,083,908	186,233	1,270,141	340,200	1,610,341
Movement during the period	–	–	37	–	4	–	41	–	41	–	41
Profit for the period	–	–	–	–	–	91,205	91,205	29,960	121,165	–	121,165
Dividends	–	–	–	–	–	–	–	(12,344)	(12,344)	–	(12,344)
At 30 June 2005	158,105	12,758	17,991	–	230	986,070	1,175,154	203,849	1,379,003	340,200	1,719,203

The application of the share premium is governed by section 48B of the Hong Kong Companies Ordinance.

The legal reserve is non-distributable and represents transfers from annual profits up to a maximum of 20 percent of the issued and paid up capital of the Macau subsidiaries in accordance with the Macau Commercial Code.

The exchange reserve of the Group arises on translation of the financial statements of foreign subsidiaries and associates.

The investment revaluation reserve has been set up and dealt in accordance with the accounting policies adopted for the revaluation of available-for-sales securities.

15. Commitments

At 30 June 2005, the Group had commitments in respect of development expenditure not provided for in the financial statements as follows:

	At 30 June 2005 *HK$'000*	At 31 December 2004 *HK$'000*
Contracted for	**24,187**	47,579
Authorised but not contracted for	**776**	1,004
	24,963	48,583

16. Contingent liabilities

(a) At 30 June 2005, there were outstanding counter indemnities relating to guarantees issued by a subsidiary's bankers in favour of the Macau SAR Government in respect of properties under development amounting to HK$6,311,000 (31 December 2004: HK$6,311,000).

(b) At 30 June 2005, guarantees given by the Company to banks to secure banking facilities made available to certain subsidiaries and associates amounted to HK$134,451,000 (31 December 2004: HK$134,451,000) and HK$65,503,000 (31 December 2004: HK$66,680,000) respectively.

(c) At 30 June 2005, a joint and several guarantee to the extent of HK$31,705,000 (CA$5,000,000) (31 December 2004: HK$32,275,000 (CA$5,000,000)) was given by the Company and a subsidiary to a bank to secure banking facilities made available to its associate.

(d) 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 30 June 2005, the guarantee granted by the subsidiary amounted to HK$62,120,000 (US$8,000,000) (31 December 2004: HK$62,120,000 (US$8,000,000)).

(e) Pursuant to the revised agreement with the Macau SAR Government on 29 August 2003, Golden Crown Development Limited ("Golden Crown") is required to complete the remaining phase of the development project in Ocean Gardens by 4 September 2005. Failure to comply with the development schedule may render the subsidiary liable to a fine of HK$4,854 for each day of delay up to a limit of 90 days and thereafter the fine may be increased up to HK$9,709 per day. When the delay reaches 180 days, the Macau SAR Government may terminate the agreement totally or partially and the specified areas granted together with the work already done shall revert to the Macau SAR Government and the subsidiary shall have no right of compensation. The remaining phase of the development project was completed prior to 4 September 2005. At the date of this report, the occupation permit has not been issued by the local authorities.

17. Material related party transactions

(a) During the six months ended 30 June 2005, certain subsidiaries of the Company had the following transactions, which were on normal commercial terms, with Goodland Limited ("Goodland"), an affiliated company which held 28.4% of the issued shares of the Company at 30 June 2005:

(i) Interest bearing current accounts with Goodland

– A current account was maintained between Goodland and a subsidiary of the Company and interest was charged on the outstanding balance at market rates. At 30 June 2005, the balance due by the subsidiary on this account amounted to HK$1,936,000 (31 December 2004: HK$77,000). The interest charge for the six months ended 30 June 2005 was HK$19,000 (2004: HK$44,000).

– Goodland maintained interest bearing current account with a subsidiary. At 30 June 2005, the balance due by the subsidiary amounted to HK$277,000 (31 December 2004: HK$1,154,000). The interest charge for the six months ended 30 June 2005 payable by the subsidiary was HK$14,000 (2004: HK$3,000).

(ii) At 30 June 2005, the balances due to Goodland by certain subsidiaries on non-interest bearing accounts amounted to HK$7,559,000 (31 December 2004: HK$76,624,000).

(iii) Loans from minority shareholders include amounts due to Goodland of HK$140,161,000 (31 December 2004: HK$74,027,000) which are unsecured, non-interest bearing and have no fixed terms of repayment.

(iv) A subsidiary rented certain of its properties to Goodland and received rental income (net of outgoings) amounting to HK$506,000 for the six months ended 30 June 2005 (2004: HK$506,000).

(v) Certain subsidiaries paid to Goodland management fees amounting to HK$1,836,000 (2004: HK$1,722,000) for the six months ended 30 June 2005.

(vi) A subsidiary incurred building construction costs payable to Goodland in respect of the construction of certain development projects of the Ocean Gardens amounting to HK$20,000,000 for the six months ended 30 June 2005 (2004: HK$2,700,000).

Provision of construction costs amounting to HK$16,866,000 was released from the amount due to Goodland upon completion of certain units of a development project of the Ocean Gardens during the six months ended 30 June 2004.

17. Material related party transactions *(continued)*

(vii) The Company, Goodland, Larch Management Incorporated and AKAA Project Management International Limited provided a guarantee, on a joint and several basis, to a bank in connection with a term loan facility obtained by a subsidiary.

A term loan facility of up to an aggregate principal amount of US$3,800,000 (approximately HK$29,640,000) was made available by the bank for a period of three years subject to the terms and conditions of a facility agreement between the subsidiary and the bank entered into on 26 March 2004. The interest rate shall be the sum of 1.46% per annum and 3 or 6 months' LIBOR at the subsidiary's option. It is intended that the subsidiary will choose whichever is the lower of interest rate on an interest payment date.

Messrs Ho Kian Guan, Ho Kian Hock and Ho Kian Cheong each have a one-third indirect interest in Goodland (while Messrs Ho Kian Guan and Ho Kian Hock are also directors of Goodland) and they are deemed to be interested in the aforesaid transactions.

(b) On 15 February 2005, the Company entered into an agreement (the "Option to Purchase") with Ms Alexia Ho Wen Tsi, a daughter of Mr Ho Kian Guan, the Executive Chairman of the Company, and an independent third party (the "Purchasers"), in relation to the disposal of a residential property, which was vacant at 31 December 2004 and located in 530 East Coast Road, Ocean Park, Singapore. The consideration is SGD1,200,000 (equivalent to approximately HK$5,694,000) payable by way of cash of 1% of the purchase price as a deposit upon signing of the Option to Purchase agreement, a cash sum amounting to 10% of the purchase price less the deposit upon exercise of the Option of Purchase and the remaining balance to be paid upon completion. The consideration was arrived at after arm's length negotiations between the Company and the Purchasers on normal commercial terms with reference to a property valuation report conducted on 9 November 2004 by an independent professional surveyors, CKS Property Consultants Pte Ltd at an open market value of SGD1,200,000. There were no recent transaction records for similar properties. The book value of the property as at 31 December 2004 was HK$2,255,000.

It is common practice in Singapore for options to purchase to be entered into prior to the completion of sale and purchase of properties. All the Directors of the Company consider that the Option to Purchase was entered into in the ordinary course of business of the Company on normal commercial terms and was in the best interest of the Company.

The sale of property was completed on 12 April 2005.