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26 June 2003

The Manager  
Company Announcements Office  
Australian Stock Exchange Ltd  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam,

**Park Plaza Kemayan Limited**  
**Sale and restructure of certain hotel assets**

The Company advises that it proposes to restructure its hotel operations by entering into a number of arrangements as set out below.

**Sale of Master Franchise Rights and Associated Management Contracts**

The Company has today entered into an agreement for Carlson Hotels Asia Pacific Pty Ltd and Carlson Hotels Worldwide, Inc. ("Carlson Group") to purchase certain of the Company's hotel assets, comprising the master franchise rights for the Park Plaza and Park Inn brands in the Asia-Pacific region and a number of associated management contracts. PPK Holding, LLC, the franchisor of these brands has consented to an assignment of these master franchise rights to the Carlson Group.

The consideration for the sale comprises a base US\$3 million plus further amounts on the assignment of certain nominated hotel management contracts. The assignments of these contracts are subject to third party consents or residual rights in favour of the hotel owner and may not be able to be assigned to the Carlson Group. If a management contract is assigned then the Carlson Group will pay an additional agreed value for each nominated contract, the total of such additional payments being capped at US\$1 million. The Company currently anticipates that the likely quantum of such payment will be in the order of US\$0.1 million but this amount will not be finally determined until the owners' position regarding consent has been finally ascertained.

The Company has decided to sell the above hotel assets because these assets have been under-performing in the current environment. The sale will result in a reduction of the Company's operating outgoings and the sale proceeds will be applied to the Company's on-going working capital.

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The directors consider the sale of the above hotel assets to be in the best interests of the Company. As the transaction involves a significant change to the Company's business, the shareholders will be asked to approve the sale pursuant to the requirements of the Listing Rules. The Company's major shareholders have indicated their unequivocal support for the sale.

### **Other Hotel Management Contracts**

As part of the Company's restructure of its hotel assets, the Company is currently in separate discussions with the owners of the Gateway Park Plaza Suites, Melbourne and Cambridge Park Inn International, Sydney hotels in relation to the Company's obligations to operate these hotel properties. Definitive arrangements will be announced to the market as soon as agreements with the respective owners are reached.

### **Other Arrangements relating to Hotel Operations**

Contemporaneously with the sale, the Company has agreed to enter into an arrangement with the Olympus Group, the Company's major shareholder, to waive certain debts owed to the Olympus Group and to convert certain other debts owing to them to additional share capital of the Company, which transactions will substantially improve the Company's balance sheet by reducing its liabilities by US\$558,000. The Company currently owes reservation fees of US\$283,000 and royalty fees of US\$275,000 to the Olympus Group in relation to hotel management services provided to the Company. The payment of these fees was deferred until 31 January 2005 under a Fee Agreement in which the obligation to pay the reservation fees is unconditional and the obligation to pay the royalty fees is conditional on the registration of certain trade marks by the Olympus Group.

It is proposed to issue the Olympus Group with 20,701,595 shares at A\$0.02 per share (being the weighted average price of the Company's shares in the 30 days prior to 9 May 2003) based on the exchange rate from US\$ to A\$ of 0.6642 applicable today. Following this issue, the Olympus Group's percentage shareholding in the Company will increase from 75.7% to 77.5%.

As the transaction involves a major shareholder of the Company, the shareholders will be asked to approve the proposed debt waiver and conversion (on which resolution the Olympus Group will not be entitled to vote).

### **Special General Meeting of Shareholders**

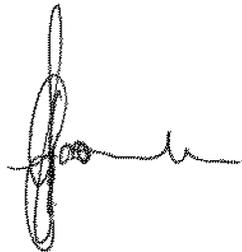
The Company will call a Special General Meeting of Shareholders to consider the above transactions. At that meeting, the Directors will also take the opportunity to ask shareholders to approve:

- changing the Company's name to Travel Holdings Limited (this change is required as a condition of the sale of the assets to the Carlson Group); and
- replacing the Company's Constitution with a modern constitution which is consistent with current market practice.

The company expects to circulate an Information Memorandum and notice of meeting to shareholders with further details of the transaction in the next few weeks.

The Company's directors unanimously support each of these proposals.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Alan Toombes', with a large, stylized initial 'A'.

**Alan Toombes**  
**Company Secretary**