

# INTERIM REPORT 2010



# Contents

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- 2 Corporate Information
- 3 Directors' Profile
- 5 Chairman's Statement
- 10 Management Discussion and Analysis
- 13 Condensed Consolidated Financial Statements
  - 13 Condensed Consolidated Income Statement
  - 14 Condensed Consolidated Statement of Comprehensive Income
  - 15 Condensed Consolidated Statement of Financial Position
  - 17 Condensed Consolidated Statement of Changes in Equity
  - 18 Condensed Consolidated Statement of Cash Flows
  - 19 Notes to Condensed Consolidated Financial Statements
- 32 Other Information
- 56 Report on Review of Interim Financial Information

# Corporate Information

## DIRECTORS

### *Executive Directors*

Lo Yuk Sui

(Chairman and Chief Executive Officer)

Kenneth Ng Kwai Kai

(Chief Operating Officer)

Donald Fan Tung

Kelvin Leung So Po

Jimmy Lo Chun To

Lo Po Man

### *Independent Non-Executive Directors*

Anthony Chuang

Ng Siu Chan

Wong Chi Keung

## AUDIT COMMITTEE

Ng Siu Chan (Chairman)

Anthony Chuang

Wong Chi Keung

## REMUNERATION COMMITTEE

Lo Yuk Sui (Chairman)

Anthony Chuang

Ng Siu Chan

Wong Chi Keung

## SECRETARY

Eliza Lam Sau Fun

## AUDITORS

Ernst & Young

## PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

The Bank of East Asia, Limited

Standard Chartered Bank (Hong Kong) Limited

## PRINCIPAL REGISTRAR

Butterfield Fulcrum Group (Bermuda) Limited

Rosebank Centre, 11 Bermudiana Road,

Pembroke HM08, Bermuda

## BRANCH REGISTRAR IN HONG KONG

Tricor Tengis Limited

26th Floor, Tesbury Centre,

28 Queen's Road East, Wanchai,

Hong Kong

## REGISTERED OFFICE

Rosebank Centre, 11 Bermudiana Road,

Pembroke, Bermuda

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11th Floor, 68 Yee Wo Street,

Causeway Bay,

Hong Kong

Tel: 2894 7888

Fax: 2890 1697

Website: [www.centurycity.com.hk](http://www.centurycity.com.hk)

## Directors' Profile

**Mr. Lo Yuk Sui**, aged 66; *Chairman and Chief Executive Officer* — Chairman and Managing Director since 1989 when the Company was established in Bermuda as the ultimate holding company of the Group and designated as Chief Executive Officer in 2007. Mr. Lo has been the Chairman and the Managing Director of the predecessor listed company of the Group since 1985 and 1986 respectively. He is also the chairman and chief executive officer of Paliburg Holdings Limited ("PHL"), the listed subsidiary of the Company, Regal Hotels International Holdings Limited ("RHIHL"), the listed associate of the Company, and the non-executive chairman of Regal Portfolio Management Limited ("RPML"), the manager of Regal Real Estate Investment Trust (the listed associate of RHIHL). Mr. Lo is a qualified architect. In his capacity as the Chief Executive Officer, Mr. Lo oversees the overall policy and decision making of the Group. Mr. Lo is the father of Mr. Jimmy Lo Chun To and Miss Lo Po Man.

**Mr. Kenneth Ng Kwai Kai**, aged 56; *Executive Director and Chief Operating Officer* — Appointed to the Board in 1989 and designated as Chief Operating Officer in 2007. Mr. Ng joined the Group in 1985 and is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group. Mr. Ng is a Chartered Secretary. He is also an executive director of PHL and RHIHL and a non-executive director of Cosmopolitan International Holdings Limited ("Cosmopolitan"), a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Mr. Anthony Chuang**, aged 65; *Independent Non-Executive Director* — Invited to the Board as Independent Non-Executive Director in 1993. Mr. Chuang graduated from University of Notre Dame, South Bend, Indiana, U.S.A. and has extensive experience in the commercial field.

**Mr. Donald Fan Tung**, aged 53; *Executive Director* — Appointed to the Board in 2007. Mr. Fan is a qualified architect and has been with the Group since 1987. He is also an executive director and the chief operating officer of PHL, an executive director of RHIHL and a non-executive director of RPML. Mr. Fan is in charge of the property development, architectural design and project management functions as well as overseeing the building construction business of the Group.

**Mr. Kelvin Leung So Po**, aged 38; *Executive Director* — Appointed to the Board in 2010. Mr. Leung has been with the Century City Group for over 12 years. He has been involved in the corporate finance function of the Century City Group. Mr. Leung holds a bachelor degree in business administration from The Chinese University of Hong Kong. He is a member of the Illinois CPA Society. Mr. Leung has over 14 years of experience in accounting and corporate finance field. He is also a non-executive director of Cosmopolitan.

**Mr. Jimmy Lo Chun To**, aged 36; *Executive Director* — Appointed to the Board in 1999. He is also an executive director of PHL and RHIHL and a non-executive director of RPML. Mr. Jimmy Lo graduated from Cornell University, New York, U.S.A. with a degree in architecture. Apart from his involvement in the design of the Group's property projects and the hotel projects of the RHIHL Group, he undertakes responsibilities in the business development function of the Century City Group. He is the son of Mr. Lo Yuk Sui and the brother of Miss Lo Po Man.

**Miss Lo Po Man**, aged 31; *Executive Director* — Appointed to the Board in 2007. Miss Lo graduated from Duke University, North Carolina, U.S.A. with a bachelor degree in psychology. She is also an executive director of PHL and RHIHL. Miss Lo joined the RHIHL Group in 2000 and has been involved in the marketing and sales functions of the RHIHL Group. Miss Lo is an executive director of the estate agency business of the RHIHL Group and has undertaken an active role in directing the marketing campaign of the Regalia Bay luxury residential development in Stanley, Hong Kong. She also undertakes responsibilities in the business development function of the RHIHL Group. Miss Lo is the daughter of Mr. Lo Yuk Sui and the sister of Mr. Jimmy Lo Chun To.

**Mr. Ng Siu Chan**, aged 80; *Independent Non-Executive Director* — Invited to the Board as Independent Non-Executive Director in 1994. Mr. Ng is also an independent non-executive director of PHL and RHIHL. He is a non-executive director of Transport International Holdings Limited, which is publicly listed in Hong Kong.

**Mr. Wong Chi Keung**, aged 55; *Independent Non-Executive Director* — Invited to the Board as Independent Non-Executive Director in 2004. Mr. Wong is also an independent non-executive director of PHL and RHIHL. He holds a master's degree in business administration from the University of Adelaide in Australia. He is a fellow member of Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia and an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management, advising on securities and advising on corporate finance for Sinox Fund Management Limited under the Securities and Futures Ordinance of Hong Kong. Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (now known as "Yuexiu Property Company Limited"), a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of the audit committee of Asia Orient Holdings Limited, Asia Standard International Group Limited, China Nickel Resources Holdings Company Limited, China Ting Group Holdings Limited, First Natural Foods Holdings Limited (Provisional Liquidators Appointed), FU JI Food and Catering Services Holdings Limited (Provisional Liquidators Appointed), Golden Eagle Retail Group Limited, Ngai Lik Industrial Holdings Limited, PacMOS Technologies Holdings Limited and TPV Technology Limited, and an independent non-executive director of ENM Holdings Limited, all of which companies are listed on the Stock Exchange. Mr. Wong has over 30 years of experience in finance, accounting and management.

# Chairman's Statement

Dear shareholders,

I am pleased to present the Interim Report of the Company for the six months ended 30th June, 2010.

## FINANCIAL RESULTS

For the six months ended 30th June, 2010, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$230.6 million, an increase of about 87% as compared with the profit of HK\$123.3 million recorded in the last corresponding period.

As at the half year end date, the Company beneficially held approximately 59.1% of the issued shares of Paliburg Holdings Limited, the listed subsidiary of the Group. Paliburg held approximately 49.0% of Regal Hotels International Holdings Limited that, in turn, owned approximately 74.3% of the issued units of Regal Real Estate Investment Trust, which is accounted for as an associate of Regal. Same as in prior years, supplementary information on the Group's net assets position, compiled on an adjusted basis to more fairly reflect the share of net assets attributable to the interests held by Regal in Regal REIT, is provided in the section headed "Management Discussion and Analysis" below.

## DIVIDEND

The Directors have declared the payment of an interim dividend of HK0.4 cent (2009 – HK0.3 cent) per ordinary share for the financial year ending 31st December, 2010, absorbing an amount of approximately HK\$9.6 million (2009 – HK\$6.9 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 15th October, 2010.

The Register of Ordinary Shareholders will be closed from Wednesday, 13th October, 2010 to Friday, 15th October, 2010, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the interim dividend, all transfers of ordinary shares and/or subscriptions of the outstanding 2011 warrants of the Company, duly accompanied by the relevant certificates together with, where appropriate, the relevant subscription moneys, must be lodged with the Company's branch registrar in Hong Kong, Tricor Tengis Limited, no later than 4:00 p.m. on Tuesday, 12th October, 2010. The relevant dividend warrants are expected to be despatched on or about 28th October, 2010.

## BUSINESS OVERVIEW

The Group continues to input strenuous efforts to explore new business opportunities with a view to diversifying and expanding its investment portfolio, but due to the very low interest rate environment, competitions for favourable investment opportunities are keen. However, in view of the volatile global financial market, the Group has adopted a more prudent approach in pursuing business expansions. Although some of the potential deals are still in discussions, the progress in this respect has been relatively slow.

In addition to the shareholdings held in Paliburg, the Company also owns warrants issued by Paliburg which are exercisable into approximately 59.5 million Paliburg shares at a price of HK\$2.1 per Paliburg share before 8th November, 2010. If all the outstanding warrants of Paliburg, including those held by the Company, are exercised, the Company's shareholding interest in Paliburg will be maintained at approximately 58.5% of the enlarged issued share capital of Paliburg.

During the period under review, the various listed entities within the Century City Group have all attained satisfactory progress and their respective financial results and business reviews are set out below.



### **PALIBURG HOLDINGS LIMITED**

For the six months ended 30th June, 2010, Paliburg achieved an unaudited consolidated profit attributable to shareholders of HK\$400.1 million, which represents an increase of about 146% over the HK\$162.3 million attained in the comparative period last year. The increase in the profit achieved was principally derived from the fair value gains on the financial assets as well as the enhanced profit contribution from Regal.

### **PROPERTIES**

The Paliburg group has a 30% joint venture interest in Larvotto, a luxury residential development project at Ap Lei Chau Inland Lot No.129, which has a very low carrying investment cost. The project has a total gross floor area of about 913,000 square feet, comprising 9 residential towers with 715 residential apartments and certain commercial areas on the ground floor, complemented with club house and car parking facilities. Presale of the apartments units commenced in July 2010 and has been very well received. So far, about 640 residential apartment units have been presold for an aggregate sale consideration exceeding HK\$14 billion. The construction works are well in progress and the development is expected to be completed within the first quarter of 2011. Very substantial cash flow and profits are expected to be derived from the Paliburg group's interest in Larvotto, which will be received and accounted for in 2011 when the agreements for the sale and purchase of the apartment units presold are completed.

The Paliburg group is retaining 25% equity interests in Regal iClub Building at No.211 Johnston Road in Wanchai, with the 75% interests having been sold to Regal REIT in October last year. Due to the encouraging performance of the Regal iClub Hotel since its opening in December 2009, the remaining ten office floors in the building are being converted into another 49 guestrooms and suites, anticipated to be completed later this year. The property is currently leased to the Paliburg group for property leasing and hotel operation business and the lease will expire at the end of this year. The Paliburg group has granted an option to Regal REIT to acquire the Paliburg group's remaining 25% equity interests on pre-agreed terms, which is exercisable by Regal REIT during the period from 1st November, 2010 to 28th February, 2011.

As regards the joint development project in the Central Business District in Beijing, which is owned through an associate 50%-owned by each of the Paliburg group and the Regal group, the overall situation remains very complicated and difficult. The Paliburg group and the Regal group have endeavoured to take all necessary steps to safeguard the interests held in the project, but the outcome of the different circumstances relating to outstanding litigations, ownership disputes and land development rights affecting the project is still uncertain. Further information on this project is contained in the section headed "Management Discussion and Analysis" below.

### **CONSTRUCTION AND BUILDING RELATED BUSINESSES**

The Paliburg group operates a comprehensive range of construction and other building related businesses which, apart from offering services to third party clients, are providing key support to the needs of the Paliburg group as a whole. While the construction industry in Hong Kong continues to be very competitive, the Paliburg group has recently diversified into the business of providing LED lighting works for buildings, which has high growth potential.

### **OTHER INVESTMENTS**

The Paliburg group holds a substantial portfolio of investments in financial assets, including the shares in China Pacific Insurance (Group) Co., Ltd. previously acquired as one of the cornerstone investors in its IPO last year. Apart from the 16.8% shareholding interest held in Cosmopolitan International Holdings Limited, the Paliburg group also owns a significant amount of the convertible bonds issued by the Cosmopolitan group. As the market price of the shares of Cosmopolitan as at 30th June, 2010 was much higher than that prevailing at the last year end date, the Paliburg group has derived substantial fair value gains from the investments in Cosmopolitan, which have been reflected in the results for the period under review.

## Chairman's Statement (Cont'd)

### REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

For the six months ended 30th June, 2010, Regal achieved an unaudited consolidated profit attributable to shareholders of HK\$385.3 million, an increase of about 162% as compared to the profit of HK\$147.2 million recorded in the corresponding period in 2009. The increase in the profit achieved was largely attributable to the fair value gains on the financial assets and investment properties held by the Regal group.

### HOTELS

During the period under review, total number of visitors to Hong Kong reached approximately 16.9 million, which represents an increase of 23% year-on-year and is a new record for visitor arrivals in the first half of a year. Though visitors from all major markets recorded growth, the increase in the number of travellers from China and the Asian region was most noticeable. Visitors from the Mainland alone during this period surpassed 10 million and accounted for over 62% of the total count.

Benefited by the surge in visitor arrivals, the hotel industry in Hong Kong performed rather satisfactorily in the period under review, particularly as compared with the relatively weak performance in the corresponding period last year. Due to the lack luster economic condition prevailing in the United States and Europe, businesses from the long haul markets are still being affected. This has negatively impacted on the performance of Regal Airport Hotel, as its clientele has been principally targeted towards the individual travellers and long haul markets. The Regal Airport Hotel has adjusted its business strategy to adapt to the changing demand profile, aiming to enhance its occupancy level and gross hotel revenue. Meanwhile, due to the temporary closure of some hotel rooms to accommodate the undertaking of upgrading works, the businesses at Regal Hongkong Hotel, Regal Kowloon Hotel and Regal Riverside Hotel have also been affected during the period under review. Nevertheless, the five Regal Hotels in Hong Kong have on the whole managed to achieve satisfactory performance in the first half of 2010, with aggregate net property income having increased by 17% as compared with that attained in the corresponding period last year.

However, as the present rental package for the leasing of the five Regal Hotels in Hong Kong was fixed at the time of the separate listing of Regal REIT when the hotel market in Hong Kong was relatively buoyant, the income derived from the operation of the five hotels was still below the level of rental payable, which has affected the profit performance of the Regal group.

The current leases of the five hotels will last until 31st December, 2015 but the yearly rental packages are fixed only up to the end of this year. For the year 2011 and onwards, the rental package will be determined on a yearly basis by an independent property valuer to be jointly appointed by Regal REIT and the Regal group. In this regard, an independent property valuer has been appointed to conduct the market rental review for the year 2011 and the rental review process will be completed before 30th September, 2010.

As the lessee operator and hotel manager, the Regal group has procured continual upgrading of the five Regal Hotels in Hong Kong, ranging from hotel guestrooms and suites, executive floors, dining venues, ancillary facilities, to IT enabled operating systems. To supplement this product revamp programme, the Regal group has itself committed substantial capital and human resources to enhance its marketing platform and reservation network.

On the hotel management front, the next Regal managed hotel to come on stream will be the Regal Kangbo Hotel in Dezhou, Shandong. This 215-room five-star hotel is expected to be soft opened next month and will be the fifth hotel managed by the Regal group in China. The contract for the Regal group to provide management services to a hotel with service apartments offering a total of 282 units in Waigaoqiao Free Trade Zone in Pudong, Shanghai will soon be concluded and the property is scheduled to be soft opened within the next quarter under the name of Regal Plaza Hotel & Residence. Meanwhile, the Regal group is also conducting negotiations on a number of new hotel management contracts and it is anticipated that certain of these potential contracts would be finalised shortly.



The Regal iClub Hotel in Wanchai, which is 75% owned by Regal REIT and 25% owned by the Paliburg group, is also managed by the Regal group. The hotel was opened in December 2009 and has been very well received. This chic and trendy business model has proven to be popular with business travellers and could well be the prototype for further expansion in other suitable locations.

### REGAL REAL ESTATE INVESTMENT TRUST

Regal REIT presently owns the five Regal Hotels in Hong Kong as well as the 75% interest in the Regal iClub Building in Wanchai.

For the six months ended 30th June, 2010, Regal REIT attained an unaudited consolidated net profit before distribution to its unitholders of approximately HK\$308.2 million, as compared to the profit of HK\$187.5 million recorded in the corresponding period in 2009. Based on the market valuations conducted as at the half year end date, there was an increase of approximately HK\$104.5 million in the fair values of Regal REIT's investment properties portfolio. This valuation increase has contributed positively to the comparatively higher profit achieved by Regal REIT for the period under review. Distributable income available for distribution to unitholders of Regal REIT for the period amounted to approximately HK\$299.6 million, as compared with HK\$280.5 million for the comparative period last year, equivalent to approximately HK\$0.093 per unit (six months ended 30th June, 2009 – HK\$0.092 per unit).

Regal Portfolio Management Limited, a wholly-owned subsidiary of Regal, acts as the REIT Manager of Regal REIT and received fees for the period in an aggregate amount of HK\$34.3 million, a majority part of which was settled through the issue of new units by Regal REIT.

### PROPERTIES

The property market in Hong Kong during the period under review has been very active and buoyant, particularly in the residential sector. While the HKSAR Government has recently introduced measures to curb short term speculations in the presale of residential units, this should on the whole be beneficial to the development of a healthy and stable property market in the long run.

Apart from the 2 connected houses which have been contracted to be sold, the Regal group retains a total of 21 houses in the luxury residential development in Regalia Bay, Stanley, some of which are being held as investment properties. Based on the market valuations conducted as at the half year end date, the fair value gains attributable to those houses held as investment properties have been reflected in the interim results under review. Given the very limited supply, luxury properties in traditional high end residential areas will remain in great demand. The Regal group will continue to lease out some of the retained houses in Regalia Bay for rental income and will consider releasing certain houses for sale from time to time when the price offered is satisfactory.

In China, the development works at the composite development project in Chengdu, which is 50% owned by each of the Regal group and Cosmopolitan group, are progressing. The marketing programme is still under review and the launching of the units presale for the first stage of the development project has been rescheduled to the first half of 2011.

As referred to above, Regal group is the joint venture partner of the Paliburg group with respect to the investment in the development project in the Central Business District of Beijing held through the 50%-owned associate.

## Chairman's Statement (Cont'd)

### OTHER INVESTMENTS

Apart from the portfolio of listed securities, including the shares in China Pacific Insurance (Group) Co., Ltd. previously acquired as one of the cornerstone investors, the Regal group holds for strategic purpose significant investments in Cosmopolitan, comprising principally convertible bonds issued by the Cosmopolitan group. As the market price of the Cosmopolitan shares has increased since the last year end date and, as at 30th June, 2010, was much higher than the prevailing conversion price under the convertible bonds issued by the Cosmopolitan group, the increase in the fair values of such convertible bonds held by the Regal group has also contributed substantially to the results of the Regal group for the period under review.

### OUTLOOK

#### REGAL GROUP

Based on present forecasts, the performance of the Regal Hotels in Hong Kong in the second half of this year, which includes the traditional high season for the hotel industry, is expected to surpass that achieved in the first half. Looking further ahead on a broader scale, the further relaxation of travel restrictions on individual visitors from the Mainland, the development of Hong Kong as the Offshore Renminbi Centre and the continual integration of Hong Kong with the Pearl River Delta regions should help bring the tourist industry in Hong Kong to new heights. Although global economies could still be volatile, the Regal group as a whole remains confident of the prospects of the hotel industry in Hong Kong.

The retained houses at Regalia Bay represent valuable investments with strong potential for capital appreciation in the long term. Moreover, the Regal group's overall financial position is very strong with substantial cash resources and the Regal group is well-poised to capture any appropriate investment opportunities that may arise.

#### PALIBURG GROUP

The Paliburg group is presently debt free and with the very substantial cash inflow expected to be generated from the Larvotto joint development project in 2011, the financial position of the Paliburg group will be greatly enhanced. The Paliburg group is actively planning to replenish its property development and investment portfolio, both in Hong Kong as well as in China.

#### CENTURY CITY GROUP

As the ultimate holding company of the Century City Group, the Company will seek to diversify into new businesses with high growth potential and, at the same time, will also consider undertaking new investments that would be complementary and beneficial to the existing businesses of the Group companies.

Having now established a very solid foundation, the Directors are confident that the Group will be able to implement business expansion plans that will create long term value for shareholders.

### LO YUK SUI

Chairman

Hong Kong  
24th August, 2010

# Management Discussion and Analysis

## BUSINESS REVIEW

The Group's significant investments and principal business activities mainly comprise property development and investment, construction and building related businesses and other investments including, in particular, its interests in Regal Hotels International Hotels Limited ("RHIHL"), the listed associate of the Company, which are held through Paliburg Holdings Limited ("PHL"), the listed subsidiary of the Company. The operating results of PHL during the period and its business prospects are contained in the preceding Chairman's Statement.

The significant investments and business interests of RHIHL comprise the hotel operation and management businesses, the investment in Regal Real Estate Investment Trust ("Regal REIT") (the listed associate of RHIHL), the asset management of Regal REIT, property development and investment, including the interest in the retained houses in Regalia Bay in Stanley, and other investment businesses. The performance of RHIHL's hotel, property and other investment businesses as well as that of Regal REIT during the period under review, the commentary on the local hotel industry and changes in general market conditions and the potential impact on their operating performance and future prospects are also contained in the Chairman's Statement.

As disclosed in an announcement of the Company dated 13th August, 2010, the Company has been served with a Writ of Summons issued by The New China Hong Kong Group Limited (in Creditors' Voluntary Liquidation) and The New China Hong Kong Development Limited (in Creditors' Voluntary Liquidation) (together, the "Plaintiffs") against, amongst others, the Company, Century City BVI Holdings Limited ("CCBVI", a wholly-owned subsidiary of the Company) and Mr. Kenneth Ng Kwai Kai, a Director of the Company, seeking to, inter alia, challenge the validity of certain transactions related to the disposal of assets by the Plaintiffs to a then subsidiary of the Company back in 1998 and claim for damages suffered thereby. The Company and CCBVI, having obtained counsel's advice, have been taking steps to strike out the Plaintiffs' claims. The Company was informed by Mr. Kenneth Ng that he would also be taking similar steps to strike out the claims made against him by the Plaintiffs. In any event, the Company and CCBVI will vigorously contest the claims and take all steps as they consider appropriate to defend themselves against such claims.

With respect to the joint development project in the Central Business District in Beijing, PRC and as previously reported in the annual report of the Company for the year ended 31st December, 2009, an associate that is 50% owned by each of the PHL group and the RHIHL group, which presently holds 59% shareholding interest in the Sino-foreign joint venture entities (that, in turn, own the development project), was engaged in arbitration proceedings conducted in Beijing, involving claims against the associate by the vendor for the rescission of the contracts entered into between the parties in 2005 for the purchase by the associate of 36% shareholding interest in the joint venture entities. Although the relevant court rejected the petitions made by the associate for setting aside the unfavourable arbitral awards, the associate is still resorting to other available legal means to safeguard the aforesaid 36% shareholding interest and to pursue its legal rights against the vendor. On the other hand, the joint venture entities are encountering various difficult issues including shareholders' disputes, lawsuits raised by the Chinese joint venture partner and a third party, and outstanding issues relating to the land development rights of the project. The associate and the joint venture entities are in discussions with the Chinese joint venture partner and the relevant government authorities in an attempt to resolve the abovementioned issues. The final outcome of these different situations is uncertain, but the PHL group will together with the RHIHL group closely monitor any new developments for any responding actions required.

## FINANCIAL REVIEW

### CAPITAL AND FUNDING

#### 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.

## Management Discussion and Analysis (Cont'd)

As the Group's banking facilities were 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, no hedging instruments for currency or interest rates purposes have been deployed during the period under review.

### Cash Flow

Net cash flows used in operating activities during the period under review amounted to HK\$183.9 million (2009 – net cash flows from operating activities of HK\$20.0 million). Net interest receipt for the period amounted to HK\$0.9 million (2009 – HK\$0.7 million).

### Borrowings

As at 30th June, 2010, the Group had cash and bank balances and deposits of HK\$210.7 million and no borrowings (31st December, 2009 – HK\$366.3 million and no borrowings).

Information in relation to the contingent liabilities of the Group as of 30th June, 2010 has not changed materially from that disclosed in the most recently published annual report of the Company for the year ended 31st December, 2009 (the "2009 Annual Report"). Details of the Group's pledge of assets, which have not changed materially from that disclosed in the 2009 Annual Report, are shown in note 13 to the condensed consolidated financial statements.

### Share Capital

During the period under review, a total of 40,986 new ordinary shares of the Company were allotted and issued to the holders of the 2011 Warrants of the Company ("2011 Warrants") who exercised the subscription rights in an aggregate amount of HK\$40,986.40 attaching to the 2011 Warrants at the adjusted subscription price of HK\$1.00 per ordinary share.

Up to the date of this report, a total of 25.2 million new ordinary shares of the Company have been allotted and issued upon exercise of the 2011 Warrants. As of the date of this report, the aggregate amount of the 2011 Warrants remaining outstanding is HK\$303.2 million, and these outstanding 2011 Warrants are exercisable to subscribe for 303.2 million new ordinary shares of the Company at the prevailing adjusted subscription price of HK\$1.00 per ordinary share (subject to adjustment).

### ASSET VALUE

Based on the condensed consolidated statement of financial position as at 30th June, 2010, the unaudited book net asset value of the ordinary shares of the Company was HK\$1.52 per share. Such book net asset value has been significantly affected by the elimination in the books of RHIHL of its unrealised gain on the disposal of the subsidiaries owning the hotel properties to Regal REIT in 2007 against the interest held by RHIHL in Regal REIT as well as the sharing by RHIHL of the fair value loss on the hotel properties held by Regal REIT for the year ended 31st December, 2008. The interest held by RHIHL in Regal REIT represented one of RHIHL's most significant investments but, as at 30th June, 2010, such interest was only stated at a value of HK\$218.7 million.

## Management Discussion and Analysis (Cont'd)

In order to more fairly reflect the underlying net asset value of the Group, management of the Group considers it appropriate to also present, for the purposes of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on an adjusted basis to restate the Group's interest in RHIHL based on its adjusted net assets to reflect the share of the underlying adjusted net assets of Regal REIT attributable to RHIHL. Accordingly, on the basis that RHIHL's interest in Regal REIT were to be stated based on the published unaudited adjusted net asset value per unit of Regal REIT of HK\$2.92 as at 30th June, 2010, calculated on the basis that the deferred tax liabilities provided by Regal REIT with regard to the revaluation surplus of its investment properties are added back, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$1.88 per share.

	As at 30th June, 2010	
	HK\$'million	HK\$ per ordinary share
<b>Unaudited book net assets after non-controlling interests</b>	<b>3,639.6</b>	<b>1.52</b>
<b>Adjustment to restate the Group's interest in RHIHL on the basis noted above</b>	<b>856.9</b>	
<b>Unaudited adjusted net assets after non-controlling interests</b>	<b>4,496.5</b>	<b>1.88</b>

### MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES OR ASSOCIATES

During the period under review, there were no material acquisitions or disposals of subsidiaries or associates of the Company.

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

### STAFF AND REMUNERATION POLICY

The Group, together with the RHIHL group, employ approximately 2,130 staff in Hong Kong. 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 a mandatory provident fund scheme as well as medical and life insurance.

With a view to providing long term incentives, the Company and PHL maintain the share option schemes named as "The Century City International Holdings Limited Share Option Scheme" and "The Paliburg Holdings Limited Share Option Scheme", respectively, under which share options have been granted to selected eligible persons.

# Condensed Consolidated Income Statement

		Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	Notes	HK\$'million	HK\$'million
REVENUE	2	51.2	115.1
Cost of sales		(47.2)	(85.9)
Gross profit		4.0	29.2
Other income	3	2.0	8.4
Fair value gain on an investment property		–	46.0
Fair value gains on financial assets at fair value through profit or loss, net		219.1	117.3
Administrative expenses		(20.5)	(19.3)
Other operating income/(expenses), net	4	0.4	(50.7)
OPERATING PROFIT	2	205.0	130.9
Finance costs	6	(0.1)	(0.9)
Share of profits and losses of associates		191.9	71.2
PROFIT BEFORE TAX		396.8	201.2
Income tax	7	(0.9)	(9.2)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS		395.9	192.0
Attributable to:			
Equity holders of the parent		230.6	123.3
Non-controlling interests		165.3	68.7
		395.9	192.0
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	9		
Basic		HK9.64 cents	HK5.34 cents
Diluted		HK9.56 cents	HK5.16 cents



# Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	HK\$'million	HK\$'million
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	395.9	192.0
OTHER COMPREHENSIVE INCOME:		
Available-for-sale investments:		
Changes in fair value	0.2	5.0
Reclassification adjustment for losses included in the condensed consolidated income statement	–	1.4
	<u>0.2</u>	<u>6.4</u>
Exchange differences on translating foreign operations	0.5	–
Share of other comprehensive income of the associates	18.0	0.5
	<u>18.7</u>	<u>6.9</u>
Other comprehensive income for the period	18.7	6.9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>414.6</u></u>	<u><u>198.9</u></u>
Attributable to:		
Equity holders of the parent	241.8	129.8
Non-controlling interests	172.8	69.1
	<u><u>414.6</u></u>	<u><u>198.9</u></u>

# Condensed Consolidated Statement of Financial Position

		30th June, 2010 (Unaudited)	31st December, 2009 (Audited)
	Notes	HK\$'million	HK\$'million
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		4.2	2.7
Investment properties		0.4	0.4
Goodwill		202.0	202.0
Interests in associates		4,517.0	4,376.2
Available-for-sale investments		7.7	7.5
Financial assets at fair value through profit or loss		733.9	583.9
Loans receivable		4.8	5.5
Other assets		0.2	0.2
Total non-current assets		<u>5,470.2</u>	<u>5,178.4</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss		275.1	198.8
Properties held for sale		6.0	6.0
Inventories		10.3	7.2
Debtors, deposits and prepayments	10	97.3	54.2
Time deposits		84.3	238.6
Cash and bank balances		126.4	127.7
		<u>599.4</u>	<u>632.5</u>
Asset of a disposal group classified as held for sale		249.4	249.4
Total current assets		<u>848.8</u>	<u>881.9</u>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals	11	(69.0)	(183.3)
Tax payable		(4.5)	(3.6)
Deposits received		(216.9)	(216.9)
		<u>(290.4)</u>	<u>(403.8)</u>
Liability directly associated with the asset of a disposal group classified as held for sale		(98.9)	(98.9)
Total current liabilities		<u>(389.3)</u>	<u>(502.7)</u>
NET CURRENT ASSETS		<u>459.5</u>	<u>379.2</u>
Net assets		<u><u>5,929.7</u></u>	<u><u>5,557.6</u></u>

## Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2010 (Unaudited)	31st December, 2009 (Audited)
	HK\$'million	HK\$'million
EQUITY		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	239.1	239.1
Reserves	3,390.9	3,145.6
Dividends	9.6	19.1
	3,639.6	3,403.8
<b>Non-controlling interests</b>	<b>2,290.1</b>	<b>2,153.8</b>
Total equity	<b>5,929.7</b>	<b>5,557.6</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2010

	Attributable to equity holders of the parent												
	Issued capital (Unaudited)	Share premium account (Unaudited)	Share option reserve (Unaudited)	Assets revaluation reserve (Unaudited)	Available-for-sale investments revaluation reserve (Unaudited)	Capital reserve (Unaudited)	Hedge reserve (Unaudited)	Exchange equalisation reserve (Unaudited)	Retained profits (Unaudited)	Dividends (Unaudited)	Total (Unaudited)	Non-controlling interests (Unaudited)	Total equity (Unaudited)
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
At 1st January, 2010	239.1	1,256.2	22.4	220.4	(4.1)	-	(37.9)	68.4	1,620.2	19.1	3,403.8	2,153.8	5,557.6
Acquisition of additional interests in the listed subsidiary	-	-	-	-	-	12.5	-	-	-	-	12.5	(23.8)	(11.3)
Contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	0.8	0.8
Final 2009 dividend declared	-	-	-	-	-	-	-	-	-	(19.1)	(19.1)	(13.8)	(32.9)
Equity-settled share option arrangements	-	-	0.3	-	-	-	-	-	-	-	0.3	0.1	0.4
Share of the listed associate	-	-	0.3	-	-	-	-	-	-	-	0.3	0.2	0.5
Interim 2010 dividend	-	-	-	-	-	-	-	-	(9.6)	9.6	-	-	-
Total comprehensive income for the period	-	-	-	-	0.2	-	3.0	8.0	230.6	-	241.8	172.8	414.6
At 30th June, 2010	239.1	1,256.2	23.0	220.4	(3.9)	12.5	(34.9)	76.4	1,841.2	9.6	3,639.6	2,290.1	5,929.7
At 1st January, 2009	312.2	1,183.1	20.3	220.4	(12.4)	-	(32.3)	67.3	1,331.0	11.6	3,101.2	2,049.0	5,150.2
Acquisition of additional interests in the listed subsidiary	-	-	-	-	-	-	-	-	-	-	-	(9.7)	(9.7)
Final 2008 dividend declared	-	-	-	-	-	-	-	-	-	(11.6)	(11.6)	(8.6)	(20.2)
Equity-settled share option arrangements	-	-	0.6	-	-	-	-	-	-	-	0.6	0.2	0.8
Share of the listed associate	-	-	0.7	-	-	-	-	-	-	-	0.7	0.5	1.2
Interim 2009 dividend	-	-	-	-	-	-	-	-	(6.9)	6.9	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	6.4	-	(0.1)	0.2	123.3	-	123.8	69.1	198.9
At 30th June, 2009	312.2	1,183.1	21.6	220.4	(6.0)	-	(32.4)	67.5	1,447.4	6.9	3,220.7	2,100.5	5,321.2

# Condensed Consolidated Statement of Cash Flows

	Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	HK\$'million	HK\$'million
Net cash flows from/(used in) operating activities	(183.9)	20.0
Net cash flows from investing activities	60.0	31.0
Net cash flows used in financing activities	(32.2)	(24.5)
Net increase/(decrease) in cash and cash equivalents	(156.1)	26.5
Cash and cash equivalents at beginning of period	366.3	317.3
Effect of foreign exchange rate changes, net	0.5	–
Cash and cash equivalents at end of period	<u>210.7</u>	<u>343.8</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	126.4	161.4
Non-pledged time deposits with original maturity of less than three months when acquired	<u>84.3</u>	<u>182.4</u>
	<u>210.7</u>	<u>343.8</u>

# Notes to Condensed Consolidated Financial Statements

## 1. Accounting Policies

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31st December, 2009, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual periods beginning on or after 1st January, 2010.

HKFRS 1 (Revised)	<i>First-time Adoption of Hong Kong Financial Reporting Standards</i>
HKFRS 1 Amendments	<i>Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters</i>
HKFRS 2 Amendments	<i>Amendments to HKFRS 2 Share-based Payment – Group Cash-settled Share-based Payment Transactions</i>
HKFRS 3 (Revised)	<i>Business Combinations</i>
HKAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
HKAS 39 Amendment	<i>Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items</i>
HK(IFRIC)-Int 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	<i>Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary</i>
HK Interpretation 4 (Revised in December 2009)	<i>Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases</i>
Improvements to HKFRSs (2009)	Amendments to a number of HKFRSs

Except for HKAS 27 (Revised), the adoption of these new and revised HKFRSs has had no material impact on the Group’s results of operation and financial position. The principal effect of adopting HKAS 27 (Revised) is as follows:

### **HKAS 27 (Revised) Consolidated and Separate Financial Statements**

This revised standard requires that changes in the parent’s ownership interest in a subsidiary that does not result in a loss of control over that subsidiary are accounted for as equity transactions. As a result, the differences between the consideration paid or received and the changes in the non-controlling shareholders’ interest in that subsidiary are recognised directly in equity and attributed to the owners of the parent. The Group has recognised such differences in the capital reserve during the period.



## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 2. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has five reportable operating segments as follows:

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel operation and management segment engages in hotel operations and the provision of hotel management services;
- (d) the securities investment segment engages in securities trading and investment businesses; and
- (e) the others segment mainly comprises the provision of financing services.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that certain interest income, finance costs, head office and corporate gains and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## Notes to Condensed Consolidated Financial Statements (Cont'd)

The following table presents revenue and profit/(loss) information for the Group's operating segments.

### Group

	Property development and investment		Construction and building related businesses		Hotel operation and management		Securities investment		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2010	2009	Six months ended 30th June, 2010	2009	Six months ended 30th June, 2010	2009	Six months ended 30th June, 2010	2009	Six months ended 30th June, 2010	2009	Six months ended 30th June, 2010	2009	Six months ended 30th June, 2010	2009
	HK\$m	(Unaudited)	HK\$m	(Unaudited)	HK\$m	(Unaudited)	HK\$m	(Unaudited)	HK\$m	(Unaudited)	HK\$m	(Unaudited)	HK\$m	(Unaudited)
Segment revenue:														
Sales to external customers	3.3	7.8	38.3	98.2	8.0	-	1.6	9.1	-	-	-	-	51.2	115.1
Intersegment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3.3</b>	<b>7.8</b>	<b>38.3</b>	<b>98.2</b>	<b>8.0</b>	<b>-</b>	<b>1.6</b>	<b>9.1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51.2</b>	<b>115.1</b>
Segment results	(5.2)	51.7	6.4	12.9	(2.1)	-	220.1	75.5	1.8	1.2	-	-	221.0	141.3
Interest income and unallocated non-operating and corporate gains													1.3	7.7
Unallocated non-operating and corporate expenses													(17.3)	(18.1)
Operating profit													205.0	130.9
Finance costs													(0.1)	(0.9)
Share of profits and losses of associates	(2.7)	(1.5)	-	-	194.6*	72.7*	-	-	-	-	-	-	191.9	71.2
Profit before tax													396.8	201.2
Income tax													(0.9)	(9.2)
Profit for the period before allocation between equity holders of the parent and non-controlling interests													395.9	192.0
Attributable to:														
Equity holders of the parent													230.6	123.3
Non-controlling interests													165.3	68.7
													395.9	192.0

\* The amount represents contribution from Regal Hotels International Holdings Limited.

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 3. Other Income

Other income represents the following items:

	Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	HK\$'million	HK\$'million
Interest income	2.0	1.0
Excess over the costs of additional interests in the listed subsidiary	—	7.4
	2.0	8.4
	2.0	8.4

### 4. Other Operating Income/(Expenses), net

Other operating income/(expenses), net, include the following major items:

	Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	HK\$'million	HK\$'million
Depreciation	(0.6)	(0.6)
Loss on redemption of financial assets at fair value through profit or loss	—	(49.1)
Reversal of impairment of loans receivable and debtors	1.0	0.6
	1.0	0.6
	1.0	0.6

### 5. An analysis of profit/(loss) on sale of investments of the Group is as follows:

	Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	HK\$'million	HK\$'million
Profit on disposal of listed investments	0.4	6.2
Loss on disposal of available-for-sale investments	—	(1.6)
	0.4	6.2
	0.4	6.2

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 6. Finance Costs

	Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	HK\$'million	HK\$'million
Interest in respect of bank loans wholly repayable within five years	–	0.7
Other loan costs	0.1	0.2
Total finance costs	0.1	0.9

### 7. Income Tax

	Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	HK\$'million	HK\$'million
Current - Hong Kong Charge for the period	0.9	1.4
Deferred tax expense	–	7.8
Total tax charge for the period	0.9	9.2

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2009 - 16.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The share of tax charge attributable to associates amounting to HK\$3.0 million (2009 - HK\$1.7 million) is included in "Share of profits and losses of associates" in the condensed consolidated income statement.

Deferred tax expense has been calculated by applying the rate that is expected to apply in the period when the asset is realised or the liability is settled.

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 8. Dividend

The Directors have declared the payment of an interim dividend of HK0.4 cent (2009 - HK0.3 cent) per ordinary share for the financial year ending 31st December, 2010, absorbing an amount of approximately HK\$9.6 million (2009 - HK\$6.9 million).

### 9. Earnings Per Ordinary Share Attributable to Equity Holders of the Parent

#### (a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit for the period attributable to equity holders of the parent of HK\$230.6 million (2009 - HK\$123.3 million) and on the weighted average of 2,391.8 million (2009 - 2,310.5 million) ordinary shares of the Company in issue during the period.

#### (b) Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2010 is based on the profit for the period attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the earnings of Paliburg Holdings Limited ("PHL"), the listed subsidiary of the Company and its subsidiaries of HK\$2.1 million assuming all outstanding share options of PHL and the subscription rights attaching to all outstanding warrants of PHL were exercised to subscribe for ordinary shares of PHL at the beginning of the period. The weighted average number of ordinary shares used in the calculation is the same as the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per ordinary share calculation. The exercise prices of the share options of the Company and Regal Hotels International Holdings Limited ("RHIHL"), the listed associate of the Company, and the subscription price of the warrants of the Company outstanding during the period are higher than the average market prices of the respective ordinary shares of the Company and RHIHL and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2009 was based on the profit for that period attributable to equity holders of the parent. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue during that period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 81.2 million that would be issued assuming all the 812.4 million convertible preference shares of the Company were converted into 81.2 million ordinary shares of the Company at the beginning of that period. The exercise prices of the share options of the Company, PHL and RHIHL, and the subscription prices of the warrants of the Company and PHL outstanding during that period were higher than the average market prices of the respective ordinary shares of the Company, PHL and RHIHL and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 10. Debtors, Deposits and Prepayments

Included in the balance is an amount of HK\$13.3 million (31st December, 2009 - HK\$7.4 million) representing the trade debtors of the Group. The aged analysis of such debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2010 (Unaudited)	31st December, 2009 (Audited)
	HK\$'million	HK\$'million
Within 3 months	14.9	8.8
Between 4 to 6 months	0.1	0.2
Between 7 to 12 months	0.2	0.3
Over 1 year	—	0.2
	<hr/>	<hr/>
	15.2	9.5
Impairment	(1.9)	(2.1)
	<hr/>	<hr/>
	<b>13.3</b>	<b>7.4</b>
	<hr/> <hr/>	<hr/> <hr/>

#### Credit terms

Trade debtors generally have credit terms of 30 to 90 days. The Group seeks to maintain strict control over its outstanding debts and overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's exposures spread over a number of counter-parties and customers, the Group has no significant concentration of credit risk.

Included in the balance are amounts due from the Group's associates, a jointly controlled entity of the listed associate and related companies of HK\$3.2 million (31st December, 2009 - HK\$4.1 million), HK\$0.1 million (31st December, 2009 - HK\$0.3 million) and HK\$1.2 million (31st December, 2009 - HK\$2.6 million), respectively, which are unsecured, non-interest bearing and repayable either on similar credit terms to those offered to the major customers of the Group or on demand.



## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 11. Creditors and Accruals

Included in the balance is an amount of HK\$1.1 million (31st December, 2009 - HK\$3.4 million) representing the trade creditors of the Group. The aged analysis of such creditors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2010 (Unaudited)	31st December, 2009 (Audited)
	HK\$'million	HK\$'million
Within 3 months	<u>1.1</u>	<u>3.4</u>

The trade creditors are non-interest bearing and are normally settled within 90 days.

Included in the balance is an amount due to the Group's listed associate of HK\$1.6 million (31st December, 2009 - HK\$2.3 million) which is unsecured, non-interest bearing and has no fixed terms of repayment.

### 12. Related Party Transactions

#### (a) Transactions with related parties

The Group had the following material related party transactions during the period:

	Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	HK\$'million	HK\$'million
Associates:		
Management fee income	8.0	6.4
Gross construction fee income	0.6	26.7
Gross development consultancy fee income	0.1	1.1
Gross income in respect of security systems and products and other software	0.9	1.3
Lease rental	<u>12.0</u>	<u>-</u>

The nature and terms of these related party transactions set out above were already disclosed in the Group's audited consolidated financial statements for the year ended 31st December, 2009.

## Notes to Condensed Consolidated Financial Statements (Cont'd)

(b) Other transaction with related party:

Pursuant to the sale and purchase agreement (the "S&P Agreement") completed in October 2009 in connection with the disposal to Regal REIT of 75% equity interest in a then wholly owned subsidiary which owns an investment property through its sole wholly owned subsidiary, Sonnix Limited ("Sonnix"), the PHL Group has, inter alia, granted to Regal REIT an option exercisable by Regal REIT during the period from 1st November, 2010 to 28th February, 2011 to acquire from the PHL Group the remaining 25% equity interest in the subject group.

In addition, PHL has provided a several guarantee in respect of a bank loan of a principal amount of up to HK\$211.0 million made available to Sonnix in the amount proportional to the PHL Group's equity interest in Sonnix. Pursuant to the shareholders' agreement in respect of the subject group, PHL may also provide a several guarantee proportionate to the PHL Group's equity interest in Sonnix in respect of any refinancing of the bank loan with a maximum amount of HK\$250.0 million.

As contemplated under the S&P Agreement, the PHL Group had undertaken to complete at its own costs an asset enhancement programme (the "Asset Enhancement Programme") for the conversion of part of the investment property owned by Sonnix to a 50-room hotel. The Asset Enhancement Programme was subsequently completed in December 2009 at a cost of approximately HK\$30.0 million.

(c) Outstanding balances with related parties:

	30th June, 2010 (Unaudited)	31st December, 2009 (Audited)
	HK\$'million	HK\$'million
Due from associates	319.5	364.4
Due from a jointly controlled entity of the listed associate	0.1	0.3
Due from related companies	1.2	2.6
Due to the listed associate	(1.7)	(2.4)
Loans to associates	156.0	156.0
	<u>          </u>	<u>          </u>

(d) Compensation of key management personnel of the Group:

	Six months ended 30th June, 2010 (Unaudited)	Six months ended 30th June, 2009 (Unaudited)
	HK\$'million	HK\$'million
Short term employee benefits	5.1	4.6
Equity-settled share option expense	0.4	0.9
	<u>          </u>	<u>          </u>
Total compensation paid to key management personnel	5.5	5.5
	<u>          </u>	<u>          </u>

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 13. Pledge of Assets

At the end of the reporting period, certain ordinary shares in the listed associate with a market value of HK\$293.0 million (31st December, 2009 - HK\$309.2 million) were pledged to secure general banking facilities granted to the Group.

### 14. Operating Lease Arrangements

The Group leases certain office properties and area under operating lease arrangements, with leases negotiated for terms ranging from 1 to 3 years.

At 30th June, 2010, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30th June, 2010 (Unaudited)	31st December, 2009 (Audited)
	HK\$'million	HK\$'million
Within one year	19.1	24.7
In the second to fifth years, inclusive	4.2	0.8
	<u>23.3</u>	<u>25.5</u>

### 15. Commitments

In addition to the operating lease commitments detailed in note 14 above, the Group had the following outstanding commitments at 30th June, 2010:

	30th June, 2010 (Unaudited)	31st December, 2009 (Audited)
	HK\$'million	HK\$'million
Capital commitments in respect of the renovation of and improvements to a property held by an associate:		
Authorised, but not contracted for	1.4	1.7
Contracted, but not provided for	1.5	2.4
	<u>2.9</u>	<u>4.1</u>

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### 16. Share Options

#### The Century City International Holdings Limited Share Option Scheme

The Company operates a share option scheme named as "The Century City International Holdings Limited Share Option Scheme" (the "Century Share Option Scheme"). The Century Share Option Scheme was adopted by the Company's shareholders on 16th June, 2005 and became effective on 21st July, 2005. Share options granted under the Century Share Option Scheme do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the period, movements in share options granted by the Company pursuant to the Century Share Option Scheme are as follows:

Offer date**	Name or category of participant	Number of ordinary shares under share options*			Vesting/Exercise periods of share options	Adjusted exercise price of share options* HK\$
		At 1st January, 2010	Vested during the period	At 30th June, 2010		
	<b>Director</b>					
12th May, 2005	Mr. Lo Yuk Sui					
	Vested:	28,000,000	7,000,000	35,000,000	Note	1.20
	Unvested:	7,000,000***	(7,000,000)	-		
	<b>Total:</b>					
	<b>Vested:</b>	<b>28,000,000</b>	<b>7,000,000</b>	<b>35,000,000</b>		
	<b>Unvested:</b>	<b>7,000,000</b>	<b>(7,000,000)</b>	<b>-</b>		

\* Subject to adjustment in the case of rights or bonus issues, or other relevant changes in the Company's share capital.

\*\* Offer date is the date on which the grant of share options is offered by the Company, and it is deemed the date of grant of the share options unless the grant of the share options is declined or lapsed.

\*\*\* In excess of the individual maximum limit of 1% of the ordinary shares in issue as of the offer date.

#### Note:

Vesting/Exercise periods of share options:

On completion of continuous service of	Percentage vesting	Cumulative percentage exercisable
2 years after offer date	40% of options granted	40% (exercisable until 6 years after offer date)
3 years after offer date	A further 20% of options granted	60% (exercisable until 6 years after offer date)
4 years after offer date	A further 20% of options granted	80% (exercisable until 6 years after offer date)
5 years after offer date	The final 20% of options granted	100% (exercisable until 6 years after offer date)

## Notes to Condensed Consolidated Financial Statements (Cont'd)

### The Paliburg Holdings Limited Share Option Scheme

PHL operates a share option scheme named as "The Paliburg Holdings Limited Share Option Scheme" (the "Paliburg Share Option Scheme"). The Paliburg Share Option Scheme was adopted by PHL's shareholders on 16th June, 2005 and became effective on 21st July, 2005. Share options granted under the Paliburg Share Option Scheme do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the period, movements in share options granted by PHL pursuant to the Paliburg Share Option Scheme are as follows:

Offer date**	Name or category of participant	Number of ordinary shares under share options*			Vesting/Exercise periods of share options	Adjusted exercise price of share options* HK\$
		At 1st January, 2010	Vested during the period	At 30th June, 2010		
<b>Directors</b>						
12th May, 2005	Mr. Lo Yuk Sui					
	Vested:	16,070,400	4,017,600	20,088,000	Note	1.97
	Unvested:	4,017,600***	(4,017,600)	–		
25th July, 2005	Mr. Kenneth Ng Kwai Kai					
	Vested:	1,729,800	–	1,729,800	Note	1.97
	Unvested:	446,400	–	446,400		
25th July, 2005	Mr. Donald Fan Tung					
	Vested:	1,785,600	–	1,785,600	Note	1.97
	Unvested:	446,400	–	446,400		
25th July, 2005	Mr. Kelvin Leung So Po#					
	Vested:	535,680	–	535,680	Note	1.97
	Unvested:	133,920	–	133,920		
25th July, 2005	Mr. Jimmy Lo Chun To					
	Vested:	1,785,600	–	1,785,600	Note	1.97
	Unvested:	446,400	–	446,400		
25th July, 2005	Miss Lo Po Man					
	Vested:	892,800	–	892,800	Note	1.97
	Unvested:	223,200	–	223,200		
<b>Other Employees</b>						
25th July, 2005	Employees, in aggregate					
	Vested:	1,874,880	–	1,874,880	Note	1.97
	Unvested:	468,720	–	468,720		
	<b>Total:</b>					
	Vested:	<b>24,674,760</b>	<b>4,017,600</b>	<b>28,692,360</b>		
	Unvested:	<b>6,182,640</b>	<b>(4,017,600)</b>	<b>2,165,040</b>		

## Notes to Condensed Consolidated Financial Statements (Cont'd)

- \* Subject to adjustment in the case of rights or bonus issues, or other relevant changes in the share capital of PHL.
- \*\* Offer date is the date on which the grant of share options is offered by PHL, and it is deemed the date of grant of the share options unless the grant of the share options is declined or lapsed.
- \*\*\* In excess of the individual maximum limit of 1% of the ordinary shares in issue as of the offer date.
- # Appointed as Director of the Company on 1st March, 2010.

**Note:**

Vesting/Exercise periods of share options:

<b>On completion of continuous service of</b>	<b>Percentage vesting</b>	<b>Cumulative percentage exercisable</b>
2 years after offer date	40% of options granted	40% (exercisable until 6 years after offer date)
3 years after offer date	A further 20% of options granted	60% (exercisable until 6 years after offer date)
4 years after offer date	A further 20% of options granted	80% (exercisable until 6 years after offer date)
5 years after offer date	The final 20% of options granted	100% (exercisable until 6 years after offer date)



# Other Information

## DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2010, 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 of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 30th June, 2010)
			Personal interests	Corporate interests	Family/Other interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary (i) issued	45,301,690	1,166,482,217 (Note a(i))	251,000	1,212,034,907
		(ii) unissued	40,890,338 (Notes a(ii) & (iii))	233,296,441 (Note a(iv))	50,200 (Note a(v))	274,236,979
				Total (i) & (ii):	1,486,271,886 (62.14%)	
	Mr. Kelvin Leung So Po	Ordinary (i) issued	200	-	-	200
		(ii) unissued	40 (Note b(i))	-	-	40
			Total (i) & (ii):	240 (0.000%)		
Mr. Jimmy Lo Chun To	Ordinary (i) issued	165,980	-	-	165,980	
	(ii) unissued	33,196 (Note b(ii))	-	-	33,196	
			Total (i) & (ii):	199,176 (0.008%)		
Miss Lo Po Man	Ordinary (i) issued	74,043	-	-	74,043	
	(ii) unissued	14,808 (Note b(iii))	-	-	14,808	
			Total (i) & (ii):	88,851 (0.004%)		
Mr. Ng Siu Chan	Ordinary (i) issued	-	-	2,322,180	2,322,180	
	(ii) unissued	-	-	464,436 (Note b(iv))	464,436	
			Total (i) & (ii):	2,786,616 (0.12%)		

## Other Information (Cont'd)

Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2010)
			Personal interests	Corporate interests	Family/Other interests	
2. Paliburg Holdings Limited ("PHL")	Mr. Lo Yuk Sui	Ordinary (i) issued	60,062,373	644,464,685 (Note c(i))	13,500	704,540,558
		(ii) unissued	21,951,641 (Notes c(ii) & (iii))	64,284,117 (Notes c(iv) & (v))	1,500 (Note c(vi))	86,237,258
					Total (i) & (ii):	790,777,816 (77.54%)
	Mr. Kenneth Ng Kwai Kai	Ordinary (i) issued	75,000	-	-	75,000
		(ii) unissued	2,176,200 (Note d)	-	-	2,176,200
					Total (i) & (ii):	2,251,200 (0.22%)
	Mr. Donald Fan Tung	Ordinary (i) issued	471	-	-	471
		(ii) unissued	2,232,085 (Note e)	-	-	2,232,085
					Total (i) & (ii):	2,232,556 (0.22%)
	Mr. Kelvin Leung So Po	Ordinary (i) issued	200	-	-	200
		(ii) unissued	669,600 (Note f)	-	-	669,600
					Total (i) & (ii):	669,800 (0.07%)
	Mr. Jimmy Lo Chun To	Ordinary (i) issued	38,340	-	-	38,340
		(ii) unissued	2,236,260 (Note g)	-	-	2,236,260
					Total (i) & (ii):	2,274,600 (0.22%)
	Miss Lo Po Man	Ordinary (unissued)	1,116,000 (Note h)	-	-	1,116,000 (0.11%)
	Mr. Ng Siu Chan	Ordinary (i) issued	-	-	72,427	72,427
		(ii) unissued	-	-	8,047 (Note i)	8,047
					Total (i) & (ii):	80,474 (0.008%)

## Other Information (Cont'd)

Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2010)
			Personal interests	Corporate interests	Family/Other interests	
3. Regal Hotels International Holdings Limited ("RHIHL")	Mr. Lo Yuk Sui	Ordinary (i) issued	24,200	494,835,261 (Note j(i))	260,700	495,120,161
		(ii) unissued	20,000,000 (Note j(ii))	–	–	20,000,000
					Total (i) & (ii):	515,120,161 (51.09%)
	Mr. Kenneth Ng Kwai Kai	Ordinary (unissued)	2,000,000 (Note k)	–	–	2,000,000 (0.20%)
	Mr. Donald Fan Tung	Ordinary (unissued)	2,000,000 (Note k)	–	–	2,000,000 (0.20%)
	Mr. Kelvin Leung So Po	Ordinary (i) issued	200	–	–	200
		(ii) unissued	800,000 (Note l)	–	–	800,000
					Total (i) & (ii):	800,200 (0.08%)
	Mr. Jimmy Lo Chun To	Ordinary (unissued)	1,500,000 (Note m)	–	–	1,500,000 (0.15%)
	Miss Lo Po Man	Ordinary (i) issued	300,000	–	269,169 (Note n(i))	569,169
(ii) unissued		3,000,000 (Note n(ii))	–	–	3,000,000	
				Total (i) & (ii):	3,569,169 (0.35%)	
4. 8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	–	1,000 (Note o)	–	1,000 (100%)
5. 8D Matrix Limited	Mr. Lo Yuk Sui	Ordinary (issued)	–	2,000,000 (Note p)	–	2,000,000 (100%)
6. 8D International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	–	500,000 (Note q)	–	500,000 (100%)
7. 8D International (China) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	–	1 (Note r)	–	1 (100%)

## Other Information (Cont'd)

Name of associated corporation	Name of Director	Class of shares held	Personal interests	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2010)
				Corporate interests	Family/Other interests		
8. Century Digital Communications (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note s)	-	1 (100%)	
9. Century Digital Communications Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	2 (Note t)	-	2 (100%)	
10. Century Digital Enterprise Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	100 (Note u)	-	100 (100%)	
11. Century Digital Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	3 (Note v)	-	3 (100%)	
12. Century Digital Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	49,968 (Note w)	-	49,968 (99.94%)	
13. China Noble Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note x)	-	1 (100%)	
14. Full Range Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	10,000 (Note y)	-	10,000 (100%)	
15. Giant Forward Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note z)	-	1 (100%)	
16. Grand Modern Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	330 (Note aa)	-	330 (100%)	
17. Important Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	10,000 (Note ab)	-	10,000 (100%)	
18. Net Age Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	97 (Note ac)	-	97 (100%)	
19. Net Community Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	3 (Note ad)	-	3 (100%)	
20. Pilot Pro Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note ae)	-	1 (100%)	
21. Speedway Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	50,000 (Note af)	-	50,000 (100%)	

## Other Information (Cont'd)

Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2010)
			Personal interests	Corporate interests	Family/Other interests	
22. Task Master Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note ag)	-	1 (100%)
23. Top Technologies Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	10,000 (Note ah)	-	10,000 (100%)
24. Treasure Collection International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	2 (Note ai)	-	2 (100%)

### Notes:

- (a) (i) The interests in 91,482,217 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.

The interests in 1,075,000,000 issued 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 ("CCIHL")	Mr. Lo	50.66
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 Investments Limited ("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

## Other Information (Cont'd)

- (ii) The interests in 35,000,000 unissued ordinary shares of the Company were held through the interests in the options granted under the share option scheme of the Company named as "The Century City International Holdings Limited Share Option Scheme" (the "Century Share Option Scheme"), entitling the holder thereof to subscribe for a total of 35,000,000 new ordinary shares of the Company at an adjusted exercise price of HK\$1.20 per ordinary share (subject to adjustments). The options have vested in stages, commencing with 40% of options granted from two years after the offer date of 12th May, 2005 and thereafter a further 20% of options granted for each subsequent year, and are exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of the Company under vested options</u>
12th May, 2007 to 11th May, 2011	14,000,000
12th May, 2008 to 11th May, 2011	7,000,000
12th May, 2009 to 11th May, 2011	7,000,000
12th May, 2010 to 11th May, 2011	7,000,000

- (iii) The interests in 5,890,338 unissued ordinary shares of the Company related to the interests in the warrants of the Company (the "2011 Warrants") carrying subscription rights in an aggregate amount of HK\$5,890,338.00, which are exercisable during the period from 18th April, 2006 to 11th January, 2011 to subscribe for a total of 5,890,338 new ordinary shares of the Company at an adjusted subscription price of HK\$1.00 per ordinary share (subject to adjustment).
- (iv) The interests in 233,296,441 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$233,296,443.60, which are exercisable to subscribe for a total of 233,296,441 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.

The interests in 18,296,441 unissued ordinary shares of the Company were held through companies wholly owned by Mr. Lo and a company, namely Master City Limited, 99.9% owned by Mr. Lo.

The interests in 215,000,000 unissued ordinary shares of the Company were held through corporations controlled by Mr. Lo as detailed below:

<b>(a) Name of corporation</b>	<b>Controlled by</b>	<b>% of control</b>
CCIHL	Mr. Lo	50.66
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>(b) Name of corporation</b>	<b>Controlled by</b>	<b>% of control</b>
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

- (v) The interests in 50,200 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$50,200.00, which are exercisable to subscribe for a total of 50,200 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.

- (b) (i) The interests in 40 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$40.00, which are exercisable to subscribe for a total of 40 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (ii) The interests in 33,196 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$33,196.00, which are exercisable to subscribe for a total of 33,196 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (iii) The interests in 14,808 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$14,808.70, which are exercisable to subscribe for a total of 14,808 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (iv) The interests in 464,436 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$464,436.00, which are exercisable to subscribe for a total of 464,436 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (c) (i) The interests in 602,546,625 issued ordinary shares of PHL were held through companies wholly owned by the Company, in which Mr. Lo held 50.66% shareholding interests.

The interests in 14,592,860 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 27,325,200 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) The interests in 20,088,000 unissued ordinary shares of PHL were held through the interests in the options granted under the share option scheme of PHL named as "The Paliburg Holdings Limited Share Option Scheme" (the "Paliburg Share Option Scheme"), entitling the holder thereof to subscribe for a total of 20,088,000 new ordinary shares of PHL at an adjusted exercise price of HK\$1.97 per ordinary share (subject to adjustment). The options have vested in stages, commencing with 40% of options granted from two years after the offer date of 12th May, 2005 and thereafter a further 20% of options granted for each subsequent year, and are exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of PHL under vested options</u>
12th May, 2007 to 11th May, 2011	8,035,200
12th May, 2008 to 11th May, 2011	4,017,600
12th May, 2009 to 11th May, 2011	4,017,600
12th May, 2010 to 11th May, 2011	4,017,600

## Other Information (Cont'd)

- (iii) The interests in 1,863,641 unissued ordinary shares of PHL related to the interests in the warrants of PHL (the "2010 Warrants") carrying subscription rights in an aggregate amount of HK\$3,913,646.94, which are exercisable during the period from 20th November, 2007 to 8th November, 2010 to subscribe for a total of 1,863,641 new ordinary shares of PHL at an adjusted subscription price of HK\$2.10 per ordinary share (subject to adjustment).
- (iv) The interests in 59,465,921 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$124,878,444.39, which are exercisable to subscribe for a total of 59,465,921 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above and were held through companies wholly owned by the Company, in which Mr. Lo held 50.66% shareholding interests.
- (v) The interests in 4,818,196 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$10,118,213.28, which are exercisable to subscribe for a total of 4,818,196 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

The interests in 1,678,825 unissued 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 3,139,371 unissued 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

- (vi) The interests in 1,500 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$3,150.00, which are exercisable to subscribe for a total of 1,500 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.
- (d) The interests in 2,176,200 unissued ordinary shares of PHL were held through the interests in the options granted under the Paliburg Share Option Scheme, entitling the holder thereof to subscribe for a total of 2,176,200 new ordinary shares of PHL at an adjusted exercise price of HK\$1.97 per ordinary share (subject to adjustment). The options remaining outstanding have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

Exercise period	Number of ordinary shares of PHL under vested options
25th July, 2007 to 24th July, 2011	837,000
25th July, 2008 to 24th July, 2011	446,400
25th July, 2009 to 24th July, 2011	446,400
25th July, 2010 to 24th July, 2011	446,400



- (e) (i) The interests in 2,232,000 unissued ordinary shares of PHL were held through the interests in the options granted under the Paliburg Share Option Scheme, entitling the holder thereof to subscribe for a total of 2,232,000 new ordinary shares of PHL at an adjusted exercise price of HK\$1.97 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of PHL under vested options</u>
25th July, 2007 to 24th July, 2011	892,800
25th July, 2008 to 24th July, 2011	446,400
25th July, 2009 to 24th July, 2011	446,400
25th July, 2010 to 24th July, 2011	446,400

- (ii) The interests in 85 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$179.55, which are exercisable to subscribe for a total of 85 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

- (f) The interests in 669,600 unissued ordinary shares of PHL were held through the interests in the options granted under the Paliburg Share Option Scheme, entitling the holder thereof to subscribe for a total of 669,600 new ordinary shares of PHL at an adjusted exercise price of HK\$1.97 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of PHL under vested options</u>
25th July, 2007 to 24th July, 2011	267,840
25th July, 2008 to 24th July, 2011	133,920
25th July, 2009 to 24th July, 2011	133,920
25th July, 2010 to 24th July, 2011	133,920

- (g) (i) The interests in 2,232,000 unissued ordinary shares of PHL were held through the interests in the options granted under the Paliburg Share Option Scheme, entitling the holder thereof to subscribe for a total of 2,232,000 new ordinary shares of PHL at an adjusted exercise price of HK\$1.97 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of PHL under vested options</u>
25th July, 2007 to 24th July, 2011	892,800
25th July, 2008 to 24th July, 2011	446,400
25th July, 2009 to 24th July, 2011	446,400
25th July, 2010 to 24th July, 2011	446,400

- (ii) The interests in 4,260 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$8,946.00, which are exercisable to subscribe for a total of 4,260 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

## Other Information (Cont'd)

- (h) The interests in 1,116,000 unissued ordinary shares of PHL were held through the interests in the options granted under the Paliburg Share Option Scheme, entitling the holder thereof to subscribe for a total of 1,116,000 new ordinary shares of PHL at an adjusted exercise price of HK\$1.97 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of PHL under vested options</u>
25th July, 2007 to 24th July, 2011	446,400
25th July, 2008 to 24th July, 2011	223,200
25th July, 2009 to 24th July, 2011	223,200
25th July, 2010 to 24th July, 2011	223,200

- (i) The interests in 8,047 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$16,899.75, which are exercisable to subscribe for a total of 8,047 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

- (j) (i) The interests in 421,400 issued ordinary shares of RHIHL were held through companies wholly owned by the Company, in which Mr. Lo held 50.66% shareholding interests, and the interests in the other 494,413,861 issued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which the Company held 59.09% shareholding interests.

- (ii) The interests in 20,000,000 unissued ordinary shares of RHIHL were held through the interests in the options granted under the share option scheme of RHIHL named as "The Regal Hotels International Holdings Limited Share Option Scheme" (the "Regal Share Option Scheme"), entitling the holder thereof to subscribe for a total of 20,000,000 new ordinary shares of RHIHL at an adjusted exercise price of HK\$7.50 per ordinary share (subject to adjustment). The options have vested in stages, commencing with 40% of options granted from two years after the offer date of 12th May, 2005 and thereafter a further 20% of options granted for each subsequent year, and are exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of RHIHL under vested options</u>
12th May, 2007 to 11th May, 2011	8,000,000
12th May, 2008 to 11th May, 2011	4,000,000
12th May, 2009 to 11th May, 2011	4,000,000
12th May, 2010 to 11th May, 2011	4,000,000

- (k) The interests in 2,000,000 unissued ordinary shares of RHIHL were held through the interests in the options granted under the Regal Share Option Scheme, entitling the holder thereof to subscribe for a total of 2,000,000 new ordinary shares of RHIHL at an adjusted exercise price of HK\$7.50 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of RHIHL under vested options</u>
25th July, 2007 to 24th July, 2011	800,000
25th July, 2008 to 24th July, 2011	400,000
25th July, 2009 to 24th July, 2011	400,000
25th July, 2010 to 24th July, 2011	400,000

## Other Information (Cont'd)

- (l) The interests in 800,000 unissued ordinary shares of RHIHL were held through the interests in the options granted under the Regal Share Option Scheme, entitling the holder thereof to subscribe for a total of 800,000 new ordinary shares of RHIHL at an adjusted exercise price of HK\$7.50 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of RHIHL under vested options</u>
25th July, 2007 to 24th July, 2011	320,000
25th July, 2008 to 24th July, 2011	160,000
25th July, 2009 to 24th July, 2011	160,000
25th July, 2010 to 24th July, 2011	160,000

- (m) The interests in 1,500,000 unissued ordinary shares of RHIHL were held through the interests in the options granted under the Regal Share Option Scheme, entitling the holder thereof to subscribe for a total of 1,500,000 new ordinary shares of RHIHL at an adjusted exercise price of HK\$7.50 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of RHIHL under vested options</u>
25th July, 2007 to 24th July, 2011	600,000
25th July, 2008 to 24th July, 2011	300,000
25th July, 2009 to 24th July, 2011	300,000
25th July, 2010 to 24th July, 2011	300,000

- (n) (i) The interests in 269,169 issued ordinary shares of RHIHL were held by Miss Lo Po Man as the beneficiary of a trust.
- (ii) The interests in 3,000,000 unissued ordinary shares of RHIHL were held through the interests in the options granted under the Regal Share Option Scheme, entitling the holder thereof to subscribe for a total of 3,000,000 new ordinary shares of RHIHL at an adjusted exercise price of HK\$7.50 per ordinary share (subject to adjustment). The options have, and will, become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and are, and will be, exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of RHIHL under vested options</u>
25th July, 2007 to 24th July, 2011	1,200,000
25th July, 2008 to 24th July, 2011	600,000
25th July, 2009 to 24th July, 2011	600,000
25th July, 2010 to 24th July, 2011	600,000

- (o) 400 shares were held through companies controlled by the Company, in which Mr. Lo held 50.66% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.
- (p) 800,000 shares were held through companies controlled by the Company, in which Mr. Lo held 50.66% shareholding interests, and 1,200,000 shares were held through companies controlled by Mr. Lo (including 8D International (BVI) Limited).

## Other Information (Cont'd)

- (q) 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	50.66
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

- (r) 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	50.66
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

## Other Information (Cont'd)

- (s) 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	50.66
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

- (t) 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	50.66
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

## Other Information (Cont'd)

- (u) 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	50.66
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

- (v) 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	50.66
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

## Other Information (Cont'd)

(w) 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	50.66
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

## Other Information (Cont'd)

- (x) The interest in this share of China Noble Investments Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	50.66
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
Pilot Pro 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
Pilot Pro Holdings Limited	8D Matrix Limited	100.00

- (y) 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	50.66
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



## Other Information (Cont'd)

(z) 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	50.66
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

(aa) 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	50.66
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

## Other Information (Cont'd)

(ab) 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	50.66
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

(ac) 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	50.66
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

## Other Information (Cont'd)

(ad) 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	50.66
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

(ae) 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	50.66
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

## Other Information (Cont'd)

(af) 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	50.66
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

(ag) 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	50.66
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

(ah) 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	50.66
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

(ai) 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	50.66
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 30th June, 2010, 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 to be notified to the Company and the Stock Exchange.

During the period, no right has been granted to, or exercised by, the following persons, to subscribe for shares in or debentures of the Company under the Century Share Option Scheme, and no option granted to such persons under the Century Share Option Scheme has been cancelled and lapsed:

- (i) any Directors, chief executive or substantial shareholders of the Company, or their respective associates;
- (ii) any participant under the Century 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 Century Share Option Scheme.

## Other Information (Cont'd)

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2010, so far as is known to the Directors and the chief executive of the Company, the following substantial shareholders (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 or notified to the Company pursuant to the SFO:

Name of substantial shareholder	Number of issued ordinary shares held	Number of underlying ordinary shares (unissued) held	Total number of ordinary shares (issued and unissued) held	Approximate percentage of issued ordinary shares as at 30th June, 2010
Manyways Technology Limited ("Manyways") (Notes i and ii)	1,075,000,000	215,000,000	1,290,000,000	53.93%
8D International (BVI) Limited ("8D BVI") (Notes i, ii and iii)	1,075,000,000	215,000,000	1,290,000,000	53.93%
Task Master Technology Limited ("Task Master") (Notes i, ii and iv)	1,075,000,000	215,000,000	1,290,000,000	53.93%
Secure Way Technology Limited ("Secure Way") (Notes i and ii)	1,075,000,000	215,000,000	1,290,000,000	53.93%
Net Community Limited ("Net Community") (Notes i, ii and v)	1,075,000,000	215,000,000	1,290,000,000	53.93%
Century Digital Holdings Limited ("Century Digital") (Notes i, ii and vi)	1,075,000,000	215,000,000	1,290,000,000	53.93%
Grand Modern (Notes i, ii and vii)	1,075,000,000	215,000,000	1,290,000,000	53.93%

#### Notes:

- (i) These companies are controlled by Mr. Lo Yuk Sui and their interests in ordinary shares are included in the corporate interests of Mr. Lo Yuk Sui in the Company as disclosed in the section headed "Directors' Interests in Share Capital" above.
- (ii) The interests in these ordinary shares are directly held by Grand Modern.
- (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.

Save as disclosed herein, the Directors and the chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 30th June, 2010, 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 or notified to the Company pursuant to 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, Donald Fan Tung, Jimmy Lo Chun To, and Kenneth Ng Kwai Kai are directors of 8D BVI, Task Master, Net Community, Century Digital and Grand Modern.

### CHANGE IN INFORMATION OF DIRECTORS

The change in the information of the Directors of the Company since the publication of the annual report of the Company for the financial year ended 31st December, 2009 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Director	Details of change
------------------	-------------------

*Independent Non-Executive Director:*

- |                    |   |
|--------------------|---|
| Mr. Wong Chi Keung | <ul style="list-style-type: none"><li>• Elected as an independent non-executive director of ENM Holdings Limited, a company listed on the Stock Exchange, with effect from 17th June, 2010.</li></ul> |
|--------------------|---|

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors' Profile".

### CORPORATE GOVERNANCE

#### Code of Corporate Governance Practices

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30th June, 2010, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but, during the period under review, arrangements had been put in place such that the Independent Non-Executive Directors would retire, and were subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years. Further, following the relevant amendments to the Bye-laws on 9th June, 2010, all Directors (including the Independent Non-Executive Directors) of the Company would be subject to retirement by rotation, and eligible for re-election, at least once every three years.

#### 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 six months ended 30th June, 2010.

## Other Information (Cont'd)

### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2010.

### **REVIEW OF RESULTS**

The Audit Committee of the Company currently comprises the following members:

Mr. Ng Siu Chan (Chairman of the Committee) *(Independent Non-Executive Director)*

Mr. Anthony Chuang *(Independent Non-Executive Director)*

Mr. Wong Chi Keung *(Independent Non-Executive Director)*

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 six months ended 30th June, 2010, in conjunction with the external auditors. The review report of the external auditors is set out on page 56 of this report.



# Report on Review of Interim Financial Information



**To the Board of Directors of  
Century City International Holdings Limited**  
(Incorporated in Bermuda with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 13 to 31 which comprises the condensed consolidated statement of financial position of Century City International Holdings Limited as at 30th June, 2010 and the related condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The Directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the interim financial information.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Ernst & Young**  
*Certified Public Accountants*

18th Floor  
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8 Finance Street, Central  
Hong Kong  
24th August, 2010

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