



**CHI CHEUNG INVESTMENT COMPANY, LIMITED**

**( 至 祥 置 業 有 限 公 司 )**

*(Incorporated in Hong Kong with limited liability)*

**Interim Report  
For The Six Months  
Ended 30th June, 2001**

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## CORPORATE INFORMATION

*Executive Directors:*

Thomas Lau, Luen-hung (*Chairman*)

Joseph Lau, Luen-hung

*Independent Non-executive Directors:*

Eddie Chan, Kwok-wai

Shum, Man-wai

*Registered Office:*

26th Floor, MassMutual Tower

38 Gloucester Road

Wanchai, Hong Kong

## **INDEPENDENT REVIEW REPORT**

### **TO THE BOARD OF DIRECTORS OF CHI CHEUNG INVESTMENT COMPANY, LIMITED**

( 至祥置業有限公司 )

*(Incorporated in Hong Kong with limited liability)*

#### **Introduction**

We have been instructed by the Directors of the Company to review the interim financial report set out on pages 2 to 8.

#### **Directors' responsibilities**

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") require the preparation of an interim financial report to be in compliance with the Statement of Standard Accounting Practice ("SSAP") No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants. However, the Listing Rules permit departure from SSAP 25 in that comparative figures are not required for the condensed cash flow statement to be included in the first interim financial report relating to accounting periods ended on or after 1st July, 2000. The interim financial report is the responsibility of, and has been approved by, the Directors.

#### **Review work performed**

We conducted our review in accordance with the Statement of Auditing Standards 700 "Engagements to review interim financial reports" ("SAS 700") issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim financial report.

#### **Review conclusion**

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30th June, 2001.

Without modifying our review conclusion, we draw to your attention that the comparative condensed consolidated income statement for the six months ended 30th June, 2000 disclosed in the interim financial report has not been reviewed in accordance with SAS 700.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

7th September, 2001

## RESULTS

The Board of Directors of Chi Cheung Investment Company, Limited (the ‘‘Company’’) would like to announce the unaudited consolidated results of the Company and its subsidiaries (the ‘‘Group’’) for the six months ended 30th June, 2001 together with the comparative figures for the corresponding period last year as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT For the six months ended 30th June, 2001

	<b>Six months ended 30th June,</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Turnover (Note 3)	<b>2,505</b>	2,632
Cost of sales	<b>(1,380)</b>	(1,793)
	<hr/>	<hr/>
Gross profit	<b>1,125</b>	839
Other revenue (Note 8)	<b>353</b>	1,430
Administrative expenses	<b>(1,804)</b>	(8,948)
Other operating expenses (Note 9)	<b>(450)</b>	–
Impairment loss recognised in respect of properties under development (Note 10)	<b>(5,000)</b>	–
	<hr/>	<hr/>
Loss from operations	<b>(5,776)</b>	(6,679)
Restructuring cost	–	(2,837)
Finance costs	<b>(2,323)</b>	(42,695)
Provision against claims as a result of breach of a joint venture agreement	–	(30,000)
Gain on debt restructuring	–	17,998
	<hr/>	<hr/>
Loss before taxation	<b>(8,099)</b>	(64,213)
Taxation (Note 6)	<b>404</b>	–
	<hr/>	<hr/>
Loss for the period	<b>(7,695)</b>	(64,213)
Dividends	–	–
	<hr/>	<hr/>
Loss transfer to reserve	<b>(7,695)</b>	(64,213)
	<hr/>	<hr/>
Loss per share (Note 7)		
Basic	<b>(0.26) cents</b>	(20.00) cents
Diluted	<b>N/A</b>	N/A

There were no recognised gains or losses other than loss for the period.

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**At 30th June, 2001**

	<b>30th June, 2001 HK\$'000 (Unaudited)</b>	31st December, 2000 HK\$'000 (Audited)
Non-current assets		
Investment properties ( <i>Note 11</i> )	23,550	23,550
Property and other fixed assets	900	975
Properties under development ( <i>Note 12</i> )	165,198	170,000
Interests in an associate	488	488
Other asset	270	270
	<b>190,406</b>	195,283
Current assets		
Property held for sale	–	2,200
Debtors, deposits and prepayments ( <i>Note 13</i> )	982	1,740
Taxation recoverable	178	168
Bank balances and cash	3,508	10,468
	<b>4,668</b>	14,576
Current liabilities		
Creditors, accruals and provisions ( <i>Note 14</i> )	7,007	11,848
Amounts due to an associate	53	53
Taxation payable	960	1,353
Borrowings – due within one year	–	1,856
	<b>8,020</b>	15,110
Net current liabilities	<b>(3,352)</b>	(534)
Total assets less current liabilities	<b>187,054</b>	194,749
Non-current liabilities		
Amount due to immediate holding company	12,226	12,226
Loans from minority shareholders of subsidiaries – due after one year	108,787	108,787
	<b>121,013</b>	121,013
Minority interests	<b>(108,779)</b>	(108,779)
	<b>174,820</b>	182,515
Capital and reserves		
Share capital ( <i>Note 15</i> )	297,131	297,131
Reserves ( <i>Note 16</i> )	(122,311)	(114,616)
	<b>174,820</b>	182,515

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30th June, 2001

	<i>HK\$ '000</i> <b>(Unaudited)</b>
Net cash outflow from operating activities	(5,047)
Net cash outflow from returns on investments and servicing of finance	(1,717)
Tax refunded	2
Net cash inflow from investing activities	1,552
	<hr/>
Net cash outflow before financing	(5,210)
Net cash outflow from financing	(1,750)
	<hr/>
Decrease in cash and cash equivalents	(6,960)
Cash and cash equivalents at the beginning of the period	10,468
	<hr/>
Cash and cash equivalents at the end of the period, representing bank balances and cash	<u>3,508</u>

### NOTES TO THE CONDENSED FINANCIAL STATEMENTS

#### 1. Basis of presentation

The financial statements have been prepared on a going concern basis because Chinese Estates Holdings Limited has agreed to provide adequate funds for the Company to meet its financial obligations as they fall due.

The condensed financial statements have been prepared in accordance with SSAP 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants, except that no comparative figures are presented for the cash flow statement, being the cash flow statement to be included in the first interim financial report relating to accounting periods ended on or after 1st July, 2000. Such departures from SSAP 25 are permitted under the Listing Rules.

#### 2. Accounting policies

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2000, except that in the current period, the Group has adopted, for the first time a number of new and revised Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants which has resulted in the following changes in accounting policies. Certain comparative figures in the consolidated income statement have been reclassified to conform with the presentation of the current period.

#### Segment reporting

The Group has chosen to adopt SSAP 26 "Segment Reporting" for the first time in this interim reporting period. In previous years, segment disclosures have been presented in accordance with the disclosure requirements of the Listing Rules. For the purposes of this interim financial report, the adoption of SSAP 26 has resulted in a re-specification of some reportable segments. Segment disclosures for the six months ended 30th June, 2000 have been amended so that they are presented on a consistent basis.

#### Goodwill

In the current period, the Group has adopted SSAP 30 "Business Combinations" and has elected to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, the amount of such goodwill (negative goodwill) has been remeasured in accordance with the requirements of SSAP 30. Accumulated amortisation and impairment losses in respect of goodwill between the date of acquisition of the subsidiary and the date of adoption of SSAP 30 have been recognised retrospectively. Negative goodwill which would have been recognised as income between the date of acquisition of the relevant subsidiary and the date of adoption of SSAP 30 has been recognised retrospectively. The effect of these adjustments resulted in a decrease in accumulated losses at 31st December, 1999 of approximately HK\$6,922,000. Following restatement, goodwill is presented as an asset in the balance sheet and negative goodwill is presented as a deduction from assets. Goodwill is amortised over its estimated useful life, i.e. over period ranging between 5 and 20 years. Negative goodwill will be released to income based on an analysis of the circumstances from which the balance was resulted.

### 3. Turnover

Turnover represents the aggregate of gross proceeds received and receivable from the property rental income. Interest income and gross proceeds from sales of investment properties previously included in turnover for the last period has been excluded from turnover to conform with the presentation of current period.

### 4. Segment information

#### *Business Segments*

	Property development		Property leasing		Consolidated	
	Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,	
	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	<u>–</u>	<u>–</u>	<u>2,505</u>	<u>2,632</u>	<u>2,505</u>	<u>2,632</u>
Segment result	<u>(5,021)</u>	<u>–</u>	<u>(474)</u>	<u>(307)</u>	<u>(5,495)</u>	<u>(307)</u>
Unallocated operating expenses					<u>(281)</u>	<u>(6,372)</u>
Loss from operation					<u>(5,776)</u>	<u>(6,679)</u>

#### *Geographical market segments*

Substantially all of the activities of the Group during the period were carried out in Hong Kong. Accordingly, a geographical analysis is not included.

### 5. Staff expenses and depreciation

	Six months ended 30th June,	
	2001	2000
	HK\$'000	HK\$'000
Staff expenses		
Administrative expenses	96	3,074
Property expenses	185	396
	<u>281</u>	<u>3,470</u>
Depreciation		
Administrative expenses	75	1,688
	<u>75</u>	<u>1,688</u>

### 6. Taxation

	Six months ended 30th June,	
	2001	2000
	HK\$'000	HK\$'000
The credit (charge) comprises:		
Company and subsidiaries		
Hong Kong Profits Tax		
Overprovision for prior years	511	–
Provision for the period	(107)	–
	<u>404</u>	<u>–</u>

Hong Kong Profits Tax has been provided for at the rate of 16% on the estimated assessable profits for the period. As at 30th June, 2001, the Group had potential net deferred taxation assets principally resulted from tax losses. The potential net deferred taxation asset has not been recognised in the financial statements as it is not certain that the benefit will be realised in the foreseeable future.

## 7. Loss per share

The calculation of the basic loss per share is based on the loss for the period of HK\$7,695,000 (period ended 30th June, 2000: loss of HK\$64,213,000) and on the 2,971,305,343 (period ended 30th June, 2000: 321,305,343) ordinary shares in issue throughout the period. No diluted loss per share is disclosed in either 2001 or 2000 as the effect of the potential ordinary shares in issue is anti-dilutive for both periods.

## 8. Other revenue

	Six months ended 30th June,	
	2001	2000
	HK\$'000	HK\$'000
Property management income	217	253
Others	136	1,177
	<u>353</u>	<u>1,430</u>

## 9. Other operating expenses

	Six months ended 30th June,	
	2001	2000
	HK\$'000	HK\$'000
Loss on mortgagee sale on property held for sale	<u>450</u>	<u>—</u>

## 10. Impairment loss recognised in respect of properties under development

Upon an internal review of development value, an impairment loss of HK\$5 million was recognised in respect of Hillier Street development project.

## 11. Investment properties

	HK\$'000
AT VALUATION	
At 1st January, 2001 & at 30th June, 2001	<u>23,550</u>

Pursuant to a capital and debt restructuring proposal dated 29th August, 2000, an investment property located at No. 2 Arbuthnot Road, Central, Hong Kong was remained pledged against the remaining portion of indebtedness of HK\$53 million under debt restructuring, as part of the option elected by a secured scheme creditor. Accordingly, both the investment property and the corresponding liability are not included in the financial statements.

The properties in Hong Kong are held under long lease.

## 12. Properties under development

	HK\$'000
AT COST	
At 1st January, 2001	193,287
Additions	198
At 30th June, 2001	<u>193,485</u>
Impairment loss recognised at 1st January, 2001	23,287
Additional loss recognised during the period	5,000
At 30th June, 2001	<u>28,287</u>
Net book values at 30th June, 2001	<u>165,198</u>

The properties in Hong Kong are held under long lease.

Pursuant to a capital and debt restructuring proposal dated 29th August, 2000, properties under development located at No. 34, Hill Road, Western District, Hong Kong was remained pledged against the remaining portion of indebtedness of HK\$12 million under debt restructuring, as part of option elected by a secured creditor. Accordingly both the investment property and the corresponding liability are not included in the financial statements.



### 13. Debtors, deposits and prepayments

Included in debtors, deposits and prepayments are trade debtors of HK\$311,000 (at 31st December, 2000: HK\$549,000) comprising mainly rental receivables which are billed in advance and settlements are expected upon receipts of billings.

The following is an aged analysis of trade debtors at the reporting date:

	<b>30th June, 2001 HK\$'000</b>	31st December, 2000 HK\$'000
0-30 days	129	150
31-60 days	37	125
Over 60 days	145	274
	<u>311</u>	<u>549</u>

### 14. Creditors, accruals and provisions

Included in creditors, accruals and provisions are trade payables of HK\$95,000 (at 31st December, 2000: HK\$424,000).

The following is an aged analysis of trade creditors at the reporting date:

	<b>30th June, 2001 HK\$'000</b>	31st December, 2000 HK\$'000
0-30 days	46	220
31-60 days	30	86
Over 60 days	19	118
	<u>95</u>	<u>424</u>

### 15. Share capital

	<b>Number of ordinary shares</b>	<b>Nominal value HK\$'000</b>
Ordinary shares of HK\$0.10 each		
Aurhorised:		
At 31st December, 2000 and 30th June, 2001	5,000,000,000	500,000
Issued and fully paid:		
At 31st December, 2000 and 30th June, 2001	2,971,305,343	297,131

There were no movements in the Company's share capital during the period ended 30th June, 2001.

### 16. Reserves

	<b>Share premium HK\$'000</b>	<b>Capital redemption reserve HK\$'000</b>	<b>Goodwill reserve HK\$'000</b>	<b>General reserve HK\$'000</b>	<b>Accumulated losses HK\$'000</b>	<b>Total HK\$'000</b>
At 1st January, 2000						
As previously stated	380,123	1,155	6,922	1,000	(1,187,112)	(797,912)
Prior year adjustment (Note 2)	-	-	(6,922)	-	6,922	-
As restated	380,123	1,155	-	1,000	(1,180,190)	(797,912)
Reduction of capital	(380,123)	(1,155)	-	-	413,408	32,130
Transfer to accumulated losses	-	-	-	(1,000)	1,000	-
Premium arising from issue of shares	66,250	-	-	-	-	66,250
Profit for the year	-	-	-	-	584,916	584,916
At 31st December, 2000	66,250	-	-	-	(180,866)	(114,616)
Loss for the period	-	-	-	-	(7,695)	(7,695)
At 30th June, 2001	<u>66,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(188,561)</u>	<u>(122,311)</u>

**17. Capital commitments**

The Group did not have any significant capital commitments at 30th June, 2001 and 31st December, 2000.

**18. Post balance sheet event**

On 3rd September, 2001, the Group entered into a sale and purchase agreement to sell 79 car parking spaces located at Aberdeen Centre, Hong Kong at a total consideration of HK\$19,980,000. The Group will incur a loss of HK\$2.76 million arising from the above transaction which will be completed on or before 30th November, 2001.

**19. Related party transactions**

During the period, the Group entered into the following transaction with a related party:

	<b>Six months ended 30th June,</b>	
	<b>2001</b>	<b>2000</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Rent paid to a fellow subsidiary	<u>240</u>	<u>—</u>

## **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the period ended 30th June, 2001 (30th June, 2000: nil).

## **FINANCIAL OPERATION REVIEW**

### **Results**

Turnover for the six months ended 30th June, 2001 (the "Period") amounted to HK\$2.5 million, a 4.8% decrease over the same period last year. The Group's turnover for the Period represents gross rental income of HK\$2.5 million which was mainly derived from No. 2 Arbuthnot Road and car parking spaces at Aberdeen Centre and resulted in gross profit of HK\$1.1 million (30th June, 2000: HK\$0.8 million). The said two properties enjoyed occupancy rate of 46.0% and 73.8% respectively.

Loss from operations amounted to HK\$5.8 million, a decrease of 13.5% as compared with the loss of HK\$6.7 million for the same period last year. During the Period, an impairment loss of HK\$5 million was recognised in respect of the development project at Hillier Street (30th June, 2000: nil).

### **Net Asset Value**

As at 30th June, 2001, the Group's total net asset amounted to approximately HK\$174.8 million, a decline of HK\$7.7 million or 4.2% as compared with the value of HK\$182.5 million as at 31st December, 2000. Total net asset value per share was HK\$0.059 (31st December, 2000: HK\$0.061).

### **Debt and Gearing**

As at 30th June, 2001, the Group has no bank and other borrowings (31st December, 2000: HK\$1.9 million). Cash and deposit at bank amounted to HK\$3.5 million (31st December, 2000: HK\$10.5 million) and net cash amounted to HK\$3.5 million (31st December 2000: HK\$8.6 million). Total debt to equity ratio was nil (31st December, 2000: 1.0%) which is expressed as a percentage of bank and other borrowings over the total net assets of HK\$174.8 million (31st December, 2000: HK\$182.5 million).

### **Debt and Pledge of Assets**

As part of the option elected by two secured scheme creditors in November 2000, the Group has two property interests namely No. 2 Arbuthnot Road and No. 34 Hill Road remained pledged against the remaining portion of indebtedness amounted to a total of HK\$65 million. Save as the above, as at 30th June, 2001, there is no other asset pledged to secure credit facility granted to the Group.

### **Financial and Interest Income/Expenses**

Interest income for the six months ended 30th June, 2001 decreased by 75% to HK\$0.1 million as compared to HK\$0.4 million for the same period last year. It was mainly due to the decrease in available cash fund for earning of bank deposit interest. The significant decrease in interest expenses by 94.6% to HK\$2.3 million as compared to HK\$42.7 million for the same period last year was closely related to the drastic decrease in bank and other borrowing as a result of the Group's debt restructuring completed on 20th November, 2000.

### **Remuneration Policies and Share Option Scheme**

Remuneration packages, comprised of salary and year-end bonuses, are based on individual merits. Details of share option scheme will be disclosed in the Group's annual report for the year ending 31st December, 2001.

## **BUSINESS REVIEW**

Hong Kong has experienced a prolonged period of slow economy. The weakness in local property market due to lack of confidence in property price has been further hampered by no sign of recovery in the global economy. After the capital and debt restructuring of the Company, the Group has concentrated its efforts mainly in its existing development project at Hillier Street, business service centre at No. 2 Arbuthnot Road and 80 car parking spaces at Aberdeen Centre.

Rental income of the Group recorded at HK\$2.5 million mainly derived from its Arbuthnot Business Centre and the car parking spaces at Aberdeen Centre.

### **Arbuthnot Business Centre – Investment Property**

The 62 office units with floor areas ranging from 242 to 624 sq. ft. had been converted into operation as a business centre since November 1997. Having evacuated certain floors previously operated for own use by the Group, the occupancy has been improved to approximately 46% currently.

### **Car Parking Spaces at Aberdeen Centre – Investment Property**

The 80 car parking spaces on sites 1 to 5 of Aberdeen Centre were injected by the Chinese Estates Group into the Company upon completion of financial restructuring of the Company on 20th November, 2000. As at 30th June, 2001, over 73% of car parking spaces has been leased out at a monthly rental of approximately HK\$142,000.00.

Subsequent to the Period, contracts have been entered into for disposal of all 80 car parking spaces.

### **253-265 Queen's Road Central & 30-38 Hillier Street, Sheung Wan – Development Property**

The development project of a 29-storey hotel accommodating 138 guest rooms with a total gross floor area of approximately 68,533 sq. ft. was also injected by the Chinese Estates Group upon the Company's restructuring exercise. The piling works of this project have been completed and the superstructure works are expected to commence by early 2002. The whole development is expected to be completed by mid 2003.

### **No. 34 Hill Road in Western District – Development Property**

The subject property involves a site area of approximately 2,146 sq. ft. erected with an existing 7-storey building of over 40 years old. In view of the current market sentiment, a redevelopment of the site was suspended and the site was put on the market for disposal.

### **Others**

The Group has been evaluating and working to restore values, if any, for certain property interests including 10% interests in World Trade Plaza in Tsimshatsui and the 15% and 10% interests in two PRC projects in Wuhan and Foshan respectively.

## **CORPORATE INFORMATION**

In May 2001, Billion Up Limited, the controlling shareholder of the Company and a wholly-owned subsidiary of Chinese Estates Holdings Limited, completed the placing of 430,000,000 existing shares at HK\$0.065 per share and 150,000,000 units of the outstanding warrants at HK\$0.01 per warrant, representing approximately 14.47% and 25.24% of the existing issued share capital and the outstanding warrants of the Company respectively, to independent placees with a view to maintain the public float of the Company of not less than 25% as a result of the exercise of put options by scheme creditors.

## **PROSPECTS**

After completion of the debt and capital restructuring of the Company in November 2000, the Group has regained its positive net asset value. Being supported by the management of its controlling shareholder, the Chinese Estates Group, the Company is currently back to its normal mode of business operation. Even though the size of operation of the Company is relatively small as compared with other well-established property companies, the Company and the Chinese Estates Group have confidence that improvement in the worth and business of the Company can be enhanced once suitable projects and opportunities come.

## **DIRECTORS' INTERESTS IN THE SECURITIES OF THE COMPANY AND ASSOCIATED CORPORATIONS**

As at 30th June, 2001, the interests of the Directors of the Company in the equity or debt securities of the Company and its associated corporations as recorded in the register kept by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing Securities on the Stock Exchange (the "Listing Rules"), were as follows:

## I. The Company

Name of Director	Number of Shares	Units of 2003 Warrants (note 1)
Mr. Joseph Lau, Luen-hung		
– Corporate interests	2,159,475,904	383,527,348 (note 2)

## II. Associated Corporation of the Company

### Chinese Estates Holdings Limited (“Chinese Estates”)

Name of Director	Number of Shares	Amount of 2003 3% Convertible Bonds (note 3)
Mr. Joseph Lau, Luen-hung		
– Personal interests	381,504,119	–
– Other interests	987,933,549	HK\$180,000,000 (note 4)
	<u>1,369,437,668</u>	<u>HK\$180,000,000</u>
Mr. Thomas Lau, Luen-hung		
– Corporate interests	3,000,000	HK\$20,000,000
– Other interests	206,379,187	– (note 5)
	<u>209,379,187</u>	<u>HK\$20,000,000</u>

#### Notes:

1. Holders of every unit of the warrants are entitled to subscribe for one fully paid share of the Company at HK\$0.10 each during the period from 21st November, 2000 to 20th November, 2003.
2. Mr. Joseph Lau, Luen-hung, by virtue of his 57.50% interest in the issued share capital of Chinese Estates as disclosed in paragraph II above, was deemed to be interested in these securities of the Company under the provisions of the SDI Ordinance.
3. Subject to the overriding right of redemption by Chinese Estates, holders of the convertible bonds are entitled to convert one fully paid share of Chinese Estates at a conversion price of HK\$1.08 before the close of business on the business day immediately preceding 20th March, 2003.
4. These securities were indirectly held by the respective discretionary trusts of which certain family members of Mr. Joseph Lau, Luen-hung were eligible beneficiaries.
5. These shares were indirectly held by another discretionary trust of which certain family members of Mr. Thomas Lau, Luen-hung were eligible beneficiaries.

Save as disclosed above, none of the other Directors of the Company had or were deemed under the SDI Ordinance to have any interest in the securities of the Company or any of its associated corporations (within the meaning of the SDI Ordinance) as at 30th June, 2001, and none of the Directors of the Company nor their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any securities of the Company or any of its associated corporations during the six months ended 30th June, 2001.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SECURITIES OF THE COMPANY

As at 30th June, 2001, so far as are known to the Directors, the following parties (other than a Director or Chief Executive of the Company) were recorded in the register kept by the Company under Section 16(1) of the SDI Ordinance as being, directly or indirectly, interested and/or deemed to be interested in 10% or more of the nominal value of the issued share capital of the Company:

<b>Name of Shareholders</b>	<b>Number of Shares</b>	<b>Notes</b>
(i) Billion Up Limited	2,159,475,904	1&3
(ii) Lucky Years Ltd.	2,159,475,904	1&3
(iii) Chinese Estates	2,159,475,904	3
(iv) Golden Game Overseas Limited	2,159,475,904	2&3
(v) Credit Suisse Trust Limited as trustee	2,159,475,904	2&3
(vi) Rapid Growth Holdings Limited	419,720,019	4
(vii) Chinalink Investments Limited	71,584,000	4
(viii) Latest Trend Limited	419,720,019	5
(ix) Paliburg Development BVI Holdings Limited	419,720,019	5
(x) Paliburg Holdings Limited	419,720,019	5
(xi) Century City Holdings Limited	419,720,019	5
(xii) Century City BVI Holdings Limited	419,720,019	5
(xiii) Century City International Holdings Limited	419,720,019	5
(xiv) Mr. Lo, Yuk-sui	419,720,019	5

*Notes:*

1. These companies are the wholly-owned subsidiaries of party (iii) and interests in the shares in the Company are duplicated and included in the shareholding stated against party (iii).
2. Party (v) is the holding company of party (iv). These shares relate to the same parcel of shares in the Company which are duplicated in the shareholding stated against party (iii) due to their respective interests in party (iii).
3. The shareholdings stated against parties (i) to (v) relate to the same parcel of shares referred to in corporate interests of Mr. Joseph Lau, Luen-hung under the heading "Directors' Interests in the Securities of the Company and Associated Corporatuons".
4. Party (vi) has corporate interests in party (vii) and interest of party (vii) in the shares in the Company is duplicated and included in the interests held by party (vi).
5. All these parties have corporate interests in parties (vi) and (vii) and their interests in the shares in the Company are duplicated and included in the shareholding stated against party (vi).

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

During the six months ended 30th June, 2001, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **CODE OF BEST PRACTICE**

The Audit Committee comprising two Independent Non-executive Directors of the Company has reviewed the details of the interim report for the six months ended 30th June, 2001.

Except that the Independent Non-executive Directors are not appointed for any specific terms as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Article 101 of the Company's Articles of Association, none of the Directors of the Company is aware of any informtaion that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30th June, 2001 in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules.

On behalf of the Board  
**Thomas Lau, Luen-hung**  
*Chairman*

Hong Kong, 7th September, 2001