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**Exchangeable Guaranteed Bonds due 2001 issued by
Paliburg International Finance Limited
exchangeable into ordinary shares of
Regal Hotels International Holdings Limited
guaranteed by Paliburg Holdings Limited**

ANNOUNCEMENT

The Board of Directors (the "Board") of Paliburg Holdings Limited ("Paliburg") wishes to announce that the 3.5 per cent. Exchangeable Guaranteed Bonds (the "Exchangeable Bonds") issued by Paliburg International Finance Limited (the "Issuer" or "PIFL"), a wholly owned subsidiary of Paliburg, matured on 6th February, 2001. The Issuer of the Exchangeable Bonds did not pay the outstanding principal amount, premium and interest accrued on such date totalling US\$161,488,405.

The Board wishes to announce that the Exchangeable Bonds matured on 6th February, 2001. The Issuer of the Exchangeable Bonds did not pay the outstanding principal amount, premium and interest accrued on such date totalling US\$161,488,405.

Such non-payment of principal, premium and interest would enable the Trustee of the Exchangeable Bonds to declare an event of default. The Trustee may, or if so directed or requested by the holders of Exchangeable Bonds in accordance with the terms of issue of the Exchangeable Bonds shall, institute such proceedings against the Issuer or Paliburg, the Guarantor of the Exchangeable Bonds, as it may think fit to enforce the terms of the Trust Deed governing the issue of the Bonds. The non-payment will cause cross-default to other debt including the US\$210,000,000 Zero Coupon Guaranteed Convertible Bonds due 2002 (the "Convertible Bonds") issued by Paliburg Finance (C.B. 2002) Limited (together with PIFL, the "Issuers"), a wholly owned subsidiary of Paliburg, and guaranteed by Paliburg, which if declared due and payable on 6th February, 2001 would be US\$285,143,250. Apart from the Exchangeable Bonds and Convertible Bonds, other indebtedness (including contingent guarantees and liabilities) owing by Paliburg and its wholly owned subsidiaries to banks and financial creditors as at 31st January, 2001 amounted to approximately HK\$2,765,000,000. Unless enforcement action is taken by the Trustee of the Exchangeable Bonds or the Convertible Bonds, the Board is of the view that such other indebtedness will not be demanded for repayment prematurely. If enforcement action were to be taken by the Trustee of the Exchangeable Bonds or the Convertible Bonds, the Issuers would not be able to repay the indebtedness and this may lead to the Trustees taking action (including liquidation) against Paliburg as the Guarantor.

The Board wishes to state that it is currently in discussion with the holders of Exchangeable Bonds and Convertible Bonds to agree to a consensual restructuring of the terms of the Exchangeable Bonds and the Convertible Bonds to avoid any enforcement action being taken by the Trustees.

A further announcement to update shareholders and the public will be made if and when appropriate.

In the meantime, shareholders are strongly advised to exercise caution in dealing in the shares of Paliburg.

By order of the Board
PALIBURG HOLDINGS LIMITED
Eliza Lam Sau Fun
Secretary

Hong Kong, 6th February, 2001