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**LATEST DEVELOPMENT ON A CONSENSUAL
RESTRUCTURING OF THE REGAL LOANS
and
DISPOSAL OF REGAL ORIENTAL HOTEL
(A DISCLOSEABLE TRANSACTION FOR CENTURY AND PALIBURG)**

The boards of directors of Century, Paliburg and Regal are pleased to announce that:

- (i) following continuing discussions with the Financial Creditors of the Regal Group, a proposal for a consensual restructuring of the Regal Loans was formulated and presented by the Regal Group in August 2003 for consideration by the Financial Creditors and, as of 3rd September, 2003, over 90% by value of the Regal Loans of the requisite Financial Creditors have in principle agreed to the proposal. The financial restructuring proposal will be subject to the finalisation and signing of relevant loan documents by the Regal Group and the Financial Creditors; and
- (ii) as contemplated under the financial restructuring proposal, Dragon Root and Regal have entered into the SP Agreement with Sino Bright on 29th August, 2003 for the sale by Dragon Root to Sino Bright of its 100% interest in Chasehill at a consideration of HK\$350 million (subject to adjustments). Chasehill directly owns 100% shareholding interests in Gala, which in turn directly owns 100% interests in the Regal Oriental Hotel.

The Disposal constitutes a discloseable transaction for Century (based on the Modified Calculation Concession as disclosed in an announcement of Century dated 19th June, 2003) and Paliburg under the Listing Rules. A circular of each of Century and Paliburg setting out details of the Disposal will be issued to the respective shareholders of Century and Paliburg in accordance with the requirements under the Listing Rules as soon as practicable.

At the request of each of Century, Paliburg and Regal, trading in the ordinary shares of Century, Paliburg and Regal on the Stock Exchange was suspended from 9:30 a.m. on 2nd September, 2003 pending the release of this announcement. Century, Paliburg and Regal have applied to the Stock Exchange for dealings to resume from 9:30 a.m. on 5th September, 2003.

CONSENSUAL RESTRUCTURING OF THE REGAL LOANS

The boards of directors of Century, Paliburg and Regal are pleased to announce that following continuing discussions with the Financial Creditors of the Regal Group, a proposal for a consensual restructuring of the Regal Loans was formulated and presented by the Regal Group in August 2003 for consideration by the Financial Creditors and, as of 3rd September, 2003, over 90% by value of the Regal Loans of the requisite Financial Creditors have in principle agreed to the proposal. The financial restructuring proposal will be subject to the finalisation and signing of relevant loan documents by the Regal Group and the Financial Creditors.

PRINCIPAL TERMS OF THE FINANCIAL RESTRUCTURING PROPOSAL

The principal terms of the financial restructuring proposal in respect of the Regal Loans are set out below:

- (i) That a sale and purchase agreement relating to the disposal of the Regal Oriental Hotel is signed, and a cash deposit of not less than HK\$30 million is paid under the agreement, on or before 31st August, 2003;
- (ii) Existing security for the Standstill Arrangement continues to form security for the restructured Regal Loans, comprising primarily security over the Regal Group's five hotels in Hong Kong, namely Regal Airport Hotel, Regal Hongkong Hotel, Regal Kowloon Hotel, Regal Riverside Hotel and Regal Oriental Hotel, (until sold), the Regal Group's 70% interest in the luxury residential development at Rural Building Lot No.1138, Wong Ma Kok Road, Stanley, Hong Kong and certain of the Regal Group's operating entities;
- (iii) Cash sweep arrangements on the operational income from the Regal Group's five hotels in Hong Kong (to the extent they remain as security for the restructured Regal Loans) and the surplus funds from the Stanley development project which are distributable to the Regal Group for interest servicing and milestone payments under the restructured Regal Loans; and
- (iv) The final repayment date of the Regal Loans will be extended from 8th September, 2003 under the Standstill Arrangement to, in respect of the Key Winner Loan, 31st December, 2006 and, in respect of the Bauhinia Loan, 31st December, 2012, subject to certain agreed milestone payments in respect of the Key Winner Loan and scheduled principal repayments in respect of the Bauhinia Loan.

EFFECTS OF THE FINANCIAL RESTRUCTURING PROPOSAL

The board of directors of Regal is of the view that the endorsement by the Financial Creditors of the financial restructuring proposal represents a major positive step in the financial restructuring process of the Regal Group and, on due implementation of the proposal, it will provide the Regal Group with overall financial stability for its sustained business recovery going forward.

Further announcement will be made by Century, Paliburg and Regal when the formal documentation for the financial restructuring proposal is finalised and signed by the Regal Group and the Financial Creditors, which is expected to be in October 2003.

DISPOSAL OF THE REGAL ORIENTAL HOTEL

As contemplated under the financial restructuring proposal in respect of the Regal Loans, Dragon Root and Regal entered into the SP Agreement with Sino Bright on 29th August, 2003 relating to the sale by Dragon Root and the purchase by Sino Bright of the Sale Share and the procurement by Dragon Root of the assignment of the Assigned Loans to Sino Bright. Completion of the SP Agreement is conditional on, among others, requisite consent from the Financial Creditors. As of 3rd September, 2003, approval on the Disposal under the SP Agreement has been obtained from all requisite Financial Creditors.

THE SP AGREEMENT DATED 29TH AUGUST, 2003

Parties to the SP Agreement

- | | |
|------------------------|---|
| (1) Vendor | : Dragon Root |
| (2) Purchaser | : Sino Bright; and |
| (3) Vendor's guarantor | : Regal (as guarantor for the performance of the obligations of Dragon Root under the SP Agreement) |

Assets to be sold and purchased under the SP Agreement

The assets to be sold and purchased under the SP Agreement comprise:

- (1) the Sale Share in Chasehill, which directly owns 100% shareholding interests in Gala, which in turn directly owns 100% interests in the Regal Oriental Hotel; and
- (2) the Assigned Loans.

The negative net tangible assets/net asset value of the ROH Group as at 31st December, 2002 was approximately HK\$750.5 million, after accounting for the amount of the intra-group loans in the sum of approximately HK\$1,030.4 million as at 31st December, 2002. The net tangible assets/net asset value represented by the ROH Group as disclosed in the respective latest published audited financial statements of Century, Paliburg and Regal for the year ended 31st December, 2002 was approximately HK\$279.9 million. The net loss before and after taxation of the ROH Group in respect of the financial year ended 31st December, 2001 was approximately HK\$136.3 million (which included a deficit on revaluation of hotel property of approximately HK\$124.0 million) and, in respect of the financial year ended 31st December, 2002, was approximately HK\$275.0 million (which included an impairment of hotel property of approximately HK\$271.3 million).

The Consideration for the Disposal and the Payment Terms

The consideration for the Disposal is HK\$350 million payable in cash, subject to adjustments (including the holdback and retention amounts referred to in items 2 and 3 below). A non-refundable cash deposit of HK\$30 million has been paid by Sino Bright to the solicitors acting for Dragon Root, as stakeholders, upon signing of the S&P Agreement.

At completion, Sino Bright shall pay to Dragon Root an amount, based on the consideration of HK\$350 million less the following amounts:

1. The cash deposit of HK\$30 million (together with interest earned thereon);
2. HK\$50 million, if the parties shall fail to agree within 2 months from the date of the SP Agreement on the extent, scope and specifications for all major outstanding commitments and rectification works of the Regal Oriental Hotel (including the demolition of a footbridge connected to the hotel), which are to be satisfied or completed before completion of the SP Agreement. In such event, the Regal Oriental Hotel will be delivered on an "as is" basis and Dragon Root will not have to be responsible for the severance payment allowance of the hotel staff; and
3. HK\$30 million, as the retention money for securing the obligations of Dragon Root in respect of the warranties given by Dragon Root under the SP Agreement (most of which are usual as compared with those in similar type of transactions) and a warranty that the net income (before interest expenses) of the Regal Oriental Hotel for the 3 calendar years to 31st December, 2006 will not be less than HK\$150 million (provided that the maximum liability of Dragon Root under this net income warranty shall not exceed HK\$30 million). The balance of the retention money, after deduction of any admitted claims, will be paid by Sino Bright to Dragon Root on the fourth anniversary of completion of the SP Agreement.

The consideration of the Disposal was determined after arm's length negotiation and is considered by the directors (including the independent non-executive directors) of Regal to be fair and reasonable, having regard to the prevailing market conditions of the hotel industry in Hong Kong. The consideration of HK\$350 million (which is subject to adjustments as referred to above) for the Disposal represents a premium of approximately 25% over the net tangible assets of approximately HK\$279.9 million represented by the ROH Group as at 31st December, 2002. The directors (including the independent non-executive directors) of Regal also considered the Disposal to be in the overall commercial interest of the Regal Group as it served to satisfy the covenant required under the financial restructuring proposal and will help in the reduction of the borrowing levels of the Regal Group.

Other terms of the SP Agreement

As part of the terms and conditions of the SP Agreement, at completion of the SP Agreement, Gala will enter into a new management contract with a wholly-owned subsidiary of the Regal Group for its management of the Regal Oriental Hotel for a fixed term of 3 years at a fee of 3% of gross hotel revenues, extendable by mutual agreement.

Dragon Root has the option, exercisable at its sole discretion, to terminate the SP Agreement by giving notice in writing to Sino Bright (i) within 30 days from the date of the SP Agreement by returning the deposit of HK\$30 million paid by Sino Bright (together with interest earned thereon), together with the payment to Sino Bright of an amount of HK\$15 million (as agreed liquidated damages); or (ii) within 60 days from the date of the SP Agreement by returning the deposit of HK\$30 million paid by Sino Bright (together with interest earned thereon), together with the payment of an amount to Sino Bright of HK\$30 million (as agreed liquidated damages).

Completion of the SP Agreement

Completion is expected to take place on 31st March, 2004 or such other date as may be agreed between the parties.

Completion is subject to the satisfaction and/or waiver (if applicable) by Sino Bright of, inter alia, the following conditions before the Completion:

- (1) The warranties in respect of the ROH Group and the Regal Oriental Hotel given by Dragon Root under the SP Agreement remaining in all material respects true and accurate at Completion;
- (2) Regal having reached agreement with the Financial Creditors for the restructuring of the Regal Loans;
- (3) All requisite consents (if any) for the transactions contemplated under the SP Agreement have been obtained from the Financial Creditors and any conditions relating to such consents have been or, contemporaneously with the completion of the SP Agreement will be, fulfilled;
- (4) All existing mortgages or charges over Chasehill, Gala, the Regal Oriental Hotel and any other assets of the ROH Group and all guarantees given by Chasehill and Gala have been released; and
- (5) Gala has shown or proved a good title to the Regal Oriental Hotel.

Reasons for the Disposal

As mentioned in a joint announcement dated 7th July, 2003 made by Century, Paliburg and Regal, Regal has been in continuing discussions with the Financial Creditors on the restructuring of the Regal Loans and in the meanwhile undertaking a sale process for the disposal of the Regal Group's two non-core hotels, namely, the Regal Oriental Hotel and the Regal Riverside Hotel. While substantive progress has been achieved on a consensual agreement with the Financial Creditors for the restructuring of the Regal Loans, the entering into of the SP Agreement for the Disposal would serve to facilitate the implementation of the consensual restructuring proposal.

Use of Proceeds from the Disposal

The net consideration receivable from the Disposal being the consideration of HK\$350 million less any adjustments that may arise under the HK\$50 million holdback and HK\$30 million retention amounts mentioned above, will be applied by the Regal Group in reduction of the outstanding indebtedness under the Key Winner Loan.

Effect of the Disposal

The implementation of the Disposal will serve to reduce the borrowing levels of Regal by the amount of proceeds to be realised from the Disposal and hence the interest expenses of Regal. As Regal is a major subsidiary of Century and Paliburg, the implementation of the Disposal will likewise benefit Century and Paliburg.

General

Each of Century, Paliburg and Regal is an investment holding company and the principal activities of the subsidiaries of Century and Paliburg (including the subsidiaries of Regal) include property development and investment, property management, construction and construction-related businesses, hotel ownership and management and other investments.

The Disposal constitutes a discloseable transaction for Century (based on the Modified Calculation Concession as disclosed in an announcement of Century dated 19th June, 2003) and Paliburg under the Listing Rules. A circular of each of Century and Paliburg setting out details of the Disposal will be issued to the respective shareholders of Century and Paliburg in accordance with the requirements under the Listing Rules as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING

At the request of each of Century, Paliburg and Regal, trading in the ordinary shares of Century, Paliburg and Regal on the Stock Exchange was suspended from 9:30 a.m. on 2nd September, 2003 pending the release of this announcement. Century, Paliburg and Regal have applied to the Stock Exchange for dealings to resume from 9:30 a.m. on 5th September, 2003.

DEFINITIONS

As used in this announcement, the following words and phrases have the same meanings assigned:

"associates"	has the meaning as ascribed in the Listing Rules
"Assigned Loans"	the inter-company balances owing by Gala to two wholly owned subsidiaries of the Regal Group at completion of the SP Agreement, which amounted to approximately HK\$1,036.0 million as at the date of the SP Agreement
"Bauhinia Loan"	the outstanding construction loan of the Regal Group in an amount of approximately HK\$1,054.2 million as at 30th June, 2003
"Century"	Century City International Holdings Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Stock Exchange
"Chasehill"	Chasehill Limited, a company incorporated in the British Virgin Islands with limited liability and 100% directly owned by Dragon Root
"Disposal"	Disposal of Chasehill and its assets, comprising primarily its interests in Gala and the Regal Oriental Hotel, through the sale of the Sale Share and the assignment of the Assigned Loans upon the terms and conditions as set out in the SP Agreement
"Dragon Root"	Dragon Root Inc., an indirect wholly owned subsidiary of Regal incorporated in the British Virgin Islands with limited liability
"Financial Creditors"	the financial creditors of the Regal Group under the Standstill Arrangement
"Gala"	Gala Hotels Limited, a company incorporated in Hong Kong with limited liability and 100% directly owned by Chasehill
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Key Winner Loan"	the outstanding syndicated loan of the Regal Group in an amount of approximately HK\$3,732.5 million as at 30th June, 2003
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Paliburg"	Paliburg Holdings Limited, a subsidiary of Century incorporated in Bermuda with limited liability and the ordinary shares of which are listed on the Stock Exchange, in which Century holds approximately 66.87% shareholding interests
"Regal"	Regal Hotels International Holdings Limited, a subsidiary of Paliburg incorporated in Bermuda with limited liability and the ordinary shares of which are listed on the Stock Exchange, in which Paliburg holds approximately 63.52% shareholding interests
"Regal Group"	Regal and its subsidiaries
"Regal Loans"	the outstanding bank loans of the Regal Group in an aggregate amount of approximately HK\$4,786.7 million as at 30th June, 2003, comprising the Key Winner Loan and the Bauhinia Loan
"Regal Oriental Hotel"	the hotel property and business in the name of "Regal Oriental Hotel", located at 30-38 Sa Po Road, Kowloon, Hong Kong and 100% owned by Gala
"ROH Group"	Chasehill and Gala
"Sale Share"	the one (1) issued ordinary share of par value US\$1.00 of Chasehill, representing its entire issued share capital
"Sino Bright"	Sino Bright Group Limited, the purchaser under the SP Agreement, together with its beneficial owners are independent of and not connected with the directors, chief executive or substantial shareholders of Century, Paliburg and Regal and the respective subsidiaries of Century, Paliburg and Regal or any of their respective associates
"SP Agreement"	the conditional Sale and Purchase Agreement relating to Chasehill Limited dated 29th August, 2003 entered into between Dragon Root as the vendor, Sino Bright as the purchaser and Regal as the vendor's guarantor
"Standstill Arrangement"	the standstill arrangement between Regal and the financial creditors of the Regal Loans pursuant to the standstill agreement dated 4th September, 2002 entered into between Regal, certain companies of the Regal Group involved in providing standstill security and the financial creditors of the Regal Loans
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholders"	has the meaning as ascribed in the Listing Rules
"HKS"	Hong Kong dollars

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, 4th September, 2003