

# Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and the Group for the year ended 31st December, 2006.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. The principal activities of the subsidiaries are property development and investment, construction and building related businesses, and other investments. Regal Hotels International Holdings Limited (“RHIHL”), the listed associate of the Company, and its subsidiaries (together, the “RHIHL Group”) are engaged in the business activities of hotel ownership and management, property investments and other investments.

There have been no significant changes in these activities during the year.

The turnover and contribution to trading results by each principal activity and by geographical location are set out in note 4 to the financial statements.

## FINANCIAL RESULTS

The results of the Group for the year ended 31st December, 2006 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 132 to 227.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating Highlights

The Group’s significant investments during the year principally constitute its shareholding interest in RHIHL held through Paliburg Holdings Limited (“PHL”), the listed subsidiary of the Company. The operating results of PHL and its subsidiaries (the “PHL Group”) during the year and its business prospects are contained in the Chairman’s Report which precedes this report. The significant investments of RHIHL during the year comprised 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 the RHIHL Group and its operations during the year under review, their future prospects, the commentary on the local hotel industry and changes in general market conditions and their potential impact on the operating performance of RHIHL as well as the progress and prospects on the Regalia Bay development are also contained in the Chairman’s Report.

## Cash Flow and Capital Structure

Net cash inflow from operating activities during the year under review amounted to HK\$14.8 million (2005 - net cash outflow of HK\$16.5 million). Net interest payment for the year amounted to HK\$9.0 million (2005 - HK\$33.5 million).

During the year under review, a total of 1.2 million new ordinary shares of the Company were allotted and issued to the holders of the 2011 Warrants of the Company who exercised the subscription rights in an aggregate amount of HK\$0.1 million attaching to the 2011 Warrants at the subscription price of HK\$0.10 per ordinary share. As at the date of this report, a total of 36.4 million new ordinary shares of the Company have been allotted and issued upon exercise of the 2011 Warrants, and the aggregate amount of the 2011 Warrants remaining outstanding is HK\$324.7 million exercisable into 3,246.9 million new ordinary shares of the Company at the prevailing subscription price of HK\$0.10 per ordinary share (subject to adjustments).

In December 2006, all of the outstanding 277,514,577 Series B convertible non-voting preference shares of HK\$0.10 each of the Company were redeemed and cancelled by the Company.

During the year under review and up to the date of this report, a total of 812,363,312 new ordinary shares of the Company were allotted and issued by the Company upon the conversion of 812,363,312 Series C convertible non-voting preference shares of HK\$0.10 each of the Company ("Series C Shares") on the basis of one new ordinary share for every Series C Share so converted (subject to adjustments). As of the date of this report, there are outstanding 2,437,089,940 Series C Shares in issue, convertible into a total of 2,437,089,940 new ordinary shares in stages up to and until 15th December, 2009.

During the year under review and up to the date of this report, a total of 800,000,000 new ordinary shares of the Company were allotted and issued by the Company upon conversion of the firm bonds (the "Firm Bonds") in an aggregate principal amount of HK\$80.0 million under the zero coupon guaranteed convertible bonds due 2010 guaranteed by, and convertible into ordinary shares of the Company in an aggregate principal amount of HK\$240.0 million (comprising the issued HK\$80.0 million Firm Bonds and the HK\$160.0 million optional bonds (the "Optional Bonds")) (the "Bonds") issued by Supreme Way Limited, a wholly-owned subsidiary of the Company, based on the conversion price of HK\$0.10 per ordinary share (subject to adjustments). As of the date of this report, all the Firm Bonds have been converted, and the two third party optionholders have the rights to subscribe for the Optional Bonds at the conversion price of HK\$0.10 per ordinary share. The remaining Optional Bonds, if fully subscribed and issued, are convertible into a total of 1,600,000,000 new ordinary shares of the Company at the initial conversion price of HK\$0.10 per ordinary share (subject to adjustments).

### **Borrowings**

As at 31st December, 2006, the Group's gross borrowings net of cash and bank balances amounted to HK\$275.5 million (2005 – HK\$228.5 million). Gearing ratio based on total assets of HK\$4,171.1 million (2005 – HK\$3,744.1 million) was 6.6% (2005 – 6.1%).

Details of the Group's pledge of assets and contingent liabilities are shown in notes 41 and 42, respectively, to the financial statements.

During the year under review, the Group refinanced one of its outstanding bank borrowings with a long term bank loan. Details of the maturity profile of the borrowings of the Group are set out in note 32 to the financial statements.

### **Material Acquisitions or Disposals of Subsidiaries or Associates**

During the period under review, there were no material acquisitions or disposals of subsidiaries or associates of the Company. Subsequent to the balance sheet date, in January 2007, the Group entered into a sale and purchase agreement with an independent third party for the sale of the entire equity interests held by the Group in its wholly-owned subsidiary that beneficially owns certain properties at Rainbow Lodge in Yuen Long, New Territories. Details of such transaction are disclosed in the Chairman's Report and note 45 to the financial statements.

Save as otherwise disclosed in the Chairman's Report, the Group has no immediate plan for material investments or capital assets.

### **Funding and Treasury Policy**

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Property development projects are financed partly by internal resources and partly by bank financing. Project financing is normally arranged in local currency to cover a part of the land cost and a major portion or the entire amount of the construction cost, with interest calculated by reference to the interbank offered rates and the loan maturity tied in to the estimated project completion date.

During the year under review, as the Group's borrowings are all denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest primarily determined with reference to interbank offered rates, no hedging instruments for currency or interest rates purposes have been deployed.

### **Remuneration Policy**

The Group, together with the RHIHL group, employ approximately 1,900 staff in Hong Kong. The Group's management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Staff benefit plans maintained by the Group include mandatory provident fund scheme and medical and life insurance.

With a view to providing long term incentives, the Company and PHL maintain new share option schemes named as "The Century City International Holdings Limited Share Option Scheme" (the "Century Share Option Scheme") and "The Paliburg Holdings Limited Share Option Scheme" (the "Paliburg Share Option Scheme"), respectively, under which share options have been granted to selected eligible persons.

### DIVIDENDS

An interim dividend of HK0.03 cent per ordinary share (2005 – Nil), absorbing an amount of approximately HK\$4.9 million (2005 – Nil), was paid to holders of ordinary shares during the year.

The Directors now recommend the payment of a final dividend of HK0.07 cent per ordinary share for the year ended 31st December, 2006 (2005 – HK0.05 cent), absorbing an amount of approximately HK\$12.6 million (2005 – HK\$8.2 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 12th June, 2007. This recommendation has been incorporated in the financial statements.

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

### CLOSURE OF REGISTER

The Register of Ordinary Shareholders will be closed from Friday, 8th June, 2007 to Tuesday, 12th June, 2007, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the proposed final dividend, all transfers of ordinary shares and/or subscriptions of the outstanding 2011 warrants, duly accompanied by the relevant certificates together with, where appropriate, the relevant subscription moneys, must be lodged with the Company's branch registrar in Hong Kong, Tengis Limited, no later than 4:00 p.m. on Thursday, 7th June, 2007. The relevant dividend warrants are expected to be despatched on or about 29th June, 2007.

### DIRECTORS

The Directors of the Company are:

Mr. Lo Yuk Sui  
Mr. Kenneth Ng Kwai Kai  
Mr. Anthony Chuang  
Mr. Donald Fan Tung  
Mr. Jimmy Lo Chun To  
Miss Lo Po Man  
Mr. Ng Siu Chan  
Mr. Wong Chi Keung

On 11th January, 2007, Mrs. Kitty Lo Lee Kit Tai resigned as a Non-Executive Director, and Mr. Donald Fan Tung and Miss Lo Po Man were both appointed as Executive Directors.

In accordance with Bye-law 109(A) of the Bye-laws of the Company and for compliance with the Code on Corporate Governance Practices under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"), Mr. Anthony Chuang and Mr. Ng Siu Chan, two of the Independent Non-Executive Directors, will retire from office by rotation at the 2007 Annual General Meeting.

In accordance with Bye-law 100 of the Bye-laws of the Company, Mr. Donald Fan Tung and Miss Lo Po Man, who were appointed as Executive Directors subsequent to the last annual general meeting of the Company held on 16th June, 2006, shall both hold office until the 2007 Annual General Meeting.

All of the above retiring Directors, being eligible, have offered themselves for re-election at the AGM. Details of these Directors, which are required to be disclosed pursuant to Rules 13.51(2) and 13.74 of the Listing Rules, are set out in the circular of the Company, sent to shareholders together with the 2006 Annual Report, relating to, inter alia, the re-election of Directors.

The Company has received from each of the three incumbent Independent Non-Executive Directors an annual confirmation of independence as required under Rule 3.13 of the Listing Rules. The Company considers that all of these Independent Non-Executive Directors are independent.

### **DIRECTORS' INTERESTS IN CONTRACTS**

Save as otherwise disclosed, none of the Directors had any beneficial interests, whether direct or indirect, in any significant contract to which the Company or any of its subsidiaries was a party at the balance sheet date or at any time during the year.

None of the Directors had any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), with the Company or any of its subsidiaries during the year.

At no time during the year was the Company or any of its subsidiaries a party to any arrangement whose objects are to enable a Director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the Century Share Option Scheme and the Paliburg Share Option Scheme (together, the "Schemes"), under which options have been granted to certain Directors.

During the year, no option was granted to any Director under the Schemes and none of the Directors had exercised options to subscribe for shares under the Schemes.

**DIRECTORS' INTERESTS IN SHARE CAPITAL**

As at 31st December, 2006, 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 Securities and Futures Ordinance ("SFO")) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the SFO; or (b) are as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

	Name of Director	Class of Shares Held	Number of Shares Held			Total (Approximate percentage of the Issued Shares as at 31st December, 2006)
			Personal Interests	Family Interests	Corporate Interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary (i) issued	294,516,903	-	11,664,822,186 (Note a(i))	11,959,339,089
		(ii) unissued (Notes a(ii) & (iii))	408,903,380	-	2,332,964,436 (Note a(iv))	2,741,867,816
					Total (i) & (ii):	14,701,206,905 (85.42%)
	Mrs. Kitty Lo Lee Kit Tai (Note (ag))	Ordinary (i) issued (ii) unissued (Note b(i))	2,510,000 502,000	- -	- -	2,510,000 502,000
					Total (i) & (ii):	3,012,000 (0.018%)
	Mr. Jimmy Lo Chun To	Ordinary (i) issued (ii) unissued (Note b(ii))	1,659,800 331,960	- -	- -	1,659,800 331,960
					Total (i) & (ii):	1,991,760 (0.012%)

## Report of the Directors (Cont'd)

	Name of Director	Class of Shares Held	Number of Shares Held			Total (Approximate percentage of the Issued Shares as at 31st December, 2006)
			Personal Interests	Family Interests	Corporate Interests	
1. The Company	Mr. Ng Siu Chan	Ordinary (i) issued (ii) unissued	- - -	15,453,000 3,090,600 (Note b(iii))	- -	15,453,000 3,090,600
					Total (i) & (ii):	18,543,600 (0.108%)
	<b>Name of Associated Corporation</b>					
2. Paliburg Holdings Limited ("PHL")	Mr. Lo Yuk Sui	Ordinary (i) issued (ii) unissued	124,242,765 180,000,000 (Note c (ii))	- -	4,126,974,001 (Note c(i)) -	4,251,216,766 180,000,000
					Total (i) & (ii):	4,431,216,766 (61.47%)
	Mrs. Kitty Lo Lee Kit Tai (Note (ag))	Ordinary (issued)	100,000	-	-	100,000 (0.0014%)
	Mr. Jimmy Lo Chun To	Ordinary (i) issued (ii) unissued	284,000 20,000,000 (Note d)	- -	- -	284,000 20,000,000
					Total (i) & (ii):	20,284,000 (0.28%)
	Mr. Kenneth Ng Kwai Kai	Ordinary (unissued)	20,000,000 (Note d)	-	-	20,000,000 (0.28%)
	Mr. Ng Siu Chan	Ordinary (issued)	-	536,500	-	536,500 (0.0074%)
3. Regal Hotels International Holdings Limited ("RHIHL")	Mr. Lo Yuk Sui	Ordinary (i) issued (ii) unissued	220,000 200,022,000 (Notes e(iii) & (v))	- -	4,153,067,610 (Note e(i)) 69,805,453 (Notes e(ii) to (iv))	4,153,287,610 269,827,453
					Total (i) & (ii):	4,423,115,063 (48.40%)
		Preference (issued)	-	-	3,440 (Note e(iv))	3,440 (20.54%)

Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total (Approximate percentage of the Issued Shares as at 31st December, 2006)
			Personal Interests	Family Interests	Corporate Interests	
3. RHIHL	Mrs. Kitty Lo Lee Kit Tai (Note ag))	Ordinary				
		(i) issued	2,370,000	-	-	2,370,000
		(ii) unissued (Note f)	237,000	-	-	237,000
				Total (i) & (ii):	2,607,000 (0.029%)	
	Mr. Jimmy Lo Chun To	Ordinary (unissued)	15,000,000 (Note g)	-	-	15,000,000 (0.16%)
	Mr. Kenneth Ng Kwai Kai	Ordinary (unissued)	20,000,000 (Note h)	-	-	20,000,000 (0.22%)
4. 8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	1,000 (Note i)	1,000 (100%)
5. 8D Matrix Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	2,000,000 (Note j)	2,000,000 (100%)
6. 8D International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	500,000 (Note k)	500,000 (100%)
7. 8D International (China) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	1 (Note l)	1 (100%)
8. 8D Travel Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	500,000 (Note m)	500,000 (100%)
9. Century Digital Communications (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	1 (Note n)	1 (100%)
10. Century Digital Communications Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	2 (Note o)	2 (100%)
11. Century Digital Enterprise Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	100 (Note p)	100 (100%)
12. Century Digital Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	3 (Note q)	3 (100%)



## Report of the Directors (Cont'd)

Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total (Approximate percentage of the Issued Shares as at 31st December, 2006)
			Personal Interests	Family Interests	Corporate Interests	
13. Century Digital Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	49,968 (Note r)	49,968 (99.94%)
14. China Noble Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	1 (Note s)	1 (100%)
15. Full Range Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	10,000 (Note t)	10,000 (100%)
16. Giant Forward Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	1 (Note u)	1 (100%)
17. Grand Modern Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	330 (Note v)	330 (100%)
18. Important Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	10,000 (Note w)	10,000 (100%)
19. Net Age Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	97 (Note x)	97 (100%)
20. Net Community Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	3 (Note y)	3 (100%)
21. Network Sky Limited	Mrs. Kitty Lo Lee Kit Tai	Ordinary (issued)	-	-	50,000 (Note z)	50,000 (25%)
22. Pilot Pro Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	1 (Note aa)	1 (100%)
23. Shinehero Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	70 (Note ab)	70 (70%)
24. Speedway Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	50,000 (Note ac)	50,000 (100%)
25. Task Master Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	1 (Note ad)	1 (100%)
26. Top Technologies Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	10,000 (Note ae)	10,000 (100%)
27. Treasure Collection International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	-	2 (Note af)	2 (100%)

**Notes:**

- (a) (i) The interests in 914,822,186 issued ordinary shares of the Company were held through companies wholly owned by Mr. Lo Yuk Sui ("Mr. Lo") and a company, namely Master City Limited, 99.96% owned by Mr. Lo.

The interests in 10,750,000,000 issued ordinary shares of the Company were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
Century City International Holdings Limited ("CCIHL")	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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 ("Grand Modern")	Century Digital Holdings Limited	100.00

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

- (ii) The interests in 350,000,000 unissued ordinary shares of the Company were held through the interests in the options granted under the Century Share Option Scheme, entitling the holder thereof to subscribe for a total of 350,000,000 new ordinary shares of the Company at an exercise price of HK\$0.12 per ordinary share (subject to adjustments). The options became effective on 21st July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 12th May, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of the Company under vested options</u>
12th May, 2007 to 11th May, 2011	140,000,000
12th May, 2008 to 11th May, 2011	70,000,000
12th May, 2009 to 11th May, 2011	70,000,000
12th May, 2010 to 11th May, 2011	70,000,000

- (iii) The interests in 58,903,380 unissued ordinary shares of the Company related to the interests in the warrants of the Company (the "2011 Warrants") carrying subscription rights in an aggregate amount of HK\$5,890,338.00, which are exercisable during the period from 18th April, 2006 to 11th January, 2011 to subscribe for new ordinary shares of the Company at an initial subscription price of HK\$0.10 per ordinary share (subject to adjustment).

- (iv) The interests in 2,332,964,436 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$233,296,443.60, which are exercisable to subscribe for new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (b) (i) The interests in 502,000 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$50,200.00, which are exercisable to subscribe for new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (ii) The interests in 331,960 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$33,196.00, which are exercisable to subscribe for new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (iii) The interests in 3,090,600 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$309,060.00, which are exercisable to subscribe for new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (c) (i) The interests in 3,820,218,001 issued ordinary shares of PHL were held through companies wholly owned by the Company, in which Mr. Lo held 69.49% shareholding interests.

The interests in 306,756,000 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 200,000,000 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

- (ii) The interests in 180,000,000 unissued ordinary shares of PHL were held through the interests in the options granted to under the Paliburg Share Option Scheme, entitling the holder thereof to subscribe for a total of 180,000,000 new ordinary shares of PHL at an exercise price of HK\$0.22 per ordinary share (subject to adjustments). The options became effective on 21st July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 12th May, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of PHL under vested options</u>
12th May, 2007 to 11th May, 2011	72,000,000
12th May, 2008 to 11th May, 2011	36,000,000
12th May, 2009 to 11th May, 2011	36,000,000
12th May, 2010 to 11th May, 2011	36,000,000

- (d) The interests in 20,000,000 unissued ordinary shares of PHL were held through the interests in the options granted under the Paliburg Share Option Scheme, entitling the holder thereof to subscribe for a total of 20,000,000 new ordinary shares of PHL at an exercise price of HK\$0.22 per ordinary share (subject to adjustments). The options became effective on 28th July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of PHL under vested options</u>
25th July, 2007 to 24th July, 2011	8,000,000
25th July, 2008 to 24th July, 2011	4,000,000
25th July, 2009 to 24th July, 2011	4,000,000
25th July, 2010 to 24th July, 2011	4,000,000

- (e) (i) The issued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which the Company held 53.0% shareholding interests.
- (ii) The interests in 69,805,453 unissued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which the Company held 53.0% shareholding interests.
- (iii) The interests in 22,000 and 54,197,026 unissued ordinary shares of RHIHL related to the interests in the warrants of RHIHL (the "2007 Warrants") carrying subscription rights in an aggregate amount of HK\$13,554,756.50, which are exercisable during the period from 2nd February, 2005 to 26th July, 2007 to subscribe for a total of 54,219,026 new ordinary shares of RHIHL at an initial subscription price of HK\$0.25 per ordinary share (subject to adjustment).
- (iv) The interests in 15,608,427 unissued ordinary shares of RHIHL related to the interests in 3,440 convertible cumulative preference shares of RHIHL carrying rights to convert into 15,608,427 new ordinary shares of RHIHL, based on the conversion price of HK\$1.7037 per ordinary share and on a reference amount of US\$1,000 per preference share at the fixed exchange rate of HK\$7.730255 to US\$1.00, during the period from 5th December, 1993 to 5th December, 2008.
- (v) The interests in 200,000,000 unissued ordinary shares of RHIHL were held through the interests in the options granted under the new share option scheme of RHIHL named "The Regal Hotels International Holdings Limited" (the "Regal Share Option Scheme"), entitling the holder thereof to subscribe for a total of 200,000,000 new ordinary shares of RHIHL at an exercise price of HK\$0.75 per ordinary share (subject to adjustments). The options became effective on 21st July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 12th May, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of RHIHL under vested options</u>
12th May, 2007 to 11th May, 2011	80,000,000
12th May, 2008 to 11th May, 2011	40,000,000
12th May, 2009 to 11th May, 2011	40,000,000
12th May, 2010 to 11th May, 2011	40,000,000

- (f) The interests in 237,000 unissued ordinary shares of RHIHL related to the interests in the 2007 Warrants carrying subscription rights in an aggregate amount of HK\$59,250.00, which are exercisable to subscribe for such new ordinary shares of RHIHL upon the terms as set out in note (e)(iii) above.
- (g) The interests in 15,000,000 unissued ordinary shares of RHIHL were held through the interests in the options granted under the Regal Share Option Scheme, entitling the holder thereof to subscribe for a total of 15,000,000 new ordinary shares of RHIHL at an exercise price of HK\$0.75 per ordinary share (subject to adjustments). The options became effective on 28th July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of RHIHL under vested options</u>
25th July, 2007 to 24th July, 2011	6,000,000
25th July, 2008 to 24th July, 2011	3,000,000
25th July, 2009 to 24th July, 2011	3,000,000
25th July, 2010 to 24th July, 2011	3,000,000

- (h) The interests in 20,000,000 unissued ordinary shares of RHIHL were held through the interests in the options granted under the Regal Share Option Scheme, entitling the holder thereof to subscribe for a total of 20,000,000 new ordinary shares of RHIHL at an exercise price of HK\$0.75 per ordinary share (subject to adjustments). The options became effective on 28th July, 2005 and will become vested in stages, commencing with 40% of options granted from two years after the offer date of 25th July, 2005 and thereafter a further 20% of options granted for each subsequent year, and be exercisable as follows:

<u>Exercise period</u>	<u>Number of ordinary shares of RHIHL under vested options</u>
25th July, 2007 to 24th July, 2011	8,000,000
25th July, 2008 to 24th July, 2011	4,000,000
25th July, 2009 to 24th July, 2011	4,000,000
25th July, 2010 to 24th July, 2011	4,000,000

- (i) 400 shares were held through companies controlled by the Company, in which Mr. Lo held 69.49% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.
- (j) 800,000 shares were held through companies controlled by the Company, in which Mr. Lo held 69.49% shareholding interests, and 1,200,000 shares were held through companies controlled by Mr. Lo (including 8D International (BVI) Limited).

- (k) The interests in these shares of 8D International Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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
8D Matrix Limited	Century Digital Holdings Limited	60.00

- (l) The interest in the share of 8D International (China) Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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
8D Matrix Limited	Century Digital Holdings Limited	60.00

## Report of the Directors (Cont'd)

- (m) The interests in these shares of 8D Travel Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00
Pilot Pro Holdings Limited	8D Matrix Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
Pilot Pro Holdings Limited	8D Matrix Limited	100.00

- (n) The interest in the share of Century Digital Communications (BVI) Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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

- (o) The interests in these shares of Century Digital Communications Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
Century Digital Communications (BVI) Limited	Century Digital Holdings Limited	100.00

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

- (p) The interests in these shares of Century Digital Enterprise Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
Century Digital Investments Limited	Century Digital Holdings Limited	99.93

(b) Name of corporation	Controlled by	% of control
Century Digital Investments Limited	Century Digital Holdings Limited	99.93
Net Age Technology Limited	Century Digital Investments Limited	100.00

(c) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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
Century Digital Investments Limited	Century Digital Holdings Limited	99.93



## Report of the Directors (Cont'd)

- (q) The interests in these shares of Century Digital Holdings Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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

- (r) The interests in these shares of Century Digital Investments Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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

(b) Name of corporation	Controlled by	% of control
Century Digital Holdings Limited	Net Community Limited	100.00
Important Holdings Limited	Century Digital Holdings Limited	100.00
Top Technologies Limited	Century Digital Holdings Limited	100.00

(c) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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

(d) Name of corporation	Controlled by	% of control
Century Digital Holdings Limited	Net Community Limited	100.00
Important Holdings Limited	Century Digital Holdings Limited	100.00
Top Technologies Limited	Century Digital Holdings Limited	100.00

- (s) The interests in these shares of China Noble Investments Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00
Pilot Pro Holdings Limited	8D Matrix Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
Pilot Pro Holdings Limited	8D Matrix Limited	100.00

- (t) The interests in these shares of Full Range Technology Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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

## Report of the Directors (Cont'd)

- (u) The interest in the share of Giant Forward Holdings Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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
8D Matrix Limited	Century Digital Holdings Limited	60.00

- (v) The interests in these shares of Grand Modern were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	100.00
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
Ultra Performance Limited	Mr. Lo	100.00

(w) The interests in these shares of Important Holdings Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	92.50
8D International (BVI) Limited	Manyways Technology Limited	100.00
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

(x) The interests in these shares of Net Age Technology Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
Century Digital Investments Limited	Century Digital Holdings Limited	99.93

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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
Century Digital Investments Limited	Century Digital Holdings Limited	99.93

## Report of the Directors (Cont'd)

- (y) The interests in these shares of Net Community Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Secure Way Technology Limited	Mr. Lo	92.50

- (z) The interests in the shares of Network Sky Limited were held through a company wholly owned by Mrs. Kitty Lo Lee Kit Tai.

- (aa) The interest in the share of Pilot Pro Holdings Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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
8D Matrix Limited	Century Digital Holdings Limited	60.00

(ab) The interests in these shares of Shinehero Investments Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00
Pilot Pro Holdings Limited	8D Matrix Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
Pilot Pro Holdings Limited	8D Matrix Limited	100.00

(ac) The interests in these shares of Speedway Technology Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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

## Report of the Directors (Cont'd)

- (ad) The interest in the share of Task Master Technology Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00

- (ae) The interests in these shares of Top Technologies Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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	99.93

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
Secure Way Technology Limited	Mr. Lo	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

- (af) The interests in these shares of Treasure Collection International Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	69.49
Century City BVI Holdings Limited	CCIHL	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
8D Matrix Limited	Century Digital Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00
Giant Forward Holdings Limited	8D Matrix Limited	100.00

(b)	Name of corporation	Controlled by	% of control
	Manyways Technology Limited	Mr. Lo	100.00
	Secure Way Technology Limited	Mr. Lo	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
	8D Matrix Limited	Century Digital Holdings Limited	60.00
	Giant Forward Holdings Limited	8D Matrix Limited	100.00

(ag) Mrs. Kitty Lo Lee Kit Tai resigned as a Director of the Company on 11th January, 2007.

Save as disclosed herein, as at 31st December, 2006, 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 in the Listing Rules to be notified to the Company and the Stock Exchange.

Save as disclosed in note 36 to the condensed consolidated financial statements, during the year, no right has been granted to, or exercised by, the following persons, to subscribe for shares in or debentures of the Company under the Century Share Option Scheme and no option granted to such persons under the Century Share Option Scheme has been cancelled and lapsed:

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



### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31st December, 2006, the following substantial shareholders (as defined in the Listing Rules) (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 substantial shareholder	Number of issued ordinary shares held	Number of underlying ordinary shares (unissued) held	Total number of ordinary shares (issued and unissued) held	Approximate percentage of issued ordinary shares as at 31st December, 2006
Manyways Technology Limited ("Manyways") (Notes i and ii)	10,750,000,000	2,150,000,000	12,900,000,000	74.96%
8D International (BVI) Limited ("8D BVI") (Notes i, ii and iii)	10,750,000,000	2,150,000,000	12,900,000,000	74.96%
Task Master Technology Limited ("Task Master") (Notes i, ii and iv)	10,750,000,000	2,150,000,000	12,900,000,000	74.96%
Secure Way Technology Limited ("Secure Way") (Notes i and ii)	10,750,000,000	2,150,000,000	12,900,000,000	74.96%
Net Community Limited ("Net Community") (Notes i, ii and v)	10,750,000,000	2,150,000,000	12,900,000,000	74.96%
Century Digital Holdings Limited ("Century Digital") (Notes i, ii and vi)	10,750,000,000	2,150,000,000	12,900,000,000	74.96%
Grand Modern (Notes i, ii and vii)	10,750,000,000	2,150,000,000	12,900,000,000	74.96%
Shenyin Wanguo (H.K.) Limited ("Shenyin Wanguo") (Note viii)	656,200,060	1,988,604,181	2,644,804,241	15.37%

**Notes:**

- (i) These companies are controlled by Mr. Lo and their interests in ordinary shares are included in the corporate interests of Mr. Lo in the Company as disclosed in the section headed "Directors' Interests in Share Capital" above.
- (ii) The interests in these ordinary shares are directly held by Grand Modern.
- (iii) 8D BVI is 60% owned by Manyways.
- (iv) Task Master is wholly owned by 8D BVI.
- (v) Net Community is 33.33% owned by Task Master and 66.67% owned by Secure Way.
- (vi) Century Digital is wholly owned by Net Community.
- (vii) Grand Modern is wholly owned by Century Digital.
- (viii) The interests in these unissued ordinary shares are directly held by Shenyin Wanguo Strategic Investments (H.K.) Ltd., which is wholly owned by Shenyin Wanguo, through its holding of 1,988,604,181 Series C convertible non-voting preference shares of the Company (the "Series C Shares"). 1,988,604,181 Series C Shares are convertible into 1,988,604,181 new ordinary shares on a one to one basis.

Save as disclosed herein, there is no person who, as at 31st December, 2006, 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 RULE 13.16 OF CHAPTER 13 OF THE LISTING RULES**

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Rule 13.16 of Chapter 13 of the Listing Rules.

**Financial Assistance provided to Affiliated Companies (Rule 13.16 of Chapter 13)**

Details of the financial assistance provided to affiliated companies by the Group as at 31st December, 2006 are set out below:

<b>Name of Affiliated Companies</b>	<b>Principal Amount of Advances (HK\$'million)</b>
Cheerjoy Development Limited	155.2
Network Sky Limited	0.8
Smart Tactic Limited	0.4
Hang Fok Properties Limited	222.2
	<hr/>
	378.6
	<hr/> <hr/>

Cheerjoy Development Limited ("Cheerjoy") was a wholly-owned subsidiary of PHL and became a 30% owned associate of PHL during 1999. Cheerjoy owns the development property at Ap Lei Chau Inland Lot No.129, Ap Lei Chau East, Hong Kong. The remaining 70% shareholding interest in Cheerjoy is owned by a third party, which is independent of, and not connected with PHL, the directors, chief executive and substantial shareholders of PHL and any of its subsidiaries or any of their respective associates (as defined in the Listing Rules). The advances were provided by the PHL Group in the form of shareholder's loans and, according to the terms of the shareholders' agreement in respect of this joint venture, would not be in proportion to the PHL's shareholding interest in Cheerjoy. The advances were provided for the purpose of funding the working capital requirements of Cheerjoy, are unsecured, interest-free and have no fixed terms of repayment.

Network Sky Limited ("Network Sky") is a 25% owned associate of each of PHL and RHIHL, which through its wholly-owned subsidiary was engaged in the carrying on of a light refreshment operation. The other shareholding interests in Network Sky are owned as to 25% indirectly by Mrs. Kitty Lo Lee Kit Tai, a director of PHL till January 2007, through her associate (as defined in the Listing Rules) and 25% directly by a third party which is independent of, and not connected with PHL and RHIHL, the directors, chief executive and substantial shareholders of PHL and RHIHL and any of its subsidiaries or any of their respective associates (as defined in the Listing Rules). The advances to Network Sky were provided by the PHL Group and the RHIHL Group in the form of shareholder's loans in proportion to their respective shareholding interests in Network Sky, for the purpose of financing the working capital of Network Sky. The advances are unsecured, interest-free and have no fixed terms of repayment.

Smart Tactic Limited ("Smart Tactic"), a 30% owned associate of PHL, is engaged in carrying on business in sourcing, trading and distributing biometric security products primarily in the People's Republic of China (the "PRC"). The remaining 70% shareholding interest in Smart Tactic is owned by a third party, which is independent of, and not connected with PHL, the directors, chief executive and substantial shareholders of PHL and any of its subsidiaries or any of their respective associates (as defined in the Listing Rules). The advances to Smart Tactic were provided by the PHL Group in the form of shareholder's loans in proportion to PHL's shareholding interest in Smart Tactic, for the purpose of funding the working capital requirements of Smart Tactic. The advances to Smart Tactic are unsecured, interest-free and have no fixed terms of repayment.

Hang Fok Properties Limited ("Hang Fok"), a 50% owned associate of each of PHL and RHIHL, holds a 59% shareholding interest in each of the two investee companies, namely Beijing Century City Real Estate Development Co., Ltd. and Beijing Jianye Real Estate Developing Co., Ltd. (both of which are Sino-foreign cooperative joint ventures incorporated in the PRC) (the "Investee Companies"). The Investee Companies are principally engaged in the development of a property project at Chao Yang Men Wai Da Jie in the Central Business District of Beijing, the PRC, planned to comprise office, hotel, commercial, residential and carparking accommodations with a total permissible gross floor area of about 4,630,000 square feet. One of the Investee Companies has been granted by the relevant authority in the PRC the Land Grant Contracts in respect of certain portions of the original development site encompassing office, commercial and residential uses. The remaining 41% equity interests in the Investee Companies are owned by third parties, which are independent of, and not connected with PHL and RHIHL, the directors, chief executive and substantial shareholders of PHL and RHIHL and any of its subsidiaries or any of their respective associates (as defined in the Listing Rules). The advances to Hang Fok were provided by the PHL Group and the RHIHL Group in the form of shareholder's loans in proportion to their respective shareholding interests in Hang Fok, for the purpose of funding the working capital requirements of Hang Fok and its investment in the Investee Companies. The advances to Hang Fok are unsecured, interest-free and have no fixed terms of repayment.

Calculated on the basis shown above, as at 31st December, 2006, the aggregate amount of financial assistance provided to affiliated companies by the Group in the sum of HK\$378.6 million represented 9.1% of the consolidated total assets of the Group of HK\$4,171.1 million by reference to its latest audited financial statements for the year ended 31st December, 2006.

Save as disclosed above, there were no other financial assistance provided to affiliated companies by the Group as at 31st December, 2006, which were discloseable pursuant to Rule 13.16 of Chapter 13 of the Listing Rules.

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	5,324.7	889.3
Current assets	644.6	170.7
Current liabilities	(103.2)	(27.3)
Non-current liabilities	(5,202.3)	(873.4)
	<hr/>	<hr/>
Net assets	<u>663.8</u>	<u>159.3</u>

### **MOVEMENTS IN SHARE OPTIONS GRANTED BY PALIBURG HOLDINGS LIMITED**

During the year, details of movements in share options granted by PHL pursuant to the Paliburg Share Option Scheme are set out in note 36 to the financial statements.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

### **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Listing Rules.

### **PRE-EMPTIVE RIGHTS**

No pre-emptive rights exist in Bermuda being the jurisdiction in which the Company is incorporated.

### **MAJOR CUSTOMERS AND SUPPLIERS**

During the year, the percentage of purchases attributable to the Group's five largest suppliers and the percentage of turnover or sales attributable to the Group's five largest customers combined in respect of goods and services was in each case less than 30% of the total amount involved.

### **PROPERTY, PLANT AND EQUIPMENT**

The details of movements in property, plant and equipment during the year are set out in note 16 to the financial statements.

### **INVESTMENT PROPERTIES**

The details of movements in investment properties during the year are set out in note 17 to the financial statements.

### **PROPERTY UNDER DEVELOPMENT**

The details of movements in property under development during the year are set out in note 19 to the financial statements.

### **PROPERTY HELD FOR FUTURE DEVELOPMENT**

The details of movements in property held for future development during the year are set out in note 20 to the financial statements.

### **BORROWINGS**

The details of the Company's and the Group's borrowings at the balance sheet date are set out in notes 32 to 34 to the financial statements.

### **SHARE CAPITAL**

The details of movements in the share capital of the Company during the year are set out in note 36 to the financial statements.

### **SHARE PREMIUM ACCOUNT**

The details of movements in the share premium account during the year are set out in note 36 to the financial statements.

### **REVALUATION RESERVES**

The details of movements in the revaluation reserves account during the year are presented in the consolidated statement of changes in equity of the financial statements.

### **EXCHANGE EQUALISATION RESERVE**

The details of movements in the exchange equalisation reserve account during the year are presented in the consolidated statement of changes in equity of the financial statements.

### **SUBSIDIARIES**

Particulars of the Company's principal subsidiaries are set out in note 38 to the financial statements.

### **ASSOCIATES**

Particulars of the Group's interests in associates are set out in note 21 to the financial statements.

### **CONTRIBUTED SURPLUS**

The details of movements in the contributed surplus account during the year are set out in note 37(b) to the financial statements.

### **DISTRIBUTABLE RESERVES**

As at 31st December, 2006, the Company's reserves available for distribution calculated in accordance with The Companies Act 1981 of Bermuda amounted to HK\$1,635.8 million, of which HK\$12.6 million has been proposed as final dividend for the year.

### INTEREST CAPITALISED

No interest expenses was capitalised during the year in respect of the Group's property development projects.

### POST BALANCE SHEET EVENTS

Details of the significant events which occurred subsequent to the balance sheet date are set out in note 45 to the financial statements.

### AUDITORS

Ernst & Young retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

**LO YUK SUI**

Chairman

Hong Kong  
19th April, 2007