

ANNOUNCEMENT OF 2005 GROUP RESULTS

FINANCIAL HIGHLIGHTS

	Year 2005 HK\$'M	Year 2004 HK\$'M (Restated)	% Change
Profit for the year	505.2	463.7	+8.9%
Profit for the year attributable to equity holders of the parent	270.9	419.2	-35.4%
Basic earnings per ordinary share attributable to equity holders of the parent	HK1.86 cents	HK6.71 cents	-72.3%
Proforma net asset value per ordinary share	HK\$0.20	HK\$0.13	+53.8%
Proposed final dividend	HK0.05 cent	Nil	—

OPERATING HIGHLIGHTS

- For the year ended 31st December, 2005, the Group achieved an audited consolidated profit attributable to shareholders of HK\$270.9 million, as compared with the corresponding figure of HK\$419.2 million (as restated) attained in the 2004 financial year.
- Due to the adoption of new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), the audited consolidated profit attributable to shareholders for the 2004 financial year has been restated from HK\$802.6 million, as previously announced, to HK\$419.2 million. The restated profit as recorded for the prior year was principally the result of a combination of adjustments including the reversal of the write-back of deficit on revaluation of hotel properties owned by Regal Hotels International Holdings Limited in the amount of HK\$810.9 million and the recognition of an additional Gain on Debt Restructuring of HK\$319.8 million relating to the Series A Convertible Preference Shares issued as part of the Debt Restructuring completed in 2004.
- More importantly, it should be noted that prior to 1st January, 2005, it was the policy of Regal (which, through the Group's majority shareholding in Paliburg Holdings Limited, was treated as a subsidiary of the Group until 31st July, 2004) to state the value of its owned and operated hotel properties at their open market valuations, which were appraised annually and not depreciated. Upon the adoption by Regal of the new and revised HKFRSs, Regal's five hotel properties in Hong Kong are now stated at cost less accumulated depreciation and amortisation in the audited financial statements. Consequently, adjustments have been made retrospectively to the interests of the Group held in Regal to reflect the fair value of Regal's hotel properties in 1993 when Paliburg group initially acquired Regal as a subsidiary and hence the write-back of deficit on revaluation of hotel properties owned by Regal in the amount of HK\$810.9 million recognised in the 2004 financial year was reversed.
- In order to more fairly reflect the underlying net asset value of the Group and for the purposes of reference and ease of comparison, supplementary information on the Group's net assets position, compiled on a proforma basis that Regal were to continue to state its five hotel properties in Hong Kong at their open market valuations as at 31st December, 2005, is presented in the section headed "Management Discussion and Analysis" below.
- Other impact on the Group's audited financial statements under review arising from the adoption of the new and revised HKFRSs, including that relating to the Series A Convertible Preference Shares, are also set out in the Notes to Consolidated Financial Statements below.
- With a view to raising additional working capital funds to the Group and to expanding the Group's capital base, the Group entered into a conditional subscription agreement with certain independent third parties on 28th November, 2005 in relation to the proposed issue of Zero Coupon Guaranteed Convertible Bonds due 2010 up to an aggregate principal amount of HK\$240 million, comprising Firm Bonds in an aggregate principal amount of HK\$80 million and Optional Bonds in an aggregate principal amount of HK\$160 million. Pursuant to terms of the subscription agreement, the Bonds will be convertible into new ordinary shares of the Company at an initial conversion price of HK\$0.10 per ordinary share (subject to adjustments) and guaranteed by the Company.
- As the issue of the Bonds would have a potential dilutive effect on the interests of shareholders in the Company, and with a view to providing to shareholders an opportunity to maintain, to a certain extent, their shareholding interests in the Company after the issue of the Bonds, the Company also announced at the same time a proposal for the Bonus Issue of Warrants to shareholders on the basis of one Warrant for every five ordinary shares of the Company held. The initial subscription price of the Warrants of HK\$0.10 per ordinary share is equivalent to the initial conversion price of the Bonds and the subscription price is subject to substantially the same adjustments as those applicable to the conversion price of the Bonds.
- Further information on the issue of the Bonds and the Bonus Issue of Warrants was contained in the circular of the Company dated 20th December, 2005 despatched to shareholders.
- The Subscription Agreement was subsequently completed on 9th December, 2005 and Firm Bonds in an aggregate principal amount of HK\$80 million were issued. Part of the proceeds received from the issue of the Firm Bonds in an amount of approximately HK\$63 million has been applied towards the redemption of all the then outstanding Series A Convertible Preference Shares at the pre-agreed price of HK\$0.0165 each and the balance retained as general working capital.
- At the Special General Meeting of the Company held on 6th January, 2006, the shareholders of the Company duly approved, among other things, the conversion rights to be attached to the Bonds as well as the proposal regarding the Bonus Issue of Warrants. Accordingly, Warrants carrying aggregate subscription rights

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of approximately HK\$328.3 million were issued in January 2006, which entitle their holders to subscribe for new ordinary shares of the Company at any time up to 11th January, 2011 at an initial subscription price of HK\$0.10 per ordinary share (subject to adjustments). If all such Warrants are fully subscribed, additional equity proceeds in an aggregate amount of approximately HK\$328.3 million will be brought to the Company.

- As at 31st December, 2005, the Group held 54.7% shareholding interests in Paliburg which, in turn, held 46.0% interests in the ordinary shares of Regal and certain outstanding warrants and convertible shares of Regal.

PALIBURG HOLDINGS LIMITED

- For the year ended 31st December, 2005, Paliburg achieved an audited consolidated profit attributable to shareholders of HK\$517.5 million, as compared with the loss of HK\$31.3 million (as restated) recorded for the 2004 financial year.
- Further information on the principal business operations of Paliburg, including its management discussion and analysis, is contained in Paliburg's announcement separately released today.

REGAL HOTELS INTERNATIONAL HOLDINGS LIMITED

- For the year ended 31st December, 2005, Regal achieved an audited consolidated profit attributable to shareholders of HK\$528.4 million, representing an increase of 43.6% over the corresponding figure of HK\$367.9 million (as restated) attained in the 2004 financial year.
- Further information on the principal business operations of Regal, including its management discussion and analysis, is contained in Regal's announcement separately released today.

OUTLOOK

- The proposals on the issue of the Bonds and the Bonus Issue of Warrants completed in December 2005 and January 2006, respectively, were implemented with a view to raising funds to the Group to further strengthen its overall financial position. Capitalising on the encouraging prospects of Paliburg and Regal, the Century City Group has formulated plans to revitalise and diversify its own business portfolio. In this regard, the Century City Group is actively assessing a number of selected investment opportunities, in Hong Kong and in the PRC, which are considered to be conducive to its future development. The Directors believe that the Group as a whole will be able to achieve continuing progress, both in terms of business growth as well as in profit performance, in the coming years.
- The Directors of the Company are equally optimistic over the future prospects of the Century City Group and have now resolved to resume dividend payment to shareholders with the proposed 2005 final dividend. Although the amount of the proposed dividend is relatively modest, the Directors are hopeful that the dividend amount will gradually increase when the Group's overall profitability continues to improve.

MANAGEMENT DISCUSSION AND ANALYSIS

- Prior to 31st July, 2004, Regal was accounted for as a subsidiary of the Company as Paliburg, a listed subsidiary of the Company, then held over 50% of the voting interests in the ordinary shares of Regal. Since then, Regal ceased to be a subsidiary of Paliburg and is being equity accounted for as an associate of the Group.
- Net cash outflow from operating activities during the year under review amounted to HK\$16.5 million (2004 — net cash inflow of HK\$163.6 million). Net interest payment for the year amounted to HK\$33.5 million (2004 — HK\$61.0 million).
- As previously reported in the interim report of the Company for the six months ended 30th June, 2005 (the "2005 Interim Report"), prior to 1st January, 2005, it was the policy of Regal to state the value of its owned and operated hotel properties at their open market valuations for existing use appraised annually and not depreciated. Upon the adoption by Regal of the new and revised HKFRSs, Regal's five hotel properties in Hong Kong are now stated at cost less accumulated depreciation and amortisation on the hotel land and buildings. Consequently, adjustments have been made retrospectively to the interests of the Group held in Regal to reflect the fair value of Regal's hotel properties in 1993 when the Paliburg group initially acquired Regal as a subsidiary.
- In order to more fairly reflect the underlying economic values of Regal's hotel properties in Hong Kong, the Group considers it appropriate also to present to shareholders, as set out below, supplementary information on the Group's statement of net assets on a proforma basis that Regal were to continue to state its five hotel properties in Hong Kong at their open market valuations as at 31st December, 2005.

STATEMENT OF PROFORMA NET ASSETS

	31st December, 2005 HK\$'M (Unaudited)	31st December, 2004 HK\$'M (Unaudited)
NON-CURRENT ASSETS		
Interests in associates	2,700.7	2,136.8
Add: Attributable revaluation surplus relating to hotel properties of Regal*	<u>3,469.4</u>	<u>1,221.2</u>
	<u>6,170.1</u>	<u>3,358.0</u>
Other non-current assets	<u>391.4</u>	<u>535.3</u>
	<u>6,561.5</u>	<u>3,893.3</u>
CURRENT ASSETS	<u>652.0</u>	<u>390.2</u>
CURRENT LIABILITIES	<u>(403.8)</u>	<u>(349.8)</u>
NET CURRENT ASSETS	<u>248.2</u>	<u>40.4</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>6,809.7</u>	<u>3,933.7</u>
NON-CURRENT LIABILITIES	<u>(223.0)</u>	<u>(127.6)</u>
PROFORMA NET ASSETS	<u>6,586.7</u>	<u>3,806.1</u>
MINORITY INTERESTS	<u>(2,962.0)</u>	<u>(1,700.2)</u>
PROFORMA NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	<u>3,624.7</u>	<u>2,105.9</u>
Proforma net asset value per ordinary share	<u>HK\$0.20</u>	<u>HK\$0.13</u>

* Based on open market valuations as at 31st December, 2005 less fair value adjustment already taken into account by the Group in its interests in associates

- As at 31st December, 2005, the Group's gross borrowings net of cash and bank balances amounted to HK\$228.5 million (2004 — HK\$165.0 million). Gearing ratio based on total assets of HK\$3,744.1 million (2004 — HK\$3,062.3 million, as restated) was 6.1% (2004 — 5.4%, as restated). However, based on the proforma total assets of HK\$7,213.5 million as at 31st December, 2005 (2004 — HK\$4,283.5 million), as adjusted for the revaluation surplus relating to the hotel properties as aforesaid, the gearing ratio would be 3.2% (2004 — 3.9%).
- 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.
- During the year under review, the Group refinanced one of its outstanding bank borrowings with a long term bank loan. Save as aforesaid, 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, 2005 is disclosed in the annual report of the Company for the year ended 31st December, 2005 (the "2005 Annual Report"), which will be despatched to shareholders on or before 30th April, 2006. During the year under review, the Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the Company's 2005 Interim Report. Detailed information in such aspects is contained in the Company's 2005 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" above.
- The Group's significant investments principally constitute its shareholding interests in Regal, the listed associate of the Company, which is held through Paliburg, the listed subsidiary company of the Company. The operating results of Paliburg during the year and its business prospects are contained in Paliburg's announcement separately released today. 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 Regal's announcement also separately released today.

DIVIDEND

- The Directors have resolved to recommend the payment of a final dividend of HK0.05 cent per ordinary share for the year ended 31st December, 2005 (2004 — nil), absorbing a total amount of approximately HK\$8.2 million (2004 — nil), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 16th June, 2006. No interim dividend was paid for the year ended 31st December, 2005 (2004 — 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.

CLOSURE OF REGISTER

- The Register of Ordinary Shareholders will be closed from Tuesday, 13th June, 2006 to Friday, 16th June, 2006, both days inclusive, during which period no transfers of shares will be effected. In order to qualify for the proposed final dividend, all transfers of ordinary shares and/or subscriptions of the outstanding 2011 warrants, duly accompanied by the relevant certificates together with, where appropriate, the relevant subscription moneys, must be lodged with the Company's branch registrar in Hong Kong, Tengis Limited, no later than 4:00 p.m. on Monday, 12th June, 2006. The relevant dividend warrants are expected to be despatched on or about 30th June, 2006.

YEAR END RESULTS**Consolidated Income Statement**

	Year ended 31st December, 2005 HK\$'M	Year ended 31st December, 2004 HK\$'M (Restated)
REVENUE (Notes 3 & 4)	110.5	712.6
Cost of sales	(83.1)	(457.2)
Gross profit	27.4	255.4
Other income and gains (Note 4)	95.3	579.2
Administrative expenses	(38.6)	(74.6)
Other operating expenses, net (Note 5)	(1.4)	(56.4)
Write-back of provisions/(Provisions) for write-downs and impairments, net (Note 6)	63.2	(191.7)
Write-back of impairment of a hotel property	—	30.0
OPERATING PROFIT BEFORE DEPRECIATION AND AMORTISATION (Note 3)	145.9	541.9
Depreciation and amortisation	(0.9)	(119.6)
OPERATING PROFIT	145.0	422.3
Finance costs (Note 8)	(14.5)	(110.5)
Share of profits and losses of: Jointly controlled entity	—	60.1
Associates	376.8	81.9
PROFIT BEFORE TAX	507.3	453.8
Tax (Note 9)	(2.1)	9.9
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	505.2	463.7
Attributable to: Equity holders of the parent	270.9	419.2
Minority interests	234.3	44.5
	505.2	463.7
DIVIDEND Proposed final	8.2	—
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 10)		
Basic	HK1.86 cents	HK6.71 cents
Diluted	HK1.07 cents	HK2.55 cents

Consolidated Balance Sheet

	31st December, 2005 HK\$'M	31st December, 2004 HK\$'M (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	6.6	2.4
Investment properties	0.3	0.9
Goodwill	202.0	260.0
Property under development	—	7.2
Property held for future development	26.7	26.7
Interests in associates	2,700.7	2,136.8
Available-for-sale equity investments/ Long term investments	124.9	206.2
Equity investments at fair value through profit or loss	8.6	—
Loans receivable	22.0	31.6
Other assets	0.3	0.3
Total non-current assets	3,092.1	2,672.1
CURRENT ASSETS		
Equity investments at fair value through profit or loss/Short term investments	3.2	7.9
Properties held for sale	242.9	250.6
Inventories	1.5	3.3
Debtors, deposits and prepayments (Note 11)	54.3	29.4
Time deposits	78.2	82.3
Cash and bank balances	22.5	16.7
	402.6	390.2
Asset of a disposal group classified as held for sale	249.4	—
Total current assets	652.0	390.2
CURRENT LIABILITIES		
Creditors and accruals (Note 12)	107.4	124.2
Tax payable	5.7	5.3
Interest bearing bank and other borrowings	92.4	107.6
Exchangeable notes	13.8	—
Deposits received	85.6	49.5
Convertible preference shares	—	63.2
	304.9	349.8
Liability directly associated with the asset classified as held for sale	98.9	—
Total current liabilities	403.8	349.8
NET CURRENT ASSETS	248.2	40.4
TOTAL ASSETS LESS CURRENT LIABILITIES	3,340.3	2,712.5
NON-CURRENT LIABILITIES		
Interest bearing bank and other borrowings	(148.2)	(79.4)
Exchangeable notes	—	(13.8)
Convertible bonds	(74.8)	—
Advance from the minority shareholder of a subsidiary company	—	(34.4)
Total non-current liabilities	(223.0)	(127.6)
Net assets	3,117.3	2,584.9
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	516.8	490.7
Equity component of convertible bonds	5.5	—
Reserves	1,196.0	947.0
Proposed final dividend	8.2	—
	1,726.5	1,437.7
Minority interests	1,390.8	1,147.2
Total equity	3,117.3	2,584.9

Notes:

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which also include Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the investment properties and equity investments, which have been measured at fair value. A disposal group classified as held for sale is stated at the lower of carrying amount and fair value less costs to sell.

The basis of preparation and accounting policies adopted in the preparation of the annual financial statements are the same as those used in the annual financial statements for the year ended 31st December, 2004, except in relation to the following new and revised HKFRSs that affect the Group and its listed associate, Regal, and are adopted for the first time for the current year's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Interests in Joint Ventures
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39	Transition and Initial Recognition of Financial Assets and Financial Liabilities
Amendment	Investment Property
HKAS 40	Share-based Payment
HKFRS 2	Business Combinations
HKFRS 3	Non-current Assets Held for Sale and Discontinued Operations
HKFRS 5	Income Taxes — Recovery of Revalued Non-depreciable Assets
HK(SIC)-Int 21	Income Taxes — Recovery of Revalued Non-depreciable Assets
HK-Int 2	The Appropriate Accounting Policies for Hotel Properties
HK-Int 4	Leases — Determination of the Length of Lease Term in respect of Hong Kong Land Leases

The adoption of HKASs 2, 7, 8, 10, 11, 12, 14, 18, 19, 21, 23, 28, 31, 33, 37, 40, HK(SIC)-Int 21 and HK-Int 4 has had no material impact on the accounting policies of the Group and the methods of computation in the Group's financial statements.

HKAS 1 has affected the presentation of minority interests on the face of the consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity and other disclosures. In addition, in prior years, the Group's share of tax attributable to associates and jointly controlled entity was presented as a component of the Group's total tax charge/(credit) in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates and jointly controlled entity is presented net of the Group's share of tax attributable to associates and jointly controlled entity.

HKAS 24 has expanded the definition of related parties and affected the Group's related party disclosures.

The impact of adopting the other HKFRSs is summarised as follows:

- (a) HKAS 16 Property, Plant and Equipment
HKAS 17 Leases
HK-Int 2 The Appropriate Accounting Policies for Hotel Properties

In prior years, the hotel properties of the Regal group were stated at their open market values for existing use on the basis of annual professional valuations. No depreciation was provided on the hotel properties on the basis that they were maintained in such condition that their residual values were not diminished by the passage of time and that any element of depreciation was insignificant.

Upon the adoption of HKAS 16 and HK-Int 2, the Regal group's leasehold interest in the hotel buildings is now stated at cost less accumulated depreciation and any impairment losses.

Upon the adoption of HKAS 17, the Regal group's leasehold interest in hotel land and buildings is separated into leasehold land and leasehold buildings. The Regal group's leasehold land is classified as an operating lease, because the title of the land is not expected to pass to the Regal group by the end of the lease term, and is reclassified from property, plant and equipment to prepaid land lease payments, while leasehold buildings continue to be classified as part of property, plant and equipment. Prepaid land lease payments under operating leases are initially stated at cost and subsequently amortised on the straight-line basis over the lease term.

The effects of the above changes are summarised in Note 2 below. The change has been adopted retrospectively from the earliest period presented and comparative amounts have been restated.

- (b) HKAS 32 and HKAS 39 — Financial Instruments

- (i) Equity securities

In prior years, the Group classified its investments in listed and unlisted equity securities as long term investments, which were held for non-trading purposes and were stated at fair values on an individual basis with gains and losses recognised as movements in the long term investments revaluation reserve.

Upon the adoption of HKAS 39, these securities held by the Group at 1st January, 2005 in the amount of HK\$197.7 million are designated as available-for-sale equity investments under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains and losses being recognised as a separate component of equity until subsequent derecognition or impairment. The remaining equity securities in the amount of HK\$8.5 million are designated as equity investments at fair value through profit or loss and are stated at fair value with gains or losses recognised in the income statement.

In prior years, the Group classified its investments in equity securities for trading purposes as short term investments, and were stated at their fair values on an individual basis with gains and losses recognised in the income statement. Upon the adoption of HKAS 39, these securities held by the Group at 1st January, 2005 in the amount of HK\$7.9 million are designated as equity investments at fair value through profit or loss under the transitional provisions of HKAS 39 and accordingly are stated at fair value with gains or losses being recognised in the income statement.

The effects of the above changes are summarised in Note 2 below. In accordance with the transitional provisions of HKAS 39, comparative amounts have not been restated.

(b) Effect on the balances of equity at 1st January, 2004 and 1st January, 2005

Effect of new policies (Increase/(Decrease))	Effect of adopting								Total HK\$'M
	HKAS 16 and HK-Int 2	HKAS 17	HKASs 32 and 39	HKASs 32 and 39	Share of convertible bonds and convertible preference shares of an associate	HKAS 39 Cumulative loss in fair value of financial assets	HKAS 32 Convertible preference shares	HKFRS 3 Derecognition of negative goodwill	
1st January, 2004									
Capital reserve	(621.5)	—	—	—	—	—	—	—	(621.5)
Assets revaluation reserve	333.1	—	—	—	—	—	—	—	333.1
Retained profits	316.3	(35.3)	—	—	(30.7)	—	—	—	250.3
Minority interests	168.9	(157.3)	—	—	(138.1)	—	—	—	(126.5)
									<u>(164.6)</u>
1st January, 2005									
Share capital	—	—	—	—	—	—	(383.0)	—	(383.0)
Equity component of convertible bonds of an associate	—	—	—	—	5.4	—	—	—	5.4
Capital reserve	(482.7)	—	—	—	—	—	—	(44.0)	(526.7)
Assets revaluation reserve	254.7	—	—	—	—	—	—	—	254.7
Available-for-sale equity investments revaluation reserve	—	—	—	(2.1)	—	—	—	—	(2.1)
Investments revaluation reserve	—	—	—	2.1	—	—	—	—	2.1
Retained profits	(351.4)	(52.9)	—	—	(45.1)	(5.1)	319.8	68.4	(66.3)
Minority interests	(508.2)	(43.8)	—	—	(32.9)	(4.1)	—	20.1	(568.9)
									<u>(1,284.8)</u>

(c) Effect on the consolidated income statement for the years ended 31st December, 2005 and 2004

Effect of new policies	Effect of adopting								Total HK\$'M
	HKAS 1	HKAS 16	HKAS 17	HKASs 16 and 17	HKAS 39	HKASs 32 and 39	HKASs 32 and 39	HKFRS 2	
Year ended 31st December, 2005									
Decrease in other income and gains	—	—	—	—	—	—	—	—	(3.0)
Increase in administrative expenses	—	—	—	—	—	—	—	(2.9)	—
Increase/(Decrease) in share of profits and losses of associates	46.7	(35.5)	(10.2)	(6.5)	30.8	—	(2.6)	(2.6)	20.1
Decrease in depreciation and amortisation	—	—	—	—	—	—	—	—	10.4
Increase in finance costs	—	—	—	—	—	(0.3)	—	—	(0.3)
Increase in tax	(46.7)	—	—	—	—	—	—	—	(46.7)
Total increase/(decrease) in profit	—	(35.5)	(10.2)	(6.5)	30.8	(0.3)	(2.6)	(5.5)	7.4
Increase/(Decrease) in basic earnings per share (cents)	—	(0.1)	(0.1)	—	0.1	—	—	—	(0.1)
Increase/(Decrease) in diluted earnings per share (cents)	—	(0.1)	(0.1)	—	0.1	—	—	—	(0.1)

Effect of new policies	Effect of adopting								Total HK\$'M
	HKAS 1	HKAS 16 and HK-Int 2	HKAS 17	HKASs 16, 17 and HK-Int 2	HKASs 16 and 17	HKAS 32	HKASs 32 and 39	Share of convertible preference shares and convertible bonds of an associate	
Year ended 31st December, 2004									
Increase/(Decrease) in other income and gains	—	—	(56.9)	—	—	—	319.8	—	262.9
Decrease in other operating expenses, net	—	—	17.0	—	—	—	—	—	17.0
Decrease in write-back of provisions for write-downs and impairment, net	—	—	—	—	(810.9)	—	—	—	(810.9)
Decrease in write-back of impairment of a hotel property	—	—	—	—	(135.8)	—	—	—	(135.8)
Increase in depreciation and amortisation	—	(73.1)	—	(12.9)	—	—	—	—	(86.0)
Increase in finance costs	—	—	—	—	—	—	—	—	(4.4)
Increase/(Decrease) in share of profits and losses of associates	11.8	(14.3)	—	(4.2)	(2.1)	0.4	—	(2.8)	(11.2)
Decrease/(Increase) in tax	(11.8)	—	—	—	—	13.3	—	—	1.5
Total increase/(decrease) in profit	—	(127.3)	—	(17.1)	(948.8)	13.7	319.8	(7.2)	(766.9)
Increase/(Decrease) in basic earnings per share (cents)	—	(1.3)	—	(0.1)	(10.5)	—	5.1	—	(6.8)
Increase/(Decrease) in diluted earnings per share (cents)	—	(0.4)	—	(0.1)	(3.9)	—	1.9	—	(2.5)

3. 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:

(a) the property development and investment segment comprises the development and sale of properties, the leasing of office and commercial premises and the provision of estate agency services;

(b) the construction and building related businesses segment 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 products and other software development and distribution;

(c) the hotel ownership and management segment is engaged in hotel operations and the provision of hotel management services;

(d) the securities investment segment is engaged in securities trading businesses; and

(e) the others segment mainly comprises 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, and assets are attributed to the segments based on the location of the assets.

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) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31st December, 2005 and 2004.

Group

	Property development and investment		Construction and building related businesses		Hotel ownership and management		Securities investment		Others		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Segment revenue:														
Sales to external customers	10.5	37.6	66.5	93.6	—	533.0	33.1	14.3	0.4	34.1	—	—	110.5	712.6
Intersegment sales	—	0.6	4.6	25.4	—	1.4	—	—	—	5.8	(4.6)	(33.2)	—	—
Total	10.5	38.2	71.1	119.0	—	534.4	33.1	14.3	0.4	39.9	(4.6)	(33.2)	110.5	712.6
Segment results before depreciation and amortisation	191.2	51.4	(36.5)	(157.7)	—	176.1	3.4	3.1	3.4	5.0	0.5	(8.4)	162.0	69.5
Depreciation and amortisation	(0.1)	(0.1)	(0.3)	(13.4)	—	(102.5)	—	—	—	(3.1)	—	—	(0.4)	(119.1)
Segment operating results	191.1	51.3	(36.8)	(171.1)	—	73.6	3.4	3.1	3.4	1.9	0.5	(8.4)	161.6	(49.6)
Interest income and unallocated non-operating and corporate gains	—	—	—	—	—	—	—	—	—	—	—	—	20.4	572.7
Unallocated non-operating and corporate expenses	—	—	—	—	—	—	—	—	—	—	—	—	(36.5)	(100.3)
Unallocated depreciation and amortisation	—	—	—	—	—	—	—	—	—	—	—	—	(0.5)	(0.5)
Operating profit	—	—	—	—	—	—	—	—	—	—	—	—	145.0	422.3
Finance costs	—	—	—	—	—	—	—	—	—	—	—	—	—	(14.5)
Share of profits and losses of:														
Jointly controlled entity	—	60.1	—	—	—	—	—	—	—	—	—	—	—	60.1
Associates	137.2	—	—	(0.1)	239.7	91.2	—	—	(0.1)	(9.2)	—	—	376.8	81.9
Profit before tax	—	—	—	—	—	—	—	—	—	—	—	—	507.3	453.8
Tax	—	—	—	—	—	—	—	—	—	—	—	—	(2.1)	9.9
Profit for the year before allocation between equity holders of the parent and minority interests	—	—	—	—	—	—	—	—	—	—	—	—	505.2	463.7
Attributable to:														
Equity holders of the parent	—	—	—	—	—	—	—	—	—	—	—	—	270.9	419.2
Minority interests	—	—	—	—	—	—	—	—	—	—	—	—	234.3	44.5
	—	—	—	—	—	—	—	—	—	—	—	—	505.2	463.7

Group

	Property development and investment		Construction and building related businesses		Hotel ownership and management		Securities investment		Others		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Segment assets	273.4	346.2	31.6	71.6	—	—	3.2	7.8	27.9	38.5	—	—	336.1	464.1
Interests in associates	365.1	223.4	0.3	0.3	2,337.0	1,935.2	—	—	0.1	0.2	(21.8)	(22.3)	2,700.7	2,136.8
Asset of a disposal group classified as held for sale	249.4	—	—	—	—	—	—	—	—	—	—	—	—	249.4
Cash and unallocated assets	—	—	—	—	—	—	—	—	—	—	—	—	457.9	461.4
Total assets	—	—	—	—	—	—	—	—	—	—	—	—	3,744.1	3,062.3
Segment liabilities	(7.8)	(11.9)	(75.7)	(80.8)	—	—	—	—	(0.1)	(0.2)	—	—	(83.6)	(92.9)
Liability directly associated with the asset classified as held for sale	(98.9)	—	—	—	—	—	—	—	—	—	—	—	(98.9)	—
Bank and other borrowings and unallocated liabilities	—	—	—	—	—	—	—	—	—	—	—	—	(444.3)	(384.5)
Total liabilities	—	—	—	—	—	—	—	—	—	—	—	—	(626.8)	(477.4)
Other segment information:														
Depreciation	0.1	0.1	0.3	0.3	—	102.4	—	—	—	3.1	—	—	—	—
Amortisation of goodwill	—	—	—	13.1	—	0.1	—	—	—	—	—	—	—	—
Impairment loss/(Write-back of impairment losses) recognised in the income statement	(121.0)	—	58.0	189.6	—	(30.0)	—	—	—	—	—	—	—	—
Write-back in values of properties	—	(47.3)	—	—	—	—	—	—	—	—	—	—	—	—
Capital expenditure	—	—	1.1	0.3	—	13.9	—	—	—	—	—	—	1.4	—
Other non-cash expenses/(income)	—	0.2	—	—	—	—	—	—	—	(0.8)	0.7	—	—	—

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31st December, 2005 and 2004.

Group

	Hong Kong		Mainland China		Eliminations		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
Segment revenue:								
Sales to external customers	110.1	679.9	0.4	32.7	—	—	110.5	712.6
Other segment information:								
Segment assets	333.4	382.6	2.7	81.5	—	—	336.1	464.1
Capital expenditure	1.1	14.2	—	1.4	—	—	—	—

4. Revenue, other income and gains include the following items:

	2005 HK\$'M	2004 HK\$'M (Restated)
Revenue		
Rental income:		
Investment properties	0.1	0.1
Properties held for sale	9.4	8.5
Hotel properties	—	12.0
Construction and construction-related income	50.2	85.2
Proceeds from sale of properties	0.1	23.9
Estate management fees	3.8	5.3
Property development consultancy and project management fees	12.5	3.1
Hotel operations and management services	—	521.0
Proceeds from sale of equity investments at fair value through profit or loss/ short term investments	33.1	14.3
Other operations, including estate agency, laundry services, brewery and bakery operations	1.3	39.2
	<u>110.5</u>	<u>712.6</u>
Other income and gains		
Interest income from:		
Bank balances	2.2	0.2
Loans receivable	4.3	2.7
Dividend income from:		
Listed investments	10.0	2.2
Unlisted investments	1.4	0.3
Gain on disposal of investment properties	—	0.3
Gain on debt restructuring	—	562.4
Gain on disposal of long term investments	—	0.4
Fair value gains on equity investments at fair value through profit or loss, net	2.6	—
Unrealised gain on revaluation of short term investments, net	—	0.4
Gain on disposal of interests in subsidiary companies	68.2	—
Gain on deemed disposal of the Group's interest in a listed subsidiary company	—	6.0
Excess over the cost of a business combination/ Recognition of negative goodwill	1.0	2.4
Others	5.6	1.9
	<u>95.3</u>	<u>579.2</u>

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

	2005 HK\$'M	2004 HK\$'M (Restated)
Loss on deconsolidation of a listed subsidiary company	—	12.4
Termination fee in respect of cancellation of the disposal of a hotel property	—	39.0
	<u>—</u>	<u>51.4</u>

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

	2005 HK\$'M	2004 HK\$'M (Restated)
Write-back in values of properties	—	47.3
Write-back of provision for impairment of interest in property under development indirectly held by an associate	121.0	—
Write-back of provision against a loan receivable	0.2	0.1
Impairment of long term investments	—	(49.5)
Impairment of goodwill	(58.0)	(189.6)
	<u>63.2</u>	<u>(191.7)</u>

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

	2005 HK\$'M	2004 HK\$'M
Profit on disposal of listed investments	0.7	0.9
Profit/(Loss) on sale of properties	(0.1)	8.7

8. Included in the Group's finance costs for the prior year was an amount of HK\$6.0 million representing the amortisation of loan costs.

9. The tax charge/(credit) for the year arose as follows:

	2005 HK\$'M	2004 HK\$'M (Restated)
Group:		
Current — Hong Kong		
Provision for tax in respect of profits for the year	2.1	2.4
Current — Overseas		
Provision for tax in respect of profits for the year	—	0.1
Deferred tax income	—	(12.4)
Total tax charge/(credit) for the year	<u>2.1</u>	<u>(9.9)</u>

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 17.5% (2004 — 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 was required for the jointly controlled entity in the prior year as no assessable profits were earned by the jointly controlled entity during that year.

Deferred tax 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.

The share of tax attributable to associates amounting to HK\$46.7 million (2004 — HK\$12.3 million, as restated) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

10. The calculation of basic earnings per ordinary share is based on the profit for the year attributable to equity holders of the parent of HK\$270.9 million (2004 - HK\$419.2 million, as restated) and on the weighted average of 14,592.9 million (2004 - 6,248.3 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, 2005 is based on the profit for the year attributable to equity holders of the parent, adjusted for (i) the decrease in the Group's proportionate interest in the Paliburg group's earnings of HK\$18.0 million assuming 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; and (ii) the interest on the convertible bonds of HK\$0.3 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the date of issue. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of the ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 9,070.5 million that would be issued assuming (i) all the 2,610.0 million exchangeable preference shares of Almighty International Limited ("Almighty") were exchanged into the same number of ordinary shares of the Company at the beginning of the year; (ii) 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 beginning of the year; and (iii) all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into the 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 the Company, Paliburg and Regal outstanding during the year are higher than the average market prices of the respective ordinary shares of the Company, 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, 2004 was based on the profit for that year (as restated) attributable to equity holders of the parent, adjusted for the decrease in the Group's proportionate interest in the Paliburg group's loss of HK\$13.5 million 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 that year or their respective dates of issue, whichever was later; and (ii) all the 1,990.0 million convertible preference shares of Paliburg were converted into the same number of ordinary shares of Paliburg at the beginning of that year. The weighted average number of ordinary shares used in the calculation was the aggregate of the weighted average number of the ordinary shares in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares of 10,734.4 million that would be issued assuming (i) all the 11,020.0 million exchangeable preference shares of Almighty were exchanged into the same number of ordinary shares of the Company at the beginning of that year; and (ii) 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 was anti-dilutive for that year. In addition, 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. Included in debtors, deposits and prepayments is an amount of HK\$23.9 million (2004 — HK\$10.5 million) representing the trade debtors of the Group. The aged analysis of such debtors, based on the invoice date, is as follows:

	2005 HK\$'M	2004 HK\$'M
Outstanding balances with ages:		
Within 3 months	21.9	6.3
Between 4 to 6 months	0.5	2.0
Between 7 to 12 months	—	0.7
Over 1 year	8.6	8.6
	<u>31.0</u>	<u>17.6</u>
Provisions	(7.1)	(7.1)
	<u>23.9</u>	<u>10.5</u>

Credit terms

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

12. Included in creditors and accruals is an amount of HK\$5.2 million (2004 — HK\$1.4 million) representing the trade creditors of the Group. The aged analysis of such creditors, based on the invoice date, is as follows:

	2005 HK\$'M	2004 HK\$'M
Outstanding balances with ages:		
Within 3 months	5.1	1.3
Over 3 months	0.1	0.1
	<u>5.2</u>	<u>1.4</u>

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

13. Neither the Company nor any of its subsidiary companies has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2005.

REVIEW OF RESULTS

- The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2005, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

- The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange throughout the year ended 31st December, 2005, except that the roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals due to practical necessity on account of the Group's corporate operating structure. Moreover, the Non-Executive Directors and the Independent Non-Executive Directors of the Company were not appointed for specific terms, but arrangements have been put in place such that the Non-Executive Directors and the Independent Non-Executive Directors would retire and subject to re-election either by rotation in accordance with the provisions of the Bye-laws of the Company or on a voluntary basis, at least once every three years.

ANNUAL GENERAL MEETING

- An Annual General Meeting of the Company will be convened on Friday, 16th June, 2006. 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 2005 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. 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, 18th April, 2006