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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in **Paliburg Holdings Limited**, you should at once hand this circular to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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MAJOR TRANSACTION

**ACQUISITION OF A NEW HOTEL PROJECT AT
HONG KONG INTERNATIONAL AIRPORT**

A letter from the board of directors of Paliburg Holdings Limited is set out on pages 4 to 8 of this circular.

3 March 2017

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DEFINITIONS

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

“Acquisition”	the acquisition of the development right of the Hotel Project by Capital Charm under the tender awarded by the Airport Authority
“Airport Authority”	the Airport Authority, a statutory body established and operating pursuant to the Airport Authority Ordinance (Chapter 483 of the Laws of Hong Kong)
“Capital Charm”	Capital Charm Holdings Limited, a wholly-owned subsidiary of Regal
“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)
“Consideration”	the consideration for the Acquisition, being approximately HK\$2,188.9 million
“Cosmopolitan”	Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 120)
“Cosmopolitan Group”	Cosmopolitan and its subsidiaries
“Development Agreement”	the agreement to be entered into between Capital Charm and the Airport Authority in respect of the Acquisition
“Government”	the Government of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel”	the hotel to be developed in the Hotel Project
“Hotel Project”	the proposed development of the Hotel on the site located at Site A1a of SKYCITY (Chek Lap Kok Lot No.3) at Hong Kong International Airport

DEFINITIONS

“Joint Announcement”	the joint announcement dated 2 February 2017 jointly published by Century City, Paliburg and Regal in relation to the Acquisition
“Latest Practicable Date”	28 February 2017, 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
“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 Board”	the board of Paliburg Directors
“Paliburg Directors”	the directors of Paliburg
“Paliburg Group”	Paliburg and its subsidiaries
“Paliburg Shareholders”	holders of Paliburg Shares
“Paliburg Shares”	ordinary shares of HK\$0.10 each in the share capital of Paliburg
“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 Investments Limited (a wholly-owned subsidiary of Paliburg) and Regal Hotels Investments Limited (a wholly-owned subsidiary of Regal) as to 50% and 50% respectively
“Qualified Issuer(s)”	has the meaning ascribed to it under Rule 14.04(10B) of the Listing Rules
“Qualified Property Acquisition”	has the meaning ascribed to it under Rule 14.04(10C) of the Listing Rules
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 78)
“Regal Group”	Regal and its subsidiaries

DEFINITIONS

“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Lease”	the sub-lease of the Hotel (including the relevant land) to be granted by the Airport Authority to Capital Charm

LETTER FROM THE PALIBURG BOARD



Executive Paliburg Directors:

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

Independent non-executive Paliburg 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:

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69 Pitts Bay Road
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Bermuda

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

11th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

3 March 2017

To the Paliburg Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

ACQUISITION OF A NEW HOTEL PROJECT AT HONG KONG INTERNATIONAL AIRPORT

With reference to the Joint Announcement, on 2 February 2017 the Airport Authority notified Capital Charm (a wholly-owned subsidiary of Regal) that the tender offer submitted by Capital Charm was accepted and Capital Charm was awarded the contract for the development of the Hotel Project located at Site A1a of SKYCITY (Chek Lap Kok Lot No. 3) at Hong Kong International Airport. Capital Charm will enter into the Development Agreement with the Airport Authority in respect of the Acquisition on or before 3 April 2017.

Based on an applicable percentage ratio, the Acquisition constitutes a major transaction for Paliburg under Chapter 14 of the Listing Rules. Paliburg is a Qualified Issuer for the purposes of the Listing Rules under Rule 14.04(10B) and the Acquisition is exempt from shareholders' approval of Paliburg pursuant to Rule 14.33A of the Listing Rules. The purpose of this circular is to provide you with information in relation to the Acquisition.

LETTER FROM THE PALIBURG BOARD

MAJOR TERMS OF THE ACQUISITION

Parties

The Airport Authority holds the site of the Hotel Project under the land grant from the Government and is a third party independent of Paliburg and its connected persons (as defined in the Listing Rules). The Airport Authority, a statutory body wholly owned by the Government, is responsible for the operation and development of Hong Kong International Airport. The Regal Group (a subsidiary group of Paliburg) presently owns and operates the “Regal Airport Hotel” which is also held under a sub-lease from the Airport Authority.

Capital Charm, the successful tenderer of the Hotel Project, is a wholly-owned subsidiary of Regal and, in turn, a subsidiary of Paliburg. The principal business activities of Capital Charm are real estate and hotel development and related business.

Consideration

The Consideration (representing the non-refundable rental payment) payable by Capital Charm to the Airport Authority for the Acquisition is approximately HK\$2,188.9 million which shall be payable by Capital Charm on or before the date of the Development Agreement. The Consideration represents Capital Charm’s successful tender price of the Acquisition under a tender process conducted by the Airport Authority and such tender price was determined by Capital Charm after having regard to, among others, the development and business potentials of the Hotel Project.

The Regal Group has made a tender deposit of HK\$10 million to the Airport Authority which shall be returned to the Regal Group within 30 days from the date of the Development Agreement. The Consideration of the Acquisition of the Hotel Project will be funded by the Regal Group by way of its own internal resources and/or external financing.

Security and guarantee

As security for the due performance and observance of the Development Agreement, Capital Charm shall pay a performance deposit of HK\$15 million, which shall be refunded within 30 days after completion of the works in respect of the Hotel as specified in the Development Agreement.

Regal shall guarantee the performance of Capital Charm under the Development Agreement and the Sub-Lease.

THE HOTEL PROJECT

The Hotel Project, with a site area of approximately 6,650 square metres and permissible gross floor area of 33,700 square metres, is located at Site A1a of SKYCITY (Chek Lap Kok Lot No. 3) at Hong Kong International Airport. It is preliminarily planned that the Hotel Project will be developed

LETTER FROM THE PALIBURG BOARD

into a multi-storey hotel building providing over 1,000 guest rooms and suites, with ancillary facilities. Pursuant to the terms of the Development Agreement, the construction of the Hotel shall be completed within 60 months after the date of the Development Agreement and the Hotel shall be opened within 69 months after the date of the Development Agreement.

Within 30 days following completion of the Hotel, the Airport Authority will grant to Capital Charm the Sub-Lease of the Hotel (including the relevant land) for a term up to 17 September 2066. Capital Charm shall be entitled to appoint a hotel operator, subject to the approval of the Airport Authority, to operate and manage the Hotel for a term up to 17 September 2066. Pursuant to the terms of the Sub-Lease, Capital Charm shall pay 2% of the gross revenue of the Hotel to the Airport Authority on a monthly basis in arrear commencing from the first month in the eleventh year after the date of the Development Agreement until the end of the term.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Situated just a short stroll from Hong Kong International Airport, the SKYCITY is an integrated development project of the Airport Authority covering approximately 25 hectares of land, which is located at the north-eastern corner of the airport island, surrounded by Terminal 2 of Hong Kong International Airport, AsiaWorld-EXPO and SkyPier. The Hotel Project is the first phase of the SKYCITY Project, which also comprises offices and retail, dining and entertainment facilities.

Upon commissioning of the Hong Kong-Zhuhai-Macao Bridge, the journey time among Hong Kong International Airport, Zhuhai and Macao will be greatly reduced. It is estimated that upon full commissioning of the Three-Runway System, Hong Kong International Airport will have the capacity to meet the increasing air traffic demand, and Lantau Island will become the geographical converging point of Guangdong, Hong Kong and Macao, providing new opportunities for the next stage of Hong Kong's development as a regional hub.

Paliburg, through its subsidiaries, is principally engaged in property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management, aircraft ownership and leasing business and other investments including financial assets investments. Capital Charm, the successful tenderer of the Hotel Project, is a wholly-owned subsidiary of Regal. As Regal is a listed subsidiary of Paliburg, Capital Charm is also a subsidiary of Paliburg.

The Regal Group was also the developer of the first hotel project at Hong Kong International Airport, which is now operated as the Regal Airport Hotel. Regal Airport Hotel has been awarded in 2016 "The Best Airport Hotel in the World" by Business Traveller UK Magazine for the 9th consecutive year and "The Best Airport Hotel in Asia-Pacific" by Business Traveller Asia-Pacific Magazine for the 16th consecutive year, apart from obtaining other various awards. Leveraging on its successful and extensive hotel operation and management experience, the Regal Group believes that the Hotel, when completed, will become another flagship hotel of the Regal Group.

LETTER FROM THE PALIBURG BOARD

The terms of the Acquisition are determined after having considered the requirements of the tender set by the Airport Authority and the prospects of the Hotel Project. Paliburg considers that the Hotel Project is a good business opportunity for the Regal Group to further expand and strengthen its prominence in the hotel business in Hong Kong. The Paliburg Directors consider that the terms of the Acquisition are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of Paliburg and its shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Assets and liabilities

The Consideration of the Acquisition of the Hotel Project will be funded by the Regal Group by way of its own internal resources and/or external financing. The Consideration amount will be capitalised as a non-current asset in the consolidated financial statements of Regal. As Regal is a listed subsidiary of Paliburg, the Consideration amount will also be capitalised as a non-current asset in the consolidated financial statements of Paliburg.

The Regal Group has made a tender deposit of HK\$10 million to the Airport Authority which shall be returned to the Regal Group within 30 days from the date of the Development Agreement. As security for the due performance and observance of the Development Agreement, Capital Charm shall pay a performance deposit of HK\$15 million, which shall be refunded within 30 days after completion of the works in respect of the Hotel as specified in the Development Agreement.

Earnings

The Hotel Project will undergo development where in accordance with the terms of the Development Agreement, the construction of the Hotel shall be completed within 60 months after the date of the Development Agreement and the Hotel shall be opened within 69 months after the date of the Development Agreement, upon which the Hotel will commence to generate revenue from its operation. Pursuant to the terms of the Sub-Lease, Capital Charm shall pay 2% of the gross revenue of the Hotel to the Airport Authority on a monthly basis in arrear commencing from the first month in the eleventh year after the date of the Development Agreement until the end of the term, being 17 September 2066.

The capitalised cost of the Acquisition, being the Consideration, will be amortised over the term of the Sub-Lease.

LISTING RULES IMPLICATIONS

Based on an applicable percentage ratio, the Acquisition constitutes a major transaction for Paliburg under Chapter 14 of the Listing Rules. The Acquisition satisfies the condition under Rule 14.33A(1) of the Listing Rules as further detailed below pursuant to Rule 14.33B(2)(c) of the Listing Rules. Paliburg is a Qualified Issuer for the purposes of the Listing Rules under Rule 14.04(10B). The Acquisition is an exempt Qualified Property Acquisition for Paliburg under Rule 14.33A of the Listing

LETTER FROM THE PALIBURG BOARD

Rules as (i) the Acquisition involves the acquisition of the Hotel Project from the Airport Authority, a Government-controlled entity, through a tender, and (ii) the Hotel Project is in the Paliburg Group's ordinary and usual course of business and undertaken by Capital Charm on a sole basis. Accordingly, the Acquisition is exempt from shareholders' approval of Paliburg pursuant to Rule 14.33A of the Listing Rules. Details of the Acquisition as required under Rule 14.33B(2)(a) of the Listing Rules are set out above under the sections headed "Major terms of the Acquisition" and "The Hotel Project".

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 of
Paliburg Holdings Limited
LO Yuk Sui
Chairman

APPENDIX I FINANCIAL INFORMATION OF THE PALIBURG GROUP

AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE PALIBURG GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2013, 2014 AND 2015

Financial information of the Paliburg Group for each of the three years ended 31 December 2013, 2014 and 2015 is disclosed on pages 52 to 169 of the annual report of Paliburg for the year ended 31 December 2013, pages 47 to 160 of the annual report of Paliburg for the year ended 31 December 2014 and pages 48 to 157 of the annual report of Paliburg for the year ended 31 December 2015, all of which are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of Paliburg (www.paliburg.com.hk).

UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE PALIBURG GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2016

The unaudited consolidated financial information of the Paliburg Group for the six months ended 30 June 2016 is disclosed on pages 23 to 52 of the interim report of Paliburg for the six months ended 30 June 2016, which is available on the website of the Stock Exchange (www.hkexnews.hk) and the website of Paliburg (www.paliburg.com.hk).

INDEBTEDNESS

As at the close of business on 31 December 2016, being the latest practicable date for the purpose of this statement of indebtedness, the Paliburg Group had outstanding borrowings of approximately HK\$16,611.7 million which represented (i) bank loans of approximately HK\$9,638.5 million secured by certain of the Paliburg Group's property, plant and equipment, investment properties, properties held for sale, properties under development, available-for-sale investments, financial assets at fair value through profit or loss, held-to-maturity investments, time deposits and bank balances, with an aggregate net book value of approximately HK\$19,278.6 million as at 30 June 2016, (ii) unsecured notes of US\$642.0 million (approximately HK\$4,978.1 million) issued under a US\$1,000.0 million medium term note programme of Regal, (iii) unsecured notes of HK\$775.0 million and US\$150.0 million (approximately HK\$1,163.1 million) issued under a US\$1,000.0 million medium term note programme of Regal REIT (the "**Regal REIT MTN Programme**") and (iv) outstanding convertible bonds of Cosmopolitan in the principal amount of approximately HK\$57.0 million.

Apart from the indebtedness under the Regal REIT MTN Programme which was guaranteed by the trustee of Regal REIT (on behalf of Regal REIT) and except for a bank loan of approximately HK\$18.0 million, all of the above outstanding borrowings of the Paliburg Group were guaranteed by Paliburg or certain of its subsidiaries.

Save as disclosed above and apart from intra-group liabilities, the Paliburg Group did not have, at the close of business on 31 December 2016, 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.

APPENDIX I FINANCIAL INFORMATION OF THE PALIBURG GROUP

WORKING CAPITAL

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

FINANCIAL AND TRADING PROSPECTS OF THE PALIBURG GROUP

The Paliburg Group

The property market in Hong Kong is expected to undergo some further consolidation in the short term. Having regard to the persistent low interest rate environment, the opulent liquidity of the capital market and the strong underlying demands for different types of properties in Hong Kong, particularly the residential sector, the outlook of the property market in Hong Kong remains positive. The Government is committed to maintaining a steady supply of development lands, which will provide investment opportunities for real estate developers.

Apart from the residential project at Tan Kwai Tsuen Road in Yuen Long which was completed in the fourth quarter in 2015, most of the other development projects presently undertaken by the Paliburg Group in Hong Kong are scheduled for completion within the next few years, including the commercial/residential project at Shun Ning Road in Sham Shui Po, the hotel development project at Anchor Street/Fuk Tsun Street in Tai Kok Tsui, the shopping mall development project at Po Tai Street in Ma On Shan and the upscale residential project in Kau To, Sha Tin. These projects are anticipated to generate substantial cash flows and profit contributions to the Paliburg Group when they are completed and sold, while the shopping mall project in Ma On Shan is presently intended to be retained to boost the recurrent income.

The Paliburg Group will continue to actively participate in the Government land tenders, with a view to replenishing its land bank. The Paliburg Directors are optimistic that the Paliburg Group as a whole will continue to grow and will bring increasing returns to shareholders.

The Regal Group and the Cosmopolitan Group are subsidiary groups of Paliburg. Their prospects are further set out below.

The Regal Group

In view of the changing mix and spending pattern of visitors, the Government is staging various promotional initiatives to attract more high-spending overnight visitors to Hong Kong and to rebuild Hong Kong's reputation as a hospitality city internationally. In the long term, the Government has committed to upgrade Hong Kong's tourism infrastructure. Although the short term business environment will continue to be challenging, the directors of Regal Portfolio Management Limited, a wholly-owned subsidiary of Regal acting as the manager of Regal REIT (the "**REIT Manager**"), believe that the future prospects for the hotel business in Hong Kong will remain favourable. The

APPENDIX I FINANCIAL INFORMATION OF THE PALIBURG GROUP

REIT Manager will continue to closely monitor any appropriate investment opportunities that may become available, with a view to further expanding and broadening the asset and income base of Regal REIT. Nevertheless, having regard to the volatile economic environment globally, any such acquisitions will be pursued with particular prudence.

As set out in the interim report of Regal for the six months ended 30 June 2016, based on the Half-yearly Economic Report 2016 released by the Government, the latest visitor arrivals trend indicated that the drag from the slowdown of inbound tourism has been reducing. The Regal Group expects that the business operations of the Regal Group's hotels in the second half of 2016, which includes the traditional high season of the year, should perform better than in the first six months.

In July 2016, the Regal Group launched a new series of unsecured guaranteed 5-year US\$ denominated term notes under the Regal Group's Medium Term Note Programme, which was met with favourable response from institutional and private investors. The 5-year term notes bear coupon interest at 3.875% per annum and were issued at an issue price of 99.663% of the nominal amount, and the total nominal amount of the notes issued was upsized from US\$300 million to US\$350 million.

With its solid asset base and strong liquid resources, the Regal Group will continue to expand its investments in different business sectors, with a view to sustaining further growth. Under this objective, the Regal Group has successfully pursued the Acquisition.

The Cosmopolitan Group

The property market in the PRC witnessed some consolidation in the recent few months but overall long term prospects remain positive. Presale of the properties in the composite development projects in Tianjin as well as in Chengdu is underway. The Cosmopolitan Group is hopeful that substantial income and cash flows will continue to be generated when these two major development projects currently undertaken by the Cosmopolitan Group are being completed and sold.

1. RESPONSIBILITY STATEMENT

This circular, for which the Paliburg 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 Paliburg. The Paliburg Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS OF PALIBURG DIRECTORS

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

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

Paliburg/Name of associated corporation	Name of Paliburg 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	
1. Paliburg	Mr. LO Yuk Sui	Ordinary (issued)	90,078,014	740,860,803 <i>(Note b)</i>	15,000	830,953,817 (74.55%)
	Mr. Jimmy LO Chun To	Ordinary (issued)	2,274,600	—	—	2,274,600 (0.20%)
	Mr. Donald FAN Tung	Ordinary (issued)	556	—	—	556 (0.000%)
	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%)

APPENDIX II

GENERAL INFORMATION

Paliburg/Name of associated corporation	Name of Paliburg 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)	110,667,396	1,769,164,691 <i>(Note a)</i>	380,683	1,880,212,770 (58.69%)
	Mr. Jimmy LO Chun To	Ordinary (issued)	251,735	—	—	251,735 (0.008%)
	Miss LO Po Man	Ordinary (issued)	112,298	—	—	112,298 (0.004%)
	Mr. 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 (issued)	24,200	622,739,261 <i>(Note c)</i>	260,700	623,024,161 (68.01%)
	Miss LO Po Man	Ordinary (issued)	300,000	—	269,169 <i>(Note d)</i>	569,169 (0.06%)
	Mr. Kenneth WONG Po Man	Ordinary (issued)	200	—	—	200 (0.000%)
4. Cosmopolitan	Mr. LO Yuk Sui	Ordinary				
		(i) (issued)	—	3,117,856,716 <i>(Note e)</i>	—	3,117,856,716
		(ii) (unissued)	—	5,024,058,784 <i>(Note f)</i>	—	5,024,058,784
					Total:	8,141,915,500 (191.55%)
		Preference (issued)	—	2,345,487,356 <i>(Note f)</i>	—	2,345,487,356 (99.98%)
		Mr. Jimmy LO Chun To	Ordinary (issued)	2,269,101	—	—
	Miss LO Po Man	Ordinary (issued)	1,380,000	—	—	1,380,000 (0.03%)
5. Regal REIT	Mr. LO Yuk Sui	Units (issued)	—	2,443,033,102 <i>(Note g)</i>	—	2,443,033,102 (74.99%)
6. 8D International (BVI) Limited	Mr. LO Yuk Sui	Ordinary (issued)	—	1,000 <i>(Note h)</i>	—	1,000 (100%)

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**”).

- (b) The interests in 694,124,547 issued Paliburg Shares were held through companies wholly owned by Century City, in which Mr. Lo held 58.67% shareholding interests.

The interests in 16,271,685 issued Paliburg 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 issued Paliburg 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 58.67% shareholding interests. The interests in 599,025,861 issued ordinary shares of Regal were held through companies wholly owned by Paliburg, in which Century City held 62.28% shareholding interests. The interests in the other 23,292,000 issued ordinary shares of Regal were held through a wholly owned subsidiary of Cosmopolitan, in which P&R Holdings (which is owned as to 50% each by Paliburg and Regal through their respective wholly owned subsidiaries) held 64.26% shareholding interests. Paliburg held 67.93% shareholding interests in Regal.
- (d) The interests in 269,169 issued ordinary shares of Regal were held by Miss LO Po Man as the beneficiary of a trust.
- (e) The interests in 2,731,316,716 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of P&R Holdings, which is owned as to 50% each by Paliburg and Regal through their respective wholly owned subsidiaries. The interests in the other 386,540,000 issued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of Regal. Paliburg, in which Century City held 62.28% shareholding interests, held 67.93% shareholding interests in Regal. Mr. Lo held 58.67% shareholding interests in Century City.
- (f) The interests in 5,024,058,784 unissued ordinary shares of Cosmopolitan were held through wholly owned subsidiaries of P&R Holdings, which is owned as to 50% each by Paliburg and Regal through their respective wholly owned subsidiaries. Paliburg, in which Century City held 62.28% shareholding interests, held 67.93% shareholding interests in Regal. Mr. Lo held 58.67% shareholding interests in Century City.

The interests in 2,345,487,356 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in 2,345,487,356 convertible preference shares of Cosmopolitan, convertible into new ordinary shares of Cosmopolitan on a one to one basis (subject to adjustments in accordance with the terms of the convertible preference shares).

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

The interests in 1,250,000,000 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in convertible bonds issued by the CB Issuer, which are convertible into new ordinary shares of Cosmopolitan at a conversion price of HK\$0.40 per share (subject to adjustments in accordance with the terms of the convertible bonds).

- (g) The interests in 10,219,000 issued units of Regal REIT were held through a wholly owned subsidiary of Cosmopolitan. The interests in 2,429,394,739 issued units of Regal REIT were held through wholly owned subsidiaries of Regal. The interests in 732,363 issued units of Regal REIT were held through wholly owned subsidiaries of Paliburg. The interests in 2,687,000 issued units of Regal REIT were held through wholly owned subsidiaries of Century City. Cosmopolitan was held as to 64.26% shareholding interests by P&R Holdings, which is owned as to 50% each by Paliburg and Regal through their respective wholly owned subsidiaries. Paliburg, in which Century City held 62.28% shareholding interests, held 67.93% shareholding interests in Regal. Mr. Lo held 58.67% shareholding interests in Century City.
- (h) 400 shares were held through companies controlled by Century City, in which Mr. Lo held 58.67% shareholding interests, and 600 shares were held through a company controlled by Mr. Lo.

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

Details of directorships of the Paliburg Directors in each of those companies which has an interest in the shares and underlying shares of Paliburg 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 is a director of YSL International Holdings Limited.
- (2) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To and Miss LO Po Man are directors of Grand Modern Investments Limited.
- (3) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Mr. Donald FAN Tung, Miss LO Po Man, Mr. Kenneth NG Kwai Kai, Mr. NG Siu Chan and Mr. WONG Chi Keung are directors of Century City.
- (4) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Mr. Donald FAN Tung, 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.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Paliburg Directors and the chief executive of Paliburg, no other Paliburg Director was a director or employee of a company which had an interest or short position in the shares and underlying shares of Paliburg which would fall to be disclosed to Paliburg under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. OTHER INTERESTS OF DIRECTORS

As at the Latest Practicable Date,

(a) **Interests in service contracts**

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

(b) **Interests in assets**

none of the Paliburg Directors had any direct or indirect interest in any assets which have, since 31 December 2015, being the date to which the latest published audited financial statements of the Paliburg Group were made up, been acquired or disposed of by or leased to any member of the Paliburg Group or were proposed to be acquired or disposed of by or leased to, any member of the Paliburg Group; and

(c) **Interests in contracts or arrangements**

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

4. COMPETING INTERESTS

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

5. LITIGATION

A subsidiary of the Cosmopolitan Group was a defendant in certain outstanding litigation claims in an aggregate amount of approximately RMB9.6 million (equivalent to approximately HK\$10.9 million) relating to a re-forestation project located in Xinjiang in the PRC. Based on the advice from the Cosmopolitan Group's legal counsel, the litigation claims were pending verification and/or the Cosmopolitan Group had good grounds of defence against such claims.

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

6. MATERIAL CONTRACTS

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by the Paliburg Group within the two years immediately preceding the date of this circular which is or may be material:

- (a) the framework agreement dated 13 January 2016 (as supplemented on 11 March 2016, 12 April 2016 and 29 April 2016) entered into between Sunview Vision Limited (“**Sunview**”), a wholly-owned subsidiary of Cosmopolitan, 上海久輝快遞有限公司 (for identification purpose only, Shanghai Jiuhui Express Courier Limited Company) (“**Logistics Shanghai**”) and a PRC citizen (the “**Existing Owner**”) who was the then 95% shareholder of Logistics Shanghai in relation to, among others, (i) formation of a joint venture (the “**Joint Venture**”) owned as to 60% by Sunview and 40% by the Existing Owner; (ii) the acquisition by the Joint Venture of a group of companies (the “**Logistics Group**”) operating logistics and related business in the PRC for a consideration of HK\$4,150,000 funded by a shareholder loan provided by Sunview; (iii) the procurement of development and expansion of the logistics business of the Logistics Group by the Existing Owner for a consideration of HK\$23,800,000 satisfied by convertible bonds issued by a wholly-owned subsidiary of Cosmopolitan; and (iv) provision of non-competition undertaking by the Existing Owner for a period of ten years for a consideration of HK\$29,100,000 satisfied by convertible bonds issued by a wholly-owned subsidiary of Cosmopolitan.

Save for the above, there were no material contracts (not being a contract in the ordinary course of business) entered into by any members of the Paliburg Group within the two years preceding the date of this circular.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Paliburg Directors were not aware of any material adverse change in the financial or trading position of the Paliburg Group since 31 December 2015, the date to which the latest published audited consolidated financial statements of the Paliburg Group were made up.

8. MISCELLANEOUS

- (a) The registered office of Paliburg is at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (b) The head office and principal place of business of Paliburg in Hong Kong is at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.
- (c) The secretary of Paliburg is Ms. Eliza LAM Sau Fun, an associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

- (d) The branch share registrar of Paliburg in Hong Kong is Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the above head office and principal place of business of Paliburg in Hong Kong from the date of this circular up to and including 17 March 2017 during normal business hours:

- (a) the memorandum of association and bye-laws of Paliburg;
- (b) the annual reports of Paliburg for the two years ended 31 December 2014 and 2015;
- (c) the material contract referred to in the section headed "Material contracts" of this Appendix II;
- (d) the circular dated 7 October 2016 issued by Paliburg in relation to the extension of terms of convertible bonds in Cosmopolitan;
- (e) the circular dated 1 December 2016 issued by Paliburg in relation to lease amendment agreements and option agreements in respect of six aircraft of the Regal Group;
- (f) the circular dated 26 January 2017 issued by Paliburg regarding the entering into of a sale and purchase agreement involving disposal of a 50% interest in a hotel and provision of certain funding by P&R Holdings; and
- (g) this circular.