

The Directors have pleasure in presenting their report together with the audited financial statements of the Company and the Group for the year ended 31st December, 2001.

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company. The principal activities of the subsidiary companies are property development and investment, property management, construction and construction-related businesses, hotel ownership and management, and other investments (including investment and trading in marketable securities).

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

The turnover and contribution to trading results by each principal activity and by geographical location are set out in note 5 to the financial statements.

FINANCIAL RESULTS

The results of the Group for the year ended 31st December, 2001 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 68 to 147.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow and Capital Structure

Net cash inflow from operating activities during the year under review amounted to HK\$361.7 million (2000 - HK\$267.8 million). Net interest payment for the year amounted to HK\$396.6 million (2000 - HK\$617.9 million).

As at 31st December, 2001, the Group's borrowings net of cash and bank balances amounted to HK\$9,202.4 million, as compared to HK\$9,072.8 million in 2000. Gearing ratio based on total assets of HK\$14,589.3 million (2000 - HK\$17,758.2 million) was 63% (2000 - 51%). The increase in the Group's gearing ratio was primarily the result of a downward adjustment in the valuation of the investment and hotel properties as at the balance sheet date.

Details of the Group's pledge of assets and contingent liabilities are shown in notes 47 and 48, respectively, to the financial statements.

The majority of the Group's borrowings are denominated in Hong Kong dollar currency and there is no material foreign exchange exposure. Details of the maturity profile of the Group's borrowings are set out in notes 28 to 30 to the financial statements.

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. Currency and interest rate exposures are hedged where circumstances are considered appropriate.



Remuneration Policy

The Group employs approximately 2,400 staff in Hong Kong, 300 staff in Canada and 900 staff in The People's Republic of China.

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 benefits plans maintained by the Group include provident fund scheme and medical and life insurance.

The Company and Regal Hotels International Holdings Limited ("RHIHL"), the listed subsidiary company of the Company, each maintains an Executive Share Option Scheme under which share options had been granted to selected eligible executives.

A detailed review of the business operations and the outlook of the Group is contained in the Chairman's Report which precedes this report.

DIVIDENDS

No interim dividend was paid during the year.

The Directors have resolved not to recommend the payment of a final dividend for the year.

DIRECTORS

The Directors of the Company are:

Mr. Lo Yuk Sui
 Mr. Cheng Yuk Lun
 Mr. Francis Gonzalez Estrada
 Mr. Donald Fan Tung
 Mrs. Kitty Lo Lee Kit Tai
 Mr. Jimmy Lo Chun To
 Mr. Kenneth Ng Kwai Kai
 Mr. Ng Siu Chan
 Dr. Alex Wu Shu Chih

There have been no changes in Directors during the year.

In accordance with Bye-law 102 of the Company's Bye-laws, Mr. Donald Fan Tung, Mrs. Kitty Lo Lee Kit Tai and Mr. Ng Siu Chan retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS IN CONTRACTS

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

None of the Directors had any service contract with the Company or any of its subsidiary companies during the year.

At no time during the year was the Company, or any of its holding companies, subsidiary companies or fellow subsidiary companies a party to any arrangement whose objects are to enable a Director of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than the Executive Share Option Schemes (the "Schemes") of the Company and its listed holding company, Century City International Holdings Limited ("CCIHL"), pursuant to which options have been granted to certain Directors under the Scheme of the Company.

During the year, none of the Directors exercised options to subscribe for shares under the Scheme of the Company.



DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 31st December, 2001, the interests of the Directors in the share capital of the Company and its associated corporations as recorded in the register kept under Section 29 of the Securities (Disclosure of Interests) Ordinance were as follows:

(A) Interests in Shares

	Name of Director	Class of Shares Held	Number of Shares Held			Total
			Personal Interests	Family Interests	Corporate Interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary	222,765	-	1,373,024,977 (Notes a & b)	1,373,247,742
	Mr. Cheng Yuk Lun	Ordinary	2,325,000	-	-	2,325,000
	Mr. Donald Fan Tung	Ordinary	2,718	-	-	2,718
	Mrs. Kitty Lo Lee Kit Tai	Ordinary	100,000	-	-	100,000
	Mr. Jimmy Lo Chun To	Ordinary	284,000	-	-	284,000
	Mr. Ng Siu Chan	Ordinary	-	536,500	-	536,500
	Name of Associated Corporation					
2. CCIHL	Mr. Lo Yuk Sui	Ordinary	543,344,843	-	1,395,994,246	1,939,339,089
	Mrs. Kitty Lo Lee Kit Tai	Ordinary	2,510,000	-	-	2,510,000
	Mr. Jimmy Lo Chun To	Ordinary	1,659,800	-	-	1,659,800
	Mr. Ng Siu Chan	Ordinary	-	15,453,000	-	15,453,000
3. RHIHL	Mr. Lo Yuk Sui	Ordinary	220,000	-	2,865,596,944 (Notes a & c)	2,865,816,944
		Preference	-	-	3,440 (Note a)	3,440
	Mr. Cheng Yuk Lun	Ordinary	600,000	-	-	600,000
	Mrs. Kitty Lo Lee Kit Tai	Ordinary	2,370,000	-	-	2,370,000

	Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total
				Personal Interests	Family Interests	Corporate Interests	
4.	8D International (BVI) Limited ("8D-BVI")	Mr. Lo Yuk Sui	Ordinary	-	-	1,000 (Note d)	1,000
5.	8D Matrix Limited ("8D Matrix")	Mr. Lo Yuk Sui	Ordinary	-	-	2,000,000 (Note e)	2,000,000
6.	8D International Limited ("8D")	Mr. Lo Yuk Sui	Ordinary	-	-	10,000 (Note f)	10,000
7.	Argosy Capital Corporation	Mr. Lo Yuk Sui	Ordinary	-	-	1,130,349 (Note a)	1,130,349
8.	Century Win Investment Limited	Mr. Lo Yuk Sui	Ordinary	-	-	9,000 (Note a)	9,000
9.	Cheerjoy Development Limited ("Cheerjoy")	Mr. Lo Yuk Sui	Ordinary	-	-	(Note g)	(Note g)
10.	Chest Gain Development Limited	Mr. Lo Yuk Sui	Ordinary	-	-	7,000 (Note a)	7,000
11.	Chinatrend (Holdings) Limited	Mr. Lo Yuk Sui	Ordinary	-	-	7,500 (Note a)	7,500
12.	Chinatrend (Nankai) Limited	Mr. Lo Yuk Sui	Ordinary	-	-	85 (Note a)	85
13.	Hanoi President Hotel Company Limited	Mr. Lo Yuk Sui	Ordinary	-	-	75 (Note a)	75
14.	Polarfine Inc	Mr. Lo Yuk Sui	Ordinary	-	-	3,000,000 (Notes a & h)	3,000,000
15.	Rapid Growth Holdings Limited	Mr. Lo Yuk Sui	Ordinary	-	-	25,000 (Note a)	25,000



Name of Associated Corporation	Name of Director	Class of Shares Held	Number of Shares Held			Total
			Personal Interests	Family Interests	Corporate Interests	
16. Talent Faith Investments Ltd.	Mr. Lo Yuk Sui	Ordinary	-	-	50 (Note a)	50
17. Villawood Developments Limited	Mr. Lo Yuk Sui	Ordinary	-	-	65 (Note a)	65
18. Wealth Link Investments Limited	Mr. Lo Yuk Sui	Ordinary	-	-	1 (Note a)	1

Notes:

- (a) The shares were held through companies controlled by CCIHL, of which Mr. Lo Yuk Sui is the Chairman and controlling shareholder.
- (b) Including the retained balance, i.e. 6,444,444 shares, (the "Retained Shares") of the consideration shares agreed to be sold at HK\$4.50 per share for the acquisition of the remaining 51% shareholding interest in The New China Hong Kong Financial Services Limited (now known as Century City Financial Services Limited) by a wholly-owned subsidiary company of CCIHL from a wholly-owned subsidiary company of The New China Hong Kong Group Limited (the "NCHK Company") pursuant to the conditional agreement dated 7th September, 1998 in respect of the said acquisition, which was completed on 17th September, 1998 (the "Completion Date"). The Retained Shares are retained by the CCIHL group until the first anniversary of the Completion Date in connection with the indemnity given by the NCHK Company under the said agreement.
- (c) A total of 494,707,200 shares were charged by a wholly-owned subsidiary company of the Company in favour of a trustee, covering the exchange rights of the holders of the Exchangeable Bonds issued by another wholly-owned subsidiary company of the Company. The Exchangeable Bonds are exchangeable into those existing ordinary shares of RHIHL during the period from 6th April, 1996 to 23rd April, 2001 (which period was extended by 90 days from 23rd January, 2001) at an adjusted effective exchange price of HK\$2.0144 per share (cum entitlements as provided in the relevant trust deed).
- (d) 400 shares were held through companies controlled by CCIHL and 600 shares were held through a company controlled by Mr. Lo Yuk Sui.
- (e) 800,000 shares were held through companies controlled by CCIHL and 1,200,000 shares were held through companies controlled by Mr. Lo Yuk Sui (including 8D-BVI).
- (f) 8D is a wholly-owned subsidiary company of 8D Matrix.
- (g) A wholly-owned subsidiary company of the Company holds 30% attributable shareholding interest in Cheerjoy through Point Perfect Investments Limited ("Point Perfect") which is a 30% owned associate of such subsidiary company. Point Perfect holds all the issued shares of Cheerjoy, i.e. 2 shares.
- (h) Including security interest over 600,000 shares under a share mortgage held by a subsidiary company of CCIHL.

(B) Interests in Share Options Granted by the Company

Details of Directors' interests in share options granted by the Company are set out in the section headed "Directors' Interests in and Movements in Share Options granted by the Company" below.

Save as disclosed in the section headed "Directors' Interests in and Movements in Share Options granted by the Company" below, no right has been granted to, or exercised by, any Director of the Company or his spouse and children under 18 years of age, to subscribe for shares in or debentures of the Company during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 31st December, 2001, the interests of those persons (other than the Directors) in the share capital of the Company as recorded in the register kept under Section 16 of the Securities (Disclosure of Interests) Ordinance were as follows:

Name of Shareholder	Number of Shares held
CCIHL (Notes i and iii)	1,373,024,977
Century City BVI Holdings Limited (Notes ii and iii)	1,373,024,977
Century City Holdings Limited (Note ii)	769,458,989

Notes:

- (i) These shares were shown as the corporate interests of Mr. Lo Yuk Sui in the Company as disclosed under Interests in Shares of Directors' Interests in Share Capital.
- (ii) These companies are subsidiary companies of CCIHL and their interests in the shares of the Company are included in the interests held by CCIHL.
- (iii) Including the retained balance of 6,444,444 shares as disclosed under Note (b) to Interests in Shares of Directors' Interests in Share Capital.

Mr. Lo Yuk Sui, Mrs. Kitty Lo Lee Kit Tai, Mr. Jimmy Lo Chun To, Mr. Kenneth Ng Kwai Kai and Mr. Ng Siu Chan are directors of CCIHL. Messrs. Lo Yuk Sui, Cheng Yuk Lun, Donald Fan Tung and Kenneth Ng Kwai Kai are also directors of the abovenamed subsidiary companies of CCIHL.



DIRECTORS' INTERESTS IN AND MOVEMENTS IN SHARE OPTIONS GRANTED BY THE COMPANY

During the year, details of Directors' interests in and movements in share options granted by the Company pursuant to the Executive Share Option Scheme of the Company (the "PHL Option Scheme") adopted by its shareholder on 23rd November, 1993 and subsequently approved by the independent shareholders of Paliburg International Holdings Limited ("PIHL"), formerly the immediate listed holding company of the Company, on 15th December, 1993 are as follows:

Terms of Option	Grantee	No. of Shares under the Options						
		Options Outstanding As at 1/1/2001	Lapsed during the Year	Options Outstanding As at 31/12/2001				
(A) Date of Grant: 22/2/1994 Exercise Price per share: HK\$10.40 Vesting Period: Note 1 Exercise Period: Note 1	Mr. Lo Yuk Sui (Note 7)	Vested:	2,737,500	-	Vested:	3,193,750		
		Unvested:	1,825,000	Note 1(b)	Unvested:	1,368,750	Note 1(b)	
	Mr. Cheng Yuk Lun	Vested:	750,000	-	Vested:	875,000		
		Unvested:	500,000	Note 1(b)	Unvested:	375,000	Note 1(b)	
	Mr. Donald Fan Tung	Vested:	1,125,000	-	Vested:	1,312,500		
		Unvested:	750,000	Note 1(b)	Unvested:	562,500	Note 1(b)	
	Mr. Kenneth Ng Kwai Kai	Vested:	600,000	-	Vested:	700,000		
		Unvested:	400,000	Note 1(b)	Unvested:	300,000	Note 1(b)	
	Employees (excluding Directors), in aggregate	Vested:	1,500,000	(306,250)	Vested:	1,443,750		
		Unvested:	1,000,000	Note 1(b) (131,250)	Unvested:	618,750	Note 1(b)	
	(B) Date of Grant (Original Grant Date (Note 2)): 15/9/1995 (22/2/1992) Exercise Price per share: HK\$0.6656 Vesting Period: Note 3 Exercise Period: Note 3	Mr. Lo Yuk Sui (Note 7)	Vested:	14,062,500	-	Vested:	18,750,000	Notes 3(d) & 4
			Unvested:	4,687,500	Note 3(d)	Unvested:	-	
		Mr. Cheng Yuk Lun	Vested:	3,878,122	-	Vested:	5,928,906	Notes 3(d) & 4
			Unvested:	2,050,784	Note 3(d)	Unvested:	-	
		Mr. Donald Fan Tung	Vested:	3,164,060	-	Vested:	4,218,750	Notes 3(d) & 4
Unvested:			1,054,690	Note 3(d)	Unvested:	-		
Mr. Kenneth Ng Kwai Kai		Vested:	3,076,872	-	Vested:	5,127,656	Notes 3(d) & 4	
		Unvested:	2,050,784	Note 3(d)	Unvested:	-		
Employees (excluding Directors), in aggregate		Vested:	3,927,730	-	Vested:	6,740,236	Notes 3(d) & 4	
		Unvested:	2,812,506	Note 3(d)	Unvested:	-		
(C) Date of Grant (Original Grant Date (Note 2)): 15/9/1995 (22/2/1993) Exercise Price per share: HK\$1.1571 Vesting Period: Note 5 Exercise Period: Note 5		Mr. Donald Fan Tung	Vested:	1,230,468	-	Vested:	1,406,249	
			Unvested:	527,344	Note 5(c)	Unvested:	351,563	Note 5(c)

Terms of Option	Grantee	No. of Shares under the Options		
		Options Outstanding As at 1/1/2001	Lapsed during the Year	Options Outstanding As at 31/12/2001
(D) Date of Grant: 15/9/1995 (Original Grant Date (Note 2)): 22/2/1994 Exercise Price per share: HK\$3.5392 Vesting Period: Note 6 Exercise Period: Note 6	Mr. Donald Fan Tung	Vested: 1,875,000 Unvested: 1,250,000	- -	Vested: 2,187,500 Unvested: 937,500
(E) Date of Grant: 22/2/1997 Exercise Price per share: HK\$6.672 Vesting Period: Note 1 Exercise Period: Note 1	Employees, in aggregate	Vested: 1,687,500 Unvested: 3,937,500	(1,000,000) (1,500,000)	Vested: 1,250,000 Unvested: 1,875,000

Notes:

1. Vesting/Exercise Periods of Options:

On Completion of Continuous Service of	Initial/Cumulative Percentage Vesting	Initial/Cumulative Percentage Exercisable
(a) 2 years after Date of Grant	Initial 20%	Initial 20% upon vesting (exercisable until 10 years after Date of Grant)
(b) 3 years to 9 years after Date of Grant	Cumulative 30% to 90% (with 10% additional percentage vested each subsequent year (commencing from 3 years after Date of Grant))	Cumulative 30% to 90% (with 10% additional percentage exercisable each subsequent year (commencing from 3 years after Date of Grant) upon vesting (exercisable until 10 years after Date of Grant))
(c) 9½ years after Date of Grant	100%	100% (exercisable until 10 years after Date of Grant)

2. Consequent upon the group reorganisation resulting in the effective merger of PIHL and the Company on 17th August, 1995 and in accordance with the terms of the executive share option scheme of PIHL ("PIHL Option Scheme"), the outstanding options held under the PIHL Option Scheme ("PIHL Options") lapsed on 17th August, 1995 and in conjunction therewith, the Company granted the same number of options to subscribe for the new consolidated shares of HK\$1.00 each of the Company under the PHL Option Scheme ("PHL Options") at the same prices and otherwise on the same terms as held by and applicable to the holders of the then outstanding PIHL Options. The above Original Grant Dates are the dates of grant of the PIHL Options and are used to determine the timing when the rights to exercise the PHL Options vest with the holders thereof.

3. Vesting/Exercise Periods of Options:

On Completion of Continuous Service of	Initial/Cumulative Percentage Vesting	Initial/Cumulative Percentage Exercisable
(a) Exercisable at any time	PHL Options were granted as vested options under the PHL Option Scheme for those PIHL Options already vested under PIHL Option Scheme (see Note 2)	Exercisable until 10 years after Original Grant Date
(b) 4 years after Original Grant Date	1/7 x 100%	1/7 x 100% upon vesting (exercisable until 10 years after Original Grant Date)



On Completion of Continuous Service of	Initial/Cumulative Percentage Vesting	Initial/Cumulative Percentage Exercisable
(c) 5 years to 9 years after Original Grant Date	Cumulative 2/7 x 100% to 6/7 x 100% (with 1/7 x 100% additional percentage vested each subsequent year (commencing from 5 years after Original Grant Date))	Cumulative 2/7 x 100% to 6/7 x 100% (with 1/7 x 100% additional percentage exercisable each subsequent year (commencing from 5 years after Original Grant Date) upon vesting (exercisable until 10 years after Original Grant Date))
(d) 9½ years after Original Grant Date	100%	100% (exercisable until 10 years after Original Grant Date)
4. Lapsed after expiry of the relevant exercise period on 22nd February, 2002.		
5. Vesting/Exercise Periods of Options:		
On Completion of Continuous Service of	Initial/Cumulative Percentage Vesting	Initial/Cumulative Percentage Exercisable
(a) Exercisable at any time	PHL Options were granted as vested options under the PHL Option Scheme for those PIHL Options already vested under PIHL Option Scheme (see Note 2)	Exercisable until 10 years after Original Grant Date
(b) 3 years after Original Grant Date	1/8 x 100%	1/8 x 100% upon vesting (exercisable until 10 years after Original Grant Date)
(c) 4 years to 9 years after Original Grant Date	Cumulative 2/8 x 100% to 7/8 x 100% (with 1/8 x 100% additional percentage vested each subsequent year)	Cumulative 2/8 x 100% to 7/8 x 100% (with 1/8 x 100% additional percentage exercisable each subsequent year upon vesting (exercisable until 10 years after Original Grant Date))
(d) 9½ years after Original Grant Date	100%	100% (exercisable until 10 years after Original Grant Date)
6. Vesting/Exercise Periods of Options:		
On Completion of Continuous Service of	Initial/Cumulative Percentage Vesting	Initial/Cumulative Percentage Exercisable
(a) 2 years after Original Grant Date	Initial 20%	Initial 20% upon vesting (exercisable until 10 years after Original Grant Date)
(b) 3 years to 9 years after Original Grant Date	Cumulative 30% to 90% (with 10% additional percentage vested each subsequent year (commencing from 3 years after Original Grant Date))	Cumulative 30% to 90% (with 10% additional percentage exercisable each subsequent year (commencing from 3 years after Original Grant Date) upon vesting (exercisable until 10 years after Original Grant Date))
(c) 9½ years after Original Grant Date	100%	100% (exercisable until 10 years after Original Grant Date)
7. The aggregate number of shares under options previously granted was in excess of the individual maximum limit of 1% of the shares in issue in the 12-month period up to the date of the latest grant of options.		
8. In the absence of a readily available market value, the Directors are unable to arrive at an accurate assessment of the value of the options granted.		





Save as disclosed above, during the year, no right has been granted to, or exercised by, the following persons, to subscribe for shares in or debenture of the Company, and no option granted to such persons has been cancelled and lapsed:

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

The following summarised information on the PHL Option Scheme is disclosed in compliance with the disclosure requirements under Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules"):

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| 1. <i>Purpose:</i> | As incentive to selected eligible executives |
| 2. <i>Participants:</i> | Eligible executive means any director, officer and any person who is an employee of the Company and its subsidiary companies |
| 3. <i>Total number of shares subject to outstanding options under the PHL Option Scheme and as a percentage of the issued share capital as at 31st December, 2001:</i> | 59,523,360 shares (approximately 2.6%) |
| 4. <i>Maximum entitlement of each participant under the PHL Option Scheme:</i> | not exceeding 25% of the total number of shares included in options outstanding at the time of grant |
| 5. <i>The period within which the shares must be taken up under an option:</i> | From the time when the options become vested to no later than ten years after the Date of Grant |
| 6. <i>Minimum period for which an option must be held before it can be exercised:</i> | Not less than one year following the Date of Grant |
| 7. <i>Amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid:</i> | N/A |
| 8. <i>The basis of determining the exercise price:</i> | At the discretion of the Board but shall not be less than the par value of the shares nor at a discount of more than 20% below the average closing prices of the shares on the Stock Exchange on the five dealing days immediately preceding the date on which the invitation to apply for an option is resolved by the Board to be given |
| 9. <i>The remaining life of the PHL Option Scheme:</i> | The life of the PHL Option Scheme commenced from 23rd November, 1993, date of adoption, and will end on 23rd November, 2003. |

DIRECTORS' INTERESTS IN AND MOVEMENTS IN SHARE OPTIONS GRANTED BY REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

During the year, details of Directors' interests in and movements in share option granted by RHIHL pursuant to the Executive Share Option Scheme of RHIHL (the "RHIHL Option Scheme") approved by its shareholders on 28th June, 1990 are as follows:

Terms of Option	Grantee	No. of Ordinary Shares under the Options				
		Options Outstanding As at 1/1/2001	Lapsed during the Year	Options Outstanding As at 31/12/2001		
(A) Date of Grant: 22/2/1992 Exercise Price per share: HK\$0.7083 Vesting Period: Note 1 Exercise Period: Note 1	Mr. Lo Yuk Sui	Vested: 20,160,000 Unvested: 6,720,000	Note 1(c)	Vested: 26,880,000 Unvested: -	Notes 1(c) & 2	
	Mr. Cheng Yuk Lun	Vested: 3,240,000 Unvested: 960,000	Note 1(c)	Vested: 4,200,000 Unvested: -	Notes 1(c) & 2	
	Mr. Donald Fan Tung	Vested: 1,440,000 Unvested: 360,000	Note 1(c)	Vested: 1,800,000 Unvested: -	Notes 1(c) & 2	
	Mr. Kenneth Ng Kwai Kai	Vested: 6,480,000 Unvested: 1,920,000	Note 1(c)	Vested: 8,400,000 Unvested: -	Notes 1(c) & 2	
	Employees (excluding Directors), in aggregate	Vested: 5,250,000 Unvested: 3,564,000	Note 1(c)	Vested: 8,814,000 Unvested: -	Notes 1(c) & 2	
(B) Date of Grant: 5/8/1993 Exercise Price per share: HK\$1.1083 Vesting Period: Note 1 Exercise Period: Note 1	Mr. Donald Fan Tung	Vested: 840,000 Unvested: 360,000	Note 1(b)	Vested: 960,000 Unvested: 240,000	Note 1(b)	
	Employees (excluding Directors), in aggregate	Vested: 90,000 Unvested: 90,000	Note 1(b)	Vested: 120,000 Unvested: 60,000	Note 1(b)	
(C) Date of Grant: 22/2/1997 Exercise Price per share: HK\$2.1083 Vesting Period: Note 1 Exercise Period: Note 1	Employees, in aggregate	Vested: 864,000 Unvested: 2,016,000	Note 1(b)	(720,000) (1,080,000)	Vested: 432,000 Unvested: 648,000	Note 1(b)

Notes:

1. Vesting/Exercise Periods of Options:

	On Completion of Continuous Service of	Initial/Cumulative Percentage Vesting	Initial/Cumulative Percentage Exercisable
(a)	2 years after Date of Grant	Initial 20%	Initial 20% upon vesting (exercisable until 10 years after Date of Grant)
(b)	3 years to 9 years after Date of Grant	Cumulative 30% to 90% (with 10% additional percentage vested each subsequent year (commencing from 3 years after Date of Grant))	Cumulative 30% to 90% (with 10% additional percentage exercisable each subsequent year (commencing from 3 years after Date of Grant) upon vesting (exercisable until 10 years after Date of Grant))
(c)	9½ years after Date of Grant	100%	100% (exercisable until 10 years after Date of Grant)

2. Lapsed after expiry of the relevant exercise period on 22nd February, 2002.
3. In the absence of a readily available market value, the Directors are unable to arrive at an accurate assessment of the value of the options granted.

Save as disclosed above, during the year, no right has been granted to, or exercised by, the following persons, to subscribe for shares in or debenture of the subsidiary companies of the Company, and no option granted to such persons has been cancelled and lapsed:

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

The following summarised information on the RHIHL Option Scheme is disclosed in compliance with the disclosure requirements under Chapter 17 of the Listing Rules:

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| 1. <i>Purpose:</i> | As incentive to selected eligible executives |
| 2. <i>Participants:</i> | Eligible executive means any director and any person who is an employee of the RHIHL Group (including RHIHL, its subsidiary companies and other bodies corporate in which RHIHL or its subsidiary companies, or a combination of them, hold not less than 40% of the issued voting shares), or of any other company or corporation forming part of the Century City International Holdings Limited Group ("CCIHL Group"), for so long as RHIHL is part of the CCIHL Group, and who (in the opinion of the Board) devotes a material amount of time to the management of the affairs of the RHIHL Group |
| 3. <i>Total number of ordinary shares subject to outstanding options under the RHIHL Option Scheme and as a percentage of the issued share capital as at 31st December, 2001:</i> | 52,554,000 ordinary shares (approximately 1.3%) |
| 4. <i>Maximum entitlement of each participant under the RHIHL Option Scheme:</i> | not exceeding 25% of the total number of ordinary shares included in options outstanding at the time of grant |



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| 5. <i>The period within which the shares must be taken up under an option:</i> | From the time when the options become vested no later than ten years after the Date of Grant |
| 6. <i>Minimum period for which an option must be held before it can be exercised:</i> | Not less than one year following the Date of Grant |
| 7. <i>Amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid:</i> | N/A |
| 8. <i>The basis of determining the exercise price:</i> | At the discretion of the board of RHIHL but shall not be less than the par value of the shares nor at a discount of more than 10% below the average closing prices of the ordinary shares on the Stock Exchange on the five dealing days immediately preceding the date on which the invitation to apply for an option is resolved by the board of RHIHL to be given |
| 9. <i>The remaining life of the RHIHL Option Scheme:</i> | The life of the RHIHL Option Scheme commenced from 28th June, 1990, date of adoption, and ended on 28th June, 2000. |



MOVEMENTS IN 5¼% CONVERTIBLE CUMULATIVE REDEEMABLE PREFERENCE SHARES OF REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

Movements during the year in 5¼% convertible cumulative redeemable preference shares with par value of US\$10.00 each ("Preference Shares") of RHIHL are detailed below:

	Number of Preference Shares
Balance at beginning and at end of year	16,748

Note: The Preference Shares are convertible into fully paid ordinary shares of HK\$0.10 each of RHIHL at any time until and including 5th December, 2008 at the adjusted conversion price of HK\$1.7037 per share (subject to adjustment) based on a reference amount of US\$1,000 per Preference Share at the fixed exchange rate of HK\$7.730255 to US\$1.00.

For the purpose of the sections below headed "Connected Transactions" and "Disclosure pursuant to Practice Note 19", the "RHIHL Group" refers to RHIHL and its subsidiary companies; the "PHL Group" refers to the Company and its subsidiary companies, other than those comprising the RHIHL Group; the "CCIHL Group" refers to CCIHL and its subsidiary companies, other than those comprising the PHL Group and the RHIHL Group; and the "PHL/RHL Group" or the "Group" refers to the Company and its subsidiary companies, including those comprising the RHIHL Group.

CONNECTED TRANSACTIONS

ON-GOING TRANSACTIONS

On 9th February, 1998, the Company issued a circular (the "Circular") to the shareholders containing information regarding, inter alia, various on-going transactions (the "On-going Transactions") and future similar transactions (the "Future Connected Transactions") between respective subsidiary companies of the CCIHL Group, the PHL Group and the RHIHL Group, all conducted within their ordinary and normal course of businesses. The said transactions constituted or will constitute connected transactions for the Company under the Listing Rules. The Stock Exchange, on application by the Company, granted a waiver (the "Waiver") of strict compliance by the Company with the announcing requirement under the Listing Rules in respect of Future Connected Transactions, details of which Waiver were contained in the Circular. Details of the On-going Transactions conducted during the year were as follows:

Corporate Services Transactions

The present head office accommodation of the CCIHL Group located at 18th to 22nd Floors of Paliburg Plaza is leased to the CCIHL Group by the PHL Group. Relevant rentals paid for the year ended 31st December, 2001 amounted to approximately HK\$15.8 million. The lease was previously for a term of six months ended 28th March, 2001 at a rental of approximately HK\$1.5 million per month. The lease was subsequently renewed for a term of six months to 28th September, 2001 at approximately HK\$1.5 million per month and then for another term of six months to 28th March, 2002 at approximately HK\$0.8 million per month. The lease is being renewed pending finalisation of the renewal terms.

The head office accommodation of the CCIHL Group is shared with the CCIHL Group by the PHL Group and the RHIHL Group. The rental charge of the head office accommodation is allocated among the Company, CCIHL and RHIHL, according to estimates from time to time by the directors of CCIHL and, as appropriate, with endorsement of the respective directors of the Company and RHIHL, of fair proportional use, based on the actual area occupied. The rental in respect of the areas used in common among such members of the PHL Group, the CCIHL Group and the RHIHL Group is apportioned with reference to individual consolidated turnover, profit (as applicable) and assets values of the Company, CCIHL and RHIHL for each financial year. The payment obligation in respect of such rentals is assumed by the three companies.



Furthermore, the CCIHL Group provides corporate management services to the PHL Group and the RHIHL Group, the fees for which are charged by apportionment of actual costs among the Company, CCIHL and RHIHL on a fair proportionate basis by reference to individual consolidated turnover, profit (as applicable) and asset values of the Company, CCIHL and RHIHL for each financial year.

The aggregate amount of such rentals and corporate management costs apportioned to the Company and RHIHL for 2001 were approximately HK\$29.9 million (comprising rental of HK\$8.9 million) and HK\$27.4 million (comprising rental of HK\$6.3 million), respectively.

Miscellaneous Connected Transactions

An associate of the CCIHL Group has been providing advertising and promotion services to the PHL Group on retainers and at a standard fee based on total costs involved, with actual costs and out-of-pocket expenses incurred reimbursed. The associate is owned as to 10% by the CCIHL Group, 30% by the RHIHL Group (the RHIHL Group also holds an additional 6% attributable interest through its holding in 8D-BVI) and 60% indirectly by Mr. Lo Yuk Sui, the Chairman and controlling shareholder of CCIHL, through his associates (as defined in the Listing Rules), including 8D-BVI. The aggregate sum of the retainer fees and standard fees paid by the PHL Group to that associate of CCIHL Group in respect of such transactions for the year ended 31st December, 2001 amounted to approximately HK\$0.9 million.

Information relating to the On-going Transactions is also contained in note 46 to the financial statements.

Compliance with Waiver Conditions

The aggregate amounts of the rentals and corporate management costs under the Corporate Services Transactions apportioned to the Company and the retainer fees and standard fees under the Miscellaneous Connected Transactions paid by the PHL Group to the CCIHL Group for the year ended 31st December, 2001 were within the respective caps as set out in the Waiver of 0.5% and 0.25% of the latest published audited consolidated net tangible assets of the Group as at 31st December, 2000, adjusted to take into account of the results for the six-month period ended 30th June, 2001.

The On-going Transactions have been reviewed by the Directors (including the independent Non-Executive Directors), and the independent Non-Executive Directors of the Company have confirmed that they consider that the above transactions were conducted:-

- (a) in the ordinary and usual course of business of the Company;
- (b) on normal commercial terms or on terms no less favourable than terms available to or from independent third parties; and
- (c) on a fair and reasonable basis so far as the shareholders of the Company are concerned.

The Auditors of the Company have confirmed to the Directors in writing in respect of the On-going Transactions that the relevant transactions have received the approval of the Board of Directors, and that they consider that the relevant transactions have been entered into on normal commercial terms or have been entered into in accordance with the terms of the agreement relating to the transaction in question or, where there is no such agreement, on terms no less favourable than terms available to or from independent third parties.



PROVISION OF FINANCIAL ASSISTANCE TO NON WHOLLY-OWNED SUBSIDIARY

On 21st January, 1999, the Company executed a Guarantee (the "Guarantee") in favour of The Bank of East Asia, Limited (the "Bank"), an independent third party, as part of the security to guarantee the entire amount outstanding under the HK\$200 million revolving loan facility (the "Facility") from the Bank to the Company's 80%-owned construction arm, Chatwin Engineering Limited ("Chatwin"). Chatwin is the direct wholly-owned subsidiary of Polarfine Inc ("Polarfine") which was owned as to 80% by the Company indirectly and 20% by Double Bliss Limited, an associate of Mr. Kwan Chi Ping ("Mr. Kwan"), previously the Managing Director of Chatwin.

Apart from the Guarantee, the said loan facility was also secured by a charge over cash deposits in specified loan to deposit ratio placed with the Bank by Chatwin (the "Charge Over Cash Deposits").

In connection with the additional liabilities assumed by the Company under the Guarantee:

- (a) A Deed of Counter-Indemnity dated 21st January, 1999 was executed by Mr. Kwan in favour of the Company, whereby Mr. Kwan undertakes to

counter-indemnify the Company from and against 20% of the Company's obligations and liabilities under the Guarantee (the "Indemnity"); and

- (b) A Share Mortgage dated 21st January, 1999 over the 20% shareholding interests in Polarfine (the "Share Mortgage") was executed by Double Bliss Limited in favour of the Company as security for the obligations of Mr. Kwan under the Indemnity.

The amount of the Facility was increased to HK\$212.5 million on 22nd October, 1999 and subsequently, on 17th August, 2000, such amount was revised to HK\$160 million. The revised Facility was continued to be secured by the Guarantee and the Charge over Cash Deposits, and the Indemnity and the Share Mortgage continued to secure the obligations assumed by the Company under the Guarantee for the revised Facility. The revised Facility was subsequently fully repaid in November 2001. On 28th March, 2002, Polarfine and Chatwin both became wholly owned subsidiary companies of the Company and, in conjunction therewith, the Indemnity and the Share Mortgage were released.

The aforesaid transaction is disclosed in this annual report in accordance with Rule 14.25(2)(a) of the Listing Rules.



DISCLOSURE PURSUANT TO PRACTICE NOTE 19

The following disclosure is made by the Company in compliance with the continuing disclosure requirements under Practice Note 19 ("PN19") of the Listing Rules.

Advances to an Entity (Paragraph 3.2.1 of PN19)

Details of the advances made to Chest Gain Development Limited ("Chest Gain"), a jointly controlled entity owned as to 40% by the Company, 30% by RHIHL and 30% by China Overseas Land & Investment Limited, which is independent of, and not connected with the Company and RHIHL, the respective directors, chief executive and substantial shareholders of the Company and RHIHL and any of their respective subsidiary companies or any of their respective associates (as defined in the Listing Rules), by the PHL Group and the RHIHL Group as at 31st December, 2001 are set out below:

Advances	PHL Group (HK\$'million)	RHIHL Group (HK\$'million)	PHL/RHIHL Group (HK\$'million)
(A) Principal Amount of Advances	1,489.2	1,185.7	2,674.9
(B) Interest Receivable	216.7	162.5	379.2
(C) Several Guarantees for:			
(a) Principal Amount of Bank Facilities	1,320.0	990.0	2,310.0
(b) Amount of Bank Facilities Drawdown	1,004.4	753.3	1,757.7
Total: (A)+(B)+(C)(a)	<u>3,025.9</u>	<u>2,338.2</u>	<u>5,364.1</u>
(A)+(B)+(C)(b)	<u>2,710.3</u>	<u>2,101.5</u>	<u>4,811.8</u>

The above advances to Chest Gain, including interest receivable thereon, in an aggregate sum of HK\$1,705.9 million (before a provision of HK\$933.3 million representing the PHL Group's attributable share of the provision for foreseeable loss in respect of the property development at the Stanley Site (as referred to below) of Chest Gain) were provided by the PHL Group. The above advances to Chest Gain, including interest receivable thereon, in an aggregate sum of HK\$1,348.2 million (before a provision of HK\$700.0 million representing the RHIHL Group's attributable share of the provision for foreseeable loss in respect of the property development at the Stanley Site of Chest Gain) were provided by the RHIHL Group. Such contribution of funds to Chest Gain are required to be provided in the form of shareholders' loans in proportion to the respective shareholding interests of the shareholders of Chest Gain. The advances are unsecured and have no fixed term of repayment, and related interest had been accrued at prime rate up to 31st December, 1998. The provision of financial assistance to Chest Gain is for the purpose of facilitating Chest Gain in the development of its property project at Rural Building Lot No.1138, Wong Ma Kok Road, Stanley, Hong Kong (the "Stanley Site"). The Stanley Site was acquired by Chest Gain at the government land auction held on 3rd June, 1997. The above guarantees were provided by the Company and RHIHL on 28th October, 1997 on a several basis in proportion to their respective shareholding interests in Chest Gain and were given in respect of the bank loan facilities of HK\$3,300.0 million made available to Chest Gain for the purposes of refinancing part of the consideration for the acquisition of the Stanley Site and financing the estimated construction costs required for the luxury residential development at the Stanley Site.

Calculated on the basis shown above, the aggregate of advances and other financial assistance as at 31st December, 2001 provided by the PHL/RHIHL Group to Chest Gain in the respective sums of (a) HK\$5,364.1 million (based on the total available amount of the bank facilities) and (b) HK\$4,811.8 million (based on the amount of bank facilities drawdown) represented (a) 251.4% and (b) 225.5% of the consolidated net tangible assets of the Company of HK\$2,133.7 million (the "Paliburg NTA"), by reference to its latest audited financial statements for the year ended 31st December, 2001.

Financial Assistance provided to and Guarantees given for Affiliated Companies (Paragraph 3.3 of PN19)

Details of the financial assistance provided to and guarantees given for affiliated companies (including Chest Gain) by the PHL Group and the RHIHL Group as at 31st December, 2001 are set out below:

Name of Affiliated Companies	Principal Amount of Advances (HK\$'million)	Interest Receivable (HK\$'million)	Guarantee given for Bank Facilities	
			(i) Principal Amount of Bank Facilities (HK\$'million)	(ii) Amount of Bank Facilities Drawdown (HK\$'million)
Chest Gain	(A) 2,674.9	(B) 379.2	(C)(i) 2,310.0	(C)(ii) 1,757.7
Cheerjoy Development Limited	(D) 138.0 (Interest Rate: Prime Rate)	(E) 9.7	Nil	Nil
Talent Faith Investments Ltd.	(F) 78.6	–	Nil	Nil
8D International (BVI) Limited	(G) 27.9	–	Nil	Nil
8D Matrix Limited	(H) 0.8	–	Nil	Nil
			Total:(A)+(B)+(C)(i)+(D)to(H)	5,619.1
			(A)+(B)+(C)(ii)+(D)to(H)	5,066.8

Relevant details in respect of the financial assistance provided to and guarantees given for Chest Gain are disclosed above under Paragraph 3.2.1 of PN19 of the Listing Rules.

Cheerjoy Development Limited ("Cheerjoy") was a wholly owned subsidiary of the Company and became a 30% owned associate of the Company during 1999. Cheerjoy owns the development property at Ap Lei Chau Inland Lot No.129, Ap Lei Chau East, Hong Kong. The remaining 70% shareholding interest in Cheerjoy is owned by a third party,

which is independent of, and not connected with the Company, the Directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances were provided by the PHL Group in the form of shareholder's loans and, according to the terms of the shareholders' agreement in respect of this joint venture, would not be in proportion to the Company's shareholding interest in Cheerjoy. The advances were provided for the purpose of funding the working capital requirements of Cheerjoy, are unsecured and have no fixed term of repayment.

Talent Faith Investments Ltd. ("Talent Faith") was previously a wholly owned subsidiary company of the Company. Talent Faith owns a 65% interest in a joint venture company which, in turn, owns 70% interest in an equity joint venture in the People's Republic of China involved in property development in Beijing. Talent Faith became a 50% owned associate of the Company during 2000. The remaining 50% shareholding interest in Talent Faith is owned by a third party, which is independent of, and not connected with the Company, the Directors, chief executive and substantial shareholders of the Company and any of its subsidiary companies or any of their respective associates (as defined in the Listing Rules). The advances were provided by the PHL Group in the form of shareholder's loans and, in accordance with the terms in the agreement entered into with the said third party in relation to the disposal of the Group's 50% interest in Talent Faith, would not be in proportion to the Company's shareholding interest in Talent Faith. The advances were provided for the purpose of funding the working capital requirements of Talent Faith, are unsecured, interest free and have no fixed terms of repayment.

8D International (BVI) Limited ("8D-BVI") is a 30% owned associate of RHIHL, which is involved in information technology business in connection with a broadband fibre optic network project in The People's Republic of China and information technology systems development, and promotions and communications businesses. The remaining shareholding interests in 8D-BVI are indirectly owned as to 10% by CCIHL and 60% by Mr. Lo Yuk Sui. The advances were provided by the RHIHL Group in the form of shareholder's loans in proportion to RHIHL's shareholding interest in 8D-BVI, for the purpose of financing the working capital of 8D-BVI. The advances are unsecured, interest free and have no fixed term of repayment.

8D Matrix Limited ("8D Matrix") is a 30% owned associate of RHIHL (RHIHL also holds an additional 6% attributable interest through its holding in 8D-BVI), which is involved in promotions, communications and information technology businesses. The remaining shareholding interest in 8D Matrix are owned as to 10% indirectly by CCIHL, 60% indirectly by Mr. Lo Yuk Sui through his associates (as defined in the Listing Rules), including 8D-BVI. The advances were provided by the RHIHL Group in the form of shareholder's loans in proportion to RHIHL's shareholding interest in 8D Matrix, for the purpose of financing the working capital of 8D Matrix. The advances are unsecured, interest free and have no fixed term of repayment.

Calculated on the basis shown above, as at 31st December, 2001, the aggregate amount of financial assistance provided to and guarantees given for affiliated companies by the PHL/RHIHL Group in the respective sums of (a) HK\$5,619.1 million (based on the total available amount of the bank facilities to Chest Gain) and (b) HK\$5,066.8 million (based on the drawdown amount of bank facilities to Chest Gain) represented (a) 263.4% and (b) 237.5% of the Paliburg NTA.

A pro-forma combined balance sheet of the abovenamed affiliated companies and the Group's attributable interest in these affiliated companies are presented below:

	Pro-forma combined balance sheet (HK\$'million)	Group's attributable interest (HK\$'million)
Non-current assets	4,913.5	2,774.6
Current assets	17.7	7.0
Current liabilities	(174.3)	(104.2)
Non-current liabilities	(8,670.5)	(5,132.2)
Net liabilities	<u>(3,913.6)</u>	<u>(2,454.8)</u>

Loan agreements with covenants relating to specific performance obligation of the controlling shareholders (Paragraphs 3.7.1 and 3.7.2 of PN19)

Paragraph 3.7.1 of PN19

The agreements for the following loans to the RHIHL Group impose specific performance obligations on the controlling shareholders of the Company and RHIHL:

	Outstanding Balance of Bank Facilities as at 31st December, 2001 (HK\$'million)	Final Maturity of Bank Facilities	Specific Performance Obligations
RHIHL Group	(a) 1,079.5	July 2007	Note (i)
	(b) <u>3,822.1</u>	September 2004	Note (ii)
Total:	<u><u>4,901.6</u></u>		

Notes:

- (i) Mr. Lo Yuk Sui, the Chairman and the controlling shareholder of CCIHL which owns a 59.2% shareholding interest in the Company (which in turn owns a 69.6% shareholding interest in RHIHL), and/or members of his immediate family or a trust or trusts under which they are beneficially interested (collectively, "Mr. Lo") shall not cease to maintain controlling interest (directly or indirectly) in respect of the shareholding (as defined under the Listing Rules) and management control of RHIHL.
- (ii) Mr. Lo shall not cease to maintain controlling interest (whether directly or indirectly) in RHIHL.

Breach of the above specific performance obligations will constitute events of default of the bank facilities. As a result, the bank facilities may become immediately due and payable on demand by the relevant lenders according to the respective terms and conditions of the bank facilities.

Paragraph 3.7.2 of PN19

Details of the breach of certain terms and financial covenants of the above loan agreements are set out in note 3 to the financial statements.



CORPORATE GOVERNANCE

The Company has during the year complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent Non-Executive Directors of the Company were not appointed for specific terms. However, they were appointed to their offices for such terms and subject to retirement in accordance with the provisions of the By-laws of the Company.

In compliance with the requirement in the Code of Best Practice of the Listing Rules in respect of the establishment of an audit committee, the Company has formed an Audit Committee comprising Dr. Alex Wu Shu Chih (Chairman of the Committee), Mr. Francis Gonzalez Estrada and Mr. Ng Siu Chan, all of whom are independent Non-Executive Director of the Company. The Audit Committee is established with reference to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the percentage of purchases attributable to the Group's 5

largest suppliers and the percentage of turnover or sales attributable to the Group's 5 largest customers combined in respect of goods and services was in each case less than 30% of the total amount involved.

FIXED ASSETS

The details of movements in fixed assets during the year are set out in note 15 to the financial statements.

PROPERTIES UNDER DEVELOPMENT

The details of movements in properties under development during the year are set out in note 16 to the financial statements.

PROPERTIES HELD FOR FUTURE DEVELOPMENT

The details of movements in properties held for future development during the year are set out in note 17 to the financial statements.

BORROWINGS

The details of the Group's borrowings at the balance sheet date are set out in notes 28 to 30 to the financial statements.

SHARE CAPITAL AND SHARE OPTIONS

The details of movements in the share capital and share options of the Company during the year are set out in note 34 to the financial statements.

SHARE PREMIUM ACCOUNT

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



CAPITAL REDEMPTION RESERVE

The details of movements in the capital redemption reserve account during the year are set out in note 37 to the financial statements.

CAPITAL RESERVE

The details of movements in the capital reserve account during the year are set out in note 38 to the financial statements.

REVALUATION RESERVES

The details of movements in the revaluation reserve account during the year are set out in note 39 to the financial statements.

EXCHANGE EQUALISATION RESERVE

The details of movements in the exchange equalisation reserve account during the year are set out in note 40 to the financial statements.

SUBSIDIARY COMPANIES

Particulars of the Company's principal subsidiary companies are set out in note 41 to the financial statements.

JOINTLY CONTROLLED ENTITY AND ASSOCIATES

Particulars of the Group's interests in jointly controlled entity and associates are set out in notes 18 and 19 to the financial statements, respectively.

CONTRIBUTED SURPLUS

The details of movements in the contributed surplus account during the year are set out in note 42 to the financial statements.

DISTRIBUTABLE RESERVES

As at 31st December, 2001, the Company had no reserves available for distribution calculated in accordance with The Companies Act 1981 of Bermuda.

The Company's share premium may be distributed in the form of fully paid bonus shares.

INTEREST CAPITALISED

Interest expenses in the amount of HK\$2.5 million were capitalised during the year in respect of the Group's construction contracts.

POST BALANCE SHEET EVENTS

Details of the significant events which occurred subsequent to the balance sheet date are set out in note 52 to the financial statements.

AUDITORS

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

On behalf of the Board

LO YUK SUI

Chairman

Hong Kong

19th April, 2002

