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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)
(Stock Code: 355)

THIRD SUPPLEMENTAL AGREEMENT TO THE SHARE SWAP AGREEMENT

Financial Adviser to Century City International Holdings Limited

ERNST & YOUNG
Ernst & Young Corporate Finance Limited

Century City refers to its announcement dated 2nd August, 2002 and its circular dated 26th August, 2002 in respect of the Share Swap Agreement and to its announcement dated 30th December, 2003 in respect of the Second Supplemental Agreement.

Century City is now in the final stage of negotiation with its financial creditors on a consensual debt restructuring proposal. The relevant legal documentation for the debt restructuring is being finalized but it became evident that formal agreements would not be able to be reached before 30th June, 2004, the expiry date of the Exchange Period as extended by the Second Supplemental Agreement.

On 29th June, 2004, Century City entered into the Third Supplemental Agreement with the other parties to the Share Swap Agreement. Pursuant to the Third Supplemental Agreement, the expiry date of the Exchange Period has been further extended from 30th June, 2004 to 30th September, 2004. As a result, the exchange rights attaching to the Exchangeable Preference Shares, the Rights to Put, the Rights to Call and the repurchase provisions relating to the entire issued ordinary share capital of the Paliburg Shares SPC will continue to have full effect up to and including 30th September, 2004.

The purpose of the further extension of the Exchange Period is to allow Century City to continue to have the benefit of the mechanism provided in the Share Swap Agreement to maintain its majority shareholding interest in Paliburg (being a principal subsidiary of Century City) with a view to facilitating further negotiations with the financial creditors of the Century City Group for the finalisation of the debt restructuring of the Century City Group.

Further announcement regarding the status of the debt restructuring of the Century City Group will be made as and when required.

Shareholders and investors of Century City should note that the release of this announcement does not imply that the Century City Group will be able to reach an agreement with its financial creditors with a view to restructuring the indebtedness of the Century City Group. Caution should be exercised when dealing in the shares of Century City.

The board of directors of Century City International Holdings Limited ("Century City") refers to the announcement of Century City dated 2nd August, 2002 (the "Announcement") and the circular of Century City dated 26th August, 2002 (the "Circular") in respect of, among other things, an agreement entered into by Century City dated 2nd August, 2002 (as first amended by a supplemental agreement dated 31st October, 2002) (the "Share Swap Agreement") and to the announcement of Century City dated 30th December, 2003 in respect of the second supplemental agreement to the Share Swap Agreement dated 30th December, 2003 and entered into by Century City, the Vendors and the Paliburg SPC (all being parties to the Share Swap Agreement) (the "Second Supplemental Agreement"). Capitalised terms used in this announcement shall have the same meanings as defined in the Announcement and the Circular, unless otherwise defined herein.

The Share Swap Agreement

Pursuant to the Share Swap Agreement: (i) the Vendors have sold the Paliburg Convertible Preference Shares to the Paliburg Shares SPC; (ii) the Paliburg Shares SPC has issued the Exchangeable Preference Shares to the Vendors; and (iii) the entire issued ordinary share capital of the Paliburg Shares SPC has been sold by the First Vendor to Century City.

Under the Share Swap Agreement and the terms of the Exchangeable Preference Shares:-

- Every four Exchangeable Preference Shares give their holder the right to exchange the same into one Paliburg Ordinary Share (so converted by a Paliburg Convertible Preference Share) or one Paliburg Convertible Preference Share held by the Paliburg Shares SPC during the Exchange Period. The holder of the Series A Exchangeable Preference Shares may not exercise the exchange rights attaching to the Series A Exchangeable Preference Shares unless: (i) a material adverse change has occurred in relation to the financial, business and/or listing status of the Century City Group (in the reasonable opinion of the First Vendor); or (ii) any creditor of any member of the Century City Group takes or purports to take any precipitating action against any member of the Century City Group; or (iii) any creditor of any member of the Century City Group takes or purports to take any action which, in the opinion of the First Vendor, could materially prejudice the position of the holders of the Exchangeable Preference Shares or in any way delay or impede the exercise of any of their rights as holders of such shares; or (iv) Mr. Lo: (a) ceases to be in direct or indirect control of over 50% of the voting rights of Century City; or (b) ceases to have the right to nominate more than 50% of the board of directors of Century City.
- The holders of the Exchangeable Preference Shares have been given the Rights to Put (i.e. the rights to require Century City to acquire any Exchangeable Preference Shares from them in return for one Century City Ordinary Share for each Exchangeable Preference Share so acquired by Century City during the Exchange Period).
- Century City has been given the Rights to Call (i.e. the rights to acquire any Series A Exchangeable Preference Shares in return for the issue of one Century City Ordinary Share for each Series A Exchangeable Preference Share so acquired by Century City during the Exchange Period). The Rights to Call may not be exercised unless: (i) the Century City Group has successfully restructured its debts (in the reasonable opinion of the First Vendor) within the period in which the Rights to Call can be exercised; (ii) Mr. Lo: (a) remains in direct or indirect control of over 50% of the voting rights of Century City; and (b) has the right to nominate more than 50% of the board of directors of Century City; (iii) the Century City Ordinary Shares remain listed on the Stock Exchange; and (iv) the Century City Group is no longer in default in respect of any material loan.
- The First Vendor has been given the right to acquire the entire issued ordinary share capital of the Paliburg Shares SPC back from Century City at HK\$8.0 (being the same amount as the consideration paid by Century City to the First Vendor for the acquisition of the entire issued ordinary share capital of the Paliburg Shares SPC under the Share Swap Agreement) if before the expiry of the Exchange Period, any creditor of any member of the Century City Group takes or purports to take any action which could, in the opinion of the First Vendor, materially prejudice the position of the holders of the Exchangeable Preference Shares or in any way delay or impede the exercise of any of their rights as holders of such shares. If Century City is not entitled to unconditional exercise the Rights to Call before the expiry of the Exchange Period, the First Vendor shall purchase and Century City shall sell the entire issued ordinary share capital of the Paliburg Shares SPC upon expiry of the Exchange Period at HK\$8.0 (being the same amount as the consideration paid by Century City to the First Vendor for the acquisition of the entire issued ordinary share capital of the Paliburg Shares SPC under the Share Swap Agreement).

According to the original terms of the Share Swap Agreement, the Exchange Period would end on 31st December, 2003. The Exchange Period was extended to 30th June, 2004 pursuant to the Second Supplemental Agreement. Upon expiry of the Exchange Period as extended by the Second Supplemental Agreement (i.e. 30th June, 2004), the exchange rights (to exchange into the Paliburg Ordinary Shares so converted by the Paliburg Convertible Preference Shares and/or the Paliburg Convertible Preference Shares held by the Paliburg Shares SPC) attaching to the Exchangeable Preference Shares would be exercised on a mandatory basis pursuant to the provisions of the Share Swap Agreement.

As set out in the Circular, the primary purpose of the Share Swap is to provide Century City with a mechanism by which it may maintain its majority shareholding interest in Paliburg pending finalisation of the debt restructuring, as after completion of the Paliburg Acquisition (as disclosed in the Announcement and the Circular), Paliburg (being a principal subsidiary of Century City) may cease to be a subsidiary of Century City upon exercise of the conversion rights attaching to the Paliburg Convertible Preference Shares.

The Share Swap constituted a major and connected transaction for Century City and was approved by the Independent Shareholders on 16th October, 2002 at a special general meeting of Century City.

Proposed debt restructuring of the Century City Group

As set out in the Announcement and the Circular, the Century City Group has encountered financial problems and has been negotiating with its financial creditors with a view to finalising a restructuring plan in respect of the indebtedness of the Century City Group. In October 2002, the Century City Group, together with its independent financial adviser, presented a debt restructuring proposal to the financial creditors of the Century City Group. Since the entering into of the Second Supplemental Agreement to the Share Swap Agreement, Century City obtained in January 2004 the written in-principle approvals of the debt restructuring proposal from all its financial creditors. The debt restructuring proposal presented primarily envisages the settlement of a large majority of the outstanding indebtedness of the Century City Group by conversion into one or more financial instruments and convertible securities proposed to be issued by the Century City Group and the remaining small minority portion of the outstanding indebtedness to be replaced by new loans. These in-principle approvals are not legally binding and are subject to finalisation and execution of the definitive legal agreements to give effect to the debt restructuring proposal.

Century City is now in the final stage of negotiation with its financial creditors on a consensual debt restructuring proposal. The relevant legal documentation for the debt restructuring is being finalized but it became evident that formal agreements would not be able to be reached before 30th June, 2004.

Further announcement regarding the status of the debt restructuring will be made as and when required.

Shareholders and investors of Century City should note that the release of this announcement does not imply that the Century City Group will be able to reach an agreement with its financial creditors with a view to restructuring the indebtedness of the Century City Group. Caution should be exercised when dealing in the shares of Century City.

The Third Supplemental Agreement to the Share Swap Agreement

Century City, the Vendors and the Paliburg Shares SPC (all being parties to the Share Swap Agreement) entered into a third supplemental agreement to the Share Swap Agreement on 29th June, 2004 (the "Third Supplemental Agreement"). Pursuant to the Third Supplemental Agreement, the expiry date of the Exchange Period has been further extended from 30th June, 2004 to 30th September, 2004. After such further extension, the exchange rights attaching to the Exchangeable Preference Shares, the Rights to Put, the Rights to Call and the repurchase provisions relating to the entire issued ordinary share capital of the Paliburg Shares SPC will continue to have full effect up to and including 30th September, 2004.

Apart from the aforesaid matters, there is no change to any other terms and conditions of the Share Swap Agreement and the Exchangeable Preference Shares.

Century City has the power to give effect to the further extension of the Exchange Period under the Third Supplemental Agreement, as the relevant resolution approved by the Independent Shareholders on 16th October, 2002 already authorised the Directors to execute all such documents and to do all such acts as they may in their discretion consider necessary or desirable on behalf of Century City in connection with the Share Swap. No separate approval from the Independent Shareholders is required for the execution of the Third Supplemental Agreement.

Reasons for entering into the Third Supplemental Agreement

Assuming the Third Supplemental Agreement were not entered into and if: (i) no debt restructuring proposal were to be agreed and implemented and hence the Rights to Call would not be exercised before the expiry date of the Exchange Period as extended by the Second Supplemental Agreement (i.e. 30th June, 2004); (ii) all the outstanding Paliburg Convertible Preference Shares were converted into Paliburg Ordinary Shares; and (iii) all the Exchangeable Preference Shares were exchanged into Paliburg Ordinary Shares on or before the expiry date of the Exchange Period as extended by the Second Supplemental Agreement (i.e. 30th June, 2004), Paliburg would then cease to be a subsidiary of Century City which may have a negative impact on the ongoing negotiations with the financial creditors of the Century City Group in respect of the debt restructuring proposal.

Having reviewed the current progress of the discussions regarding the debt restructuring proposal with the financial creditors, Century City believes that the further extension of the Exchange Period to 30th September, 2004 will facilitate further negotiations with the financial creditors of the Century City Group with a view to finalising and implementing the debt restructuring proposal. In view of the current financial position of the Century City Group and the importance of the debt restructuring to it, Century City believes that it is in its and its shareholders' best interests to enter into the Third Supplemental Agreement.

Directors of Century City

As at the date of this announcement, the board of directors of Century City comprises, Mr. LO Yuk Sui (Chairman and Managing Director), Mr. Anthony CHUANG (Independent Non-Executive Director), Mr. Tommy LAM Chi Chung (Executive Director), Mrs. Kitty LO LEE Kit Tai (Non-Executive Director), Mr. Jimmy LO Chun To (Executive Director), Mr. Kenneth NG Kwai Kai (Executive Director) and Mr. NG Siu Chan (Independent Non-Executive Director).

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

Hong Kong, 29th June, 2004