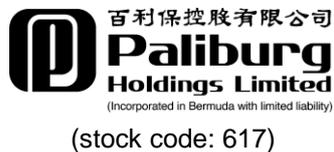


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**ANNOUNCEMENT**

**ANNOUNCEMENT**

**DISCLOSEABLE AND  
CONNECTED TRANSACTION  
DISPOSAL OF REGAL TARGET  
COMPANIES HOLDING  
SECURITIES OF COSMOPOLITAN  
GROUP**

**MAJOR TRANSACTION  
PROVISION OF FINANCIAL  
ASSISTANCE**

## **THE TRANSACTIONS**

On 20 August 2013 (after trading hours), Paliburg Development (a wholly-owned subsidiary of Paliburg), and Regal BVI and RHHL (both wholly-owned subsidiaries of Regal) entered into the S&P Agreement with P&R Holdings, pursuant to which (i) Paliburg Development agreed to dispose of the entire issued share capital of and shareholder's loans to the Paliburg Target Companies (which currently hold the Paliburg Sale Shares and the Paliburg Sale CBs) to P&R Holdings for an aggregate consideration of approximately HK\$374.5 million; and (ii) the Regal Group agreed to dispose of the entire issued share capital of and shareholder's loans to the Regal Target Companies (which currently hold the Regal Sale Shares and the Regal Sale CBs) to P&R Holdings for an aggregate consideration of approximately HK\$504.25 million.

## **FINANCIAL ASSISTANCE**

On 20 August 2013 (after trading hours), Capital Merit (a wholly-owned subsidiary of Paliburg) and P&R Holdings entered into the Paliburg Facility Agreement pursuant to which the Paliburg Group agreed to provide the Paliburg Financial Assistance to P&R Holdings in proportion to the Paliburg Group's equity interest in P&R Holdings. On 20 August 2013 (after trading hours), RHIL (a wholly-owned subsidiary of Regal) and P&R Holdings entered into the Regal Facility Agreement pursuant to which the Regal Group agreed to provide the Regal Financial Assistance to P&R Holdings in proportion to the Regal Group's equity interest in P&R Holdings.

## **GENERAL**

The Regal Transaction constitutes a discloseable transaction and a connected transaction for Regal subject to the Regal Independent Shareholders' approval under the Listing Rules. The Regal Financial Assistance constitutes a major transaction for Regal subject to the Regal Independent Shareholders' approval under the Listing Rules.

Regal will convene a special general meeting to seek the Regal Independent Shareholders' approval for the Regal Transaction and the Regal Financial Assistance. Regal has established the Regal Independent Board Committee and appointed Ample Capital Limited as the independent financial adviser to advise the Regal Independent Board Committee and the Regal Independent Shareholders in relation to the Regal Transaction. Regal expects to despatch a circular (containing details of the Regal Transaction and the Regal Financial Assistance, and the respective letters of advice from the Regal Independent Board Committee and the independent financial adviser in respect of the Regal Transaction) to its shareholders as soon as possible on or before 26 August 2013.

Based on the applicable percentage ratios for the Transactions, the Transactions do not constitute a notifiable transaction for Century City and Paliburg under Chapter 14 of the Listing Rules. Given that P&R Holdings is a subsidiary of Century City and Paliburg, the Financial Assistance does not constitute a notifiable transaction for Century City and Paliburg under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The respective boards of directors of Century City, Paliburg and Regal wish to announce that on 20 August 2013 (after trading hours), the relevant members of the Paliburg Group and the Regal Group entered into the S&P Agreement with P&R Holdings (a 50-50 joint venture of Paliburg and Regal) in relation to their disposals of certain companies holding securities of the Cosmopolitan Group to P&R Holdings. On even date, the Paliburg Group and the Regal Group respectively entered into agreements to provide financial assistance to P&R Holdings.

## **THE TRANSACTIONS**

On 20 August 2013 (after trading hours), Paliburg Development (a wholly-owned subsidiary of Paliburg), and Regal BVI and RHHL (both wholly-owned subsidiaries of Regal) entered into the S&P Agreement with P&R Holdings, pursuant to which (i) Paliburg Development has agreed to dispose of the entire issued share capital of and shareholder's loans to the Paliburg Target Companies (which currently hold the Paliburg Sale Shares and the Paliburg Sale CBs) to P&R Holdings; and (ii) the Regal Group has agreed to dispose of the entire issued share capital of and shareholder's loans to the Regal Target Companies (which currently hold the Regal Sale Shares and the Regal Sale CBs) to P&R Holdings.

### **S&P Agreement**

Date: 20 August 2013 (after trading hours)

Parties: 1. Paliburg Development (as vendor of the entire issued share capital of

and shareholder's loans to the Paliburg Target Companies)

2. RHHL (as vendor of the entire issued share capital of and shareholder's loans to Fountain Sky, holder of the Regal Sale Shares)
3. Regal BVI (as vendor of the entire issued share capital of and shareholder's loans to Valuegood, Time Crest and Well Mount, holders of the Regal Sale CBs)
4. P&R Holdings (as purchaser)

As at the date of this joint announcement, Century City holds approximately 62.2% of the issued share capital of Paliburg and Paliburg holds approximately 54.3% of the issued share capital of Regal. Paliburg Development and the Paliburg Target Companies are wholly-owned subsidiaries of Paliburg; while RHHL, Regal BVI and the Regal Target Companies are wholly-owned subsidiaries of Regal. P&R Holdings is owned as to 50% by each of Paliburg (through Capital Merit, a wholly-owned subsidiary of Paliburg) and Regal (through RHHL, a wholly-owned subsidiary of Regal). P&R Holdings is a subsidiary of Century City and Paliburg, and a 50%-owned jointly controlled entity of Regal.

Assets to be  
disposed of:

Pursuant to the S&P Agreement:

- (i) Paliburg Development has agreed to dispose of the following assets to P&R Holdings:
  1. The entire issued share capital of and shareholder's loans to Winart (which holds 900,000,000 Cosmopolitan Shares, representing 7.6% equity interest in Cosmopolitan as at the date of this joint announcement);
  2. The entire issued share capital of Lendas (which holds 650,000,000 Cosmopolitan Shares, representing 5.5% equity interest in Cosmopolitan as at the date of this joint announcement);
  3. The entire issued share capital of and shareholder's loans to Great Select (which holds 466,666,666 Cosmopolitan Shares, representing 4.0% equity interest in Cosmopolitan as at the date of this joint announcement);
  4. The entire issued share capital of and shareholder's loans to Jumbo Pearl (which holds the CB2013(A) in the principal amount of HK\$100 million, convertible into 1,666,666,666 Conversion Shares based on the prevailing conversion price of HK\$0.06 per Conversion Share); and

5. The entire issued share capital of and shareholder's loans to Sun Joyous (which holds the CB2013(C) in the principal amount of HK\$100 million, convertible into 1,666,666,666 Conversion Shares based on the prevailing conversion price of HK\$0.06 per Conversion Share). The CB2013(C) was issued by the Cosmopolitan Group to Sun Joyous on 23 July 2013 at the principal amount of HK\$100 million, details of which were set out in the joint announcement of Century City, Paliburg and Regal dated 2 July 2013;
- (ii) RHHL has agreed to dispose of the entire issued share capital of and shareholder's loans to Fountain Sky (which holds 334,000,000 Cosmopolitan Shares, representing 2.8% equity interest in Cosmopolitan as at the date of this joint announcement) to P&R Holdings; and
  - (iii) Regal BVI has agreed to dispose of the following assets to P&R Holdings:
    1. The entire issued share capital of and shareholder's loans to Valuegood (which holds the CB2010 in the principal amount of HK\$141.45 million, convertible into 3,536,250,000 Conversion Shares based on the prevailing conversion price of HK\$0.04 per Conversion Share);
    2. The entire issued share capital of and shareholder's loans to Time Crest (which holds the CB2013(B) in the principal amount of HK\$100 million, convertible into 1,666,666,666 Conversion Shares based on the prevailing conversion price of HK\$0.06 per Conversion Share); and
    3. The entire issued share capital of and shareholder's loans to Well Mount (which holds the CB2013(D) in the principal amount of HK\$100 million, convertible into 1,666,666,666 Conversion Shares based on the prevailing conversion price of HK\$0.06 per Conversion Share). The CB2013(D) was issued by the Cosmopolitan Group to Well Mount on 23 July 2013 at the principal amount of HK\$100 million, details of which were set out in the joint announcement of Century City, Paliburg and Regal dated 2 July 2013.

Upon completion of the Transactions, the Regal Target Companies will cease to be subsidiaries of Regal while the Paliburg Target Companies and the Regal Target Companies will remain to be subsidiaries of Century City and Paliburg. However, Century City's attributable equity interest (i) in the Paliburg Target Companies will reduce from approximately 62.2% to approximately 48.0%; and (ii) in the Regal Target Companies will increase

from approximately 33.8% to approximately 48.0%; while Paliburg's attributable interest (i) in the Paliburg Target Companies will reduce from 100% to approximately 77.2%; and (ii) in the Regal Target Companies will increase from approximately 54.3% to approximately 77.2%.

**Consideration:** The aggregate consideration for the Paliburg Transaction is approximately HK\$374.5 million while the aggregate consideration for the Regal Transaction is approximately HK\$504.25 million. The aggregate considerations represent HK\$0.07 per Sale Share/Conversion Share (arising from any conversion of the Sale CBs), representing:

- (i) a premium of approximately 20.69% over the closing price per Cosmopolitan Share of HK\$0.058 quoted on the Stock Exchange on the date of this joint announcement;
- (ii) a premium of approximately 17.06% over the average closing price per Cosmopolitan Share for the last five trading days up to and including 19 August 2013 (being the last trading day immediately before the date of the S&P Agreement) of HK\$0.0598; and
- (iii) a premium of approximately 36.99% over the net asset value of Cosmopolitan per Cosmopolitan Share of approximately HK\$0.0511 based on the consolidated net asset value of Cosmopolitan as at 31 March 2013 and the number of issued Cosmopolitan Shares as at the date of this joint announcement.

The considerations were determined after arm's length negotiation between the parties taking into account the net book value and market price of Cosmopolitan Shares and the business prospects of Cosmopolitan.

**Payment terms:** The considerations shall be payable in cash upon completion of the Transactions.

**Conditions precedent:** The completion of the S&P Agreement is conditional upon the satisfaction of the following conditions on or before 10 September 2013 (or such other date as the parties may agree):

- (a) the approval of the Regal Independent Shareholders for the Regal Transaction having been obtained;
- (b) the Regal Facility Agreement having become unconditional; and
- (c) the Paliburg Facility Agreement and the Regal Facility Agreement not being terminated or amended or modified in all material respects.

**Completion:** Completion of the Paliburg Transaction and the Regal Transaction shall take place simultaneously not later than the next Business Day after the

satisfaction of the above conditions precedent.

### Terms of the Sale CBs

- Issuer : (i) CB2010: Fancy Gold Limited (“**Fancy Gold**”), a wholly-owned subsidiary of Cosmopolitan
- (ii) CB2013(A): Apex Team Limited (“**Apex Team**”), a wholly-owned subsidiary of Cosmopolitan
- (iii) CB2013(B): Apex Team
- (iv) CB2013(C): Apex Team
- (v) CB2013(D): Apex Team
- Principal amount : (i) CB2010: HK\$141.45 million
- (ii) CB2013(A): HK\$100 million
- (iii) CB2013(B): HK\$100 million
- (iv) CB2013(C): HK\$100 million
- (v) CB2013(D): HK\$100 million
- Conversion : The holder(s) of the Sale CBs may convert the outstanding principal amount of the Sale CBs into Conversion Shares at any time on or before 16 September 2013, being the date falling 14 days prior to the maturity date of the Sale CBs.
- No conversion of the Sale CBs shall take place if as a result of such conversion, Cosmopolitan will not be able to meet the public float requirement under the Listing Rules.
- Conversion price : (i) CB2010: HK\$0.04 per Conversion Share
- (ii) CB2013(A): HK\$0.06 per Conversion Share
- (iii) CB2013(B): HK\$0.06 per Conversion Share
- (iv) CB2013(C): HK\$0.06 per Conversion Share
- (v) CB2013(D): HK\$0.06 per Conversion Share

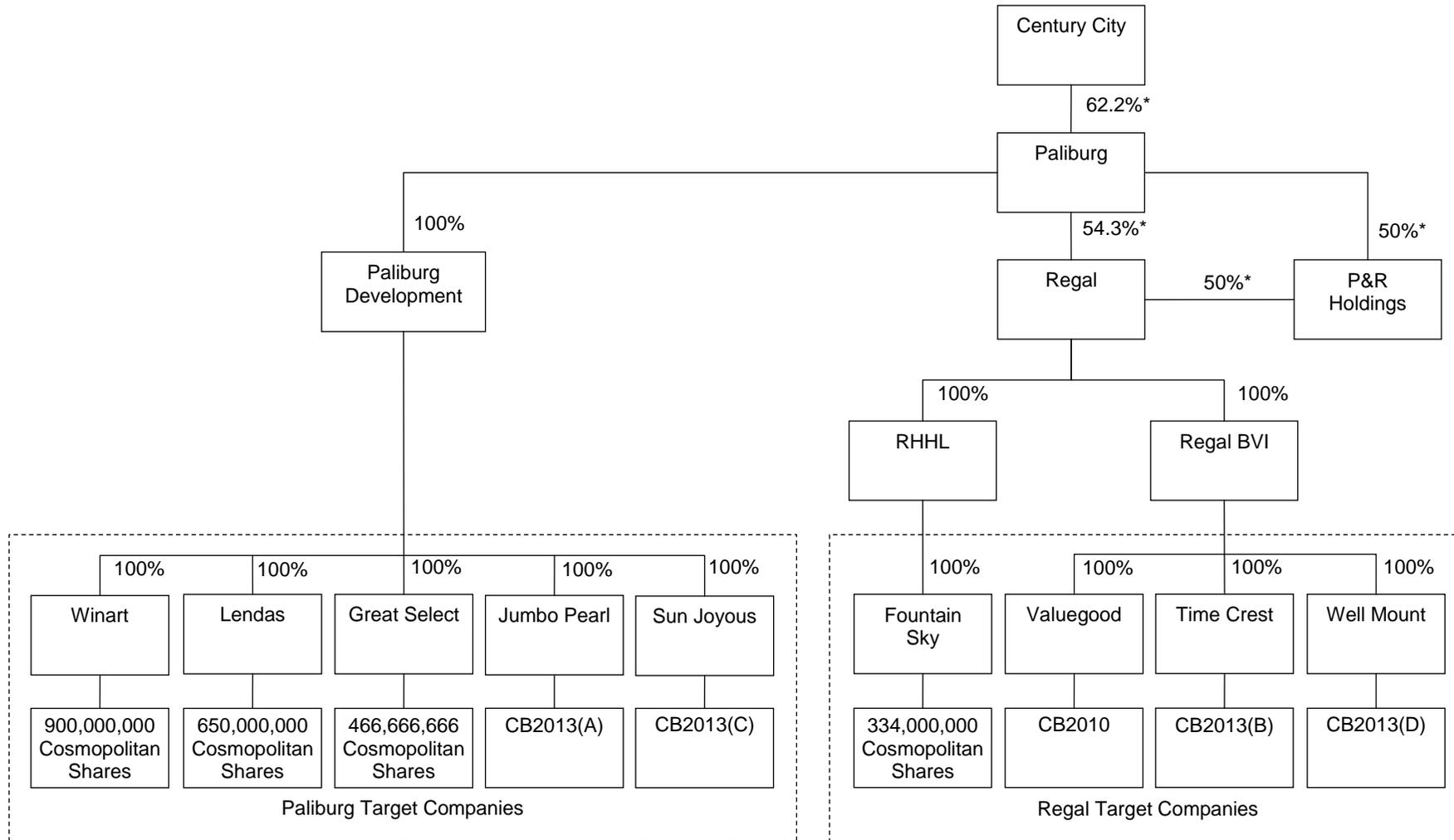
subject to adjustment for share consolidation, share subdivision, reclassification of shares into other securities, capitalisation issues, capital distributions, rights issues, and certain other dilutive events, including a downward adjustment to the effect that in case new Cosmopolitan Shares (or securities convertible into new

Cosmopolitan Shares) are issued for cash or non-cash consideration at a price per Cosmopolitan Share which is less than the respective prevailing conversion price, the relevant conversion price shall be adjusted downwards to such issue price (but such adjustment shall not be retroactive).

- Coupon rate : The Sale CBs bear no coupon.
- Maturity date : 30 September 2013. On the maturity date:
- (i) all of the remaining outstanding CB2010 will be redeemed by Fancy Gold at 137.03% of the outstanding principal amount of the CB2010;
  - (ii) all of the remaining outstanding CB2013(A) and CB2013(B) will be redeemed by Apex Team at 132.05% of the respective outstanding principal amount; and
  - (iii) all of the remaining outstanding CB2013(C) and CB2013(D) will be redeemed by Apex Team at 100.95% of the respective outstanding principal amount,
- all of which represent a yield-to-maturity of 5% per annum (compounded semi-annually).
- Voting : A holder of the Sale CBs will not be entitled to receive notice of, attend or vote at any general meeting of Cosmopolitan by reason only of it being a holder of the Sale CBs.
- Listing : The Sale CBs are not listed on the Stock Exchange. No application will be made for the listing of the Sale CBs on the Stock Exchange or any other stock exchange.
- Ranking : The Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the Sale CBs will rank pari passu in all respects with all other Cosmopolitan Shares outstanding at the respective date of conversion of the Sale CBs.
- Early redemption : Fancy Gold (in the case of the CB2010) or Apex Team (in the case of the CB2013s) has the right, at any time prior to the maturity date, if not more than 10% of the respective principal amounts of the CB2010 (of HK\$205 million) or CB2013s (of HK\$400 million) is still outstanding, by giving not less than 15 nor more than 30 business days' notice to the holders of such CB2010 or CB2013s to redeem the CB2010 or the CB2013s at an amount equal to the outstanding principal amounts of the CB2010 or CB2013s together with a redemption premium equal to 5% per annum (to be calculated on a semi-annual compound basis).
- Guarantor : Cosmopolitan

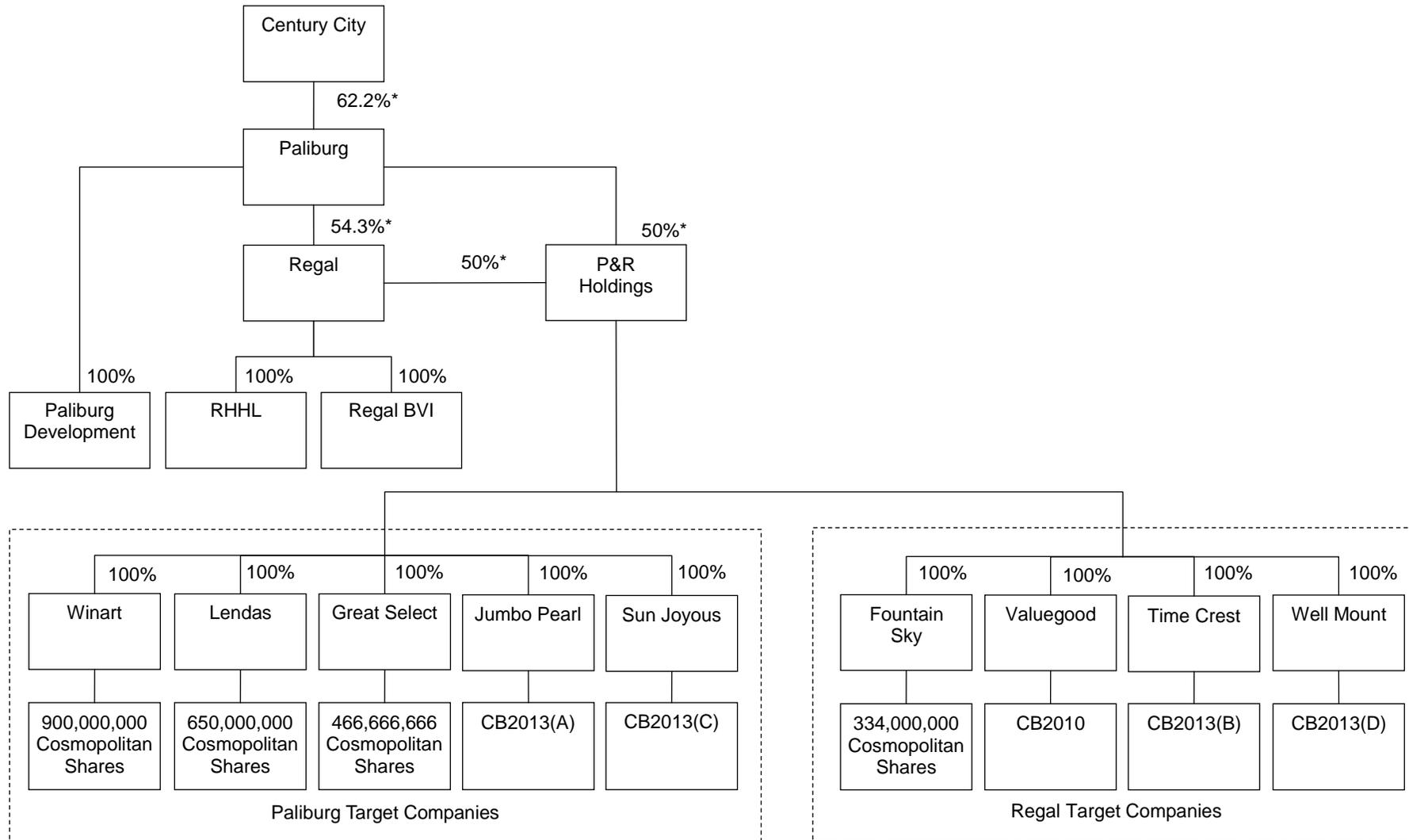
## RELEVANT GROUP CHARTS BEFORE AND AFTER THE TRANSACTIONS

Before the Transactions as at the date of this joint announcement



\* Shareholding interest is held through the holding company's wholly-owned subsidiary(ies).

**After the Transactions**



\* Shareholding interest is held through the holding company's wholly-owned subsidiary(ies).

## FINANCIAL ASSISTANCE

On 20 August 2013 (after trading hours), Capital Merit (a wholly-owned subsidiary of Paliburg) and P&R Holdings entered into the Paliburg Facility Agreement pursuant to which the Paliburg Group has agreed to provide the Paliburg Financial Assistance to P&R Holdings in proportion to the Paliburg Group's equity interest in P&R Holdings. On 20 August 2013 (after trading hours), RHIL (a wholly-owned subsidiary of Regal) and P&R Holdings entered into the Regal Facility Agreement pursuant to which the Regal Group has agreed to provide the Regal Financial Assistance to P&R Holdings in proportion to the Regal Group's equity interest in P&R Holdings.

Major terms of the Paliburg Financial Assistance and the Regal Financial Assistance are as follows:

Facility: A revolving credit facility amounting up to HK\$1,000 million to be provided by each of the Paliburg Group and the Regal Group in proportion to their respective equity interests in P&R Holdings.

P&R Holdings shall draw down and repay the facilities for the same amounts from each of the Regal Group and the Paliburg Group.

Interest: Advances made under the Paliburg Facility Agreement and the Regal Facility Agreement are subject to interest at an annual rate equivalent to the Hong Kong Dollar Prime Lending Rate.

Other terms: Unsecured and repayment on demand of the lender

The Paliburg Financial Assistance and the Regal Financial Assistance are inter-conditional. The obligation of RHIL to grant the facility under the Regal Facility Agreement is conditional upon obtaining the approval of the Regal Independent Shareholders on or before 10 September 2013 (or such other date as the parties may agree). The Paliburg Financial Assistance and the Regal Financial Assistance shall be available on the Business Day after the satisfaction of the aforesaid condition precedent in respect of the Regal Financial Assistance.

As at the date of this joint announcement, the shareholder's loans provided by each of the Paliburg Group and the Regal Group to P&R Holdings amounted to approximately HK\$628.2 million after taking into account P&R Holdings' distribution of HK\$974 million to each of the Paliburg Group and the Regal Group (i.e. HK\$1,948 million in total) following the receipts by P&R Holdings of the deposit for the disposal of a hotel located in Sheung Wan and the option fee and refundable cash collateral for the granting of an option to Regal REIT in respect of a hotel located in North Point (details of which have been set out in the joint announcement of Century City, Paliburg and Regal dated 28 June 2013). The purpose of the facilities granted under the Paliburg Facility Agreement and the Regal Facility Agreement is to provide additional working capital to P&R Holdings to fund the business undertakings as permitted under the business scope of P&R Holdings including the acquisition of other real estate projects or related investments and development of existing property projects and the payment of the considerations for the Transactions. The terms (including the interest rate) of the facilities granted under the Paliburg Facility Agreement and the Regal Facility Agreement were determined after arm's length negotiation between the respective parties taking into account the aforesaid purpose of the facilities and the cost of capital of the Regal Group.

## INFORMATION ON THE TARGET COMPANIES

Winart, Lendas, Great Select and Fountain Sky hold the Sale Shares; while Jumbo Pearl, Sun Joyous, Valuegood, Time Crest and Well Mount hold the Sale CBs. The only assets of the Target Companies as at 31 July 2013 were the Sale Shares and the Sale CBs (as the case may be). All of the Target Companies' liabilities comprise the relevant shareholder's loans save that Lendas did not have any liabilities as at 31 July 2013. The profit/(loss) and net assets of the Target Companies are set out below:

	For the year ended		As at 31 July 2013		
	31 December 2011	2012 Loss	Net assets/ (liabilities)	Shareholder's loans <sup>(1)</sup>	Net assets before shareholder's loans
	Loss (before and after tax)	Loss (before and after tax)	Net assets/ (liabilities)	Shareholder's loans <sup>(1)</sup>	Net assets before shareholder's loans
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
<u>Paliburg Target Companies:</u>					
Winart	120.6	0.9	(73.4)	126.5	53.1
Lendas	99.5	0.7	38.4	-	38.4
Great Select	60.3	0.5	(0.5)	28.1	27.6
Jumbo Pearl	173.3	26.8	34.2	100.1	134.3
Sun Joyous	189.2	19.0	111.4	0.1	111.5
<u>Regal Target Companies:</u>					
Fountain Sky	44.8	0.4	(23.9)	43.6	19.7
Valuegood	309.2	42.9	41.3	179.3	220.6
Time Crest	173.3	26.8	34.0	100.3	134.3
Well Mount	189.2	19.0	11.4	100.0	111.4

*Note:*

(1) Being the shareholder's loans to each of the Target Companies as at 31 July 2013 and the date of this joint announcement.

## INFORMATION ON COSMOPOLITAN

The Cosmopolitan Group is principally engaged in property investment and development, securities investment and other investments. For the year ended 31 March 2012, the Cosmopolitan Group reported profits before and after tax of approximately HK\$504.3 million and HK\$525.3 million respectively. For the year ended 31 March 2013, the Cosmopolitan Group reported profits before and after tax of HK\$29 million. As at 31 March 2013, the Cosmopolitan Group reported net assets of approximately HK\$602.7 million.

## Shareholding structure of Cosmopolitan

As at the date of this joint announcement, the Paliburg Group holds (i) approximately 17.1% of the issued share capital of Cosmopolitan; (ii) the CB2013(A) in the principal amount of HK\$100 million; and (iii) the CB2013(C) in the principal amount of HK\$100 million; while the Regal Group holds (i) approximately 2.8% of the issued share capital of Cosmopolitan; (ii) the CB2010 in the principal amount of HK\$141.45 million; (iii) the CB2013(B) in the principal amount of HK\$100 million; and (iv) the CB2013(D) in the principal amount of HK\$100 million. Set out below for illustration purposes are the current shareholding structure of Cosmopolitan and the shareholding structures in the following scenarios:

	As at the date of this joint announcement		Upon completion of the Transactions		Assuming completion of the Transactions and conversions in full of the CB2010, the CB2013(C) and the CB2013(D) and partial conversion of the CB2013(A) to the extent that public float is maintained <sup>Notes 1&amp;2</sup>	
	<i>No. of Cosmopolitan Shares</i>		<i>No. of Cosmopolitan Shares</i>		<i>No. of Cosmopolitan Shares</i>	
	%	%	%	%	%	%
The Paliburg Group	2,016,666,666	17.11	-	-	-	-
The Paliburg Group (through P&R Holdings)	-	-	2,350,666,666	19.94	10,688,583,331	53.12
The Regal Group	334,000,000	2.83	-	-	-	-
	2,350,666,666	19.94	2,350,666,666	19.94	10,688,583,331	53.12
Giant Sino Group Limited	4,403,576,090	37.37	4,403,576,090	37.37	4,403,576,090	21.88
Culture Landmark Investment Limited	1,446,064,745	12.27	1,446,064,745	12.27	1,446,064,745	7.19
Other shareholders	3,584,823,450	30.42	3,584,823,450	30.42	3,584,823,450	17.81
<b>Total</b>	<b>11,785,130,951</b>	<b>100.00</b>	<b>11,785,130,951</b>	<b>100.00</b>	<b>20,123,047,616</b>	<b>100.00</b>

Notes:

- Under the respective terms of the CB2010 and the CB2013s, no conversion of the CB2010 or CB2013s (as the case may be) shall take place if after such conversion, Cosmopolitan will not be able to meet the public float requirement of the Listing Rules. The CB2010 and CB2013s are not subject to any restriction that disallows them to be converted in case that a mandatory general offer will be triggered under the Takeovers

Code as a result of the conversion. As at the date of this joint announcement, none of the Cosmopolitan CBs have been converted by the Paliburg Group or the Regal Group. Following completion of the Transactions, P&R Holdings will consider its position on the Cosmopolitan CBs, in particular whether or not to convert the Cosmopolitan CBs, whether in whole or in part, which will be based on its assessment of, inter alia, the financial status and business prospects of the Cosmopolitan Group and general market conditions. The Century City Group and the Paliburg Group will comply with the relevant requirements of the Listing Rules and the Takeovers Code if any of the CB2010 and/or CB2013s is converted.

2. On the basis that the CB2013(A) with a principal amount of HK\$88.1 million are converted by P&R Holdings and none of the CB2013(B) are converted by P&R Holdings.

### **Other relationships between the Century City Group, the Paliburg Group, the Regal Group and the Cosmopolitan Group**

Apart from the Paliburg Group's and the Regal Group's interests in the Cosmopolitan Shares and the Cosmopolitan CBs as stated above, the Regal Group and the Cosmopolitan Group each owns 50% of the equity interest in a joint venture which in turn holds 30% equity interests in the project companies undertaking a property development project in Chengdu, Sichuan Province, the PRC. The remaining 70% equity interests in such project companies are held by P&R Holdings. On 26 June 2013, the Paliburg Group provided a revolving loan facility to the Cosmopolitan Group. On 27 June 2013, among other transactions, (i) the aforesaid joint venture and P&R Holdings respectively entered into conditional agreements to dispose of their entire interests in those project companies to the Cosmopolitan Group; (ii) the Regal Group entered into a conditional agreement to dispose of companies holding a land parcel in Tianjin, the PRC to the Cosmopolitan Group; and (iii) P&R Holdings entered into a conditional agreement to acquire certain properties in Hong Kong from the Cosmopolitan Group. Further information regarding the aforesaid transactions was set out in the joint announcement of Century City, Paliburg and Regal dated 27 June 2013.

Mr. Ng Kwai Kai, Kenneth, an executive director of Century City, Paliburg and Regal, is a non-executive director of Cosmopolitan. Mr. Leung So Po, Kelvin, an executive director of Century City, is a non-executive director of Cosmopolitan. Mr. Wong Po Man, Kenneth, an executive director of Paliburg, is a non-executive director of Cosmopolitan. Based on the latest available public information, Mr. Lam Kwing Wai, Alvin Leslie, a director of a wholly-owned subsidiary of Regal, is interested in approximately 7.03% of the issued ordinary share capital of Cosmopolitan as at the date of this joint announcement.

### **REASONS FOR THE TRANSACTIONS**

Century City holds approximately 62.2% of the issued share capital of Paliburg, while Paliburg holds approximately 54.3% of the issued share capital of Regal. Paliburg is a subsidiary of Century City, while Regal is a subsidiary of Century City and Paliburg. The Century City Group and the Paliburg Group are principally engaged in property development and investment, construction and building related businesses, and securities and other investments. The Regal Group is principally engaged in hotel ownership (through its 74.6%-owned subsidiary, Regal REIT), and hotel management and operations. It is also engaged in property development and investment, as well as asset management of Regal REIT and securities and other investments.

P&R Holdings is a subsidiary of Century City and Paliburg and a 50%-owned jointly controlled entity of Regal. On 20 August 2013, Paliburg, Capital Merit, Regal and RHIL entered into a supplemental agreement to the shareholders' agreement dated 17 March 2011 between the parties in respect of P&R Holdings to, inter alia, extend P&R Holdings' business scope of development of real estate projects for sale and/or leasing and the undertaking of related investment and financing activities to include the acquisition or making of any investments (directly or indirectly) in the securities of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financial activities where the underlying assets or security comprise real estate properties.

The Paliburg Group and the Regal Group in aggregate hold approximately 2,350.7 million Cosmopolitan Shares and the Cosmopolitan CBs. The Transactions will enable the Paliburg Group and the Regal Group to rationalise their interests in Cosmopolitan, so that they will be consolidated into one strategic block to be held by P&R Holdings, a 50-50 joint venture of the Paliburg Group and the Regal Group. The considerations for the Transactions were determined with reference to the net book value and market price of Cosmopolitan Shares and the business prospects of Cosmopolitan.

Any difference between (i) the consideration receivable by the Regal Group from P&R Holdings pursuant to the Regal Transaction and (ii) the aggregate fair values of the Regal Sale Shares and the Regal Sale CBs as at the completion date of the Regal Transaction shall be recognised by the Regal Group as gain or loss arising from the Regal Transaction. For illustrative purposes, based on the fair values of the Regal Sale Shares and the Regal Sale CBs as at 31 July 2013, the Regal Group would record a gain of approximately HK\$18.3 million from the Regal Transaction. On the other hand, for illustrative purposes only, if the Paliburg Transaction and the Regal Transaction were completed on 31 July 2013, P&R Holdings (a 50-50 joint venture of Paliburg and Regal) would record a loss of approximately HK\$28.1 million based on the considerations for the Paliburg Transaction and the Regal Transaction and the aggregate fair values of the Sale Shares and the Sale CBs as at 31 July 2013. The Regal Group intends to use the proceeds from the Regal Transaction for working capital purposes. As the vendors and purchaser under the Paliburg Transaction and the Regal Transaction are all subsidiaries of Century City and Paliburg, the Century City Group and the Paliburg Group would not record any gain or loss from the Transactions and the Transactions would not generate any sales proceeds as a whole for the Century City Group and the Paliburg Group. The Financial Assistance may be utilised by P&R Holdings as additional working capital to fund the business undertakings as permitted under the business scope of P&R Holdings including the acquisition of other real estate projects or related investments and development of existing property projects and the payment of the considerations for the Transactions.

The Regal Directors (excluding the members of the Regal Independent Board Committee which will express their opinion after taking into consideration the advice of the independent financial adviser appointed by Regal in respect of the Regal Transaction) consider that the terms of the Regal Transaction are fair and reasonable and in the interests of Regal and its shareholders as a whole. The Regal Directors (including the independent non-executive directors of Regal) consider that the terms of the Regal Financial Assistance are fair and reasonable and in the interests of Regal and its shareholders as a whole.

## GENERAL

Century City holds approximately 62.2% of the issued share capital of Paliburg and Paliburg holds approximately 54.3% of the issued share capital of Regal. Paliburg is a subsidiary of Century City while Regal is a subsidiary of Century City and Paliburg. P&R Holdings is owned as to 50% by each of Paliburg (through Capital Merit, a wholly-owned subsidiary of Paliburg) and Regal (through RHIL, a wholly-owned subsidiary of Regal). P&R Holdings is a subsidiary of Century City and Paliburg and a 50%-owned jointly controlled entity of Regal. P&R Holdings is therefore a connected person of Regal under the Listing Rules.

Based on the applicable percentage ratios for the Regal Transaction, the Regal Transaction constitutes a discloseable transaction and a connected transaction for Regal subject to the Regal Independent Shareholders' approval under the Listing Rules. As the Regal Financial Assistance is on normal commercial terms and in proportion to the Regal Group's equity interest in P&R Holdings, it is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(3) of the Listing Rules. Based on the applicable percentage ratios, the Regal Financial Assistance constitutes a major transaction for Regal under Chapter 14 of the Listing Rules subject to shareholders' approval. As the Paliburg Group has interests in P&R Holdings, Mr. LO Yuk Sui, Century City, Paliburg and their respective associates will abstain from voting on the resolution in respect of the Regal Financial Assistance to be proposed at the special general meeting of Regal.

Regal will convene a special general meeting to seek the Regal Independent Shareholders' approval for the Regal Transaction and the Regal Financial Assistance. Regal has established the Regal Independent Board Committee and appointed Ample Capital Limited as the independent financial adviser to advise the Regal Independent Board Committee and the Regal Independent Shareholders in relation to the Regal Transaction. A circular containing details of the Regal Transaction and the Regal Financial Assistance, and the respective letters of advice from the Regal Independent Board Committee and Ample Capital Limited is expected to be despatched to the shareholders of Regal as soon as possible on or before 26 August 2013.

Based on the applicable percentage ratios for the Transactions, the Transactions do not constitute a notifiable transaction for Century City and Paliburg under Chapter 14 of the Listing Rules. Given that P&R Holdings is a subsidiary of Century City and Paliburg, the Financial Assistance does not constitute a notifiable transaction for Century City and Paliburg under Chapter 14 of the Listing Rules.

## DEFINITIONS

"associates"	has the meaning as defined in the Listing Rules
"Business Day(s)"	any day (other than Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Capital Merit"	Capital Merit Investments Limited, a wholly-owned subsidiary of Paliburg

“CB2010”	the zero coupon guaranteed convertible bonds due on 30 September 2013 (as further extended) issued by the Cosmopolitan Group in 2007 and held by Valuegood in the principal amount of HK\$141.45 million as at the date of this joint announcement
“CB2013(A)”	the zero coupon guaranteed convertible bonds due on 30 September 2013 (as extended) issued by the Cosmopolitan Group in 2008 to Jumbo Pearl in the principal amount of HK\$100 million
“CB2013(B)”	the zero coupon guaranteed convertible bonds due on 30 September 2013 (as extended) issued by the Cosmopolitan Group in 2008 to Time Crest in the principal amount of HK\$100 million
“CB2013(C)”	the zero coupon guaranteed convertible bonds due on 30 September 2013 issued by the Cosmopolitan Group in 2013 to Sun Joyous in the principal amount of HK\$100 million
“CB2013(D)”	the zero coupon guaranteed convertible bonds due on 30 September 2013 issued by the Cosmopolitan Group in 2013 to Well Mount in the principal amount of HK\$100 million
“CB2013(s)”	the CB2013(A), CB2013(B), CB2013(C) and CB2013(D) collectively
“Century City”	Century City 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: 355)
“Century City Group”	Century City and its subsidiaries, for the purposes of this joint announcement excluding the Regal Group
“Conversion Share(s)”	the new Cosmopolitan Share(s) falling to be issued upon the exercise of the conversion rights attached to the relevant Cosmopolitan CBs
“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 CBs”	the CB2010 and the CB2013s collectively
“Cosmopolitan Group”	Cosmopolitan and its subsidiaries

“Cosmopolitan Share(s)”	ordinary share(s) of par value of HK\$0.0002 each in the capital of Cosmopolitan
“Financial Assistance”	the Paliburg Financial Assistance and the Regal Financial Assistance
“Fountain Sky”	Fountain Sky Limited, a wholly-owned subsidiary of RHHL
“Great Select”	Great Select Holdings Limited, a wholly-owned subsidiary of Paliburg Development
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollar Prime Lending Rate”	The Hongkong and Shanghai Banking Corporation Limited’s best lending rate for loans in Hong Kong Dollars as quoted or designated by the said bank from time to time
“Jumbo Pearl”	Jumbo Pearl Investments Limited, a wholly-owned subsidiary of Paliburg Development
“Lendas”	Lendas Investments Limited, a wholly-owned subsidiary of Paliburg Development
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 Development”	Paliburg Development BVI Holdings Limited, a wholly-owned subsidiary of Paliburg
“Paliburg Facility Agreement”	the facility agreement dated 20 August 2013 entered into between Capital Merit and P&R Holdings in respect of the Paliburg Financial Assistance
“Paliburg Financial Assistance”	the revolving credit facility to be provided by the Paliburg Group to P&R Holdings in proportion to its equity interest in P&R Holdings amounting up to HK\$1,000 million pursuant to the Paliburg Facility Agreement
“Paliburg Group”	Paliburg and its subsidiaries, for the purposes of this joint announcement excluding the Regal Group

“Paliburg Sale CBs”	the CB2013(A) and CB2013(C) held by Jumbo Pearl and Sun Joyous respectively
“Paliburg Sale Share(s)”	an aggregate of 2,016,666,666 Cosmopolitan Shares held by Winart, Lendas and Great Select
“Paliburg Target Companies”	collectively, Winart, Lendas, Great Select, Jumbo Pearl and Sun Joyous
“Paliburg Transaction”	the disposal of the entire issued share capital of and shareholder’s loans to the Paliburg Target Companies by Paliburg Development to P&R Holdings pursuant to the terms and subject to the conditions of the S&P Agreement
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“P&R Holdings”	P&R Holdings Limited, a joint venture established and owned by Capital Merit and RHIL as to 50% and 50% respectively
“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 BVI”	Regal International (BVI) Holdings Limited, a wholly-owned subsidiary of Regal
“Regal Directors”	the directors of Regal
“Regal Facility Agreement”	the facility agreement dated 20 August 2013 entered into between RHIL and P&R Holdings in respect of the Regal Financial Assistance
“Regal Financial Assistance”	the revolving credit facility to be provided by the Regal Group to P&R Holdings in proportion to its equity interest in P&R Holdings amounting up to HK\$1,000 million pursuant to the Regal Facility Agreement
“Regal Group”	Regal and its subsidiaries

“Regal Independent Board Committee”	the independent board committee of the board of Regal Directors, comprising Ms. Alice KAN Lai Kuen and Professor Japhet Sebastian LAW (both being independent non-executive directors of Regal), established to advise the Regal Independent Shareholders on the Regal Transaction
“Regal Independent Shareholders”	shareholders of Regal other than Mr. LO Yuk Sui, Century City, Paliburg and their respective associates
“Regal REIT”	Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the issued units of which are listed on the Main Board of the Stock Exchange (Stock Code: 1881)
“Regal Sale CBs”	the CB2010, CB2013(B) and CB2013(D) held by Valuegood, Time Crest and Well Mount respectively
“Regal Sale Share(s)”	334,000,000 Cosmopolitan Shares held by Fountain Sky
“Regal Target Companies”	collectively, Fountain Sky, Valuegood, Time Crest and Well Mount
“Regal Transaction”	the disposal of the entire issued share capital of and shareholder’s loans to the Regal Target Companies by Regal BVI and RHHL to P&R Holdings pursuant to the terms and subject to the conditions of the S&P Agreement
“RHHL”	Regal Hotels (Holdings) Limited, a wholly-owned subsidiary of Regal BVI
“RHIL”	Regal Hotels Investments Limited, a wholly-owned subsidiary of Regal
“Sale CBs”	Paliburg Sale CBs and Regal Sale CBs
“Sale Shares”	Paliburg Sale Shares and Regal Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Joyous”	Sun Joyous Investments Limited, a wholly-owned subsidiary of Paliburg Development

“S&P Agreement”	the sale and purchase agreement dated 20 August 2013 entered into between Paliburg Development (as vendor of the Paliburg Target Companies), Regal BVI and RHHL (as vendors of the Regal Target Companies) and P&R Holdings (as purchaser) in respect of the Transactions
“Takeovers Code”	the Code on Takeovers and Mergers
“Target Companies”	the Paliburg Target Companies and the Regal Target Companies collectively
“Time Crest”	Time Crest Investments Limited, a wholly-owned subsidiary of Regal BVI
“Transactions”	the Paliburg Transaction and the Regal Transaction collectively
“Valuegood”	Valuegood International Limited, a wholly-owned subsidiary of Regal BVI
“Well Mount”	Well Mount Investments Limited, a wholly-owned subsidiary of Regal BVI
“Winart”	Winart Investments Limited, a wholly-owned subsidiary of Paliburg Development

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, 20 August 2013

As at the date of this joint 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 joint 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  
Hon. Abraham SHEK Lai Him, GBS, JP  
Mr. WONG Chi Keung

As at the date of this joint 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  
Professor Japhet Sebastian LAW  
Mr. NG Siu Chan  
Mr. WONG Chi Keung