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MAJOR TRANSACTION

A letter from the board of directors of Paliburg Holdings Limited is set out on pages 6 to 24 of this circular.

29 August 2013

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DEFINITIONS

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

“2011 CD Transaction”	the acquisition by P&R Holdings of a 70% equity interest in the Chengdu Group and 70% of the shareholder’s loans due to Faith Crown by the Chengdu Group as set out in the joint announcement of the Company, Century City and Regal dated 30 June 2011
“Advance”	the amount payable by the Chengdu Group to subsidiaries of P&R Holdings which amounted to approximately HK\$31.5 million as at the Latest Practicable Date and will constitute a notifiable transaction for the Company under the Listing Rules upon completion of the Chengdu Transaction and the Other Chengdu Transaction
“Board”	the board of Directors
“CB2010”	the zero coupon guaranteed convertible bonds due on 30 September 2013 (as further extended) issued by the Cosmo Group in 2007 and held by the Regal Group in the principal amount of HK\$141.45 million as at the Latest Practicable Date
“CB2013(A)”	the zero coupon guaranteed convertible bonds due on 30 September 2013 (as extended) issued by the Cosmo Group in 2008 to the Group 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 Cosmo Group in 2008 to the Regal Group in the principal amount of HK\$100 million
“CB2013(C)”	the zero coupon guaranteed convertible bonds due on 30 September 2013 issued by the Cosmo Group in 2013 to the Group in the principal amount of HK\$100 million
“CB2013(D)”	the zero coupon guaranteed convertible bonds due on 30 September 2013 issued by the Cosmo Group in 2013 to the Regal Group in the principal amount of HK\$100 million
“CB2013(s)”	the CB2013(A), CB2013(B), CB2013(C) and CB2013(D) collectively
“CD Subsidiary 1”	Chengdu Fubo Real Estate Development Co., Ltd. (成都富博房地產開發有限公司), being the owner of the Chengdu Property 1 and a wholly-owned subsidiary of Ready Success

DEFINITIONS

“CD Subsidiary 2”	Zhifu Investment and Development (Chengdu) Company Limited (置富投資開發(成都)有限公司), being the owner of the Chengdu Property 2 and a wholly-owned subsidiary of Farah
“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 circular excluding the Regal Group
“Chengdu Agreement”	the sale and purchase agreement dated 27 June 2013 entered into between P&R Holdings and the Chengdu Purchaser in relation to the Chengdu Transaction
“Chengdu Group”	Joyous Unity Group and Excel Crown Group collectively
“Chengdu Project”	the mixed-use development project on the Chengdu Properties located in Xindu District, Chengdu City, Sichuan Province, the PRC consisting of hotel, commercial, office and residential components
“Chengdu Properties”	Chengdu Property 1 and Chengdu Property 2 collectively
“Chengdu Property 1”	the property comprising the residential part of the Chengdu Project
“Chengdu Property 2”	the property comprising the hotel, commercial, and office parts of the Chengdu Project
“Chengdu Purchaser”	Ample State Investments Limited, a wholly-owned subsidiary of Cosmopolitan
“Chengdu Transaction”	the (a) disposal of a 70% equity interest in the Chengdu Group by P&R Holdings to the Chengdu Purchaser; and (b) assignment of the P&R Shareholder Loans to the Chengdu Purchaser, on the terms and subject to the conditions of the Chengdu Agreement
“Company”	Paliburg Holdings Limited, a company incorporated in Bermuda and whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 617)
“Cosmo CBs”	the CB2010 and the CB2013s collectively
“Cosmo Group”	Cosmopolitan and its subsidiaries

DEFINITIONS

“Cosmo Shares”	ordinary shares of par value of HK\$0.0002 each in the capital of Cosmopolitan
“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)
“Directors”	the directors of the Company
“Excel Crown”	Excel Crown Investments Limited
“Excel Crown Group”	Excel Crown and its subsidiaries
“Faith Crown”	Faith Crown Holdings Limited, a joint venture owned by Regal BVI (a wholly-owned subsidiary of Regal) and Mass Surplus International Limited (a wholly-owned subsidiary of Cosmopolitan) as to 50% and 50% respectively
“Farah”	Farah Investments Limited, a wholly-owned subsidiary of Joyous Unity
“FC Shareholder Loans”	all amounts (including principal, interests and other sums, if any) due, owing or payable by Farah and Ready Success to Faith Crown to be assigned by Faith Crown to the Chengdu Purchaser pursuant to the Other Chengdu Transaction
“Group”	the Company and its subsidiaries, for the purposes of this circular excluding the Regal Group (unless stated otherwise)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Joint Announcement”	the joint announcement of the Company, Century City and Regal dated 27 June 2013
“Joyous Unity”	Joyous Unity Investments Limited
“Joyous Unity Group”	Joyous Unity and its subsidiaries
“Latest Practicable Date”	26 August 2013, being the latest practicable date for ascertaining certain information in this circular before the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Novated Liability”	the outstanding consideration for the 2011 CD Transaction of approximately HK\$648.1 million payable by P&R Holdings to Faith Crown which will be novated to and assumed by the Chengdu Purchaser pursuant to the Novation Agreement
“Novation”	the novation of the Novated Liability pursuant to the terms of the Novation Agreement
“Novation Agreement”	the novation and variation deed dated 27 June 2013 entered into between Faith Crown, P&R Holdings and the Chengdu Purchaser pursuant to which the Chengdu Purchaser will assume the Novated Liability
“Other Chengdu Agreement”	the sale and purchase agreement dated 27 June 2013 entered into between Faith Crown and the Chengdu Purchaser in relation to the Other Chengdu Transaction
“Other Chengdu Transaction”	the (a) disposal of a 30% equity interest in the Chengdu Group by Faith Crown; and (b) assignment of the FC Shareholder Loans to the Chengdu Purchaser, on the terms and subject to the conditions of the Other Chengdu 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
“Put Option”	the put option granted by Faith Crown to Joyous Unity for the purchase of the completed hotel and commercial podium of the Chengdu Project pursuant to the 2011 CD Transaction
“P&R Holdings”	P&R Holdings Limited, a joint venture established and owned by Capital Merit Investments Limited (a wholly-owned subsidiary of the Company) and Regal Hotels Investments Limited (a wholly-owned subsidiary of Regal) as to 50% and 50% respectively
“P&R Shareholder Loans”	all amounts (including principal, interests and other sums, if any) due, owing or payable by Farah and Ready Success to P&R Holdings to be assigned by P&R Holdings to the Chengdu Purchaser pursuant to the Chengdu Transaction
“Ready Success”	Ready Success Investments Limited, a wholly-owned subsidiary of Excel Crown
“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)

DEFINITIONS

“Regal BVI”	Regal International (BVI) Holdings Limited, a wholly-owned subsidiary of Regal
“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)
“RMB”	Renminbi, the lawful currency of the PRC
“Savills”	Savills Valuation and Professional Services Limited, the independent valuer in respect of the Chengdu Properties
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of Shares
“Shares”	ordinary shares of par value HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers

LETTER FROM THE BOARD



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

Registered Office:

26 Burnaby Street

Hamilton HM 11

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Head office and

Principal Place of Business:

11th Floor

68 Yee Wo Street

Causeway Bay

Hong Kong

29 August 2013

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

INTRODUCTION

Reference is made to the announcement jointly issued by the Company, Century City and Regal dated 27 June 2013.

On 27 June 2013, after trading hours, P&R Holdings entered into among others the Chengdu Agreement and the Novation Agreement pursuant to which P&R Holdings has agreed to dispose of its 70% equity interests in the Chengdu Group and assign the P&R Shareholder Loans to the Chengdu Purchaser (a wholly-owned subsidiary of Cosmopolitan) for a net consideration (after offsetting the Novated Liability) of HK\$642.3 million (subject to adjustments) and the Novated Liability shall become payable by the Chengdu Purchaser (in lieu of P&R Holdings) to Faith Crown in consideration of the tantamount reduction in the consideration payable by the Chengdu Purchaser for the Chengdu Transaction.

LETTER FROM THE BOARD

On 27 June 2013, after trading hours, Faith Crown (a 50-50 joint venture of Regal and Cosmopolitan) and the Chengdu Purchaser entered into the Other Chengdu Agreement pursuant to which subject to the terms and conditions therein Faith Crown has agreed to dispose of its 30% equity interest in the Chengdu Group and to assign the FC Shareholder Loans to the Chengdu Purchaser for a consideration of HK\$553 million (subject to adjustments).

Subject to fulfillment (or if applicable, waiver) of the conditions precedent, the completion of the Chengdu Transaction, the Other Chengdu Transaction and the Novation Agreement shall take place simultaneously.

P&R Holdings is a subsidiary of the Company. The Chengdu Transaction (including the Novation) constitutes a major transaction for the Company subject to Shareholders' approval under the Listing Rules. The Chengdu Transaction (including the Novation) has been approved by a closely allied group of Shareholders by way of written approval.

This circular is to provide the Shareholders with further information in relation to the Chengdu Transaction (including the Novation) for information purposes.

CHENGDU TRANSACTION

On 27 June 2013, after trading hours, P&R Holdings and the Chengdu Purchaser entered into the Chengdu Agreement pursuant to which subject to the terms and conditions therein P&R Holdings has agreed to dispose of its 70% equity interests in the Chengdu Group and to assign the P&R Shareholder Loans to the Chengdu Purchaser.

Chengdu Agreement

Date: 27 June 2013

Parties:

1. P&R Holdings (as vendor)
2. The Chengdu Purchaser (as purchaser)

P&R Holdings is owned as to 50% by each of the Company (through a wholly-owned subsidiary) and Regal (through a wholly-owned subsidiary). P&R Holdings is a subsidiary of the Company, while it is a 50%-owned jointly controlled entity of Regal.

LETTER FROM THE BOARD

The Chengdu Purchaser is a wholly-owned subsidiary of Cosmopolitan. As at the Latest Practicable Date, the Group held 17.1% of the issued share capital of Cosmopolitan, while the Regal Group held 2.8% of the issued share capital of Cosmopolitan. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for the Group's and the Regal Group's equity interests set out above and the information set out in the paragraph headed "Information on Cosmopolitan", Cosmopolitan is independent of the Company and its connected persons.

Subject assets:

Pursuant to the Chengdu Agreement, P&R Holdings will (i) dispose of 70% equity interests in Joyous Unity and Excel Crown; and (ii) assign to the Chengdu Purchaser the P&R Shareholder Loans as at the date of completion, which amounted to HK\$340.2 million as at the Latest Practicable Date.

Upon completion of the Chengdu Transaction, P&R Holdings will cease to hold any equity interest in the Chengdu Group and the Chengdu Group will cease to be subsidiaries of the Company.

Consideration:

The initial net consideration (after offsetting the Novated Liability) for the Chengdu Transaction is HK\$642.3 million. It shall be adjusted downwards on a dollar-for-dollar basis based on 70% of the deficit of other net tangible assets (which is equivalent to other liabilities (other than the P&R Shareholder Loans and the FC Shareholder Loans) less other tangible assets (other than the Chengdu Properties)) of the Chengdu Group as at the date of completion of the Chengdu Transaction, provided that any such downward adjustment shall not be less than HK\$14 million. 70% of such other net tangible assets amounted to a deficit of approximately HK\$22.2 million based on the combined audited consolidated financial statements of Joyous Unity Group and Excel Crown Group as at 31 May 2013 and on that basis, the adjustment would reduce the consideration by HK\$22.2 million (representing approximately 1.7% of the initial consideration before offsetting the Novated Liability) and would not be material.

LETTER FROM THE BOARD

The initial net consideration was determined after arm's length negotiation between the parties primarily based on 70% of the valuation of the Chengdu Properties of RMB1,540 million (equivalent to approximately HK\$1,940.4 million) as of 31 May 2013 as appraised by Savills and a 5% discount to the valuation, less the Novated Liability of approximately HK\$648.1 million. Given that the initial net consideration has taken into account the Chengdu Purchaser's acquisition of 70% of the Chengdu Properties based on appraised value and both the P&R Shareholder Loans and the FC Shareholder Loans will be assigned to the Chengdu Purchaser, the net tangible assets adjustment does not take into account the book value of the Chengdu Properties and the total shareholders' loans to the Chengdu Group.

The initial consideration for the Chengdu Transaction (before offsetting the Novated Liability and before any net tangible assets adjustment) of HK\$1,290.4 million would represent a surplus of HK\$181.5 million over the carrying value of P&R Holdings' 70% interests in the Chengdu Group as at 31 May 2013.

Payment terms:

The net consideration for the Chengdu Transaction (with accrued interest) shall be payable by the Chengdu Purchaser to P&R Holdings within three years after completion of the Chengdu Transaction in any number of instalments at the discretion of the Chengdu Purchaser. Interest shall accrue on the net consideration from the date of completion of the Chengdu Transaction up to the date of settlement at an interest rate of 5% per annum (calculated on a daily basis), which was determined after arm's length negotiation and with reference to the cost of capital to P&R Holdings and the Cosmo Group.

LETTER FROM THE BOARD

The Chengdu Purchaser shall, after the completion of the Chengdu Transaction and until the consideration for the Chengdu Transaction and the relevant accrued interest are fully settled, pledge in respect of such payment obligation in favour of P&R Holdings (i) 35 issued shares of Joyous Unity and 35 issued shares of Excel Crown, representing 35% equity interests in the Chengdu Group, and the dividends and distribution arising therefrom, (ii) 50% of the P&R Shareholder Loans and (iii) 35% of any future shareholder's loans given by the Chengdu Purchaser to the Chengdu Group. The initial net consideration for the Chengdu Transaction of HK\$642.3 million represents approximately 50% of the consideration of the Chengdu Transaction (before offsetting the Novated Liability and before any net tangible assets adjustment) of HK\$1,290.4 million. Therefore, 35% equity interests in the Chengdu Group will be pledged to P&R Holdings (i.e. 50% of the 70% equity interests of the Chengdu Group to be acquired by the Chengdu Purchaser from P&R Holdings under the Chengdu Transaction).

The payment term was agreed between the parties having regard to the capital requirements of the Cosmo Group. Having considered that P&R Holdings will accrue interest income at the rate which would be no less than P&R Holdings' cost of capital and the security provided by the Chengdu Purchaser as described above, the Company considers the payment schedule for the consideration to be fair and reasonable and in the interest of the Company and its Shareholders.

Conditions precedent:

The completion of the Chengdu Transaction is conditional upon the satisfaction or waiver of the following conditions on or before 25 September 2013 (or such later date as the parties may agree):

- (a) the respective approvals of the shareholders of the Company and Century City;
- (b) the approval of the independent shareholders of Cosmopolitan;
- (c) the Chengdu Purchaser being satisfied with the results of the financial, legal and business due diligence in respect of the Chengdu Group;

LETTER FROM THE BOARD

- (d) all necessary obligations having been complied with and all necessary consents having been obtained and, where applicable, the uninterrupted continuation of the business of the Chengdu Group immediately after completion of the Chengdu Transaction; and
- (e) all of the conditions precedent to the completion of the Other Chengdu Agreement (other than condition precedent (d) thereof) having been satisfied or waived, where applicable in accordance with its terms, and the Other Chengdu Agreement is not terminated or amended or modified in all material respects.

As at the Latest Practicable Date, condition (a) above has been satisfied.

Completion:

Completion of the Chengdu Transaction shall take place on the next business day after the satisfaction or waiver (as the case may be) of the above conditions precedent simultaneously with the completion of the Novation Agreement and the Other Chengdu Transaction.

Vendor's warranties:

The Chengdu Agreement contains customary representations and warranties given by P&R Holdings including among others the following:

- (a) the Chengdu Group having good legal and beneficial title to the Chengdu Properties;
- (b) the Chengdu Group is debt-free, save for (i) any disclosed liabilities, (ii) the P&R Shareholder Loans and the FC Shareholder Loans, (iii) the Advance and (iv) inter-company loans within the Chengdu Group; and
- (c) the warranties and representations given by P&R Holdings are true, correct and not misleading in all material respects.

The maximum liability of P&R Holdings arising from the claims by the Chengdu Purchaser shall not exceed the amount of consideration actually received by P&R Holdings and all the claims by the Chengdu Purchaser shall be made within 3 years after completion of the Chengdu Transaction or, if such claim relates to taxation, it shall be made within 7 years after completion of the Chengdu Transaction.

LETTER FROM THE BOARD

Restrictive covenants: The Chengdu Purchaser undertakes that after completion of the Chengdu Transaction and until the consideration of the Chengdu Transaction and the relevant accrued interest are fully settled:

- (a) the Chengdu Purchaser and the Chengdu Group shall not borrow additional external debt and/or create encumbrances over the share capital of the Chengdu Purchaser, any member of the Chengdu Group and the Chengdu Properties without prior consent from P&R Holdings, which shall not be unreasonably withheld;
- (b) the Chengdu Purchaser shall not change its shareholding structure and the shareholding structure of the Chengdu Group without prior consent from P&R Holdings; and
- (c) the Chengdu Purchaser shall not dispose of, transfer or assign its rights over the Chengdu Project to any parties.

The above restrictive covenants do not apply to the sale of properties in the ordinary course of business of the Chengdu Group and on terms no less favourable than the then available prevailing market terms provided that such proceeds shall be applied as working capital of the Chengdu Group and/or pro rata settlement of the consideration of the Chengdu Transaction, the Other Chengdu Transaction and the Novated Liability.

Purchaser's guarantor: Upon completion of the Chengdu Transaction, Cosmopolitan shall guarantee the due observance of the restrictive covenants by the Chengdu Purchaser.

Novation Agreement and termination of the Put Option

In June 2011, Faith Crown entered into an agreement to dispose of a 70% interest in the Chengdu Group to P&R Holdings for a final adjusted consideration of HK\$1,024.7 million payable in cash by instalments. Upon completion of the 2011 CD Transaction, Joyous Unity (a member of the Chengdu Group) was granted the Put Option. Should the Put Option be exercised by Joyous Unity, Faith Crown would purchase or procure the purchase of the completed hotel and commercial podium of the Chengdu Project. Details of the transaction (including the Put Option) were set out in the joint announcement of the Company, Century City and Regal dated 30 June 2011.

Pursuant to the agreement in respect of the 2011 CD Transaction, the balance of the consideration for the 2011 CD Transaction of approximately HK\$648.1 million is payable in cash by P&R Holdings to Faith Crown by instalments as follows: (i) HK\$200 million on or before 14 July 2013; and (ii) HK\$448.1 million on or before 14 July 2014. Should the Put Option be exercised by Joyous Unity, the remaining balance HK\$448.1 million would be payable on or before 14 July 2015 pursuant to the payment schedule set out in the sale and purchase agreement in respect of the 2011 CD Transaction.

LETTER FROM THE BOARD

On 27 June 2013, P&R Holdings, the Chengdu Purchaser and Faith Crown entered into the Novation Agreement pursuant to which the Novated Liability shall become payable by the Chengdu Purchaser (in lieu of P&R Holdings) to Faith Crown in consideration of the tantamount reduction in the consideration payable by the Chengdu Purchaser to P&R Holdings for the Chengdu Transaction. Under the terms of the Novation Agreement, the parties have agreed that the Novated Liability which includes the amount of HK\$200 million (being part of the balance of the consideration for the 2011 CD Transaction) originally payable by P&R Holdings by 14 July 2013 be put on a standstill pending the Novation Agreement becoming effective. If the Novation Agreement does not become effective on or before 25 September 2013 (or such later date as the parties may agree), then the HK\$200 million payment obligation owed by P&R Holdings to Faith Crown shall become due and payable on the next business day after such date. The completion of the Novation Agreement shall take place simultaneously with and subject to the completion of the Chengdu Transaction and the Other Chengdu Transaction. The Novated Liability shall be payable within three years after completion of the Chengdu Transaction in any number of instalments at the discretion of the Chengdu Purchaser. Interest shall accrue on the outstanding balance of the Novated Liability from the date of completion of the Chengdu Transaction up to the date of settlement at an interest rate of 5% per annum (calculated on a daily basis), which was determined after arm's length negotiation and with reference to the respective cost of capital to the shareholders of Faith Crown (who provide funding to Faith Crown) and the Cosmo Group. Upon completion of the Chengdu Transaction (including the Novation) and the Other Chengdu Transaction, the Put Option shall be terminated and cease to have effect.

The Chengdu Purchaser shall, upon completion of the Chengdu Transaction and until the Novated Liability and the relevant interest are fully settled, pledge in respect of the Novated Liability in favour of Faith Crown (i) 35 issued shares in Joyous Unity and 35 issued shares in Excel Crown, representing 35% equity interests in the Chengdu Group, and the dividends and distribution arising therefrom, (ii) 50% of the P&R Shareholder Loans and (iii) 35% of any future shareholder's loans given by the Chengdu Purchaser to the Chengdu Group. The Novated Liability of HK\$648.1 million represents approximately 50% of the consideration for the Chengdu Transaction (before offsetting the Novated Liability and before any net tangible assets adjustment) of HK\$1,290.4 million. Therefore, 35% equity interests in the Chengdu Group will be pledged to Faith Crown (i.e. 50% of the 70% equity interests of the Chengdu Group to be acquired by the Chengdu Purchaser from P&R Holdings under the Chengdu Transaction). The Chengdu Purchaser undertakes that after the completion of the Chengdu Transaction and until the Novated Liability and the relevant accrued interest are fully settled, (i) the Chengdu Purchaser and the Chengdu Group shall not borrow additional external debt and/or create encumbrances over the share capital of the Chengdu Purchaser, any member of Chengdu Group and the Chengdu Properties without prior consent by Faith Crown, which shall not be unreasonably withheld, (ii) the Chengdu Purchaser shall not change its shareholding structure and the shareholding structure of the Chengdu Group without prior consent by Faith Crown and (iii) the Chengdu Purchaser shall not dispose of, transfer or assign its rights over the Chengdu Project to any parties. The aforesaid restrictive covenants do not apply to the sale of properties in the ordinary course of business of the Chengdu Group and on terms no less favourable than the then available prevailing market terms provided that such proceeds shall be applied as working capital of the Chengdu Group and/or pro rata settlement of the consideration of the Chengdu Transaction, the Other Chengdu Transaction and the Novated Liability.

LETTER FROM THE BOARD

Other Chengdu Transaction

On 27 June 2013, after trading hours, Faith Crown (a 50-50 joint venture of Regal and Cosmopolitan) and the Chengdu Purchaser entered into the Other Chengdu Agreement pursuant to which subject to the terms and conditions therein Faith Crown has agreed to dispose of its 30% equity interest in the Chengdu Group and to assign the FC Shareholder Loans to the Chengdu Purchaser.

Other Chengdu Agreement

Date: 27 June 2013

Parties:

1. Faith Crown (as vendor)
2. The Chengdu Purchaser (as purchaser)

Faith Crown is owned as to 50% by each of Regal (through a wholly-owned subsidiary) and Cosmopolitan (through a wholly-owned subsidiary).

Subject assets: Pursuant to the Other Chengdu Agreement, Faith Crown will (i) dispose of 30% equity interests in Joyous Unity and Excel Crown; and (ii) assign to the Chengdu Purchaser the FC Shareholder Loans as at the date of completion, which amounted to HK\$145.8 million as at the Latest Practicable Date.

Consideration: The initial consideration for the Other Chengdu Transaction is HK\$553 million. It shall be adjusted downwards on a dollar-for-dollar basis based on 30% of the deficit of other net tangible assets (which is equivalent to other liabilities (other than the P&R Shareholder Loans and the FC Shareholder Loans) less other tangible assets (other than the Chengdu Properties)) of the Chengdu Group as at the date of completion of the Other Chengdu Transaction, provided that any such downward adjustment shall not be less than HK\$6 million. 30% of such other net tangible assets amounted to a deficit of approximately HK\$9.5 million based on the combined audited consolidated financial statements of Joyous Unity Group and Excel Crown Group as at 31 May 2013 and on that basis, the adjustment would reduce the consideration by HK\$9.5 million (representing approximately 1.7% of the initial consideration) and would not be material.

LETTER FROM THE BOARD

The initial consideration was determined after arm's length negotiation between the parties primarily based on 30% of the valuation of the Chengdu Properties of RMB1,540 million (equivalent to approximately HK\$1,940.4 million) as of 31 May 2013 as appraised by Savills and a 5% discount to the valuation. Given that the initial consideration has taken into account the Chengdu Purchaser's acquisition of 30% of the Chengdu Properties based on appraised value and both the P&R Shareholder Loans and the FC Shareholder Loans will be assigned to the Chengdu Purchaser, the net tangible assets adjustment does not take into account the book value of the Chengdu Properties and the total shareholders' loans to the Chengdu Group.

Payment terms:

The consideration for the Other Chengdu Transaction (with accrued interest) shall be payable by the Chengdu Purchaser to Faith Crown within three years after completion of the Other Chengdu Transaction in any number of instalments at the discretion of the Chengdu Purchaser. Interest shall accrue on the consideration from the date of completion of the Other Chengdu Transaction up to the date of settlement at an interest rate of 5% per annum (calculated on a daily basis) which was determined after arm's length negotiation and with reference to the respective cost of capital to the shareholders of Faith Crown (who provide funding to Faith Crown) and the Cosmo Group.

The Chengdu Purchaser shall, after the completion of the Other Chengdu Transaction and until the consideration for the Other Chengdu Transaction and the relevant accrued interest are fully settled, pledge in respect of such payment obligation in favour of Faith Crown (i) 30 issued shares of Joyous Unity and 30 issued shares of Excel Crown, representing 30% equity interests in the Chengdu Group, and the dividends and distribution arising therefrom, (ii) the FC Shareholder Loans and (iii) 30% of any future shareholder's loans given by the Chengdu Purchaser to the Chengdu Group. The 30% equity interests in the Chengdu Group to be pledged to Faith Crown represent the 30% equity interests to be acquired by the Chengdu Purchaser from Faith Crown under the Other Chengdu Transaction.

LETTER FROM THE BOARD

- Conditions precedent: The completion of the Other Chengdu Transaction is conditional upon the satisfaction or waiver of the following conditions on or before 25 September 2013 (or such later date as the parties may agree):
- (a) the approval of the independent shareholders of Cosmopolitan;
 - (b) the Chengdu Purchaser being satisfied with the results of the financial, legal and business due diligence in respect of the Chengdu Group;
 - (c) all necessary obligations having been complied with and all necessary consents having been obtained and, where applicable, the uninterrupted continuation of the business of the Chengdu Group immediately after completion of the Other Chengdu Transaction; and
 - (d) all of the conditions precedent to the completion of the Chengdu Agreement (other than condition precedent (e) thereof) having been satisfied or waived, where applicable in accordance with its terms, and the Chengdu Agreement is not terminated or amended or modified in all material respects.
- Completion: Completion of the Other Chengdu Transaction shall take place on the next business day after the satisfaction or waiver (as the case may be) of the above conditions precedent simultaneously with the completion of the Chengdu Transaction.
- Vendor's warranties: The Other Chengdu Agreement contains customary representations and warranties given by Faith Crown including among others the following:
- (a) the Chengdu Group having good legal and beneficial title to the Chengdu Properties;
 - (b) the Chengdu Group is debt-free, save for (i) any disclosed liabilities, (ii) the P&R Shareholder Loans and the FC Shareholder Loans, (iii) the Advance and (iv) inter-company loans within the Chengdu Group; and
 - (c) the warranties and representations given by Faith Crown are true, correct and not misleading in all material respects.

LETTER FROM THE BOARD

The maximum liability of Faith Crown arising from the claims by the Chengdu Purchaser shall not exceed the amount of consideration actually received by Faith Crown and all the claims by the Chengdu Purchaser shall be made within 3 years after completion of the Other Chengdu Transaction or, if such claim relates to taxation, it shall be made within 7 years after completion of the Other Chengdu Transaction.

Restrictive covenants:

The Chengdu Purchaser undertakes that after completion of the Other Chengdu Transaction and until the consideration of the Other Chengdu Transaction and the relevant accrued interest are fully settled:

- (a) the Chengdu Purchaser and the Chengdu Group shall not borrow additional external debt and/or create encumbrances over the share capital of the Chengdu Purchaser, any member of the Chengdu Group and the Chengdu Properties without prior consent from Faith Crown, which shall not be unreasonably withheld;
- (b) the Chengdu Purchaser shall not change its shareholding structure and the shareholding structure of the Chengdu Group without prior consent from Faith Crown; and
- (c) the Chengdu Purchaser shall not dispose of, transfer or assign its rights over the Chengdu Project to any parties.

The above restrictive covenants do not apply to the sale of properties in the ordinary course of business of the Chengdu Group and on terms no less favourable than the then available prevailing market terms provided that such proceeds shall be applied as working capital of the Chengdu Group and/or pro rata settlement of the consideration for the Chengdu Transaction, the Other Chengdu Transaction and the Novated Liability.

Purchaser's guarantor:

Upon completion of the Other Chengdu Transaction, Cosmopolitan shall guarantee the due observance of the restrictive covenants by the Chengdu Purchaser.

LETTER FROM THE BOARD

INFORMATION ON THE CHENGDU GROUP AND THE CHENGDU PROJECT

The Chengdu Group is principally engaged in the development of the Chengdu Project.

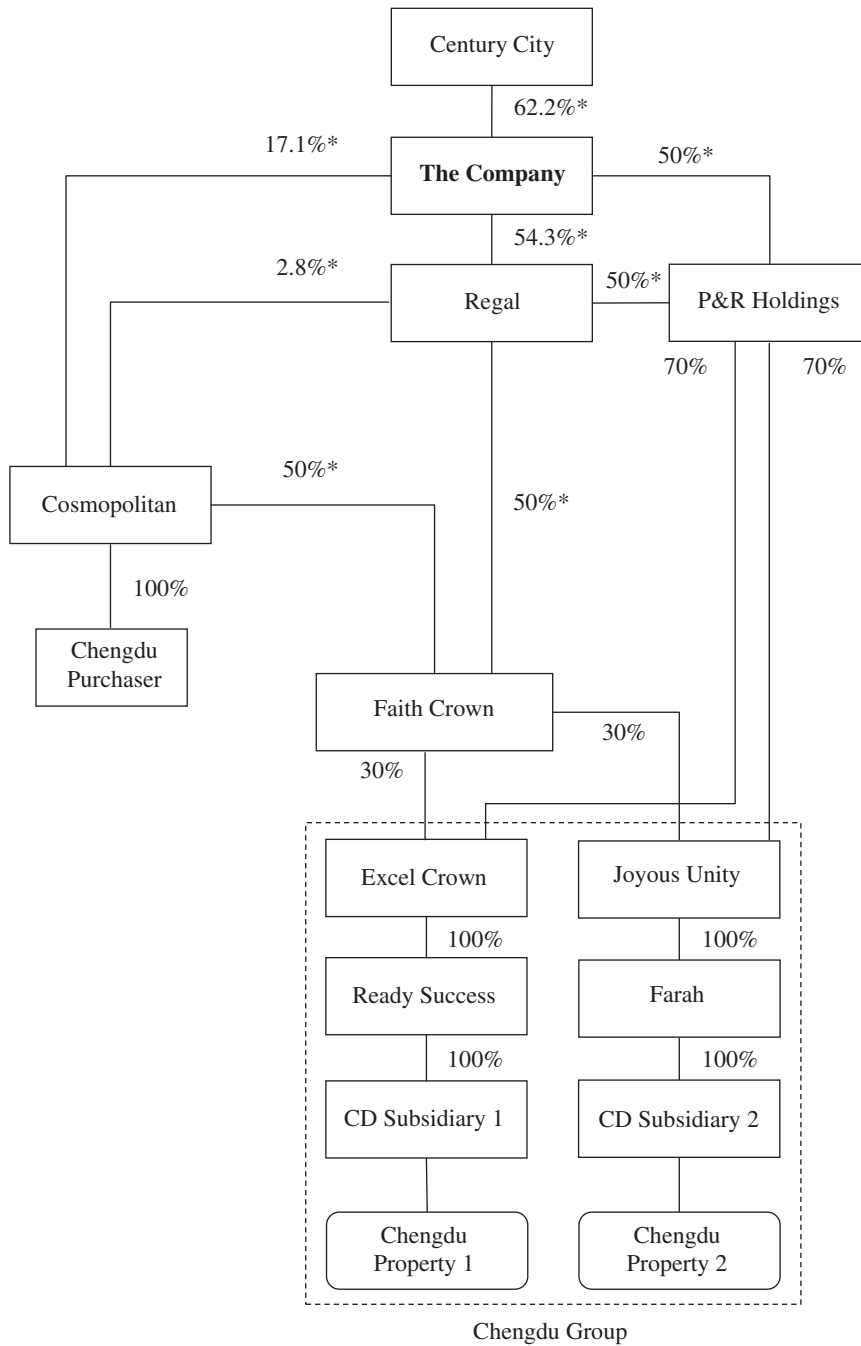
Located in Chengdu City, Sichuan Province, the PRC, the Chengdu Project is planned to consist of hotel, commercial, office and residential components and has an overall total gross floor area of approximately 5,340,000 square feet which will be developed in stages. The first stage of the project primarily comprises a five-star hotel and three residential towers. The hotel will have 306 rooms and extensive facilities with a total gross floor area of approximately 446,000 square feet. The structural frame for the hotel development has been completed and external façade works are in progress. The first phase of the hotel is presently scheduled to be soft opened in the fourth quarter of 2014. The three residential towers included in the first stage of the project will have about 340 apartment units with car parking spaces and some ancillary commercial accommodation with a total gross floor area of approximately 490,000 square feet. The structural frames for the residential towers have also been completed and the overall construction works are scheduled to be completed by the third quarter of 2014. Presale of the residential units is anticipated to be launched in the fourth quarter of 2013. It is estimated that further development costs of the first stage of the Chengdu Project would amount to about RMB0.44 billion (equivalent to approximately HK\$0.55 billion). Development works for the other stages of the project are planned to be carried out progressively.

For the years ended 31 December 2011 and 2012, the Chengdu Group recorded combined consolidated net loss (both before and after tax) of approximately HK\$19.3 million and HK\$10.5 million respectively. As at 31 May 2013, the Chengdu Group had combined consolidated net assets of approximately HK\$1.7 million. Included in the liabilities of the Chengdu Group is the Advance provided by subsidiaries of P&R Holdings. The balance of the Advance increased from approximately HK\$19 million as at 31 May 2013 (as set out in the Joint Announcement) to approximately HK\$31.5 million as at the Latest Practicable Date. The Advance at present is unsecured, interest-free, has no fixed terms of repayment and is repayable on demand of the lenders. The Chengdu Group at present is a subsidiary group of the Company and the Advance does not constitute a notifiable transaction for the Company. Upon completion of the Chengdu Transaction and the Other Chengdu Transaction, the Advance will constitute a transaction for the Company under Chapter 14 of the Listing Rules and the terms of the Advance are expected to remain unchanged. Given that the Advance forms part of the existing liabilities of the Chengdu Group, 70% of the equity interest of which will be sold by P&R Holdings to the Chengdu Purchaser, the Company considers that it is fair and reasonable and in the interests of the Company and its Shareholders that the Advance (as with other liabilities) remains at its present terms upon completion of the Chengdu Transaction and the Other Chengdu Transaction. The Advance of HK\$31.5 million in aggregate with the standby facility of HK\$200 million provided by the Group to the Cosmo Group (details of which were set out in the Joint Announcement) constitutes a discloseable transaction for the Company under the Listing Rules. Following completion of the Chengdu Transaction, the Company will comply with any applicable requirements of the Listing Rules in respect of any further advance provided by the Group to the Chengdu Group and/or material change to the terms of the Advance.

LETTER FROM THE BOARD

RELEVANT GROUP CHARTS BEFORE AND AFTER THE TRANSACTIONS

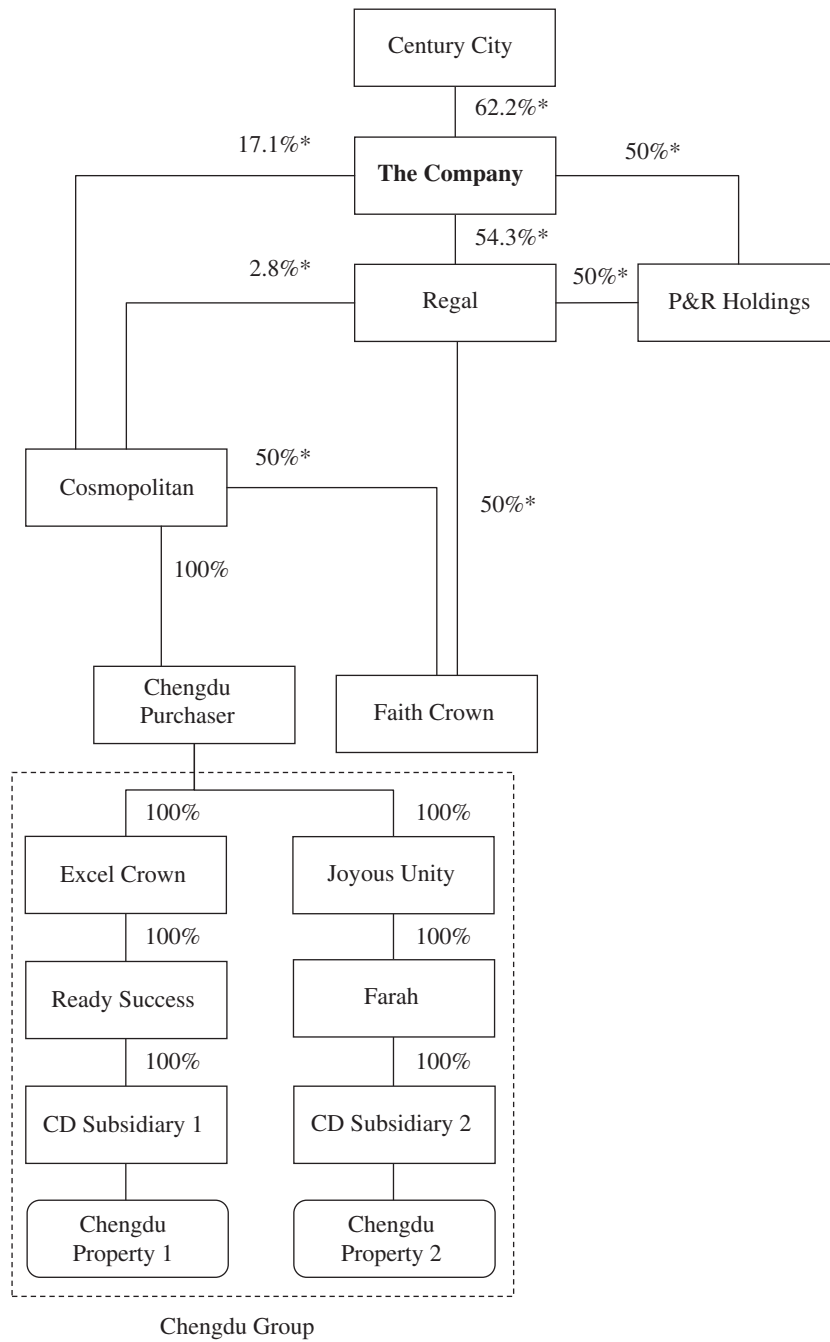
Before the Chengdu Transaction and the Other Chengdu Transaction as at the Latest Practicable Date



* Indirect shareholding.

LETTER FROM THE BOARD

After the Chengdu Transaction and the Other Chengdu Transaction



* Indirect shareholding.

LETTER FROM THE BOARD

INFORMATION ON COSMOPOLITAN

The Cosmo Group is principally engaged in property investment and development, securities investment and other investments.

Shareholding structure of Cosmopolitan

As at the Latest Practicable Date: the Group held (i) approximately 2,016.7 million Cosmo Shares; (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 held (i) 334 million Cosmo Shares; (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. With reference to the joint announcement of the Company, Century City and Regal dated 20 August 2013, the relevant members of the Group and the Regal Group on 20 August 2013 entered into a conditional agreement with P&R Holdings to dispose of their respective interests in the companies holding in aggregate approximately 2,350.7 million Cosmo Shares and the Cosmo CBs to P&R Holdings (the “Disposals”). Regal and P&R Holdings are both subsidiaries of the Company. Assuming the Disposals are approved and completed, P&R Holdings would hold in aggregate approximately 2,350.7 million Cosmo Shares and the Cosmo CBs.

Set out below for illustration purposes are the shareholding structure of Cosmopolitan as at the Latest Practicable Date and the shareholding structures in the following scenarios:

	As at the Latest Practicable Date		Assuming the Disposals are approved and completed		Assuming the Disposals are approved and completed and assuming conversions in full of the CB2010, the CB2013(A) and the CB2013(B)		Assuming the Disposals are approved and completed and assuming conversions in full of the CB2010, the CB2013(A) and the CB2013(B) and partial conversion of the CB2013(C) to the extent that public float is maintained ^{Notes 1 & 2}	
	No. of Cosmo Shares	%	No. of Cosmo Shares	%	No. of Cosmo Shares	%	No. of Cosmo Shares	%
The Group	2,016,666,666	17.11	—	—	—	—	—	—
The Group (through P&R Holdings)	—	—	2,350,666,666	19.94	9,220,249,998	49.42	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	9,220,249,998	49.42	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	23.61	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	7.75	1,446,064,745	7.19
Other shareholders	3,584,823,450	30.42	3,584,823,450	30.42	3,584,823,450	19.22	3,584,823,450	17.81
Total	11,785,130,951	100.00	11,785,130,951	100.00	18,654,714,283	100.00	20,123,047,616	100.00

LETTER FROM THE BOARD

Notes:

1. Under the respective terms of the CB2010 and the CB2013s, no conversion of the CB2010s 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 the 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 Latest Practicable Date, none of the Cosmo CBs have been converted by the Group or the Regal Group. Following completion of the Disposals, P&R Holdings will consider its position on the Cosmo CBs, in particular whether or not to convert the Cosmo 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 Cosmo Group and general market conditions. As stated in the joint announcement of the Company, Century City and Regal dated 20 August 2013, the Group and the Century City Group will comply with the relevant requirements of the Listing Rules and the Takeovers Code if any of the CB2010 and/or the CB2013s is converted.
2. On the basis that the CB2013(C) with a principal amount of HK\$88.1 million are converted by the Group and none of the CB2013(D) are converted by the Regal Group.

Other relationships between the Group, the Regal Group and the Cosmo Group

Apart from the Group's and the Regal Group's interests in the Cosmo Shares and the Cosmo CBs as stated above, the Regal Group and the Cosmo Group each owns 50% of the equity interest in Faith Crown.

Mr. Ng Kwai Kai, Kenneth, an executive director of the Company, Century City (the listed holding company of the Company) 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, 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, was interested in approximately 7.03% of the issued ordinary share capital of Cosmopolitan as at the Latest Practicable Date.

REASONS FOR AND BENEFITS OF THE CHENGDU TRANSACTION

The Group (including the Regal Group) is principally engaged in property investment and development, construction and building related businesses, hotel ownership (through its listed subsidiary, Regal REIT), hotel management and operation (through its listed subsidiary, Regal), asset management of Regal REIT, and securities and other investments. P&R Holdings is owned as to 50% by each of the Company and Regal through their respective wholly-owned subsidiaries. It is a subsidiary of the Company engaging in the development of real estate projects for sale and/or leasing and the undertaking of related investment and financing activities including 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 financing activities where the underlying assets or security comprise real estate properties.

P&R Holdings acquired the 70% equity interest in the Chengdu Group in 2011. The valuation of the Chengdu Project at that time was RMB1,350 million. Based on the valuation of the Chengdu Project as of 31 May 2013, the value of the project has appreciated to RMB1,540 million. The Directors consider that the Chengdu Transaction will enable P&R Holdings to realise the appreciation

LETTER FROM THE BOARD

in value of the Chengdu Project. Based on the initial considerations for the Chengdu Transaction (before offsetting the Novated Liability) and the Other Chengdu Transaction, the carrying value of its attributable share of investment in the Chengdu Group as at 31 May 2013 and the release of the related deferred tax liabilities, it is preliminarily estimated that the Group would record a gain before tax and non-controlling interests of approximately HK\$300 million from the transactions. The Group understands that P&R Holdings intends to use the proceeds from the Chengdu Transaction for working capital purposes.

As at the Latest Practicable Date, the Group and the Regal Group held in aggregate approximately 19.9% of the issued Cosmo Shares. Assuming that the Disposals (as detailed in the paragraph headed “Shareholding structure of Cosmopolitan” above) are approved and completed, the Group (through P&R Holdings) would hold in aggregate approximately 19.9% of the issued Cosmo Shares and the Cosmo CBs. In the event that (following completion of the Disposals) P&R Holdings exercises all the conversion rights attached to the CB2010 and the CB2013s to the extent that the public float requirement of Cosmo Shares is maintained, P&R Holdings will be interested in approximately 53.1% of the issued Cosmo Shares and will be obliged to make a general offer to acquire the remaining securities of Cosmopolitan not owned by P&R Holdings and parties acting in concert with it. If these actions are proceeded with, the Group would come to hold a majority equity interest in Cosmopolitan and consequently retain the Group’s significant interest and control in the Chengdu Project.

The Directors (including the independent non-executive directors) consider that the terms of the Chengdu Transaction (including the Novation) are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

FINANCIAL IMPACTS OF THE CHENGDU TRANSACTION

P&R Holdings (a subsidiary of the Company) presently holds 70% equity interests in the Chengdu Group. As such, the Chengdu Group is a subsidiary group of the Company and is consolidated into the consolidated financial statements of the Company. The Chengdu Project is still under development. The Chengdu Group has not recorded any revenue and recorded combined consolidated net loss of approximately HK\$10.5 million for the year ended 31 December 2012. Upon completion of the Chengdu Transaction, the Chengdu Group will cease to be a subsidiary group of the Company and the combined consolidated financial results as well as the combined consolidated assets and liabilities of the Chengdu Group which amounted to approximately HK\$546.8 million and HK\$545.1 million (including the P&R Shareholder Loans, the FC Shareholder Loans and the Advance in an aggregate amount of approximately HK\$505.0 million) respectively as at 31 May 2013 will no longer be consolidated into the consolidated financial statements of the Company. In addition, upon completion of the Chengdu Transaction, the Group would record an amount due from the Chengdu Purchaser of HK\$642.3 million (being the initial consideration for the Chengdu Transaction after offsetting the Novated Liability) and reduce the liabilities of the Group by an amount equal to the Novated Liability of HK\$648.1 million.

It is estimated that the Group would record a gain before tax and non-controlling interests of approximately HK\$300 million from the transactions. The Group will accrue interest income during the period commencing from the completion of the Chengdu Transaction until the consideration, net of the Novated Liability, is fully settled.

LETTER FROM THE BOARD

LISTING RULES IMPLICATION

P&R Holdings is a subsidiary of the Company. Based on the applicable percentage ratios, the Chengdu Transaction (including the Novation) constitutes a major transaction for the Company subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. As at the Latest Practicable Date, Mr. LO Yuk Sui held approximately 58.21% of the issued share capital of Century City and Century City held approximately 62.17% of the issued Shares. Apart from the aforesaid, Mr. LO Yuk Sui directly and indirectly (other than through the Century City Group) held approximately 12.27% of the issued Shares. Mr. LO Yuk Sui and Century City other than their interests as Shareholders do not have material interests in the Chengdu Transaction, and no Shareholders would be required to abstain from voting if a general meeting of the Company was to be convened for the approval of the Chengdu Transaction (including the Novation). The Chengdu Transaction (including the Novation) 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 74.44% of the issued Shares as at the Latest Practicable Date. The closely allied group of Shareholders comprises Mr. LO Yuk Sui himself who personally owned approximately 8.08% of the issued Shares as at the Latest Practicable Date and the companies wholly or majority owned and controlled by Mr. LO Yuk Sui consisting of (i) Select Wise Holdings Limited which owned approximately 1.46% of the issued Shares, (ii) Splendid All Holdings Limited which owned approximately 2.73% of the issued Shares, (iii) Almighty International Limited which owned approximately 31.04% of the issued Shares, (iv) Century City Holdings Limited which owned approximately 2.73% of the issued Shares, (v) Cleverview Investments Limited which owned approximately 16.22% of the issued Shares, (vi) Gold Concorde Holdings Limited which owned approximately 2.61% of the issued Shares, (vii) Meylink Limited which owned approximately 4.36% of the issued Shares, (viii) Smartaccord Limited which owned approximately 0.75% of the issued Shares, and (ix) Splendour Corporation which owned approximately 4.46% of the issued Shares as at the Latest Practicable Date. Accordingly, no Shareholders' meeting will be convened for the purpose of approving the Chengdu Transaction (including the Novation).

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
Paliburg Holdings Limited
LO Yuk Sui
Chairman

INDEBTEDNESS

As at the close of business on 31 July 2013, being the latest practicable date for the purpose of this statement of indebtedness, the Group had outstanding borrowings of approximately HK\$9,775.4 million which represented (i) bank loans of HK\$5,510.6 million secured by certain of the Group's property, plant and equipment, investment properties and properties held for sale, (ii) unsecured notes of US\$300.0 million (approximately HK\$2,326.5 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\$1,163.3 million) issued under a US\$1,000.0 million medium term note programme of Regal REIT (the "**Regal REIT MTN Programme**").

Save as disclosed above and apart from intra-group liabilities, the Group did not have, at the close of business on 31 July 2013, 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.

FINANCIAL AND TRADING PROSPECTS

The significant investments and principal business activities of the Group (including the Regal Group) mainly comprise property investment and development, construction and building related businesses, securities and other investments, (through Regal Group) hotel operation and management, and asset management of Regal REIT and (through Regal REIT) hotel ownership.

The Group

The Government of Hong Kong has imposed additional stamp duties on property transactions in an attempt to curb short-term speculations and to cool down overheated demands. The government has also announced that it will make available more development lands for public tenders or auctions to ensure a steady supply of land for new developments. The Group considers that these measures could help in creating a stable environment for the healthy development of the real estate market in Hong Kong and remains optimistic of the continuing prosperity of the local property sector.

In April 2013, P&R Holdings completed the acquisition of certain properties at Ha Heung Road, To Kwa Wan, Kowloon at a consideration of HK\$464.3 million. It is intended that the properties will be developed into a hotel with 340 guestrooms, with a total gross floor area of about 6,298 square meters.

On 14 June 2013, a wholly-owned subsidiary of P&R Holdings was awarded by the Government of Hong Kong the land parcel located at Sha Tin Town Lot No. 482 at Po Tai Street, Ma On Shan, Sha Tin, New Territories, Hong Kong. The land has a site area of 5,090 square meters and maximum gross floor area of 15,270 square meters. The project is presently planned to be developed into a shopping mall for rental purposes. Details of the transaction were set out in the joint announcement of the Company, Century City and Regal dated 17 June 2013.

On 27 June 2013, among other transactions, P&R Holdings entered into the Chengdu Agreement to dispose of its interests in the Chengdu Group to the Cosmo Group. On 27 June 2013, P&R Holdings also entered into a conditional agreement to acquire certain properties in Hong Kong from the Cosmo Group. Details in respect of the aforesaid transactions were set out in the Joint Announcement.

On 28 June 2013, P&R Holdings entered into a conditional agreement to dispose of its interest in a hotel in Sheung Wan, Hong Kong (the “**Sheung Wan Hotel**”) to Regal REIT. On 28 June 2013, P&R Holdings also entered into a conditional agreement to grant an option to Regal REIT entitling Regal REIT to acquire a hotel in North Point, Hong Kong (the “**North Point Hotel**”) from P&R Holdings. Details in respect of the aforesaid transactions were set out in the circular of the Company dated 29 June 2013. Respective approvals of the independent shareholders of Regal and the independent unitholders of Regal REIT for the aforesaid transactions were obtained on 18 July 2013 and an aggregate amount of HK\$1,948 million has been paid by Regal REIT to P&R Holdings (and subsequently distributed by P&R Holdings to its shareholders) comprising the deposit for the acquisition of the Sheung Wan Hotel (of HK\$948 million), and the option fee (of HK\$10 million) and the refundable cash collateral (of HK\$990 million) in respect of the option to acquire the North Point Hotel.

On 2 July 2013, the Group exercised an option to subscribe for additional convertible bonds in the principal amount of HK\$100 million in Cosmo Group as set out in the joint announcement of the Company, Century City and Regal dated 2 July 2013.

On 20 August 2013, the relevant members of the Group and the Regal Group entered into a conditional agreement with P&R Holdings to dispose of their respective interests in the companies holding in aggregate approximately 2,350.7 million Cosmo Shares and the Cosmo CBs to P&R Holdings. Details of such transaction were set out in the joint announcement of the Company, Century City and Regal dated 20 August 2013.

The Group has strong financial resources and is both committed and well prepared to pursue the new acquisition opportunities that will become available, with a view to further expanding its property portfolio.

The Regal Group

Hong Kong has embarked on various initiatives to increase tourism facilities, such as the Kai Tak International Cruise Terminal and the expansion projects at Hong Kong Disneyland and Ocean Park. The Government of Hong Kong is also undertaking major infrastructural development projects to improve connectivity as well as efficiencies for business activities, including, more notably, the expansion of the Hong Kong International Airport, the Guangzhou-Shenzhen-Hong Kong Express Rail Link and the Hong Kong-Zhuhai-Macau Bridge. These will all benefit directly or indirectly the development of its tourism and hotel industries in the long run.

The Regal Group is optimistic on the continuing prospects of the tourism and hotel markets in Hong Kong and is committed to maintaining the Regal Group's position as one of the pre-eminent hotel groups in Hong Kong. Through P&R Holdings, four new hotels are being developed in Hong Kong including the Sheung Wan Hotel and the North Point Hotel. Although there will be quite a number of new hotels that will come on stream in Hong Kong over the course of the next few years, many of those new hotels are of relatively smaller sizes or are located in non-traditional business or tourist districts. The Regal Group believes that it has distinctive competitive advantages over such new hotels due to its operational efficiencies attained through economies of scale as well as its broad hotel network and well-established marketing platform.

When Regal REIT was separately listed from the Regal Group in 2007 to become the first listed hospitality real estate investment trust in Hong Kong, it has always been intended that the Regal Group will act as a key provider of potential acquisition targets to Regal REIT when it implements its plans to expand its properties portfolio. In January 2013, Regal REIT established the Regal REIT MTN Programme as a funding platform to finance such expansion plan including the acquisition of the Sheung Wan Hotel and possible acquisition of the North Point Hotel.

On 27 June 2013, among other transactions, the Regal Group entered into a conditional agreement to dispose of companies holding a piece of land in Tianjin, the PRC to the Cosmo Group. On 27 June 2013, Faith Crown (a 50-50 joint venture of Regal and Cosmopolitan) entered into the Other Chengdu Agreement to dispose of its interests in the Chengdu Group to the Cosmo Group. Details of aforesaid transactions were set out in the Joint Announcement.

On 2 July 2013, the Regal Group exercised an option to subscribe for additional convertible bonds in the principal amount of HK\$100 million in Cosmo Group as set out in the joint announcement of the Company, Century City and Regal dated 2 July 2013.

The Regal Group is committed to further investing in its core hotel and property businesses with an objective to achieve continuing growth.

WORKING CAPITAL

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

APPENDIX II VALUATION REPORT ON THE CHENGDU PROPERTIES

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their valuation as of 31 May 2013 of the Chengdu Properties.



The Directors
Paliburg Holdings Limited
11th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

Savills Valuation and
Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

T: (852) 2801 6100
F: (852) 2530 0756

EA Licence: C-023750
savills.com

29 August 2013

Dear sirs,

Re: Chengdu Project (成都富豪國際新都薈發展項目), South of Xindu Main Road and both sides of Xingle Road, Banqiao Village, Xindu County, Xindu District, Chengdu, Sichuan Province, PRC (The “Property”)

In accordance with your instructions for us to value the Property held by Zhifu Investment and Development (Chengdu) Company Limited (置富投資開發(成都)有限公司) (“CD Subsidiary 2”) and Chengdu Fubo Real Estate Development Co., Ltd. (成都富博房地產開發有限公司) (“CD Subsidiary 1”) (collectively referred to as the “Project Companies”) situated in the PRC, we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 May 2013 (“Valuation Date”) for public documentation purpose.

Market value of the Property concerned which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

APPENDIX II VALUATION REPORT ON THE CHENGDU PROPERTIES

In valuing the Property in the PRC, we have assumed that transferable land use rights in respect of the Property for its specific term at nominal land use fee have been granted and that all requisite land premium payable has been fully settled. We have also assumed that the owner of the Property has an enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired term as granted.

The Property is now under construction. In the course of our valuation, we have valued the Property on the basis that the Property will be developed and completed in accordance with the development scheme supplied to us as described in the valuation certificate. As advised, the major technical economic guidelines of the Hotel Zone have been approved and are summarized as below:

Office	:	21,582.00 sq.m.
Composite	:	56,675.00 sq.m.
5-star hotel	:	41,381.00 sq.m.
Commercial	:	60,000.00 sq.m.

In the course of our valuation, we have assumed that all consents, approvals and licences from relevant government authorities for the said development scheme have been or will be obtained without onerous conditions or delay. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to the comparable sales transactions as available in the relevant markets and taken into account the estimated development costs to be spent to complete the development to reflect the quality of the development.

We have been provided with copies of extracts of title documents relating to the Property. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which do not appear on the copies handed to us. We have relied to a considerable extent on information given by the Project Companies and its PRC legal adviser, Zhi Gao Show Me Law Firm (致高守民律師事務所), regarding the title and other legal matters to the Property. We have also accepted advice given by the Project Companies to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, estimated completion date, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations. No on-site measurements have been taken. We have had no reason to doubt the truth and accuracy of the information provided to us by the Project Companies, which is material to our valuation. We were also advised by the Project Companies that no material facts have been omitted from the information supplied. As advised by the PRC legal adviser, there are no investigations, notices, pending litigation, breaches of law or title defects against the Property.

We have inspected the Property and did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation and any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

APPENDIX II VALUATION REPORT ON THE CHENGDU PROPERTIES

The site inspection was carried out in July of 2013 by our Ms. Susan Li, who is a China Registered Real Estate Appraiser and a China Registered Land Valuer.

In valuing the Property, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors.

Unless otherwise stated, all money amounts are stated in Renminbi (“RMB”).

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MHKIS MRICS RPS(GP)
Director

Note: Mr. Anthony C K Lau is a qualified surveyor and has over 20 years’ post-qualification experience in the valuation of properties in Hong Kong and the PRC.

APPENDIX II VALUATION REPORT ON THE CHENGDU PROPERTIES

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2013
Chengdu Project, South of Xindu Main Road and both sides of Xingle Road, Banqiao Village, Xindu County, Xindu District, Chengdu, Sichuan Province, PRC	<p>The Property is situated at the south of Xindu Main Road and both sides of Xingle Road of Banqiao Village in Xindu District of Chengdu. The immediate locality is a newly-developed residential area and predominated by domestic buildings of similar ages and heights.</p> <p>The Property comprises three parcels of land with a total site area of approximately 111,868.51 sq.m. (1,204,153 sq.ft.) on which a composite development is being constructed.</p> <p>According to the development scheme supplied to us, the Property is proposed to be developed into a mixed development accommodating a 5-star hotel, a shopping mall, offices, serviced apartments, residential flats and car parking spaces. The proposed development is to be developed into three zones, namely Hotel Zone, Residential Zone 1 and Residential Zone 2.</p> <p>Pursuant to the said development scheme, the Hotel Zone, which is held by CD Subsidiary 2, will provide a 5-star hotel accommodating 306 guest rooms, four office/serviced apartment blocks erected on a shopping mall, and car parking spaces.</p> <p>Residential Zones 1 and 2, which are held by CD Subsidiary 1, will provide 9 blocks and 11 blocks of residential flats together with car parking spaces. A clubhouse and commercial facilities will be provided in each zone.</p>	The Property is under construction.	RMB1,540,000,000 (see Note 7)

APPENDIX II VALUATION REPORT ON THE CHENGDU PROPERTIES

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2013																																																																								
	<p>Upon completion, the proposed development will provide a total gross floor area (“GFA”) of approximately 691,676.00 sq.m. (7,445,201 sq.ft.), including 4,642 car parking spaces. Details of the proposed development are as follows:</p> <p><u>Hotel Zone (Site 1)</u></p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">Approximate GFA</th> </tr> <tr> <th style="text-align: left;">Use</th> <th style="text-align: center;">(sq.m.)</th> <th style="text-align: center;">(sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">21,830.00</td> <td style="text-align: right;">234,978</td> </tr> <tr> <td>Serviced Apartment</td> <td style="text-align: right;">56,815.00</td> <td style="text-align: right;">611,557</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">60,000.00</td> <td style="text-align: right;">645,840</td> </tr> <tr> <td>Hotel</td> <td style="text-align: right;">41,381.00</td> <td style="text-align: right;">445,425</td> </tr> <tr> <td>Underground Supermarket</td> <td style="text-align: right;">12,000.00</td> <td style="text-align: right;">129,168</td> </tr> <tr> <td>Ancillary Facilities</td> <td style="text-align: right;"><u>69,625.00</u></td> <td style="text-align: right;"><u>749,444</u></td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;"><u>261,651.00</u></td> <td style="text-align: right;"><u>2,816,412</u></td> </tr> </tbody> </table> <p><u>Residential Zone 1 (Site 3)</u></p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">Approximate GFA</th> </tr> <tr> <th style="text-align: left;">Use</th> <th style="text-align: center;">(sq.m.)</th> <th style="text-align: center;">(sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">134,605.00</td> <td style="text-align: right;">1,448,888</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">2,549.00</td> <td style="text-align: right;">27,437</td> </tr> <tr> <td>Clubhouse</td> <td style="text-align: right;">2,044.00</td> <td style="text-align: right;">22,002</td> </tr> <tr> <td>Ancillary Facilities</td> <td style="text-align: right;"><u>30,072.00</u></td> <td style="text-align: right;"><u>323,695</u></td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;"><u>169,270.00</u></td> <td style="text-align: right;"><u>1,822,022</u></td> </tr> </tbody> </table> <p><u>Residential Zone 2 (Site 2)</u></p> <table border="0" style="margin-left: 40px;"> <thead> <tr> <th></th> <th colspan="2" style="text-align: center;">Approximate GFA</th> </tr> <tr> <th style="text-align: left;">Use</th> <th style="text-align: center;">(sq.m.)</th> <th style="text-align: center;">(sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">167,934.00</td> <td style="text-align: right;">1,807,642</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">3,028.00</td> <td style="text-align: right;">32,593</td> </tr> <tr> <td>Clubhouse</td> <td style="text-align: right;">1,970.00</td> <td style="text-align: right;">21,205</td> </tr> <tr> <td>Ancillary Facilities</td> <td style="text-align: right;"><u>87,823.00</u></td> <td style="text-align: right;"><u>945,327</u></td> </tr> <tr> <td>Sub-total</td> <td style="text-align: right;"><u>260,755.00</u></td> <td style="text-align: right;"><u>2,806,767</u></td> </tr> <tr> <td>Grand Total</td> <td style="text-align: right;"><u>691,676.00</u></td> <td style="text-align: right;"><u>7,445,201</u></td> </tr> </tbody> </table>		Approximate GFA		Use	(sq.m.)	(sq.ft.)	Office	21,830.00	234,978	Serviced Apartment	56,815.00	611,557	Commercial	60,000.00	645,840	Hotel	41,381.00	445,425	Underground Supermarket	12,000.00	129,168	Ancillary Facilities	<u>69,625.00</u>	<u>749,444</u>	Sub-total	<u>261,651.00</u>	<u>2,816,412</u>		Approximate GFA		Use	(sq.m.)	(sq.ft.)	Residential	134,605.00	1,448,888	Commercial	2,549.00	27,437	Clubhouse	2,044.00	22,002	Ancillary Facilities	<u>30,072.00</u>	<u>323,695</u>	Sub-total	<u>169,270.00</u>	<u>1,822,022</u>		Approximate GFA		Use	(sq.m.)	(sq.ft.)	Residential	167,934.00	1,807,642	Commercial	3,028.00	32,593	Clubhouse	1,970.00	21,205	Ancillary Facilities	<u>87,823.00</u>	<u>945,327</u>	Sub-total	<u>260,755.00</u>	<u>2,806,767</u>	Grand Total	<u>691,676.00</u>	<u>7,445,201</u>		
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APPENDIX II VALUATION REPORT ON THE CHENGDU PROPERTIES

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 May 2013
	<p>Construction works have been commenced and the entire development is scheduled to be completed in 2016.</p> <p>The land use rights of the Property have been granted for terms of 40 and 70 years for commercial services and residential uses respectively due to expire on 11 June 2048 and 11 June 2078.</p>		

Notes:

- Pursuant to the following two State-owned Land Use Certificates issued by the People's Government of Chengdu, the land use rights of three parcels of land with a total site area of approximately 111,868.51 sq.m. have been granted to the Project Companies. Details of the certificates are listed as follows:

Certificate No.	Date of Issue	Grantee	Site Area (sq.m.)	Usage	Expiry Date
Xin Du Guo Yong (2010) Di No. 7185	12 March 2010	CD Subsidiary 2	36,739.60	Commercial Services	11 June 2048
Xin Du Guo Yong (2010) Di No. 7186	15 March 2010	CD Subsidiary 1	75,128.91	Residential	11 June 2078

- Pursuant to the following Construction Land Planning Permits issued by Chengdu Planning and Management Bureau (Xindu) dated 7 August 2008, the Property with a total site area of approximately 167.8022 mu (111,868.10 sq.m.) was permitted for construction. Details of the permits are listed as follows:

Permit No.	Date of Issue	Site Area (mu)	Nature of Land
Di Zi Di No. 510114200820099	7 August 2008	112.6928	Residential Land (Type Two)
Di Zi Di No. 510114200820100	7 August 2008	55.1094	Commercial and Finance Land (Hotel Land)

- Pursuant to two Construction Works Planning Permits — Jian Zi Di Nos. 510114201130064 and 510114201230071 dated 8 April 2011 and 20 June 2012 respectively, the construction works of various buildings with a total gross floor area of approximately 133,822.06 sq.m. have been permitted.
- Pursuant to two Construction Works Commencement Permits — Nos. 5101252011110201 and 510125201207090101 dated 2 November 2011 and 9 July 2012 respectively, the construction works of various buildings with a total gross floor area of approximately 133,822.06 sq.m. have been permitted for commencement.
- As advised by the instructing party, the estimated total development cost (excluding land cost) for the completion of the proposed development was approximately RMB2,011,000,000, of which approximately RMB171,000,000 was spent as at the Valuation Date. In the course of our valuation, we have taken into account the said amounts.
- The market value of the Property as if completed as at 31 May 2013 was RMB4,626,000,000.

APPENDIX II VALUATION REPORT ON THE CHENGDU PROPERTIES

7. For reference purposes, the apportionment of the valuation of the Property into Hotel Zone and Residential Zones 1 & 2 as at 31 May 2013 are summarized as follows:

Portion	Valuation as at 31 May 2013
Hotel Zone	RMB850,000,000
Residential Zones 1 & 2	<u>RMB690,000,000</u>
Total	<u><u>RMB1,540,000,000</u></u>

8. We have been provided with a legal opinion on the title to the Property issued by the Project Companies' PRC legal adviser, which contains, inter alia, the following information:

- (i) CD Subsidiary 2 and CD Subsidiary 1 have legally obtained the land use rights of the Property and there will be no legal impediment for CD Subsidiary 2 and CD Subsidiary 1 to obtain the State-owned Land Use Certificate after the requisite land premium has been fully settled;
- (ii) CD Subsidiary 2 and CD Subsidiary 1 have obtained the necessary permits and approvals for the construction of the Property and such permits and approvals have not been withdrawn or amended. CD Subsidiary 2 and CD Subsidiary 1 have the lawful and complete rights for the development of the Property; and
- (iii) the Property is free from any mortgages, seizures or any other kinds of limitation.

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 DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and 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 chief executive of the Company were deemed or taken 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:

The Company/ Name of 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)	90,078,014	739,970,803 (<i>Note b</i>)	15,000	830,063,817 (74.44%)
	Mr. Donald Fan Tung	Ordinary (issued)	556	—	—	556 (0.000%)
	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. Ng Siu Chan	Ordinary (issued)	—	—	80,474	80,474 (0.007%)
	Mr. Kenneth Wong Po Man	Ordinary (issued)	6,200	—	—	6,200 (0.001%)

The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
			Personal interests	Corporate interests	Family/ Other interests	
2. Century City	Mr. Lo Yuk Sui	Ordinary (issued)	99,587,396	1,769,164,691 <i>(Note a)</i>	380,683	1,869,132,770 (58.22%)
	Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	—	—	251,735 (0.008%)
	Miss Lo Po Man	Ordinary (issued)	112,298	—	—	112,298 (0.003%)
	Mr. Ng Siu Chan	Ordinary (issued)	—	—	3,521,973	3,521,973 (0.11%)
	Mr. Kenneth Wong Po Man	Ordinary (issued)	200	—	—	200 (0.000%)
3. Regal	Mr. Lo Yuk Sui	Ordinary (i) issued	24,200	523,851,261 <i>(Note c)</i>	260,700	524,136,161
		(ii) underlying	—	27,542,000 <i>(Note d)</i>	—	27,542,000
					Total (i) & (ii):	551,678,161 (57.22%)
	Miss Lo Po Man	Ordinary (issued)	300,000	—	269,169 <i>(Note e)</i>	569,169 (0.06%)
	Mr. Kenneth Wong Po Man	Ordinary (issued)	200	—	—	200 (0.000%)
4. 8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	1,000 <i>(Note f)</i>	—	1,000 (100%)
5. Regal REIT	Mr. Lo Yuk Sui	Units (issued)	—	2,434,901,102 <i>(Note g)</i>	—	2,434,901,102 (74.75%)

Notes:

- (a) The interests in 1,769,164,691 issued ordinary shares of Century City 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 693,234,547 Shares were held through companies wholly owned by Century City, in which Mr. Lo held 58.21% shareholding interests.

The interests in 16,271,685 Shares 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 Shares 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 Century City, in which Mr. Lo held 58.21% shareholding interests, and the interests in the other 523,429,861 issued ordinary shares of Regal were held through companies wholly owned by the Company, in which Century City held 62.17% shareholding interests.
- (d) These derivative interests in underlying 27,542,000 ordinary shares of Regal were held by a wholly owned subsidiary of the Company through certain equity derivative contracts on ordinary shares of Regal, which will be settled in cash only.
- (e) The interests in 269,169 issued ordinary shares of Regal were held by Miss Lo Po Man as the beneficiary of a trust.
- (f) 400 shares were held through companies controlled by Century City, in which Mr. Lo held 58.21% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.
- (g) The interests in 2,428,881,739 units of Regal REIT were held through wholly owned subsidiaries of Regal. The interests in 732,363 units of Regal REIT were held through wholly owned subsidiaries of the Company. The interests in 5,287,000 units of Regal REIT were held through wholly owned subsidiaries of Century City. The Company, in which Century City held 62.17% shareholding interests, held 54.29% shareholding interests in Regal. Mr. Lo held 58.21% shareholding interests in Century City.

Save as disclosed above, none of the Directors or the chief executive of the Company had, as at the Latest Practicable Date, any interest or short position 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 and 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.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors had any material direct or indirect interest in any assets which have since 31 December 2012 (being the date to which the latest published audited accounts 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.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

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 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
Century City (<i>Note i</i>)	693,234,547	—	693,234,547	62.17%
Century City BVI Holdings Limited (<i>Note ii</i>)	693,234,547	—	693,234,547	62.17%
Almighty International Limited (<i>Note ii</i>)	346,104,526	—	346,104,526	31.04%
Cleerview Investments Limited (<i>Note ii</i>)	180,811,470	—	180,811,470	16.22%

Notes:

- (i) Mr. Lo Yuk Sui directly and indirectly held 58.21% shareholding interests in Century City, and the interests in these Shares held by Century City through its wholly owned subsidiaries were included in the corporate interests of Mr. Lo Yuk Sui in the Shares as disclosed under the section headed "Disclosure of Directors' Interests" above.
- (ii) These companies are wholly owned subsidiaries of Century City and their interests in the Shares were included in the interests held by Century City.

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.

Details of directorships of the Directors in each of those companies which has an interest in the Shares and underlying Shares as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:

- (1) Mr. Lo Yuk Sui, Mr. Donald Fan Tung, Mr. Jimmy Lo Chun To, Miss Lo Po Man, Mr. Kenneth Ng Kwai Kai, Mr. Ng Siu Chan and Mr. Wong Chi Keung are directors of Century City.
- (2) Mr. Lo Yuk Sui, Mr. Donald Fan Tung, Mr. Jimmy Lo Chun To, Miss Lo Po Man and Mr. Kenneth Ng Kwai Kai are directors of Century City BVI Holdings Limited, Almighty International Limited and Cleverview Investments Limited.

4. SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had entered into, or is proposed to enter into, any service contract with any member of the Group which would not expire, or would not be determinable by the Group, within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim known to the Directors to be pending or threatened against the Company or any of its subsidiaries which in the opinion of the Directors would be or is likely to be of material importance.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associates was considered to have an interest in a 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 respective associates were appointed to represent the interests of the Company and/or the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

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
Savills	Chartered Surveyors and Valuer

Savills has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its reports and references to its name in the form and context in which they appear. The valuation report on the Chengdu Properties is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, Savills did not have any interest in the share capital of 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, and Savills had no interest, either directly or indirectly, in any assets which have been, since 31 December 2012, the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MATERIAL CONTRACTS

There are no material contracts (not being a contract in the ordinary course of business) entered into by any members of the Group within the two years preceding the date of this circular.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business in Hong Kong of the Company at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong during normal business hours on any business day from the date of this circular up to and including 13 September 2013:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the written consent of Savills referred to in the section headed “Qualification and Consent of Expert” of this Appendix;
- (c) the annual reports of the Company for the two years ended 31 December 2011 and 2012;
- (d) the valuation report on the Chengdu Properties, the text of which is set out in Appendix II to this circular; and
- (e) the circular of the Company dated 29 June 2013.

10. GENERAL

- (a) The registered office of the Company is at 26 Burnaby Street, Hamilton HM 11, 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 branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (d) 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.
- (e) The English text of this circular shall prevail over the Chinese text.