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ONGOING CONNECTED TRANSACTIONS

In view of the Restructuring, the basis of sharing the costs of the corporate management services which the CCIHL Group has been sharing with members of the Paliburg Group and the Regal Group, has been changed with effect from 1st January, 2003. Paliburg and Regal are non-wholly owned subsidiaries of Century City.

As part of the Restructuring, the Offices were transferred from a member of the Paliburg Group to an independent third party in October 2002. In order to ease the administrative procedures regarding the rental arrangement, Century City acts as the named tenant for the Offices and allocates the relevant rental cost to the Paliburg Group and the Regal Group. Such transactions constitute ongoing connected transactions for each of Paliburg and Regal.

8D has been providing advertising and promotional services to the Paliburg Group and the Regal Group on retainers and at a standard fee based on total costs involved, in addition to which actual costs and out-of-pocket expenses incurred are reimbursed. 8D is an associate of Mr. Lo. Mr. Lo is a substantial shareholder of Century City and a director of Century City, Paliburg and Regal. 8D is therefore a connected person of Century City, Paliburg and Regal.

Accordingly, the transactions under the sharing of the corporate management services and the advertising and promotional services provided by 8D to the Group constitute ongoing connected transactions for each of Century City, Paliburg and Regal. In 1998, Century City obtained a waiver from the Stock Exchange in respect of the transactions regarding, among other things, the sharing of the corporate management services between the three listed groups and each of Paliburg and Regal obtained a waiver from the Stock Exchange in respect of the transactions regarding, among other things, the sharing of the corporate management services and the provision of advertising and promotional services by 8D.

Century City refers to its announcement dated 30th May, 2002 that the respective annual aggregate amounts of the transactions under the corporate management services allocated by the CCIHL Group to the Paliburg Group and the Regal Group have exceeded the cap amounts under the waiver granted to Century City in 1998 due primarily to its reduced net asset value and Century City has failed to comply with the requirements under the Listing Rules regarding connected transactions in respect of the sharing of corporate management services and the advertising and promotional services provided by 8D to the Group.

As set out in the annual report of Paliburg for the year ended 31st December, 2002, the annual aggregate amount of the transactions under the corporate management services apportioned by the CCIHL Group to the Paliburg Group for the year ended 31st December, 2002 exceeded the relevant cap amount under the waiver granted to Paliburg in 1998. Up to 31st December, 2002, Regal had complied with the relevant cap amount under the waiver granted to it in 1998 in respect of the transactions under the corporate management services apportioned by the CCIHL Group to the Regal Group.

As the basis of the sharing of the corporate management services between the three groups has changed with effect from 1st January, 2003, each of Century City, Paliburg and Regal is required to obtain a new waiver from the Stock Exchange in respect of such ongoing connected transactions.

Century City expects that the respective annual aggregate fees apportioned to the PHL Group (including the Paliburg Group and the Regal Group) and the advertising and promotional services fees payable by the Group to 8D and each of Paliburg and Regal expects that the corporate management services fee payable by each of the PHL Group and the Regal Group will fall within the de-minimis provision under Rule 14.25(1) of the Listing Rules and should only be subject to the relevant disclosure requirements under the Listing Rules but not subject to any shareholders' approval requirement.

In view of the above and the ongoing nature of the transactions, each of Century City, Paliburg and Regal has applied to the Stock Exchange for a waiver from strict compliance with the disclosure requirements under Rule 14.25(1) of the Listing Rules for the relevant transactions. Paliburg and Regal will continue to rely on the waivers granted to them in 1998 in respect of the ongoing connected transactions under the advertising and promotional services provided by 8D.

THE ONGOING CONNECTED TRANSACTIONS

Corporate management services shared by the CCIHL Group with the Paliburg Group and the Regal Group

The CCIHL Group has been sharing corporate management services with members of the Paliburg Group and the Regal Group, such as finance and accounting as well as administrative and secretarial services. Up to 31st December, 2002, the fees for such services were charged by apportionment of actual costs among the companies on a proportionate basis by reference to individual consolidated turnover, profit (before interest and tax) (as applicable) and gross asset value (excluding listed subsidiary(ies), if applicable) of Century City, Paliburg and Regal for each financial year. Due to the significant change in the business and asset holding structure of the Paliburg Group and the Regal Group as a result of the Restructuring completed in the 4th quarter of 2002, the previous cost sharing basis was subsequently reviewed by Century City, Paliburg and Regal in early 2003. While management expenses incurred directly for each individual group's respective operations or operational functions will continue to be subject to specific allocation, it has been agreed that the general corporate management expenses relating to those operational functions that are shared amongst the CCIHL Group, the Paliburg Group and the Regal Group will be allocated by reference to a predetermined ratio assessed by the management of the three groups based on the distribution of job responsibilities and the estimated time to be spent by the relevant staff in serving each of the three groups. The new sharing basis has been reviewed and approved, in principle, by the audit committee (which was comprised of independent non-executive directors (in case of Century City and Paliburg) and independent non-executive directors and a non-executive director (in the case of Regal)) of each of Century City, Paliburg and Regal in May 2003 and it is agreed that the new sharing basis should be applied in the allocation of management expenses amongst the CCIHL Group, the Paliburg Group and the Regal Group commencing retrospectively from 1st January, 2003. The relevant ratio of allocations will be reviewed and re-assessed (if necessary) on an annual basis by the board of directors (including the independent non-executive directors) and the audit committee of each of Century City, Paliburg and Regal.

The sharing of corporate management services by the CCIHL Group with the Paliburg Group and the Regal Group has been and will continue to be conducted on normal commercial terms and in the ordinary and usual course of business of all of the companies concerned. The historical amounts of services fee shared by each of the Paliburg Group and the Regal Group for each of the three years ended 31st December, 2000, 2001 and 2002 are stated below:

	Year ended 31st December,		
	2000 HK\$'million	2001 HK\$'million	2002 HK\$'million
Paliburg Group	19.6	21.0	19.2
Regal Group	19.6	21.1	19.2
PHL Group	39.2	42.1	38.4

Based on the new sharing basis, it is estimated that the amount of services fee that may be shared by the Paliburg Group and the Regal Group (together being the PHL Group) for the sharing of corporate management services will be in the region of HK\$5 million and HK\$9 million respectively for the year ended 31st December, 2003 which were projected based on (a) the actual staff cost incurred for the first ten months of 2003, (b) a projection of such staff cost for the last two months of 2003 based on the existing number of staff involved in the provision of the corporate management services and their current salary, and (c) the existing agreed sharing basis of the corporate management service costs among the three listed groups.

The respective directors (including independent non-executive directors) of Century City, Paliburg and Regal are of the view that sharing of corporate management services enables the three group companies to reduce operating cost and improve efficiency.

Paliburg and Regal are non-wholly owned subsidiaries of Century City. The transactions under the corporate management services constitute ongoing connected transactions for each of Century City, Paliburg and Regal.

Rental arrangement between the CCIHL Group, the Paliburg Group and the Regal Group

The CCIHL Group, the Paliburg Group and the Regal Group have been using the Offices as their management and administrative offices. Before the Restructuring, the Offices were owned by a member of the Paliburg Group. The relevant rentals for the Offices were directly assumed by each of the CCIHL Group, the Paliburg Group and the Regal Group. As part of the Restructuring, the Offices were transferred from a member of the Paliburg Group to an independent third party not connected with Century City, Paliburg or Regal and/or any directors, chief executive and substantial shareholders of each of the three companies or their respective subsidiaries or any of their respective associates in October 2002. In order to simplify the administrative procedures and as a facilitation to the present landlord of the Offices, the CCIHL Group acts as the named tenant of the Offices and the rental is then allocated to the Paliburg Group and the Regal Group. Century City does not receive any consideration from Paliburg and Regal for collecting and paying the rent on their behalf under the rental arrangement.

Prior to 1st January, 2003, the rental was allocated between the three groups on the following basis:

- according to the Specific Area; and
- according to fair estimates of proportional use by each of the CCIHL Group, the Paliburg Group and the Regal Group as agreed by the boards of directors of Century City, Paliburg and Regal from time to time in respect of the Communal Area by reference to individual consolidated turnover, profit (before interest and tax) (as applicable) and gross asset values (excluding listed subsidiary(ies), if applicable) of Century City, Paliburg and Regal for each financial year.

Century City, Paliburg and Regal reviewed the rental allocation basis after completion of the Restructuring. Under the present allocation basis, as assessed by the management of Century City, Paliburg and Regal and approved by each of the audit committee of Century City, Paliburg and Regal, with effect from 1st January, 2003, the rent for the Specific Area will continue to be allocated based on the actual floor areas occupied by each of the listed groups and the rent for Communal Area is shared amongst Century City, Paliburg and Regal by reference to a predetermined ratio assessed by the management of the three groups based on

distribution of job responsibilities and the estimated time to be spent by those operating departments in serving each of the three listed groups. The relevant ratio of allocations will be reviewed and re-assessed (if necessary) on an annual basis by the directors (including the independent non-executive directors) and the audit committee of each of the three groups. The respective directors (including independent non-executive directors) of Century City, Paliburg and Regal consider that the above rental allocation basis is fair and reasonable to their respective shareholders.

For the period between the completion date of the Property Transfer (i.e. 31st October, 2002) and 31st December, 2002 and the year ended 31st December, 2003, the actual and estimated rental for the Offices allocated by Century City to the Paliburg Group and the Regal Group is stated below:

	Period between the completion date of the Property Transfer and 31st December, 2002	Year ended 31st December, 2003
	HK\$ 'million	HK\$ 'million
Paliburg Group	0.7	1.2
Regal Group	0.6	1.8
PHL Group	1.3	3.0

The estimated amounts stated above for the year ended 31st December, 2003 are projected based on the current monthly rental and the existing rental allocation basis stated above.

The respective directors (including independent non-executive directors) of Century City, Paliburg and Regal consider that the transactions are carried out in the ordinary and usual course of business of all the companies concerned and on normal commercial terms.

Advertising and promotional services provided by 8D

8D has been providing advertising and promotional services to the Group on retainers and at a standard fee based on total costs involved, in addition to which actual costs and out-of-pocket expenses incurred are reimbursed. The charges of 8D to the Group are based upon the actual advertising fees, production costs and/or out-of-pocket expenses incurred by 8D plus an agreed standard fee which represents a mark-up percentage of the actual advertising fee or production costs incurred by 8D. Century City, Paliburg and Regal understand that the agreed fee rates are comparable to market rates and their respective directors (including non-executive directors) consider that such fee rates are fair and reasonable. The total amount of such fees charged by 8D for the services provided to the Group for each of the three years ended 31st December, 2000, 2001 and 2002 are stated below:

	Year ended 31st December,		
	2000 HK\$'million	2001 HK\$'million	2002 HK\$'million
Paliburg Group	1.0	0.9	0.7
Regal Group	7.5	6.3	4.0
PHL Group	8.5	7.2	4.7

It is estimated by Century City, Paliburg and Regal that the service fees payable by the Group to 8D for the year ended 31st December, 2003 will be in the range of HK\$3 million which were projected taking into account of the actual promotional cost incurred so far. As most of the services provided by 8D to the Group were and is expected to be related to the business of the Regal Group, a substantial portion of the estimated fee for the year ended 31st December, 2003 will be charged to the Regal Group. The declining trend of the service fees was mainly due to the general decrease in the volume of advertisements and promotions placed and in the advertising and production costs involved as well as the reduction of promotional work of the Group as a result of various asset disposals by members of the Group during the period.

8D is owned as to 10% by the CCIHL Group, 30% by the Regal Group and 60% by a company which is indirectly owned as to approximately 3.3% by the CCIHL Group, 10% by the Regal Group, approximately 81.7% by Mr. Lo and the remaining 5% by an independent third party not connected with the directors, chief executive, substantial shareholders of Century City, Paliburg and Regal or any of their respective subsidiaries or any of their respective associates. 8D is therefore an associate of Mr. Lo, a substantial shareholder of Century City and a director of Century City, Paliburg and Regal, and therefore a connected person of Century City, Paliburg and Regal.

Century City, Paliburg and Regal consider that the advertising and promotional services provided by 8D to the Group, the PHL Group and the Regal Group respectively are on normal commercial terms and are conducted in the ordinary and usual course of business of the Group, the PHL Group and the Regal Group respectively. The Group has established a long-term working relationship with 8D since the Group was established as the management of 8D demonstrates a good understanding on the business needs of the respective members of the Group. The respective directors of Century City, Paliburg and Regal are of the view that 8D has been providing quality services to the Group, the PHL Group and the Regal Group, respectively, with reasonable fees.

WAIVER APPLICATIONS

Century City

As set out in the announcement of Century City dated 30th May, 2002 and in its annual report for the year 2002, Century City has previously obtained a waiver from the Stock Exchange for the ongoing connected transactions under the corporate management services in 1998. It was also set out in the announcement and in its annual report for the year 2002 that Century City has failed to comply with the conditions of the waiver and the relevant requirements for connected transactions under the Listing Rules in respect of the sharing of corporate management services since the year ended 31st December, 1999 (including that sharing of corporate management services which took place during the financial year ended 31st December, 2003) due primarily to its reduced net asset value and has failed to comply with the relevant requirements for connected transaction under the Listing Rules in respect of the provision of advertising and promotional services by 8D since 8D has become a connected person of Century City in 2000.

Century City expects that (a) the annual aggregate fees apportioned by the CCIHL Group to PHL Group (including the Paliburg Group and the Regal Group) in respect of the corporate management services; and (b) the annual aggregate fee payable by the Group to 8D in respect of the advertising and promotional services will be less than the highest of (i) 1.0% of the Modified Asset Value (details on the Modified Asset Value were set out in the announcement of Century City dated 19th June, 2003) (if applicable); (ii) HK\$10 million; or (iii) 3% of the latest published consolidated net tangible asset value of Century City (if applicable), from time to time. These transactions therefore should fall under the de-minimis provision under Rule 14.25(1) of the Listing Rules and should only be subject to the relevant disclosure requirements under the Listing Rules but not subject to any shareholders' approval requirement.

Given the continuing and recurring nature of the above transactions, Century City is of the view that it would be impracticable and unduly burdensome for it strictly to adhere to the disclosure requirements under the Listing Rules on each occasion where any such transaction arises. In light of this and the above non-compliance with the existing waiver and the relevant provisions of the Listing Rules governing connected transactions, Century City has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.25(1) of the Listing Rules in respect of the transactions subject to the conditions stated in the paragraph headed "waiver conditions" below.

Despite the rental arrangement described above constitute ongoing connected transactions for Century City, such transactions are exempted from the disclosure and shareholders' approval requirements under Rule 14.24(4) of the Listing Rules.

Paliburg

Paliburg obtained from the Stock Exchange in 1998 a waiver in respect of the sharing of the corporate management services among the three groups and a waiver in respect of the advertising and promotional services provided by 8D. Such waiver is subject to the annual aggregate amount of the corporate management services apportioned to Paliburg should not exceed 0.50% of the latest published audited consolidated net tangible assets of Paliburg from time to time. As set out in the annual report of Paliburg for the year ended 31st December, 2002, the amount apportioned to the Paliburg Group under the corporate management services for the year ended 31st December, 2002 amounted to approximately HK\$19.2 million, which represents approximately 1.01% of the published audited consolidated net tangible assets of Paliburg for the year ended 31st December, 2001 as adjusted to take into account the interim results of the PHL Group for the six months ended 30th June, 2002 and exceeded the relevant cap of 0.50%. Such 2002 annual report of Paliburg has been dispatched to its shareholders and such information has been in the public domain since the publication of the 2002 annual report, although Paliburg's shareholders were not informed by way of an announcement. It is principally due to the decrease in the net tangible asset value of the PHL Group which led to the actual amount of the corporate management services apportioned to Paliburg exceeding the cap. Paliburg did not seek a separate waiver from the Stock Exchange at the time when the annual amount of corporate management services for 2002 exceeded the cap amount due to an oversight, Paliburg recognizes and regrets this oversight and has taken steps to strengthen its internal compliance procedures to ensure timely disclosure and compliance with the Listing Rules.

As stated above in the paragraph headed "Corporate management services shared by the CCIHL Group with the Paliburg Group and the Regal Group", the cost sharing basis of the corporate management services has changed with effect from 1st January, 2003. In addition, as stated above in the paragraph headed "Rental arrangement between the CCIHL Group, the Paliburg Group and the Regal Group", the rental arrangement constitutes an ongoing connected transaction for Paliburg.

Paliburg expects that the respective annual aggregate amounts apportioned by the CCIHL Group to the PHL Group (including the Regal Group) in respect of (a) the corporate management services under the existing cost sharing basis and (b) the rental arrangement will be less than the higher of (i) HK\$10 million; or (ii) 3% of the latest published consolidated net tangible asset value of Paliburg (if applicable). These transactions therefore should fall under the de-minimis provision under Rule 14.25(1) of the Listing Rules and should only be subject to the relevant disclosure requirements under the Listing Rules but not subject to any shareholders' approval requirement.

Given the continuing and recurring nature of the above transactions, Paliburg is of the view that it would be impracticable and unduly burdensome for it strictly to adhere to the disclosure requirements under the Listing Rules on each occasion where any such transaction arises. In light of this and the above non-compliance with the existing waiver and the relevant provisions of the Listing Rules governing connected transactions, Paliburg has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.25(1) of the Listing Rules in respect of the transactions subject to the conditions stated in the paragraph headed "waiver conditions" below.

Under the existing waiver granted to Paliburg, the annual aggregate amount of the transactions under the advertising and promotional services provided by 8D to Paliburg Group shall not exceed 0.25% of the latest published audited consolidated net tangible assets of Paliburg. The historical annual aggregate amount of the transactions has not exceeded the relevant cap under the existing waiver. It is intended that the connected transactions of Paliburg in respect of the advertising and promotional services will continue to be covered by the waiver granted to Paliburg in 1998 and subject to the cap of 0.25% of the latest published audited consolidated net tangible assets of Paliburg from time to time.

Regal

In 1998, Regal obtained a waiver from the Stock Exchange in respect of, among other things, the ongoing connected transactions under the sharing of the corporate management services among the three groups and the advertising and promotional services provided by 8D. Such waiver is subject to a condition of the annual aggregate amounts of the corporate management services not exceeding 0.50% and annual aggregate amounts of the advertising and promotional services provided by 8D not exceeding 0.25% of the latest published audited consolidated net tangible assets of Regal from time to time. Up to 31st December, 2002, Regal had complied with such cap amounts under the waiver.

As disclosed above in the paragraph headed "Corporate management services shared by the CCIHL Group with the Paliburg Group and the Regal Group", the cost sharing basis of the corporate management services has changed with effect from 1st January, 2003. In addition, as stated above in the paragraph headed "Rental arrangement between the CCIHL Group, the Paliburg Group and the Regal Group", the rental arrangement constitutes an ongoing connected transaction for Regal. As such, Regal is required to seek a new waiver for the ongoing connected transactions under (a) the sharing of the corporate management services between the three groups and (b) the rental arrangement.

Regal expects that the respective annual aggregate amounts apportioned by the CCIHL Group to the Regal Group in respect of (a) the corporate management services and (b) the rental arrangement will be less than the higher of (i) HK\$10 million; or (ii) 3% of the latest published consolidated net tangible asset value of Regal (if applicable). These transactions therefore should fall under the de-minimis provision under Rule 14.25(1) of the Listing Rules and should only be subject to the relevant disclosure requirements under the Listing Rules but not subject to any shareholders' approval requirement.

Given the continuing and recurring nature of the above transactions, Regal is of the view that it would be impracticable and unduly burdensome for it strictly to adhere to the disclosure requirements under the Listing Rules on each occasion where any such transaction arises. In light of this, Regal has applied to the Stock Exchange for a waiver from strict compliance with Rule 14.25(1) of the Listing Rules in respect of the transactions subject to the conditions stated in the paragraph headed "waiver conditions" below.

Under the existing waiver granted to Regal, the annual aggregate amount of the transactions under the advertising and promotional services provided by 8D to Regal Group shall not exceed 0.25% of the latest published audited consolidated net tangible assets of Regal. The historical annual aggregate amount of the transactions has not exceeded the relevant cap under the existing waiver. It is intended that the connected transactions of Regal in respect of the advertising and promotional services will continue to be covered by the waiver granted to Regal in 1998 and subject to the cap of 0.25% of the latest published audited consolidated net tangible assets of Regal from time to time.

Waiver conditions

The waivers applied for by Century City, Paliburg and Regal will be subject to the following conditions:

- 1) the transactions shall be:
 - (i) entered into by the CCIHL Group, the Paliburg Group and/or the Regal Group (as the case may be) in the ordinary and usual course of its/their business;
 - (ii) conducted on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms that are fair and reasonable so far as the shareholders of the subject companies are concerned and no less favourable to the CCIHL Group, the Paliburg Group and/or the Regal Group (or as the case may be) than terms available from independent third parties; and/or
 - (iii) entered into on terms in accordance with the terms of the agreements governing such transactions, if any;
- 2) the aggregate annual amount of each class of the transactions (namely the sharing of corporate management services (in the case of Century City, Paliburg and Regal), the rental arrangement (in the case of Paliburg and Regal) and the advertising services provided by 8D (in the case of Century City only)) shall not exceed 1% of the Modified Asset Value (if applicable, for Century City only), HK\$10 million or 3% of the latest published consolidated net tangible asset value of the subject listed company (if applicable), whichever is the highest, in any financial year;
- 3) the independent non-executive directors of each of Century City, Paliburg and Regal shall review the sharing of corporate management services (in the case of Century City, Paliburg and Regal), the rental arrangement (in the case of Paliburg and Regal) and the advertising services provided by 8D (in the case of Century City only) annually and confirm in the respective annual report of Century City, Paliburg and Regal for the financial year concerned that the sharing of corporate management services (in the case of Century City, Paliburg and Regal), the rental arrangement (in the case of Paliburg and Regal) and the advertising services provided by 8D (in the case of Century City only) were conducted in the manner as stated in paragraphs 1 and 2 above;
- 4) the respective auditors of Century City, Paliburg and Regal shall review the subject transactions annually and confirm in a letter to each of the board of directors of Century City, Paliburg and Regal (a copy of which shall be provided to the Listing Division of the Stock Exchange) stating whether:
 - (i) the transactions have received the approval of the relevant board of directors of Century City, Paliburg or Regal;
 - (ii) the transactions have been carried out in accordance with the terms of the agreements governing such transactions, if any; and
 - (iii) the aggregate annual amount of each class of the transactions for the relevant financial year has exceeded the maximum amount as stated in paragraph 2 above; and
- 5) details of the transactions in each financial year shall be disclosed as required under Rule 14.25(1)(A) to (D) of the Listing Rules in the respective annual reports of Century City, Paliburg and Regal for the financial year concerned together with a statement of the opinion of its independent non-executive directors referred to in paragraph 3 above.

In the event that, for whatever reason, the auditors of Century City, Paliburg or Regal decline to accept the engagement or are unable to provide the letter as stated in paragraph 4 above, the relevant company shall inform the Stock Exchange accordingly.

Should the respective annual aggregate amount of each class of the transactions exceed the maximum amount set out in paragraph 2 above or there is any amendments to the terms governing the transactions, Century City, Paliburg and/or Regal will comply with the relevant provisions of Chapter 14 of the Listing Rules governing connected transactions unless it first applies for and obtains a separate waiver from the Stock Exchange.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than as at the date of the announcement on transactions of the kind to which the connected transactions belong including, but not limited to, a requirement that such transactions be made conditional on approval by independent shareholders of the subject companies, Century City, Paliburg and/or Regal, as appropriate, will take immediate steps to ensure compliance with such requirements within a reasonable time.

MODIFIED CALCULATION CONCESSIONS

Century City has been granted the adoption of the Modified Calculation Concessions (details of which were set out in the announcement of Century City dated 19th June, 2003) by the Stock Exchange in accordance with the relevant guidelines published by the Stock Exchange. Under the Modified Calculation Concessions, the threshold for the purposes of Rules 14.25(1) of the Listing Rules is the higher of HK\$10 million or 1% of the Modified Asset Value, being approximately HK\$43.4 million. The Modified Calculation Concessions applies up to the publication or the due date of publication of the annual report of Century City for the year ended 31st December, 2003, whichever is earlier.

GENERAL

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

Century City and Paliburg have failed to comply with the relevant requirements regarding connected transactions under the Listing Rules in respect of the sharing of corporate management services by the CCIHL Group with the Paliburg Group and the Regal Group (in the case of Century City and Paliburg) and the provision of advertising and promotional service by 8D to the Group (in the case of Century City). The Stock Exchange has indicated to Century City and Paliburg that it reserves the right to take action against each of the companies and their respective directors in respect of such non-compliance with the Listing Rules.

DEFINITIONS

"8D"	8D International Limited, an associate of Mr. Lo who is a substantial shareholder of Century City and a director of Century City, Paliburg and Regal
"associates"	as defined in the Listing Rules
"CCIHL Group"	Century City and its subsidiaries (excluding the Paliburg Group and the Regal Group)
"Century City"	Century City International Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
"Communal Area"	floor areas of the Offices which are occupied and used by the CCIHL Group, the Paliburg Group and the Regal Group on a communal basis
"Group"	Century City and its subsidiaries (including the Paliburg Group and the Regal Group)
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Lo"	Mr. Lo Yuk Sui, the chairman of the boards of directors of Century City, Paliburg and Regal
"Offices"	18th to 22nd floors of Paliburg Plaza, 68 Yee Wo Street, Causeway Bay, Hong Kong
"Paliburg"	Paliburg Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
"Paliburg Group"	Paliburg and its subsidiaries (excluding the Regal Group)
"PHL Group"	Paliburg and its subsidiaries (including the Regal Group)
"Property Transfer"	the transfer of certain properties, including the Offices, from the Paliburg Group to an independent third party as part of the Restructuring
"Regal"	Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
"Regal Group"	Regal and its subsidiaries
"Restructuring"	the corporate restructuring transactions of the Group as jointly announced by Century City, Paliburg and Regal on 2nd August, 2002
"Specific Area"	the floor areas of the Offices specifically occupied and used by each of the CCIHL Group, the Paliburg Group and the Regal Group
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

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, 12th January, 2004