

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2002, the interests of the Directors in the share capital of the Company and its associated corporations as recorded in the register kept under Section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

(A) *Interests in Shares*

	Name of Director	Class of Shares Held	Number of Shares Held			Total
			Personal Interests	Family Interests	Corporate Interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary	220,000	-	2,793,736,944 (Notes a & c)	2,793,956,944
		Preference	-	-	3,440 (Note a)	3,440
	Mr. Daniel Bong Shu Yin	Ordinary	1,440,000	-	-	1,440,000
	Mrs. Kitty Lo Lee Kit Tai	Ordinary	2,370,000	-	-	2,370,000
Name of Associated Corporation						
2. Century City International Holdings Limited ("CCIHL")	Mr. Lo Yuk Sui	Ordinary	543,344,843	-	1,395,994,246	1,939,339,089
		Mrs. Kitty Lo Lee Kit Tai	Ordinary	2,510,000	-	-
	Mr. Jimmy Lo Chun To	Ordinary	1,659,800	-	-	1,659,800
	Ms. Belinda Yeung Bik Yiu	Ordinary	2,000	-	-	2,000
3. Paliburg Holdings Limited ("PHL")	Mr. Lo Yuk Sui	Ordinary	222,765	-	1,373,024,977 (Notes a & b)	1,373,247,742
		Mr. Daniel Bong Shu Yin	Ordinary	1,025,390	-	-
	Mr. Donald Fan Tung	Ordinary	2,718	-	-	2,718
	Mrs. Kitty Lo Lee Kit Tai	Ordinary	100,000	-	-	100,000
	Mr. Jimmy Lo Chun To	Ordinary	284,000	-	-	284,000





	Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total
				Personal Interests	Family Interests	Corporate Interests	
4.	8D International (BVI) Limited ("8D-BVI")	Mr. Lo Yuk Sui	Ordinary	-	-	1,000 (Note d)	1,000
5.	8D Matrix Limited ("8D Matrix")	Mr. Lo Yuk Sui	Ordinary	-	-	2,000,000 (Note e)	2,000,000
6.	8D International Limited ("8D")	Mr. Lo Yuk Sui	Ordinary	-	-	10,000 (Note f)	10,000
7.	Argosy Capital Corporation	Mr. Lo Yuk Sui	Ordinary	-	-	1,130,349 (Note a)	1,130,349
8.	Century Win Investment Limited	Mr. Lo Yuk Sui	Ordinary	-	-	9,000 (Note a)	9,000
9.	Cheerjoy Development Limited ("Cheerjoy")	Mr. Lo Yuk Sui	Ordinary	-	-	(Note g)	(Note g)
10.	Chest Gain Development Limited	Mr. Lo Yuk Sui	Ordinary	-	-	7,000 (Note a)	7,000
11.	Chinatrend (Holdings) Limited	Mr. Lo Yuk Sui	Ordinary	-	-	7,500 (Note a)	7,500
12.	Chinatrend (Nankai) Limited	Mr. Lo Yuk Sui	Ordinary	-	-	85 (Note a)	85
13.	Hanoi President Hotel Company Limited	Mr. Lo Yuk Sui	Ordinary	-	-	75 (Note a)	75

	Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total
				Personal Interests	Family Interests	Corporate Interests	
14.	Rapid Growth Holdings Limited	Mr. Lo Yuk Sui	Ordinary	-	-	25,000 (Note a)	25,000
15.	Talent Faith Investments Ltd.	Mr. Lo Yuk Sui	Ordinary	-	-	50 (Note a)	50
16.	Villawood Developments Limited	Mr. Lo Yuk Sui	Ordinary	-	-	65 (Note a)	65
17.	Wealth Link Investments Limited	Mr. Lo Yuk Sui	Ordinary	-	-	1 (Note a)	1

Notes:

- (a) The shares were held through companies controlled by CCIHL, of which Mr. Lo Yuk Sui is the Chairman and controlling shareholder.
- (b) Including the retained balance, i.e. 6,444,444 shares, (the "Retained Shares") of the consideration shares agreed to be sold at HK\$4.50 per share for the acquisition of the remaining 51% shareholding interest in The New China Hong Kong Financial Services Limited (now known as Century City Financial Services Limited) by a wholly-owned subsidiary company of CCIHL from a wholly-owned subsidiary company of The New China Hong Kong Group Limited (the "NCHK Company") pursuant to the conditional agreement dated 7th September, 1998 in respect of the said acquisition, which was completed on 17th September, 1998 (the "Completion Date"). The Retained Shares are retained by the CCIHL group until the first anniversary of the Completion Date in connection with the indemnity given by the NCHK Company under the said agreement.
- (c) A total of 494,707,200 shares were charged by a wholly-owned subsidiary company of PHL in favour of a trustee, covering the exchange rights of the holders of the Exchangeable Bonds issued by another wholly-owned subsidiary company of PHL. The Exchangeable Bonds are exchangeable into those existing ordinary shares of the Company during the period from 6th April, 1996 to 23rd April, 2001 (which period was extended by 90 days from 23rd January, 2001) at an adjusted effective exchange price of HK\$2.0144 per share (cum entitlements as provided in the relevant trust deed).
- (d) 400 shares were held through companies controlled by CCIHL and 600 shares were held through a company controlled by Mr. Lo Yuk Sui.
- (e) 800,000 shares were held through companies controlled by CCIHL and 1,200,000 shares were held through companies controlled by Mr. Lo Yuk Sui (including 8D-BVI).
- (f) 8D is a wholly-owned subsidiary company of 8D Matrix.
- (g) A wholly-owned subsidiary company of PHL holds 30% attributable shareholding interest in Cheerjoy through Point Perfect Investments Limited ("Point Perfect") which is a 30% owned associate of such subsidiary company. Point Perfect holds all the issued shares of Cheerjoy, i.e. 2 shares.



(B) Interests in Share Options Granted by the Company

Details of Directors' interests in share options granted by the Company are set out in the section headed "Directors' Interests in and Movements in Share Options granted by the Company" below.

Save as disclosed in the section headed "Directors' Interests in and Movements in Share Options granted by the Company" below, no right has been granted to, or exercised by, any Director of the Company or his spouse and children under 18 years of age, to subscribe for shares in or debentures of the Company during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2002, the interests of those persons (other than the Directors) in the share capital of the Company as recorded in the register kept under Section 16 of the Securities (Disclosure of Interests) Ordinance were as follows:

Name of Shareholder	Number of Ordinary Shares Held
CCIHL (Notes i and iii)	2,793,736,944
Century City BVI Holdings Limited (Notes ii and iii)	2,793,736,944
Century City Holdings Limited (Notes ii and iii)	2,793,736,944
PHL (Notes ii and iii)	2,793,736,944
Paliburg Development BVI Holdings Limited (Notes ii and iii)	2,793,736,944
Paliburg International Holdings Limited (Notes ii and iii)	2,390,392,820
Paliburg BVI Holdings Limited (Notes ii and iii)	2,390,392,820
Taylor Investments Ltd. (Note ii)	1,402,111,870
Glaser Holdings Limited ("Glaser") (Notes ii and iii)	533,480,286

Notes:

- (i) These shares were shown in the corporate interests of Mr. Lo Yuk Sui in the Company as disclosed under Interests in Shares of Directors' Interests in Share Capital.
- (ii) These companies are subsidiary companies of CCIHL and their interests in the shares of the Company are included in the interests held by CCIHL.
- (iii) 494,707,200 shares were charged by Glaser in favour of a trustee, covering the exchange rights of the holders of the Exchangeable Bonds as disclosed under Interests in Shares of Directors' Interests in Share Capital.



DIRECTORS' INTERESTS IN AND MOVEMENTS IN SHARE OPTIONS GRANTED BY THE COMPANY

During the period, details of Directors' interests in and movements in share options granted by the Company pursuant to the Executive Share Option Scheme of the Company (the "Share Option Scheme") approved by its shareholders on 28th June, 1990 are as follows:

Terms of Option	Grantee	No. of Ordinary Shares under the Options				
		Options Outstanding As at 1/1/2002		Lapsed during the Period		Options Outstanding As at 30/6/2002
(A) Date of Grant: 22/2/1992 Exercise Price: HK\$0.7083 per share: Vesting Period: Note 1 Exercise Period: Note 1	Mr. Lo Yuk Sui	Vested: 26,880,000 Unvested: -	Notes 1(c) & 2	(26,880,000)	Vested: - Unvested: -	
	Mr. Daniel Bong Shu Yin	Vested: 7,200,000 Unvested: -	Notes 1(c) & 2	(7,200,000)	Vested: - Unvested: -	
	Mr. Kenneth Ng Kwai Kai	Vested: 8,400,000 Unvested: -	Notes 1(c) & 2	(8,400,000)	Vested: - Unvested: -	
	Mr. Donald Fan Tung	Vested: 1,800,000 Unvested: -	Notes 1(c) & 2	(1,800,000)	Vested: - Unvested: -	
	Mr. Belinda Yeung Bik Yiu	Vested: 150,000 Unvested: -	Notes 1(c) & 2	(150,000)	Vested: - Unvested: -	
	Employees (excluding Directors), in aggregate	Vested: 8,124,000 Unvested: -	Notes 1(c) & 2	(8,124,000)	Vested: - Unvested: -	
	(B) Date of Grant: 5/8/1993 Exercise Price: HK\$1.1083 per share: Vesting Period: Note 1 Exercise Period: Note 1	Mr. Donald Fan Tung	Vested: 960,000 Unvested: 240,000	Note 1(b)	-	Vested: 960,000 Unvested: 240,000 Note 1(b)
Mr. Belinda Yeung Bik Yiu	Vested: 120,000 Unvested: 60,000	Note 1(b)	-	Vested: 120,000 Unvested: 60,000 Note 1(b)		
(C) Date of Grant: 22/2/1997 Exercise Price: HK\$2.1083 per share: Vesting Period: Note 1 Exercise Period: Note 1	Ms. Belinda Yeung Bik Yiu	Vested: 432,000 Unvested: 648,000	Note 1(b)	-	Vested: 540,000 Unvested: 540,000 Note 1(b)	



Notes:

1. Vesting/Exercise Periods of Options:

On Completion of Continuous Service of	Initial/Cumulative Percentage Vesting	Initial/Cumulative Percentage Exercisable
(a) 2 years after Date of Grant	Initial 20%	Initial 20% upon vesting (exercisable until 10 years after Date of Grant)
(b) 3 years to 9 years after Date of Grant	Cumulative 30% to 90% (with 10% additional percentage vested each subsequent year (commencing from 3 years after Date of Grant))	Cumulative 30% to 90% (with 10% additional percentage exercisable each subsequent year (commencing from 3 years after Date of Grant) upon vesting (exercisable until 10 years after Date of Grant))
(c) 9½ years after Date of Grant	100%	100% (exercisable until 10 years after Date of Grant)

2. Lapsed after expiry of the relevant exercise period on 22nd February, 2002.

3. In the absence of a readily available market value, the Directors are unable to arrive at an accurate assessment of the value of the options granted.

Save as disclosed above, during the period, no right has been granted to, or exercised by, the following persons, to subscribe for shares in or debenture of the Company and its subsidiary companies, and no option granted to such persons has been cancelled and lapsed:

- (i) any Director, chief executive or substantial shareholders of the Company, or their respective associates;
- (ii) any participant with options granted in excess of the individual limit;
- (iii) any employee working under employment contract that is regarded as "continuous contract" for the purpose of the Employment Ordinance;
- (iv) any supplier of goods or services; and
- (v) any other participants.



DISCLOSURE PURSUANT TO PRACTICE NOTE 19

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Practice Note 19 ("PN19") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

Advances to an Entity (Paragraph 3.2.1 of PN19)

Details of the advances made to Chest Gain Development Limited ("Chest Gain"), a jointly controlled entity owned as to 40% by Paliburg Holdings Limited ("PHL"), 30% by the Company and 30% by China Overseas Land & Investment Limited, which is independent of, and not connected with PHL and the Company, the respective directors, chief executive and substantial shareholders of PHL and the Company and any of their respective subsidiary companies or any of their respective associates (as defined in the Listing Rules), by the Company and its subsidiary companies (the "Group") as at 30th June, 2002 are set out below:

Advances	Group (HK\$'million)
(A) Principal Amount of Advances	1,201.5
(B) Interest Receivable	162.5
(C) Several Guarantees for:	
(a) Principal Amount of Bank Facilities	990.0
(b) Amount of Bank Facilities Drawdown	787.7
Total: (A)+(B)+(C)(a)	<u>2,354.0</u>
(A)+(B)+(C)(b)	<u>2,151.7</u>

The above advances to Chest Gain in an aggregate sum of HK\$1,364.0 million (before a provision of HK\$700.0 million representing the Group's attributable share of the provision for foreseeable loss in respect of the property development at the Stanley Site (as referred to below) of Chest Gain) were provided by the Group. Such contribution of funds to Chest Gain are provided in the form of shareholders' loans in proportion to the respective shareholding interests of the shareholders of Chest Gain. The advances are unsecured and have no fixed term of repayment, and related interest had been accrued at prime rate up to 31st December, 1998. The provision of financial assistance to Chest Gain is for the purpose of facilitating Chest Gain in the development of its property project at Rural Building Lot No.1138, Wong Ma Kok Road, Stanley, Hong Kong (the "Stanley Site"). The Stanley Site was acquired by Chest Gain at the government land auction held on 3rd June, 1997. The above guarantee was provided by the Company on 28th October, 1997 on a several basis in proportion to its shareholding interests in Chest Gain and was given in respect of the bank loan facilities of HK\$3,300.0 million made available to Chest Gain for the purposes of refinancing part of the consideration for the acquisition of the Stanley Site and financing the estimated construction costs required for the luxury residential development at the Stanley Site.



Calculated on the basis shown above, the aggregate of advances and other financial assistance as at 30th June, 2002 provided by the Group to Chest Gain in the respective sums of (a) HK\$2,354.0 million (based on the total available amount of the bank facilities) and (b) HK\$2,151.7 million (based on the amount of bank facilities drawdown) represented (a) 51.8% and (b) 47.3% of the consolidated net tangible assets of the Company of HK\$4,545.6 million (the "Regal NTA"), by reference to its latest unaudited condensed consolidated financial statements for the six months ended 30th June, 2002.

**Financial Assistance provided to and Guarantees given for Affiliated Companies
(Paragraph 3.3 of PN19)**

Details of the financial assistance provided to and guarantees given for affiliated companies (including Chest Gain) by the Group as at 30th June, 2002 are set out below:

Name of Affiliated Companies	Principal Amount of Advances (HK\$'million)	Interest Receivable (HK\$'million)	Guarantee given for Bank Facilities	
			(i) Principal Amount of Bank Facilities (HK\$'million)	(ii) Amount of Bank Facilities Drawdown (HK\$'million)
Chest Gain	(A) 1,201.5	(B) 162.5	(C)(i) 990.0	(C)(ii) 787.7
8D International (BVI) Limited	(D) 28.5	–	Nil	Nil
8D Matrix Limited	(E) 0.5	–	Nil	Nil
Bright Future (HK) Limited	(F) 5.6	–	Nil	Nil
		Total:	(A)+(B)+(C)(i)+(D) to (F)	2,388.6
			(A)+(B)+(C)(ii)+(D) to (F)	2,186.3

Relevant details in respect of the financial assistance provided to and guarantees given for Chest Gain are disclosed above under Paragraph 3.2.1 of PN19 of the Listing Rules.

8D International (BVI) Limited ("8D-BVI") is a 30% owned associate of the Company, which is involved in information technology businesses in connection with a broadband fibre optic network project in The People's Republic of China and the development and distribution of technologically advanced security and building related systems and software development, and promotions and communications businesses. The remaining shareholding interests in 8D-BVI are indirectly owned as to 10% by CCIHL and 60% by Mr. Lo Yuk Sui. The advances were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in 8D-BVI, for the purpose of financing the working capital of 8D-BVI. The advances are unsecured, interest free and have no fixed term of repayment.



8D Matrix Limited ("8D Matrix") is a 30% owned associate of the Company (the Company also holds an additional 6% attributable interest through its holding in 8D-BVI), which is involved in promotions and communications businesses. The remaining shareholding interests in 8D Matrix are owned as to 10% indirectly by CCIHL and 60% indirectly by Mr. Lo Yuk Sui through his associates (as defined in the Listing Rules), including 8D-BVI. The advances were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in 8D Matrix, for the purpose of financing the working capital of 8D Matrix. The advances are unsecured, interest free and have no fixed term of repayment.

Bright Future (HK) Limited ("Bright Future"), a 50% owned associate of the Company, owns a 90% effective equity interest in a foreign enterprise in The People's Republic of China engaged in the operation of a hotel in Qinghai. The remaining 50% shareholding interest in Bright Future and the remaining 10% equity interest in the aforesaid foreign enterprise are owned by third parties respectively, which are independent of, and not connected with the Company, the Directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances to Bright Future were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in Bright Future, for the purpose of funding the working capital requirements of Bright Future. The advances to Bright Future are unsecured, interest free and have no fixed term of repayment.

Calculated on the basis shown above, as at 30th June, 2002, the aggregate amount of financial assistance provided to and guarantees given for affiliated companies by the Group in the respective sums of (a) HK\$2,388.6 million (based on the total available amount of the bank facilities to Chest Gain) and (b) HK\$2,186.3 million (based on the drawdown amount of bank facilities to Chest Gain) represented (a) 52.5% and (b) 48.1% of the Regal NTA.

A pro-forma combined balance sheet of the abovenamed affiliated companies and the Group's attributable interest in these affiliated companies are presented below:

	Pro-forma combined balance sheet (HK\$'million)	Group's attributable interest (HK\$'million)
Non-current assets	4,238.6	1,274.9
Current assets	6.8	2.3
Current liabilities	(133.6)	(40.3)
Non-current liabilities	(8,170.5)	(2,453.4)
	<u> </u>	<u> </u>
Net liabilities	<u>(4,058.7)</u>	<u>(1,216.5)</u>



**Loan agreements with covenants relating to specific performance obligation of the controlling shareholders
(Paragraphs 3.7.1 and 3.7.2 of PN19)**

Paragraph 3.7.1 of PN19

The agreements for the following loans to the Group impose specific performance obligations on the controlling shareholders of the Company:

		Outstanding Balance of Bank Facilities as at 30th June, 2001 (HK\$'million)	Final Maturity of Bank Facilities	Specific Performance Obligations
The Group	(a)	1,079.5	July 2007	Note (i)
	(b)	3,822.1	September 2004	Note (ii)
		<hr/>		
Total:		4,901.6		
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Notes:

- (i) Mr. Lo Yuk Sui, the Chairman and the controlling shareholder of CCIHL which owns a 59.2% shareholding interest in PHL (which in turn owns a 69.3% shareholding interest in the Company), and/or members of his immediate family, or a trust or trusts under which they are beneficially interested (collectively, "Mr. Lo") shall not cease to maintain controlling interest (directly or indirectly) in respect of shareholding (as defined under the Listing Rules) and management control of the Company.
- (ii) Mr. Lo shall not cease to maintain controlling interest (whether directly or indirectly) in the Company.

Breach of the above specific performance obligations will constitute events of default of the bank facilities. As a result, the bank facilities may become immediately due and payable on demand by the relevant lenders according to the respective terms and conditions of the bank facilities.

Paragraph 3.7.2 of PN19

Details of breach of the terms of the above loan agreements are set out in note 2 to the condensed consolidated financial statements.



CORPORATE GOVERNANCE

The Directors of the Company are not 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 this interim report, in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that the independent Non-Executive Directors of the Company were not appointed for specific terms. However, they were appointed to their offices for such terms and subject to retirement in accordance with the provisions of the Bye-laws of the Company.

In compliance with the requirement in the Code of Best Practice of the Listing Rules in respect of the establishment of an audit committee, the Company has formed an Audit Committee, which previously comprised Mr. William Henry Woo (Chairman of the Committee) and Mr. Dominic Lai, both independent Non-Executive Directors of the Company, and Mr. Daniel Bong Shu Yin, a Non-Executive Director of the Company. Following the resignation of Mr. William Woo as the Chairman of the Committee in conjunction with his resignation as a Director of the Company on 21st February, 2002, Mr. Dominic Lai was appointed as the Chairman of the Committee in place of Mr. Woo on 8th April, 2002. In addition, Mr. Thomas Ng Wai Hung, the newly appointed independent Non-Executive Director, became a member of the Committee on 8th April, 2002. The Audit Committee is established with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 June, 2002.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any listed securities of the Company during the period under review.

