

CONTINGENT LIABILITIES *(continued)*

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 phase of the development project in Ocean Gardens by 4 September 2005. Failure to complete the remaining phase 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 16(e) on the interim financial report. 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 remaining phase of the development project was completed prior to 4 September 2005. An application has been put forward to relevant local authorities to effect the issuance of the occupation permit. At the date of this report, the occupation permit has not been issued by the local authorities.

PROSPECTS

On the back of strong performance of the Macau economy, selling price of properties in Macau has increased significantly in 2004 and the first half of 2005. The Group took advantage of market conditions and achieved satisfactory sales results in the first half of 2005. The market has since then consolidated. Medium to long-term prospects for the property market, however, remain optimistic.

The Group expects to continue to benefit from the robust economies of Asia, particularly in China and Vietnam where the Group operates and where significant economic growth rates continue to be achieved.

PERSONNEL

At 30 June 2005, the Group had approximately 1,610 employees. A policy of localizing as many of the positions as possible is in place throughout the Group, subject to suitable and sufficient local executives and staff with relevant qualifications and experience being available. Salary and remuneration are competitive and are based on varying conditions of human resources in the different countries in which the Company and its subsidiaries operate.

CORPORATE GOVERNANCE

To maintain a solid, balanced and sensible framework of corporate governance has been one of the Company's priorities.

The Hong Kong Stock Exchange had promulgated a new Code on Corporate Governance Practices (the "Code") which became effective as at 1 January 2005.

The Company therefore conducted a review of its corporate governance regime and framework during the period, and will continue to do so, with a view towards ensuring that such practices are in line with evolving regulatory developments and market expectations.