

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.

CORPORATE GOVERNANCE (continued)

None of the Directors is aware of any information that would reasonably indicate that the Company, is not, or was not for any part of the accounting period covered by the interim report, in compliance with the code provisions (those which became effective for the accounting period commencing 1 January 2005) as stipulated in the Code, except that the Company had not appointed a chief executive officer, since the day-to-day operations of the Group were undertaken by the management teams in the respective geographical locations under the supervision of the executive directors. In respect of the management of the Board of Directors of the Company, the role was undertaken by Mr HO Kian Guan, Executive Chairman of the Company. The Board of Directors is of the view that this structure has served the Company well in the past years and does not impair the balance of responsibility between the Board and the management of the business. Further, the non-executive directors of the Company were not appointed for a specific term. In practice, however, they are subject to retirement by rotation not less than once every three years.

SECURITIES TRANSACTIONS BY DIRECTORS

The Board of Directors of the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules of The Stock Exchange of Hong Kong Limited. The Company has made specific enquiries of all Directors who confirmed compliance with the required standards set out in the Model Code during the period under review.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors presently comprises three independent non-executive directors. The Audit Committee meets with the Group's senior management and external auditors regularly to review the effectiveness of the internal control systems and the interim and annual reports, including the Group's unaudited consolidated financial statements for the six months ended 30 June 2005.

REMUNERATION COMMITTEE

The Remuneration Committee of the Board of Directors comprises four members, three of whom are independent non-executive directors. The Committee reviews matters relating to the remuneration for senior management and Directors of the Company.

BOOK CLOSE

The register of members will be closed from Monday, 17 October 2005 to Thursday, 20 October 2005, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Tengis Limited, G/F Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 14 October 2005.