

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and the Group for the year ended 31st December, 2004.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. During the year, the principal activities of the subsidiary companies were property development and investment, construction and building related businesses, hotel ownership and management, and other investments. Since 31st July, 2004, Regal Hotels International Holdings Limited ("RHIHL"), a then listed subsidiary company, became the listed associate of the Company. RHIHL and its subsidiary companies (the "RHIHL Group") are engaged in the business activities of hotel ownership and management, property investments and other investments.

There have been no significant changes in these activities during the year.

The turnover and contribution to trading results by each principal activity and by geographical location are set out in note 5 to the financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31st December, 2004 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 108 to 197.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Highlights

The Group's significant investments constitute primarily its shareholding interest in RHIHL, held through Paliburg Holdings Limited ("PHL"), the listed subsidiary company of the Company. The significant investments of RHIHL comprise primarily its ownership and operating interests in the five Regal Hotels in Hong Kong and the investment in the jointly controlled Regalia Bay development. The performance of RHIHL and its operation during the year under review, their future prospects, the commentary on the local hotel industry and changes in general market conditions and their potential impact on the operating performance of RHIHL as well as the progress and prospects on the Regalia Bay development are contained in the Chairman's Report which precedes this report. A detailed review of the other business operations and outlook of the Group is also contained in the Chairman's Report.

Cash Flow and Capital Structure

Net cash inflow from operating activities during the year under review amounted to HK\$163.6 million (2003 - HK\$247.0 million). Net interest payment for the year amounted to HK\$61.0 million (2003 - HK\$136.3 million).

As part of the Debt Restructuring (as referred to in note 3 to the financial statements for the year ended 31st December, 2004) of the Group (excluding PHL and its subsidiary companies), three new classes of Series A, B and C convertible non-voting preference shares of par value HK\$0.10 each in the share capital of the Company (collectively the "Preference Shares") were created on 1st December, 2004 and subsequently issued to the



relevant financial creditors on completion of the Debt Restructuring on 15th December, 2004. On the same date, certain of the Series A Preference Shares were repurchased and cancelled by the Company on issue of such shares to those financial creditors who elected to sell them back to the Company according to the terms of the restructuring agreement relating to the Debt Restructuring. Further details relating to the creation, issue and repurchase of the Preference Shares are set out in note 38 to the financial statements. Details of the Debt Restructuring and its completion were set out in the circular of the Company dated 8th November, 2004 to its shareholders and the announcement of the Company dated 15th December, 2005, respectively.

On 31st December, 2004, the Company implemented the Capital Reorganisation as detailed in note 38 to the financial statements. The proposal relating to the Capital Reorganisation and the expected effective date of its implementation were disclosed in the circular of the Company dated 8th November, 2004 and the announcement of the Company dated 15th December, 2004, respectively.

During the year, the Company issued a total of 8,410.0 million new ordinary shares of HK\$0.10 each to acquire 8,410.0 million exchangeable preference shares of Almighty International Limited, a wholly owned subsidiary company of the Company, upon the exercise of the rights to put attached to such exchangeable preference shares, details of which are disclosed in notes 37 and 38 to the financial statements.

Borrowings

As at 31st December, 2004, the Group's gross borrowings net of cash and bank balances amounted to HK\$101.8 million, as compared to HK\$5,431.6 million in 2003. Gearing ratio based on total assets of HK\$4,316.9 million (2003 - HK\$9,893.1 million) was 2.4% (2003 - 54.9%). As disclosed in note 3 to the financial statements, the Company completed the Debt Restructuring (as defined in note 3) with its financial creditors in December 2004.

Details of the Group's pledge of assets and contingent liabilities are shown in notes 51 and 52, respectively, to the financial statements.

Details of the maturity profile of the Group's borrowings are set out in notes 32 and 34 to the financial statements.

Material Disposals of Subsidiary Companies

As previously disclosed in the Company's 2004 Interim Report for the six months ended 30th June, 2004, as contemplated under the financial restructuring proposal leading to the loan rescheduling agreement between the RHIHL Group and its then bank lenders dated 30th September, 2003 (the "Rescheduling Agreement"), on 29th August, 2003, the RHIHL Group entered into a sale and purchase agreement (the "SP Agreement") for the disposal of its 100% interest in a subsidiary company which indirectly owns the Regal Oriental Hotel. Subsequently, on 30th March, 2004, the parties to the SP Agreement entered into a supplemental agreement to the SP Agreement to extend the completion date of the SP Agreement to 30th June, 2004 and to reinstate the termination option (in a revised form) to the RHIHL Group to terminate the SP Agreement (the "ROH Option"). The arrangement



under the supplemental agreement was intended to facilitate the RHIHL Group's formulation of alternative business plans, whereby the relevant debt reduction milestones required under the Rescheduling Agreement could be met without the disposal of its hotel properties.

On 3rd June, 2004, the RHIHL Group exercised the ROH Option and served the termination notice on the relevant purchaser to terminate the SP Agreement. The termination became effective on 24th June, 2004 and the RHIHL Group had returned the HK\$30.0 million deposit and all interest earned thereon to the purchaser in accordance with the terms of the SP Agreement. A termination fee of HK\$39.0 million was paid to the purchaser pursuant to the terms of the SP Agreement, which was satisfied by the issue of 195.0 million new ordinary shares of RHIHL to the purchaser at an issue price of HK\$0.2 each, as agreed between the parties to the SP Agreement, on 12th July, 2004.

Details of the SP Agreement, the supplemental agreement to the SP Agreement and the termination of the SP Agreement were disclosed in the announcements of the Company dated 4th September, 2003, 31st March, 2004 and 8th June, 2004, respectively.

Save as otherwise disclosed in the Chairman's Report, the Group has no immediate plans for material investments or capital assets.

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Property development projects are financed partly by internal resources and partly by bank financing. Project financing is normally arranged in local currency to cover a part of the land cost and a major portion or the entire amount of the construction cost, with interest calculated by reference to the interbank offered rates and the loan maturity tied in to the estimated project completion date.

As the Group's borrowings are all denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest primarily determined with reference to interbank offered rates, the use of hedging instruments for currency or interest rates purposes is not considered to be necessary.

Remuneration Policy

The Group, together with the RHIHL Group, employ approximately 1,950 staff in Hong Kong and 800 staff in Mainland China. The Group's management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Staff benefit plans maintained by the Group include mandatory provident fund scheme and medical and life insurance.

PHL and RHIHL each maintains an Executive Share Option Scheme, pursuant to which certain share options were granted under the Executive Share Option Schemes of PHL and RHIHL to selected eligible executives.



DIVIDENDS

No interim dividend was paid to ordinary shareholders during the year.

The Directors have resolved not to recommend the payment of a final dividend to ordinary shareholders for the year.

According to the terms of the convertible preference shares of the Company, the holders of the convertible preference shares are not entitled to any right of participation in the profits of the Company.

DIRECTORS

The Directors of the Company are:

Mr. Lo Yuk Sui
Mr. Anthony Chuang
Mr. Tommy Lam Chi Chung
Mrs. Kitty Lo Lee Kit Tai
Mr. Jimmy Lo Chun To
Mr. Kenneth Ng Kwai Kai
Mr. Ng Siu Chan
Mr. Wong Chi Keung

On 21st September, 2004, Mr. Wong Chi Keung was appointed as an Independent Non-Executive Director of the Company.

In accordance with Bye-law 100 of the Bye-laws of the Company, Mr. Wong Chi Keung shall hold office until the forthcoming Annual General Meeting (the "AGM") and will retire at the AGM.

In accordance with Bye-law 109(A) of the Company's Bye-laws and for compliance with the Code on Corporate Governance Practices under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), Mr. Lo Yuk Sui, the Chairman and Managing Director, Mr. Tommy Lam Chi Chung, an Executive Director, and Mrs. Kitty Lo Lee Kit Tai, a Non-Executive Director, will retire from office by rotation at the AGM.

All of the above retiring Directors, being eligible, have offered themselves for re-election at the AGM. Details of these Directors, which are required to be disclosed pursuant to Rules 13.51(2) and 13.74 of the Listing Rules, are set out in the circular of the Company, sent to shareholders together with the 2004 Annual Report, relating to, inter alia, the re-election of Directors.

The Company has received from each of the three incumbent Independent Non-Executive Directors an annual confirmation of independence as required under Rule 3.13 of the Listing Rules. The Company considers that all of these Independent Non-Executive Directors are independent.



DIRECTORS' INTERESTS IN CONTRACTS

Save as otherwise disclosed, none of the Directors had any beneficial interests, whether direct or indirect, in any significant contract to which the Company, or any of its subsidiary companies was a party at the balance sheet date or at any time during the year.

None of the Directors had any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), with the Company or any of its subsidiary companies during the year.

At no time during the year was the Company or any of its subsidiary companies a party to any arrangement whose objects are to enable a Director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31st December, 2004, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the SFO; or (b) are as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in the Listing Rules, were as follows:

	Name of Director	Class of Shares Held	Number of Shares Held			Total (Approximate percentage of the Issued Shares as at 31st December, 2004)
			Personal Interests	Family Interests	Corporate Interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary (i) issued	543,344,843	—	9,785,994,246 (Note a(i))	10,329,339,089
		(ii) unissued	—	—	2,610,000,000 (Note a(ii))	2,610,000,000
					Total (i) & (ii):	12,939,339,089 (93.72%)
	Mr. Kitty Lo Lee Kit Tai	Ordinary (issued)	2,510,000	—	—	2,510,000 (0.018%)
	Mr. Jimmy Lo Chun To	Ordinary (issued)	1,659,800	—	—	1,659,800 (0.012%)
	Mr. Ng Siu Chan	Ordinary (issued)	—	15,453,000	—	15,453,000 (0.112%)



	Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total (Approximate percentage of the Issued Shares as at 31st December, 2004)
				Personal Interests	Family Interests	Corporate Interests	
2.	PHL	Mr. Lo Yuk Sui	Ordinary (issued)	442,765	—	4,250,774,001 (Note b)	4,251,216,766 (58.98%)
		Mrs. Kitty Lo Lee Kit Tai	Ordinary (issued)	100,000	—	—	100,000 (0.0014%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	284,000	—	—	284,000 (0.0039%)
		Mr. Ng Siu Chan	Ordinary (issued)	—	536,500	—	536,500 (0.0074%)
3.	RHIHL	Mr. Lo Yuk Sui	Ordinary (i) issued	220,000	—	3,753,511,610 (Note c(i))	3,753,731,610
			(ii) unissued	22,000 (Note c(iii))	—	374,805,453 (Notes c(ii) to (iv))	374,827,453
						Total (i) & (ii):	4,128,559,063 (49.50%)
			Preference (issued)	—	—	3,440 (Notes c(ii) & (iv))	3,440 (20.54%)
		Mrs. Kitty Lo Lee Kit Tai	Ordinary (i) issued	2,370,000	—	—	2,370,000
			(ii) unissued	237,000 (note d)	—	—	237,000
						Total (i) & (ii):	2,607,000 (0.031%)
4.	8D International (BVI) Limited ("8D BVI")	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	1,000 (Note e)	1,000 (100%)
5.	8D Matrix Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	2,000,000 (Note f)	2,000,000 (100%)
6.	8D International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	500,000 (Note g)	500,000 (100%)



	Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total (Approximate percentage of the Issued Shares as at 31st December, 2004)
				Personal Interests	Family Interests	Corporate Interests	
7.	8D International (China) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	1 (Note h)	1 (100%)
8.	Century Digital Communications (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	1 (Note i)	1 (100%)
9.	Century Digital Communications Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	2 (Note j)	2 (100%)
10.	Century Digital Enterprise Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	100 (Note k)	100 (100%)
11.	Century Digital Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	3 (Note l)	3 (100%)
12.	Century Digital Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	49,968 (Note m)	49,968 (99.94%)
13.	Full Range Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	10,000 (Note n)	10,000 (100%)
14.	Giant Forward Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	1 (Note o)	1 (100%)
15.	Grand Modern Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	330 (Note p)	330 (100%)
16.	Important Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	10,000 (Note q)	10,000 (100%)



	Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total (Approximate percentage of the Issued Shares as at 31st December, 2004)
				Personal Interests	Family Interests	Corporate Interests	
17.	Net Age Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	97 (Note r)	97 (100%)
18.	Net Community Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	3 (Note s)	3 (100%)
19.	Network Sky Limited	Mrs. Kitty Lo Lee Kit Tai	Ordinary (issued)	—	—	50,000 (Note t)	50,000 (25%)
20.	Pilot Pro Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	1 (Note u)	1 (100%)
21.	8D Travel Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	1 (Note v)	1 (100%)
22.	Speedway Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	50,000 (Note w)	50,000 (100%)
23.	Task Master Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	1 (Note x)	1 (100%)
24.	Top Technologies Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	10,000 (Note y)	10,000 (100%)
25.	Treasure Collection International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	—	2 (Note z)	2 (100%)



Notes:

- (a) (i) These issued ordinary shares of the Company were held through companies wholly owned by Mr. Lo Yuk Sui ("Mr. Lo") and a company, namely Master City Limited, 99.9% owned by Mr. Lo.
- (ii) The interests in 2,610,000,000 unissued ordinary shares of the Company relate to the rights to put attached to the 2,610,000,000 Series A exchangeable preference shares ("Almighty Series A Shares") of Almighty International Limited ("Almighty"), a wholly owned subsidiary of the Company, held by Grand Modern Investments Limited ("Grand Modern"). Grand Modern may exercise such rights to put during the period from 31st December, 2002 to 15th December, 2009 (as extended), requiring the Company to acquire the 2,610,000,000 Almighty Series A Shares at the consideration of the issuance by the Company to Grand Modern of 2,610,000,000 new ordinary shares of the Company on the basis of one new ordinary share for one Almighty Series A Share.

The interests in 2,610,000,000 unissued ordinary shares of the Company were held through corporations controlled by Mr. Lo as detailed below:

(a)	Name of corporation	Controlled by	% of control
	Century City International Holdings Limited ("CCHL")	Mr. Lo	74.81
	Century City BVI Holdings Limited	CCIHL	100.00
	8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00
	Grand Modern	Century Digital Holdings Limited	100.00

(b)	Name of corporation	Controlled by	% of control
	Manyways Technology Limited	Mr. Lo	100.00
	Secure Way Technology Limited	Mr. Lo	92.50
	8D International (BVI) Limited	Manyways Technology Limited	60.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Secure Way Technology Limited	66.67
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00
	Grand Modern	Century Digital Holdings Limited	100.00

- (iii) On 6th January, 2005, Grand Modern exercised the rights to put attached to 500,000,000 Almighty Series A Shares, requiring the Company to acquire such 500,000,000 Almighty Series A Shares at the consideration of the issuance by the Company to Grand Modern of 500,000,000 new ordinary shares of the Company on the basis of one new ordinary share for one Almighty Series A Share. As a result, the Company allotted and issued 500,000,000 new ordinary shares to Grand Modern on 6th January, 2005, and Mr. Lo held through companies controlled by him, interests in 10,285,994,246 issued ordinary shares and 2,110,000,000 unissued ordinary shares of the Company.



- (b) (i) The interests in 3,944,018,001 issued ordinary shares of PHL were held through companies (including Almighty) wholly owned by the Company, in which Mr. Lo held 74.81% shareholding interests.

The interests in 306,756,000 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 200,000,000 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

- (ii) Under the debt restructuring in respect of the Company and its subsidiary companies (excluding PHL and RHIHL and their respective subsidiary companies) (the "CCIHL Group") with the financial creditors of the CCIHL Group (the "Creditors"), which was completed on 15th December, 2004, (the "Restructuring"), part of the indebtedness had been refinanced into the secured bilateral loans with an aggregate principal amount of HK\$13.78 million (the "HK\$13.78 million Secured Bilateral Loans") granted by certain Creditors for a term of two years. The HK\$13.78 million Secured Bilateral Loans were secured by, among others, a total of 137,800,000 issued ordinary shares of PHL (the "137.8 million Charged PHL Shares") held by the CCIHL Group. Under the terms of the HK\$13.78 million Secured Bilateral Loans, the relevant Creditors granting such loans have the right to opt to receive the 137.8 million Charged PHL Shares at a price of HK\$0.10 each for the settlement of the relative amount of the HK\$13.78 million Secured Bilateral Loans proposed to be prepaid by the CCIHL Group in lieu of cash repayment. Such Creditors also have a similar right of electing to receive the 137.8 million Charged PHL Shares upon final repayment at maturity of the HK\$13.78 million Secured Bilateral Loans.

On completion of the Restructuring, a wholly owned subsidiary company of the Company issued exchangeable notes with an aggregate principal amount of approximately HK\$13.78 million (the "Exchangeable Notes") at their principal value to certain Creditors. The Exchangeable Loans, which are for a term of two years and non-interest bearing, are exchangeable into a total of 55,120,000 issued ordinary shares of PHL held by the CCIHL Group at a price of HK\$0.25 per ordinary share, subject to adjustment. The holders of the Exchangeable Notes do not have any right to demand for cash repayment of the Exchangeable Notes. Except in the occurrence of an event of default as defined in the terms of the Exchangeable Notes, the Exchangeable Notes are only exchangeable into ordinary shares of PHL upon maturity on a mandatory basis. However, prior to maturity, the CCIHL Group have the right to repay any of the Exchangeable Notes at their principal amount.



On completion of the Restructuring, Mr. Lo provided a personal guarantee in favour of one of the Creditors (the "Relevant Creditor") in respect of the secured bilateral loan of HK\$12.38 million (the "HK\$12.38 million Secured Bilateral Loan") granted by the Relevant Creditor to the CCIHL Group under the Restructuring and in return the Relevant Creditor granted to Mr. Lo the right to purchase or procure the purchase of the HK\$12.38 million Secured Bilateral Loan at any time within two years from completion of the Restructuring. Under the terms of the HK\$12.38 million Secured Bilateral Loan, the Relevant Creditor has the right to opt to receive the 123,800,000 issued ordinary shares of PHL (the "123.8 million Charged PHL Shares"), which form part of the security for the HK\$12.38 million Secured Bilateral Loan, at a price of HK\$0.10 each for the settlement of the relative amount of the HK\$12.38 million Secured Bilateral Loan proposed to be prepaid by the CCIHL Group in lieu of cash repayment. The Relevant Creditor also has a similar right of electing to receive the 123.8 million Charged PHL Shares upon final repayment at maturity of the HK\$12.38 million Secured Bilateral Loans. If Mr. Lo exercises his right to acquire the HK\$12.38 million Secured Bilateral Loan, he will be entitled to have the rights to acquire the 123.8 million Charged PHL Shares. If Mr. Lo exercises his right to acquire the HK\$12.38 million Secured Bilateral Loan or is required to perform under his guarantee, 50% of the Exchangeable Notes issued to the Relevant Creditor under the Restructuring, which amounted to HK\$6.19 million and carrying the right to exchange into 24,760,000 million ordinary shares of PHL at a price of HK\$0.25 per ordinary share, subject to adjustment, will be transferred to Mr. Lo.

- (c) (i) The issued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which the Company held 54.71% shareholding interests.
- (ii) The interests in 374,805,453 unissued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which the Company held 54.71% shareholding interests.
- (iii) The interests in 22,000 and 359,197,026 unissued ordinary shares of RHIHL related to the interests in the warrants of RHIHL (the "2007 Warrants") carrying subscription rights in an aggregate amount of HK\$89,804,756.50, which are exercisable during the period from 2nd February, 2005 to 26th July, 2007 to subscribe for a total of 359,219,026 new ordinary shares of RHIHL at an initial subscription price of HK\$0.25 per ordinary share (subject to adjustment).
- (iv) The interests in 15,608,427 unissued ordinary shares of RHIHL related to the interests in 3,440 convertible cumulative preference shares of RHIHL carrying rights to convert into 15,608,427 new ordinary shares of RHIHL, based on the conversion price of HK\$1.7037 per ordinary share and on a reference amount of US\$1,000 per preference share at the fixed exchange rate of HK\$7.730255 to US\$1.00, during the period from 5th December, 1993 to 5th December, 2008.
- (d) The derivative interests in these unissued ordinary shares of RHIHL related to the interests in the 2007 Warrants carrying subscription rights in an aggregate amount of HK\$948,000.00, which are exercisable during the period from 2nd February, 2005 to 26th July, 2007 to subscribe for a total of 237,000 new ordinary shares of RHIHL at an initial subscription price of HK\$0.25 per ordinary share (subject to adjustment).
- (e) 400 shares were held through companies controlled by the Company, in which Mr. Lo held 74.81% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.



- (f) 800,000 shares were held through companies controlled by the Company, in which Mr. Lo held 74.81% shareholding interests, and 1,200,000 shares were held through companies controlled by Mr. Lo (including 8D BVI).
- (g) The interests in these shares of 8D International Limited were held through corporations controlled by Mr. Lo as detailed below:

(a)	Name of corporation	Controlled by	% of control
	CCIHL	Mr. Lo	74.81
	Century City BVI Holdings Limited	CCIHL	100.00
	8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00
	8D Matrix Limited	Century Digital Holdings Limited	60.00
	8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b)	Name of corporation	Controlled by	% of control
	Manyways Technology Limited	Mr. Lo	100.00
	Secure Way Technology Limited	Mr. Lo	92.50
	8D International (BVI) Limited	Manyways Technology Limited	60.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Secure Way Technology Limited	66.67
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00
	8D Matrix Limited	Century Digital Holdings Limited	60.00

- (h) The interest in the share of 8D International (China) Limited was held through corporations controlled by Mr. Lo as detailed below:

(a)	Name of corporation	Controlled by	% of control
	CCIHL	Mr. Lo	74.81
	Century City BVI Holdings Limited	CCIHL	100.00
	8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00
	8D Matrix Limited	Century Digital Holdings Limited	60.00
	8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b)	Name of corporation	Controlled by	% of control
	Manyways Technology Limited	Mr. Lo	100.00
	Secure Way Technology Limited	Mr. Lo	92.50
	8D International (BVI) Limited	Manyways Technology Limited	60.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Secure Way Technology Limited	66.67
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00
	8D Matrix Limited	Century Digital Holdings Limited	60.00



- (i) The interest in the share of Century Digital Communications (BVI) Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00

- (j) The interests in these shares of Century Digital Communications Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
Century Digital Communications (BVI) Limited	Century Digital Holdings Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
Century Digital Communications (BVI) Limited	Century Digital Holdings Limited	100.00



- (k) The interests in these shares of Century Digital Enterprise Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
Century Digital Investments Limited	Century Digital Holdings Limited	99.93

(b) Name of corporation	Controlled by	% of control
Century Digital Investments Limited	Century Digital Holdings Limited	99.93
Net Age Technology Limited	Century Digital Investments Limited	100.00

(c) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
Century Digital Investments Limited	Century Digital Holdings Limited	99.93

- (l) The interests in these shares of Century Digital Holdings Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33



(m) The interests in these shares of Century Digital Investments Limited were held through corporations controlled by Mr. Lo as detailed below:

(a)	Name of corporation	Controlled by	% of control
	CCIHL	Mr. Lo	74.81
	Century City BVI Holdings Limited	CCIHL	100.00
	8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00

(b)	Name of corporation	Controlled by	% of control
	Century Digital Holdings Limited	Net Community Limited	100.00
	Important Holdings Limited	Century Digital Holdings Limited	100.00
	Top Technologies Limited	Century Digital Holdings Limited	100.00

(c)	Name of corporation	Controlled by	% of control
	Manyways Technology Limited	Mr. Lo	100.00
	Secure Way Technology Limited	Mr. Lo	92.50
	8D International (BVI) Limited	Manyways Technology Limited	60.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Secure Way Technology Limited	66.67
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00

(d)	Name of corporation	Controlled by	% of control
	Century Digital Holdings Limited	Net Community Limited	100.00
	Important Holdings Limited	Century Digital Holdings Limited	100.00
	Top Technologies Limited	Century Digital Holdings Limited	100.00

(n) The interests in these shares of Full Range Technology Limited were held through corporations controlled by Mr. Lo as detailed below:

(a)	Name of corporation	Controlled by	% of control
	CCIHL	Mr. Lo	74.81
	Century City BVI Holdings Limited	CCIHL	100.00
	8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00

(b)	Name of corporation	Controlled by	% of control
	Manyways Technology Limited	Mr. Lo	100.00
	Secure Way Technology Limited	Mr. Lo	92.50
	8D International (BVI) Limited	Manyways Technology Limited	60.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Secure Way Technology Limited	66.67
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00



- (o) The interest in the share of Giant Forward Holdings Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
8D Matrix Limited	Century Digital Holdings Limited	60.00

- (p) The interests in these shares of Grand Modern were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	100.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
Ultra Performance Limited	Mr. Lo	100.00



(q) The interests in these shares of Important Holdings Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	100.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00

(r) The interests in these shares of Net Age Technology Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
Century Digital Investments Limited	Century Digital Holdings Limited	99.93

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
Century Digital Investments Limited	Century Digital Holdings Limited	99.93



- (s) The interests in these shares of Net Community Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Secure Way Technology Limited	Mr. Lo	92.50

- (t) The interests in the shares of Network Sky Limited were held through a company wholly owned by Mrs. Kitty Lo Lee Kit Tai.

- (u) The interest in the share of Pilot Pro Holdings Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
8D Matrix Limited	Century Digital Holdings Limited	60.00



(v) The interests in these shares of 8D Travel Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00
Giant Forward Holdings Limited	8D Matrix Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00
8D Matrix Limited	Century Digital Holdings Limited	60.00
Giant Forward Holdings Limited	8D Matrix Limited	100.00

(w) The interests in these shares of Speedway Technology Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	74.81
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Net Community Limited	Secure Way Technology Limited	66.67
Net Community Limited	Task Master Technology Limited	33.33
Century Digital Holdings Limited	Net Community Limited	100.00



- (x) The interest in the share of Task Master Technology Limited was held through corporations controlled by Mr. Lo as detailed below:

(a)	Name of corporation	Controlled by	% of control
	CCIHL	Mr. Lo	74.81
	Century City BVI Holdings Limited	CCIHL	100.00
	8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
(b)	Name of corporation	Controlled by	% of control
	Manyways Technology Limited	Mr. Lo	100.00
	8D International (BVI) Limited	Manyways Technology Limited	60.00

- (y) The interests in these shares of Top Technologies Limited were held through corporations controlled by Mr. Lo as detailed below:

(a)	Name of corporation	Controlled by	% of control
	CCIHL	Mr. Lo	74.81
	Century City BVI Holdings Limited	CCIHL	100.00
	8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	99.93
(b)	Name of corporation	Controlled by	% of control
	Manyways Technology Limited	Mr. Lo	100.00
	Secure Way Technology Limited	Mr. Lo	92.50
	8D International (BVI) Limited	Manyways Technology Limited	60.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Secure Way Technology Limited	66.67
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00

- (z) The interests in these shares of Treasure Collection International Limited were held through corporations controlled by Mr. Lo as detailed below:

(a)	Name of corporation	Controlled by	% of control
	CCIHL	Mr. Lo	74.81
	Century City BVI Holdings Limited	CCIHL	100.00
	8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00
	8D Matrix Limited	Century Digital Holdings Limited	60.00
	8D Matrix Limited	Century City BVI Holdings Limited	40.00
	Giant Forward Holdings Limited	8D Matrix Limited	100.00



(b)	Name of corporation	Controlled by	% of control
	Manyways Technology Limited	Mr. Lo	100.00
	Secure Way Technology Limited	Mr. Lo	92.50
	8D International (BVI) Limited	Manyways Technology Limited	60.00
	Task Master Technology Limited	8D International (BVI) Limited	100.00
	Net Community Limited	Secure Way Technology Limited	66.67
	Net Community Limited	Task Master Technology Limited	33.33
	Century Digital Holdings Limited	Net Community Limited	100.00
	8D Matrix Limited	Century Digital Holdings Limited	60.00
	Giant Forward Holdings Limited	8D Matrix Limited	100.00

Save as disclosed herein, as at 31st December, 2004, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) of the Company, which (a) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (b) are required, pursuant to the Model Code in the Listing Rules to be notified to the Company and the Stock Exchange.

Save as disclosed in note 38 to the financial statements, during the year, no right has been granted to, or exercised by, the following persons, to subscribe for shares in or debentures of the Company under the share option scheme (as referred to in note 38 to the financial statements) and no option granted to such persons under the share option scheme has been cancelled and/or lapsed:

- (i) any Director, chief executive or substantial shareholders of the Company, or their respective associates;
- (ii) any participant under the share option scheme 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 under the share option scheme.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31st December, 2004, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Substantial Shareholder	Number of Ordinary Shares (issued) held	Number of underlying Ordinary Shares (unissued) held	Total number of Ordinary Shares (issued and unissued) held	Approximate percentage of the issued Ordinary Shares as at 31st December, 2004
Manyways Technology Limited ("Manyways") (Notes i and ii)	8,390,000,000	2,610,000,000	11,000,000,000	79.67%
8D International (BVI) Limited ("8D BVI") (Notes i, ii and iii)	8,390,000,000	2,610,000,000	11,000,000,000	79.67%
Task Master Technology Limited ("Task Master") (Notes i, ii and iv)	8,390,000,000	2,610,000,000	11,000,000,000	79.67%
Secure Way Technology Limited ("Secure Way") (Notes i and ii)	8,390,000,000	2,610,000,000	11,000,000,000	79.67%
Net Community Limited ("Net Community") (Notes i, ii and v)	8,390,000,000	2,610,000,000	11,000,000,000	79.67%
Century Digital Holdings Limited ("Century Digital") (Notes i, ii and vi)	8,390,000,000	2,610,000,000	11,000,000,000	79.67%
Grand Modern (Notes i, ii and vii)	8,390,000,000	2,610,000,000	11,000,000,000	79.67%
Citigroup Inc. ("Citigroup") (Note viii)	3,257,067	2,155,746,445	2,159,003,512	15.64%
Shenyin Wanguo (H.K.) Limited ("Shenyin Wanguo") (Note ix)	—	2,651,472,241	2,651,472,241	19.20%
YSL International Holdings Limited ("YSL Int'l") (Note i)	931,998,340	—	931,998,340	6.75%



Notes:

- (i) These companies are controlled by Mr. Lo and their interests in ordinary shares are included in the corporate interests of Mr. Lo in the Company as disclosed in the section headed "Directors' Interests in Share Capital".
- (ii) The interests in these ordinary shares are directly held by Grand Modern. Further details relating to the derivative interests in unissued ordinary shares held by Grand Modern are disclosed in note (a)(ii) in the section headed "Directors' Interests in Share Capital".
- (iii) 8D BVI is 60% owned by Manyways.
- (iv) Task Master is wholly owned by 8D BVI.
- (v) Net Community is 33.33% owned by Task Master and 66.67% owned by Secure Way.
- (vi) Century Digital is wholly owned by Net Community.
- (vii) Grand Modern is wholly owned by Century Digital.
- (viii) The interests in 3,257,067 issued ordinary shares are directly held by Citigroup and Citigroup holds, through lending pool, 3,257,067 issued ordinary shares.

The interests in 2,155,746,445 unissued ordinary shares are directly held by Umbrella Finance Company Limited, which is indirectly 99% owned by Citigroup, through its holding of 2,155,746,445 Series A convertible non-voting preference shares of the Company (the "Series A Shares") issued to it as a Creditor under the Restructuring. 2,155,746,445 Series A Shares are convertible into 2,155,746,445 new Ordinary Shares on a one to one basis.

- (ix) The interests in these unissued ordinary shares are directly held by Shenyin Wanguo Strategic Investments (H.K.) Ltd., which is wholly owned by Shenyin Wanguo, through its holding of 2,651,472,241 Series C convertible non-voting preference shares of the Company (the "Series C Shares") issued to it under the Restructuring. 2,651,472,241 Series C Shares are convertible into 2,651,472,241 new ordinary shares on a one to one basis.

Save as disclosed herein, there is no person who, as at 31st December, 2004, had an interest or short position in the shares and underlying shares of the Company which are recorded in the register required to be kept under section 336 of the SFO.

Details of directorships of the Company's Directors in each of those companies which has an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:

- (1) Mr. Lo Yuk Sui is a director of Manyways and Secure Way.
- (2) Messrs. Lo Yuk Sui, Jimmy Lo Chun To and Kenneth Ng Kwai Kai are directors of 8D BVI, Task Master, Net Community, Century Digital and Grand Modern.
- (3) Mr. Lo Yuk Sui and Mrs. Kitty Lo Lee Kit Tai are directors of YSL Int'l.



MOVEMENTS IN SHARE OPTIONS GRANTED BY PALIBURG HOLDINGS LIMITED

During the year, details of movements in share options granted by PHL pursuant to the Executive Share Option Scheme of PHL adopted by its shareholder on 23rd November, 1993 and subsequently approved by the independent shareholders of Paiburg International Holdings Limited, formerly the immediate listed holding company of PHL, on 15th December, 1993 are set out in note 38 to the financial statements.

MOVEMENTS IN SHARE OPTIONS GRANTED BY REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

During the year, details of movements in share options granted by RHIHL, which was previously a listed subsidiary company of the Company and became the listed associate since 31st July, 2004, pursuant to the Executive Share Option Scheme of RHIHL approved by its shareholders on 28th June, 1990 are set out in note 38 to the financial statements.

MOVEMENTS IN CONVERTIBLE PREFERENCE SHARES OF PALIBURG HOLDINGS LIMITED

Movements during the year in convertible preference shares with par value of HK\$0.10 each ("PHL Preference Shares") of PHL are detailed below:

	Number of PHL Preference Shares
Balance at beginning of year	1,990,000,000
Converted during the year	<u>(1,990,000,000)</u>
Balance at end of year	<u><u>—</u></u>

Note: The PHL Preference Shares were convertible into fully paid ordinary shares of HK\$0.01 each of PHL at any time until and including 31st December, 2005 on the basis of one ordinary share of PHL for one PHL Preference Share so converted.



MOVEMENTS IN 5¼% CONVERTIBLE CUMULATIVE REDEEMABLE PREFERENCE SHARES OF REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

Movements during the year in 5¼% convertible cumulative redeemable preference shares with par value of US\$10.00 each ("RHIHL Preference Shares") of RHIHL, which was previously a listed subsidiary company of the Company and became the listed associate since 31st July, 2004, are detailed below:

	Number of RHIHL Preference Shares
Balance at beginning and at end of year	16,748

Note: The RHIHL Preference Shares are convertible into fully paid ordinary shares of HK\$0.01 each of RHIHL at any time until and including 5th December, 2008 at the adjusted conversion price of HK\$1.7037 per share (subject to adjustment) based on a reference amount of US\$1,000 per RHIHL Preference Share at the fixed exchange rate of HK\$7.730255 to US\$1.00.

MOVEMENTS IN CONVERTIBLE BONDS OF THE RHIHL GROUP

As previously disclosed, in January 2004, Richtech Holdings Limited, a wholly owned subsidiary company of RHIHL, issued additional 5% guaranteed convertible bonds due 2004 ("5% Convertible Bonds") in an aggregate principal amount of HK\$30.0 million ("5% Optional Bonds") to a third party purchaser. Part of these 5% Optional Bonds in a principal amount of HK\$28.0 million were subsequently acquired by a wholly owned subsidiary company of PHL. All such 5% Optional Bonds in a principal amount of HK\$30.0 million were converted into 625.0 million new ordinary shares of RHIHL at HK\$0.048 each during the year.

On 3rd June, 2004, two conditional subscription agreements (the "Subscription Agreements") were entered into by Cheerview Limited ("Cheerview"), also a wholly owned subsidiary company of RHIHL, with certain independent third party purchasers in relation to the issue by Cheerview of 2% guaranteed convertible bonds due 2007, guaranteed by, and convertible into ordinary shares of, RHIHL (the "2% Convertible Bonds") up to an aggregate principal amount of HK\$400.0 million, comprising firm bonds in an aggregate principal amount of HK\$200.0 million (the "2% Firm Bonds") and optional bonds of up to an aggregate principal amount of HK\$200.0 million.

The 2% Convertible Bonds, if fully subscribed for and issued, are convertible into a total of 1,600.0 million new ordinary shares of RHIHL at the initial conversion price of HK\$0.25 per ordinary share (subject to adjustments).

On 21st July, 2004, the 2% Firm Bonds were subscribed for and issued under the Subscription Agreements. The 2% Firm Bonds are unsecured, bear interest at 2% per annum and are due for repayment in 2007.



CONNECTED TRANSACTIONS

ON-GOING TRANSACTIONS

The Company has from time to time engaged in various on-going transactions (the "On-going Transactions") and future similar transactions (the "Future Connected Transactions") (collectively, the "Connected Transactions") between respective subsidiary companies of the CCIHL Group, the PHL Group and the RHIHL Group, all conducted within their ordinary and normal course of business. The said transactions constituted or will constitute connected transactions for the Company under the Listing Rules.

The Stock Exchange, on application by the Company, issued a letter to the Company granting a waiver (the "1998 Waiver") of strict compliance by the Company with the announcing requirement under the Listing Rules in respect of the Future Connected Transactions, subject to, inter alia, the approval by independent shareholders of the Company of the authority to be granted to the Directors in relation to such transactions. Details of the Connected Transactions and the 1998 Waiver were set out in a circular dated 9th February, 1998 issued by the Company. At the Special General Meeting of the Company held on 26th February, 1998, the required approval was given by independent shareholders in respect of the Future Connected Transactions.

Corporate Services Transactions and Miscellaneous Connected Transaction

As disclosed in a joint announcement of the Company, PHL and RHIHL dated 12th January, 2004, details of the changed arrangements and the new waiver applicable to the Corporate Services Transactions involving the sharing of the corporate management services and the Miscellaneous Connected Transaction involving the advertising and promotional services provided by 8D International Limited ("8D") (the "New Waiver") are as follows:

Corporate Management Services shared by the CCIHL Group with the PHL Group and the RHIHL Group

The CCIHL Group has been sharing corporate management services with members of the PHL Group and the RHIHL Group, such as finance and accounting as well as administrative and secretarial services. Up to 31st December, 2002, the fees for such services were charged by apportionment of actual costs among the companies on a proportionate basis by reference to individual consolidated turnover, profit (before interest and tax) (as applicable) and gross asset value (excluding listed subsidiary(ies), if applicable) of the Company, PHL and RHIHL for each financial year. Due to the significant change in the business and asset holding structure of the PHL Group and the RHIHL Group as a result of the corporate restructuring transactions jointly announced by the Company, PHL and RHIHL on 2nd August, 2002 and completed in the 4th quarter of 2002, the previous cost sharing basis was subsequently reviewed by the Company, PHL and RHIHL in early 2003. While management expenses incurred directly for each individual group's respective operations or operational functions will continue to be subject to specific allocation, it has been agreed that the general corporate management expenses relating to those operational functions that are shared amongst the CCIHL Group, the PHL Group and the RHIHL Group will be allocated by reference to a predetermined ratio assessed by the management of the three groups based on the distribution of job responsibilities and the estimated time to be spent by the relevant staff in serving each of the three groups. The new sharing basis had been reviewed and approved, in principle, by the respective audit committees of the Company, PHL and RHIHL in May 2003 and it was agreed that the new sharing basis should be applied in the allocation of management expenses amongst the CCIHL Group, the PHL Group and the RHIHL Group commencing retrospectively from 1st January, 2003. The relevant ratio of allocations will be reviewed and re-assessed (if necessary) on an annual basis by the board of directors (including the independent non-executive directors) and the audit committee of each of the Company, PHL and RHIHL.

The sharing of corporate management services by the CCIHL Group with the PHL Group and the RHIHL Group has been and will continue to be conducted on normal commercial terms and in the ordinary and usual course of business of all of the companies concerned.

The Directors (including Independent Non-Executive Directors) of the Company are of the view that sharing of corporate management services enables the three group companies to reduce operating cost and improve efficiency.

Based on the new sharing basis amongst the three listed groups, the aggregate amount of services fees that was allocated to the PHL Group and the RHIHL Group for the sharing of corporate management services was HK\$11.9 million for the year ended 31st December, 2004.



Advertising and promotional services provided by 8D International Limited

8D has been providing advertising and promotional services to the Group on retainers and at a standard fee based on total costs involved, in addition to which actual costs and out-of-pocket expenses incurred are reimbursed. The charges of 8D to the Group are based upon the actual advertising fees, production costs and/or out-of-pocket expenses incurred by 8D plus an agreed standard fee which represents a mark-up percentage of the actual advertising fee or production costs incurred by 8D. The Company understand that the agreed fee rates are comparable to market rates and the Directors (including Independent Non-Executive Directors) of the Company consider that such fee rates are fair and reasonable.

8D is owned as to 10% by the CCIHL Group, 30% by the RHIHL Group and 60% by a company which is indirectly owned as to approximately 3.3% by the CCIHL Group, 10% by the RHIHL Group, approximately 81.7% by Mr. Lo Yuk Sui ("Mr. Lo"), the substantial shareholder and the Chairman and Managing Director of the Company and the remaining 5% by an independent third party not connected with the directors, chief executive, substantial shareholders of the Company, PHL and RHIHL or any of their respective subsidiaries or any of their respective associates. 8D is therefore an associate of Mr. Lo and therefore a connected person of the Company, PHL and RHIHL.

The Company considers that the advertising and promotional services provided by 8D to the Group are on normal commercial terms and are conducted in the ordinary and usual course of business of the Group. The Group has established a long-term working relationship with 8D since the Group was established, as the management of 8D demonstrates a good understanding on the business needs of the respective members of the Group. The Directors of the Company are of the view that 8D has been providing quality services to the Group with reasonable fees.

The amount of services fees payable by the Group to 8D was HK\$1.8 million for the year ended 31st December, 2004.

New Waiver for Corporate Management Services and Advertising and Promotional Services

As set out in the announcement of the Company dated 30th May, 2002 and in its annual report for the year 2002, the Company had previously obtained the 1998 Waiver from the Stock Exchange for the Ongoing Connected Transactions under the sharing of corporate management services and rental arrangement amongst the CCIHL Group, the PHL Group and the RHIHL Group and also the provision of advertising and promotional services by 8D to the PHL Group and the RHIHL Group. It was also set out in the announcement and in its annual report for the year 2002 that the Company had failed to comply with the conditions of the waiver and the relevant requirements for connected transactions under the Listing Rules in respect of the sharing of corporate management services since the year ended 31st December, 1999 (including that sharing of corporate management services which took place during the financial year since 1st January, 2003) due primarily to its reduced net asset value and had failed to comply with the relevant requirements for connected transaction under the Listing Rules in respect of the provision of advertising and promotional services by 8D since 8D had become a connected person of the Company in 2000.



As stated above in the paragraph headed "Corporate Management Services shared by the CCIHL Group with the PHL Group and the RHIHL Group", the cost sharing basis of the corporate management services has changed with effect from 1st January, 2003. In addition, the advertising and promotional services provided by 8D constitute ongoing connected transactions for the Company. The Stock Exchange, on application by the Company, granted to the Company the New Waiver for the Ongoing Connected Transactions under (a) the sharing of the Corporate Management Services among the three listed groups, and (b) the advertising and promotional services provided by 8D from strict compliance with the disclosure requirements under the Listing Rules in respect of the transactions subject to the conditions stated in the paragraph headed "Compliance with New Waiver Conditions" below.

Compliance with New Waiver Conditions

The Company has complied with the conditions of the above new waiver for the transactions under the Corporate Management Services and the Advertising and Promotional Services set out below for the relevant period up to 30th March, 2004 (i.e. being the date immediately before the new Chapter 14A of the Listing Rules came into force) (the "Relevant Period"):

- (1) the transactions were:
 - (i) entered into by the Group in the ordinary and usual course of its business;
 - (ii) conducted on terms that are fair and reasonable so far as the shareholders of the Company and no less favourable to the Group than terms available from independent third parties; and
 - (iii) entered into on terms in accordance with the terms of the agreements governing the Transactions, if any;
- (2) the aggregate amount of the fees of each class of the transactions under the sharing of Corporate Management Services allocated by the CCIHL Group to the PHL Group and the RHIHL Group and the Advertising and Promotional Services payable by the Group for the Relevant Period did not exceed 1% of the published modified asset value of the Company in the financial year of 2004;
- (3) the Independent Non-Executive Directors of the Company have reviewed the above transactions for the Relevant Period and confirmed in this annual report of the Company for the financial year of 2004 that they were conducted in the manner as stated in paragraphs (1) and (2) above;
- (4) the Auditors of the Company have reviewed the subject transactions for the New Waiver Period and confirmed in a letter to the Board of Directors of the Company (a copy of which shall be provided to the Listing Division of the Stock Exchange) stating:
 - (i) the transactions have received the approval of the Board of Directors of the Company;
 - (ii) the transactions have been carried out in accordance with the terms of the agreements governing such transactions, if any; and
 - (iii) the aggregate amount of each class of the transactions for the Relevant Period has not exceeded the maximum amount as stated in paragraph (2) above; and



- (5) details of the transactions under the Corporate Management Services and the Advertising and Promotional Services in the Relevant Period have been disclosed according to the relevant disclosure requirements under the Listing Rules in this annual report of the Company for the financial year of 2004 together with a statement of the opinion of its Independent Non-Executive Directors referred to in paragraph (3) above.

Pursuant to Rule 14A.31(8) of the new Chapter 14A of the Listing Rules, the sharing of corporate management services was exempted from the requirements of announcement and independent shareholders' approval.

Pursuant to Rule 14A.31(2)(a) of the new Chapter 14A of the Listing Rules, the Rental Arrangement and the Advertising and Promotional Services during the financial year of 2004 fell under the de minimis exemption and were not subject to the requirements of announcement and independent shareholders' approval.

Information relating to the On-going Transactions is also contained in note 50 to the financial statements.

DISCLOSURE PURSUANT TO RULE 13.16 OF CHAPTER 13 OF THE LISTING RULES

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Rule 13.16 of Chapter 13 of the Listing Rules.

Financial Assistance provided to and Guarantees given for Affiliated Companies (Rule 13.16 of Chapter 13)

Details of the financial assistance provided to affiliated companies by the Group as at 31st December, 2004 are set out below:

Name of Affiliated Companies	Principal Amount of Advances (HK\$'million)	Interest Receivable (HK\$'million)	Total (HK\$'million)
Cheerjoy Development Limited	155.2	–	155.2
Talent Faith Investments Ltd.	78.6	–	78.6
Network Sky Limited	0.8	–	0.8
Smart Tactic Limited	0.4	–	0.4
Total:	<u>235.0</u>	<u>–</u>	<u>235.0</u>



Cheerjoy Development Limited ("Cheerjoy") was a wholly owned subsidiary company of PHL and became a 30% owned associate of PHL during 1999. Cheerjoy owns the development property at Ap Lei Chau Inland Lot No. 129, Ap Lei Chau East, Hong Kong. The remaining 70% shareholding interest in Cheerjoy is owned by a third party, which is independent of, and not connected with PHL, the directors, chief executive and substantial shareholders of PHL and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances were provided by the PHL Group in the form of shareholder's loans and, according to the terms of the shareholders' agreement in respect of this joint venture, would not be in proportion to PHL's shareholding interest in Cheerjoy. The advances were provided for the purpose of funding the working capital requirements of Cheerjoy, are unsecured, interest free and have no fixed terms of repayment.

Talent Faith Investments Ltd. ("Talent Faith") was previously a 50% owned associate of PHL. Talent Faith owns a 65% interest in a joint venture company which, in turn, owns 70% interest in an equity joint venture in the People's Republic of China involved in property development project in Beijing. The other 50% beneficial interest in Talent Faith was previously held by the purchaser (the "Purchaser") under a sale and purchase agreement for the sale by the PHL Group of a 50% interest in Talent Faith entered into in 2000 (the "Former SP Agreement"). Due to the default by the Purchaser under the Former SP Agreement, PHL Group has enforced its rights in the prior year to repossess the 50% interest in Talent Faith sold to the Purchaser under the Former SP Agreement. In July 2003, the PHL Group entered into a new sale and purchase agreement with the Purchaser for the sale of the PHL Group's 100% interest in Talent Faith for a gross consideration of HK\$181.9 million (the "New SP Agreement"), with completion stipulated for November 2003. Though the PHL Group has received from the Purchaser certain deposits and part payments, the Purchaser has failed to comply with the stipulated schedule for the full settlement of the consideration payable under the New SP Agreement. While the PHL Group is legally retaining the entire shareholding ownership in Talent Faith, the PHL Group is negotiating with the Purchaser for its remedy of the default. Under these circumstances, despite the holding of a 100% shareholding interest in Talent Faith at the balance sheet date, the directors of PHL consider it appropriate to continue to account for the PHL Group's interest therein as an associate, as the PHL Group's control over Talent Faith may be temporary, subject to the outcome of the New SP Agreement. The advances were provided by the PHL Group in the form of shareholder's loans and, in accordance with the terms in the Former SP Agreement, would not be in proportion to PHL's shareholding interest in Talent Faith. The advances were provided for the purpose of funding the working capital requirements of Talent Faith, are unsecured, interest free and have no fixed terms of repayment.



Network Sky Limited ("Network Sky") is a 25% owned associate of each of PHL and RHIHL, which through its wholly-owned subsidiary company is engaged in the carrying on of a light refreshment operation. The other shareholding interests in Network Sky are owned as to 25% indirectly by Mrs. Kitty Lo Lee Kit Tai, also a director of PHL and RHIHL (until 17th August, 2004), through her associate (as defined in the Listing Rules) and 25% directly by a third party which is independent of, and not connected with PHL and RHIHL, the directors, chief executive and substantial shareholders of PHL and RHIHL and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances to Network Sky were provided by the PHL Group and RHIHL Group in the form of shareholder's loans in proportion to the their respective shareholding interests in Network Sky, for the purpose of financing the working capital of Network Sky. The advances are unsecured, interest free and have no fixed terms of repayment.

Smart Tactic Limited ("Smart Tactic"), a 30% owned associate of PHL, is engaged in carrying on business in sourcing, trading and distributing biometric security products primarily in The People's Republic of China. The remaining 70% shareholding interest in Smart Tactic is owned by a third party, which is independent of, and not connected with PHL, the directors, chief executive and substantial shareholders of PHL and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances to Smart Tactic were provided by PHL in the form of shareholder's loans in proportion to PHL's shareholding interest in Smart Tactic, for the purpose of funding the working capital requirements of Smart Tactic. The advances to Smart Tactic are unsecured, interest free and have no fixed terms of repayment.

Calculated on the basis shown above, as at 31st December, 2004, the aggregate amount of financial assistance provided to affiliated companies by the Group in the sum of HK\$235.0 million represented 5.4% of the consolidated total assets of the Company of HK\$4,316.9 million (the "Century TA"), by reference to its latest audited financial statements for the year ended 31st December, 2004.

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)	The Group's attributable interest (HK\$'million)
Non-current assets	1,012.4	286.5
Current assets	6.4	2.3
Current liabilities	(68.6)	(37.3)
Non-current liabilities	(791.6)	(225.3)
	<hr/>	<hr/>
Net assets	158.6	26.2
	<hr/> <hr/>	<hr/> <hr/>



CORPORATE GOVERNANCE

Code of Best Practice

The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules then in force throughout the year, except that the Non-Executive Director and 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. The Audit Committee currently comprises Mr. Ng Siu Chan (Chairman of the Committee), Mr. Anthony Chuang and Mr. Wong Chi Keung, all of whom are Independent Non-Executive Directors of the Company. Mr. Wong Chi Keung was appointed as a member of the Audit Committee on 21st September, 2004. The Audit Committee is established with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group, auditing, internal control and financial reporting matters, including the review of the unaudited condensed consolidated financial statements for the year ended 31st December, 2004.

Code of Conduct for Securities Transactions by Directors

The Company has adopted the "Code for Securities Transactions by Directors of Century City International Holdings Limited" (the "Century Code"), on terms no less exacting than the required standard set out in the Model Code, as the code of conduct governing the securities transactions by the Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code and the Century Code during the year ended 31st December, 2004.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiary companies, of the listed securities of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in Bermuda being the jurisdiction in which the Company is incorporated.



MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of purchases attributable to the Group's 5 largest suppliers and the percentage of turnover or sales attributable to the Group's 5 largest customers combined in respect of goods and services was in each case less than 30% of the total amount involved.

FIXED ASSETS

The details of movements in fixed assets during the year are set out in note 17 to the financial statements.

PROPERTY UNDER DEVELOPMENT

The details of movements in properties under development during the year are set out in note 19 to the financial statements.

PROPERTY HELD FOR FUTURE DEVELOPMENT

The details of movements in property held for future development during the year are set out in note 20 to the financial statements.

BORROWINGS

The details of the Company's and the Group's borrowings at the balance sheet date are set out in notes 32 and 34 to the financial statements.

SHARE CAPITAL

The details of movements in the share capital of the Company during the year are set out in note 38 to the financial statements.

SHARE PREMIUM ACCOUNT

The details of movements in the share premium account during the year are set out in note 38 to the financial statements.

CAPITAL REDEMPTION RESERVE

The details of movements in the capital redemption reserve account during the year are set out in note 41 to the financial statements.

CAPITAL RESERVE

The details of movements in the capital reserve account during the year are set out in note 42 to the financial statements.

SPECIAL RESERVE

The details of movements in the special reserve account during the year are set out in note 43 to the financial statements.



LONG TERM INVESTMENTS REVALUATION RESERVE

The details of movements in the long term investments revaluation reserve account during the year are set out in note 44 to the financial statements.

EXCHANGE EQUALISATION RESERVE

The details of movements in the exchange equalisation reserve account during the year are set out in note 45 to the financial statements.

SUBSIDIARY COMPANIES

Particulars of the Company's principal subsidiary companies are set out in note 46 to the financial statements.

JOINTLY CONTROLLED ENTITY AND ASSOCIATES

Particulars of the Group's interests in jointly controlled entity and associates are set out in notes 21 and 22 to the financial statements, respectively.

CONTRIBUTED SURPLUS

The details of movements in the contributed surplus account during the year are set out in note 47 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st December, 2004, the Company's reserves available for distribution calculated in accordance with The Companies Act 1981 of Bermuda amounted to HK\$1,322.7 million.

INTEREST CAPITALISED

No interest expenses was capitalised during the year in respect of the Group's property development projects.

AUDITORS

Ernst & Young retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

LO YUK SUI

Chairman

Hong Kong
11th April, 2005

