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*Directors:*

LO Yuk Sui (*Chairman and Managing Director*)

Daniel BONG Shu Yin

\* Dominic LAI

Tommy LAM Chi Chung

Kitty LO LEE Kit Tai

Jimmy LO Chun To

Kenneth NG Kwai Kai

\* Thomas NG Wai Hung

*Head office and principal place  
of business:*

18th Floor

Paliburg Plaza

68 Yee Wo Street

Causeway Bay

Hong Kong

\* *Independent Non-Executive Directors*

29th April, 2002

*To the Shareholders*

Dear Sir or Madam,

**GENERAL MANDATE  
TO REPURCHASE ORDINARY SHARES  
AND  
5¼% CONVERTIBLE CUMULATIVE  
REDEEMABLE PREFERENCE SHARES**

The Directors wish to seek the approval of Shareholders to the grant of a general mandate to the Directors for the repurchase of ordinary shares of HK\$0.10 each ("Ordinary Shares") and 5¼% Convertible Cumulative Redeemable Preference Shares of US\$10.00 each ("Convertible Preference Shares") of the Company on the terms set out in the Ordinary Resolution 4(A) to be proposed at the forthcoming Annual General Meeting of the Company to be held on 12th June, 2002 ("Repurchase Proposal"). The notice of the Annual General Meeting is contained in the accompanying 2001 Annual Report.

This is the explanatory statement to provide requisite information to you for your consideration of the Repurchase Proposal, as required by the relevant rules set out in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange") ("Listing Rules") to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange or on another stock exchange recognised for this purpose by the Securities and Futures Commission and the Stock Exchange. The Ordinary Shares are listed on the Stock Exchange and the Convertible Preference Shares are listed on Société de la Bourse de Luxembourg ("Luxembourg Stock Exchange").

## **1. SHARE CAPITAL**

As at 22nd April, 2002 (the latest practicable date prior to the printing of this statement), there were 4,028,772,503 Ordinary Shares and 16,748 Convertible Preference Shares in issue respectively.

Subject to the passing of the Ordinary Resolution 4(A) referred to above, the Company would be allowed under the buy back mandate to repurchase a maximum of 402,877,250 Ordinary Shares and 1,674 Convertible Preference Shares, on the assumption that there will be no variation in the issued Ordinary Shares and Convertible Preference Shares during the period up to 12th June, 2002.

## **2. REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Proposal is in the interests of the Company and its Shareholders. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets and/or earnings per share or may otherwise be in the interests of the Company, and will only be made when the Directors believe that such purchases will benefit the Company and its Shareholders.

## **3. FUNDING OF REPURCHASES**

Pursuant to the buy back mandate, repurchases would be funded entirely from the Company's funds legally available for the purpose in accordance with the Company's Memorandum of Association and Bye-laws and the laws of Bermuda. It is presently proposed that any shares repurchased under the buy back mandate would be funded out of the capital paid up on the repurchased shares, the profits of the Company which would otherwise be available for dividend, the Company's share premium account and/or its contributed surplus account.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2001) in the event that the proposed repurchases were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the buy back mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

#### 4. SHARE PRICES

The highest and lowest prices at which the Ordinary Shares and the Convertible Preference Shares of the Company have traded on the Stock Exchange and Luxembourg Stock Exchange respectively in each of the previous twelve months were as follows:

	Ordinary Shares		Convertible Preference Shares	
	Highest	Lowest	Highest	Lowest
	<i>HK\$</i>	<i>HK\$</i>	<i>US\$</i>	<i>US\$</i>
April 2001	0.225	0.200	325.000	325.000
May 2001	0.247	0.205	310.000	310.000
June 2001	0.480	0.236	285.000	285.000
July 2001	0.360	0.265	300.000	300.000
August 2001	0.340	0.270	300.000	300.000
September 2001	0.290	0.165	300.000	300.000
October 2001	0.208	0.170	300.000	300.000
November 2001	0.197	0.180	300.000	300.000
December 2001	0.188	0.165	300.000	300.000
January 2002	0.203	0.149	300.000	300.000
February 2002	0.158	0.137	300.000	300.000
March 2002	0.141	0.128	300.000	300.000

#### 5. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates (as defined in the Listing Rules), have any present intention to sell any shares to the Company under the Repurchase Proposal if such is approved by Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Ordinary Resolution 4(A) in accordance with the Listing Rules and the laws of Bermuda.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell shares to the Company, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by Shareholders.

As at 22nd April, 2002 (the latest practicable date prior to the printing of this statement), Paliburg Holdings Limited ("Paliburg"), a subsidiary of Century City International Holdings Limited of which Mr. Lo Yuk Sui is the Chairman and controlling shareholder, is beneficially interested in approximately 69.6% of the issued ordinary share capital of the Company. Assuming exercise in full of the share repurchase mandate in respect of the ordinary shares of the Company, the shareholding interest of Paliburg in the Company will increase to approximately 77.4%. As a result, exercise of the buy back mandate may lead to failure to comply with the public float requirement under Rule 8.08 of the Listing Rules. The Company will be cautious in exercising the buy back mandate and has no intention to exercise the buy back mandate to such extent as to jeopardise the public float requirement. In addition, the Directors are not aware of any consequences which may arise under the Hong Kong Code on Takeovers and Mergers as a result of any purchases made under the Repurchase Proposal.

## **6. SHARE PURCHASES MADE BY THE COMPANY**

The Company has not purchased any of its shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this statement.

Yours faithfully,

**LO YUK SUI**  
*Chairman*