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世紀城市國際控股有限公司  
**Century City**  
International Holdings Limited  
(Incorporated in Bermuda with limited liability)



百利保控股有限公司  
**Paliburg**  
Holdings Limited  
(Incorporated in Bermuda with limited liability)



富豪酒店國際控股有限公司  
**Regal Hotels**  
International Holdings Limited  
(Incorporated in Bermuda with limited liability)

**LATEST DEVELOPMENT RELATING TO  
RECOVERY OF CONSIDERATION RECEIVABLE  
FROM THE DISPOSAL OF HOTEL INTERESTS IN THE UNITED STATES,  
DISPOSAL OF INTERESTS IN THE REGAL CONSTELLATION HOTEL  
AND  
FINANCIAL RESTRUCTURING IN RESPECT OF THE REGAL LOANS  
AND THE DISPOSAL OF NON-CORE HOTEL ASSETS**

The boards of directors of Century, Paliburg and Regal wish to announce that:-

1. With regard to the recovery of the Consideration Receivable by Regal under the US Disposal Agreement, the Regal Group's motion for summary judgement on the breach of contract claim against the US Purchaser in respect of a principal amount of US\$39,261,657.49 (equivalent to approximately HK\$306,240,928.42), was granted by the United States District Court for the Southern District of New York on 30th June, 2003, with interest to be further determined.
2. The CH Purchaser defaulted in the closing of the Constellation Hotel Agreement and the Regal Group has disposed of its shareholding interest in Regal Pacific to an independent third party.
3. The Regal Group is continuing discussions on the restructuring of the Regal Loans and is in the meanwhile conducting negotiations on the sale of its two non-core hotels.

**RECOVERY OF CONSIDERATION RECEIVABLE FROM THE DISPOSAL  
OF HOTEL INTERESTS IN THE UNITED STATES**

**Background and Details of the Consideration Receivable**

As stated in the 2002 Financial Statements of Century, Paliburg and Regal respectively, which were incorporated in Century, Paliburg and Regal's annual reports for the year of 2002, the Report of the Auditors on the Financial Statements contained a modified opinion with respect to the fundamental uncertainty on a receivable of approximately HK\$400.1 million as at 31st December, 2002 included in debtors, deposits and prepayments under current assets. Details of the Consideration Receivable and the background leading to the fundamental uncertainty were disclosed in the 2002 Financial Statements. The Consideration Receivable, in the sum of approximately HK\$400.1 million, comprised (i) the Deferred Consideration of US\$45.0 million (approximately HK\$351.0 million); and (ii) certain interest aggregating HK\$49.1 million accrued thereon at 7% per annum. Under the US Disposal Agreement, the Deferred Consideration and the interest accrued thereon were due to be paid by the US Purchaser on 17th December, 2001.

The Regal Group has agreed under the US Disposal Agreement to indemnify the US Purchaser for third party claims arising from events occurring before the completion of the US Disposal Agreement in December 1999. While most of the claims for such pre-closing liabilities so far notified by the US Purchaser to the Regal Group have been resolved and the aggregate amount of such remaining pre-closing liabilities claims has been reduced to significantly below the Deferred Consideration, the US Purchaser has withheld payment of any of the Consideration Receivable on the ground that the Regal Group has failed to provide adequate assurance for any future pre-closing liabilities that may surface between now and the end of the indemnity period in December 2004 as demanded by the US Purchaser. Having consulted with its legal advisers, the Regal Group was advised that the demand by the US Purchaser was without grounds and has accordingly instituted legal proceedings against the US Purchaser to recover the Consideration Receivable. At the time of approval of the 2002 Financial Statements of Regal, the Regal Directors were unable to determine with reasonable certainty the outcome of the legal proceedings and therefore, were unable to determine the time required to recover the Consideration Receivable and whether a provision, if any, is required against the Consideration Receivable.

**Latest Development of Recovery of the Consideration Receivable**

The legal proceedings against the US Purchaser was undertaken in the form of a lawsuit in which a motion was made for summary judgement on a breach of contract claim in respect of a principal amount of US\$39,261,657.49 (equivalent to approximately HK\$306,240,928.42), together with interest. This motion for summary judgement was, among others, heard in the United States District Court for the Southern District of New York on 30th May, 2003. A written decision dated 30th June, 2003 was issued by the District Court Judge, in which the Regal Group's motion for summary judgement on the breach of contract claim with regard to the amount of US\$39,261,657.49 (equivalent to approximately HK\$306,240,928.42) was granted. A further hearing is scheduled to be held on 21st August, 2003 to determine what amount of interest, if any, is also due, after which a judgement will be entered. The US Purchaser will have the right to appeal after the judgement is entered.

Based on the Court's decision, the Regal Group is entitled to be paid by the US Purchaser US\$39,261,657.49 (equivalent to approximately HK\$306,240,928.42) together with an amount of interest to be determined by the Court. The timing for payment by the US Purchaser will depend on the time when the judgement is entered and whether the US Purchaser will appeal against such judgement. In its ruling, the Court absolutely determined that the US Purchaser is not entitled to its demand for adequate assurance from the Regal Group. In addition to the above amount of US\$39,261,657.49 (equivalent to approximately HK\$306,240,928.42) (plus interest to be determined), the ultimate further amounts recoverable from the US Purchaser will depend on the extent to which the remaining outstanding claims so far notified by the US Purchaser are resolved, the legal and other costs that may be associated therewith and the amount of interest that may be accruing on funds continuing to be held back until the claims they have been specifically reserved against have been resolved. The recovery of the Consideration Receivable will have a material positive effect on the cashflow position of the Regal Group but its impact on the profit and loss position of the Regal Group will depend on the amount of interest to be determined by the Court and the resolution of the remaining outstanding claims.

**DISPOSAL OF INTERESTS IN THE REGAL CONSTELLATION HOTEL**

As disclosed in the 2002 Annual Reports of Century, Paliburg and Regal respectively, on 3rd September, 2002, the Regal Group entered into the Constellation Hotel Agreement for the disposal of the Regal Group's 100% interest in the Regal Constellation Hotel in Toronto, Canada. At the request of the CH Purchaser, the closing date of the Constellation Hotel Agreement was last extended to 24th June, 2003. Regal Pacific formally tendered documents for closing on 24th June, 2003 in accordance with the provisions of the Constellation Hotel Agreement, but the CH Purchaser had failed to proceed with the closing. Due to the default of the CH Purchaser, Regal Pacific has accordingly notified the CH Purchaser that the aggregate deposit of Cdn\$1.85 million (equivalent to approximately HK\$10.73 million) paid by the CH Purchaser has been forfeited and that Regal Pacific reserved all its remedies against the CH Purchaser including its rights to seek further damages and that it will be enforcing the guarantees provided by the CH Purchaser's guarantors.

On 25th June, 2003, Regal BVI disposed of its 100% shareholding interest in Regal Pacific to a third party purchaser, which is not connected with any of the directors, chief executive and substantial shareholders of Regal, its subsidiaries and any of their respective associates, for a nominal consideration of Cdn\$2.00, while Regal BVI retained the benefits of its loans to Regal Pacific and its subsidiaries (which amounted to approximately Cdn\$133.5 million (equivalent to approximately HK\$774.3 million) as at 25th June, 2003). Any amounts that may be recovered by Regal Pacific, including the amount of any further damages that may be recovered from the CH Purchaser and its guarantors and any net proceeds that may be realisable from the disposal of the Regal Constellation Hotel, will be subject to certain sharing arrangements between Regal BVI and such third party purchaser.

As of 25th June, 2003, Regal Constellation owed a loan in the principal sum of approximately Cdn\$33.85 million (equivalent to approximately HK\$196.3 million) to a bank creditor. Pursuant to the Constellation Hotel Agreement, the repayment obligations of such loan would have been undertaken by the CH Purchaser, if the Constellation Hotel Agreement had proceeded to closing. There is no recourse against Regal by the bank creditor for the principal amount of the loan.

As at 31st December, 2002, the net carrying value of the Regal Group's investments in Regal Pacific was approximately Cdn\$9.0 million (equivalent to approximately HK\$52.2 million). A loss on disposal of the shareholding interest in Regal Pacific will accordingly be recognised in the interim results of the Regal Group for the six months ended 30th June, 2003.

**FINANCIAL RESTRUCTURING IN RESPECT OF THE REGAL LOANS AND  
THE DISPOSAL OF NON-CORE HOTEL ASSETS**

As also indicated in the 2002 Annual Reports of Century, Paliburg and Regal respectively, the Regal Group is continuing discussions on the restructuring of the Regal Loans and is 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. The Regal Group is currently conducting negotiations on the sale of the two non-core hotels with a number of prospective purchasers but no agreement has yet been reached. The Regal Group hopes to be able to come to a consensual agreement with the bank creditors of the Regal Loans on the restructuring of the Regal Loans in conjunction with the planned implementation of the hotel sale process.

Further announcement will be made by Century, Paliburg and Regal regarding any further material development of the matters disclosed in this announcement that may have a significant impact on the financial positions of Century, Paliburg and/or Regal.

**DEFINITIONS**

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

"2002 Annual Report"	the annual report for the year ended 31st December, 2002, incorporated with, inter alia, the 2002 Financial Statements
"2002 Financial Statements"	the audited consolidated financial statements for the financial year ended 31st December, 2002
"associates"	has the meaning as ascribed in the Listing Rules
"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
"Consideration Receivable"	a receivable in an amount of approximately HK\$400.1 million, comprising (i) the Deferred Consideration; and (ii) certain interest aggregating HK\$49.1 million accrued thereon at 7% per annum pursuant to the US Disposal Agreement
"Constellation Hotel Agreement"	a sale and purchase agreement dated 3rd September, 2002 entered into between Regal Pacific as the vendor and the CH Purchaser as the purchaser, relating to the disposal of Regal Pacific's 100% interest in Regal Constellation Hotel Limited which owns the Regal Constellation Hotel in Canada
"CH Purchaser"	the purchaser under the Constellation Hotel Agreement which is an independent third party not connected with any of the directors, chief executive and substantial shareholders of Regal, its subsidiaries and any of their respective associates
"Deferred Consideration"	the principal amount of US\$45.0 million (equivalent to approximately HK\$351.0 million) withheld by the US Purchaser on closing of the US Disposal Agreement
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"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 72.33% 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 72.71% shareholding interests
"Regal BVI"	Regal International (BVI) Holdings Limited, a wholly owned subsidiary of Regal incorporated in British Virgin Islands with limited liability
"Regal Constellation"	Regal Constellation Hotel Limited, a wholly owned subsidiary of Regal Pacific incorporated with limited liability in Canada which directly owns the 100% interest in the Regal Constellation Hotel in Toronto, Canada
"Regal Directors"	the directors of Regal
"Regal Group"	Regal and its subsidiaries
"Regal Loans"	the outstanding bank loans of the Regal Group in an aggregate amount of approximately HK\$4,816.6 million as at 31st December, 2002, comprising a syndicated loan of HK\$3,755.8 million and a construction loan of HK\$1,060.8 million
"Regal Pacific"	Regal Pacific (Holdings) Limited, a wholly owned subsidiary of Regal BVI incorporated with limited liability in Canada which directly owns the 100% interest in Regal Constellation
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholders"	has the meaning as ascribed in the Listing Rules
"US Disposal Agreement"	the securities purchase agreement dated 18th November, 1999 entered into between, inter alia, Regal BVI as the vendor and the US Purchaser as the purchaser relating to the disposal of the Regal Group's hotel interests in the United States
"US Purchaser"	CDL Hotels USA, Inc., the purchaser under the US Disposal Agreement which is an independent third party not connected with any of the directors, chief executive and substantial shareholders of Regal, its subsidiaries and any of their respective associates
"United States"	the United States of America
"Cdn\$"	Canadian dollars
"HK\$"	Hong Kong dollars
"US\$"	United States 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, 7th July, 2003