



## HALF YEAR RESULTS (Unaudited)

	Six months ended 30th June, 2000	Six months ended 30th June, 1999
	HK\$'M	HK\$'M
TURNOVER	498.6	1,492.0
Cost of sales	(412.7)	(1,191.4)
Gross profit	85.9	300.6
Other revenue (Note 2)	92.3	107.9
Administrative expenses	(35.6)	(77.7)
Other operating expenses (Note 3)	(21.0)	(108.7)
PROFIT FROM OPERATING ACTIVITIES	121.6	222.1
Finance costs	(183.4)	(336.9)
Share of profits less losses of		
– Jointly controlled entity	(30.5)	–
– Associates	(0.4)	7.0
LOSS BEFORE TAX	(92.7)	(107.8)
Tax (Note 4)		
– Group	(7.5)	(11.7)
– Associates	–	–
LOSS BEFORE MINORITY INTERESTS	(100.2)	(119.5)
Minority interests	1.0	(0.2)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(99.2)	(119.7)
Dividends		
– Interim dividend on ordinary shares	–	–
– Provision for preference shares	–	(3.8)
Accumulated losses for the period	(99.2)	(123.5)
Loss per ordinary share (Note 5)		
Basic	HK(2.5) cents	HK(3.1) cents
Diluted	N/A	N/A



**Notes:**

1. Due to the adoption of the revised Statements of Standard Accounting Practice, the presentation of the profit and loss account has been revised to comply with the new requirements. Accordingly, certain comparative figures have been reclassified to conform to the current period's presentation.

2. Other revenue includes the following major items:

	<u>2000</u>	<u>1999</u>
	HK\$'M	HK\$'M
Interest income	23.3	77.6
Gain on disposal of an associate	67.5	—
Compensation received from cancellation of a tenancy agreement	—	23.0
	<u>          </u>	<u>          </u>

3. Other operating expenses include the following major items:

	<u>2000</u>	<u>1999</u>
	HK\$'M	HK\$'M
Depreciation	21.0	68.4
Provision for loss on disposal of a subsidiary company	—	37.9
	<u>          </u>	<u>          </u>

4. Hong Kong taxation is calculated at the rate of 16% (1999 - 16%) on the estimated assessable profits earned in or derived from Hong Kong. Taxation on profits assessable overseas is calculated at the rates prevailing in the respective jurisdictions in which the Group operates, based on existing law, practices and interpretations thereof.

5. The calculation of basic loss per ordinary share is based on the net loss from ordinary activities attributable to ordinary shareholders for the period of HK\$99.2 million (1999 - HK\$123.5 million after a provision of HK\$3.8 million for the dividend on the 5<sup>1</sup>/<sub>4</sub>% Convertible Cumulative Redeemable Preference Shares ("Preference Shares")) and on the weighted average of 3,935.9 million (1999 - 3,928.8 million) ordinary shares of the Company in issue during the period.

No diluted loss per ordinary share is presented for the periods ended 30th June, 1999 and 2000, as the exercise of share options and the conversion of Preference Shares of the Company are anti-dilutive.

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

## INTERIM DIVIDEND

The Directors have resolved not to declare the payment of an interim dividend for the financial year ending 31st December, 2000 (1999 - nil).



## DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2000, the interests of the Directors in the share capital of the Company and its associated corporations as recorded in the register kept under Section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

### (A) Interests in Shares

	Name of Director	Class of Shares Held	Number of Shares Held			Total
			Personal Interests	Family Interests	Corporate Interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary	220,000	-	2,907,644,944 (Notes a & c)	2,907,864,944
		Preference	-	-	3,440 (Note a)	3,440
	Mr. Daniel Bong Shu Yin	Ordinary	1,440,000	-	-	1,440,000
	Mrs. Kitty Lo Lee Kit Tai	Ordinary	2,370,000	-	-	2,370,000
	Mr. William Henry Woo	Ordinary	1,753	-	-	1,753
	<b>Name of Associated Corporation</b>					
2. Century City International Holdings Limited ("CCIHL")	Mr. Lo Yuk Sui	Ordinary	531,434,843	-	1,395,994,246	1,927,429,089
	Mrs. Kitty Lo Lee Kit Tai	Ordinary	1,510,000	-	-	1,510,000
	Mr. Jimmy Lo Chun To	Ordinary	1,659,800	-	-	1,659,800



Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total
			Personal Interests	Family Interests	Corporate Interests	
3. Paliburg Holdings Limited ("PHL")	Mr. Lo Yuk Sui	Ordinary	222,765	-	1,401,024,977 (Notes a & b)	1,401,247,742
	Mr. Daniel Bong Shu Yin	Ordinary	1,025,390	-	-	1,025,390
	Mrs. Kitty Lo Lee Kit Tai	Ordinary	100,000	-	-	100,000
	Mr. Jimmy Lo Chun To	Ordinary	284,000	-	-	284,000
4. Argosy Capital Corporation	Mr. Lo Yuk Sui	Ordinary	-	-	1,130,349 (Note a)	1,130,349
5. Century King Investment Limited	Mr. Lo Yuk Sui	Ordinary	-	-	5,000 (Note a)	5,000
6. Century Win Investment Limited	Mr. Lo Yuk Sui	Ordinary	-	-	9,000 (Note a)	9,000
7. Cheerjoy Development Limited ("Cheerjoy")	Mr. Lo Yuk Sui	Ordinary	-	-	(Note d)	(Note d)
8. Chest Gain Development Limited	Mr. Lo Yuk Sui	Ordinary	-	-	7,000 (Note a)	7,000
9. Chi Cheung Investment Company, Limited	Mr. Lo Yuk Sui	Ordinary	-	-	209,918,951 (Note a)	209,918,951
10. Chinatrend (Holdings) Limited	Mr. Lo Yuk Sui	Ordinary	-	-	7,500 (Note a)	7,500



Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total
			Personal Interests	Family Interests	Corporate Interests	
11. Chinatrend (Nankai) Limited	Mr. Lo Yuk Sui	Ordinary	-	-	85 (Note a)	85
12. Hanoi President Hotel Company Limited	Mr. Lo Yuk Sui	Ordinary	-	-	75 (Note a)	75
13. Polarfine Inc	Mr. Lo Yuk Sui	Ordinary	-	-	3,000,000 (Notes a & e)	3,000,000
14. Rapid Growth Holdings Limited	Mr. Lo Yuk Sui	Ordinary	-	-	25,000 (Note a)	25,000
15. Supreme Idea Enterprise Limited	Mr. Lo Yuk Sui	Ordinary	-	-	125 (Note a)	125
16. Villawood Developments Limited	Mr. Lo Yuk Sui	Ordinary	-	-	65 (Note a)	65
17. Wealth Link Investments Limited	Mr. Lo Yuk Sui	Ordinary	-	-	1 (Note a)	1

**Notes:**

- (a) The shares were held through companies controlled by CCIHL, of which Mr. Lo Yuk Sui is the Chairman and controlling shareholder.
- (b) Including the retained balance, i.e. 6,444,444 shares, (the "Retained Shares") of the consideration shares agreed to be sold at HK\$4.50 per share for the acquisition of the remaining 51% shareholding interest in The New China Hong Kong Financial Services Limited (now known as Century City Financial Services Limited) by a wholly-owned subsidiary company of CCIHL from a wholly-owned subsidiary company of The New China Hong Kong Group Limited (the "NCHK Company") pursuant to the conditional agreement dated 7th September, 1998 in respect of the said acquisition, which was completed on 17th September, 1998 (the "Completion Date"). The Retained Shares are retained by the CCIHL group until the first anniversary of the Completion Date in connection with the indemnity given by the NCHK Company under the said agreement.



- (c) A total of 536,755,200 shares were charged by a wholly-owned subsidiary company of PHL in favour of a trustee, covering the exchange rights of the holders of the Exchangeable Bonds issued by another wholly-owned subsidiary company of PHL. The Exchangeable Bonds are exchangeable into those existing ordinary shares of the Company during the period from 6th April, 1996 to 23rd January, 2001 at an adjusted effective exchange price of HK\$2.0144 per share (cum entitlements as provided in the relevant trust deed).
- (d) A wholly-owned subsidiary company of PHL holds 30% attributable shareholding interest in Cheerjoy through Point Perfect Investments Limited ("Point Perfect") which is a 30% owned associate of such subsidiary company. Point Perfect holds all the issued shares of Cheerjoy, i.e. 2 shares.
- (e) Including security interest over 600,000 shares under a share mortgage held by a subsidiary company of CCIHL.

**(B) Interests in Share Options Granted by the Company**

**Number of Ordinary Shares under the Options**

Name of Director	Date of Grant (Exercise Price per Ordinary Share)	As at 1/1/2000		Options	
		Options		Outstanding	
		(I)	Vested (Note 1)	(I)	Vested (Note 1)
Mr. Lo Yuk Sui	22/2/1992 (HK\$0.7083)	(I)	16,800,000	(I)	20,160,000
		(II)	10,080,000 (Note 2)	(II)	6,720,000 (Note 3)
Mr. Daniel Bong Shu Yin	22/2/1992 (HK\$0.7083)	(I)	2,880,000	(I)	4,320,000
		(II)	4,320,000 (Note 2)	(II)	2,880,000 (Note 3)
Mr. Kenneth Ng Kwai Kai	22/2/1992 (HK\$0.7083)	(I)	5,520,000	(I)	6,480,000
		(II)	2,880,000 (Note 2)	(II)	1,920,000 (Note 3)

**Notes:**

- (1) The options are exercisable at any time.
- (2) The options are exercisable in stages commencing eight years from the date of grant.
- (3) The options are exercisable in stages commencing nine years from the date of grant.

Save as mentioned above, no right has been granted to, or exercised by, any Director of the Company or his spouse and children under 18 years of age, to subscribe for shares in or debentures of the Company during the period.



## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2000, the interests of those persons (other than the Directors) in the share capital of the Company as recorded in the register kept under Section 16 of the Securities (Disclosure of Interests) Ordinance were as follows:

Name of Shareholder	Number of Ordinary Shares Held
CCIHL (Notes i and iii)	2,907,644,944
Century City BVI Holdings Limited (Notes ii and iii)	2,907,644,944
Century City Holdings Limited (Notes ii and iii)	2,907,644,944
PHL (Notes ii and iii)	2,907,644,944
Paliburg Development BVI Holdings Limited (Notes ii and iii)	2,907,644,944
Paliburg International Holdings Limited (Notes ii and iii)	2,504,300,820
Paliburg BVI Holdings Limited (Notes ii and iii)	2,504,300,820
Taylor Investments Ltd. (Note ii)	1,462,111,870
Glaser Holdings Limited ("Glaser") (Notes ii and iii)	575,528,286

**Notes:**

- (i) These shares were shown in the corporate interests of Mr. Lo Yuk Sui in the Company as disclosed under Interests in Shares of Directors' Interests in Share Capital.
- (ii) These companies are subsidiary companies of CCIHL and their interests in the shares of the Company are included in the interests held by CCIHL.
- (iii) 536,755,200 shares were charged by Glaser in favour of a trustee, covering the exchange rights of the holders of the Exchangeable Bonds as disclosed under Interests in Shares of Directors' Interests in Share Capital.



## DISCLOSURE PURSUANT TO PRACTICE NOTE 19

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

### Advances to an Entity (Paragraph 3.2.1 of PN19)

Details of the advances made to Chest Gain Development Limited ("Chest Gain"), a jointly controlled entity owned as to 40% by Paliburg Holdings Limited ("PHL"), 30% by the Company and 30% by China Overseas Land & Investments Limited, which is independent of, and not connected with PHL and the Company, the respective directors, chief executive and substantial shareholders of PHL and the Company and any of their subsidiary companies or any of their respective associates (as defined in the Listing Rules), by the Company and its subsidiary companies (the "Group") as at 30th June, 2000 are set out below:

Advances	Group (HK\$ million)
(A) Principal Amount of Advances	1,104.6
(B) Interest Receivable	162.5
(C) Several Guarantees for:	
(a) Principal Amount of Bank Facilities	990.0
(b) Amount of Bank Facilities Drawdown	753.3
Total: (A)+(B)+(C)(a)	<u>2,257.1</u>
(A)+(B)+(C)(b)	<u>2,020.4</u>

The above advances to Chest Gain in an aggregate sum of HK\$1,267.1 million (before a provision of HK\$700.0 million representing the Group's attributable share of the provision for foreseeable loss in respect of the property development at the Stanley Site (as referred to below) of Chest Gain) were provided by the Group. Such contribution of funds to Chest Gain are provided in the form of shareholders' loans in proportion to the respective shareholding interests of the shareholders of Chest Gain. The advances are unsecured and have no fixed term of repayment, and related interest is being accrued at prime rate. The provision of financial assistance to Chest Gain is for the purpose of facilitating Chest Gain in the development of its property project at Rural Building Lot No.1138, Wong Ma Kok Road, Stanley, Hong Kong (the "Stanley Site"). The Stanley Site was acquired by Chest Gain at the





government land auction held on 3rd June, 1997. The above guarantee was provided by the Company on 28th October, 1997 on a several basis in proportion to its shareholding interests in Chest Gain and was given in respect of the bank loan facilities of HK\$3,300.0 million made available to Chest Gain for the purposes of refinancing part of the consideration for the acquisition of the Stanley Site and financing the estimated construction costs required for the luxury residential development at the Stanley Site.

Calculated on the basis shown above, the aggregate of advances and other financial assistance as at 30th June, 2000 provided by the Group to Chest Gain in the respective sums of (a) HK\$2,257.1 million (based on the total available amount of the bank facilities) and (b) HK\$2,020.4 (based on the amount of bank facilities drawdown) represented (a) 34.4% and (b) 30.8% of the consolidated net tangible assets of the Company of HK\$6,567.4 million (the "Regal NTA"), by reference to its latest audited financial statements for the year ended 31st December, 1999 as adjusted for the interim results for the six months ended 30th June, 2000.

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

Details of the financial assistance provided to and guarantees given for affiliated companies (including Chest Gain) by the Group as at 30th June, 2000 are set out below:

Name of Affiliated Companies	Principal Amount of Advances (HK\$'million)	Interest Receivable (HK\$'million)	Guarantee given for Bank Facilities	
			(i) Principal Amount of Bank Facilities (HK\$'million)	(ii) Amount of Bank Facilities Drawdown (HK\$'million)
Chest Gain	(A) 1,104.6	(B) 162.5	(C)(i) 990.0	(C)(ii) 753.3
Century King Investment Limited	(D) 2.3 (Interest Rate: 10% p.a.)	(E) 0.5	Nil	Nil
8D International (BVI) Limited	(F) 14.1	—	Nil	Nil
		Total :	(A)+(B)+(C)(i)+(D) to (F)	2,274.0
			(A)+(B)+(C)(ii)+(D) to (F)	2,037.3



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

Century King Investment Limited (“Century King”) is a 50% owned associate of the Company, which is engaged in the operation of a Japanese restaurant. The remaining 50% shareholding interest in Century King is owned by a third party, which is independent of, and not connected with the Company, the Directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances were provided by the Group in the form of shareholder’s loans in proportion to the Company’s shareholding interest in Century King, for the purpose of funding the working capital requirements of Century King. The advances are unsecured and have no fixed term of repayment.

8D International (BVI) Limited (“8D-BVI”) is a 30% owned associate of the Company, which is involved in information technology business in connection with broadband national railway fibre optic network in the People’s Republic of China. The remaining shareholding interest in 8D-BVI is owned as to 10% by Century City International Holdings Limited (“CCIHL”) and 60% by an associate (as defined in the Listing Rules) of Mr. Lo Yuk Sui. The advances were provided by the Group in the form of shareholder’s loans in proportion to the Company’s shareholding interest in 8D-BVI, for the purpose of financing the working capital of 8D-BVI. The advances are unsecured, interest free and have no fixed term of repayment.

Calculated on the basis shown above, as at 30th June, 2000, the aggregate amount of financial assistance provided to and guarantees given for affiliated companies by the Group in the respective sums of (a) HK\$2,274.0 million (based on the total available amount of the bank facilities to Chest Gain) and (b) HK\$2,037.3 million (based on the drawdown amount of bank facilities to Chest Gain) represented (a) 34.6% and (b) 31.0% of the Regal NTA.



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

	<b>Pro-forma combined balance sheet (HK\$ million)</b>	<b>The Group's attributable interest (HK\$ million)</b>
Non-current assets	4,157.6	1,247.5
Current assets	0.8	0.4
Current liabilities	(85.4)	(26.1)
Non-current liabilities	(7,199.5)	(2,160.8)
Net liabilities	<u>(3,126.5)</u>	<u>(939.0)</u>

**Covenants relating to specific performance obligation of the controlling shareholders contained in certain loan agreements (Paragraph 3.7.1 of PN19)**

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

11

	<b>Outstanding Balance of Bank Facilities as at 30th June, 2000 (HK\$'million)</b>	<b>Final Maturity of Bank Facilities</b>	<b>Specific Performance Obligations</b>
<b>The Group</b>	(a) 1,075.0	July 2007	Note (i)
	(b) 3,822.1	September 2004	Note (ii)
<b>Total:</b>	<u>4,897.1</u>		

**Notes:**

- (i) Mr. Lo Yuk Sui, the Chairman and the controlling shareholder of CCIHL, which owns a 60.4% shareholding interest in PHL (which in turn owns a 73.8% shareholding interest in the Company), and/or members of his immediate family, or a trust or trusts under which they are beneficially interested (collectively, "Mr. Lo") shall not cease to maintain controlling interest (directly or indirectly) in respect of shareholding (as defined under the Listing Rules) and management control of the Company.
- (ii) Mr. Lo shall not cease to maintain controlling interest (whether directly or indirectly) in the Company.



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

## CORPORATE GOVERNANCE

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

12

In compliance with the requirement in the Code of Best Practice of the Listing Rules in respect of the establishment of an audit committee, the Company has formed an Audit Committee comprising Mr. William Henry Woo (Chairman of the Committee) and Mr. Dominic Lai, both of whom are independent Non-Executive Directors of the Company, and Mr. Daniel Bong Shu Yin, a Non-Executive Director of the Company. The Audit Committee is established with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants.

## REVIEW AND OUTLOOK

For the six months ended 30th June, 2000, the Group incurred an unaudited consolidated net loss attributable to shareholders of HK\$99.2 million, as compared with a net loss of HK\$119.7 million in the corresponding period in 1999.

In the announced interim results for 1999, the financing costs incurred on the jointly controlled entity which owns the Stanley development project had been capitalised, whereas in the period being reported, such financing costs were treated as expense in the profit and loss account due to the temporary suspension of development works. Had such financing costs been capitalised, the net loss incurred during the period under review would have been substantially reduced.



Tourism business in Hong Kong continued to improve during the first half of 2000 and recorded an increase of 15.7% in visitor arrivals over the same period last year. Though visitors from Mainland China alone accounted for a substantial part of the increase attained, it is encouraging to see significant growth at the same time in most of the other major markets.

Benefiting from the reviving tourism business, both the overall hotel occupancy as well as the average room rate in Hong Kong gained some improvement during the period under review, as compared with the same period in the previous year. Excluding the Regal Airport Hotel, which is still under soft opening, the combined average occupancy for the Group's other four hotels in Hong Kong during the first six months was about 70.4%, representing an increase of 6.5% over the 66.1% recorded in the last corresponding period, while in respect of the average room rate, an increase of 6.2% was achieved. In order to enhance their competitiveness, staged renovation programmes for the Regal Kowloon Hotel and, to lesser extent, the other hotels have been planned. Relevant works for certain portions of the hotel guestrooms are already in progress. Furthermore, new additional facilities for the Regal Hongkong Hotel incorporating a business centre and function rooms fitted with modern equipment for conference and meeting purposes have recently been completed and put to operation.

As for the Regal Airport Hotel, the total number of available rooms under operation has increased from a room count of 540 in the comparative period in 1999 to 843 during the period under review. Due to the enlarged size of operation, the gross operating profit generated by this hotel has improved very substantially. The remaining 259 guestrooms are anticipated to come on stream later this year.

Outside of Hong Kong, the Regal Constellation Hotel in Toronto, Canada and the Group's two managed hotels in Shanghai, namely, the Regal International East Asia Hotel and the Regal Shanghai East Asia Hotel, in the People's Republic of China all maintained steady performance.

The sale of the Regal Bostonian Hotel in the United States, deferred from December last year, was duly completed in June this year. The profit derived has been reflected in the interim accounts being presented.

With the continuing recovery in the local economy as well as the recent measures taken by the HKSAR Government to stabilise supply and demand, there are signs of growing confidence towards the local property market. Prospects for the luxury residential sector, particularly on the Hong Kong Island, are now much brighter, as supply is relatively limited. Having regard to the changed environment, the Company is preparing for the resumption of development works on the luxury residential development at Rural Building Lot No.1138, in



which the Group holds a 30% joint venture interest. The construction costs required to complete the development is expected to be financed by banking facilities previously arranged and the Company is hopeful that substantial cash surplus will be generated from the eventual sale of the house units.

Since the beginning of this year, the Group has been actively developing the sales and marketing network for the Group's hotels on the internet. Additionally, the Group also undertook some investments in the information technology sector, both in Hong Kong and the PRC. The Group currently holds an effective 6.4% interest in Century Digital Enterprise Limited, a company involved in information technology business in connection with a broadband national railway fibre optic network in the PRC. A certain part of the shareholding interest in Century Digital held by its existing shareholders is presently the subject of a proposed acquisition by Century City International Holdings Limited, the Company's ultimate listed holding company.

The Directors anticipate that the operating performance of the Group's hotels in Hong Kong in the second half of this year will be better than that achieved in the first six months, as the second half is traditionally the higher season of the year. With the Regal Airport Hotel going gradually into full operation, it is expected that significant profits will be contributed by this hotel due to its unique location as well as the wide range of meeting, conference and resort facilities it offers. Overall, the Directors are hopeful that the Group will regain its profitability in pace with the recovery of the local tourism and hotel business.

By Order of the Board

**LO YUK SUI**

Chairman

Hong Kong, 22nd September, 2000