

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



#### DISCLOSEABLE TRANSACTION



#### DISCLOSEABLE TRANSACTION



#### CONNECTED TRANSACTION

On 8th July, 2005, the Vendor, a wholly-owned subsidiary of Paliburg, and the Purchaser, a wholly-owned subsidiary of Regal, entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire a 50% equity interest in Hang Fok at a consideration of HK\$145 million. Paliburg and Regal are also parties to the Sale and Purchase Agreement guaranteeing the respective performance and obligations of the Vendor and the Purchaser under the Sale and Purchase Agreement.

Hang Fok is an investment holding company and holds a 23% shareholding interest in each of the Investee Companies. The Investee Companies are principally engaged in the development of a property project in the Central Business District (CBD) of Beijing, the PRC. Paliburg and Regal have obtained a valuation report from an independent international professional valuer in respect of the valuation of the property project. According to the valuation report, the property project, after exclusion of certain specific entitlements beneficially owned by one of the other shareholders of the Investee Companies, was valued at RMB1,760 million (equivalent to approximately HK\$1,660 million) as at 30th June, 2005.

It was disclosed in the annual reports of Century City and Paliburg for the year ended 31st December, 2004 that one of the Investee Companies has obtained approval from the Beijing Municipal Commission of Urban Planning for the development plan of the property project and has been granted a contract in respect of the land use rights of the subject development site. However, up to the date of this announcement, no consensus has been reached among the shareholders of the Investee Companies in respect of certain issues relating to the business of the Investee Companies, and the due date for the payment of the requisite land premium under the land grant contract has expired and the land premium remains unpaid. The Paliburg Group has been actively negotiating with the other shareholders of the Investee Companies and potential investors with a view to exploring various feasible alternatives in addressing the issues. No substantive consensus has been reached up to the date of this announcement.

The Sale and Purchase Agreement was completed immediately following the signing of the same on 8th July, 2005. The Purchaser has issued a promissory note with a principal amount of HK\$145 million bearing interest at 3% per annum to the Vendor. The promissory note will become due upon the earlier of (i) the date falling on the 7th day after the condition subsequent (as stated below) having been satisfied or waived by the Purchaser or (ii) 7 months after the issuance of the promissory note (unless otherwise extended by mutual agreement between the Vendor and the Purchaser pursuant to the Sale and Purchase Agreement). The Purchaser has been given the right exercisable at its discretion to rescind or terminate the Sale and Purchase Agreement if, within 6 months of the date of signing the Sale and Purchase Agreement (or such later date as may be mutually agreed between the Vendor and the Purchaser), the Vendor fails to provide the Purchaser with documentary evidence satisfactory to the Purchaser to demonstrate that any of the Investee Companies is entitled to acquire the land use right of the subject development site with total permissible gross floor area of not less than 430,000 square meters at a consideration of not more than RMB580 million by way of a bilateral agreement to be entered into on a private treaty basis, subject to any adjustment mutually acceptable to the Vendor and the Purchaser if the total permissible gross floor area and/or the permitted use of which has been altered.

Century City is the holding company of Paliburg. The transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction for each of Century City and Paliburg and is subject to the reporting and announcement requirements under Rule 14.33 of the Listing Rules. Each of Century City and Paliburg will issue a circular to their respective shareholders setting out the details of the Sale and Purchase Agreement for information purposes only.

Paliburg is a controlling shareholder (as defined in the Listing Rules) of Regal. Century City and Paliburg are associates (as defined in the Listing Rules) of Mr. Lo Yuk Sui, the chairman of the board of directors of Regal, who owns an approximately 73% interest in Century City which in turn owns an approximately 55% interest in Paliburg. Accordingly, Century City, Paliburg and the Vendor are connected persons of Regal pursuant to Rule 14A.11 of the Listing Rules. The transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction for Regal under the Listing Rules. As each of the percentage ratios of Regal in respect of the subject transaction calculated pursuant to Rule 14.07 of the Listing Rules is less than 2.5%, Regal is only required to comply with the reporting and announcement requirements under Rules 14A.45 and 14A.47 of the Listing Rules.

#### The Sale and Purchase Agreement

On 8th July, 2005, the Vendor, a wholly-owned subsidiary of Paliburg, Paliburg, the Purchaser, a wholly-owned subsidiary of Regal, Regal and Hang Fok entered into the Sale and Purchase Agreement, pursuant to which the Vendor has agreed to sell and the Purchaser has agreed to acquire a 50% equity interest in Hang Fok at a consideration of HK\$145 million. Paliburg has agreed to guarantee the performance and obligations of the Vendor under the Sale and Purchase Agreement. Regal has agreed to guarantee the performance and obligations of the Purchaser, including the payment obligation under the promissory note issued by the Purchaser, under the Sale and Purchase Agreement.

The consideration represents a discount of approximately 24% to the value of the 50% equity interest in Hang Fok based upon the valuation (carried out by an independent international professional valuer jointly appointed by Paliburg and Regal) of the property project of the Investee Companies, after exclusion of certain specific entitlements beneficially owned by one of the other shareholders of the Investee Companies as detailed below, of RMB1,760 million (equivalent to approximately HK\$1,660 million at an exchange rate of RMB1.06 to HK\$1.0) as at 30th June, 2005 based on the existing status of the site after deducting the unsettled land acquisition cost attributable to the Investee Companies. The property interest of the property project is valued using the comparison method of valuation on the assumptions that the property can be sold with the benefit of vacant possession. Comparisons based on prices realized on actual sales or offerings of comparable properties have been made by the independent valuer.

The consideration was determined after arm's length negotiations between Paliburg and Regal, in particular with reference to the independent valuation as mentioned above.

Completion of the Sale and Purchase Agreement has taken place immediately following the signing of the Sale and Purchase Agreement on 8th July, 2005. The Purchaser has been given a right exercisable at its discretion to rescind or terminate the Sale and Purchase Agreement if, within 6 months of the date of signing the Sale and Purchase Agreement (or such later date as may be mutually agreed between the Vendor and the Purchaser), the Vendor fails to provide the Purchaser with documentary evidence satisfactory to the Purchaser to demonstrate that any of the Investee Companies is entitled to acquire the land use right of the subject development site with total permissible gross floor area of not less than 430,000 square meters at a consideration of not more than RMB580 million by way of a bilateral agreement to be entered into on a private treaty basis, subject to any adjustment mutually acceptable to the Vendor and the Purchaser if the total permissible gross floor area and/or the permitted use of which has been altered, unless otherwise waived by the Purchaser. There is no compensation arrangement in case the rescission or termination right is exercised. The transaction contemplated under the Sale and Purchase Agreement does not require approval from the other shareholders of the Investee Companies.

Century City, Paliburg and Regal will issue separate announcements if (i) there is any adjustment to the condition subsequent mentioned above and (ii) the Purchaser exercises its rescission or termination right.

The Purchaser has issued a promissory note with a principal amount of HK\$145 million bearing interest at 3% per annum to the Vendor. The promissory note falls due upon the earlier of (i) the date falling on the 7th day after the above condition subsequent having been satisfied or waived by the Purchaser or (ii) 7 months after the issue of the promissory note (unless otherwise extended by mutual agreement between the Vendor and the Purchaser pursuant to the Sale and Purchase Agreement).

#### Information on Hang Fok and the Investee Companies

Hang Fok is an investment holding company and holds a 23% shareholding interest in each of the Investee Companies. Immediately prior to the completion of the Sale and Purchase Agreement, Hang Fok was a wholly-owned subsidiary of Paliburg. After completion of the Sale and Purchase Agreement, Hang Fok has become a 50% owned associated company of each of Paliburg and Regal. It is expected that the accounts of Hang Fok will be accounted for in the respective financial statements of Paliburg and Regal using equity accounting method.

The Investee Companies are jointly and principally engaged in the development of a property project in the Central Business District (CBD) of Beijing, the PRC. One of the Investee Companies obtained approval from the Beijing Municipal Commission of Urban Planning for the development plan of the property project of the Investee Companies in December 2003 comprising office, residential, hotel, commercial and carparking accommodations with a total permissible gross floor area of 430,000 square meters. Currently, each of the Investee Companies is owned as to 23% by Hang Fok and 77% by two other shareholders, who are not connected persons of each of Century City, Paliburg and Regal for the purposes of the Listing Rules. Of the total permissible gross floor area of the property project of 430,000 square meters, economic interest of a total of 64,000 square meters does not belong to the Investee Companies and beneficially belongs to one of the other shareholders of the Investee Companies.

The Beijing Municipal Administration of State Land and Resources granted in August 2004 a contract in respect of the granting of land use rights of the subject development site to one of the Investee Companies, subject to payment of the requisite land premium of approximately RMB580 million. However, up to the date of this announcement, no consensus has been reached among the shareholders of the Investee Companies in respect of certain issues relating to the business of the Investee Companies, and the due date for the payment of the requisite land premium under the land grant contract has expired and the land premium remains unpaid. The Beijing Municipal Administration of State Land and Resources, being the grantor under the land grant contract, has informed the Investee Company of its decision to terminate the land grant contract and to resume the land use right pertaining thereto. According to the PRC legal opinion obtained by Hang Fok, the termination of the land grant contract will only become effective upon full compliance with the relevant legal procedures and thus, the Investee Companies are still entitled to negotiate with the relevant authority on the land grant contract (including the date for payment of the land premium) and secure the land use right pertaining thereto before the relevant legal procedures are complied with. In this connection, the Investee Companies are negotiating with the relevant authority in respect of the granting of the land use rights. However, it is currently uncertain as to the outcome of the negotiations relating to the granting of the land use rights by the relevant government authority pertaining to the land site. The Paliburg Group is in active negotiations with the other shareholders of the Investee Companies and potential investors to explore various feasible alternatives in addressing the situation. The Investee Companies will seek to procure, to the extent available, external financing for the development of the property project, including payment of the land premium. In respect of the financial statements of the Century Group and the Paliburg Group for the year ended 31st December, 2004, the auditors of Century City and Paliburg set out in their auditors' reports that should the Investee Companies fail to secure the title to the land site, appropriate adjustment against the carrying value of the Paliburg Group's investment in the Investee Companies may be required. The auditors of Century City and Paliburg also set out in their auditors' reports in respect of the financial statements of the Century Group and the Paliburg Group for the year ended 31st December, 2004 that they considered that appropriate disclosures had been made and their opinions were not qualified in this respect.

For the two years ended 31st December, 2004, Hang Fok did not record any turnover based on the unaudited management accounts of Hang Fok prepared in accordance with the Hong Kong Financial Reporting Standards. The unaudited loss before and after taxation of Hang Fok were approximately HK\$37.2 million for the year ended 31st December, 2003 and approximately HK\$2.6 million for the year ended 31st December, 2004. The unaudited total asset value and net assets of Hang Fok as at 30th June, 2005 were both approximately HK\$62.4 million. Hang Fok did not have any liability as at 30th June, 2005.

Based on the unaudited management accounts of the Investee Companies prepared in accordance with the generally accepted accounting principles in the PRC, for the two years ended 31st December, 2004, the Investee Companies did not record any income and the aggregate unaudited net loss of the Investee Companies were approximately RMB4.8 million and RMB3.2 million respectively. As at 31st December 2004, the unaudited total assets of the Investee Companies amounted to approximately RMB652.9 million and the

aggregate unaudited net asset value of the Investee Companies amounted to approximately RMB287.6 million. The assets of the Investee Companies as at 31st December, 2003 were mainly inventories which comprised the capitalized amount of the development costs incurred by the Investee Companies in relation to the development of the property project.

As set out in the annual reports of Century City and Paliburg for the year ended 31st December, 2004, Hang Fok is not in a position to exercise significant influence over the financial and operating policies of the Investee Companies. Paliburg and Regal consider that the transaction contemplated under the Sale and Purchase Agreement will not affect Hang Fok's position in exercising its influence over the financial and operating policies of the Investee Companies. Accordingly, Hang Fok's 23% shareholding interests in each of the Investee Companies were accounted for and will continue to be accounted for as long-term investments in the financial statements of Hang Fok before and immediately after completion of the transaction contemplated under the Sale and Purchase Agreement.

#### Reasons for and benefits of the transaction

Paliburg is an approximately 55% owned subsidiary of Century City. The Century Group and the Paliburg Group are principally engaged in property development and investment, construction and building related businesses, and other investments.

Regal is an approximately 45% owned associated company of Paliburg. The Regal Group is principally engaged in hotel ownership and management, property investment and other investments. The Regal Group is a well known hotel owner and operator and property developer in Hong Kong. Given the experience and knowledge of the Regal Group and having regard to the planned hotel element within the project, the directors of Paliburg consider that the introduction of Regal as a business partner in respect of the development of the property project of the Investee Companies will help enhance the prospects of the property project. The proceeds from the sale of the 50% interest in Hang Fok will also strengthen the liquidity position of the Paliburg Group. Paliburg intends to use the net proceeds from the Sale and Purchase Agreement as general working capital of the Paliburg Group. As at the date of this announcement, there is no plan on the specific usage of the proceeds.

Based on the latest net carrying value of Hang Fok of HK\$56.9 million (which has been written down from the initial carrying value of approximately HK\$700 million in the financial statements of Century City and Paliburg for the year ended 31st December, 1997 based on Hang Fok's then investment in the Investee Companies), it is estimated that the Paliburg Group may record a gain of approximately HK\$116.6 million before elimination of the unrealized gain attributable to its shareholding in Regal, and the Century Group may also record a gain of the same amount before minority interests, as a result of the disposal under the Sale and Purchase Agreement.

As a condition subsequent to the Sale and Purchase Agreement, the Regal Group will only be obliged to pay the HK\$145 million pursuant to the promissory note if the Investee Companies are able to resolve the present situation and secure the land use rights in respect of the subject development site. The Regal Group has the right to rescind or terminate the Sale and Purchase Agreement if the condition subsequent does not take place within 6 months of the date of signing the Sale and Purchase Agreement (or such later date as may be mutually agreed between the Vendor and the Purchaser). On the basis that the condition subsequent will be satisfied and the property project of the Investee Companies will be developed as planned, the directors of Regal consider that the investment in the Investee Companies, which allows the Regal Group to capitalize upon the financial prospects of the Investee Companies, to be beneficial to the Regal Group. The directors of Regal also consider that the investment in the Investee Companies would provide the Regal Group with an appropriate opportunity to diversify its hotel business and investment to the fast growing PRC market.

The respective directors of Century City and Paliburg (including their respective independent non-executive directors) believe that the transaction contemplated under the Sale and Purchase Agreement is in the respective interests of Century City and Paliburg and their respective shareholders as a whole.

The directors of Regal (including the independent non-executive directors of Regal) believe that the transaction contemplated under the Sale and Purchase Agreement is on normal commercial terms and is in the interests of Regal and the shareholders of Regal as a whole.

#### General

Century City is the holding company of Paliburg. The transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction for each of Century City and Paliburg and is subject to the reporting and announcement requirements pursuant to Rule 14.33 of the Listing Rules. Each of Century City and Paliburg will issue a circular to their respective shareholders setting out the details of the Sale and Purchase Agreement for information purposes only.

Paliburg is a controlling shareholder (as defined in the Listing Rules) of Regal. Century City and Paliburg are associates (as defined in the Listing Rules) of Mr. Lo Yuk Sui, the chairman of the board of directors of Regal, who owns an approximately 73% interest in Century City which in turn owns an approximately 55% interest in Paliburg. Accordingly, Century City, Paliburg and the Vendor are connected persons of Regal pursuant to Rule 14A.11 of the Listing Rules. The transaction contemplated under the Sale and Purchase Agreement constitutes a connected transaction for Regal under the Listing Rules. As each of the percentage ratios of Regal in respect of the subject transaction calculated pursuant to Rule 14.07 of the Listing Rules is less than 2.5%, Regal is only required to comply with the reporting and announcement requirements pursuant to Rules 14A.45 and 14A.47 of the Listing Rules.

As at the date of this announcement, the board of directors of Century City comprises the following members:

<i>Executive Directors:</i>	<i>Non-Executive Director:</i>
Mr. LO Yuk Sui (Chairman and Managing Director)	Mrs. Kitty LO LEE Kit Tai
Mr. Tommy LAM Chi Chung	<i>Independent Non-Executive Directors:</i>
Mr. Jimmy LO Chun To	Mr. Anthony CHUANG
Mr. Kenneth NG Kwai Kai	Mr. NG Siu Chan
	Mr. WONG Chi Keung

As at the date of this announcement, the board of directors of Paliburg comprises the following members:

<i>Executive Directors:</i>	<i>Non-Executive Director:</i>
Mr. LO Yuk Sui (Chairman and Managing Director)	Mrs. Kitty LO LEE Kit Tai
Mr. Donald FAN Tung	<i>Independent Non-Executive Directors:</i>
Mr. Jimmy LO Chun To	Mr. NG Siu Chan
Mr. Kenneth NG Kwai Kai	Hon Abraham SHEK Lai Him, JP
	Mr. WONG Chi Keung

As at the date of this announcement, the board of directors of Regal comprises the following members:

<i>Executive Directors:</i>	<i>Non-Executive Directors:</i>
Mr. LO Yuk Sui (Chairman and Managing Director)	Dr. Francis CHOI Chee Ming (Vice Chairman)
Mr. Donald FAN Tung	Mr. Kai Ole RINGENSON
Mr. Tommy LAM Chi Chung	<i>Independent Non-Executive Directors:</i>
Mr. Jimmy LO Chun To	Ms. Alice KAN Lai Kuen
Miss LO Po Man	Mr. NG Siu Chan
Mr. Kenneth NG Kwai Kai	Mr. WONG Chi Keung
Ms. Belinda YEUNG Bik Yiu	

#### Definitions

“Century City”	Century City International Holdings Limited, a company incorporated in Bermuda, whose ordinary shares are listed on the Main Board of the Stock Exchange
“Century Group”	Century City and its subsidiaries
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Hang Fok”	Hang Fok Properties Limited, a wholly-owned subsidiary of Paliburg prior to the completion of the Sale and Purchase Agreement on 8th July, 2005
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Investee Companies”	北京世紀城市房地產開發有限公司 (Beijing Century City Real Estate Development Co., Ltd.) and 北京建業房地產開發有限公司 (Beijing Jianye Real Estate Developing Co., Ltd.), both being Sino-foreign cooperative joint ventures incorporated in the PRC
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda, whose ordinary shares are listed on the Main Board of the Stock Exchange
“Paliburg Group”	Paliburg and its subsidiaries
“Purchaser”	Collective Potential Investments Limited, a wholly-owned subsidiary of Regal, which is the purchaser under the Sale and Purchase Agreement
“PRC”	the People’s Republic of China
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda, whose ordinary shares and warrants are listed on the Main Board of the Stock Exchange
“Regal Group”	Regal and its subsidiaries
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement entered into between the Vendor, Paliburg, the Purchaser, Regal and Hang Fok on 8th July, 2005 in respect of the sale and purchase of a 50% equity interest in Hang Fok
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Competitive Venture Limited, a wholly-owned subsidiary of Paliburg, which is the vendor under the Sale and Purchase Agreement

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	By Order of the Board Regal Hotels International Holdings Limited Eliza Lam Sau Fun Secretary
---	---	---

Hong Kong, 8th July, 2005