



INTERIM DIVIDEND

The Directors have resolved not to declare the payment of an interim dividend for the financial year ending 31st December, 2004 (2003 - nil).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Highlights

The Group's significant investments constitute primarily its ownership and operating interests in the five Regal Hotels in Hong Kong and the investment in the jointly controlled Regalia Bay development. The performance of these hotels during the period under review, their future prospects as well as the commentary on the local hotel industry, changes in general market conditions and their potential impact on the operating performance of these hotels, together with the progress and prospects of the Regalia Bay development are contained in the section headed "Review and Outlook" above. A detailed review of the other business operations and outlook of the Group is also contained in the section headed "Review and Outlook" above.

Cash Flow and Capital Structure

Net cash inflow from operating activities during the period under review amounted to HK\$135.9 million (2003 - HK\$57.8 million). Net interest payment for the period amounted to HK\$51.1 million (2003 - HK\$53.7 million).

In January 2004, 180.0 million new ordinary shares of HK\$0.01 each were issued by the Company to Almighty International Limited ("Almighty"), a wholly-owned subsidiary company of Century City International Holdings Limited, at HK\$0.128 per ordinary share following a placement by Almighty of 180.0 million issued ordinary shares in the Company at HK\$0.128 per ordinary share.

In May 2004, 200.0 million new ordinary shares were issued by the Company to Almighty at HK\$0.21 per ordinary share following a placement by Almighty of 200.0 million issued ordinary shares of the Company at HK\$0.21 per ordinary share.

Net cash inflows to the Company from the above new share issues amounted to an aggregate sum of approximately HK\$63.5 million and were used for general working capital purposes.

In March 2004, 750.0 million new ordinary shares were issued by the Company to Almighty upon the exercise by Almighty of the conversion rights attaching to 750.0 million convertible preference shares of HK\$0.10 each of the Company held by it to convert such preference shares into new ordinary shares of the Company, on the basis of one new ordinary share for one preference share so converted.