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MAJOR TRANSACTION ON-GOING CONNECTED TRANSACTIONS

The board of directors of the Company announces that on 3rd May, 2002, Real Charm, a wholly-owned subsidiary of Paliburg, which is, in turn, a major listed subsidiary of the Company, accepted an offer from an independent third party in relation to the Disposal. Pursuant to the Accepted Offer, Real Charm has agreed to dispose of its entire interest in the Redhill Property to the tenderer for a consideration of HK\$169,900,000.

The Disposal constitutes a major transaction for the Company under the Listing Rules. Approval of the shareholders of the Company is required for the Disposal. Mr. Lo and his associates (as defined under the Listing Rules), together beneficially holding approximately 54.2% of the voting rights of the Company, have issued a certificate approving the Disposal. No general meeting will be convened by the Company for the Disposal. A circular setting out details of the Disposal will be issued to the Company's shareholders in due course for information purpose only.

In 1998, the Company obtained the Waiver from the Stock Exchange in respect of certain on-going connected transactions. Since 1999, the amounts of certain such on-going connected transactions have exceeded the relevant caps under the Waiver principally as a result of the decrease in the net tangible asset value of the Group over the years.

The Company has failed to comply with its obligations under the relevant provisions of the Listing Rules as a result of the delay by the Company in issuing a public announcement concerning the Disposal and the non-compliance with the Listing Rules regarding certain on-going connected transactions not following the terms of the Waiver granted. The Stock Exchange has indicated to the Company that it reserves the right to take further actions against the Company and its directors in respect of such non-compliance with the Listing Rules.

THE DISPOSAL

The board of directors (the "Directors") of Century City International Holdings Limited (the "Company") hereby announces the following major transaction for the Company.

The transaction

Paliburg Holdings Limited ("Paliburg") is an approximately 59.2% owned listed subsidiary of the Company. The Company and Paliburg, through their respective subsidiaries, are principally engaged in, among other things, property development and investment, property management and construction and construction-related businesses. As set out in the annual report of the Company for the financial year ended 31st December, 2001, Paliburg has arranged for a tender for sale of a property known as Redhill Plaza, located at 3 Red Hill Road, Tai Tam, Hong Kong (the "Redhill Property"). Pursuant to the tender process, Real Charm Investment Limited ("Real Charm"), a wholly-owned subsidiary of Paliburg owning the Redhill Property, accepted on 3rd May, 2002 an offer (the "Accepted Offer") made by a tenderer. A Memorandum of Agreement for Sale and Purchase setting out details of the Disposal was entered into by Real Charm and the tenderer on 3rd May, 2002.

The Redhill Property is an investment property wholly and beneficially held by a member of the Paliburg Group (as defined below). The net book value of the Redhill Property based on the audited financial statements of Paliburg for the year ended 31st December, 2001 was approximately HK\$205 million. It is expected that an accounting loss estimated to be approximately HK\$35.6 million may be recorded by the Company as a result of the Disposal.

The tenderer is an independent third party not connected with any of the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")).

Principal terms of the Accepted Offer

Pursuant to the Accepted Offer, Real Charm's entire interest in the Redhill Property will be sold to the tenderer for a consideration of HK\$169,900,000 (the "Disposal"). The Disposal is a transaction carried out as part of the ordinary and usual course of business of the Company and Paliburg.

Terms of the Disposal were determined after an arm's length tender process.

The tenderer has paid aggregate non-refundable deposits of HK\$33,980,000 to Real Charm, representing 20% of the consideration. The remaining 80% of the consideration in the sum of HK\$135,920,000 shall be paid by the tenderer upon completion of the Disposal.

Completion of the Disposal is expected to take place on 4th June, 2002.

Reasons for the Disposal

The Company understands from the board of directors of Paliburg that the Disposal aims to improve the working capital position of Paliburg and its subsidiaries. It is intended that the net proceeds from the Disposal will first be used to repay the indebtedness of the Paliburg Group (as defined below) in relation to the Redhill Property. The remaining net proceeds will be used as general working capital of the Paliburg Group (as defined below).

General

The Disposal constitutes a major transaction for the Company under the Listing Rules. The Company failed to make an announcement regarding the Disposal immediately after the relevant offer was accepted as required under the Listing Rules.

Approval of the shareholders of the Company is required for the Disposal. Mr. Lo Yuk Sui ("Mr. Lo") and his associates (as defined under the Listing Rules), together beneficially holding approximately 54.2% of the voting rights of the Company, have issued a certificate approving the Disposal. No general meeting will be convened for the Disposal. A circular setting out details of the Disposal will be issued to the Company's shareholders in due course for information purpose only.

ON-GOING CONNECTED TRANSACTION WAIVER

The subject on-going connected transactions

In 1998, the Company obtained a waiver (the "Waiver") from the Stock Exchange in respect of strict compliance with the relevant provisions under Chapter 14 of the Listing Rules in respect of the following on-going connected transactions.

Corporate services transactions

Members of the Group (being the Company and its subsidiaries excluding members of the Paliburg Group (as defined below) and members of the Regal Group (as defined below)) provide corporate management services, such as finance and accounting as well as administrative and secretarial services, to members of the Paliburg Group (being Paliburg and its subsidiaries excluding members of the Regal Group (being Regal Hotels International Holdings Limited ("Regal") and its subsidiaries)) and the Regal Group, the fees for which are charged by apportionment of actual costs among the Company, Paliburg and Regal on a fair proportionate basis by reference to individual consolidated turnover, profit (as applicable) and asset value of the Company, Paliburg and Regal for each financial year.

Under the Waiver, the aggregate sum of all the corporate services transactions charged by the Company to Paliburg and Regal should not exceed 1% of the latest published audited consolidated net tangible asset value of the Company then available and each of the amount paid by Paliburg and Regal to the Company should not exceed 0.5% of their respective latest published audited consolidated net tangible asset value then available.

Miscellaneous connected transactions

8D International Limited ("8D") has been providing advertising and promotional services to the Group, the Paliburg Group and the Regal Group. 8D was an indirect

wholly-owned subsidiary of the Company at the time when the Waiver was sought. As disclosed under the announcement issued by the Company, Paliburg and Regal on 12th January, 2000, the ownership structure of 8D changed (the "8D Capital Change"). Currently, 8D is owned as to 10% by the Group, 30% by the Regal Group and 60% by a company which is indirectly owned as to approximately 3.3% by the Group, 10% by the Regal Group, approximately 82.7% by Mr. Lo and the remaining 4% by an independent third party not connected with the directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined under the Listing Rules). 8D has continued to provide advertising and promotional services to the three listed groups after the 8D Capital Change. Another connected transaction is the lease by the Group of hotel space from the Regal Group as staff quarters.

Under the Waiver, the aggregate value of the above miscellaneous connected transactions receivable by the Group or payable by the Paliburg Group or the Regal Group should not exceed 0.25% of their respective latest published audited consolidated net tangible asset values then available.

Non-compliance with the Listing Rules regarding the on-going connected transactions

As set out in the annual reports of the Company for each of the three years ended 31st December, 1999, 2000 and 2001:

1. the amounts of the corporate services transactions exceeded the relevant caps under the Waiver for each of the three years ended 31st December, 1999, 2000 and 2001; and
2. the amounts of the miscellaneous connected transactions exceeded the relevant caps under the Waiver for each of the two years ended 31st December, 2000 and 2001.

The Directors submit that it is principally the decrease in the net tangible asset value of the Group over the years which led to the actual amount of the on-going connected transactions exceeding the relevant caps.

The provision of services by 8D to the Group (together with the Paliburg Group and the Regal Group) subsequent to the 8D Capital Change constituted a separate on-going connected transaction for the Company not covered by the Waiver.

The Company did not seek a separate waiver from the Stock Exchange at the time when the 8D Capital Change took place. The Company also did not seek a new waiver when the annual aggregate amounts of the corporate services transactions and of the miscellaneous connected transactions respectively exceeded the relevant approved cap amounts. Thus, the Company had failed to comply with the connected transaction requirements under the Listing Rules.

New waiver application

In view of the above non-compliance and the fact that the Group has recorded a net deficiency in audited consolidated tangible assets as at 31st December, 2001 of approximately HK\$209.7 million, the caps under the Waiver as percentages based on the latest published audited consolidated net tangible asset value of the Company will no longer be applicable to the Company. The Company is planning to seek new waivers from the Stock Exchange in respect of the relevant on-going connected transactions set out above which may require independent shareholders approval. The Company will issue a separate announcement setting out details of the relevant on-going connected transactions and the new waiver application when such application is submitted to the Stock Exchange as required under the Listing Rules.

GENERAL

The Company and its management have been heavily involved in the critical restructuring of the Group's debts since 1998 and thus were not able to focus on dealing with the non-compliance with the Listing Rules. The Company did not disclose the major transaction when Real Charm, a wholly-owned subsidiary of Paliburg, entered into the agreement in respect of the Disposal and the non-compliance with the Listing Rules and the terms of the Waiver in respect of the on-going connected transactions described above, which is principally a result of the decrease in the consolidated net tangible asset values of the Company, which is a moving target, over the recent years, when the relevant breaches occurred. The Company recognizes this oversight and will take steps to strengthen its internal compliance procedures to ensure timely disclosure in the future.

The Company has failed to comply with its obligations under the relevant provisions of the Listing Rules as a result of the delay by the Company in issuing a public announcement concerning the Disposal and the non-compliance with the Listing Rules regarding certain on-going connected transactions (as described above) not following the terms of the Waiver. The Stock Exchange has indicated to the Company that it reserves the right to take further actions against the Company and its directors in respect of such non-compliance with the Listing Rules.

By Order of the Board
Century City International Holdings Limited
Eliza Lam Sau Fun
Secretary

Hong Kong, 30th May, 2002