



INTERIM REPORT 2008 中期報告

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## CORPORATE INFORMATION

### DIRECTORS

Lo Yuk Sui  
(Chairman and Chief Executive Officer)  
Kenneth Ng Kwai Kai  
(Chief Operating Officer)  
Anthony Chuang#  
Donald Fan Tung  
Jimmy Lo Chun To  
Lo Po Man  
Ng Siu Chan#  
Wong Chi Keung#

# *Independent Non-Executive Director*

### AUDIT COMMITTEE

Ng Siu Chan (Chairman)  
Anthony Chuang  
Wong Chi Keung

### REMUNERATION COMMITTEE

Lo Yuk Sui (Chairman)  
Anthony Chuang  
Ng Siu Chan  
Wong Chi Keung

### SECRETARY

Eliza Lam Sau Fun

### AUDITORS

Ernst & Young

### PRINCIPAL REGISTRAR

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre, 11 Bermudiana Road,  
Pembroke, Bermuda

### BRANCH REGISTRAR IN HONG KONG

Tricor Tengis Limited  
26th Floor, Tesbury Centre,  
28 Queen's Road East, Wanchai,  
Hong Kong

### REGISTERED OFFICE

Rosebank Centre, 11 Bermudiana Road,  
Pembroke, Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11th Floor, 68 Yee Wo Street,  
Causeway Bay,  
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## FINANCIAL RESULTS

For the six months ended 30th June, 2008, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$210.3 million. In the comparative period in 2007, the Group recorded a profit of HK\$628.7 million, a significant part of which was attributable to the share of profit from Regal Hotels International Holdings Limited, the Group's listed associate, arising from the one-off gain derived by Regal from the spin-off of Regal Real Estate Investment Trust in March 2007.

## REVIEW OF OPERATIONS

During the period under review, the global economy as a whole has been adversely impacted by the financial turmoil that started off with the sub-prime loan crisis in the United States. Credit markets have been seriously disrupted, resulting in the tightening of overall liquidity and credit, and equity markets have also undergone some substantial adjustments. Meanwhile, currency values and commodity prices have become increasingly volatile.

Having regard to the uncertainties in the overall economic conditions, which are expected to last at least in the near term, and the large amount of initial capital that will be required to start off a mining operation, the Group has been relatively cautious in its investment assessment and will not commit to significant funding unless the relevant criteria and environment are considered to be appropriate.

Pursuant to a conditional acquisition agreement entered into with certain independent third party vendors, the Group has conditionally agreed to purchase a total of 51.8% direct or indirect interest in Chain Bright LLC, a company incorporated in Mongolia. In January this year, the Group entered into a supplemental agreement with the vendors principally to further extend the long-stop date for the satisfaction of the conditions precedent under the acquisition agreement to 31st December, 2008. The Group will continue to adopt a cautious approach in the assessment of this proposed project and will take into careful consideration all the relevant information and reports available as well as the recent development in the political and economic environment in Mongolia and globally before coming to a decision on the way forward.

## PALIBURG HOLDINGS LIMITED

For the six months ended 30th June, 2008, Paliburg achieved an unaudited consolidated profit attributable to shareholders of HK\$305.1 million.

## PROPERTIES

### Hong Kong

The joint venture project at Ap Lei Chau Inland Lot No. 129, in which the Paliburg group has a 30% interest, comprises primarily residential development providing luxury apartments together with ancillary retail areas with total gross floor area of about 913,000 square feet, complemented with recreational and car parking facilities. The foundation works on the site have been substantially completed.

The ground floor shops and all the office floors in the commercial building at 211 Johnston Road, Wanchai, held by the Paliburg group as investment properties, are generating satisfactory rental revenues.

### The People's Republic of China

The joint venture development project in Beijing, situated in a very prominent location within the Central Business District, is held through a Sino-foreign joint venture entity that is 59% owned by an associate which, in turn, is 50% each held by the Regal group and the Paliburg group. The Sino-foreign joint venture entity beneficially owns the Phase I land, which is a vacant and leveled site, and is now actively working to secure the primary development rights for the Phase II land site.

## CONSTRUCTION AND BUILDING RELATED BUSINESSES

The construction business is operated through Chatwin Engineering Limited, the wholly-owned construction arm of Paliburg. The construction contract awarded to Chatwin by the Housing Authority for the Redevelopment of Sau Mau Ping Estate Phases 13 & 16, comprising 2 blocks with a total of about 1,600 units, is expected to be completed in early 2009. In the meantime, Chatwin is undertaking the extension works for the Regal Riverside Hotel in Shatin involving the construction, fitting out and decoration of three additional stories on top of the existing hotel building.

In addition, the Paliburg group also operates a comprehensive range of building related businesses, including development consultancy comprising architectural, engineering and interior design services, project management, building services, estate management as well as technology-based building management and security systems and services. The businesses are operating satisfactorily, with increased profits attained in the period under review.

## OTHER INVESTMENTS

In February 2008, the Paliburg group completed the subscription agreement for the subscription of zero coupon guaranteed convertible bonds due 2013 in a principal amount of HK\$100 million issued by a wholly-owned subsidiary of Cosmopolitan International Holdings Limited and was also granted an option to subscribe on same terms for an additional principal amount of up to HK\$100 million of such convertible bonds. These convertible bonds due 2013 are convertible into new ordinary shares of Cosmopolitan at an initial conversion price of HK\$0.6 per share (subject to adjustments) and carry a redemption yield of 5% per annum.

In conjunction with the sale of the retained duplex units and car parks in the completed residential development at Rainbow Lodge in Yuen Long, New Territories in March 2007, the Paliburg group received certain convertible bonds due 2009 in a principal amount of HK\$56 million issued by the Cosmopolitan group as settlement of part of the sale consideration. These convertible bonds due 2009 are convertible into new ordinary shares of Cosmopolitan at an initial conversion price of HK\$0.07 per share (subject to adjustments). As part of the terms for the issue of these convertible bonds due 2009, the Paliburg group granted to the Cosmopolitan group certain placement rights entitling it to share in 70% of the profits that may arise from any offers procured by it for the purchase of such convertible bonds.

After the half-year end date, in August 2008, the Paliburg group completed an agreement with the Cosmopolitan group, pursuant to which the Paliburg group disposed of part of the convertible bonds due 2009 in a principal amount of HK\$11 million to a third party investor procured by the Cosmopolitan group at a consideration of approximately HK\$79 million, equivalent to an effective purchase price of HK\$0.5 per Cosmopolitan share. Under that agreement, the parties have further agreed to discharge and release part of the convertible bonds due 2009 continuing to be held by the Paliburg group in a principal amount of HK\$7 million from the placement rights at a consideration of approximately HK\$30 million, also equivalent to an effective price of HK\$0.5 per Cosmopolitan share, and to extend the exercise period of the placement rights over the remaining convertible bonds due 2009 in the principal amount of HK\$38 million to 13th February, 2009.

Taking together all the interests held in the ordinary shares and convertible bonds of Cosmopolitan and assuming that the remaining convertible bonds due 2009 in the principal amount of HK\$38 million currently subject to the placement rights are beneficially retained and converted by the Paliburg group, the Paliburg group can hold up to approximately 28.2% of Cosmopolitan on a fully-diluted basis, assuming that all the outstanding convertible bonds and options on shares and convertible bonds granted by the Cosmopolitan group are fully converted and exercised. At the same time, the Regal group also holds substantial interests in the securities of Cosmopolitan and on the same fully-diluted basis, the Regal group can hold up to approximately 26.5% of the enlarged shareholding of Cosmopolitan.

Apart from its joint venture with the Regal group on the development project in Xindu District in Chengdu, Sichuan Province referred to below, the Cosmopolitan group is itself engaged in a number of other major property projects in Mainland China. In May 2008, it completed the acquisition of a 60% equity interest in a joint venture company which is undertaking a large scale re-forestation and landscaping project in Urumqi City in Xinjiang. Under the re-forestation scheme, the joint venture company is entitled to be granted, in return for the ecological improvement works performed, land use rights for 30% of the land involved for development use, free of any payment of land premium. Furthermore, the Cosmopolitan group has also entered into a letter of intent in May 2008 for a cultural-themed multi-use real estate development project in Taiyuan City in Shanxi Province and, more recently, a co-operative letter of intent with respect to primary development works for a composite development project in the Dalian High-Tech Industrial Zone in Dalian City, Liaoning Province.

Both Paliburg and Regal are positive on the long-term prospects on the real estate market in the PRC and believe that the strategic investments made in the Cosmopolitan group will enable them to share in its growth potential. On the other hand, this will also create a platform for future business collaboration among the groups on the development projects undertaken by Cosmopolitan group, which can in turn facilitate future business expansion at different levels.

## **REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED**

For the six months ended 30th June, 2008, Regal achieved an unaudited consolidated profit attributable to ordinary shareholders of HK\$600.1 million.

As noted earlier, the holding and operating structure of the hotel business of the Regal group has changed after the spin-off of Regal REIT in March 2007. The Regal group now primarily focuses on hotel operation and management businesses while Regal REIT is principally engaged in asset ownership.

### **HOTELS**

#### **Hong Kong**

In the first half of 2008, total visitor arrivals to Hong Kong surpassed 14 million and recorded an overall growth of 8.9% over the same period in 2007. Considering that the tourism business in Hong Kong during this period has been affected by the slow-down in the economies of most major overseas markets, the catastrophes that occurred in China and the tightened visa restrictions imposed by the Chinese Government, the growth achieved in the visitor arrivals can be viewed as satisfactory.

The five Regal Hotels in Hong Kong, which are now owned by Regal REIT and operated and managed by the Regal group, have on the whole performed better than the industry average in relative terms in the six months under review and attained an increase of 9.7% in average room rate and 7.8% in RevPAR (Revenue per Available Room). These improvements reflect the successful execution of the internal growth strategy through proactive asset management and the on-going efforts to reposition the hotels to capture higher yielding hotel market segments.

In the early part of 2008, Regal REIT commenced a HK\$85 million capital additions programme with the objective to enhance the competitiveness of the hotels. The projects under the programme included the conversion of available space in three of the hotels into conference and meeting areas, targeting towards the MICE (meetings, incentives, conventions and exhibitions) market which can, in turn, help generate additional room occupancy and higher room rates. Also included in the programme are the addition of three specialty restaurants at Regal Riverside Hotel in Shatin with direct street access and the upgrading of the façade of Regal Oriental Hotel in Kowloon City to give the property a new and fresh look.

The first phase of the Asset Enhancement Programme, undertaken to be completed by the Regal group at its own costs in conjunction with the disposal of the hotel properties to Regal REIT, has been completed. The remaining part of the Asset Enhancement Programme relates to the construction, fitting out and decoration of three additional stories on top of the existing structure at Regal Riverside Hotel, comprising 274 additional hotel rooms.

### **The People's Republic of China**

Apart from the two managed hotels in Puxi, Shanghai, the Regal group is providing pre-opening consultancy services to a 380-room four star business hotel in Pudong, which will be managed by the Regal group and named as Regal Jinfeng Hotel, scheduled to be opened in the first quarter of 2009.

In February this year, the Regal group entered into a Strategic Alliance Pact with Jinling Hotels & Resorts, one of the leading hotel management companies in China that presently manages 64 hotels in various cities in China. First of its kind in China, the strategic partnership between the Regal group and Jinling is aimed to create a multi-faceted co-operation that spans across sales and marketing, food and beverage, customer resources, human resources and training, corporate cultural exchange as well as promoting business development for both parties in China and overseas.

In recognition of its achievement in the hotel industry, the Regal group was awarded "The Best Local Hotel Management Group of China of the 3rd Starlight Award of China Hotel 2007". Adopting a flexible and multi-directional approach, the Regal group will continue to actively seek expansion opportunities in the Mainland.

## REGAL REAL ESTATE INVESTMENT TRUST

For the six months ended 30th June, 2008, Regal REIT attained an unaudited consolidated profit of HK\$278.3 million. Distributable income available for distribution to unitholders of Regal REIT amounted to HK\$247.4 million and, based on a policy of distributing 100% of the distributable income, a distribution of HK\$0.083 per unit will be paid to unitholders for the period ended 30th June, 2008.

With respect to the planned business expansion of Regal REIT, the REIT Manager has during the past year been actively reviewing numerous acquisition proposals for hotel properties in Mainland China and has been engaged in a number of serious negotiations on certain of those proposals. However, due to the high expectations on selling prices on the part of the owners as prompted by the Olympic fervor and having considered the tightening monetary market and the austerity measures introduced by the Chinese Government, management of the REIT Manager has remained disciplined in adhering to prudent assessment criteria and hence the planned expansion programme has been delayed.

There has been a large increase in the number of hotels completed in Mainland China and especially in Beijing over the past period leading to the opening of the Beijing Olympic Games in August. As the Olympic Games are now over, there will inevitably be a temporary over-supply of hotel rooms in the short term, particularly in Beijing.

However, looking into the medium to long term, the holding of the 2008 Olympic Games will definitely have a positive impact on China and the benefits to its economy should gradually become more evident, with particular stimulus to the tourism sector.

With the benefit of hindsight, the delay in the implementation of the expansion plans for the acquisition of hotel properties has apparently proven to have been a correct strategy. The REIT Manager has in the recent months received an increasing number of proposals offering hotels and mixed-use properties in different regions at more reasonable prices, which it is actively reviewing. Nevertheless, in view of the continuing tightening of the monetary markets globally and the austerity measures being imposed in China, it is anticipated that even more attractive acquisition opportunities may become available.

While Regal REIT will continue to focus primarily on hotels and hospitality-related properties in Greater China, approval has been obtained from its unitholders in May 2008 to expand its investment scope, in order to provide flexibility to Regal REIT on asset types as well as geographical locations for future property acquisitions.

## REGAL PORTFOLIO MANAGEMENT LIMITED

As part of its principal businesses, the Regal group is providing through Regal Portfolio Management Limited, a wholly-owned subsidiary of the Regal group, asset management services to Regal REIT. REIT Manager's fees received for the period amounted to HK\$37.6 million, a major part of which was settled in the form of units of Regal REIT.

## **PROPERTIES**

### **Hong Kong**

#### **Regalia Bay, Stanley**

Over the past few months, the property market in Hong Kong has been relatively quiet due to the slow-down in the overall global economy and the depressed state of the local stock market. Though property prices in Hong Kong have remained relatively stable, transacted volume has contracted substantially as compared with the year before. The Regal group is retaining beneficial ownership interest in 31 remaining houses in Regalia Bay, 16 of which are presently under leases. The Regal group is confident of the prospects of the property market in Hong Kong and, in particular, the luxury residential segment on account of the limited supply. While certain houses are intended to be retained for rental income, the Regal group will continue to sell some of the remaining houses if the offered prices are considered to be satisfactory.

During the period, 15 houses that are beneficially owned by the Regal group and under leases to third party tenants were reclassified from properties held for sale to investment properties. Based on independent professional valuations obtained, there is a fair value gain of HK\$358.5 million arising from such reclassification which has been incorporated in the unaudited financial statements presented for this interim period. The other 16 remaining houses continue to be held as properties for sale and accounted for at carrying costs which are well below their market valuations.

### **The People's Republic of China**

#### **Development Project in the Central Business District of Beijing**

As referred to above, the Regal group is a 50% joint venture partner of the Paliburg group with respect to the investment in this development project held through the Sino-foreign joint venture entity in the PRC.

#### **Development Project in Xindu District, Chengdu, Sichuan Province**

This development project is operated through a joint venture that is 50% owned by each of the Regal group and the Cosmopolitan group. The site was acquired at a public land auction held in October 2007 and the land transfer consideration of RMB213.1 million has been fully settled in July 2008.

The project site is composed of two separate land parcels. One of the parcels is planned to be developed into a hotel and commercial complex with aggregate gross floor area of about 180,000 square meters above ground together with about 50,000 square meters of commercial, auxiliary services and car park areas below ground. The other parcel is planned for residential development with aggregate gross floor area of about 315,000 square meters. The Planning Permits for Construction Land for the proposed development have been obtained and detail planning works are in progress.

## OUTLOOK

The holding of the Olympic Equestrian Events in Hong Kong has generated positive impact to the local hotel business and the Regal Riverside Hotel in Shatin particularly benefited. Given that the second half of the year is usually the busier time for the hotel industry in Hong Kong, it is anticipated that there will be continued improvement in the performance of the Regal Hotels in Hong Kong.

While the outlook of the global economy in the near term might be uncertain, economic growth in the Mainland and Hong Kong is expected to sustain, albeit at a slower pace, which will continue to benefit the local tourism and hotel businesses. The Regal group as a whole has strong financial resources and management expertise, and is in a ready position to take advantage of the investment opportunities that may become available amid a period of increasing economic volatility.

The core strategic investment held in Regal is contributing to the Paliburg group increasing value and returns. The Paliburg group has high expectation on the two joint venture development projects situated in Ap Lei Chau, Hong Kong and in the Central Business District of Beijing, respectively and is optimistic that these projects will generate significant profits to the Paliburg group when they are completed. With a view to diversifying its investments, the Paliburg group has in the meanwhile invested into the Cosmopolitan group, which is actively expanding its property development business in Mainland China. The Paliburg group is optimistic of the medium to long term prospects of the property market in the PRC and believes that the investment in the Cosmopolitan group has substantial potential for future capital appreciation.

Though the overall economic outlook in the near term might be uncertain, the directors of Paliburg are confident that the Paliburg group will be able to sustain steady growth.

The Group remains committed to diversify its investment portfolio into other business sectors that pose high growth potentials and is closely monitoring the overall business and investment environment. The Directors are confident that the Group is well-poised and capable to capture and capitalise on investment opportunities that can create long-term value to shareholders.

By Order of the Board

**LO YUK SUI**

Chairman

Hong Kong, 10th September, 2008

## INTERIM DIVIDEND

The Directors have declared the payment of an interim dividend of HK0.05 cent per ordinary share for the financial year ending 31st December, 2008 (2007 – HK0.05 cent), absorbing an amount of approximately HK\$11.1 million (2007 – HK\$10.7 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 10th October, 2008.

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.

The Register of Ordinary Shareholders will be closed from Wednesday, 8th October, 2008 to Friday, 10th October, 2008, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to qualify for the interim dividend, all transfers of ordinary shares and/or subscriptions of the outstanding 2011 Warrants of the Company, 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, Tricor Tengis Limited, no later than 4:00 p.m. on Monday, 6th October, 2008. The relevant dividend warrants are expected to be despatched on or about 22nd October, 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Operating Highlights

The Group's significant investments principally constitute its interests in Regal Hotels International Holdings Limited ("Regal"), the listed associate of the Group, which are held through Paliburg Holdings Limited ("Paliburg"), the listed subsidiary of the Company. The operating results of Paliburg during the period and its business prospects are contained in the sections above headed "Review of Operations" and "Outlook". The significant investments of Regal comprise its interests in the operation and management of the five Regal Hotels in Hong Kong, the investment in Regal Real Estate Investment Trust ("Regal REIT") (which directly owns the five Regal Hotels in Hong Kong), the asset management of Regal REIT, the interest in the remaining unsold houses in Regalia Bay in Stanley and other investment businesses. The performance of Regal and its hotel operations during the period 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, the progress and prospects on the Regalia Bay properties as well as the performance of Regal REIT are also contained in the sections above headed "Review of Operations" and "Outlook".

A detailed review of the other business operations and outlook of the Group is also contained in the sections headed "Review of Operations" and "Outlook" above.

## Cash Flow and Capital Structure

During the period under review, net cash outflow from operating activities amounted to HK\$40.9 million (2007 - inflow of HK\$26.5 million). Net interest receipt for the period amounted to HK\$7.0 million (2007 - HK\$0.7 million).

During the period under review, a total of 0.1 million new ordinary shares of the Company were allotted and issued to the holders of the 2011 Warrants who exercised the subscription rights in an aggregate amount of HK\$0.01 million attaching to the 2011 Warrants at the subscription price of HK\$0.10 per ordinary share. Up to the date of this report, a total of 251.3 million new ordinary shares of the Company have been allotted and issued upon exercise of the 2011 Warrants. As of the date of this report, the aggregate amount of the 2011 Warrants remaining outstanding is HK\$303.2 million, and these outstanding 2011 Warrants are exercisable to subscribe for 3,032.0 million new ordinary shares of the Company at the prevailing subscription price of HK\$0.10 per ordinary share (subject to adjustment).

Further, during the period under review, a total of 70,692,669 new ordinary shares of the Company were allotted and issued by the Company upon the conversion of 70,692,669 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 adjustment). Up to the date of this report, a total of 1,624,726,624 new ordinary shares were allotted and issued by the Company upon the conversion of 1,624,726,624 Series C Shares. As of the date of this report, there are outstanding 1,624,726,628 Series C Shares in issue, convertible into a total of 1,624,726,628 new ordinary shares in stages up to and until 15th December, 2009.

## Asset Value

Based on the condensed consolidated balance sheet as at 30th June, 2008, the unaudited book net asset value of the ordinary shares of the Company was HK\$0.15 per share. Such book net asset value has been significantly affected by the elimination in the books of Regal of its unrealised gain on the disposal of subsidiaries owning the hotel properties to Regal REIT in 2007 against Regal's interest retained in Regal REIT.

In order to more fairly reflect the underlying net asset value of the Group, management of the Group considers it appropriate to also present, for the purposes of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on an adjusted basis to restate the Group's interest in Regal based on its adjusted net assets to reflect the share of the underlying net assets of Regal REIT attributable to Regal. Accordingly, on the basis that Regal's interest in Regal REIT were to be stated based on the published net asset value per unit of Regal REIT of HK\$3.488 as at 30th June, 2008, the unaudited adjusted net asset value of the ordinary shares of the Company would be HK\$0.19 per share.

## **Borrowings**

As at 30th June, 2008, the Group had cash and bank balances net of borrowings of HK\$86.7 million (31st December, 2007 – HK\$267.0 million).

Details of the Group's pledge of assets are shown in note 14 to the condensed consolidated financial statements which have not changed materially from that disclosed in the most recently published annual report of the Company for the year ended 31st December, 2007, while the maturity of the relevant outstanding bank borrowings has been extended to 2011.

## **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.

Save as otherwise disclosed in the sections above headed "Review of Operations" and "Outlook", 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.

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 during the period under review.

## **Remuneration Policy**

The Group, together with the Regal group, employ approximately 2,160 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 Paliburg maintain the share option schemes named as "The Century City International Holdings Limited Share Option Scheme" and "The Paliburg Holdings Limited Share Option Scheme", respectively, under which share options have been granted to selected eligible persons.

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### Condensed Consolidated Income Statement

		Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	Notes	HK\$'million	HK\$'million
REVENUE	2	150.2	242.3
Cost of sales		(133.8)	(191.3)
Gross profit		16.4	51.0
Other income and gains	3	84.1	117.8
Administrative expenses		(22.4)	(21.5)
Other operating expenses, net	4	(1.0)	(71.8)
OPERATING PROFIT	2	77.1	75.5
Finance costs	6	(2.8)	(12.5)
Share of profits and losses of associates		274.2	1,130.7
PROFIT BEFORE TAX		348.5	1,193.7
Tax	7	(0.5)	(0.9)
PROFIT FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS		348.0	1,192.8
Attributable to:			
Equity holders of the parent		210.3	628.7
Minority interests		137.7	564.1
		348.0	1,192.8
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	8		
Basic		HK0.94 cent	HK3.45 cents
Diluted		HK0.84 cent	(Restated) HK2.34 cents
DIVIDEND PER ORDINARY SHARE	9	HK0.05 cent	HK0.05 cent

## Condensed Consolidated Balance Sheet

		30th June, 2008 (Unaudited)	31st December, 2007 (Audited)
	Notes	HK\$'million	HK\$'million
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		4.0	4.8
Investment properties		380.3	380.3
Goodwill		202.0	202.0
Interests in associates		4,831.3	4,552.3
Available-for-sale investments		20.2	17.9
Financial assets at fair value through profit or loss	10	282.5	308.5
Loans receivable		7.3	9.7
Deposits		10.0	10.0
Other assets		0.2	0.2
<b>Total non-current assets</b>		<b>5,737.8</b>	<b>5,485.7</b>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss	10	257.2	138.3
Properties held for sale		6.0	6.0
Inventories		6.4	3.7
Debtors, deposits and prepayments	11	106.4	79.2
Time deposits		226.4	439.9
Cash and bank balances		78.0	74.1
		<b>680.4</b>	<b>741.2</b>
Asset of a disposal group classified as held for sale		249.4	249.4
<b>Total current assets</b>		<b>929.8</b>	<b>990.6</b>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals	12	(83.6)	(102.5)
Tax payable		(4.4)	(4.0)
Interest bearing bank borrowings		–	(197.0)
Deposits received		(221.2)	(221.3)
		<b>(309.2)</b>	<b>(524.8)</b>
Liability directly associated with the asset of a disposal group classified as held for sale		(98.9)	(98.9)
<b>Total current liabilities</b>		<b>(408.1)</b>	<b>(623.7)</b>
<b>NET CURRENT ASSETS</b>		<b>521.7</b>	<b>366.9</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,259.5</b>	<b>5,852.6</b>

**Condensed Consolidated Balance Sheet (Cont'd)**

	30th June, 2008 (Unaudited)	31st December, 2007 (Audited)
	HK\$'million	HK\$'million
TOTAL ASSETS LESS CURRENT LIABILITIES	<b>6,259.5</b>	5,852.6
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	<b>(217.7)</b>	(50.0)
Deferred tax liabilities	<b>(11.0)</b>	(11.0)
Total non-current liabilities	<b>(228.7)</b>	(61.0)
Net assets	<b>6,030.8</b>	5,791.6
EQUITY		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	<b>385.4</b>	391.7
Reserves	<b>3,067.1</b>	2,836.4
Dividends	<b>11.1</b>	22.3
	<b>3,463.6</b>	3,250.4
<b>Minority interests</b>	<b>2,567.2</b>	2,541.2
Total equity	<b>6,030.8</b>	5,791.6

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30th June, 2008

	Attributable to equity holders of the parent											
	Issued capital (Unaudited)	Share premium account (Unaudited)	Share option reserve (Unaudited)	Assets revaluation reserve (Unaudited)	Available-for-sale investments revaluation reserve (Unaudited)	Hedge reserve (Unaudited)	Exchange equalisation reserve (Unaudited)	Retained profits (Unaudited)	Dividends (Unaudited)	Total (Unaudited)	Minority interests (Unaudited)	Total equity (Unaudited)
	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m	HK\$'m
At 1st January, 2008	391.7	1,103.6	16.3	220.4	(15.5)	(4.1)	35.5	1,480.2	22.3	3,250.4	2,541.2	5,791.6
Changes in fair value of available-for-sale investments	-	-	-	-	(3.6)	-	-	-	-	(3.6)	(1.9)	(5.5)
Exchange realignment	-	-	-	-	-	(4.4)	20.3	-	-	20.3	17.2	37.5
Share of the listed associate	-	-	-	-	-	(4.4)	10.9	-	-	6.5	3.8	10.3
Total income and expense recognised directly in equity	-	-	-	-	(3.6)	(4.4)	31.2	-	-	23.2	19.1	42.3
Profit for the period	-	-	-	-	-	-	-	210.3	-	210.3	137.7	348.0
Total income and expense for the period	-	-	-	-	(3.6)	(4.4)	31.2	210.3	-	233.5	156.8	390.3
Issue of new shares upon conversion of convertible preference shares	0.7	6.3	-	-	-	-	-	-	-	7.0	-	7.0
Conversion of convertible preference shares	(7.0)	-	-	-	-	-	-	-	-	(7.0)	-	(7.0)
Acquisition of additional interests in the listed subsidiary	-	-	-	-	-	-	-	-	-	-	(114.6)	(114.6)
Contribution from minority shareholders	-	-	-	-	-	-	-	-	-	-	1.3	1.3
Final 2007 dividend declared	-	-	-	-	-	-	-	(22.3)	(22.3)	(22.3)	(18.8)	(41.1)
Equity-settled share option arrangements	-	-	1.1	-	-	-	-	-	-	1.1	0.4	1.5
Share of the listed associate	-	-	0.9	-	-	-	-	-	-	0.9	0.9	1.8
2008 interim dividend	-	-	-	-	-	-	-	(11.1)	11.1	-	-	-
At 30th June, 2008	385.4	1,109.9	18.3	220.4	(19.1)	(8.5)	66.7	1,679.4	11.1	3,463.6	2,567.2	6,030.8

### Condensed Consolidated Statement of Changes in Equity (Cont'd)

	Attributable to equity holders of the parent													
	Issued capital (Unaudited)	Share premium account (Unaudited)	Equity component of convertible bonds listed (Unaudited)	Equity component of convertible bonds of the associate (Unaudited)	Share option reserve (Unaudited)	Assets revaluation reserve (Unaudited)	Available-for-sale investments revaluation reserve (Unaudited)	Hedge reserve (Unaudited)	Exchange equalisation reserve (Unaudited)	Retained profits (Unaudited)	Dividends (Unaudited)	Total (Unaudited)	Minority interests (Unaudited)	Total equity (Unaudited)
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
At 1st January, 2007	422.8	306.4	5.2	3.4	11.1	246.7	(3.0)	7.6	757.0	12.6	1,769.8	1,537.5	3,307.3	
Changes in fair value of available-for-sale investments	-	-	-	-	-	-	(1.4)	-	-	-	(1.4)	(1.3)	(2.7)	
Total income and expense recognised directly in equity Profit for the period	-	-	-	-	-	-	(1.4)	-	628.7	-	(1.4)	(1.3)	(2.7)	
Total income and expense for the period	-	-	-	-	-	-	(1.4)	-	628.7	-	627.3	562.8	1,190.1	
Issue of new shares	16.0	504.0	-	-	-	-	-	-	-	-	520.0	-	520.0	
Share issue expenses	-	(20.0)	-	-	-	-	-	-	-	-	(20.0)	-	(20.0)	
Issue of new shares upon exercise of warrants	2.5	22.2	-	-	-	-	-	-	-	-	24.7	-	24.7	
Issue of new shares upon conversion of convertible preference shares	0.7	6.3	-	-	-	-	-	-	-	-	7.0	-	7.0	
Conversion of convertible bonds	23.5	217.7	(5.2)	-	-	-	-	-	-	-	236.0	-	236.0	
Conversion of convertible preference shares	(7.0)	-	-	-	-	-	-	-	-	-	(7.0)	-	(7.0)	
Release on deemed disposal of interests in the listed associate	-	-	-	(1.1)	(0.3)	(15.8)	-	(0.1)	-	-	(17.3)	(15.1)	(32.4)	
Final 2006 dividend declared	-	-	-	-	-	-	-	-	(2.4)	(12.6)	(15.0)	(10.1)	(25.1)	
Equity-settled share option arrangements	-	-	-	-	1.9	-	-	-	-	-	1.9	0.7	2.6	
Share of the listed associate	-	-	-	(2.3)	1.8	-	-	4.8	0.2	-	4.5	3.8	8.3	
2007 interim dividend	-	-	-	-	-	-	-	-	(10.7)	10.7	-	-	-	
At 30th June, 2007	458.5	1,036.6	-	-	14.5	230.9	(4.4)	4.8	1,372.6	10.7	3,131.9	2,079.6	5,211.5	

### Condensed Consolidated Cash Flow Statement

	Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	HK\$'million	HK\$'million
Net cash inflow/(outflow) from operating activities	(40.9)	26.5
Net cash outflow from investing activities	(100.5)	(29.5)
Net cash inflow/(outflow) from financing activities	(71.9)	620.7
Net increase/(decrease) in cash and cash equivalents	(213.3)	617.7
Cash and cash equivalents at beginning of period	514.0	147.4
Effect of foreign exchange rate changes, net	3.7	–
Cash and cash equivalents at end of period	<u>304.4</u>	<u>765.1</u>
Analysis of balances of cash and cash equivalents		
Cash and bank balances	78.0	20.3
Non-pledged time deposits with original maturity of less than three months when acquired	<u>226.4</u>	<u>744.8</u>
	<u>304.4</u>	<u>765.1</u>

## Notes to Condensed Consolidated Financial Statements

### 1. Accounting Policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31st December, 2007, except for the adoption of the following new and revised interpretations issued by the Hong Kong Institute of Certified Public Accountants for the first time for the current period's condensed consolidated interim financial statements.

HK(IFRIC)-Int 11	<i>HKFRS 2 – Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The adoption of the above interpretations has had no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements.

### 2. Segment Information

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- (a) the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;
- (b) the construction and building related businesses segment engages in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and products and other software development and distribution;
- (c) the hotel ownership/operation\* and management segment engages in hotel operations and the provision of hotel management services;
- (d) the securities investment segment engages in securities trading and investment businesses; and
- (e) the others segment mainly comprises the provision of financing services.

\* The listed associate of the Group, Regal Hotels International Holdings Limited ("RHIHL"), and its subsidiaries (the "RHIHL Group") owned and operated its hotels in Hong Kong until the disposal of the hotel properties to Regal Real Estate Investment Trust ("Regal REIT") for a separate listing on 30th March, 2007 and thereafter the RHIHL Group leased the hotel properties from Regal REIT for hotel operations. Regal REIT has since then become an associate of RHIHL.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

## Business segments

The following table presents revenue and profit/(loss) information for the Group's business segments.

### Group

	Property development and investment		Construction and building related businesses		Hotel ownership/operation and management		Securities investment		Others		Eliminations		Consolidated	
	Six months ended 30th June, 2008	2007	Six months ended 30th June, 2008	2007	Six months ended 30th June, 2008	2007	Six months ended 30th June, 2008	2007	Six months ended 30th June, 2008	2007	Six months ended 30th June, 2008	2007	Six months ended 30th June, 2008	2007
	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m	(Unaudited) HK\$'m
Segment revenue:														
Sales to external customers	8.1	77.5	124.7	124.8	-	-	17.2	39.8	0.2	0.2	-	-	150.2	242.3
Intersegment sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>8.1</b>	<b>77.5</b>	<b>124.7</b>	<b>124.8</b>	<b>-</b>	<b>-</b>	<b>17.2</b>	<b>39.8</b>	<b>0.2</b>	<b>0.2</b>	<b>-</b>	<b>-</b>	<b>150.2</b>	<b>242.3</b>
Segment results	5.7	65.7	8.7	7.4	-	-	12.2	85.0	1.6	2.1	-	(0.9)	28.2	159.3
Interest income and unallocated non-operating and corporate gains													71.7	6.5
Unallocated non-operating and corporate expenses													(22.8)	(90.3)
Operating profit													77.1	75.5
Finance costs													(2.8)	(12.5)
Share of profits and losses of associates	(3.1)	(0.3)	-	(0.2)	277.3	1,131.2	-	-	-	-	-	-	274.2	1,130.7
Profit before tax													348.5	1,193.7
Tax													(0.5)	(0.9)
Profit for the period before allocation between equity holders of the parent and minority interests													348.0	1,192.8
Attributable to:														
Equity holders of the parent													210.3	628.7
Minority interests													137.7	564.1
													348.0	1,192.8

### 3. Other Income and Gains

Other income and gains represent the following items:

	Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	HK\$'million	HK\$'million
Interest income	9.4	6.4
Dividend income from listed investments	0.8	–
Fair value gains/(losses), net, on financial assets at fair value through profit or loss		
– held for trading	(24.2)	–
– designated as such upon initial recognition	29.8	85.3
Gain on disposal of subsidiaries	–	23.2
Excess over the cost of additional interests in the listed subsidiary	68.2	–
Others	0.1	2.9
	<u>84.1</u>	<u>117.8</u>

### 4. Other Operating Expenses, net

Other operating expenses, net, include the following major items:

	Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	HK\$'million	HK\$'million
Depreciation	1.2	1.0
Loss on deemed disposal of interests in the listed associate	–	69.9
	<u>–</u>	<u>69.9</u>

### 5. An analysis of profit on sale of investments or properties of the Group is as follows:

	Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	HK\$'million	HK\$'million
Profit on disposal of listed investments	0.3	0.6
Profit on sale of properties	–	37.1
	<u>–</u>	<u>37.1</u>

## 6. Finance Costs

	Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	HK\$'million	HK\$'million
Interest in respect of:		
Bank loans wholly repayable within five years	2.8	7.8
Other loans and promissory notes, wholly repayable within five years	—	4.7
Total finance costs	<u>2.8</u>	<u>12.5</u>

## 7. Tax

	Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	HK\$'million	HK\$'million
Current - Hong Kong		
Total tax charge and provision for tax in respect of profit for the period	<u>0.5</u>	<u>0.9</u>

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% (2007 - 17.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period.

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate, based on existing legislation, practices and interpretations thereof.

The share of tax charge attributable to associates amounting to HK\$0.3 million (2007 - HK\$5.5 million) is included in "Share of profits and losses of associates" on the face of the condensed consolidated income statement.

## 8. Earnings per Ordinary Share Attributable to Equity Holders of the Parent

### (a) Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit for the period attributable to equity holders of the parent of HK\$210.3 million (2007 - HK\$628.7 million) and on the weighted average of 22,272.5 million (2007 - 18,235.3 million) ordinary shares of the Company in issue during the period.

(b) Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2008 is based on the profit for the period attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the earnings of Paliburg Holdings Limited ("PHL"), the listed subsidiary of the Company, and its subsidiaries (the "PHL Group") of HK\$6.3 million assuming all outstanding convertible preference shares of RHIHL were converted into ordinary shares of RHIHL at the beginning of the period and all the outstanding share options of PHL and the subscription rights attaching to all outstanding warrants of PHL were exercised to subscribe for ordinary shares of PHL at the beginning of the period. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 1,993.8 million that would be issued assuming (i) all the 1,695.4 million convertible preference shares of the Company were converted into the same number of ordinary shares of the Company at the beginning of the period; and (ii) the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of the period. The exercise prices of the share options of the Company and RHIHL outstanding during the period are higher than the average market prices of the respective ordinary shares of the Company and RHIHL and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the period ended 30th June, 2007 was based on the profit for that period attributable to equity holders of the parent, adjusted for (i) the decrease in the Group's proportionate interest in the PHL Group's earnings of HK\$66.5 million (as restated to adjust for the effect of the open offer of new PHL ordinary shares to the qualifying shareholders of PHL on the basis of seven new PHL ordinary shares (with three new PHL bonus warrants for every seven PHL open offer shares taken up) for every twenty existing PHL ordinary shares held on 22nd October, 2007 at a subscription price of HK\$0.21 per PHL share) assuming all outstanding convertible bonds (including optional convertible bonds) of the RHIHL Group and all outstanding convertible preference shares of RHIHL were converted into, and the subscription rights attaching to all outstanding warrants of RHIHL were exercised to subscribe for, ordinary shares of RHIHL at the beginning of that period and all the outstanding share options of PHL were exercised to subscribe for ordinary shares of PHL at the beginning of that period; and (ii) the interest savings on the convertible bonds of HK\$1.3 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of that period. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of ordinary shares in issue during that period, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 5,884.1 million (as restated) that would be issued assuming (i) all the 2,507.8 million convertible preference shares of the Company were converted into the same number of ordinary shares of the Company at the beginning of that period; (ii) all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of that period; (iii) all outstanding share options of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that period; and (iv) the subscription rights attaching to all outstanding warrants of the Company were exercised to subscribe for ordinary shares of the Company at the beginning of that period. The exercise price of the share options of RHIHL outstanding during that period was higher than the average market price of the ordinary shares of RHIHL and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

## 9. Dividend

The Directors have declared the payment of an interim dividend of HK0.05 cent per ordinary share for the financial year ending 31st December, 2008 (2007 - HK0.05 cent), absorbing an amount of approximately HK\$11.1 million (2007 - HK\$10.7 million).

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.

## 10. Financial Assets at Fair Value through Profit or Loss

At the date of approval of these financial statements, the fair values of the financial assets at fair value through profit or loss included under non-current assets and current assets were approximately HK\$211.8 million and HK\$200.0 million respectively.

## 11. Debtors, Deposits and Prepayments

Included in the balance is an amount of HK\$36.2 million (31st December, 2007 - HK\$34.9 million) representing the trade debtors of the Group. The aged analysis of such debtors, based on the invoice date, is as follows:

	30th June, 2008 (Unaudited)	31st December, 2007 (Audited)
	HK\$'million	HK\$'million
Outstanding balances with ages:		
Within 3 months	38.2	36.3
Between 4 to 6 months	0.1	0.8
Between 7 to 12 months	–	0.1
Over 1 year	0.1	3.3
	<hr/>	<hr/>
	38.4	40.5
Impairment	(2.2)	(5.6)
	<hr/>	<hr/>
	36.2	34.9
	<hr/> <hr/>	<hr/> <hr/>

### Credit terms

Trade debtors generally have credit terms of 30 to 90 days. The Group seeks to maintain strict control over its outstanding debts and overdue balances are reviewed regularly by senior management. In view of the aforementioned and that the Group's exposures spread over a number of counter-parties and customers, the Group has no significant concentration of credit risk.

Included in the balance are amounts due from the Group's listed associate, a jointly controlled entity of the listed associate and a related company of HK\$19.3 million (31st December, 2007 - HK\$12.8 million), HK\$0.6 million (31st December, 2007 - HK\$1.9 million) and HK\$3.7 million (31st December, 2007 - HK\$3.6 million), respectively, which are unsecured, non-interest bearing and repayable either on similar credit terms to those offered to the major customers of the Group or on demand.

## 12. Creditors and Accruals

Included in the balance is an amount of HK\$5.3 million (31st December, 2007 - HK\$14.4 million) representing the trade creditors of the Group. The aged analysis of such creditors, based on the invoice date, is as follows:

	30th June, 2008 (Unaudited)	31st December, 2007 (Audited)
	HK\$'million	HK\$'million
Outstanding balances with ages:		
Within 3 months	<u>5.3</u>	<u>14.4</u>

The trade creditors are non-interest bearing and are normally settled within 90 days.

## 13. Related Party Transactions

### (a) Transactions with related parties

The Group had the following material related party transactions during the period:

	Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	HK\$'million	HK\$'million
The listed associate:		
Management fee income	6.3	5.7
Gross construction fee income	38.2	69.2
Gross development consultancy fee income	3.4	3.7
Gross income in respect of security systems and products and other software	3.8	0.1
A jointly controlled entity of the listed associate:		
Gross construction fee income	0.1	0.8
A related company:		
Advertising and promotion fees (including cost reimbursements)	<u>-</u>	<u>0.2</u>

The nature and terms of these related party transactions set out above were already disclosed in the Group's audited consolidated financial statements for the year ended 31st December, 2007.

(b) Outstanding balances with related parties

	30th June, 2008 (Unaudited)	31st December, 2007 (Audited)
	HK\$'million	HK\$'million
Due from associates	259.5	249.3
Due from a jointly controlled entity of the listed associate	0.6	1.9
Due from a related company	3.7	3.6
Due to the listed associate	(3.2)	(2.7)
Loans to associates	156.0	156.0

(c) Compensation of key management personnel of the Group

	Six months ended 30th June, 2008 (Unaudited)	Six months ended 30th June, 2007 (Unaudited)
	HK\$'million	HK\$'million
Short term employee benefits	4.6	3.5
Share-based payments	1.4	2.5
Total compensation paid to key management personnel	6.0	6.0

#### 14. Pledge of Assets

At 30th June, 2008, certain of the Group's investment properties with a total carrying value of HK\$380.0 million (31st December, 2007- HK\$380.0 million) and certain ordinary shares in the listed associate were pledged to secure general banking facilities granted to the Group.

## 15. Operating Lease Arrangements

### (a) As lessor

The Group leases certain of its properties under operating lease arrangements, with leases negotiated for terms ranging from 1 to 3 years. The terms of the leases generally also require the tenants to pay security deposits and, in certain cases, provide for periodic rent adjustments according to the terms under the leases.

At 30th June, 2008, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	30th June, 2008 (Unaudited)	31st December, 2007 (Audited)
	HK\$'million	HK\$'million
Within one year	10.7	9.6
In the second to fifth years, inclusive	4.4	5.4
	<u>15.1</u>	<u>15.0</u>

### (b) As lessee

The Group leases certain office properties, area and machineries under operating lease arrangements. Leases for the office properties and area are negotiated for terms ranging from 1 to 3 years, and those for the machineries are for terms ranging from 13 to 18 months.

At 30th June, 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30th June, 2008 (Unaudited)	31st December, 2007 (Audited)
	HK\$'million	HK\$'million
Within one year	<u>3.2</u>	<u>7.0</u>

## 16. Share Options

### The Century City International Holdings Limited Share Option Scheme

The Company operates a share option scheme named as "The Century City International Holdings Limited Share Option Scheme" (the "Century Share Option Scheme"). The Century Share Option Scheme was adopted by the Company's shareholders on 16th June, 2005 and became effective on 21st July, 2005. Share options granted under the Century Share Option Scheme do not confer rights on the holders to dividends or to vote at shareholders' meetings.

During the period, movements in share options granted by the Company pursuant to the Century Share Option Scheme are as follows:

Offer date**	Name or category of participant	Number of ordinary shares under share options*			Vesting/Exercise periods of share options	Exercise price of share options* HK\$
		At 1st January, 2008	Vested during the period	At 30th June, 2008		
	<b>Director</b>					
12th May, 2005	Mr. Lo Yuk Sui					
	Vested:	140,000,000	70,000,000	210,000,000	Note	0.12
	Unvested:	210,000,000***	(70,000,000)	140,000,000		
	<b>Total:</b>					
	Vested:	<b>140,000,000</b>	<b>70,000,000</b>	<b>210,000,000</b>		
	Unvested:	<b>210,000,000</b>	<b>(70,000,000)</b>	<b>140,000,000</b>		

\* Subject to adjustment in the case of rights or bonus issues, or other relevant changes in the Company's share capital.

\*\* Offer date is the date on which the grant of share options is offered by the Company, and it is deemed the date of grant of the share options unless the grant of the share options is declined or lapsed.

\*\*\* In excess of the individual maximum limit of 1% of the ordinary shares in issue as of the offer date.

#### Note:

Vesting/Exercise periods of share options:

On completion of continuous service of	Percentage vesting	Cumulative percentage exercisable
2 years after offer date	40% of options granted	40% (exercisable until 6 years after offer date)
3 years after offer date	A further 20% of options granted	60% (exercisable until 6 years after offer date)
4 years after offer date	A further 20% of options granted	80% (exercisable until 6 years after offer date)
5 years after offer date	The final 20% of options granted	100% (exercisable until 6 years after offer date)

### The Paliburg Holdings Limited Share Option Scheme

PHL operates a share option scheme named as “The Paliburg Holdings Limited Share Option Scheme” (the “Paliburg Share Option Scheme”). The Paliburg Share Option Scheme was adopted by PHL’s shareholders on 16th June, 2005 and became effective on 21st July, 2005. Share options granted under the Paliburg Share Option Scheme do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

During the period, movements in share options granted by PHL pursuant to the Paliburg Share Option Scheme are as follows:

Offer date**	Name or category of participant	Number of ordinary shares under share options*			Vesting/Exercise periods of share options	Adjusted exercise price of share options* HK\$
		At 1st January, 2008	Vested during the period	At 30th June, 2008		
<b>Directors</b>						
12th May, 2005	Mr. Lo Yuk Sui					
	Vested:	80,352,000	40,176,000	120,528,000	Note	0.197
	Unvested:	120,528,000***	(40,176,000)	80,352,000		
25th July, 2005	Mr. Kenneth Ng Kwai Kai					
	Vested:	8,370,000	–	8,370,000	Note	0.197
	Unvested:	13,392,000	–	13,392,000		
25th July, 2005	Mr. Donald Fan Tung					
	Vested:	8,928,000	–	8,928,000	Note	0.197
	Unvested:	13,392,000	–	13,392,000		
25th July, 2005	Mr. Jimmy Lo Chun To					
	Vested:	8,928,000	–	8,928,000	Note	0.197
	Unvested:	13,392,000	–	13,392,000		
25th July, 2005	Miss Lo Po Man					
	Vested:	4,464,000	–	4,464,000	Note	0.197
	Unvested:	6,696,000	–	6,696,000		
<b>Other Employees</b>						
25th July, 2005	Employees, in aggregate					
	Vested:	12,052,800	–	12,052,800	Note	0.197
	Unvested:	18,079,200	–	18,079,200		
<b>Total:</b>						
	<b>Vested:</b>	<b>123,094,800</b>	<b>40,176,000</b>	<b>163,270,800</b>		
	<b>Unvested:</b>	<b>185,479,200</b>	<b>(40,176,000)</b>	<b>145,303,200</b>		

\* Subject to adjustment in the case of rights or bonus issues, or other relevant changes in the share capital of PHL.

\*\* Offer date is the date on which the grant of share options is offered by PHL, and it is deemed the date of grant of the share options unless the grant of the share options is declined or lapsed.

\*\*\* In excess of the individual maximum limit of 1% of the ordinary shares in issue as of the offer date.

**Note:**

Vesting/Exercise periods of share options:

<b>On completion of continuous service of</b>	<b>Percentage vesting</b>	<b>Cumulative percentage exercisable</b>
2 years after offer date	40% of options granted	40% (exercisable until 6 years after offer date)
3 years after offer date	A further 20% of options granted	60% (exercisable until 6 years after offer date)
4 years after offer date	A further 20% of options granted	80% (exercisable until 6 years after offer date)
5 years after offer date	The final 20% of options granted	100% (exercisable until 6 years after offer date)

## OTHER INFORMATION

### Directors' Interests in Share Capital

As at 30th June, 2008, 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 of Hong Kong Limited (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 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 as at 30th June, 2008)
			Personal interests	Corporate interests	Family/Other interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary (i) issued	294,516,903	11,664,822,186 (Note a(i))	2,510,000	11,961,849,089
		(ii) unissued (Notes a(ii) & (iii))	408,903,380	2,332,964,436 (Note a(iv))	502,000 (Note a(v))	2,742,369,816
					Total (i) & (ii):	14,704,218,905 (65.96%)
	Mr. Jimmy Lo Chun To	Ordinary (i) issued	1,659,800	-	-	1,659,800
		(ii) unissued (Note b(i))	331,960	-	-	331,960
					Total (i) & (ii):	1,991,760 (0.009%)
	Miss Lo Po Man	Ordinary (i) issued	740,437	-	-	740,437
		(ii) unissued (Note b(ii))	148,087	-	-	148,087
					Total (i) & (ii):	888,524 (0.004%)
	Mr. Ng Siu Chan	Ordinary (i) issued	-	-	23,221,800	23,221,800
		(ii) unissued (Note b(iii))	-	-	4,644,360	4,644,360
					Total (i) & (ii):	27,866,160 (0.13%)

Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2008)
			Personal interests	Corporate interests	Family/Other interests	
2. Pallburg Holdings Limited ("PHL")	Mr. Lo Yuk Sui	Ordinary (i) issued	428,005,731	5,968,574,889 (Note c(i))	135,000	6,396,715,620
		(ii) unissued	219,516,414 (Notes c(ii) & (iii))	642,841,227 (Notes c(iv) & (v))	15,000 (Note c(vi))	862,372,641
					Total (i) & (ii):	7,259,088,261 (71.21%)
	Mr. Kenneth Ng Kwai Kai	Ordinary (i) issued	675,000	-	-	675,000
		(ii) unissued	21,837,000 (Note d)	-	-	21,837,000
					Total (i) & (ii):	22,512,000 (0.22%)
	Mr. Donald Fan Tung	Ordinary (i) issued	4,718	-	-	4,718
		(ii) unissued	22,320,855 (Note e)	-	-	22,320,855
					Total (i) & (ii):	22,325,573 (0.22%)
	Mr. Jimmy Lo Chun To	Ordinary (i) issued	383,400	-	-	383,400
		(ii) unissued	22,362,600 (Note f)	-	-	22,362,600
					Total (i) & (ii):	22,746,000 (0.22%)
	Miss Lo Po Man	Ordinary (unissued)	11,160,000 (Note g)	-	-	11,160,000 (0.11%)
	Mr. Ng Siu Chan	Ordinary (i) issued	-	-	724,275	724,275
		(ii) unissued	-	-	80,475 (Note h)	80,475
					Total (i) & (ii):	804,750 (0.008%)

Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2008)	
			Personal interests	Corporate interests	Family/Other interests		
3. Regal Hotels International Holdings Limited ("RHIHL")	Mr. Lo Yuk Sui	Ordinary (i) issued	242,000	4,768,492,636 (Note i(i))	2,607,000	4,771,341,636	
		(ii) unissued	200,000,000 (Note i(iii))	15,608,427 (Note i(ii))	-	215,608,427	
					Total (i) & (ii):	4,986,950,063 (48.34%)	
		Preference (issued)	-	3,440 (Note i(ii))	-	3,440 (20.54%)	
		Mr. Kenneth Ng Kwai Kai	Ordinary (unissued)	20,000,000 (Note j)	-	-	20,000,000 (0.19%)
		Mr. Donald Fan Tung	Ordinary (unissued)	20,000,000 (Note j)	-	-	20,000,000 (0.19%)
		Mr. Jimmy Lo Chun To	Ordinary (unissued)	15,000,000 (Note k)	-	-	15,000,000 (0.15%)
		Miss Lo Po Man	Ordinary (i) issued	3,000,000	-	2,691,690 (Note l(i))	5,691,690
	(ii) unissued		30,000,000 (Note l(ii))	-	-	30,000,000	
					Total (i) & (ii):	35,691,690 (0.35%)	
4. 8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1,000 (Note m)	-	1,000 (100%)	
5. 8D Matrix Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	2,000,000 (Note n)	-	2,000,000 (100%)	
6. 8D International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	500,000 (Note o)	-	500,000 (100%)	
7. 8D International (China) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note p)	-	1 (100%)	

Number of shares held

Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2008)
			Personal interests	Corporate interests	Family/Other interests	
8. Century Digital Communications (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note q)	-	1 (100%)
9. Century Digital Communications Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	2 (Note r)	-	2 (100%)
10. Century Digital Enterprise Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	100 (Note s)	-	100 (100%)
11. Century Digital Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	3 (Note t)	-	3 (100%)
12. Century Digital Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	49,968 (Note u)	-	49,968 (99.94%)
13. China Noble Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note v)	-	1 (100%)
14. Full Range Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	10,000 (Note w)	-	10,000 (100%)
15. Giant Forward Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note x)	-	1 (100%)
16. Grand Modern Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	330 (Note y)	-	330 (100%)
17. Important Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	10,000 (Note z)	-	10,000 (100%)
18. Net Age Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	97 (Note aa)	-	97 (100%)
19. Net Community Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	3 (Note ab)	-	3 (100%)
20. Pilot Pro Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note ac)	-	1 (100%)
21. Speedway Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	50,000 (Note ad)	-	50,000 (100%)

Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2008)
			Personal interests	Corporate interests	Family/Other interests	
22. Task Master Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	1 (Note ae)	-	1 (100%)
23. Top Technologies Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	10,000 (Note af)	-	10,000 (100%)
24. Treasure Collection International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	-	2 (Note ag)	-	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, 99.9% 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	53.65
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 share option scheme of the Company named as “The Century City International Holdings Limited Share Option Scheme” (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 have, 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 are, and will 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 a total of 58,903,380 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 a total of 2,332,964,436 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.

The interests in 182,964,436 unissued ordinary shares of the Company were held through companies wholly owned by Mr. Lo and a company, namely Master City Limited, 99.9% owned by Mr. Lo.

The interests in 2,150,000,000 unissued ordinary shares of the Company were held through corporations controlled by Mr. Lo as detailed below:

<b>(a)</b>	<b>Name of corporation</b>	<b>Controlled by</b>	<b>% of control</b>
	CCIHL	Mr. Lo	53.65
	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	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

- (v) 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 a total of 502,000 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (b) (i) 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 a total of 331,960 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (ii) The interests in 148,087 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$14,808.70, which are exercisable to subscribe for a total of 148,087 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (iii) The interests in 4,644,360 unissued ordinary shares of the Company related to the interests in the 2011 Warrants carrying subscription rights in an aggregate amount of HK\$464,436.00, which are exercisable to subscribe for a total of 4,644,360 new ordinary shares of the Company upon the terms as set out in note (a)(iii) above.
- (c) (i) The interests in 5,549,394,289 issued ordinary shares of PHL were held through companies wholly owned by the Company, in which Mr. Lo held 53.65% shareholding interests.

The interests in 145,928,600 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 273,252,000 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 200,880,000 unissued ordinary shares of PHL were held through the interests in the options granted under the share option scheme of PHL named as “The Paliburg Holdings Limited Share Option Scheme” (the “Paliburg Share Option Scheme”), entitling the holder thereof to subscribe for a total of 200,880,000 new ordinary shares of PHL at an adjusted exercise price of HK\$0.197 per ordinary share (subject to adjustment). The options have, 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 are, and will 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	80,352,000
12th May, 2008 to 11th May, 2011	40,176,000
12th May, 2009 to 11th May, 2011	40,176,000
12th May, 2010 to 11th May, 2011	40,176,000

- (iii) The interests in 18,636,414 unissued ordinary shares of PHL related to the interests in the warrants of PHL (the “2010 Warrants”) carrying subscription rights in an aggregate amount of HK\$3,913,646.94, which are exercisable during the period from 20th November, 2007 to 8th November, 2010 to subscribe for a total of 18,636,414 new ordinary shares of PHL at an initial subscription price of HK\$0.21 per ordinary share (subject to adjustment).
- (iv) The interests in 594,659,259 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$124,878,444.39, which are exercisable to subscribe for a total of 594,659,259 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above and were held through companies wholly owned by the Company, in which Mr. Lo held 53.65% shareholding interests.
- (v) The interests in 48,181,968 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$10,118,213.28, which are exercisable to subscribe for a total of 48,181,968 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

The interests in 16,788,255 unissued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

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

The interests in 31,393,713 unissued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

<b>Name of corporation</b>	<b>Controlled by</b>	<b>% of control</b>
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

- (vi) The interests in 15,000 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$3,150.00, which are exercisable to subscribe for a total of 15,000 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

- (d) (i) The interests in 21,762,000 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 21,762,000 new ordinary shares of PHL at an adjusted exercise price of HK\$0.197 per ordinary share (subject to adjustment). The options remaining outstanding have, 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 are, and will 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	8,370,000
25th July, 2008 to 24th July, 2011	4,464,000
25th July, 2009 to 24th July, 2011	4,464,000
25th July, 2010 to 24th July, 2011	4,464,000

- (ii) The interests in 75,000 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$15,750.00, which are exercisable to subscribe for a total of 75,000 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

- (e) (i) The interests in 22,320,000 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 22,320,000 new ordinary shares of PHL at an adjusted exercise price of HK\$0.197 per ordinary share (subject to adjustment). The options have, 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 are, and will 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	8,928,000
25th July, 2008 to 24th July, 2011	4,464,000
25th July, 2009 to 24th July, 2011	4,464,000
25th July, 2010 to 24th July, 2011	4,464,000

- (ii) The interests in 855 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$179.55, which are exercisable to subscribe for a total of 855 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

- (f) (i) The interests in 22,320,000 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 22,320,000 new ordinary shares of PHL at an adjusted exercise price of HK\$0.197 per ordinary share (subject to adjustment). The options have, 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 are, and will 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	8,928,000
25th July, 2008 to 24th July, 2011	4,464,000
25th July, 2009 to 24th July, 2011	4,464,000
25th July, 2010 to 24th July, 2011	4,464,000

- (ii) The interests in 42,600 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$8,946.00, which are exercisable to subscribe for a total of 42,600 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

- (g) The interests in 11,160,000 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 11,160,000 new ordinary shares of PHL at an adjusted exercise price of HK\$0.197 per ordinary share (subject to adjustment). The options have, 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 are, and will 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	4,464,000
25th July, 2008 to 24th July, 2011	2,232,000
25th July, 2009 to 24th July, 2011	2,232,000
25th July, 2010 to 24th July, 2011	2,232,000

- (h) The interests in 80,475 unissued ordinary shares of PHL related to the interests in the 2010 Warrants carrying subscription rights in an aggregate amount of HK\$16,899.75, which are exercisable to subscribe for a total of 80,475 new ordinary shares of PHL upon the terms as set out in note (c)(iii) above.

- (i) (i) The interests in 4,214,000 issued ordinary shares of RHIHL were held through companies wholly owned by the Company, in which Mr. Lo held 53.65% shareholding interests, and the interests in the other 4,764,278,636 issued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which the Company held 54.44% shareholding interests.

- (ii) The interests in 15,608,427 unissued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which the Company held 54.44% shareholding interests. Mr. Lo held 53.65% shareholding interests in the Company.

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.

- (iii) The interests in 200,000,000 unissued ordinary shares of RHIHL were held through the interests in the options granted under the share option scheme of RHIHL named as "The Regal Hotels International Holdings Limited Share Option Scheme" (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 adjustment). The options have, 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 are, and will 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

- (j) 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 adjustment). The options have, 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 are, and will 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

- (k) 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 adjustment). The options have, 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 are, and will 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

- (l) (i) The interests in 2,691,690 issued ordinary shares of RHIHL were held by Miss Lo Po Man as the beneficiary of a trust.
- (ii) The interests in 30,000,000 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 30,000,000 new ordinary shares of RHIHL at an exercise price of HK\$0.75 per ordinary share (subject to adjustment). The options have, 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 are, and will 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	12,000,000
25th July, 2008 to 24th July, 2011	6,000,000
25th July, 2009 to 24th July, 2011	6,000,000
25th July, 2010 to 24th July, 2011	6,000,000

- (m) 400 shares were held through companies controlled by the Company, in which Mr. Lo held 53.65% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.
- (n) 800,000 shares were held through companies controlled by the Company, in which Mr. Lo held 53.65% shareholding interests, and 1,200,000 shares were held through companies controlled by Mr. Lo (including 8D International (BVI) Limited).
- (o) The interests in these shares of 8D International Limited were held through corporations controlled by Mr. Lo as detailed below:

<b>(a) Name of corporation</b>	<b>Controlled by</b>	<b>% of control</b>
CCIHL	Mr. Lo	53.65
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>(b) Name of corporation</b>	<b>Controlled by</b>	<b>% of control</b>
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

- (p) 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	53.65
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

- (q) 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	53.65
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

- (r) 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	53.65
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

- (s) 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	53.65
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

(t) 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	53.65
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

(u) 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	53.65
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

- (v) The interest in this share of China Noble Investments Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
CCIHL	Mr. Lo	53.65
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

- (w) 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	53.65
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

- (x) 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	53.65
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

- (y) 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	53.65
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

- (z) 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	53.65
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

- (aa) 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	53.65
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

(ab) 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	53.65
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

(ac) 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	53.65
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

(ad) 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	53.65
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

(ae) 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	53.65
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

(af) 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	53.65
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

(ag) 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	53.65
	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

Save as disclosed herein, as at 30th June, 2008, 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.

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 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 Directors, 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 30th June, 2008, so far as is known to the Directors and the chief executive of the Company, the following substantial shareholders (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 or notified to the Company pursuant to 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 30th June, 2008
Manyways Technology Limited ("Manyways") (Notes i and ii)	10,750,000,000	2,150,000,000	12,900,000,000	57.87%
8D International (BVI) Limited ("8D BVI") (Notes i, ii and iii)	10,750,000,000	2,150,000,000	12,900,000,000	57.87%
Task Master Technology Limited ("Task Master") (Notes i, ii and iv)	10,750,000,000	2,150,000,000	12,900,000,000	57.87%
Secure Way Technology Limited ("Secure Way") (Notes i and ii)	10,750,000,000	2,150,000,000	12,900,000,000	57.87%
Net Community Limited ("Net Community") (Notes i, ii and v)	10,750,000,000	2,150,000,000	12,900,000,000	57.87%
Century Digital Holdings Limited ("Century Digital") (Notes i, ii and vi)	10,750,000,000	2,150,000,000	12,900,000,000	57.87%
Grand Modern (Notes i, ii and vii)	10,750,000,000	2,150,000,000	12,900,000,000	57.87%
Shenyin Wanguo (H.K.) Limited ("Shenyin Wanguo") (Note viii)	508,000,120	1,325,736,121	1,833,736,241	8.23%

### 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 1,325,736,121 Series C convertible non-voting preference shares of the Company (the "Series C Shares"). 1,325,736,121 Series C Shares are convertible into 1,325,736,121 new ordinary shares on a phased basis.

Save as disclosed herein, the Directors and the chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 30th June, 2008, 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 or notified to the Company pursuant to the SFO.

## Corporate Governance

### *Code of Corporate Governance Practices*

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30th June, 2008, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Independent Non-Executive Directors of the Company were not appointed for specific terms, but arrangements have been put in place such that the Independent Non-Executive Directors would retire, and are subject to re-election, either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years.

### *Code of Conduct for Securities Transactions by Directors*

The Company has adopted the "Code for Securities Transactions by Directors of Century City International Holdings Limited" (the "Century Code"), on terms no less exacting than the required standard set out in the Model Code, as the code of conduct governing the securities transactions by the Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the required standard under the Model Code and the Century Code during the six months ended 30th June, 2008.

## Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2008.

## Review of Results

The Audit Committee of the Company currently comprises Mr. Ng Siu Chan (Chairman of the Committee), Mr. Anthony Chuang and Mr. Wong Chi Keung, all of whom are Independent Non-Executive Directors of the Company.

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group, auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30th June, 2008, in conjunction with the external auditors. The review report of the external auditors is set out on page 55 of this report.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**To the Board of Directors of  
Century City International Holdings Limited**  
(Incorporated in Bermuda with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 14 to 31 which comprises the condensed consolidated balance sheet of Century City International Holdings Limited as at 30th June, 2008 and the related condensed consolidated statements of income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants.

The Directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of the interim financial information.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

**Ernst & Young**  
*Certified Public Accountants*

18th Floor  
Two International Finance Centre  
8 Finance Street, Central  
Hong Kong  
10th September, 2008



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