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## JOINT ANNOUNCEMENT COMPLETION OF THE PALIBURG ACQUISITION AGREEMENT AND THE SHARE SWAP AGREEMENT

The respective boards of directors of Century City and Paliburg are pleased to announce that the Paliburg Acquisition Agreement was completed on 31st December, 2002.

The board of directors of Century City is pleased to announce that the Share Swap Agreement was completed on 31st December, 2002.

In the meantime, Century City is progressing on the discussions with its financial creditors on the debt restructuring proposals of the Century City Group. Further announcement in relation to the restructuring will be made by Century City as and when required under the Listing Rules.

Reference is made to the joint announcement ("Announcement 1") made by Century City, Paliburg and Regal dated 2nd August, 2002 and the respective circulars to the shareholders of Century City and Paliburg dated 26th August, 2002 in relation to, among other things, the Paliburg Acquisition and the Share Swap (as the case may be). Reference is also made to the joint announcement ("Announcement 2") made by Century City, Paliburg and Regal dated 4th November, 2002 in relation to, among other things, the delay in completion of the Paliburg Acquisition Agreement and the Share Swap Agreement. Capitalised terms used in this announcement shall have the same meanings as defined in Announcement 1 and Announcement 2 unless defined otherwise.

### Completion of the Paliburg Acquisition Agreement

The respective boards of directors of Century City and Paliburg are pleased to announce that all conditions to the completion of the Paliburg Acquisition Agreement have been fulfilled. The Paliburg Acquisition Agreement was completed on 31st December, 2002.

Pursuant to the Supplemental Agreement, Paliburg directed a wholly-owned subsidiary of VPI (which has become a wholly-owned subsidiary of Paliburg after completion of the Paliburg Acquisition Agreement) to advance approximately HK\$10 million to the Paliburg Group for the purpose of subscribing 155 million Regal Ordinary Shares under a top-up placing of the Regal Ordinary Shares in November 2002. As a result of the top-up placing of the Regal Ordinary Shares and the transfer of 190 million Regal Ordinary Shares from the Regal Shares SPC to the Issuing SPCs, the shareholding interest of Paliburg in the issued ordinary share capital of Regal has reduced from approximately 79.4% to approximately 74.9%. Please refer to the announcement of Regal dated 27th November, 2002 for details.

The VPI Placing has not been carried out. After the advance made by the wholly-owned subsidiary of VPI to the Paliburg Group, the aggregate cash reserves held by the two wholly-owned subsidiaries of VPI has decreased from approximately HK\$70 million to approximately HK\$60 million and such cash reserves will be used as general working capital for the Paliburg Group.

Paliburg has issued 2,750 million, 500 million and 200 million Paliburg Convertible Preference Shares to a nominee of the Paliburg Shares SPC as directed by the First Vendor, the Second Vendor and the Third Vendor respectively pursuant to the Paliburg Acquisition Agreement and the Share Swap Agreement. 3,450 million Paliburg Convertible Preference Shares are convertible into 3,450 million Paliburg Ordinary Shares, representing approximately 148.8% of the existing issued ordinary share capital of Paliburg and approximately 59.8% of the issued ordinary share capital of Paliburg as enlarged by the issue of such new shares.

### Completion of the Share Swap Agreement

The board of directors of Century City is pleased to announce that all conditions to the completion of the Share Swap Agreement have been fulfilled. The Share Swap Agreement was completed on 31st December, 2002.

Pursuant to the Share Swap Agreement, the Vendors have caused to be issued a total of 3,450 million Paliburg Convertible Preference Shares to a nominee of the Paliburg Shares SPC. In return 11,000 million, 2,000 million and 800 million Exchangeable Preference Shares have been issued by the Paliburg Shares SPC to the First Vendor, the Second Vendor and the Third Vendor respectively. Century City has acquired the entire issued ordinary share capital of the Paliburg Shares SPC under the Share Swap Agreement. If the total of 13,800 million Exchangeable Preference Shares are acquired by Century City pursuant to the Rights to Put and/or Rights to Call, Century City will issue 13,800 million new Century City Ordinary Shares, representing approximately 361.6% of the existing issued share capital of Century City and approximately 78.3% of the issued share capital of Century City as enlarged by the issue of such new shares.

In the meantime, Century City is progressing on the discussions with its financial creditors on the debt restructuring proposals of the Century City Group. Further announcement in relation to the restructuring will be made by Century City as and when required under the Listing Rules.

### Shareholding structures of Century City and Paliburg

The following table illustrates the possible effect of the Share Swap on the shareholding structure of Century City assuming 13,800 million Exchangeable Preference Shares are acquired by Century City pursuant to the Rights to Put and/or Rights to Call.

	Existing (after completion of the Paliburg Acquisition Agreement and the Share Swap Agreement)		Upon 13,800 million Exchangeable Preference Shares are acquired by Century City pursuant to the Rights to Put and/or Rights to Call	
	Number of Century City Ordinary Shares million	%	Number of Century City Ordinary Shares million	%
Mr. Lo and his associates (including the First Vendor)	1,941.8	50.9	12,941.8	73.5
Second Vendor	—	—	2,000.0	11.4
Third Vendor	—	—	800.0	4.5
Other directors of Century City, Paliburg and Regal	17.1	0.4	17.1	0.1
Public shareholders of Century City	<u>1,857.9</u>	<u>48.7</u>	<u>1,857.9</u>	<u>10.5</u>
Total	<u>3,816.8</u>	<u>100.0</u>	<u>17,616.8</u>	<u>100.0</u>

The following table illustrates the shareholding structure of Paliburg under the following scenarios:

	Existing (after completion of the Paliburg Acquisition Agreement and the Share Swap Agreement)		Scenario 1		Scenario 2	
	Number of Paliburg Ordinary Shares million	%	Number of Paliburg Ordinary Shares million	%	Number of Paliburg Ordinary Shares million	%
Century City	1,373.0	59.2	4,823.0	83.6	1,373.0	23.8
Mr. Lo and his associates (including the First Vendor)	0.2	0.0	0.2	0.0	2,750.2	47.7
Second Vendor	—	—	—	—	500	8.7
Third Vendor	—	—	—	—	200	3.4
Other directors of Paliburg and Regal	4.2	0.2	4.2	0.1	4.2	0.1
Public shareholders of Paliburg	<u>941.1</u>	<u>40.6</u>	<u>941.1</u>	<u>16.3</u>	<u>941.1</u>	<u>16.3</u>
Total	<u>2,318.5</u>	<u>100.0</u>	<u>5,768.5</u>	<u>100.0</u>	<u>5,768.5</u>	<u>100.0</u>

*Scenario 1: Possible shareholding structure of Paliburg assuming 3,450 million Paliburg Convertible Preference Shares are converted in full and 13,800 million Exchangeable Preference Shares are acquired by Century City pursuant to the Rights to Put and/or Rights to Call*

*Scenario 2: Possible shareholding structure of Paliburg assuming 3,450 million Paliburg Convertible Preference Shares are converted and the exchange rights of the 13,800 million Exchangeable Preference Shares are exercised by the Vendors in full*

Based on the existing shareholding structure of Century City and that of Paliburg, the respective percentages of the issued Century City Ordinary Shares and Paliburg Ordinary Shares held by public may fall below the minimum percentage of 25% as required by Rule 8.08 of the Listing Rules after exercise of the Rights to Put and/or the Rights to Call attached to the Exchangeable Preference Shares and/or the conversion rights attached to the Paliburg Convertible Preference Shares. Each of Century City and Paliburg has respectively undertaken to the Stock Exchange that it will not cause its public float to fall below the minimum public float requirement under Rule 8.08 of the Listing Rules as a result of exercise of the Rights to Call attached to the Exchangeable Preference Shares and/or the conversion rights attached to the Paliburg Convertible Preference Shares. Mr. Lo has also undertaken to the Stock Exchange that he will not cause the public float of Century City and Paliburg to fall below the minimum public float required under Rule 8.08 of the Listing Rules as a result of exercise of the Rights to Put attached to the Exchangeable Preference Shares and/or the conversion rights attached to the Paliburg Convertible Preference Shares owned by him and his associates.

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

By Order of the Board  
Paliburg Holdings Limited  
Eliza Lam Sau Fun  
Secretary

Hong Kong, 31st December, 2002