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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **Regal Hotels International 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**

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

3 March 2017

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## DEFINITIONS

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*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
“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

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## DEFINITIONS

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“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 Group”	Paliburg and its subsidiaries
“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 Group”	P&R Holdings and its subsidiaries
“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 Board”	the board of Regal Directors
“Regal Directors”	the directors 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)
“Regal Shareholders”	holders of Regal Shares
“Regal Share(s)”	ordinary share(s) of par value HK\$0.10 each in the share capital of Regal

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## DEFINITIONS

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“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

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LETTER FROM THE REGAL BOARD

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*Executive Regal Directors:*

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

*Non-executive Regal Director:*

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

*Independent non-executive Regal Directors:*

Ms. Alice KAN Lai Kuen  
Professor Japhet Sebastian LAW  
Mr. NG Siu Chan  
Mr. WONG Chi Keung

*Registered office:*

The Belvedere Building  
69 Pitts Bay Road  
Pembroke HM08  
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 Regal 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.

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## LETTER FROM THE REGAL BOARD

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Based on an applicable percentage ratio, the Acquisition constitutes a major transaction for Regal under Chapter 14 of the Listing Rules. Regal 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 Regal 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.

### 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 Regal 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 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. 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.

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## LETTER FROM THE REGAL BOARD

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### 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 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.

Regal, through its subsidiaries, is principally engaged in hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings and the interest in the retained houses in Regalia Bay in Stanley, 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.

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



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## LETTER FROM THE REGAL BOARD

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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.

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. Regal 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 Regal 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 Regal 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. It will be capitalised as a non-current asset in the consolidated financial statements of Regal.

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.

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## LETTER FROM THE REGAL BOARD

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### LISTING RULES IMPLICATIONS

Based on an applicable percentage ratio, the Acquisition constitutes a major transaction for Regal 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. Regal 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 Regal under Rule 14.33A of the Listing 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 Regal 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 Regal 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  
**Regal Hotels International Holdings Limited**  
**LO Yuk Sui**  
*Chairman*

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

Financial information of the Regal Group for each of the three years ended 31 December 2013, 2014 and 2015 is disclosed on pages 76 to 174 of the annual report of Regal for the year ended 31 December 2013, pages 71 to 170 of the annual report of Regal for the year ended 31 December 2014 and pages 72 to 170 of the annual report of Regal for the year ended 31 December 2015, all of which are available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of Regal ([www.regal.com.hk](http://www.regal.com.hk)).

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

The unaudited consolidated financial information of the Regal Group for the six months ended 30 June 2016 is disclosed on pages 20 to 46 of the interim report of Regal for the six months ended 30 June 2016, which is available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of Regal ([www.regal.com.hk](http://www.regal.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 Regal Group had outstanding borrowings of approximately HK\$13,359.4 million which represented (i) bank loans of approximately HK\$6,402.0 million secured by certain of the Regal Group's property, plant and equipment, investment properties, financial assets at fair value through profit or loss, available-for-sale investments, held-to-maturity investments, time deposits and bank balances with an aggregate net book value of approximately HK\$11,859.0 million as at 30 June 2016, (ii) unsecured notes of US\$645.0 million (approximately HK\$5,001.3 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\$1,163.1 million) issued under a US\$1,000.0 million medium term note programme of Regal REIT (the "**Regal REIT MTN Programme**").

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

As at the close of business on 31 December 2016, the Regal Group had contingent liabilities relating to corporate guarantees provided in respect of attributable share of banking facilities granted to certain subsidiaries of a joint venture of approximately HK\$2,579.4 million, of which approximately HK\$1,566.8 million was utilised.

Save as disclosed above and apart from intra-group liabilities, the Regal 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 lease commitments, or any guarantees or other material contingent liabilities.

### **FINANCIAL AND TRADING PROSPECTS**

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 businesses in Hong Kong will remain favourable. The 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.

### **WORKING CAPITAL**

The Regal Directors, after due and careful consideration, are of the opinion that after taking into account the Acquisition, the internal resources and present banking facilities available to the Regal Group, the Regal 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.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Regal 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 Regal. The Regal 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 herein or this circular misleading.

## 2. DISCLOSURE OF REGAL DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions, if any, of each Regal Director and chief executive of Regal in the shares, underlying shares and debentures of Regal and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to Regal and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Regal Directors and chief executive of Regal 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 Regal pursuant to Section 352 of the SFO, or as otherwise required to be notified to Regal 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 Regal and its associated corporations*

Regal/Name of associated corporation	Name of Regal 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. Regal	Mr. LO Yuk Sui	Ordinary (issued)	24,200	622,739,261 (Note c)	260,700	623,024,161 (68.01%)	
	Miss LO Po Man	Ordinary (issued)	300,000	—	269,169 (Note d)	569,169 (0.06%)	
	Dr. Francis CHOI Chee Ming	Ordinary (issued)	50,240,000	—	—	50,240,000 (5.48%)	
	Mr. Allen WAN Tze Wai	Ordinary (issued)	10,200	—	—	10,200 (0.001%)	
2. Century City	Mr. LO Yuk Sui	Ordinary (issued)	110,667,396	1,769,164,691 (Note a)	380,683	1,880,212,770 (58.69%)	
	Miss LO Po Man	Ordinary (issued)	112,298	—	—	112,298 (0.004%)	

**APPENDIX II**
**GENERAL INFORMATION**

Regal/Name of associated corporation	Name of Regal 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	
	Ms. Belinda YEUNG Bik Yiu	Ordinary (issued)	200	—	—	200 (0.000%)
	Mr. Jimmy LO Chun To	Ordinary (issued)	251,735	—	—	251,735 (0.008%)
	Mr. NG Siu Chan	Ordinary (issued)	—	—	3,521,973	3,521,973 (0.11%)
	Mr. Allen WAN Tze Wai	Ordinary (issued)	24,000	—	—	24,000 (0.001%)
3. Paliburg	Mr. LO Yuk Sui	Ordinary (issued)	90,078,014	740,860,803 (Note b)	15,000	830,953,817 (74.55%)
	Miss LO Po Man	Ordinary (issued)	1,116,000	—	—	1,116,000 (0.10%)
	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%)
	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. Allen WAN Tze Wai	Ordinary (issued)	200	—	—	200 (0.000%)
4. Cosmopolitan	Mr. LO Yuk Sui	Ordinary				
		(i) (issued)	—	3,117,856,716 (Note e)	—	3,117,856,716
		(ii) (unissued)	—	5,024,058,784 (Note f)	—	5,024,058,784
					Total:	8,141,915,500 (191.55%)
		Preference (issued)	—	2,345,487,356 (Note f)	—	2,345,487,356 (99.98%)

Regal/Name of associated corporation	Name of Regal 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		
	Miss LO Po Man	Ordinary (issued)	1,380,000	—	—	1,380,000 (0.03%)	
	Mr. Jimmy LO Chun To	Ordinary (issued)	2,269,101	—	—	2,269,101 (0.05%)	
5. Regal REIT	Mr. LO Yuk Sui	Units (issued)	—	2,443,033,102 (Note g)	—	2,443,033,102 (74.99%)	
6. 8D International (BVI) Limited	Mr. LO Yuk Sui	Ordinary (issued)	—	1,000 (Note h)	—	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 ordinary shares of Paliburg 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 ordinary shares of Paliburg were held through corporations controlled by Mr. Lo as detailed below:

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

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

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

- (c) The interests in 421,400 issued Regal Shares 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 Regal Shares 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 Regal Shares 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 Regal Shares 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 the 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 the 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 ordinary 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 Regal Directors, as at the Latest Practicable Date, none of the Regal Directors or the chief executive of Regal held any interests or short positions in the shares, underlying shares and debentures of Regal or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to Regal 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 Regal under Section 352 of the SFO, or which were required to be notified to Regal and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, none of the Regal Directors had any material direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Regal Group since 31 December 2015, being the date to which the latest published audited financial statements of the Regal Group were made up.

None of the Regal 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 Regal Group.

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

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

### **3. SERVICE CONTRACTS**

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

#### 4. LITIGATION

As at the Latest Practicable Date, neither Regal 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 Regal Directors to be pending or threatened against Regal or any of its subsidiaries which in the opinion of the Regal Directors would be or is likely to be of material importance.

#### 5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Regal Directors and his/her 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 Regal Group other than those businesses to which the Regal Directors and his/her associates were appointed to represent the interests of Regal and/or the Regal Group.

#### 6. MATERIAL CONTRACTS

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

- (a) an agreement dated 28 April 2015 entered into between Regal Hotels Investments Limited (a wholly-owned subsidiary of Regal) and Capital Merit Investments Limited (a wholly-owned subsidiary of Paliburg) in relation to provision of financial assistance to the P&R Group by the Regal Group and the Paliburg Group in proportion to their respective shareholdings in P&R Holdings in the maximum amount of HK\$900 million each;
- (b) the conditional facilities agreement dated 4 August 2016 entered into between Long Profits Investments Limited (“**Long Profits**” and a wholly-owned subsidiary of Regal), Cosmopolitan and Bizwise Investments Limited (“**Bizwise**” and a wholly-owned subsidiary of Cosmopolitan) pursuant to which subject to the terms and conditions therein Long Profits shall grant a term loan and revolving loan facilities to Bizwise; and
- (c) an agreement dated 28 December 2016 entered into between Regal Hotels Investments Limited (a wholly-owned subsidiary of Regal) and Capital Merit Investments Limited (a wholly-owned subsidiary of Paliburg) in relation to provision of financial assistance to the P&R Group by the Regal Group and the Paliburg Group in proportion to their respective shareholdings in P&R Holdings in the maximum amount of HK\$900 million each.

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

**7. MATERIAL ADVERSE CHANGE**

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

**8. 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 Regal at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong from the date of this circular up to and including 17 March 2017 during normal business hours:

- (a) the material contracts referred to in the section headed “Material contracts” of this Appendix II;
- (b) the memorandum of association and bye-laws of Regal;
- (c) the annual reports of Regal for the two years ended 31 December 2014 and 2015;
- (d) the circular dated 23 September 2016 issued by Regal in relation to provision of financial assistance to the Cosmopolitan Group; and
- (e) this circular.

**9. GENERAL**

- (a) The registered office of Regal is at The Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.
- (b) The head office and principal place of business of Regal in Hong Kong is at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.
- (c) The branch share registrar of Regal in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) The secretary of Regal 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.