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MAJOR TRANSACTION

ACQUISITION OF AIRCRAFT

A letter from the board of directors of Century City International Holdings Limited is set out on pages 6 to 19 of this circular.

12 February 2015

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition of 18 Aircraft by the Buyer from the Seller on the terms and subject to the conditions of the Purchase Agreement
“Aircraft”	any aircraft of the Fleet of Aircraft
“Aircraft Consultant”	a professional aircraft consultant engaged by the Regal Group in relation to the Acquisition and to manage the Aircraft and the Leases
“Allocated Deposit”	the portion of the Deposit allocated to a given Aircraft as set out in the Purchase Agreement (calculated based on 5% of the Purchase Price of the relevant Aircraft)
“Assignment Agreement”	the aircraft lease assignment and amendment agreement between the Seller or Seller Trustee, as the case may be, the relevant Lessee, and the Buyer (or its nominee), effecting the Lease Assignment of that Aircraft
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for business in New York, the US
“Buyer”	New Portland Investments Limited, a wholly-owned subsidiary of Regal
“Buyer CPs”	in respect of the sale and purchase of an Aircraft, the conditions under the Purchase Agreement the fulfillment (by the Seller) or waiver (by the Buyer) of which will oblige the Buyer to purchase such Aircraft from the Seller
“Cape Town Convention”	the Convention on International Interests in Mobile Equipment and its Protocol on Matters Specific to Aircraft Equipment, concluded in Cape Town on 16 November 2001
“Certain Aircraft”	certain four Aircraft out of the entire Fleet of Aircraft as detailed in the supplemental agreement dated 27 January 2015 entered into between the Buyer and the Seller in relation to the Purchase Agreement
“Certain Lease Assignments”	the four Lease Assignments in respect of the Certain Aircraft
“Company”	Century City International Holdings Limited, a company incorporated in Bermuda and whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 355)

DEFINITIONS

“Closing”	the closing of the sale and purchase of an Aircraft and of the other transactions with respect to such Aircraft as contemplated under the Purchase Agreement
“Closing Date”	the date of Closing
“Closing Deadline”	(a) 13 February 2015 in the case of the Other Aircraft; and (b) 16 March 2015 in the case of the Certain Aircraft (as extended by the parties on 30 December 2014 and further extended by the parties on 27 January 2015 and 5 February 2015)
“Closing Documents”	the respective items required to be delivered by the Seller to the Buyer (or its agent) and by the Buyer to the Seller (or its agent) at or prior to Closing of an Aircraft as further set out in the Purchase Agreement, including but not limited to the Purchase Agreement Supplement and the Assignment Agreement
“Closing Settlement”	the Estimated Settlement adjusted as at the Closing Date to reflect any change to the Transferred Maintenance Reserves Balance, the Lessor Contribution Balance, the Rent Balance and the Rent Settlement between the reference date for computing the Estimated Settlement and the Closing Date
“Cosmopolitan”	Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 120)
“Cosmopolitan Group”	Cosmopolitan and its subsidiaries
“Deposit”	the deposit in an aggregate amount of US\$4,235,000 (equivalent to approximately HK\$33.0 million) paid by the Regal Group to the Seller following execution of the Proposal Letter by the parties
“Directors”	the directors of the Company
“Estimated Settlement”	the Purchase Price of each Aircraft adjusted as of 3 Business Days before the expected Closing Date, by deducting the Allocated Deposit, any security deposits received by the Lessor from a Lessee under a Lease, the Lessor Contribution Balance, the Transferred Maintenance Reserves Balance, the Rent Balance and the Rent Settlement, and in respect of the Other Aircraft, other adjustment (in the event that the Certain Lease Assignments fail to be executed by 20 February 2015)

DEFINITIONS

“Fleet of Aircraft”	collectively, 18 passenger aircraft manufactured by Embraer S.A. held by the Seller or by the Seller Trustee (on behalf of the Seller)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	9 February 2015, being the latest practicable date prior to the printing of this circular for the purposes of ascertaining certain information for inclusion in this circular
“Lease(s)”	the lease(s) of any Aircraft to various airline operator(s) (as lessee(s))
“Lease Agreements”	the agreements relating to the Leases which are subsisting
“Lease Assignment”	the assignment of the Lease of an Aircraft by the Lessor to the Buyer (or its nominee)
“Lessee”	the lessee or, as applicable, sub-lessee of an Aircraft under a Lease
“Lessor”	the Seller or Seller Trustee, as the case may be, under a Lease
“Lessor Contribution Balance”	the total amount of maintenance reserves received by the Lessor for an Aircraft and the relevant components from any previous owner or operator prior to the date of delivery of such Aircraft to the Lessee, less any amounts which the Lessor is required by the terms of the Lease to pay to the Lessee or a maintenance provider from such balance for maintenance performed on the Aircraft or component, as set out in the Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Aircraft”	the Aircraft other than the Certain Aircraft
“Other Lease Assignments”	the Lease Assignments for the Aircraft other than the Certain Aircraft
“P&R Holdings”	P&R Holdings Limited, a joint venture established and owned by a wholly-owned subsidiary of Paliburg and a wholly-owned subsidiary of Regal as to 50% each

DEFINITIONS

“Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 617)
“Paliburg Group”	Paliburg and its subsidiaries
“Proposal Letter”	a letter of intent in the form of the proposal letter dated 4 September 2014 in respect of the possible acquisition by the Regal Group of the Fleet of Aircraft
“Purchase Agreement”	the aircraft purchase and sale general terms agreement dated 28 November 2014 entered into between the Buyer and the Seller in relation to the Acquisition, as amended by the supplemental agreements dated 30 December 2014, 27 January 2015 and 5 February 2015 entered into between the parties
“Purchase Agreement Supplement(s)”	the supplement to the Purchase Agreement between the Seller or Seller Trustee (as the case may be) and the Buyer (or its nominee) in respect of the sale and purchase of each Aircraft pursuant to the Acquisition and collectively for all Aircraft, the Purchase Agreement Supplements
“Purchase Price(s)”	the purchase price(s) of any Aircraft payable by the Buyer to the Seller for the Acquisition
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 78)
“Regal Group”	Regal and its subsidiaries
“Regal REIT”	Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the SFO, the issued units of which are listed on the Main Board of the Stock Exchange (Stock Code: 1881)
“Rent Balance”	any basic rent paid by a Lessee to the Lessor, on or prior to the applicable Closing Date in respect of any period after such Closing Date
“Rent Settlement”	50% of the basic rent under the relevant Lease from and including 15 September 2014 to and including the Closing Date
“Seller”	ECC Leasing Company Limited

DEFINITIONS

“Seller CPs”	in respect of the sale and purchase of an Aircraft, the conditions under the Purchase Agreement the fulfillment (by the Buyer) or waiver (by the Seller) of which will oblige the Seller to sell such Aircraft to the Buyer
“Seller Trustee”	Wells Fargo Bank Northwest, National Association, the trustee of the Seller to hold ownership of certain Aircraft on behalf of the Seller
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of par value HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction Document(s)”	collectively the Purchase Agreement, the Purchase Agreement Supplement(s), and with respect to each Purchase Agreement Supplement, the relevant bill of sale, delivery receipt and related documents, the Assignment Agreement and other operative documents
“Transferred Maintenance Reserves Balance”	the total amount of maintenance reserves in relation to the Aircraft paid and payable to the Lessor by the Lessee pursuant to each Lease, to be transferred by the Seller to the Purchaser, as calculated in accordance with the terms of the Purchase Agreement
“US”	the United States of America
“US\$”	United States dollars, the lawful currency of the US
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. LO Yuk Sui (*Chairman and Chief Executive Officer*)

Mr. Jimmy LO Chun To (*Vice Chairman*)

Miss LO Po Man (*Vice Chairman*)

Mr. Kenneth NG Kwai Kai (*Chief Operating Officer*)

Mr. Donald FAN Tung

Mr. Kelvin LEUNG So Po

*Head office and principal place
of business in Hong Kong:*

11th Floor

68 Yee Wo Street

Causeway Bay

Hong Kong

Independent non-executive Directors:

Mr. Anthony CHUANG

Mr. NG Siu Chan

Mr. WONG Chi Keung

Registered office:

The Belvedere Building

69 Pitts Bay Road

Pembroke HM08

Bermuda

12 February 2015

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

ACQUISITION OF AIRCRAFT

INTRODUCTION

Reference is made to the announcements jointly issued by the Company, Paliburg and Regal dated 28 November 2014, 30 December 2014, 27 January 2015 and 5 February 2015.

On 28 November 2014 (after trading hours), the Buyer and the Seller executed the Purchase Agreement pursuant to which the Buyer has agreed to acquire the Fleet of Aircraft from the Seller for an aggregate Purchase Price of US\$84.7 million (equivalent to approximately HK\$660.7 million) (to be settled based on the Closing Settlement). On 30 December 2014, the Buyer and the Seller entered into a supplemental agreement to the Purchase Agreement to extend the Closing Deadline under the Purchase Agreement from 31 December 2014 to 31 January 2015. On 27 January 2015, the Buyer and the Seller entered into another supplemental agreement to the Purchase Agreement to (a) further extend the Closing Deadline from 31 January 2015 to 6 February 2015 (in the case of the Other Aircraft) and to 16 March 2015 (in the case of the Certain Aircraft); and (b) amend certain terms of

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the Purchase Agreement, details of which are set out below under the paragraph headed “Purchase Agreement”. On 5 February 2015, the Buyer and the Seller entered into another supplemental agreement to the Purchase Agreement to further extend the Closing Deadline in respect of the Other Aircraft from 6 February 2015 to 13 February 2015.

Paliburg is a listed subsidiary of the Company. Regal is a listed subsidiary of the Company and Paliburg. The Acquisition constitutes a major transaction for the Company subject to Shareholders’ approval under the Listing Rules. The Acquisition has been approved by a closely allied group of Shareholders by way of written approval.

The purpose of this circular is to provide the Shareholders with further information in relation to the Acquisition for information purposes.

PURCHASE AGREEMENT

The Purchase Agreement was entered into between the Buyer and the Seller on 28 November 2014 (as amended by the supplemental agreements dated 30 December 2014, 27 January 2015 and 5 February 2015 entered into between the parties) with regard to the sale and purchase of the Fleet of Aircraft. Prior to Closing, in respect of the sale and purchase of each Aircraft, the Buyer (or its nominee) and the Seller or the Seller Trustee (as applicable) are to enter into a Purchase Agreement Supplement (the final form of which has been agreed between the parties and is set out in the Purchase Agreement) which constitutes one of the Closing Documents.

The Buyer is a wholly-owned subsidiary of Regal. According to information available to the Company, the Seller is a wholly-owned subsidiary of Embraer S.A., an aircraft manufacturer, and is engaged in management and marketing of Embraer aircraft while the Seller Trustee, being the trustee of the Seller holding ownership of 6 Aircraft on behalf of the Seller, is a bank in the US.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Seller, the Seller Trustee and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

The principal terms of the Purchase Agreement are as follows:

Subject assets:	The Fleet of Aircraft comprises seven (7) ERJ-145 Embraer aircraft, eight (8) ERJ-135 Embraer aircraft, two (2) E170 Embraer aircraft and one (1) E175 Embraer aircraft, with age ranging from approximately 5 to 17 years old, of which 12 Aircraft are held by the Seller and the remaining 6 Aircraft are held by the Seller Trustee (on behalf of the Seller).
Purchase Price:	The aggregate Purchase Prices for the Fleet of Aircraft is US\$84.7 million (equivalent to approximately HK\$660.7 million). The Purchase Price of each Aircraft will be settled based on the Closing Settlement (details of which are set out in the section “Payment terms” below).

LETTER FROM THE BOARD

The Purchase Prices were determined after arm's-length negotiation between the parties taking into account the age, model and condition of the respective Aircraft; the market segment relevant to the respective Aircraft based on its size and capacity as well as the operation bases of the Lessees of the respective Aircraft; the terms of the Leases and the credit quality of the Lessees; the investment yield and the rental yield of the Fleet of Aircraft.

In the event that the Certain Lease Assignments fail to be executed by 20 February 2015, the aggregate Purchase Prices for the Other Aircraft would be reduced to US\$65.72 million (equivalent to approximately HK\$512.6 million).

Deposit:

Following execution of the Proposal Letter by the parties on 4 September 2014, the Regal Group had paid the Deposit of US\$4,235,000 (equivalent to approximately HK\$33.0 million) to the Seller. The Allocated Deposit with respect to any Aircraft shall be refundable in full in the event any of the following occurs:

- (a) any of the Buyer CPs (as described below) are not satisfied by the Seller or waived by the Buyer on or before the Closing Deadline for the relevant Aircraft;
- (b) the relevant Closing Date has not occurred on or before the Closing Deadline due to the Seller's failure to perform its obligations under the Purchase Agreement (except as a result of the Buyer having breached any of its obligations thereunder or any Transaction Document);
- (c) a total loss or an event of loss (as defined in the relevant Lease) of the relevant Aircraft has occurred; or
- (d) a termination of the Purchase Agreement occurs pursuant to the section headed "Closing" below, in which case the Allocated Deposit will be refunded in accordance with the provisions of that section.

LETTER FROM THE BOARD

Each relevant Allocated Deposit shall be non-refundable to the Buyer in any other circumstance, including the Buyer's failure to satisfy the Seller CPs (excluding Seller CPs (c), (f) (to the extent not caused by a breach by the Buyer of its obligations under the Purchase Agreement) and (i) (as described below under the section headed "Seller CPs")), but shall be refundable in the event that any of those Seller CPs (c), (f) and/or (i) are not satisfied for any reason other than a breach of the Buyer's obligations under the Purchase Agreement.

Payment terms:

The Estimated Settlement shall be paid by the Buyer in cash to the Seller on or before 3 Business Days prior to the expected Closing Date for an Aircraft, provided that as at such date:

- (a) the Seller has provided the Closing Documents to the Buyer;
- (b) other than, in the case of a Closing for an Other Aircraft only, the Certain Lease Assignments, all of the Assignment Agreements have been fully executed;
- (c) the applicable Aircraft has not suffered a total loss;
- (d) the warranties and representations of the Seller are true and correct in all respects;
- (e) all relevant authorisations, consents, filings, waivers and approvals that can be made or obtained as at such date, have been made or obtained;
- (f) no legal proceedings of the kind set out in Buyer CPs (f) below have been instituted and remain pending;
- (g) the Seller is not in breach or default of any of the Seller's obligations under the Purchase Agreement and the other Transaction Documents; and
- (h) no default or event of default (as defined in the applicable Lease) shall have occurred and be continuing under such Lease.

LETTER FROM THE BOARD

The Estimated Settlement is calculated by deducting from the Purchase Price for an Aircraft, (i) the Allocated Deposit in respect of that Aircraft; (ii) any security deposit received by the Lessor from the Lessee under the Lease in respect of that Aircraft; and (iii) the Lessor Contribution Balance, the Transferred Maintenance Reserves Balance, the Rent Balance and the Rent Settlement in respect of the Lease for that Aircraft, and in respect of the Other Aircraft, other adjustment (in the event that the Certain Lease Assignments fail to be executed by 20 February 2015).

On the relevant Closing Date, the Seller and the Buyer shall agree on the Closing Settlement. The Closing Settlement will be calculated by adjusting the Estimated Settlement to reflect any change to the Transferred Maintenance Reserves Balance, the Lessor Contribution Balance, the Rent Balance and the Rent Settlement between the reference date for computing the Estimated Settlement and the Closing Date. In the event the amount of the Closing Settlement is greater than the Estimated Settlement, the Buyer shall pay such shortfall to the Seller within 10 Business Days following Closing. If the amount of the Closing Settlement is less than the Estimated Settlement, the Seller shall refund to the Buyer such excess payment within 10 Business Days following Closing.

Based on information available to the Buyer as at the Latest Practicable Date, the expected Closing Settlement for all the Aircraft amounted to approximately US\$50 million (equivalent to approximately HK\$390 million) (on the basis that Closing for the Other Aircraft and the Certain Aircraft would take place in accordance with the proposed schedule on or before 13 February 2015 and on 16 March 2015 respectively).

Seller CPs:

The obligations of the Seller to sell and transfer, or cause the transfer of, an Aircraft to the Buyer are subject to the fulfillment of each of the following conditions to the reasonable satisfaction of the Seller, prior to or at the relevant Closing:

- (a) the Estimated Settlement for the relevant Aircraft shall have been paid to, and held in escrow by, the Seller;
- (b) the Buyer shall have delivered the relevant Closing Documents to the Seller;

LETTER FROM THE BOARD

- (c) the Assignment Agreement for the applicable Aircraft shall be fully executed and shall take effect upon Closing;
- (d) the warranties and representations of the Buyer shall be true and correct in all material respects as of the Closing Date;
- (e) all authorisations, consents, filings, waivers, approvals, or other action of any governmental entity required of the Buyer in connection with the execution, delivery, and performance of the Purchase Agreement and the relevant Purchase Agreement Supplement and the other documents and instruments contemplated thereunder by the Buyer shall have been duly made or obtained;
- (f) no injunction or restraining order is in effect that prohibits the transfer of the relevant Aircraft in accordance with the Purchase Agreement, and no action or proceeding has been instituted and remains pending before any court, governmental body, or regulatory authority to restrain or prohibit the transactions contemplated by the Purchase Agreement;
- (g) at the time of Closing, the Buyer shall not be in breach or default of any of the Buyer's obligations arising under the Purchase Agreement and any other Transaction Document;
- (h) the Buyer shall have delivered to the Seller a guarantee issued by Regal with respect to the Buyer's performance of its obligations under the Purchase Agreement; and
- (i) the Seller, and if applicable, the Seller Trustee, shall be named as additional insured on the liability insurance policies required by the relevant Lease(s), pursuant to the applicable Assignment Agreement.

For the Closing of an Aircraft, the Seller may waive in writing the fulfillment of any of the above conditions. No such waiver will be, or be deemed to be, any such waiver with respect to any other Aircraft.

As at the Latest Practicable Date, all of the Assignment Agreements in respect of the Other Lease Assignments have been executed and all of the above Seller CPs in respect of ten Other Aircraft have been fulfilled.

LETTER FROM THE BOARD

Buyer CPs:

The obligations of the Buyer to purchase an Aircraft and to pay the Closing Settlement are subject to the fulfillment of each of the following conditions to the reasonable satisfaction of the Buyer, prior to or at the relevant Closing:

- (a) the Seller shall have delivered the relevant Closing Documents to the Buyer;
- (b) no Closing of any Aircraft shall take place until the Assignment Agreements in respect of all the Aircraft have been fully executed by all parties thereto, other than, in the case of a Closing for an Other Aircraft only, the Certain Lease Assignments;
- (c) the Aircraft has not suffered a total loss;
- (d) the warranties and representations of the Seller shall be true and correct in all material respects as of the Closing Date;
- (e) all authorisations, consents, filings, waivers, approvals, or other action of any governmental entity required of the Seller in connection with the execution, delivery, and performance of the Purchase Agreement and the relevant Purchase Agreement Supplement and the other documents and instruments contemplated thereunder by the Seller shall have been duly made or obtained;
- (f) no injunction or restraining order is in effect that prohibits the transfer of the relevant Aircraft in accordance with the Purchase Agreement, and no action or proceeding has been instituted and remains pending before any court, governmental body, or regulatory authority to restrain or prohibit the transactions contemplated by the Purchase Agreement;
- (g) at the time of Closing, the Seller shall not be in breach or default of any of the Seller's obligations arising under the Purchase Agreement and any other Transaction Document;
- (h) each of the Seller and the relevant Lessee shall be duly registered with the international registry established pursuant to the Cape Town Convention;

LETTER FROM THE BOARD

- (i) the Purchase Agreement Supplements for certain relevant Aircraft shall contain provisions pursuant to which the Seller shall cause the relevant Lessee to waive its right to early termination of the current Lease term, or in the event such Lessee exercises any such early termination right during the current Lease term, the Seller shall indemnify the Buyer for basic rent under the relevant Lease which is unrealized as a result of such early termination. Such indemnification obligation shall be subject to the Buyer's mitigation obligations and other terms as provided in the relevant Purchase Agreement Supplement; and
- (j) no default or event of default (as defined in the applicable Lease) shall have occurred and be continuing under such Lease.

For the Closing of an Aircraft, the Buyer may waive in writing the fulfillment of any of the above conditions. No such waiver will be, or be deemed to be, any such waiver with respect to any other Aircraft.

As at the Latest Practicable Date, all of the Assignment Agreements in respect of the Other Lease Assignments have been executed and all of the above Buyer CPs in respect of ten Other Aircraft have been fulfilled.

Closing:

The sale and purchase of an Aircraft is subject to the fulfillment or waiver of the Seller CPs and the Buyer CPs for such Aircraft and will be completed individually.

In the event a Closing is not consummated by the Closing Deadline, each of the Seller and the Buyer shall have the option to terminate its respective obligations under the Purchase Agreement with respect to the relevant Aircraft by written notice to the other, provided that the party seeking such termination must not have caused such failure to consummate such Closing.

LETTER FROM THE BOARD

On 30 December 2014, the Buyer and the Seller entered into a supplemental agreement to the Purchase Agreement to extend the Closing Deadline under the Purchase Agreement from 31 December 2014 to 31 January 2015. On 27 January 2015, the Buyer and the Seller entered into another supplemental agreement to the Purchase Agreement to, among other things, further extend the Closing Deadline from 31 January 2015 to 6 February 2015 (in the case of the Other Aircraft) and to 16 March 2015 (in the case of the Certain Aircraft). On 5 February 2015, the Buyer and the Seller entered into another supplemental agreement to the Purchase Agreement to further extend the Closing Deadline in respect of the Other Aircraft from 6 February 2015 to 13 February 2015.

As at the Latest Practicable Date, the Closings in respect of ten Other Aircraft have been completed while the Closings in respect of the remaining four Other Aircraft and the Certain Aircraft have not taken place.

Seller's representations and warranties:

The Purchase Agreement contains representations and warranties given by the Seller including among others the following:

- (a) at the time the Closing of an Aircraft is consummated, the Seller or Seller Trustee, as applicable, shall own legal and/or beneficial (as the case may be), good and marketable title to the relevant Aircraft, free and clear of all liens arising through the Seller and/or the Seller Trustee, and anyone claiming through the Seller and/or the Seller Trustee, other than the relevant lease and permitted liens (as defined in such Lease);
- (b) as of the time of payment by Buyer of the Estimated Settlement and on the relevant Closing Date, each Lease is in full force and effect, and no default or event of default (as defined in the Lease) has occurred and is continuing or might result from the entry into or performance of the Purchase Agreement;

LETTER FROM THE BOARD

- (c) each Aircraft will be sold and transferred in “as is, where is” condition. Except as otherwise provided in the Purchase Agreement and the relevant bill of sale, the Seller shall not be deemed to have made any representation or warranty of any kind with respect to the airworthiness, value, quality, durability, condition, design, operation, description, merchantability or fitness for particular purpose of any Aircraft or any part thereof; and
- (d) the financial and other information, reports and any other document, certificate or written statement furnished by or on behalf of the Seller (excluding any information prepared by a Lessee and furnished to the Buyer by the Seller) in connection with the transactions contemplated under the Purchase Agreement are, to the best of the Seller’s knowledge, true and accurate in all respects, are not materially misleading and do not contain any untrue statement, and were honestly made on reasonable grounds after due and careful inquiry by the Seller.

Buyer’s representations and warranties:

The Purchase Agreement contains representations and warranties given by the Buyer including among others the following:

- (a) the Buyer acknowledges that in entering into the Purchase Agreement and the transactions contemplated thereunder, it has made its own evaluation of the condition of the Aircraft, and has not relied on the Seller for information about such matters other than the representations of the Seller set out in the Purchase Agreement; and
- (b) the Buyer shall cause each Lessee (and any follow-on lessee or purchaser) to name the Seller, and the Seller Trustee, if applicable, as additional insureds under any liability insurance policy with respect to the relevant Aircraft, for a period of at least two years following the applicable Closing Date.

Guarantee:

All obligations of the Buyer under the Purchase Agreement are guaranteed by Regal.

LETTER FROM THE BOARD

LEASE ASSIGNMENT

Each Aircraft is currently leased to a Lessee under a Lease. The Lessees consist of airline operators operating in South Africa, Mexico, India, the US, Australia and Lithuania, the expiration of the lease terms of such Leases range from July 2015 to May 2023, with one Lease due to expire within year 2015, fourteen Leases due to expire from years 2016 to 2019, and three Leases due to expire from year 2020 onwards. The total current estimated monthly rental in respect of the Fleet of Aircraft calculated based on the average monthly rental over the remaining terms of each Lease is approximately US\$1.5 million (equivalent to approximately HK\$11.7 million). The rents under the Leases are payable in advance on a monthly or quarterly basis. Based on such estimated monthly rental, the total gross rental over the remaining terms of the Leases (assuming that the Closing of all the Aircraft took place on 31 December 2014) would be as follows:

	<i>US\$ million</i>	<i>HK\$ million equivalent</i>
Within one year after 31 December 2014	17.9	139.6
In the second to fifth years after 31 December 2014	43.7	340.9
Beyond five years after 31 December 2014	14.6	113.9

Prior to Closing of the sale and purchase for any Aircraft, the relevant parties will enter into the Assignment Agreements for all the Leases, other than, in the case of a Closing for an Other Aircraft only, the Certain Lease Assignments, pursuant to which with effect from the Closing of an Aircraft, the Buyer (or its nominee) will become the lessor of the Lease of such Aircraft. Upon the Lease Assignments becoming effective, the Leases will be treated as operating leases in the Group's financial statements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, all of the Lessees and their respective ultimate beneficial owners are independent of the Company and its connected persons.

INFORMATION ON THE FLEET OF AIRCRAFT

The Fleet of Aircraft comprises seven (7) ERJ-145 Embraer aircraft, eight (8) ERJ-135 Embraer aircraft, two (2) E170 Embraer aircraft and one (1) E175 Embraer aircraft, with age ranging from approximately 5 to 17 years old. Each Aircraft is leased to an airline operator under a Lease. The Buyer has not been provided with the net profits and the book value attributable to the Fleet of Aircraft. Please see Appendix II for further financial information on the Fleet of Aircraft.

LETTER FROM THE BOARD

REASONS FOR THE ACQUISITION

The Group is principally engaged in property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management and other investments including financial assets investments, and aircraft ownership and leasing business.

The Group owns an 84.9% effective interest in a Boeing 737-800 aircraft and two Airbus A321 aircraft with 100% and 85% effective interests respectively, which are all under leases to airline operators and generating relatively attractive returns. The Group has been considering to increase its investment in this business sector and the Acquisition represents an appropriate opportunity for the Group to further expand in the aircraft ownership and leasing business. The Group has engaged the Aircraft Consultant in relation to the Acquisition and to manage the Aircraft and the Leases. The Aircraft Consultant is a UK-based company with a team of aviation professionals managing commercial aircraft with experience in aircraft placement and related aviation activities. The Aircraft Consultant is currently providing aircraft management services to the Group for the above mentioned three aircraft.

For the purposes of assessing the value of the Fleet of Aircraft, the Aircraft Consultant has estimated the investment yield of the Fleet of Aircraft based on the Purchase Prices, the terms of the Leases, the relevant expenses and the estimated residual values of the Fleet of Aircraft. The Group has reviewed the estimated investment yield of the Fleet of Aircraft. The Group also made reference to the market value of comparable aircraft as extracted from the website of an independent aviation valuation agency (as recommended by the Aircraft Consultant) and noted that the aggregate market value of the comparable aircraft ranges from approximately US\$82.2 million to approximately US\$116.8 million and that the aggregate Purchase Prices for the Fleet of Aircraft falls within such range. It is also noted that the aggregate market value of comparable aircraft to the Other Aircraft ranges from approximately US\$66.2 million to approximately US\$92.5 million and that the aggregate Purchase Prices for the Other Aircraft (assuming that the Certain Lease Assignments fail to be executed by 20 February 2015) is slightly below such range. Taking into account the aforesaid, the yield of the Group's existing aircraft, the age, model and condition of the respective Aircraft, the market segment relevant to the respective Aircraft based on its size and capacity as well as the operation bases of the Lessees of the respective Aircraft, the terms of the Leases and the credit quality of the Lessees, the rental yield of the Fleet of Aircraft of approximately 21% (calculated based on the estimated gross rental income from the Fleet of Aircraft for the year ending 31 December 2015 (based on the Lease Agreements) of approximately US\$17.9 million divided by the aggregate Purchase Prices for the Fleet of Aircraft of US\$84.7 million), the rental yield of the Other Aircraft of approximately 21% (calculated based on the estimated gross rental income from the Other Aircraft for the year ending 31 December 2015 (based on the Lease Agreements in respect of the Other Aircraft) of approximately US\$13.8 million divided by the aggregate Purchase Prices for the Other Aircraft of US\$65.72 million, assuming that the Certain Lease Assignments fail to be executed by 20 February 2015), the Directors consider that the terms of the Acquisition (including the Purchase Prices) are fair and reasonable and in the interests of the Shareholders as a whole. The Group will from time to time review the performance of its aircraft portfolio and may adjust the composition of the portfolio with a view to enhancing its returns.

LETTER FROM THE BOARD

FINANCIAL EFFECT OF THE ACQUISITION

The Regal Group intends to finance the Acquisition by internal financial resources. Based on the unaudited pro forma financial information in Appendix III to this circular, on the basis of the statement of assets and liabilities of the Group as at 30 June 2014 and assuming that the Acquisition had been completed as at 30 June 2014, the Group's total assets as at 30 June 2014 of approximately HK\$36,414.5 million would increase to approximately HK\$36,622.9 million taking into account the recognition of the Fleet of Aircraft as property, plant and equipment and a reduction in the Group's cash and bank balances by the amount of the Deposit and the Closing Settlement. The Group's total liabilities as at 30 June 2014 of approximately HK\$15,798.9 million would increase to approximately HK\$16,007.3 million taking into account the recognition of the estimated Rent Balance, security deposits in respect of the Leases, the Lessor Contribution Balances and the Transferred Maintenance Reserves Balance as liabilities of the Group. The net assets of the Group of approximately HK\$20,615.6 million as at 30 June 2014 would remain unchanged. Further information on the effects of the Acquisition on the statement of assets and liabilities of the Group is set out in Appendix III to this circular.

Following Closing, the rental income arising from the Aircraft will become revenue of the Group and the expenses associated with the Aircraft including the depreciation of the Aircraft and fees payable to the Aircraft Consultant in relation to the management of the Aircraft and the Leases will become expenses of the Group.

LISTING RULES IMPLICATIONS

The Acquisition constitutes a major transaction for the Company subject to Shareholders' approval under the Listing Rules.

The Acquisition has been approved by way of written approval in accordance with Rule 14.44 of the Listing Rules by a closely allied group of Shareholders who in aggregate held approximately 58.4% of the issued share capital of the Company as at the Latest Practicable Date. The closely allied group of Shareholders comprises Mr. LO Yuk Sui who directly owned approximately 3.2% of the issued share capital of the Company and the companies wholly or majority owned and controlled by Mr. LO Yuk Sui consisting of (i) Grand Modern Investments Limited which owned approximately 50.9% of the issued share capital of the Company, (ii) Fook Island Limited which owned approximately 0.1% of the issued share capital of the Company, (iii) Master City Limited which owned approximately 1.5% of the issued share capital of the Company, (iv) Shui To Co., Limited which owned approximately 2.1% of the issued share capital of the Company, and (v) YSL International Holdings Limited which owned approximately 0.6% of the issued share capital of the Company as at the Latest Practicable Date.

Apart from Mr. LO Yuk Sui's interests in Paliburg and Regal through his interest in the Company, Mr. LO Yuk Sui directly and indirectly held approximately 12.3% of the issued share capital of Paliburg and directly held approximately 0.003% of the issued share capital of Regal as at the Latest

LETTER FROM THE BOARD

Practicable Date. Mr. LO Yuk Sui, other than the aforesaid interests and his interests as a Shareholder, did not have material interest in the Acquisition, and no Shareholders would be required to abstain from voting if a general meeting of the Company were to be convened for the approval of the Acquisition.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
LO Yuk Sui
Chairman

1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2012 AND 2013 AND FOR THE SIX MONTHS ENDED 30 JUNE 2014

Financial information of the Group for each of the three years ended 31 December 2011, 2012 and 2013 is disclosed on pages 49 to 140 of the annual report of the Company for the year ended 31 December 2011, pages 47 to 163 of the annual report of the Company for the year ended 31 December 2012 and pages 66 to 185 of the annual report of the Company for the year ended 31 December 2013 and financial information of the Group for the six months ended 30 June 2014 is disclosed on pages 22 to 47 of the interim report for the six months ended 30 June 2014, which are published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.centurycity.com.hk).

2. INDEBTEDNESS

As at the close of business on 31 December 2014, being the latest practicable date for the purpose of this statement of indebtedness, the Group had outstanding borrowings of approximately HK\$13,503.2 million which represented (i) bank loans of HK\$9,241.6 million secured by certain of the Group's property, plant and equipment, investment properties, properties held for sale, properties under development, financial assets at fair value through profit or loss, held-to-maturity investments, time deposits and bank balances, (ii) unsecured notes of US\$297.0 million (approximately HK\$2,316.6 million) issued under a US\$1,000.0 million medium term note programme of Regal, and (iii) unsecured notes of HK\$775.0 million and US\$150.0 million (approximately HK\$1,170.0 million) issued under a US\$1,000.0 million medium term note programme of Regal REIT (the "**Regal REIT MTN Programme**").

Apart from the indebtedness under the Regal REIT MTN Programme which was guaranteed by the trustee of Regal REIT (on behalf of Regal REIT) and except for bank loans of HK\$231.2 million, all of the above outstanding borrowings of the Group were guaranteed by certain of the Group's subsidiaries.

Save as disclosed above and apart from intra-group liabilities, the Group did not have, at the close of business on 31 December 2014, any outstanding mortgages, charges, debentures, bank loans and overdrafts, debt securities or loan notes or other similar indebtedness, loan capital issued or outstanding or agreed to be issued, finance leases, liabilities under acceptances or acceptance credits or any finance leases commitments, or any guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the available internal resources, the present banking facilities available to the Group, and the cash consideration for the Acquisition, the Group has sufficient working capital to satisfy its present requirements, that is for at least the next 12 months from the date of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Building on the financial strength, business network and experience of each member of the Group, the Group has established a strong assets portfolio and business platform encompassing a variety of business sectors. The Group will continue to implement its strategic plans for the overall development and expansion of the Group and will coordinate on the different businesses of its member companies, with a view to achieving further substantial growth. Further information on the prospects of the member groups is set out below.

Paliburg Group

The Paliburg Group has developed a strong assets portfolio spreading across property, hotel and other investments. As most of these development projects have only been acquired in recent years, they are still at various stages of development and are scheduled for completion over the course of the next few years. In this regard, sale programmes have been planned for most of the development projects presently undertaken by P&R Holdings and Cosmopolitan, which are expected to generate for the Paliburg Group significant cash flows and profit contribution when the projects are gradually completed.

Cosmopolitan Group

The economy in China continues to grow, though at a slower pace, and the Cosmopolitan Group is optimistic that the property market in China in the long term will continue to prosper. All the property projects that the Cosmopolitan Group is presently undertaking are in Mainland China. These include the two large-scale composite development projects in Chengdu and Tianjin, which were acquired by the Cosmopolitan Group in September 2013 and are being developed in stages, and a re-forestation and land grant project in Urumqi, Xinjiang Uygur Autonomous Region that the Cosmopolitan Group has engaged in since 2008.

Regal Group

The Regal Group is optimistic on the outlook of the hotel industry in Hong Kong and will seek to maintain Regal REIT's strategic position as one of the pre-eminent hotel owners in Hong Kong, with a diversified portfolio of full-service and select-service hotels. Hotel properties in Hong Kong remain to be the predominant component in the assets portfolio of the Regal Group. As the tourist industry in Hong Kong continues to prosper, it is expected that the Regal Group's core hotel business operation will generate increasing revenue and profit contribution.

PROFIT AND LOSS STATEMENT IN RELATION TO THE FLEET OF AIRCRAFT

Pursuant to Rule 14.67(6)(b)(i) of the Listing Rules (the “**Relevant Rule**”), a profit and loss statement of the Fleet of Aircraft for each of the years ended 31 December 2012, 2013 and 2014 (the “**Relevant Period**”) is required to be included in this circular. In order to prepare such profit and loss statement on the identifiable income stream in relation to the Fleet of Aircraft in strict compliance with the Relevant Rule, full access to the accounting books and records of the Seller in respect of the Fleet of Aircraft covering the Relevant Period is required. However, the Group understands that the Seller does not maintain separate accounts to show the profit for each Aircraft or the Fleet of Aircraft. The Seller has made available the Lease Agreements to the Buyer but the Seller has not allowed the Buyer to access its accounting books and records. Without access to the accounting books and records of the Seller, it would not be possible for the Company to properly compile a profit and loss statement on the identifiable income stream in relation to the Fleet of Aircraft for inclusion in this circular as required under the Relevant Rule.

The Company has therefore applied to the Stock Exchange for a waiver, which had been granted by the Stock Exchange, from strict compliance with the Relevant Rule such that the following table setting out the gross rental income generated by the Fleet of Aircraft for the Relevant Period be disclosed instead. The information in the table below has been prepared by the Directors solely based on the Lease Agreements of the Fleet of Aircraft provided by the Seller.

	For the year ended 31 December		
	2012	2013	2014
	<i>HK\$'million</i>	<i>HK\$'million</i>	<i>HK\$'million</i>
Gross rental income	61.4	108.6	141.7

Notes:

1. The Directors have reviewed the terms of the Lease Agreements including the duration of the Lease Agreements and the monthly rentals under the Lease Agreements and confirm that the above information is accurate and complete in all material respects based on the Lease Agreements.
2. The Lease Agreements provided to the Group only include those Leases which are subsisting in respect of the Fleet of Aircraft. Therefore, the above gross rental income does not include those lease agreements which have expired or terminated during the Relevant Period and as such might not give a complete and accurate picture of the rental income generated by the Fleet of Aircraft during the Relevant Period. A total of 18 Lease Agreements was provided to the Group in respect of the Fleet of Aircraft. Set out below are the numbers of these 18 Lease Agreements that have generated rental income during the Relevant Period:

	During the year ended 31 December		
	2012	2013	2014
Number of the Lease Agreements that have generated rental income	10	17	18

APPENDIX II FINANCIAL INFORMATION IN RELATION TO THE FLEET OF AIRCRAFT

As set out in the Letter from the Board in this Circular under the section headed “Lease Assignment”, the expiration of the lease terms of such Leases range from July 2015 to May 2023, with one Lease due to expire within year 2015, fourteen Leases due to expire from years 2016 to 2019, and three Leases due to expire from year 2020 onwards. The total current estimated monthly rental in respect of the Fleet of Aircraft calculated based on the average monthly rental over the remaining terms of each Lease is approximately US\$1.5 million (equivalent to approximately HK\$11.7 million).

3. Based on the exchange rate of US\$1.00 = HK\$7.80 for illustration purposes.
4. Under the Lease Agreements, the Lessees shall among other things at their own expenses keep the Aircraft in as good condition as when delivered to the Lessees. The Lessees shall be responsible for and shall pay all costs, expenses, fees, charges and taxes incurred in the operation of the Aircraft during the lease terms of the Leases, including but not limited to, maintenance, insurance, repairs, landing and navigation fees, airport charges, passenger service and any other expenses of any kind or nature directly or indirectly in connection with or related to the operation of the Aircraft. The Group understands that the Seller does not maintain separate accounts to show the profit for each Aircraft or the Fleet of Aircraft. The Seller has made available the Lease Agreements to the Buyer but has not allowed the Buyer to access its accounting books and records. Without access to the accounting books and records of the Seller, it would not be possible for the Company to estimate operating expenses (e.g. depreciation, maintenance, wages and salaries, and other operating expenses) incurred in respect of the Fleet of Aircraft for the Relevant Period.

The Group understands that the Seller manages the lease operation of the Fleet of Aircraft whereas the Group has engaged the Aircraft Consultant to manage the Fleet of Aircraft. The Group anticipates that the major expenses to be incurred by the Group following Closing would consist of the depreciation expense of the Aircraft and the services fee payable to the Aircraft Consultant to manage the Aircraft. In accordance with the accounting policy currently adopted by the Group regarding aircraft depreciation, the depreciation expense of aircraft is calculated on the straight-line basis to write off the balance of the purchase costs of the aircraft to their residual values over the remaining lease terms relating to the aircraft. Based on the Purchase Prices and the estimated residual values of the Fleet of Aircraft, the terms of the Leases and the aforesaid depreciation policy of the Group, the estimated annual depreciation expense would amount to approximately US\$10.6 million (equivalent to approximately HK\$82.7 million). Based on the aircraft services agreement entered into between the Group and the Aircraft Consultant in respect of the management of the Fleet of Aircraft and the Lease Agreements, the estimated annual services fee for the Fleet of Aircraft would amount to approximately US\$1.0 million (equivalent to approximately HK\$7.8 million). Such estimated depreciation expense and services fee are based only on the management’s experience and preliminary assessment and might not give a complete and accurate picture of the expenses to be incurred in respect of the Fleet of Aircraft.

Having taken into account the above and other disclosure in relation to the Fleet of Aircraft contained in this circular, the Directors consider that the omission of a profit and loss statement on the identifiable income stream in relation to the Fleet of Aircraft for the Relevant Period would not render this circular materially incomplete, misleading or deceptive.

In accordance with the Listing Rules, the Company has engaged Ernst & Young, the auditors of the Company, to perform certain factual finding procedures on the compilation of the gross rental income, depreciation expense and services fee of the Fleet of Aircraft in accordance with Hong Kong Standard on Related Services 4400 *Engagements to Perform Agreed Upon Procedures Regarding Financial Information* issued by the Hong Kong Institute of Certified Public Accountants. In respect of the gross rental income, the auditors have compared the monthly rental income of each Aircraft to the monthly basic rent as stated in the Lease Agreements as well as recalculated the amount of the gross rental income of each Aircraft and total gross rental income for the Relevant Period in accordance with the agreed-upon procedures set out in the relevant engagement letter between the

APPENDIX II FINANCIAL INFORMATION IN RELATION TO THE FLEET OF AIRCRAFT

Company and the auditors (“Engagement Letter”) and reported its factual findings based thereon to the Directors. In respect of the depreciation expense and services fee, the auditors have performed certain agreed-upon procedures set out in the Engagement Letter, which include, among others, recalculating the depreciation expense and services fee based on relevant information and documents provided by the Directors, and reported its factual findings based thereon to the Directors. In the opinion of the Directors, the gross rental income, the depreciation expense and services fee have been properly compiled and derived from the relevant information set out in the Lease Agreements, aircraft services agreement and/or other relevant documents. Pursuant to the terms of the Engagement Letter between the Company and the auditors, the reported factual findings should not be used or relied upon by any other parties for any purposes.

VALUATION OF THE FLEET OF AIRCRAFT

No valuation of the Fleet of Aircraft at the end of each of the financial years within the Relevant Period has been disclosed in this circular as the Group has not engaged any valuer to prepare the valuation reports for the Fleet of Aircraft.

1. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AFTER TAKING INTO ACCOUNT THE ACQUISITION

Introduction

The following unaudited pro forma statement of assets and liabilities of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared on the basis of the notes set out below for the purposes of illustrating the effects on the assets and liabilities of the Group as if the Acquisition had been completed on 30 June 2014.

The Unaudited Pro Forma Financial Information of the Group as at 30 June 2014 has been prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2014 as set out in its published interim report for the six months ended 30 June 2014; and (ii) the pro forma adjustments prepared to reflect the effects of the Acquisition as explained in the notes set out below that are directly attributable to the Acquisition and not relating to future events or decisions and are factually supportable.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the financial information of the Group as set out in its published interim report for the six months ended 30 June 2014, and other financial information contained in this circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors for illustrative purposes only and is based on a number of assumptions, estimates, uncertainties and currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Group had the Acquisition been completed as at 30 June 2014 or any future date.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AS AT 30 JUNE 2014

	The Group as at 30 June 2014 (Note 1) HK\$'million	Pro forma adjustments (Note 2) HK\$'million	Pro forma Group HK\$'million
NON-CURRENT ASSETS			
Property, plant and equipment	19,411.4	630.5(a)	20,041.9
Investment properties	1,845.4	—	1,845.4
Properties under development	1,304.7	—	1,304.7
Investments in associates	35.4	—	35.4
Available-for-sale investments	101.5	—	101.5
Financial assets at fair value through profit or loss	14.0	—	14.0
Loans receivable	8.4	—	8.4
Deposits and prepayments	69.2	—	69.2
Deferred tax assets	62.0	—	62.0
Trademark	610.2	—	610.2
Goodwill	261.0	—	261.0
Other assets	0.2	—	0.2
Total non-current assets	<u>23,723.4</u>	<u>630.5</u>	<u>24,353.9</u>
CURRENT ASSETS			
Properties under development	6,271.4	—	6,271.4
Properties held for sale	1,393.7	—	1,393.7
Inventories	64.2	—	64.2
Debtors, deposits and prepayments	302.5	—	302.5
Loans receivable	6.6	—	6.6
Held-to-maturity investments	446.3	—	446.3
Financial assets at fair value through profit or loss	911.1	—	911.1
Derivative financial instruments	6.1	—	6.1
Restricted cash	43.8	—	43.8
Pledged time deposits and bank balances	408.5	—	408.5
Time deposits	1,545.8	—	1,545.8
Cash and bank balances	1,291.1	(422.1)(d)	869.0
Total current assets	<u>12,691.1</u>	<u>(422.1)</u>	<u>12,269.0</u>

	The Group as at 30 June 2014 (Note 1) HK\$'million	Pro forma adjustments (Note 2) HK\$'million	Pro forma Group HK\$'million
CURRENT LIABILITIES			
Creditors and accruals	(508.2)	(7.5)(b)	(515.7)
Deposits received	(22.8)	(1.6)(c)	(24.4)
Interest bearing bank borrowings	(3,025.1)	—	(3,025.1)
Derivative financial instruments	(6.6)	—	(6.6)
Tax payable	(125.7)	—	(125.7)
Total current liabilities	<u>(3,688.4)</u>	<u>(9.1)</u>	<u>(3,697.5)</u>
NET CURRENT ASSETS	<u>9,002.7</u>	<u>(431.2)</u>	<u>8,571.5</u>
TOTAL ASSETS LESS			
CURRENT LIABILITIES	<u>32,726.1</u>	<u>199.3</u>	<u>32,925.4</u>
NON-CURRENT LIABILITIES			
Creditor and deposits received	(61.9)	(199.3)(c)	(261.2)
Interest bearing bank borrowings	(5,550.7)	—	(5,550.7)
Other borrowings	(4,204.0)	—	(4,204.0)
Deferred tax liabilities	(2,293.9)	—	(2,293.9)
Total non-current liabilities	<u>(12,110.5)</u>	<u>(199.3)</u>	<u>(12,309.8)</u>
Net assets	<u><u>20,615.6</u></u>	<u><u>—</u></u>	<u><u>20,615.6</u></u>

Notes:

- (1) The balances have been extracted from the unaudited condensed consolidated statement of financial position of the Company as at 30 June 2014 as set out in its published interim report for the six months ended 30 June 2014.
- (2) The following adjustments assuming the Closing Date being (i) certain specific dates on or before 13 February 2015 in the case of the Other Aircraft; and (ii) 16 March 2015 in the case of the Certain Aircraft represent:
- (a) the recognition of the Fleet of Aircraft as property, plant and equipment of approximately HK\$630.5 million after deducting the estimated Rent Settlements, representing 50% of the basic rent under the Lease Agreements from and including 15 September 2014 to and including the Closing Date, of approximately HK\$30.2 million from the aggregate Purchase Prices of HK\$660.7 million.
- (b) the recognition of the estimated Rent Balances, representing any basic rent paid by Lessees to the Lessors, on or prior to the Closing Date in respect of any period after such Closing Date, of approximately HK\$7.5 million as current liabilities.
- (c) the recognition of the security deposits received by the Lessors from the Lessees under the Leases (“Security Deposits”), the Lessor Contribution Balances (representing the total amount of maintenance reserves received by the Lessors from any previous owner or operator prior to the delivery of Aircraft to Lessees less any amounts which the Lessors are required to pay to the Lessees or a maintenance provider) and the Transferred Maintenance Reserves Balances (representing the total amount of maintenance reserves paid and payable to the Lessors by the Lessees) in aggregate amounts of approximately HK\$1.6 million and approximately HK\$199.3 million as current and non-current liabilities respectively.

- (d) the payment of Deposit of approximately HK\$33.0 million and the estimated Closing Settlements, representing the aggregate Purchase Prices after deducting the Deposit, Security Deposits, the Lessor Contribution Balances, the Transferred Maintenance Reserves Balances, the Rent Balances and the Rent Settlements, of approximately HK\$389.1 million by the Group for the Acquisition.

- (3) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2014.

- (4) Exchange rate of US\$1.00 = HK\$7.80 is used for illustrative purposes.

2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, in respect of the unaudited pro forma financial information of the Group.



Ernst & Young
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12 February 2015

The Directors
Century City International Holdings Limited
11th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

Dear Sirs

We have completed our assurance engagement to report on the compilation of pro forma financial information of Century City International Holdings Limited (the “Company”) and its subsidiaries (the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of assets and liabilities of the Group as at 30 June 2014, and related notes as set out on pages 25 to 28 of the circular dated 12 February 2015 (the “Circular”) issued by the Company (the “Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on page 25 of the Circular.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the acquisition of 18 aircraft by New Portland Investments Limited from ECC Leasing Company Limited on the terms and subject to the conditions of the aircraft purchase and sale general terms agreement dated 28 November 2014, as amended by the supplemental agreements dated 30 December 2014, 27 January 2015 and 5 February 2015 (the “Acquisition”) on the Group’s assets and liabilities as at 30 June 2014 as if the Acquisition had taken place at 30 June 2014. As part of this process, information about the Group’s assets and liabilities has been extracted by the Directors from the Group’s financial statements for the six months ended 30 June 2014, on which an interim report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 ("AG 7") *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Acquisition, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the Acquisition in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
Ernst & Young
Certified Public Accountants
Hong Kong

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors, chief executive and senior management

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and the chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and the chief executive of the Company were taken or deemed to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (“**Model Code**”) were as follows:

Long positions in the shares and underlying shares of the Company and its associated corporations

The Company/ Name of its associated corporation	Name of Director	Class of shares held	Personal interests	Number of shares held			Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
				Corporate interests	Family/ Other interests		
1. The Company	Mr. Lo Yuk Sui	Ordinary (issued)	102,587,396	1,769,164,691 (<i>Note a</i>)	380,683	1,872,132,770 (58.43%)	
	Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	—	—	251,735 (0.008%)	
	Miss Lo Po Man	Ordinary (issued)	112,298	—	—	112,298 (0.004%)	
	Mr. Kelvin Leung So Po	Ordinary (issued)	4,000	—	—	4,000 (0.000%)	
	Mr. Ng Siu Chan	Ordinary (issued)	—	—	3,521,973	3,521,973 (0.11%)	

APPENDIX IV
GENERAL INFORMATION

The Company/ Name of its associated corporation	Name of Director	Class of shares held	Personal interests	Number of shares held			Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
				Corporate interests	Family/ Other interests		
2. Paliburg	Mr. Lo Yuk Sui	Ordinary (issued)	90,078,014	740,376,803 <i>(Note b)</i>	15,000	830,469,817 (74.51%)	
	Mr. Jimmy Lo Chun To	Ordinary (issued)	2,274,600	—	—	2,274,600 (0.20%)	
	Miss Lo Po Man	Ordinary (issued)	1,116,000	—	—	1,116,000 (0.10%)	
	Mr. Kenneth Ng Kwai Kai	Ordinary (issued)	176,200	—	—	176,200 (0.02%)	
	Mr. Donald Fan Tung	Ordinary (issued)	556	—	—	556 (0.000%)	
	Mr. Kelvin Leung So Po	Ordinary (issued)	304,185	—	—	304,185 (0.03%)	
	Mr. Ng Siu Chan	Ordinary (issued)	—	—	80,474	80,474 (0.007%)	
3. Regal	Mr. Lo Yuk Sui	Ordinary (issued)	24,200	604,563,261 <i>(Note c)</i>	260,700	604,848,161 (65.46%)	
	Miss Lo Po Man	Ordinary (issued)	300,000	—	269,169 <i>(Note d)</i>	569,169 (0.06%)	
	Mr. Kelvin Leung So Po	Ordinary (issued)	200	—	—	200 (0.000%)	
4. Cosmopolitan	Mr. Lo Yuk Sui	Ordinary (i) (issued)	—	2,731,316,716 <i>(Note e)</i>	—	2,731,316,716	
		(ii) (unissued)	—	4,683,461,057 <i>(Note f)</i>	—	4,683,461,057	
						Total:	7,414,777,773 (174.45%)
	Mr. Jimmy Lo Chun To	Ordinary (issued)	2,269,101	—	—	2,269,101 (0.05%)	
Miss Lo Po Man	Ordinary (issued)	1,380,000	—	—	1,380,000 (0.03%)		
5. Regal REIT	Mr. Lo Yuk Sui	Units (issued)	—	2,443,033,102 <i>(Note g)</i>	—	2,443,033,102 (75.00%)	
6. 8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	1,000 <i>(Note h)</i>	—	1,000 (100%)	

APPENDIX IV
GENERAL INFORMATION

	The Company/ Name of its associated corporation	Name of Director	Class of shares held	Personal interests	Number of shares held		Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
					Corporate interests	Family/ Other interests	
7.	8D Matrix Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	2,000,000 (Note i)	—	2,000,000 (100%)
8.	8D International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	500,000 (Note j)	—	500,000 (100%)
9.	8D International (China) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	1 (Note k)	—	1 (100%)
10.	Century Digital Communications (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	1 (Note l)	—	1 (100%)
11.	Century Digital Communications Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	2 (Note m)	—	2 (100%)
12.	Century Digital Enterprise Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	100 (Note n)	—	100 (100%)
13.	Century Digital Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	3 (Note o)	—	3 (100%)
14.	Century Digital Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	49,968 (Note p)	—	49,968 (99.94%)
15.	China Noble Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	1 (Note q)	—	1 (100%)
16.	Full Range Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	10,000 (Note r)	—	10,000 (100%)
17.	Giant Forward Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	1 (Note s)	—	1 (100%)
18.	Grand Modern Investments Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	330 (Note t)	—	330 (100%)
19.	Important Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	10,000 (Note u)	—	10,000 (100%)
20.	Net Age Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	97 (Note v)	—	97 (100%)

The Company/ Name of its associated corporation	Name of Director	Class of shares held	Personal interests	Number of shares held			Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
				Corporate interests	Family/ Other interests		
21. Net Community Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	3 (Note w)	—	3 (100%)	
22. Pilot Pro Holdings Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	1 (Note x)	—	1 (100%)	
23. Speedway Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	50,000 (Note y)	—	50,000 (100%)	
24. Task Master Technology Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	1 (Note z)	—	1 (100%)	
25. Top Technologies Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	10,000 (Note aa)	—	10,000 (100%)	
26. Treasure Collection International Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	2 (Note ab)	—	2 (100%)	

Notes:

- (a) The interests in 1,769,164,691 issued Shares were held through companies wholly owned by Mr. Lo Yuk Sui (“Mr. Lo”) and a company, namely Master City Limited, 99.9% owned by Mr. Lo.
- (b) The interests in 693,640,547 issued ordinary shares in Paliburg were held through companies wholly owned by the Company, in which Mr. Lo held approximately 58.42% shareholding interests as at the Latest Practicable Date.

The interests in 16,271,685 issued ordinary shares of Paliburg were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 30,464,571 issued ordinary shares of Paliburg were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

- (c) The interests in 421,400 issued ordinary shares of Regal were held through companies wholly owned by the Company, in which Mr. Lo held approximately 58.42% shareholding interests as at the Latest Practicable Date. The interests in 592,595,861 issued ordinary shares of Regal were held through companies wholly owned by Paliburg, in which the Company held approximately 62.23% shareholding interests as at the Latest Practicable Date. The other interests in 11,546,000 issued ordinary shares of Regal were held through a wholly-owned subsidiary of Cosmopolitan, in which P&R Holdings (which is owned as to 50% each by Paliburg and Regal through their respective wholly-owned subsidiaries) held approximately 64.26% shareholding interests as at the Latest Practicable Date. Paliburg held approximately 65.38% shareholding interests in Regal as at the Latest Practicable Date.
- (d) The interests in 269,169 issued ordinary shares of Regal were held by Miss Lo Po Man as the beneficiary of a trust.
- (e) The interests in 2,731,316,716 issued ordinary shares of Cosmopolitan were held through wholly-owned subsidiaries of P&R Holdings, which is owned as to 50% each by Paliburg and Regal through their respective wholly-owned subsidiaries. Paliburg, in which the Company held approximately 62.23% shareholding interests as at the Latest Practicable Date, held approximately 65.38% shareholding interests in Regal as at the Latest Practicable Date. Mr. Lo held approximately 58.42% shareholding interests in the Company as at the Latest Practicable Date.
- (f) The interests in 4,683,461,057 unissued ordinary shares of Cosmopolitan were held through wholly-owned subsidiaries of P&R Holdings, which is owned as to 50% each by Paliburg and Regal through their respective wholly-owned subsidiaries. Paliburg, in which the Company held approximately 62.23% shareholding interests as at the Latest Practicable Date, held approximately 65.38% shareholding interests in Regal as at the Latest Practicable Date. Mr. Lo held approximately 58.42% shareholding interests in the Company as at the Latest Practicable Date.

The interests in 2,004,889,629 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in 2,004,889,629 convertible preference shares of Cosmopolitan, convertible into new ordinary shares of Cosmopolitan on a one to one basis (subject to adjustments in accordance with the terms of the convertible preference shares).

The interests in 1,428,571,428 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in the convertible bonds in the principal amount of HK\$500,000,000 issued by a wholly-owned subsidiary of Cosmopolitan. The convertible bonds are convertible into new ordinary shares of Cosmopolitan at a conversion price of HK\$0.35 per ordinary share (subject to adjustments in accordance with the terms of the convertible bonds).

The interests in 1,250,000,000 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in the possible subscription for the optional convertible bonds in a principal amount of HK\$500,000,000 to be issued by a wholly-owned subsidiary of Cosmopolitan pursuant to the subscription agreement dated 30 April 2014 (as supplemented by a supplemental agreement dated 19 June 2014) entered into between Cosmopolitan and P&R Holdings. The optional convertible bonds, if subscribed for and issued, will be convertible into new ordinary shares of Cosmopolitan at a conversion price of HK\$0.40 per ordinary share (subject to adjustments in accordance with the terms of the optional convertible bonds).

- (g) The interests in 10,219,000 issued units of Regal REIT were held through a wholly-owned subsidiary of Cosmopolitan. The interests in 2,429,394,739 issued units of Regal REIT were held through wholly-owned subsidiaries of Regal. The interests in 732,363 issued units of Regal REIT were held through wholly-owned subsidiaries of Paliburg. The interests in 2,687,000 issued units of Regal REIT were held through wholly-owned subsidiaries of the Company. Cosmopolitan were held as to approximately 64.26% shareholding interests by P&R Holdings, which is owned as to 50% each by Paliburg and Regal through their respective wholly-owned subsidiaries, as at the Latest Practicable Date. Paliburg, in which the Company held approximately 62.23% shareholding interests as at the Latest Practicable Date, held approximately 65.38% shareholding interests in Regal as at the Latest Practicable Date. Mr. Lo held approximately 58.42% shareholding interests in the Company as at the Latest Practicable Date.
- (h) 400 shares were held through companies controlled by the Company, in which Mr. Lo held approximately 58.42% shareholding interests as at the Latest Practicable Date, and 600 shares were held through a company controlled by Mr. Lo.

(i) 800,000 shares were held through companies controlled by the Company, in which Mr. Lo held approximately 58.42% shareholding interests as at the Latest Practicable date, and 1,200,000 shares were held through companies controlled by Mr. Lo (including 8D International (BVI) Limited).

(j) The interests in these shares of 8D International Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67
8D Matrix Limited	Important Holdings Limited	60.00

(k) The interest in the share of 8D International (China) Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67
8D Matrix Limited	Important Holdings Limited	60.00

- (l) The interest in the share of Century Digital Communications (BVI) Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67

- (m) The interests in these shares of Century Digital Communications Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	the Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Century Digital Communications (BVI) Limited	Important Holdings Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67
Century Digital Communications (BVI) Limited	Important Holdings Limited	100.00

- (n) The interests in these shares of Century Digital Enterprise Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Century Digital Investments Limited	Important Holdings Limited	99.93

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67
Century Digital Investments Limited	Important Holdings Limited	99.93

- (o) The interests in these shares of Century Digital Holdings Limited were held through corporations wholly owned by Mr. Lo.

- (p) The interests in these shares of Century Digital Investments Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67

- (q) The interest in the share of China Noble Investments Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
8D Matrix Limited	Important Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00
Pilot Pro Holdings Limited	8D Matrix Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67
8D Matrix Limited	Important Holdings Limited	60.00
Pilot Pro Holdings Limited	8D Matrix Limited	100.00

- (r) The interests in these shares of Full Range Technology Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67

- (s) The interest in the share of Giant Forward Holdings Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
8D Matrix Limited	Important Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67
8D Matrix Limited	Important Holdings Limited	60.00

- (t) The interests in these shares of Grand Modern Investments Limited were held through corporations wholly owned by Mr. Lo.

- (u) The interests in these shares of Important Holdings Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. LO	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Secure Way Technology Limited	Mr. LO	100.00

- (v) The interests in these shares of Net Age Technology Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Century Digital Investments Limited	Important Holdings Limited	99.93

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67
Century Digital Investments Limited	Important Holdings Limited	99.93

- (w) The interests in these shares of Net Community Limited were held through a corporation wholly owned by Mr. Lo.

- (x) The interest in the share of Pilot Pro Holdings Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
8D Matrix Limited	Important Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67
8D Matrix Limited	Important Holdings Limited	60.00

(y) The interests in these shares of Speedway Technology Limited were held through corporations controlled by Mr. Lo.

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67

(z) The interest in the share of Task Master Technology Limited was held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00

(aa) The interests in these shares of Top Technologies Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67

(ab) The interests in these shares of Treasure Collection International Limited were held through corporations controlled by Mr. Lo as detailed below:

(a) Name of corporation	Controlled by	% of control
The Company	Mr. Lo	58.42
Century City BVI Holdings Limited	The Company	100.00
8D International (BVI) Limited	Century City BVI Holdings Limited	40.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
8D Matrix Limited	Important Holdings Limited	60.00
8D Matrix Limited	Century City BVI Holdings Limited	40.00
Giant Forward Holdings Limited	8D Matrix Limited	100.00

(b) Name of corporation	Controlled by	% of control
Manyways Technology Limited	Mr. Lo	100.00
8D International (BVI) Limited	Manyways Technology Limited	60.00
Task Master Technology Limited	8D International (BVI) Limited	100.00
Important Holdings Limited	Task Master Technology Limited	33.33
Secure Way Technology Limited	Mr. Lo	100.00
Important Holdings Limited	Secure Way Technology Limited	66.67
8D Matrix Limited	Important Holdings Limited	60.00
Giant Forward Holdings Limited	8D Matrix Limited	100.00

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company held any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons (other than a Director or the chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

Name of substantial shareholder	Number of issued Shares held	Number of underlying Shares held	Total number of Shares (issued and underlying) held	Approximate percentage of issued Shares as at the Latest Practicable Date
Secure Way Technology Limited (Notes i and ii)	1,630,416,666	—	1,630,416,666	50.89%
Net Community Limited (Notes i, ii and iii)	1,630,416,666	—	1,630,416,666	50.89%
Century Digital Holdings Limited (Notes i, ii and iv)	1,630,416,666	—	1,630,416,666	50.89%
Grand Modern Investments Limited (Notes i, ii and v)	1,630,416,666	—	1,630,416,666	50.89%
Dalton Investments LLC	385,084,296	—	385,084,296	12.02%

Notes:

- (i) These companies are wholly owned by Mr. Lo Yuk Sui and their interests in Shares are included in the corporate interests of Mr. Lo Yuk Sui in the Company as disclosed above under this section headed “Disclosure of Interests”.
- (ii) The interests in these Shares are directly held by Grand Modern Investments Limited.
- (iii) Net Community Limited is wholly owned by Secure Way Technology Limited.
- (iv) Century Digital Holdings Limited is wholly owned by Net Community Limited.
- (v) Grand Modern Investments Limited is wholly owned by Century Digital Holdings Limited.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

Save as disclosed below, none of the Directors is a director or employee of the companies which have an interest in the Shares and underlying Shares as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (1) Mr. Lo Yuk Sui is a director of Secure Way Technology Limited.
- (2) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To and Miss Lo Po Man are directors of Net Community Limited, Century Digital Holdings Limited and Grand Modern Investments Limited.

3. OTHER INTERESTS OF DIRECTORS

Save as disclosed in this circular and as at the Latest Practicable Date,

(a) Interests in service contracts

None of the Directors had entered, or proposed to enter, into a service contract with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation);

(b) Interests in assets

None of the Directors had any direct or indirect interest in any assets which have, since 31 December 2013, being the date of the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to, any member of the Group; and

(c) Interests in contracts or arrangements

None of the Directors was materially interested in any contract or arrangement entered into with any member of the Group, which contract or arrangement is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

4. COMPETING INTERESTS

As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors or their associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and their associates were appointed to represent the interests of the Company and/or the Group.

5. LITIGATION

So far as the Directors are aware, there was no litigation or claims of material importance pending or threatened against any member of the Group as at the Latest Practicable Date.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has given, or agreed to the inclusion of, its opinion or advice in this circular:

Name	Qualification
Ernst & Young	Certified Public Accountants

Ernst & Young has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, as the case may be, and references to its name in the form and context in which they appear.

As at the Latest Practicable Date, Ernst & Young did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Ernst & Young did not have, nor had had, any direct or indirect interest in any assets which have since 31 December 2013 (being the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL CONTRACT

The following contract was entered into by members of the Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) during the period of two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) The entrusted loan agreement dated 11 October 2013 entered into between Shenzhen Leading Technology Co., Ltd. (深圳創先智能科技有限公司) (as the lender), Shenzhen Zhuyuan Enterprise Co., Ltd.* (深圳竹園企業有限公司) (as the borrower) and Bank of China Limited, Shenzhen Sub-Branch (as the lending agent) in relation to the entrusted loan in the principal amount of up to RMB200 million.

* For identification purpose only

8. MISCELLANEOUS

- (a) The registered office of the Company is at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.
- (c) The secretary of the Company is Ms. Eliza Lam Sau Fun, an associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (d) The branch share registrar of the Company in Hong Kong is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the above head office and principal place of business of the Company in Hong Kong for a period of 14 days from the date of this circular during normal business hours:

- (a) the Purchase Agreement;
- (b) the memorandum of association and bye-laws of the Company;
- (c) the annual reports of the Company for the two financial years ended 31 December 2012 and 2013;
- (d) the interim report of the Company for the six months ended 30 June 2014;
- (e) the report from Ernst & Young on the unaudited pro forma financial information, the text of which is set out in Appendix III to this circular;
- (f) the written consent of Ernst & Young referred to in the paragraph headed "Expert and Consent" in this Appendix IV;
- (g) the material contract referred to in the paragraph headed "Material Contract" in this Appendix IV;
- (h) this circular;

- (i) the very substantial acquisition circular of the Company dated 25 June 2014 relating to (i) proposed subscription of Cosmopolitan open offer shares and/or Cosmopolitan convertible preference shares under Cosmopolitan open offer and (ii) proposed subscription of Cosmopolitan convertible bonds and possible subscription of Cosmopolitan optional convertible bonds; and

- (j) the major transaction circular of the Company dated 21 July 2014 relating to on-market purchases and on-market repurchases of ordinary shares of Regal.