

OPERATIONS REVIEW

The Group's business is organized by geographical locations. These locations are mainly divided into Macau, The People's Republic of China ("PRC"), Vietnam, Canada, and other markets classified by location of assets.

Macau

Macau's property market was consolidating during the first half of 2006, after significant increases in capital values in the past two years. The Group did not launch any sale of properties in ***Ocean Gardens***, Macau during the first half of 2006. As a result, revenue reduced significantly to HK\$17.1 million.

Vietnam

During the first half of 2006, ***Sheraton Saigon Hotel and Towers and Executive Residences*** reported improvements in operations and revenues. Average room rate increased significantly in the first half of 2006 to US\$151, as compared to US\$117 in 2005. Despite the drop in occupancy rate to 64% during the first six months of 2006, as compared to 77% during the same period of 2005, the hotel reported an increase in gross operating income. The hotel continues to be the premier hotel in Ho Chi Minh City, Vietnam.

Due to an intense competition from other hotels in the city, the ***Caravelle Hotel***, in which your Group holds 25%, saw its occupancy rate dropped to 58% in the first half of 2006, as compared to 71% in 2005. Average room rate has increased to US\$123 in 2006, as compared to US\$100 in the first half of 2005.

PRC

Aggressive marketing has resulted in increased occupancy rates and average room rates at the ***Holiday Inn Riverside Wuhan***. Occupancy rate improved to 76% in the first half of 2006, as compared to 62% during the same period of 2005. Average room rate also increased to Rmb369 in the first half of 2006, as compared to Rmb342 in the first half of 2005.

The Company has completed its disposal of its 24% equity interest in the ***Beijing Riviera*** project in July 2006.

Canada

During the first half of 2006, ***Sheraton Ottawa Hotel*** in Ottawa, ***DoubleTree International Plaza Hotel*** in Toronto, and ***Four Points Hotel by Sheraton*** in Hull all reported improved room rates and occupancy rates as compared to 2005. As a result, there was an overall improvement in profit contribution from Canadian operations and investments.