

INDEPENDENT AUDITORS' REVIEW REPORT

To the Board of Directors
Century City International Holdings Limited

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 10 to 37.

Respective responsibilities of Directors and auditors

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with SSAP 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the Directors. It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with SAS 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of Group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the interim financial report.

Fundamental uncertainty - Provisions against investments in two investee companies

In arriving at our review conclusion, we have considered the adequacy of the disclosures made in note 12 to the interim financial report concerning the outcome of the negotiations with the relevant government authorities in the People's Republic of China in respect of the resumption of a land site beneficially and collectively held by two investee companies (the "Investee Companies") during 2000, which is included in long term investments under non-current assets of Paliburg Holdings Limited ("PHL"), a principal listed subsidiary company of the Group, and its subsidiary companies (the "PHL Group"). The carrying value of the PHL Group's investments in the Investee Companies amounted to HK\$56.9 million (31st December, 2002 - HK\$56.9 million) as at 30th June, 2003. As further described in note 12 to the interim financial report, the directors of PHL are still not possible to determine at this



stage with reasonable certainty the ultimate outcome of the negotiations for the reversion of the land site to the Investee Companies and hence any further provision required to be made against the PHL Group's investments in the Investee Companies. Details of the circumstances relating to this fundamental uncertainty are described in note 12 to the interim financial report.

Fundamental uncertainty relating to the going concern basis

In arriving at our review conclusion, we have considered the adequacy of the disclosures made in note 2 to the interim financial report which explain the circumstances giving rise to the fundamental uncertainty relating to the outcome of the proposed restructuring of the existing outstanding indebtedness of the Group to replace the Group's existing informal standstill agreement (the "Debt Restructuring").

The interim financial report has been prepared on a going concern basis, the validity of which depends upon the successful outcome of the Debt Restructuring. The interim financial report does not include any adjustments that would result from the failure of the Debt Restructuring. Details of the circumstances relating to this fundamental uncertainty are described in note 2 to the interim financial report.

Because of the significance of the inherent uncertainty surrounding the circumstances under which the Group might successfully continue to adopt the going concern basis, we are unable to reach a review conclusion.

Inability to reach a review conclusion

On account of the foregoing fundamental uncertainty relating to the appropriateness of the going concern basis, we are unable to reach a review conclusion as to whether material modifications should be made to the interim financial report for the six months ended 30th June, 2003.

Ernst & Young
Certified Public Accountants

Hong Kong
19th September, 2003

