



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2001, 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 Shares Held
Shui To Co., Limited (Note)	440,269,831
YSL International Holdings Limited (Note)	931,998,340

Note: These companies are controlled by Mr. Lo Yuk Sui and their said shareholdings were included in the corporate interests of Mr. Lo Yuk Sui in the Company as disclosed under Interests in Shares of Directors' Interests in Share Capital.

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"). As at the date of this report, the Company owns a 59.2% shareholding interest in Paliburg Holdings Limited ("PHL") and PHL owns a 72.8% shareholding interest in Regal Hotels International Holdings Limited ("RHIHL"). For the purpose of this section, RHIHL and its subsidiary companies will be referred to as the "RHIHL Group"; PHL and its subsidiary companies, excluding the RHIHL Group, will be referred to as the "PHL Group"; PHL and its subsidiary companies, including the RHIHL Group, will be referred to as the "PHL/RHIHL Group"; the Company and its subsidiary companies, excluding both the PHL Group and the RHIHL Group, will be referred to as the "CCIHL Group"; and the Company and its subsidiary companies, including both the PHL Group and the RHIHL Group, will be referred as the "Group".

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 PHL, 30% by RHIHL and 30% by China Overseas Land & Investment Limited, which is independent of, and not connected with the Company, PHL and RHIHL, the respective directors, chief executive and substantial shareholders of the Company, PHL and RHIHL and any of their respective subsidiary companies or any of their respective associates (as defined in the Listing Rules), by the PHL Group and the RHIHL Group as at 30th June, 2001 are set out below:

Advances	PHL Group (HK\$'million)	RHIHL Group (HK\$'million)	PHL/RHIHL Group (HK\$'million)
(A) Principal Amount of Advances	1,554.9	1,166.2	2,721.1
(B) Interest Receivable	216.7	162.5	379.2
(C) Several Guarantees for:			
(a) Principal Amount of Bank Facilities	1,320.0	990.0	2,310.0
(b) Amount of Bank Facilities Drawdown	1,004.4	753.3	1,757.7
Total: (A)+(B)+(C)(a)	<u>3,091.6</u>	<u>2,318.7</u>	<u>5,410.3</u>
(A)+(B)+(C)(b)	<u>2,776.0</u>	<u>2,082.0</u>	<u>4,858.0</u>

The above advances to Chest Gain including interest receivable thereon, in an aggregate sum of HK\$1,771.6 million (before a provision of HK\$933.3 million representing the PHL 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 PHL Group. The above advances to Chest Gain, including interest receivable thereon, in an aggregate sum of HK\$1,328.7 million (before a provision of HK\$700.0 million representing the RHIHL Group’s attributable share of the provision for foreseeable loss in respect of the property development at the Stanley Site of Chest Gain) were provided by the RHIHL 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 is being accrued at prime rate. 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 guarantees were provided by PHL and RHIHL on 28th October, 1997 on a several basis in proportion to their respective shareholding interests in Chest Gain and were 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, 2001 provided by the PHL/RHIHL Group to Chest Gain in the respective sums of (a) HK\$5,410.3 million (based on the total available amount of the bank facilities) and (b) HK\$4,858.0 million (based on the amount of bank facilities drawdown) represented (a) 452.0% and (b) 405.8% of the consolidated net tangible assets of the Company of HK\$1,197.1 million (the “Century NTA”), by reference to its latest unaudited condensed consolidated financial statements for the six months ended 30th June, 2001.



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, 2001 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) 2,721.1	(B) 379.2	(C)(i) 2,310.0	(C)(ii) 1,757.7
Cheerjoy Development Limited	(D) 138.0 (Interest Rate: Prime Rate)	(E) 5.5	Nil	Nil
Talent Faith Investments Ltd.	(F) 78.6	-	Nil	Nil
Century King Investment Limited	(G) 3.2 (Interest Rate: 10% p.a.)	(H) 0.8	Nil	Nil
8D International (BVI) Limited	(I) 36.2	-	Nil	Nil
8D Matrix Limited	(J) 1.0	-	Nil	Nil
		Total :	(A)+(B)+(C)(i)+(D) to (J)	5,673.6
			(A)+(B)+(C)(ii)+(D) to (J)	5,121.3

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.

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 provided 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 and have no fixed term of repayment.

Talent Faith Investments Ltd. (“Talent Faith”) was previously a wholly owned subsidiary company of PHL. Talent Faith owns a 65% interest in a joint venture company which, in turn, owns a 70% interest in an equity joint venture in The People’s Republic of China involved in a property development project in Beijing. Talent Faith became a 50% owned associate of PHL during 2000. The remaining 50% shareholding interest in Talent Faith 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, in accordance with the terms in the agreement entered into with the said third party in relation to the disposal of the PHL Group’s 50% interest in Talent Faith, 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.

As at 30th June, 2001, Century King Investment Limited (“Century King”) was a 50% owned associate of RHIHL, which was engaged in the operation of a Japanese restaurant. The remaining 50% shareholding interest in Century King was owned by a third party, which was independent of, and not connected with RHIHL, the directors, chief executive and substantial shareholders of RHIHL and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances had been provided by the RHIHL Group in the form of shareholder’s loans in proportion to RHIHL’s then shareholding interest in Century King, for the purpose of funding the working capital requirements of Century King. The advances were unsecured and had no fixed term of repayment. Subsequent to 30th June, 2001, Century King became a wholly owned subsidiary company of RHIHL and ceased its Japanese restaurant business.

8D International (BVI) Limited (“8D-BVI”) is a 30% owned associate of RHIHL, which is involved in information technology businesses in connection with broadband national railway fibre optic network in The People’s Republic of China and information technology systems development, and promotions and communications businesses. The remaining shareholding interests in 8D-BVI are indirectly owned as to 10% by the Company and 60% by Mr. Lo Yuk Sui. The advances were provided by the CCIHL Group and the RHIHL Group in the form of shareholders’ loans in proportion to the respective shareholding interests of the Company and RHIHL 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 RHIHL, which is involved in promotions, communications and information technology businesses. The remaining shareholding interests in 8D Matrix are owned as to 10% indirectly by the Company 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 CCIHL Group and the RHIHL Group in the form of shareholders’ loans in proportion to the respective shareholding interests of the Company and RHIHL 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.

Calculated on the basis shown above, as at 30th June, 2001, the aggregate amount of financial assistance provided to and guarantees given for affiliated companies by the Group in the respective sums of (a) HK\$5,673.6 million (based on the total available amount of the bank facilities to Chest Gain) and (b) HK\$5,121.3 million (based on the drawdown amount of bank facilities to Chest Gain) represented (a) 473.9% and (b) 427.8% of the Century 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	5,125.8	1,728.7
Current assets	15.6	4.1
Current liabilities	(130.9)	(45.5)
Non-current liabilities	(8,502.4)	(2,989.8)
Net liabilities	<u>(3,491.9)</u>	<u>(1,302.5)</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 RHIHL Group impose specific performance obligations on the controlling shareholders of the Company, PHL and RHIHL:

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

Notes:

(i) Mr. Lo Yuk Sui, the Chairman and the controlling shareholder of the Company which owns a 59.2% shareholding interest in PHL (which in turn owns as 72.8% shareholding interest in RHIHL), 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 in RHIHL.

(ii) Mr. Lo shall not cease to maintain controlling interest (whether directly or indirectly) in RHIHL.

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