

FINANCIAL REVIEW

The Group's turnover was HK\$247.0 million for the first six months of 2006, a decrease of 25% over the corresponding period in 2005. 1% of the Group's turnover was generated by the sale of properties in Macau (2005: 49%). During the period under review, revenue from hotel and club operations amounted to HK\$236.9 million, an increase of 46% as compared to HK\$162.0 million in the corresponding period in 2005. A profit attributable to equity holders of HK\$63.5 million was reported as compared to a profit attributable to equity holders of HK\$91.2 million in 2005.

As of 30 June 2006, the Group had total bank loans and other borrowings of HK\$315.4 million whilst cash equivalents amounted to HK\$666.5 million. Accordingly, the ratio of net borrowings to total assets was not applicable. Of the total amount of bank borrowings of HK\$153.8 million, HK\$38.3 million are repayable within twelve months and the remaining amounts of HK\$102.4 million and HK\$13.1 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.

MATERIAL EVENTS SINCE FINANCIAL PERIOD

The Company has completed disposal of interest in an associate company in July 2006. There have not been any other important events since the end of the financial period which affected the Group.

PLEDGE OF ASSETS

As at 30 June 2006, 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\$983.0 million.

CONTINGENT LIABILITIES

At 30 June 2006, 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 2006, guarantees given by the Company to banks to secure banking facilities made available to the subsidiaries and the associates amounted to HK\$134,347,000 and HK\$72,527,000 respectively.

At 30 June 2006, guarantees given by a subsidiary to a bank to secure banking facilities made available to an associate amounted to HK\$35,105,000.