

## DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2003, 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 SFO) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("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 Companies in 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)
			Personal Interests	Family Interests	Corporate Interests	Other Interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary (issued)	220,000	-	4,777,070,277 (Notes a(iv) & e)	-	4,777,290,277 (73.18%)
		Preference (issued)	-	-	3,440 (Note a(iv))	-	3,440 (20.54%)
	Mr. Daniel Bong Shu Yin	Ordinary (issued)	1,440,000	-	-	-	1,440,000 (0.022%)
	Mr. Donald Fan Tung	Ordinary (unissued)	1,200,000 (Note f)	-	-	-	1,200,000 (0.018%)
	Mrs. Kitty Lo Lee Kit Tai	Ordinary (issued)	2,370,000	-	-	-	2,370,000 (0.036%)
	Ms. Belinda Yeung Bik Yiu	Ordinary (unissued)	1,080,000 (Note f)	-	-	-	1,080,000 (0.017%)
	<b>Name of Associated Corporation</b>						
2. Century City International Holdings Limited ("CCIHL")	Mr. Lo Yuk Sui	Ordinary (i) issued	543,344,843	-	1,395,994,246	-	1,939,339,089
		(ii) unissued	-	-	11,000,000,000 (Note a(i))	400,000,000 (Note c)	11,400,000,000
							Total (i) & (ii): 13,339,339,089 (349.49%)





	Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held				Total (Approximate percentage of the Issued Shares)
				Personal Interests	Family Interests	Corporate Interests	Other Interests	
2.	CCIHL	Mrs. Kitty Lo Lee Kit Tai	Ordinary (issued)	2,510,000	-	-	-	2,510,000 (0.066%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	1,659,800	-	-	-	1,659,800 (0.043%)
		Ms. Belinda Yeung Bik Yiu	Ordinary (issued)	2,000	-	-	-	2,000 (0.0001%)
3.	Pailburg Holdings Limited ("PHL")	Mr. Lo Yuk Sui	Ordinary (i) issued	442,765	-	2,733,024,977 (Notes a(ii) & b)	-	2,733,467,742
			(ii) unissued	4,562,500 (Note g)	-	1,990,000,000 (Notes a(iii) & d)	100,000,000 (Note c)	2,094,562,500
								Total (i) & (ii): 4,828,030,242 (127.78%)
			Preference (issued)	-	-	1,990,000,000 (Notes a(iii) & d)	-	1,990,000,000 (100%)
		Mr. Daniel Bong Shu Yin	Ordinary (issued)	1,025,390	-	-	-	1,025,390 (0.027%)
		Mr. Donald Fan Tung	Ordinary (i) issued	2,718	-	-	-	2,718
			(ii) unissued	5,000,000 (Note g)	-	-	-	5,000,000
								Total (i) & (ii): 5,002,718 (0.13%)
		Mrs. Kitty Lo Lee Kit Tai	Ordinary (issued)	100,000	-	-	-	100,000 (0.0026%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	284,000	-	-	-	284,000 (0.0075%)
		Mr. Kenneth Ng Kwai Kai	Ordinary (unissued)	1,000,000 (Note g)	-	-	-	1,000,000 (0.026%)
4.	8D International (BVI) Limited ("8D-BVI")	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	1,000 (Note h)	-	1,000 (100%)

**Notes:**

- (a) (i) The interests in these shares of CCIHL are held through corporations controlled by Mr. Lo Yuk Sui as detailed below:

(a) Name of corporation	Controlled by	% of control
Century City International Holdings Limited	Mr. Lo Yuk Sui	50.81
Century City BVI Holdings Limited	Century City International Holdings Limited	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	Century Digital Holdings Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo Yuk Sui	100.00
Secure Way Technology Limited	Mr. Lo Yuk Sui	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 Investments Limited	Century Digital Holdings Limited	100.00

- (ii) The shares were held through companies wholly owned by CCIHL, in which Mr. Lo Yuk Sui holds 50.81% shareholding interests.

- (iii) The interests in these shares of PHL are held through corporations controlled by Mr. Lo Yuk Sui as detailed below:

(a) Name of corporation	Controlled by	% of control
Century City International Holdings Limited	Mr. Lo Yuk Sui	50.81
Century City BVI Holdings Limited	Century City International Holdings Limited	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	Century Digital Holdings Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo Yuk Sui	100.00
Secure Way Technology Limited	Mr. Lo Yuk Sui	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 Investments Limited	Century Digital Holdings Limited	100.00

- (iv) The shares were held through companies wholly owned by the Company, in which Century held 73.18% shareholding interests as at 30th June, 2003.





- (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 of Century from a wholly-owned subsidiary 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 Century City Group until the first anniversary of the Completion Date in connection with the indemnity given by the NCHK Company under the said agreement.
- (c) Mr. Lo Yuk Sui is the trustee for Select Wise Trust, of which Select Wise Holdings Limited, a substantial shareholder of CCIHL and the Company, is the beneficiary.
- (d) 1,990,000,000 convertible preference shares of PHL ("PHL Preference Shares") are convertible into 1,990,000,000 ordinary shares of PHL on the basis of one PHL Preference Share for one ordinary share of PHL.
- (e) 1,706,500,000 shares (the "Exchange Property") were charged by a wholly-owned subsidiary of PHL in favour of a trustee for the holders of the Series B Bonds issued as part of the restructuring and settlement proposal in respect of the then existing bonds of the PHL Group which closed on 31st October, 2002 (the "Closing Date") to form the initial exchange property in respect of the Series B Bonds. The Exchange Property is to be released to the holders of the Series B Bonds in four quarterly tranches (with the first tranche comprising 284,125,000 shares and the other three tranches each comprising 474,125,000 shares) on each dates falling 12, 15, 18 and 21 months after the Closing Date, subject to certain early release provisions.
- (f) Details of Directors' interests in share options granted by the Company are set out in note 19 to the condensed consolidated financial statements.

(g) Interests in share options granted by PHL:

Terms of option	Grantee	Number of ordinary shares under the share options	
		(I) Vested	(II) Unvested
Date of grant: 22/2/1994 Exercise price per share: HK\$10.40 Vesting period: (Note 1) Exercise period: (Note 1)	Mr. Lo Yuk Sui	(I) 4,562,500 (Note 1(c)) (II) –	
Date of grant: 15/9/1995 (Original grant date: 22/2/1994 (Note 2))  Exercise price per share: HK\$3.5392 Vesting period: (Note 3) Exercise period: (Note 3)	Mr. Donald Fan Tung	(I) 1,875,000 (Note 1(c)) (II) –	
	Mr. Kenneth Ng Kwai Kai	(I) 1,000,000 (Note 1(c)) (II) –	
	Mr. Donald Fan Tung	(I) 3,125,000 (Note 3(c)) (II) –	


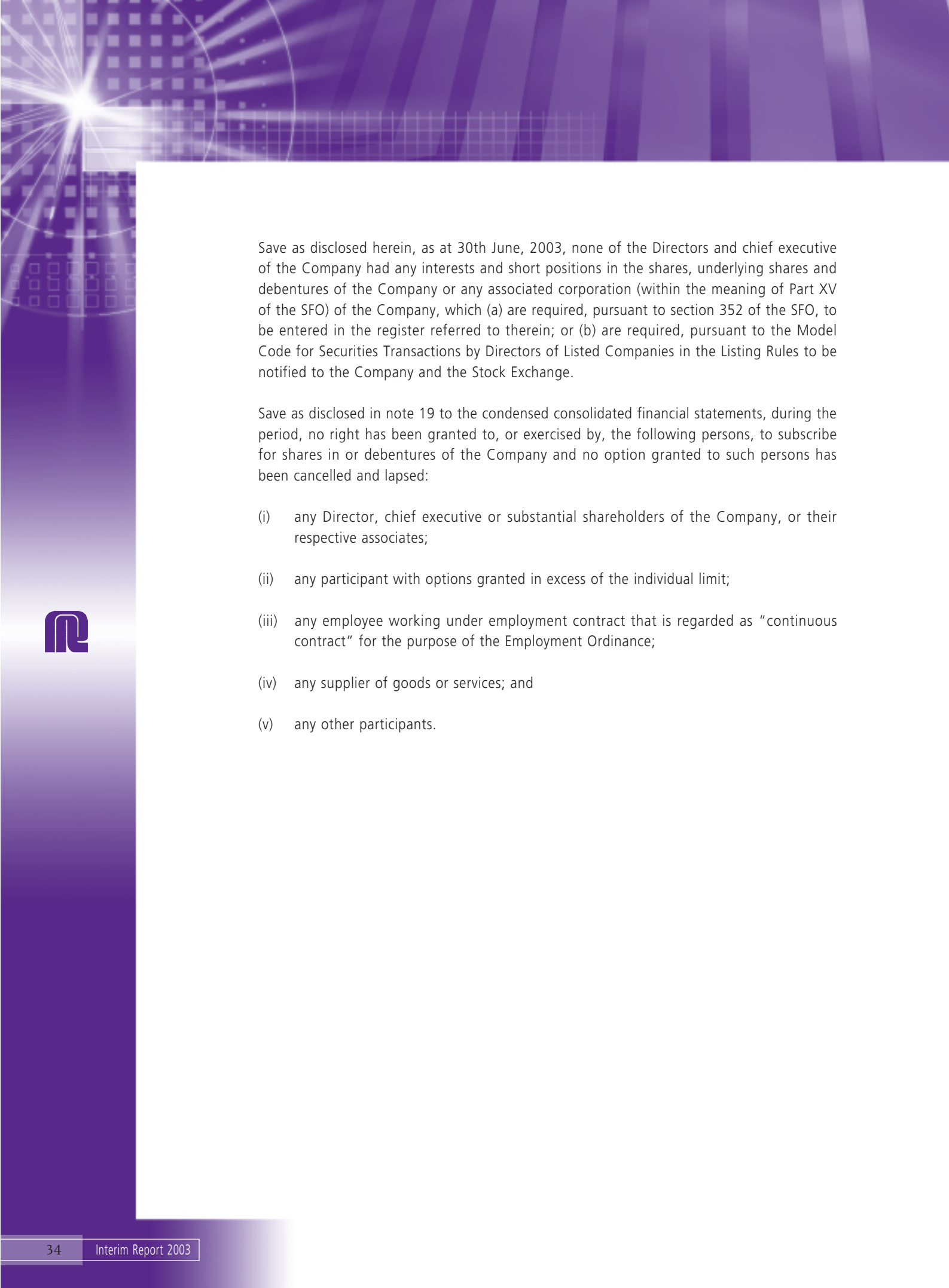
**Notes:**

1. Vesting/Exercise periods of options:

	On completion of continuous service of	Initial/Cumulative percentage vesting	Initial/Cumulative percentage exercisable
(a)	2 years after date of grant	Initial 20%	Initial 20% upon vesting (exercisable until 10 years after date of grant)
(b)	3 years to 9 years after date of grant	Cumulative 30% to 90% (with 10% additional percentage vested each subsequent year (commencing from 3 years after date of grant))	Cumulative 30% to 90% (with 10% additional percentage exercisable each subsequent year (commencing from 3 years after date of grant) upon vesting (exercisable until 10 years after date of grant))
(c)	9½ years after date of grant	100%	100% (exercisable until 10 years after date of grant)

(h) 400 shares were held through companies controlled by CCIHL and 600 shares were held through a company controlled by Mr. Lo Yuk Sui.





Save as disclosed herein, as at 30th June, 2003, 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 for Securities Transactions by Directors of Listed Companies in the Listing Rules to be notified to the Company and the Stock Exchange.

Save as disclosed in note 19 to the condensed consolidated financial statements, 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 and no option granted to such persons has been cancelled and lapsed:

- (i) any Director, chief executive or substantial shareholders of the Company, or their respective associates;
- (ii) any participant 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.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2003, the following persons (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:

Name of Shareholder	Number of Issued Ordinary Shares Held	Approximate percentage of the Issued Ordinary Shares
CCIHL (Notes i and v)	4,777,070,277	73.18
Century City BVI Holdings Limited (Notes ii and v)	4,777,070,277	73.18
Almighty International Limited (Notes ii and v)	4,777,070,277	73.18
PHL (Notes iii and v)	4,777,070,277	73.18
Paliburg Development BVI Holdings Limited (Notes iv and v)	4,777,070,277	73.18
Paliburg International Holdings Limited (Note iv)	2,390,392,820	36.62
Paliburg BVI Holdings Limited (Note iv)	2,390,392,820	36.62
Taylor Investments Ltd. (Note iv)	1,402,111,870	21.48
Glaser Holdings Limited (Note iv)	533,480,286	8.17
Smart Emerald Limited (Notes iv and v)	1,706,500,000	26.14
Tower Bright Limited ("Tower Bright") (Notes iv and v)	1,706,500,000	26.14

### Notes:

- (i) These shares were shown in the corporate interests of Mr. Lo Yuk Sui in the Company as disclosed under Directors' Interests in Share Capital.
- (ii) These companies are wholly owned subsidiary companies of CCIHL and their interests in the shares of the Company are included in the interests held by CCIHL.
- (iii) PHL is a subsidiary company of CCIHL (which, as at 30th June, 2003, held 72.33% shareholding interests in PHL) and its interests in the shares of the Company are included in the interests held by CCIHL.
- (iv) These companies are wholly owned subsidiary companies of PHL and their interests in the shares of the Company are included in the interests held by PHL.
- (v) 1,706,500,000 shares were charged by Tower Bright in favour of a trustee for the holders of the Series B Bonds as disclosed under Directors' Interests in Share Capital.

Save as disclosed herein, there is no person who, as at 30th June, 2003, 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.



## 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") by the Company and its subsidiary companies (the "Group") as at 30th June, 2003 are set out below:

<b>Advances</b>	<b>Group (HK\$'million)</b>
(A) Principal Amount of Advances	2,705.0
(B) Interest Receivable	379.2
(C) Several Guarantees for:	
(a) Principal Amount of Bank Facilities	2,359.0
(b) Amount of Bank Facilities Drawdown	2,114.9
Total: (A)+(B)+(C)(a)	<u>5,443.2</u>
(A)+(B)+(C)(b)	<u>5,199.1</u>

The above advances to Chest Gain in an aggregate sum of HK\$3,084.2 million (before a provision of HK\$1,633.3 million) included an amount of HK\$1,701.1 million, before a provision of HK\$933.3 million, which represented the gross amount of the advances attributable to the additional 40% interest in Chest Gain acquired from PHL in 2002 as detailed in last year's audited consolidated financial statements. Such contribution of funds to Chest Gain are required to be 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 had been accrued at prime rate up to 31st December, 1998. 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 a several basis in proportion to its shareholding interests in Chest Gain and was given in respect of the bank loan facilities of HK\$3,370.0 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, 2003 provided by the Group to Chest Gain in the respective sums of (a) HK\$5,443.2 million (based on the total available amount of the bank facilities) and (b) HK\$5,199.1 million (based on the amount of bank facilities drawdown) represented (a) 178.7% and (b) 170.7% of the consolidated net tangible assets of the Company of HK\$3,045.3 million (the "Regal NTA"), by reference to its latest unaudited condensed consolidated financial statements for the six months ended 30th June, 2003.

**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, 2003 are set out below:

Name of Affiliated Companies	Principal Amount of Advances (HK\$'million)	Interest Receivable (HK\$'million)	Guarantee given for Bank Facilities	
			(i) Principal Amount of Bank Facilities (HK\$'million)	(ii) Amount of Bank Facilities Drawdown (HK\$'million)
Chest Gain	(A) 2,705.0	(B) 379.2	(C)(i) 2,359.0	(C)(ii) 2,114.9
8D International (BVI) Limited	(D) 28.7	–	Nil	Nil
8D Matrix Limited	(E) 0.5	–	Nil	Nil
Bright Future (HK) Limited	(F) 5.6	–	Nil	Nil
Network Sky Limited	(G) 0.4	–	Nil	Nil
		Total:	(A)+(B)+(C)(i)+(D) to (G)	5,478.4
			(A)+(B)+(C)(ii)+(D) to (G)	5,234.3

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.





8D International (BVI) Limited ("8D-BVI") is a 30% owned associate of the Company, which is involved in information technology businesses in connection with a broadband fibre optic network project in The People's Republic of China and the development and distribution of technologically advanced security and building related systems and software development and promotions 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 (the Company also holds an additional 6% attributable interest through its holding in 8D-BVI), which is involved in promotions 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.

Bright Future (HK) Limited ("Bright Future"), a 50% owned associate of the Company, owns a 90% effective equity interest in a foreign enterprise engaged in the operation of a hotel in Qinghai in The People's Republic of China. The remaining 50% shareholding interest in Bright Future and the remaining 10% equity interest in the aforesaid foreign enterprise are owned by third parties respectively, which are 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 to Bright Future were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in Bright Future, for the purpose of funding the working capital requirements of Bright Future. The advances to Bright Future are unsecured, interest free and have no fixed term of repayment.

Network Sky Limited ("Network Sky") is a 25% owned associate of the Company, which through its wholly-owned subsidiary company is engaged in the carrying on of a light refreshment operation. The other shareholding interests in Network Sky are owned as to 25% indirectly by PHL, 25% indirectly by Mrs. Kitty Lo Lee Kit Tai, a director of the Company and PHL, through her associate (as defined in the Listing Rules) and 25% directly 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 to Network Sky were provided by the Group in the form of shareholder's loans in proportion to the Company's shareholding interest in Network Sky, for the purpose of financing the working capital of Network Sky. The advances are unsecured, interest free and have no fixed term of repayment.

Calculated on the basis shown above, as at 30th June, 2003, the aggregate amount of financial assistance provided to and guarantees given for affiliated companies by the Group in the respective sums of (a) HK\$5,478.4 million (based on the total available amount of the bank facilities to Chest Gain) and (b) HK\$5,234.3 million (based on the drawdown amount of bank facilities to Chest Gain) represented (a) 179.9% and (b) 171.9% 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>Group's attributable interest (HK\$'million)</b>
Non-current assets	63.1	21.9
Current assets	4,972.2	3,477.4
Current liabilities	(3,314.4)	(2,319.3)
Non-current liabilities	(5,797.9)	(4,016.1)
Net liabilities	<u>(4,077.0)</u>	<u>(2,836.1)</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:

		<b>Outstanding Balance of Bank Facilities as at 30th June, 2003 (HK\$'million)</b>	<b>Final Maturity of Bank Facilities</b>	<b>Specific Performance Obligations</b>
<b>The Group</b>	(a)	1,054.2	July 2007	Note (i)
	(b)	3,732.5	September 2004	Note (ii)
Total:		<u>4,786.7</u>		



**Notes:**

- (i) Mr. Lo Yuk Sui, the Chairman and the controlling shareholder of CCIHL which owns a 66.9% shareholding interest in PHL (which in turn owns a 63.5% 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 the financial restructuring proposal relating to the above loan agreements are set out in note 2 to the condensed consolidated financial statements.



## 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.

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, which currently comprises Mr. Dominic Lai (Chairman of the Committee) and Mr. Thomas Ng Wai Hung, both 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.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30th June, 2003.

## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

