世紀城市國際控股有限公司

Century City International Holdings Limited

(Incorporated in Bermuda with limited liability)

2000 INTERIM ANNOUNCEMENT

HALF YEAR RESULTS (Unaudited)

	Six months ended 30th June, 2000	Six months ended 30th June, 1999
	HK$'M	HK$'M
TURNOVER	903.5	2,181.7
Cost of sales	(716.5)	(1,732.7)
Gross profit	187.0	449.0
Other revenue (Note 2)	462.4	203.6
Administrative expenses	(95.5)	(118.1)
Other operating expenses (Note 3)	(31.9)	(154.7)
PROFIT FROM OPERATING ACTIVITIES	522.0	379.8
Finance costs	(466.6)	(594.4)
Share of profits less losses of		
— Jointly controlled entity	(71.2)	—
— Associates	(0.2)	7.4
LOSS BEFORE TAX	(16.0)	(207.2)
Tax (Note 4)		
— Group	(10.9)	(25.6)
— Associates	(0.1)	(0.1)
LOSS BEFORE MINORITY INTERESTS	(27.0)	(232.9)
Minority interests	140.6	77.7
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	113.6	(155.2)
Earnings/(Loss) per share (Note 5)		
Basic	HK3.5 cents	HK(5.1) cents
Diluted	N/A	N/A

Notes:

1. Due to the adoption of the revised Statements of Standard Accounting Practice, the presentation of the profit and loss account has been revised to comply with the new requirements. Accordingly, certain comparative figures have been reclassified to conform to the current period's presentation.

2. Other revenue includes the following major items:

	2000 HK$'M	1999 HK$'M
Interest income	39.5	152.0
Write back of provision for indemnity given	340.4	—
Gain on disposal of an associate	58.0	—
Compensation received from cancellation of a tenancy agreement	—	23.0

3. Other operating expenses include the following major items:

	2000 HK$'M	1999 HK$'M
Depreciation	29.8	81.9
Provision for loss on disposal of a subsidiary company	—	37.9

4. Hong Kong taxation is calculated at the rate of 16% (1999 - 16%) on the estimated assessable profits earned in or derived from Hong Kong. Taxation on profits assessable overseas is calculated at the rates prevailing in the respective jurisdictions in which the Group operates, based on existing law, practices and interpretations thereof.

5. The calculation of basic earnings/loss per share is based on the net profit from ordinary activities attributable to shareholders for the period of HK$113.6 million (1999 - net loss of HK$155.2 million) and on the weighted average of 3,255.6 million (1999 - 3,068.8 million) shares of the Company in issue during the period.

   No diluted earnings per share is presented for the period ended 30th June, 2000, as there were no potential shares in issue during the period. No diluted loss per share is presented for the period ended 30th June, 1999, as the exercise of warrants of the Company then outstanding was anti-dilutive.

6. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the period under review.

INTERIM DIVIDEND

The Directors have resolved not to declare the payment of an interim dividend for the financial year ending 31st December, 2000 (1999 - nil).

REVIEW AND OUTLOOK

For the six months ended 30th June, 2000, the Group recorded an unaudited consolidated net profit attributable to shareholders of HK$113.6 million, as compared with a net loss of HK$155.2 million in the corresponding period in 1999.

The profit attained for the period under review was mainly attributable to a write back of a provision in the sum of HK$340.4 million made in prior years. The provision was related to certain contingent liability in respect of a guarantee and indemnity given by the Group, which matter has most recently been favourably resolved.

As reported before, the Company raised in January and March this year new equities in an aggregate sum of about HK$170 million through two placements of shares at an issue price of HK$0.37 and HK$1.00 per share respectively. A majority part of the proceeds obtained was used to reduce outstanding borrowings and the remainder retained for working capital purposes. The Company is presently in discussions with its lenders to further extend the existing standstill arrangement.

During the period under review, Paliburg Holdings Limited recorded an unaudited consolidated net loss attributable to its shareholders of HK$279.0 million (1999 - HK$114.8 million).

In Paliburg's announced interim results for 1999, the financing costs incurred by the jointly controlled entity which owns the Stanley development project had been capitalised. The jointly controlled entity is owned as to 40% by Paliburg and 30% by Regal Hotels International Holdings Limited, the listed subsidiary of Paliburg. Whereas in the period being reported, such financing costs were treated as expense in the profit and loss account due to the temporary suspension of development works. Consequently, the net loss recorded for the period under review was comparatively higher than that in the last corresponding period.

Paliburg is arranging through a financial institution a mortgage backed securitisation in the sum of approximately HK$1,247 million based on its two principal investment properties at Kowloon City Plaza and Paliburg Plaza. The securitisation arrangement is in the final stage of implementation and anticipated to be completed around the end of this month. The net proceeds to be obtained will principally be used to repay or reduce borrowings owing to Paliburg's lenders, and Paliburg is discussing with its lenders on new bilateral facilities to replace the informal standstill arrangement presently in place.

With the continuing recovery of the local economy as well as the recent measures taken by the HKSAR Government to stabilise supply and demand, there are signs of growing confidence towards the local property market. Prospects for the luxury residential sector, particularly on the Hong Kong Island, are now much brighter, as supply is relatively limited. Having regard to the changed environment, Paliburg and Regal are now preparing for the resumption of development works on the luxury residential development at Rural Building Lot No.1138 in Stanley. The construction costs required to complete the development is expected to be financed by banking facilities previously arranged and it is hopeful that substantial cash surplus will be generated from the eventual sale of the house units.

As reported in May this year, Paliburg has put on hold development works on the two projects in Beijing, namely, the Beijing Century City and the Beijing Paliburg Plaza, in the People's Republic of China due to the liquidity strains faced by Paliburg.

In order to avoid any possible adverse consequences that may develop from the circumstances encountered, Paliburg has recently entered into an agreement with a third party in relation to the joint development of the Beijing Century City. Pursuant to that agreement, Paliburg will exclusively retain the hotel portion included in the subject site, with a developable gross floor area of about 860,000 sq. ft., to be delivered on a vacant and leveled basis. The remaining parts of the subject site will vest with the incoming third party partner. In view of the promising hotel market in Beijing, two hotels, including a top standard deluxe hotel and an international standard first class hotel, are being planned to be erected on the site retained. The hotel complex will be complemented with modern meeting and convention facilities as well as extensive food and beverage outlets and other amenities.

Paliburg is also considering to bring in new joint venture partners for the other project at the Beijing Paliburg Plaza, with the objective that the project can proceed expediently to take advantage of the recovering property market in Beijing, while the capital commitment required of Paliburg will be relatively limited.

Paliburg has made a provision of HK$400 million on its development projects in the PRC in the financial year ended 31st December, 1999. Based on present circumstances, Paliburg does not expect that any further material provision will be required.

Paliburg is continuing with the contemplated disposal of certain of its assets in order to raise further funds. Paliburg will keep under review its overall position with regard to the Exchangeable Guaranteed Bonds which have maturity in February 2001. Depending on the progress of the assets disposals, Paliburg may consider entering into discussions with the bondholders with a view to restructuring the terms of the bonds.

For the six months ended 30th June, 2000, Regal recorded an unaudited consolidated net loss attributable to its shareholders of HK$99.2 million (1999 - HK$119.7 million).

Tourism business in Hong Kong continued to improve during the first half of 2000 and recorded an increase of 15.7% in visitor arrivals over the same period last year. Though visitors from Mainland China alone accounted for a substantial part of the increase attained, it is encouraging to see significant growth at the same time in most of the other major markets.

Benefiting from the reviving tourism business, both the overall hotel occupancy as well as the average room rate in Hong Kong gained some improvement during the period under review, as compared with the same period in the previous year. Excluding the Regal Airport Hotel, which is still under soft opening, the combined average occupancy for Regal's other four hotels in Hong Kong during the first six months was about 70.4%, representing an increase of 6.5% over the 66.1% recorded in the last corresponding period, while in respect of the average room rate, an increase of 6.2% was achieved. In order to enhance their competitiveness, staged renovation programmes for the Regal Kowloon Hotel and, to lesser extent, the other hotels have been planned. Relevant works for certain portions of the hotel guestrooms are already in progress. Furthermore, new additional facilities for the Regal Hongkong Hotel incorporating a business centre and function rooms fitted with modern equipment for conference and meeting purposes have recently been completed and put to operation.

As for the Regal Airport Hotel, the total number of available rooms under operation has increased from a room count of 540 in the comparative period in 1999 to 843 during the period under review. Due to the enlarged size of operation, the gross operating profit generated by this hotel has improved very substantially. The remaining 259 guestrooms are anticipated to come on stream later this year.

Outside of Hong Kong, the Regal Constellation Hotel in Toronto, Canada and Regal's two managed hotels in Shanghai, namely, the Regal International East Asia Hotel and the Regal Shanghai East Asia Hotel, in the PRC all maintained steady performance.

The sale of the Regal Bostonian Hotel in the United States, deferred from December last year, was duly completed in June this year. The profit derived has been reflected in the interim accounts being presented.

The directors of Regal anticipate that the operating performance of its hotels in Hong Kong in the second half of this year will be better than that achieved in the first six months, as the second half is traditionally the higher season of the year. With the Regal Airport Hotel going gradually into full operation, it is expected that significant profits will be contributed by this hotel due to its unique location as well as the wide range of meeting, conference and resort facilities it offers. Overall, the directors of Regal are hopeful that Regal will regain its profitability in pace with the recovery of the local tourism and hotel business.

The Paliburg group as a whole has moved a long way to resolve the financial difficulties caused by the economic downturn during the past few years. Paliburg will use all its efforts to meet and overcome the remaining challenges, with a view to restoring gradually its former financial strength.

On 15th August, 2000, the Company announced a proposal for the possible acquisition of up to a 30% effective interest in Century Digital Enterprise Limited for a consideration of up to HK$2,475 million, to be satisfied by the issue of new shares of the Company at an issue price of HK$0.55 per share. The proposed acquisition can be effected either by the exercise of a call option by the Company or a put option by the Founder Group which beneficially owns the existing issued shares of Century Digital. The determination of the consideration was based on an independent professional valuation of approximately HK$11.8 billion for the entire equity interest of Beijing Century Union Digital Technology Limited, a sino-foreign joint venture in which Century Digital owns a 90% interest. The consideration represents a discount of approximately 22.3% to the effective attributable value of the interest proposed to be acquired based on the independent valuation.

Century Digital is involved in information technology business in connection with a broadband national railway fibre optic network in the PRC. The Company presently owns an attributable interest of approximately 4.92% of Century Digital via the Founder Group. The Company is one of the founders of Century Digital and wishes to increase its shareholding in Century Digital by acquiring interests from the other shareholders of Century Digital. The purpose of the proposal is to provide an opportunity to the Company to be further involved in information technology businesses and, more importantly, for revitalising the Company in order to enhance its capability to restore financial stability.

Further information on the transaction including details of the project involved were contained in a circular dated 6th September, 2000 despatched to shareholders. As the controlling shareholder of the Founder Group, I am personally interested in the proposed transaction. Accordingly, the proposal was put to approval by independent shareholders at a special general meeting held on 22nd September, 2000. In this connection, I am pleased to report that at the special general meeting held, the proposal was duly approved by the independent shareholders. Shareholders will be kept informed of further development on the progress of the transaction.

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 22nd September, 2000