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世紀城市國際控股有限公司  
**Century City**  
International Holdings Limited  
(Incorporated in Bermuda with limited liability)

(stock code: 355)

**MAJOR TRANSACTION**



百利保控股有限公司  
**Paliburg**  
Holdings Limited  
(Incorporated in Bermuda with limited liability)

(stock code: 617)

**MAJOR TRANSACTION**



富豪酒店國際控股有限公司  
**Regal Hotels**  
International Holdings Limited  
(Incorporated in Bermuda with limited liability)

(stock code: 78)

**MAJOR AND  
CONNECTED  
TRANSACTION**

## **ESTABLISHMENT OF JOINT VENTURE**

### **ESTABLISHMENT OF JOINT VENTURE**

On 17 March 2011 (after trading hours), Paliburg, Regal, Capital Merit and Regal Investments have entered into the Shareholders' Agreement in connection with the establishment of JV Co for the development of real estate projects for sale and/or leasing. It is proposed that JV Co will be owned by Capital Merit and Regal Investments on a 50:50 basis and the maximum total capital commitment to JV Co will be HK\$3,800 million, which will be contributed by each of Capital Merit and Regal Investments in a maximum capital commitment of HK\$1,900 million and on a pro-rata basis in accordance with their respective shareholding in JV Co.

### **REGULATORY IMPLICATIONS**

Century City is the listed holding company of Paliburg. As the maximum capital commitment of the Paliburg Group to JV Co is more than 25% but less than 100% of the applicable percentage ratios, the Transaction constitutes a major transaction for each of Century City and Paliburg and is subject to reporting, announcement and shareholders' approval requirements under Rule 14.33 of the Listing Rules. No shareholder of Century City is required to abstain from voting and Century City has obtained a written approval for the Transaction from Mr. Lo and his associate(s), who together holding approximately 56.4% of the issued share capital of Century City as at the date of the Shareholders' Agreement. No shareholder of Paliburg is required to abstain from voting and Paliburg has obtained a written approval for the Transaction from certain wholly-owned subsidiaries of Century City, which together holding approximately 60% of the issued share capital of Paliburg as at the date of the Shareholders' Agreement. Accordingly, no general meeting for the shareholders of each of Century City and Paliburg to approve the Transaction will be held. A circular containing details of the Transaction including the terms and conditions of the Shareholders' Agreement will be despatched to the shareholders of each of Century City and Paliburg on or before 8 April 2011.

As the maximum capital commitment of the Regal Group to JV Co is more than 25% but less than 100% of the applicable percentage ratios, the Transaction constitutes a major transaction for Regal and is subject to reporting, announcement and shareholders' approval requirements

under Rule 14.33 of the Listing Rules. As Paliburg is the controlling shareholder of Regal and is holding approximately 49.4% of the issued share capital of Regal as at the date of the Shareholders' Agreement, Paliburg and Capital Merit are connected persons of Regal. Accordingly, the Transaction also constitutes a connected transaction for Regal under Chapter 14A of the Listing Rules and is subject to the approval of the Regal Independent Shareholders by way of poll at the Regal SGM. The Regal Independent Board Committee will be constituted by Regal to advise the Regal Independent Shareholders in relation to the Transaction, and the Independent Financial Adviser will be appointed to advise the Regal Independent Board Committee and the Regal Independent Shareholders in this regard.

A circular containing, among other things, details of the Transaction including the terms and conditions of the Shareholders' Agreement, the letter of recommendation from the Regal Independent Board Committee to the Regal Independent Shareholders in relation to the Transaction, the letter of advice from the Independent Financial Adviser to the Regal Independent Board Committee and the Regal Independent Shareholders in relation to the Transaction and the notice convening the Regal SGM, will be despatched to the shareholders of Regal on or before 8 April 2011.

## **ESTABLISHMENT OF JOINT VENTURE**

The respective boards of directors of Century City, Paliburg and Regal jointly announce that on 17 March 2011 (after trading hours), Paliburg, Regal, Capital Merit and Regal Investments have entered into the Shareholders' Agreement in connection with the establishment of JV Co for the development of real estate projects for sale and/or leasing.

The principal terms of the Shareholders' Agreement are as follows:-

Date: 17 March 2011

Parties: Capital Merit, a wholly-owned subsidiary of Paliburg, as shareholder of JV Co

Regal Investments, a wholly-owned subsidiary of Regal, as shareholder of JV Co

Paliburg, as guarantor for Capital Merit

Regal, as guarantor for Regal Investments

Conditions precedent: The obligations of the parties to the Shareholders' Agreement are conditional upon the fulfilment of the following conditions:-

- (a) the obtaining of an ordinary resolution by the shareholders of each of Century City, Paliburg and Regal (other than those who are required to abstain from voting under the Listing Rules) either passed at a general meeting of each of Century City, Paliburg and Regal or by way of a written resolution approving the Transaction; and

- (b) compliance by each of Century City, Paliburg and Regal with all other applicable requirements under the Listing Rules.

All the above conditions precedent cannot be waived by the parties to the Shareholders' Agreement. If all such conditions precedent are not fulfilled by 31 May 2011 (or such other date as the parties may agree in writing), the Shareholders' Agreement shall be terminated automatically and have no further force and effect and none of the parties to the Shareholders' Agreement shall have any liability thereunder (without prejudice to the rights of the parties thereto in respect of any antecedent breaches).

Shareholdings in JV Co:	Capital Merit	-	50%
	Regal Investments	-	50%

Maximum total capital commitment:	HK\$3,800 million, which will be contributed by each of Capital Merit and Regal Investments in a maximum capital commitment of HK\$1,900 million and on a pro-rata basis according to their respective shareholdings in JV Co.
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Scope of business:	The development of real estate projects for sale and/or leasing.
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Board representation:	Capital Merit will nominate up to 4 directors and Regal Investments will nominate up to 4 directors.
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Funding and provision of security:	The maximum capital commitment of Capital Merit and Regal Investments shall be contributed on a pro-rata basis in accordance with their respective shareholdings in JV Co by way of subscription of new shares in JV Co and/or provision of shareholder loans and/or provision of security or guarantee for the benefit of the JV Group in such amount and in such manner as determined by the board of directors of JV Co.
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The JV Group may also obtain funding for the conduct of its business from banks and/or financial institutions on such terms as the board of directors of JV Co may determine from time to time provided that in case any guarantee and/or security are required to be given by Capital Merit and Regal Investments or Paliburg and Regal to such banks and/or financial institutions for such funding, then such guarantee and/or security shall be given by the Paliburg Group and the Regal Group on a several basis in accordance with the respective shareholdings of Capital Merit and Regal Investments in JV Co.

Dividend policy: Any proceeds available for distribution by the JV Group will be applied in such manner as determined by the board of directors of JV Co from time to time.

Transfer of shares of JV Co: Save for the purpose of procuring funding from banks and/or financial institutions for the JV Group, or any sale or transfer of shares of JV Co or of the beneficial interests of any form in JV Co between the wholly-owned subsidiaries of Paliburg or Regal (as the case may be), or any transfer of shares of JV Co in accordance with the terms of the Shareholders' Agreement, neither Capital Merit or Paliburg nor Regal Investments or Regal shall sell, assign, transfer, pledge or otherwise encumber the shares of JV Co and/or the beneficial interests of any form in JV Co and/or the shareholder loans without the prior written consent of the other holder of shares of JV Co.

Related party transactions: Any related party transactions to be entered into by the JV Group (unless in the normal course of business and on normal commercial terms after arm's length negotiation) shall be approved by all the shareholders of JV Co. Any sale or purchase of land, property or real estate development project or leasing of property by the JV Group from or to either the Paliburg Group or the Regal Group or their respective associates shall be supported by an independent valuation report and approved by the board of JV Co with the directors nominated by the relevant shareholder of JV Co abstaining from voting.

Termination: The Shareholders' Agreement shall terminate upon the occurrence of any of the following events:-

- (a) by all the parties thereto in writing; or
- (b) all the shares of JV Co are held beneficially by one shareholder of JV Co; or
- (c) in accordance with its provisions.

## **FINANCIAL EFFECT OF THE TRANSACTION**

Based on the maximum total capital commitment of HK\$3,800 million to JV Co, the maximum capital commitment of each of the Paliburg Group and the Regal Group to JV Co is HK\$1,900 million.

The funding requirement by JV Co will be in stages and will be contributed in such amount and in such manner as determined by the board of directors of JV Co. It is expected that the funding required by each of the Paliburg Group and the Regal Group for making the capital contribution to JV Co will be sourced by each of the Paliburg Group and the Regal Group from its internal resources. It is expected that the funding requirement for making the capital

contribution would not have any material impact on each of the Paliburg Group and the Regal Group.

As JV Co will be owned by Capital Merit and by Regal Investments on a 50:50 basis, JV Co will be treated as a jointly controlled entity of each of Paliburg and Regal, and hence JV Co will not be classified as a subsidiary of Paliburg or Regal under Rule 1.01 of the Listing Rules and the results of the JV Group will be accounted for by Paliburg and Regal using the equity method in accordance with Hong Kong Accounting Standard 31.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

Both the Paliburg Group and the Regal Group undertake property development and property investment as part of their principal business activities, while the Regal Group is also engaged in hotel operation and management businesses. It is expected that many new development projects may involve different types of properties, including commercial, office, residential and hotel, and in some cases may involve composite developments with mixed components. In the undertaking of new property developments, it is of mutual benefit to both the Paliburg Group and the Regal Group that they join force to form a sizeable joint venture company with greater financial capability and to tap and capitalize on each party's experience and expertise and particularly, on the Paliburg Group with respect to its experience and expertise on general property development, project management, design and construction; and on the Regal Group with respect to its experience and expertise on hotel operation and management and luxury residential development. Hence, with the combined resources, experience and expertise of the Paliburg Group and the Regal Group as aforesaid, the formation of JV Co, if approved, will provide the Paliburg Group and the Regal Group with the required flexibility to respond swiftly to any available viable business opportunities from time to time should both the Paliburg Group and the Regal Group consider it is in the benefit of the respective shareholders of Paliburg and Regal as a whole to undertake such business opportunities through the JV Group.

It is the intention of Paliburg and Regal that upon the Shareholders' Agreement becoming unconditional, JV Co may acquire from the Paliburg Group certain property development projects in Hong Kong as the JV Group's starting projects. According to the terms of the Shareholders' Agreement, the proposed acquisition of such property development projects by JV Co from the Paliburg Group shall be supported by an independent valuation report and approved by the board of JV Co with the directors nominated by Capital Merit abstaining from voting. Paliburg will comply with the necessary requirements of the Listing Rules in selling such property development projects to JV Co.

The directors of Century City (including the independent non-executive directors) take the view that the Transaction is in the ordinary and usual course of business of the Century City Group and believe that the terms of the Transaction are on normal commercial terms and are fair and reasonable and in the interests of Century City and its shareholders as a whole.

The directors of Paliburg (including the independent non-executive directors) take the view that the Transaction is in the ordinary and usual course of business of the Paliburg Group and believe that the terms of the Transaction are on normal commercial terms and are fair and reasonable and in the interests of Paliburg and its shareholders as a whole.

The directors of Regal (excluding Mr. Lo, who is regarded as materially interested in the Transaction under the Bye-laws of Regal and has abstained from voting on the relevant board resolution approving the Transaction, and the independent non-executive directors, who will form their view after receiving the advice of the Independent Financial Adviser) take the view that the Transaction is in the ordinary and usual course of business of the Regal Group and believe that the terms of the Transaction are on normal commercial terms and are fair and reasonable and in the interests of Regal and its shareholders as a whole.

## **INFORMATION ON THE CENTURY CITY GROUP, THE PALIBURG GROUP AND THE REGAL GROUP**

The Century City Group is principally engaged in property development and investment, construction and building related businesses, and other investments including, in particular, its interests in Regal.

The Paliburg Group is principally engaged in property development and investment, construction and building related businesses, and other investments including, in particular, its interests in Regal.

The Regal Group is principally engaged in hotel operation and management, investment in Regal REIT, asset management of Regal REIT, property development and investment, and other investments.

## **REGULATORY IMPLICATIONS**

Century City is the listed holding company of Paliburg. As the maximum capital commitment of the Paliburg Group to JV Co is more than 25% but less than 100% of the applicable percentage ratios, the Transaction constitutes a major transaction for each of Century City and Paliburg and is subject to reporting, announcement and shareholders' approval requirements under Rule 14.33 of the Listing Rules. No shareholder of Century City is required to abstain from voting and Century City has obtained a written approval for the Transaction from Mr. Lo and his associate(s), who together holding approximately 56.4% of the issued share capital of Century City as at the date of the Shareholders' Agreement. No shareholder of Paliburg is required to abstain from voting and Paliburg has obtained a written approval for the Transaction from certain wholly-owned subsidiaries of Century City, which together holding approximately 60% of the issued share capital of Paliburg as at the date of the Shareholders' Agreement. Accordingly, no general meeting for the shareholders of each of Century City and Paliburg to approve the Transaction will be held. A circular containing details of the Transaction including the terms and conditions of the Shareholders' Agreement will be despatched to the shareholders of each of Century City and Paliburg on or before 8 April 2011.

As the maximum capital commitment of the Regal Group to JV Co is more than 25% but less than 100% of the applicable percentage ratios, the Transaction constitutes a major transaction for Regal and is subject to reporting, announcement and shareholders' approval requirements under Rule 14.33 of the Listing Rules. As Paliburg is the controlling shareholder of Regal and is holding approximately 49.4% of the issued share capital of Regal as at the date of the Shareholders' Agreement, Paliburg and Capital Merit are connected persons of Regal. Accordingly, the Transaction also constitutes a connected transaction for Regal under Chapter 14A of the Listing Rules and is subject to the approval of the Regal Independent

Shareholders by way of poll at the Regal SGM. The Regal Independent Board Committee will be constituted by Regal to advise the Regal Independent Shareholders in relation to the Transaction, and the Independent Financial Adviser will be appointed to advise the Regal Independent Board Committee and the Regal Independent Shareholders in this regard.

A circular containing, among other things, details of the Transaction including the terms and conditions of the Shareholders' Agreement, the letter of recommendation from the Regal Independent Board Committee to the Regal Independent Shareholders in relation to the Transaction, the letter of advice from the Independent Financial Adviser to the Regal Independent Board Committee and the Regal Independent Shareholders in relation to the Transaction and the notice convening the Regal SGM, will be despatched to the shareholders of Regal on or before 8 April 2011.

## **DEFINITIONS**

In this joint announcement, unless the context otherwise requires, the following terms shall have the following meanings:-

"associates"	has the meaning ascribed to it under the Listing Rules
"Capital Merit"	Capital Merit Investments Limited, a wholly-owned subsidiary of Paliburg, which will be a shareholder of JV Co holding 50% of the entire issued share capital of JV Co
"Century City"	Century City International Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 355)
"Century City Group"	Century City and its subsidiaries
"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Financial Adviser"	the independent financial adviser to be appointed by Regal to advise the Regal Independent Board Committee and the Regal Independent Shareholders in respect of the Transaction

"JV Co"	a joint venture company to be incorporated in the British Virgin Islands with limited liability by Capital Merit and Regal Investments on a 50:50 basis pursuant to the terms of the Shareholders' Agreement
"JV Group"	JV Co and its subsidiaries
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mr. Lo"	Mr. Lo Yuk Sui, an executive director and the Chairman of the board of directors of each of Century City, Paliburg and Regal
"Paliburg"	Paliburg Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 617)
"Paliburg Group"	Paliburg and its subsidiaries
"percentage ratios"	has the meaning ascribed to it under Chapter 14 of the Listing Rules
"Regal"	Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued shares are listed on the Main Board of the Stock Exchange (Stock Code: 78)
"Regal Group"	Regal and its subsidiaries
"Regal Independent Board Committee"	an independent committee of the board of directors of Regal, comprising the independent non-executive directors of Regal
"Regal Independent Shareholders"	holders of the issued shares of Regal, other than Paliburg and its associates
"Regal Investments"	Regal Hotels Investments Limited, a wholly-owned subsidiary of Regal, which will be a shareholder of JV Co holding 50% of the entire issued share capital of JV Co



"Regal REIT"	Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance, the issued units of which are listed on the Main Board of the Stock Exchange (Stock Code: 1881)
"Regal SGM"	the special general meeting of Regal to be convened for the Regal Independent Shareholders to consider and, if thought fit, approve the Transaction
"Shareholders' Agreement"	the conditional shareholders' agreement dated 17 March 2011 entered into between Capital Merit, Regal Investments, Paliburg and Regal in relation to the establishment of JV Co
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transaction"	the establishment of JV Co by Capital Merit and Regal Investments on the terms and subject to the conditions of the Shareholders' Agreement and the performance of the transactions contemplated under the Shareholders' Agreement
"HK\$"	Hong Kong dollars
"% "	per cent.

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

By Order of the Board  
**Paliburg Holdings Limited**  
**Eliza Lam Sau Fun**  
Secretary

By Order of the Board  
**Regal Hotels International  
Holdings Limited**  
**Eliza Lam Sau Fun**  
Secretary

Hong Kong, 17 March 2011

As at the date of this announcement, the board of directors of Century City comprises the following members:

**Executive directors:**

Mr. LO Yuk Sui  
*(Chairman and Chief Executive Officer)*  
Mr. Kenneth NG Kwai Kai  
*(Chief Operating Officer)*  
Mr. Donald FAN Tung  
Mr. Kelvin LEUNG So Po  
Mr. Jimmy LO Chun To  
Miss LO Po Man

**Independent non-executive directors:**

Mr. Anthony CHUANG  
Mr. NG Siu Chan  
Mr. WONG Chi Keung

As at the date of this announcement, the board of directors of Paliburg comprises the following members:

**Executive directors:**

Mr. LO Yuk Sui  
*(Chairman and Chief Executive Officer)*  
Mr. Donald FAN Tung  
*(Chief Operating Officer)*  
Mr. Jimmy LO Chun To  
Miss LO Po Man  
Mr. Kenneth NG Kwai Kai  
Mr. Kenneth WONG Po Man

**Independent non-executive directors:**

Mr. Bowen Joseph LEUNG Po Wing, GBS, JP  
Mr. NG Siu Chan  
Mr. Abraham SHEK Lai Him, SBS, JP  
Mr. WONG Chi Keung

As at the date of this announcement, the board of directors of Regal comprises the following members:

**Executive directors:**

Mr. LO Yuk Sui  
*(Chairman and Chief Executive Officer)*  
Ms. Belinda YEUNG Bik Yiu  
*(Chief Operating Officer)*  
Mr. Donald FAN Tung  
Mr. Jimmy LO Chun To  
Miss LO Po Man  
Mr. Kenneth NG Kwai Kai  
Mr. Allen WAN Tze Wai

**Non-executive director:**

Dr. Francis CHOI Chee Ming, GBS, JP  
*(Vice Chairman)*

**Independent non-executive directors:**

Ms. Alice KAN Lai Kuen  
Mr. NG Siu Chan  
Mr. WONG Chi Keung