

FINANCIAL REVIEW

The Group's turnover was HK\$296.2 million for the first six months of 2005, an increase of 61% over the corresponding period in 2004. 54% (2004: 46%) of the Group's turnover was generated by the sale of properties. During the period under review, revenue from hotel and club operations amounted to HK\$127.7 million, an increase of 39% as compared to HK\$92.1 million in the corresponding period in 2004. A profit attributable to equity holders of the Company of HK\$91.2 million was reported as compared to HK\$32.3 million for the corresponding period in 2004.

As of 30 June 2005, the Group had total bank loans and other borrowings of HK\$438.7 million whilst cash equivalents amounted to HK\$483.6 million. Accordingly, the ratio of net borrowings to total assets was not applicable. Of the total amount of bank borrowings of HK\$240.0 million, HK\$102.7 million are repayable within twelve months and the remaining amounts of HK\$93.2 million and HK\$44.2 million are repayable within two to five years and after five years respectively.

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

As at 30 June 2005, 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\$924.0 million.

CONTINGENT LIABILITIES

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.

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 and HK\$65,503,000 respectively.

At 30 June 2005, a joint and several guarantee to the extent of HK\$31,705,000 was given by the Company and a subsidiary to a bank to secure banking facilities made available to its associate.

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.