

ANNOUNCEMENT OF 2004 GROUP RESULTS

FINANCIAL HIGHLIGHTS

	Year 2004 HK\$'M	Year 2003 HK\$'M	% Change
Profit from operating activities	1,175.1	767.7	+53.1%
Net profit attributable to shareholders	802.6	414.2	+93.8%
Basic earnings per ordinary share	HK12.8 cents	HK10.2 cents	+25.5%
Net asset value per ordinary share	HK\$0.11	N/A	—

	Year ended 31st Dec., 2004	Year ended 31st Dec., 2003
	HK\$'M	HK\$'M
TURNOVER (Note 2)	712.6	877.8
Cost of sales	(457.2)	(623.9)
Gross profit	255.4	253.9
Other revenue (Note 4)	316.3	401.5
Administrative expenses	(74.6)	(92.7)
Other operating expenses (Note 5)	(107.0)	(107.0)
Write-back of provisions for write-downs and impairments, net (Note 6)	619.2	310.3
Loss on disposal of overseas subsidiary companies attributable to discontinued operation	—	(9.7)
Write-back of impairment of a hotel property	165.8	11.4
PROFIT FROM OPERATING ACTIVITIES (Note 2)	1,175.1	767.7
Finance costs (Note 8)	(106.1)	(281.0)
Share of profits less losses of:		
Jointly controlled entity	60.1	206.6
Associates	93.1	(3.3)
PROFIT BEFORE TAX	1,222.2	690.0
Tax (Note 9)	8.4	63.2
PROFIT BEFORE MINORITY INTERESTS	1,230.6	753.2
Minority interests	(428.0)	(339.0)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	802.6	414.2
Earnings per ordinary share (Note 10)		
Basic	HK12.8 cents	HK10.2 cents
Diluted	HK4.1 cents	HK1.0 cent
Net asset value per ordinary share as at year end date	HK\$0.11	N/A

Notes:

1. IMPACT OF RECENTLY ISSUED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKAS"), herein collectively referred to as the new HKFRSs, which are generally effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December, 2004. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether and to what extent these new HKFRSs would have an impact on its results of operations and financial position.

Regal Hotels International Holdings Limited ("Regal"), the Group's listed associate, is also in the process of making an assessment of the impact of these new HKFRSs, in particular, HKAS 16 "Property, Plant and Equipment" ("HKAS 16") and Interpretation 23 "The Appropriate Policies for Hotel Properties" ("Interpretation 23"), which affect hotel properties. The adoption of HKAS 16 and Interpretation 23 will result in additional depreciation charges on the Regal group's hotel properties, thereby reducing the Regal group's operating results. The Regal group has not come to a final decision as to whether to state its hotel properties at cost less accumulated depreciation or at valuation as permitted under HKAS 16. If the Regal group's hotel properties are to be stated at cost less accumulated depreciation, the carrying values of

its hotel properties and hence the net asset value of the Regal group may decrease significantly for accounting purposes. Consequently, the Group's share of results of the associate and its interest in the associate may be affected accordingly.

2. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

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

- the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;
- the construction and building related businesses segment is engaged in construction works and building related businesses, including the provision of development consultancy and project management services, property management and also security systems and other software development and distribution;
- the hotel ownership and management segment is engaged in hotel operations and the provision of hotel management services; and
- the others segment mainly comprises securities trading, brewery operations, laundry services, bakery operations and other investments.

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the customers.

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

(a) Business segments

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

Group

	Property development and investment		Construction and building related businesses		Hotel ownership and management		Others		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:												
Sales to external customers	37.6	12.2	93.6	90.3	533.0	747.2	48.4	28.1	—	—	712.6	877.8
Intersegment sales	0.6	0.7	25.4	21.1	1.4	—	5.8	—	(33.2)	(21.8)	—	—
Total	38.2	12.9	119.0	111.4	534.4	747.2	54.2	28.1	(33.2)	(21.8)	712.6	877.8
Segment results	51.3	55.5	(171.1)	21.1	1,089.5	415.1	2.5	7.3	(8.4)	—	963.8	499.0
Interest income and unallocated non-operating and corporate gains											312.0	372.6
Unallocated non-operating and corporate expenses											(100.7)	(103.9)
Profit from operating activities											1,175.1	767.7
Finance costs											(106.1)	(281.0)
Share of profits less losses of:												
Jointly controlled entity	60.1	206.6	—	—	—	—	—	—	—	—	60.1	206.6
Associates	—	—	(0.1)	—	102.4	(0.1)	(9.2)	(3.2)	—	—	93.1	(3.3)
Profit before tax											1,222.2	690.0
Tax											8.4	63.2
Profit before minority interests											1,230.6	753.2
Minority interests											(428.0)	(339.0)
Net profit from ordinary activities attributable to shareholders											802.6	414.2

(b) Geographical segments

The following table presents revenue information for the Group's geographical segments.

Group

Segment revenue:	Hong Kong		Mainland China		Canada		Eliminations		Consolidated	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Sales to external customers	679.9	820.6	32.7	25.0	—	32.2	—	—	712.6	877.8

3. DISCONTINUED OPERATION

The turnover, expenses and results attributable to discontinued operation in respect of the Regal group's previous hotel operation in Canada for the period from 1st January, 2003 to 25th June, 2003 (date of completion of disposal of the Canadian hotel operation) were as follows:

	2003 HK\$'M
TURNOVER	32.2
Cost of sales	(37.3)
Gross loss	(5.1)
Administrative expenses	(1.9)
Other operating expenses	(1.1)
LOSS FROM OPERATING ACTIVITIES	(8.1)
Finance costs	(4.2)
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	(12.3)

4. Other revenue includes the following major items:

	2004 HK\$'M	2003 HK\$'M
Interest income	2.9	8.3
Dividend income	2.5	0.5
Gain on debt restructuring	242.6	—
Gain on deemed disposal of the Group's interest in a listed subsidiary company	62.7	358.6

5. Other operating expenses include the following major items:

	2004 HK\$'M	2003 HK\$'M
Depreciation	20.4	41.2
Amortisation of goodwill	13.2	14.3
Loss on deemed disposal of the Group's interest in a listed subsidiary company	—	39.4
Loss on disposal of long term listed investments (after a transfer from the revaluation reserve of a deficit of HK\$0.2 million)	—	1.2
Loss on disposal of a subsidiary company	—	1.0
Loss on deconsolidation of a listed subsidiary company	29.4	—
Termination fee in respect of cancellation of the disposal of a hotel property	39.0	—

6. Write-back of provisions for write-downs and impairments, net, represent the following items:

	2004 HK\$'M	2003 HK\$'M
Write-back in values of properties	47.3	44.0
Write-back of deficit on revaluation of hotel properties	810.9	266.1
Write-back of provision against a loan receivable	0.1	0.2
Impairment of long term investments	(49.5)	—
Impairment of goodwill	(189.6)	—
	619.2	310.3

7. An analysis of profit/(loss) on sale of investments or properties of the Group is as follows:

	2004 HK\$'M	2003 HK\$'M
Profit/(Loss) on disposal of listed investments	0.9	(1.2)
Profit on sale of properties	8.7	—

8. Included in the Group's finance costs is an amount of HK\$6.0 million (2003 - HK\$5.7 million) representing the amortisation of loan costs.

9. The tax credit for the year arose as follows:

	2004 HK\$'M	2003 HK\$'M
Group:		
Current — Hong Kong		
Provision for tax in respect of profits for the year	2.4	4.1
Overprovision in prior years	—	(19.5)
Current — Overseas		
Provision for tax in respect of profits for the year	0.1	0.3
Deferred tax expenses/(income)	0.9	(48.2)
	3.4	(63.3)
Associate:		
Hong Kong	(4.4)	0.1
Overseas	(7.4)	—
Total tax credit for the year	(8.4)	(63.2)

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 17.5% (2003 - 17.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

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

No provision for tax is required for the jointly controlled entity as no assessable profits were earned by the jointly controlled entity during the year (2003 - nil).

Deferred tax expenses/(income) have been calculated by applying the rate that is expected to apply in the year when the asset is realised or the liability is settled.

10. The calculation of basic earnings per ordinary share is based on the net profit from ordinary activities attributable to ordinary shareholders for the year of HK\$802.6 million (2003 - HK\$414.2 million) and on the weighted average of 6,248.3 million (2003 - 4,056.8 million) ordinary shares of the Company in issue during the year.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2004 is based on the adjusted net profit from ordinary activities attributable to ordinary shareholders for the year of HK\$698.8 million and on the adjusted weighted average of 16,982.7 million ordinary shares of the Company that would have been in issue during the year assuming (i) all outstanding convertible bonds (including optional convertible bonds) of the Regal group were converted into, and the subscription rights attaching to all outstanding warrants of Regal were exercised to subscribe for, ordinary shares of Regal at the beginning of the year or their respective dates of issue, whichever is later; (ii) all the 1,990.0 million convertible preference shares of Paliburg Holdings Limited were converted into the same number of ordinary shares of Paliburg at the beginning of the year; (iii) all the 11,020.0 million exchangeable preference shares of Almighty International Limited were exchanged into the same number of ordinary shares of the Company at the beginning of the year; and (iv) all the 7,356.6 million convertible preference shares of the Company were converted into the same number of ordinary shares of the Company at the date of issue. The conversion of the outstanding convertible preference shares of Regal is anti-dilutive for the year. In addition, the exercise prices of share options of Paliburg and Regal outstanding during the year are higher than the average market prices of the respective ordinary shares of Paliburg and Regal and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

The calculation of diluted earnings per ordinary share for the year ended 31st December, 2003 was based on the adjusted net profit from ordinary activities attributable to ordinary shareholders for that year of HK\$171.4 million and on the adjusted weighted average of 17,216.8 million ordinary shares of the Company that would have been in issue during that year assuming (i) all outstanding convertible preference shares and convertible bonds (including optional convertible bonds) of the Regal group were converted into ordinary shares of Regal at the beginning of that year; and (ii) all the 3,450.0 million convertible preference shares of Paliburg were converted into the same number of ordinary shares of Paliburg, of which 3,350.0 million shares were acquired by the Company through issuing 13,400.0 million ordinary shares of the Company pursuant to the relevant terms under a Share Swap Agreement, at the beginning of that year. The exercise prices of share options of Paliburg and Regal outstanding during that year were higher than the average market prices of the respective ordinary shares of Paliburg and Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

11. Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any listed securities of the Company during the year under review.

SUMMARY OF AUDITORS' REPORT

Fundamental uncertainty

— Investments in two investee companies

- The Auditors, in forming their opinion, have considered the adequacy of the disclosures made in the financial statements for the year ended 31st December, 2004 concerning the resumption in 2000 of a land site beneficially and collectively held by two investee companies (the "Investee Companies") in the People's Republic of China. The carrying value of the Paliburg group's investments in the Investee Companies amounted to HK\$56.9 million (2003 - HK\$56.9 million) as at 31st December, 2004 which is included in long term investments under non-current assets. The directors of Paliburg are not able to determine with reasonable certainty the ultimate outcome of the negotiations

relating to the granting of land use rights by the relevant government authorities pertaining to the land site. Should the Investee Companies fail to secure the title to the land site, appropriate adjustment against the carrying value of the Paliburg group's investments in the Investee Companies might be required. The Auditors consider that appropriate disclosures have been made and their opinion is not qualified in this respect.

DIVIDEND

- The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2004 (2003 - nil). No interim dividend was paid for the year ended 31st December, 2004 (2003 - nil).
- According to the terms of the convertible preference shares of the Company, the holders of the convertible preference shares are not entitled to any right of participation in the profits of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

- Net cash inflow from operating activities during the year under review amounted to HK\$163.6 million (2003 - HK\$247.0 million). Net interest payment for the year amounted to HK\$61.0 million (2003 - HK\$136.3 million).
- As at 31st December, 2004, the Group's gross borrowings net of cash and bank balances amounted to HK\$101.8 million, as compared to HK\$5,431.6 million in 2003. Gearing ratio based on the total assets of HK\$4,316.9 million (2003 - HK\$9,893.1 million) was 2.4% (2003 - 54.9%).
- As the Group's borrowings are all denominated in Hong Kong dollar currency, being the same currency in which the Group's major revenues are derived, and with interest primarily determined with reference to interbank offered rates, the use of hedging instruments for currency or interest rates purposes is not considered to be necessary.
- Information in relation to the maturity profile of the borrowings, the pledge of assets and the contingent liabilities of the Group as of 31st December, 2004 is disclosed in the annual report of the Company for the year ended 31st December, 2004 (the "2004 Annual Report"), which will be despatched to shareholders on or before 30th April, 2005. During the year under review, the Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the Company's 2004 Interim Report for the six months ended 30th June, 2004 (the "2004 Interim Report"). Detailed information on such aspects is contained in the 2004 Annual Report.
- The Group has no immediate plans for material investments or capital assets, other than those as disclosed in the sections headed "Operating Highlights" and "Outlook" below, respectively.
- The Group's significant investments principally constitute its shareholding interest in Regal, the listed associate of the Company, held through Paliburg, the listed subsidiary company of the Company. The significant investments of Regal comprise primarily its ownership and operating interests in the five Regal Hotels in Hong Kong and the investment in the jointly controlled Regalia Bay development. The performance of Regal and its operations during the year under review, their future prospects, the commentary on the local hotel industry and changes in general market conditions and their potential impact on the operating performance of Regal as well as the progress and prospects on the Regalia Bay development are contained in the sections headed "Operating Highlights" and "Outlook" below, respectively.

OPERATING HIGHLIGHTS

- For the year ended 31st December, 2004, the Group recorded an audited consolidated net profit attributable to ordinary shareholders of HK\$802.6 million, as compared with a net profit of HK\$414.2 million recorded for the 2003 financial year.
- The results of the Group for the year under review included write back of provisions for impairment and deficit on revaluation relating to the hotel properties owned by Regal in Hong Kong in the respective amounts of HK\$165.8 million (2003 - HK\$11.4 million) and HK\$810.9 million (2003 - HK\$266.1 million), determined by reference to their independent professional valuations as at the relevant balance sheet dates, an impairment of long term investments of HK\$49.5 million and a provision for impairment of goodwill in an amount of HK\$189.6 million in relation to the Group's building related businesses.
- As Regal ceased to be a subsidiary of Paliburg, the listed subsidiary of the Company, on 31st July, 2004, the results of Regal were accounted for in the consolidated financial accounts of the Group on a consolidation basis in the first 7 months of 2004 and on an equity accounting basis for the remaining 5 months to 31st December, 2004. In the consolidated balance sheet of the Company as at 31st December, 2004, Regal was treated as an associate of the Company and the interest in Regal reflected the Group's attributable share of the underlying net assets of Regal as at that date.
- As at the balance sheet date, the Group held through Paliburg approximately 45% of the issued ordinary shares of Regal and approximately 43% of the outstanding 2007 warrants of Regal issued by Regal pursuant to its bonus issue of warrants in August 2004 and, in addition, certain outstanding convertible preference shares of Regal.
- Following approval by the independent shareholders of the Company on 1st December, 2004, the Financial Restructuring contemplated by the Company with respect to the indebtedness then owing by the Century City Group to its financial creditors was duly completed on 15th December, 2004. Full details of the Financial Restructuring and other related matters were contained in the Circular to shareholders dated 8th November, 2004.
- Pursuant to the Financial Restructuring, aggregate indebtedness of the Century City Group in an amount of approximately HK\$1,548.1 million have been duly settled or restructured and a gain of approximately HK\$242.6 million, representing certain accrued and unpaid interest on the indebtedness waived by the financial creditors under the Financial Restructuring, has been reflected in the Group's financial statements for the year under review.
- In settlement of a major part of the indebtedness, an aggregate of approximately 3,829.6 million Series A Preference Shares, 277.5 million Series B Preference Shares and 3,249.5 million Series C Preference Shares were issued to the relevant financial creditors on completion of the Financial Restructuring. A summary of the terms of the Preference Shares issued was contained in the Circular.
- Under the terms of the Preference Shares, the Company has the right to redeem or to procure the purchase of the outstanding Preference Shares, at any time prior to their respective maturity dates, at a price of HK\$0.0165 per Series A Preference Share, HK\$0.03 per Series B Preference Share and HK\$0.15 per Series C Preference Share.
- The economic interest held by the Company in Paliburg has increased from approximately 31.5% immediately before the Financial Restructuring to approximately 54.7% as at 31st December, 2004.

- The Capital Reorganisation proposal of the Company, involving principally the reduction of the nominal value of the ordinary shares of the Company from HK\$0.10 to HK\$0.01 per share and the cancellation of the various available reserves towards elimination of the accumulated losses, has also become effective on 31st December, 2004. Further information on the Capital Reorganisation was contained in the Circular.
- After completion of the various restructurings, the consolidated financial position of the Company has turned around from a net assets deficit of HK\$732.9 million as at 31st December, 2003 to positive net assets of HK\$2,171.6 million as at 31st December, 2004.
- The process associated with the Financial Restructuring has been lengthy and required intensive efforts, but it was most consolatory to see that it was ultimately accomplished before the end of 2004. As a result of the Financial Restructuring, all of the financial indebtedness of the Company have been duly settled or restructured, while the Company was able to retain a majority economic interest in Paliburg which, in turn, is holding an effective controlling interest in Regal.

PALIBURG HOLDINGS LIMITED

- For the year ended 31st December, 2004, Paliburg achieved an audited consolidated net profit attributable to shareholders of HK\$516.8 million, which represented an increase of 33.3% over the corresponding figure of HK\$387.6 million for the 2003 financial year.
- Further information on the operations of Paliburg, including management discussion and analysis, is contained in announcement separately released by Paliburg today.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

- For the year ended 31st December, 2004, Regal achieved an audited consolidated net profit attributable to shareholders of HK\$602.9 million, which represented an increase of 190.1% over the corresponding figure of HK\$207.8 million attained in the 2003 financial year.
- Further information on the operations of Regal, including management discussion and analysis, is contained in announcement separately released by Regal today.

OUTLOOK

- The directors of Regal are confident on continuing profitability and future prospects of the Regal group and its recommendation to resume the payment of a dividend to the shareholders of Regal signifies a clear endorsement of its confidence level in this regard.
- The directors of Paliburg are optimistic that the Paliburg group will be able to attain continuing growth and to bring to its shareholders satisfactory returns.
- Having accomplished the Financial Restructuring that has been ongoing for years, the Company is now able to refocus its management resources on business developments. As the ultimate investment holding company, the Company will primarily target initially on new opportunities that will be mutually beneficial or complementary to the business operations of its member companies. Capitalising on the successful experience of Paliburg and Regal, the Company's management is equally confident that the Century City Group will be able to rebuild its financial strength and to take on new investments and challenges.

CODE OF BEST PRACTICE

- The Company has complied with the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") then in force throughout the year ended 31st December, 2004, 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 Bye-laws of the Company.

ANNUAL GENERAL MEETING

- An Annual General Meeting of the Company will be convened on Thursday, 16th June, 2005. The Notice of the Annual General Meeting will be published in newspapers and sent to the shareholders of the Company, together with the Company's 2004 Annual Report, in due course.

BOARD OF DIRECTORS

- As at the date of this announcement, the Board comprises the following members:

Executive Directors:
 Mr. LO Yuk Sui
(Chairman and Managing Director)
 Mr. Tommy LAM Chi Chung
 Mr. Jimmy LO Chun To
 Mr. Kenneth NG Kwai Kai

Non-Executive Director:
 Mrs. Kitty LO LEE Kit Tai

Independent Non-Executive Directors:
 Mr. Anthony CHUANG
 Mr. NG Siu Chan
 Mr. WONG Chi Keung

By Order of the Board

LO YUK SUI

Chairman

Hong Kong, 11th April, 2005

A detailed results announcement containing all the relevant information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules in force prior to 31st March, 2004, which remain applicable to results announcements in respect of accounting periods commencing before 1st July, 2004 under the transitional arrangement, will be submitted to the Stock Exchange for publication on its website in due course.