

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 & Investment 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 respective 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, 2001 are set out below:

Advances	Group (HK\$'million)
(A) Principal Amount of Advances	1,166.2
(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>2,318.7</u>
(A)+(B)+(C)(b)	<u>2,082.0</u>

The above advances to Chest Gain in an aggregate sum of HK\$1,328.7 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, 2001 provided by the Group to Chest Gain in the respective sums of (a) HK\$2,318.7 million (based on the total available amount of the bank facilities) and (b) HK\$2,082.0 million (based on the amount of bank facilities drawdown) represented (a) 36.7% and (b) 33.0% of the consolidated net tangible assets of the Company of HK\$6,316.1 million (the “Regal NTA”), by reference to its latest unaudited condensed consolidated financial statements for the six months ended 30th June, 2001.

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

Details of the financial assistance provided to and guarantees given for affiliated companies (including Chest Gain) by the Group as at 30th June, 2001 are set out below:

Name of Affiliated Companies	Principal Amount of Advances (HK\$'million)	Interest Receivable (HK\$'million)	Guarantee given for Bank Facilities	
			(i) Principal Amount of Bank Facilities (HK\$'million)	(ii) Amount of Bank Facilities Drawdown (HK\$'million)
Chest Gain	(A) 1,166.2	(B) 162.5	(C)(i) 990.0	(C)(ii) 753.3
Century King Investment Limited	(D) 3.2 (Interest Rate: 10% p.a.)	(E) 0.8	Nil	Nil
8D International (BVI) Limited	(F) 27.1	-	Nil	Nil
8D Matrix Limited	(G) 0.8	-	Nil	Nil
		Total:	(A)+(B)+(C)(i)+(D) to (G)	<u>2,350.6</u>
			(A)+(B)+(C)(ii)+(D) to (G)	<u>2,113.9</u>

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.

As at 30th June, 2001, Century King Investment Limited ("Century King") was a 50% owned associate of the Company, which was engaged in the operation of a Japanese restaurant. The remaining 50% shareholding interest in Century King was owned by a third party, which was independent of, and not connected with 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 had been provided by the Group in the form of shareholder's loans in proportion to the Company's then shareholding interest in Century King, for the purpose of funding the working capital requirements of Century King. The advances were unsecured and had no fixed term of repayment. Subsequent to 30th June, 2001, Century King became a wholly owned subsidiary company of the Company and ceased its Japanese restaurant business.

8D International (BVI) Limited ("8D-BVI") is a 30% owned associate of the Company, which is involved in information technology businesses in connection with broadband national railway fibre optic network in The People's Republic of China and information technology systems development, and promotions and communications businesses. The remaining shareholding interests in 8D-BVI are indirectly owned as to 10% by CCIHL and 60% by 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.

8D Matrix Limited (“8D Matrix”) is a 30% owned associate of the Company, which is involved in promotions, communications and information technology businesses. The remaining shareholding interests in 8D Matrix are owned as to 10% indirectly by CCIHL and 60% indirectly by Mr. Lo Yuk Sui through his associates (as defined in the Listing Rules), including 8D-BVI. The advances were provided by the Group in the form of shareholder’s loans in proportion to the Company’s shareholding interest in 8D Matrix, for the purpose of financing the working capital of 8D Matrix. The advances are unsecured, interest free and have no fixed term of repayment.

Calculated on the basis shown above, as at 30th June, 2001, the aggregate amount of financial assistance provided to and guarantees given for affiliated companies by the Group in the respective sums of (a) HK\$2,350.6 million (based on the total available amount of the bank facilities to Chest Gain) and (b) HK\$2,113.9 million (based on the drawdown amount of bank facilities to Chest Gain) represented (a) 37.2% and (b) 33.5% 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:

	Pro-forma combined balance sheet (HK\$’million)	Group’s attributable interest (HK\$’million)
Non-current assets	4,212.4	1,263.9
Current assets	7.6	2.6
Current liabilities	(110.2)	(33.6)
Non-current liabilities	(7,761.6)	(2,329.8)
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Net liabilities	<u>(3,651.8)</u>	<u>(1,096.9)</u>

Loan agreements with covenants relating to specific performance obligation of the controlling shareholders (Paragraphs 3.7.1 and 3.7.2 of PN19)

Paragraph 3.7.1 of PN19

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

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

Notes:

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

Paragraph 3.7.2 of PN19

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