



世紀城市國際控股有限公司
Century City
 International Holdings Limited
 (Incorporated in Bermuda with limited liability)
 (Stock Code: 355)

ANNOUNCEMENT OF 2006 GROUP RESULTS

FINANCIAL HIGHLIGHTS

	Year 2006 HK\$'M	Year 2005 HK\$'M (Restated)	% Change
Revenue	187.9	110.5	+70.0%
Operating profit	116.7	144.9	-19.5%
Profit for the year	244.3	505.1	-51.6%
Profit for the year attributable to equity holders of the parent	106.8	270.8	-60.6%
Proposed final dividend	HK0.07 cent	HK0.05 cent	+40.0%
Total dividends for the year	HK0.10 cent	HK0.05 cent	+100.0%

- The overall net profit achieved was relatively lower than that in the preceding year due primarily to the fact that the share of profits contributed by the Group's associates during the year under review, including that from Regal Hotels International Holdings Limited, were lower than those recorded in 2005. However, at the operational level, the core hotel businesses of Regal have continued to perform satisfactorily.
- Regal has derived a gain of not less than HK\$2,000 million from the spin-off and separate listing of Regal Real Estate Investment Trust successfully completed in March 2007, as attributable to its initial disposal of 28% interest in Regal REIT. The share of profit thus attributable to the Century City Group will correspondingly be reflected in the current financial year of 2007.
- The Group believes that its plans to diversify into the energy and natural resources sectors can provide the Group with rapid-growing business development opportunities, and when these proposed projects are materialised, they should be able to generate potentially immense profits to the Group and its shareholders.

YEAR END RESULTS

Consolidated Income Statement

	Year ended 31st December, 2006 HK\$'M	Year ended 31st December, 2005 HK\$'M (Restated)
REVENUE (Notes 2 & 3)	187.9	110.5
Cost of sales	(164.6)	(83.1)
Gross profit	23.3	27.4
Other income and gains (Note 3)	99.9	95.2
Fair value gain upon reclassification of a property held for sale to an investment property	70.3	—
Administrative expenses	(40.9)	(38.6)
Other operating expenses, net (Note 4)	(35.9)	(2.3)
Write-back of provisions for impairment, net (Note 6)	—	63.2
OPERATING PROFIT (Note 2)	116.7	144.9
Finance costs (Note 7)	(19.2)	(14.5)
Share of profits and losses of associates	155.4	376.8
PROFIT BEFORE TAX	252.9	507.2
Tax (Note 8)	(8.6)	(2.1)
PROFIT FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND MINORITY INTERESTS	244.3	505.1
Attributable to:		
Equity holders of the parent	106.8	270.8
Minority interests	137.5	234.3
	244.3	505.1
DIVIDENDS		
Interim	4.9	—
Proposed final	12.6	8.2
	17.5	8.2
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 9)		
Basic	HK0.65 cent	HK1.86 cents
Diluted	HK0.46 cent	HK1.07 cents

Consolidated Balance Sheet

	31st December, 2006 HK\$'M	31st December, 2005 HK\$'M (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	5.6	6.6
Investment properties	350.3	0.3
Goodwill	202.0	202.0
Property held for future development	26.7	26.7
Interests in associates	2,981.6	2,700.7
Available-for-sale equity investments	37.4	133.5
Loans receivable	14.3	22.0
Other assets	0.2	0.3
Total non-current assets	3,618.1	3,092.1
CURRENT ASSETS		
Equity investments at fair value through profit or loss	19.1	3.2
Properties held for sale	38.7	242.9
Inventories	6.9	1.5
Debtors, deposits and prepayments (Note 10)	91.5	54.3
Time deposits	129.8	78.2
Cash and bank balances	17.6	22.5
Asset of a disposal group classified as held for sale	249.4	249.4
Total current assets	553.0	652.0
CURRENT LIABILITIES		
Creditors and accruals (Note 11)	(110.2)	(107.4)
Tax payable	(2.8)	(5.7)
Interest bearing bank and other borrowings	(10.3)	(92.4)
Exchangeable notes	—	(13.8)
Deposits received	(220.3)	(85.6)
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)
Total current liabilities	(442.5)	(403.8)
NET CURRENT ASSETS	110.5	248.2
TOTAL ASSETS LESS CURRENT LIABILITIES	3,728.6	3,340.3
NON-CURRENT LIABILITIES		
Interest bearing bank borrowings	(337.9)	(148.2)
Convertible bonds	(74.7)	(74.8)
Deferred tax liabilities	(8.7)	—
Total non-current liabilities	(421.3)	(223.0)
Net assets	3,307.3	3,117.3
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	422.8	516.8
Equity component of convertible bonds	5.2	5.5
Reserves	1,329.2	1,196.0
Proposed final dividend	12.6	8.2
	1,769.8	1,726.5
Minority interests	1,537.5	1,390.8
Total equity	3,307.3	3,117.3

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 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. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest million except where otherwise indicated.

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements. Except for in certain cases which will give rise to new and revised accounting policies and additional disclosures, the adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

HKAS 21 Amendment	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HKAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 Amendment	The Fair Value Option
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The principal changes in accounting policies are as follows:

(a) HKAS 21 *The Effects of Changes in Foreign Exchange Rates*

Upon the adoption of the HKAS 21 Amendment regarding a net investment in a foreign operation, all exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation are recognised in a separate component of equity in the consolidated financial statements irrespective of the currency in which the monetary item is denominated. This change has had no material impact on these financial statements as at 31st December, 2006 or 31st December, 2005.

(b) HKAS 39 *Financial Instruments: Recognition and Measurement*

(i) Amendment for financial guarantee contracts

This amendment has revised the scope of HKAS 39 to require financial guarantee contracts issued that are not considered insurance contracts, to be recognised initially at fair value and to be remeasured at the higher of the amount determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with HKAS 18 *Revenue*. The adoption of this amendment has had no material impact on these financial statements.

(ii) Amendment for the fair value option

This amendment has changed the definition of a financial instrument classified as fair value through profit or loss and has restricted the use of the option to designate any financial asset or any financial liability to be measured at fair value through the income statement. Upon the adoption of this amendment at 1st January, 2006, the Group has de-designated equity investments at fair value through profit or loss with a carrying amount of HK\$8.6 million at 31st December, 2005 and has reclassified them as available-for-sale equity investments with a fair value of HK\$8.6 million at 1st January, 2006. In accordance with the transitional provisions of the amendment, comparative amounts have been restated based on the new classification.

	2006 HK\$'M	2005 HK\$'M
Consolidated income statement for the year ended 31st December		
Decrease in other income and gains	(2.2)	(0.1)
Decrease in basic earnings per ordinary share (cent)	(0.01)	—
Decrease in diluted earnings per ordinary share (cent)	(0.01)	—
Consolidated balance sheet and equity at 1st January		
Increase in available-for-sale equity investments	8.6	8.5
Decrease in equity investments at fair value through profit or loss	(8.6)	(8.5)
	—	—
Decrease in available-for-sale equity investments revaluation reserve	(5.1)	(5.2)
Increase in investments revaluation reserve	5.2	5.2
Decrease in retained profits	(0.1)	—
	—	—
Consolidated balance sheet and equity at 31st December		
Increase in available-for-sale equity investments	10.8	8.6
Decrease in equity investments at fair value through profit or loss	(10.8)	(8.6)
	—	—
Decrease in available-for-sale equity investments revaluation reserve	(3.9)	(5.1)
Increase in investments revaluation reserve	5.2	5.2
Decrease in retained profits	(1.3)	(0.1)
	—	—

(iii) Amendment for cash flow hedge accounting of forecast intragroup transactions

This amendment has revised HKAS 39 to permit the foreign currency risk of a highly probable intragroup forecast transaction to qualify as a hedged item in a cash flow hedge, provided that the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and that the foreign currency risk will affect the consolidated income statement. As the Group currently has no such transactions, the amendment has had no effect on these financial statements.

(c) HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*

The Group has adopted this interpretation as of 1st January, 2006, which provides guidance in determining whether arrangements contain a lease to which lease accounting must be applied. This interpretation has had no material impact on these financial statements.

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 engages 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;
- the hotel ownership and management segment engages in hotel operations and the provision of hotel management services;
- the securities investment segment engages in securities trading businesses; and
- the others segment mainly comprises the provision of financing services.

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, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31st December, 2006 and 2005.

Group

	Property development and investment		Construction and building related businesses		Hotel ownership and management		Securities investment		Others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'M	HK\$'M	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	23.8	10.5	133.2	66.5	—	—	30.4	33.1	0.5	0.4	—	—	187.9	110.5
Intersegment sales	—	—	5.8	4.6	—	—	—	—	—	—	(5.8)	(4.6)	—	—
Total	23.8	10.5	139.0	71.1	—	—	30.4	33.1	0.5	0.4	(5.8)	(4.6)	187.9	110.5
Segment results	158.9	191.1	8.8	(36.8)	—	—	6.9	3.4	2.7	3.4	(0.1)	0.5	177.2	161.6
Interest income and unallocated non-operating and corporate gains													12.6	20.3
Unallocated non-operating and corporate expenses													(73.1)	(37.0)
Operating profit													116.7	144.9
Finance costs													(19.2)	(14.5)
Share of profits and losses of associates	4.3	137.2	—	—	151.2	239.7	—	—	(0.1)	(0.1)	—	—	155.4	376.8
Profit before tax													252.9	507.2
Tax													(8.6)	(2.1)
Profit for the year before allocation between equity holders of the parent and minority interests													244.3	505.1
Attributable to:														
Equity holders of the parent													106.8	270.8
Minority interests													137.5	234.3
													244.3	505.1

Group

	Property development and investment		Construction and building related businesses		Hotel ownership and management		Securities investment		Others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'M	HK\$'M	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 assets	419.2	273.4	39.8	31.6	—	—	19.2	3.2	20.3	27.9	—	—	498.5	336.1
Interests in associates	620.5	385.1	0.3	0.3	2,382.3	2,337.0	—	—	—	0.1	(21.5)	(21.8)	2,981.6	2,700.7
Asset of a disposal group classified as held for sale	249.4	249.4	—	—	—	—	—	—	—	—	—	—	249.4	249.4
Cash and unallocated assets													441.6	457.9
Total assets													4,171.1	3,744.1
Segment liabilities	(4.8)	(7.8)	(88.6)	(75.7)	—	—	—	—	(0.2)	(0.1)	—	—	(93.6)	(83.6)
Liability directly associated with the asset of a disposal group classified as held for sale	(98.9)	(98.9)	—	—	—	—	—	—	—	—	—	—	(98.9)	(98.9)
Bank and other borrowings and unallocated liabilities													(671.3)	(444.3)
Total liabilities													(863.8)	(626.8)
Other segment information:														
Depreciation	—	0.1	0.5	0.3	—	—	—	—	—	—	—	—	—	—
Impairment loss/(Write-back of impairment losses) recognised in the income statement	—	(121.0)	—	58.0	—	—	—	—	—	—	—	—	—	—
Capital expenditure	—	—	1.0	1.1	—	—	—	—	—	—	—	—	—	—
Other non-cash income	—	—	—	—	—	—	—	—	—	—	—	—	(0.8)	—

(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, 2006 and 2005.

Group

	Hong Kong		Mainland China		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue:								
Sales to external customers	187.8	110.1	0.1	0.4	—	—	187.9	110.5
Other segment information:								
Segment assets	498.3	333.4	0.2	2.7	—	—	498.5	336.1
Capital expenditure	1.0	1.1	—	—				

3. Revenue (which is also the Group's turnover), other income and gains are analysed as follows:

	2006	2005
	HK\$'M	HK\$'M
		(Restated)
Revenue		
Rental income:		
Investment properties	6.3	0.1
Properties held for sale	5.6	9.4
Construction and construction-related income	128.5	50.2
Proceeds from sale of properties	10.7	0.1
Estate management fees	3.4	3.8
Property development consultancy and project management fees	1.3	12.5
Proceeds from sale of equity investments at fair value through profit or loss	30.4	33.1
Other operations including estate agency service	1.7	1.3
	<u>187.9</u>	<u>110.5</u>
Other income and gains		
Interest income from:		
Bank balances	2.9	2.2
Loans receivable	5.6	4.3
Dividend income from:		
Listed investments	1.4	10.0
Unlisted investments	—	1.4
Fair value gains on investment properties	80.0	—
Fair value gains on equity investments at fair value through profit or loss, net	4.3	2.5
Gain on disposal of interests in subsidiaries	—	68.2
Gain on deemed disposal of interests and exercise of warrants in the listed associate	4.8	—
Excess over the cost of a business combination	—	1.0
Others	0.9	5.6
	<u>99.9</u>	<u>95.2</u>

4. Other operating expenses, net, include the following item:

	2006	2005
	HK\$'M	HK\$'M
Loss on disposal of interest in the listed subsidiary	33.9	—

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

	2006	2005
	HK\$'M	HK\$'M
Profit on disposal of listed investments	2.5	0.7
Profit/(Loss) on sale of properties	3.0	(0.1)

6. Write-back of provisions for impairment, net, represents the following items:

	2006	2005
	HK\$'M	HK\$'M
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
Impairment of goodwill	—	(58.0)
	—	<u>63.2</u>

7. Finance costs of the Group are as follows:

	2006	2005
	HK\$'M	HK\$'M
Interest in respect of:		
Bank loans and overdrafts, wholly repayable within five years	13.5	12.6
Convertible bonds and other loans, wholly repayable within five years	5.7	1.9
Total finance costs	<u>19.2</u>	<u>14.5</u>

8. The tax charge for the year arose as follows:

	2006	2005
	HK\$'M	HK\$'M
Group:		
Current — Hong Kong		
Provision for tax in respect of profits for the year	0.9	2.1
Overprovision in prior years	(0.7)	—
Current — Overseas		
Overprovision in prior years	(0.3)	—
Deferred tax expenses	8.7	—
Total tax charge for the year	<u>8.6</u>	<u>2.1</u>

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 17.5% (2005 — 17.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

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

The share of tax charge attributable to associates amounting to HK\$10.9 million (2005 — tax credit of HK\$46.7 million) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

Deferred tax expenses 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.

9. 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\$106.8 million (2005 — HK\$270.8 million, as restated) and on the weighted average of 16,509.1 million (2005 — 14,592.9 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, 2006 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 earnings of Paliburg Holdings Limited, the listed subsidiary of the Company, and its subsidiaries of HK\$9.7 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 all the outstanding share options of Paliburg were exercised to subscribe for ordinary shares of Paliburg at the beginning of the year; and (ii) the interest savings on the convertible bonds of HK\$4.7 million assuming all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of the year. The weighted average number of ordinary shares used in the calculation is the aggregate of the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares of 5,814.0 million that would be issued assuming (i) all the 3,527.0 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 (ii) all outstanding convertible bonds (including optional convertible bonds) of the Group were converted into ordinary shares of the Company at the beginning of the year. The conversion of the outstanding convertible preference shares of Regal is anti-dilutive for the year and is not included in the calculation of diluted earnings per ordinary share. In addition, the exercise prices of the warrants of the Company and the share options of the Company and Regal outstanding during the year are higher than the average market prices of the respective ordinary shares of the Company 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, 2005 was based on the profit for that year (as restated) 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 that year; and (ii) the interest savings 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 was the aggregate of the weighted average number of ordinary shares in issue during that year, as used in the basic earnings per ordinary 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 were exchanged into the same number of ordinary shares of the Company at the beginning of that 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 that 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 was anti-dilutive for that year. In addition, the exercise prices of the share options of the Company, Paliburg and Regal outstanding during that year were higher than the average market prices of the respective ordinary shares of the Company, Paliburg and Regal and, accordingly, they had no dilutive effect on the basic earnings per ordinary share.

10. Included in debtors, deposits and prepayments is an amount of HK\$19.9 million (2005 — HK\$23.9 million) representing the trade debtors of the Group. The aged analysis of such debtors, based on the invoice date, is as follows:

	2006	2005
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	18.3	21.9
Between 4 to 6 months	0.1	0.5
Over 1 year	8.6	8.6
	<u>27.0</u>	<u>31.0</u>
Provisions	(7.1)	(7.1)
	<u>19.9</u>	<u>23.9</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.

11. Included in creditors and accruals is an amount of HK\$7.5 million (2005 — HK\$5.2 million) representing the trade creditors of the Group. The aged analysis of such creditors, based on the invoice date, is as follows:

	2006	2005
	HK\$'M	HK\$'M
Outstanding balances with ages:		
Within 3 months	7.4	5.1
Between 4 to 6 months	0.1	0.1
	<u>7.5</u>	<u>5.2</u>

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

12. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31st December, 2006.

DIVIDEND

- The Directors have resolved to recommend the payment of a final dividend of HK0.07 cent per ordinary share for the year ended 31st December, 2006 (2005 — HK0.05 cent), absorbing an amount of approximately HK\$12.6 million (2005 — HK\$8.2 million), payable to holders of ordinary shares on the Register of Ordinary Shareholders on 12th June, 2007. Together with the interim dividend of HK0.03 cent per ordinary share paid in November 2006 (2005 — Nil), total dividends per ordinary share for the year ended 31st December, 2006 will amount to HK0.1 cent (2005 — HK0.05 cent), which is two times of the total dividends paid for the 2005 financial year.
- 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 Friday, 8th June, 2007 to Tuesday, 12th June, 2007, 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 Thursday, 7th June, 2007. The relevant dividend warrants are expected to be despatched on or about 29th June, 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

- Net cash inflow from operating activities during the year under review amounted to HK\$14.8 million (2005 — outflow of HK\$16.5 million). Net interest payment for the year amounted to HK\$9.0 million (2005 — HK\$33.5 million).
- As at 31st December, 2006, the Group's gross borrowings net of cash and bank balances amounted to HK\$275.5 million (2005 — HK\$228.5 million). Gearing ratio based on total assets of HK\$4,171.1 million (2005 — HK\$3,744.1 million) was 6.6% (2005 — 6.1%).
- During the year under review, as the Group's borrowings were 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, no hedging instruments for currency or interest rates purposes have been deployed.
- 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, 2006 is disclosed in the annual report of the Company for the year ended 31st December, 2006 (the "2006 Annual Report"), which will be despatched to shareholders on or before 30th April, 2007. During the year under review, the Company continued to adopt similar funding, treasury and remuneration policies as disclosed in the interim report of the Company for the six months ended 30th June, 2006. Detailed information in such aspects is contained in the Company's 2006 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.
- The Group's significant investments during the year principally constituted its shareholding interests in Regal, the listed associate of the Company, which was held through Paliburg, the listed subsidiary 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 during the year comprised 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.

OPERATING HIGHLIGHTS

- For the year ended 31st December, 2006, the Group achieved a consolidated profit attributable to shareholders of HK\$106.8 million, as compared with the comparative amount of HK\$270.8 million (as restated) attained for the financial year in 2005.
- The overall net profit achieved was relatively lower than that in the preceding year due primarily to the fact that the share of profits contributed by the Group's associates during the year under review, including that from Regal, were lower than those recorded in 2005. However, at the operational level, the core hotel businesses of Regal have continued to perform satisfactorily.
- Regal has successfully completed the spin-off and separate listing of Regal Real Estate Investment Trust on The Stock Exchange of Hong Kong Limited in March 2007. The Group presently holds through Paliburg, which is a 53% subsidiary of the Group, a 45.3% shareholding interest in Regal. Under the spin-off transaction, Regal has disposed of its interests in the five Regal Hotels in Hong Kong to Regal REIT at a gross sale consideration of HK\$12,500 million. Regal has derived from the transaction a gain of not less than HK\$2,000 million, as attributable to its initial disposal of 28% interest in Regal REIT and before taking into account further gains that may arise from any exercise of the over-allotment option. The share of profit thus attributable to the Group will correspondingly be reflected in the results of the Century City Group in the current financial year of 2007.
- It has always been one of the stated business objectives of the Group that it would seek to enlarge and diversify its existing investment portfolio. While the other listed member and affiliated groups within the overall Century City Group, including Paliburg, Regal and the recently listed Regal REIT are principally engaged in property development and investment, hotel ownership, hotel management, construction and other building related businesses, the Group itself is embarking on its plans to diversify and expand into the energy and natural resources sectors and is currently working on a number of potential projects.
- In this regard, the Group entered into on 27th March, 2007 a memorandum of understanding with Korus Partners, LLC., an independent third party, for the possible investment by the Group in a natural gas project in the United States of America. This possible investment involves the exploration and development of a natural gas project in Utah, the United States, of up to 56,300 acres, with 16 existing wells in natural gas production. The memorandum of understanding is non-legally binding and further negotiations with respect to this possible investment are subject to, among others, satisfactory results of the due diligence to be undertaken by the Group. The Group is presently conducting the necessary due diligence works on this proposed investment. If the results of the due diligence are satisfactory, and taking into account requisite technical advice and the costs required for the drilling and completion of the project, the Group would proceed to further negotiate on the detailed terms and conditions of a formal agreement regarding its proposed investment in this natural gas project in Utah.

- More recently, on 17th April, 2007, Great Milestone Limited, a wholly-owned subsidiary of the Group, entered into an acquisition agreement with certain independent third party vendors, pursuant to which Great Milestone conditionally agreed to purchase a total of 51.8% direct or indirect interest in Chain Bright LLC, a company incorporated in Mongolia with limited liability, at a total consideration of HK\$100 million.
- Chain Bright is the registered holder of an exploration license empowering Chain Bright to conduct exploration for minerals in an exploration area of 12,580 hectares located in the eastern part of Mongolia. According to the information provided by the vendors and based on certain official publications of the Geologic Information Center of the Mineral Resources and Petroleum Authority of Mongolia, mineral resources including but not limited to uranium and coal or the prospects thereof have been identified in this area. The conditions precedent to the completion of the acquisition agreement include, among others, Great Milestone being satisfied with the due diligence review on the business and financial aspects of Chain Bright and the exploitable reserves of uranium and coal and other mineral resources in the exploration area, and the relevant mining license(s) empowering Chain Bright to conduct mining in an aggregate site area of not less than 1,000 hectares within the exploration area will have been obtained by Chain Bright at the cost and expenses of the vendors on terms and conditions acceptable to Great Milestone. The conditions precedent are required to be fulfilled or, as applicable, waived by the relevant parties on or before 17th August, 2007, or such other date as the parties may agree in writing.
- Great Milestone is in the process of instructing technical adviser with relevant qualifications and experience to conduct exploration for minerals within the boundaries of the exploration area and, after identifying mineral deposits therein, to carry out and conduct the necessary pre-feasibility study and economic viability analysis. Further details on this Mongolian project are contained in the announcement of the Company dated 17th April, 2007.

PALIBURG HOLDINGS LIMITED

- For the year ended 31st December, 2006, Paliburg achieved a consolidated profit attributable to shareholders of HK\$300.1 million, as compared with the profit of HK\$517.4 million (as restated) attained for the financial year in 2005.
- Further information on the principal business operations and outlook 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, 2006, Regal achieved a consolidated profit attributable to shareholders of HK\$331.3 million, as compared with the profit of HK\$528.4 million attained for the financial year in 2005. The overall net profit achieved was relatively lower than that in the preceding year due primarily to the fact that during the year under review, while general interest costs have increased and much less profit contribution has been attributed from associates, there was also a deferred tax charge as compared to the recognition of substantial deferred tax income last year.
- Further information on the principal business operations and outlook of Regal, including its management discussion and analysis, is contained in Regal's announcement separately released today.

OUTLOOK

- The Group believes that the global economy will continue to expand, which will generate increasing demand for energy and natural resources worldwide. The Group also believes that its plans to diversify into the energy and natural resources sectors can provide the Group with rapid-growing business development opportunities. The Group is presently actively working on the various potential projects in these business sectors. The Directors are hopeful that this diversification process will bring forth to the Century City Group a major breakthrough in its overall development, and when these proposed projects are materialised, they should be able to generate potentially immense profits to the Group and its shareholders.

REVIEW OF RESULTS

- The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31st December, 2006, 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 of Hong Kong Limited during the year ended 31st December, 2006, 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.
 - The Independent Non-Executive Directors of the Company were not appointed for specific terms, but arrangements have been put in place such that the Independent Non-Executive Directors would retire, and are 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 Tuesday, 12th June, 2007. 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 2006 Annual Report, in due course.

BOARD OF DIRECTORS

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

Executive Directors:	Independent Non-Executive Directors:
Mr. LO Yuk Sui	Mr. Anthony CHUANG
(Chairman and Chief Executive Officer)	Mr. NG Siu Chan
Mr. Kenneth NG Kwai Kai	Mr. WONG Chi Keung
(Chief Operating Officer)	
Mr. Donald FAN Tung	
Mr. Jimmy LO Chun To	
Miss LO Po Man	

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 19th April, 2007