

DISCLOSURE PURSUANT TO RULES 13.13, 13.16 AND 13.18 OF CHAPTER 13 OF THE LISTING RULES

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Rules 13.13, 13.16 and 13.18 of Chapter 13 of the Listing Rules:

Advances to an Entity (Rule 13.13 of Chapter 13)

Details of the advances made to Chest Gain Development Limited ("Chest Gain"), a jointly controlled entity owned as to 70% by the Company and 30% by China Overseas Land & Investment Limited, 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), by the Company and its subsidiary companies (the "Group") as at 30th June, 2004 are set out below:

Advances	Group (HK\$'million)
(A) Principal Amount of Advances	2,763.8
(B) Interest Receivable	379.2
(C) Several Guarantee for Amount of Bank Loans Outstanding	720.8
Total: (A)+(B)+(C)	<u>3,863.8</u>

The above advances to Chest Gain in an aggregate sum of HK\$3,143.0 million (before a provision of HK\$1,407.6 million) included an amount of HK\$1,701.1 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 the audited consolidated financial statements for the year ended 31st December, 2002. Such contributions 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 the 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 the "Regalia Bay" luxury residential project at Rural Building Lot No.1138, Wong Ma Kok Road, Stanley, Hong Kong (the "Regalia Bay Development"). The site for the Regalia Bay Development 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 total 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 land site and financing the construction costs required for the Regalia Bay Development.



The sale programme for the Regalia Bay Development first commenced in September 2003 and the entire development was completed in March 2004. Net proceeds received from the sale of the houses at the Regalia Bay Development have been continuously applied towards repayment of the amounts drawn down and outstanding under the bank loan facilities. As any amounts repaid under the bank loan facilities cannot be redrawn, the amount of the above guarantee provided by the Company was calculated by reference to the loan amounts outstanding under the bank loan facilities as at 30th June, 2004.

Calculated on the basis shown above, the aggregate of advances and other financial assistance as at 30th June, 2004 provided by the Group to Chest Gain in the sum of HK\$3,863.8 million (based on the amount of bank loans outstanding) represented 42.5% of the consolidated total assets of the Company of HK\$9,085.0 million (the "Regal TA"), by reference to its latest unaudited condensed consolidated financial statements for the six months ended 30th June, 2004.

Financial Assistance provided to and Guarantees given for Affiliated Companies (Rule 13.16 of Chapter 13)

Details of the financial assistance provided to and guarantees given for affiliated companies (including Chest Gain) by the Group as at 30th June, 2004 are set out below:

Name of Affiliated Companies	Principal Amount of Advances (HK\$'million)	Interest Receivable (HK\$'million)	Guarantee given for Bank Facilities based on the Amount of Bank Loans Outstanding (HK\$'million)
Chest Gain	(A) 2,763.8	(B) 379.2	(C) 720.8
8D International (BVI) Limited	(D) 28.9	–	Nil
8D Matrix Limited	(E) 0.5	–	Nil
Bright Future (HK) Limited	(F) 5.6	–	Nil
Network Sky Limited	(G) 1.1	–	Nil
		Total: (A)+(B)+(C)+(D) to (G)	<u>3,899.9</u>

Relevant details in respect of the financial assistance provided to and guarantees given for Chest Gain are disclosed above under Rule 13.13 of Chapter 13 of the Listing Rules.

8D International (BVI) Limited ("8D-BVI") is a 30% owned associate of the Company, which is now principally involved in 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 (until 18th August, 2004) 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, 2004, the aggregate amount of financial assistance provided to and guarantees given for affiliated companies by the Group in the sum of HK\$3,899.9 million (based on the amount of bank loans outstanding of Chest Gain) represented 42.9% of the Regal TA.



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)	The Group's attributable interest (HK\$'million)
Non-current assets	38.1	14.5
Current assets	3,663.0	2,560.6
Current liabilities	(1,359.5)	(950.9)
Non-current liabilities	(6,311.5)	(4,375.0)
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Net liabilities	(3,969.9)	(2,750.8)
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Loan agreements with covenants relating to specific performance obligation of the controlling shareholders (Rule 13.18 of Chapter 13)

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, 2004 (HK\$'million)	Final Maturity of Bank Facilities	Specific Performance Obligations
The Group	(a)	1,034.2	December 2012	Note (i)
	(b)	3,323.8	December 2006	Note (ii)
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Total:		4,358.0		
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Notes:

- (i) Mr. Lo Yuk Sui, the Chairman and the controlling shareholder of CCIHL, which holds a 63.21% shareholding interest in PHL (which in turn holds a 45.0% 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.