

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



(Stock Code: 355)



(Stock Code: 617)

JOINT ANNOUNCEMENT

**MAJOR TRANSACTIONS
DISPOSAL, OPTION DISPOSAL AND
UNWINDING**

**DISCLOSEABLE TRANSACTION
BANK AND REFINANCING GUARANTEE**

**MAJOR AND CONNECTED
TRANSACTIONS
DISPOSAL, OPTION DISPOSAL AND
UNWINDING**

**CONNECTED TRANSACTION
BANK AND REFINANCING GUARANTEE**

**CONTINUING CONNECTED
TRANSACTION
LEASE TRANSACTION**

S&P Agreement

On 10 September 2009, Paliburg, the Seller, the Purchaser and the REIT Manager entered into the S&P Agreement, pursuant to which the Seller has agreed to sell 75% of the issued share capital of the Subject Company to the Purchaser, and the Assignor shall assign 75% of the Shareholder Loan to the Assignee on the Completion Date.

The total consideration for the Disposal shall equal to 75% of the Adjusted Net Asset Value and 75% of the carrying amount of the Shareholder Loan as at the Completion Date.

Under the S&P Agreement, the Seller will continue to be responsible for the Asset Enhancement Programme. The Purchaser will have the right to effectively unwind the transactions under the S&P Agreement by exercising the Put Right if the Asset Enhancement Programme is not completed or certain obligations under the S&P Agreement are not fulfilled by the Seller by 31 December 2010.

The Purchaser will be granted the Call Option to acquire the remaining 25% equity interest in the Subject Company and any then outstanding Shareholder Loan from the Seller at a consideration based on 25% of the Adjusted Net Asset Value (which will be based on, among

others, the Appraised Value without discount) and the carrying amount of the Shareholder Loan as at the completion date of the Option Disposal.

Upon completion of the Disposal, the Subject Group will draw down the Bank Loan and repay part of the Shareholder Loan. Paliburg shall provide the Bank Guarantee in respect of 25% of the Bank Loan and the Purchaser will, on behalf of the Regal REIT, provide a several guarantee in respect of the remaining 75% of the Bank Loan.

Lease Agreement and HMA

The Lease Property will be leased back to the Paliburg Group upon completion of the Disposal. The Paliburg Group will operate the hotel and leasing business of the Lease Property. The Paliburg Group will also engage RHI as the hotel manager to manage and promote the business of the Hotel.

Listing Rules implications

As at the date of this announcement, Paliburg is an approximately 58% owned subsidiary of Century City. Regal REIT is treated as a connected person of Paliburg for the purposes of Chapter 14A of the Listing Rules.

Each of (i) the Disposal and the Option Disposal, in aggregate, and (ii) the Unwinding constitutes a major transaction for each of Century City and Paliburg subject to the announcement and shareholders' approval requirements under the Listing Rules. The Disposal, the Option Disposal and the Unwinding also constitute connected transactions for Paliburg subject to independent shareholders' approval.

The Bank and Refinancing Guarantee constitutes a discloseable transaction for Century City and a connected transaction for Paliburg subject to independent shareholders' approval.

The Lease Transaction constitutes a continuing connected transaction for Paliburg subject to independent shareholders' approval.

No shareholder of Century City or Paliburg should be required to abstain from voting in respect of the Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee and the Lease Transaction under the Listing Rules.

The Disposal, the Option Disposal and the Unwinding, as well as (among other transaction documents and agreements) the S&P Agreement and the Shareholders Agreement have been approved by companies controlled by Mr Lo holding approximately 52% of the issued ordinary share capital of Century City by way of written resolutions in accordance with Rule 14.44 of the Listing Rules. The Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee, and the Lease Transaction (including the annual cap amounts of the Lease Transaction) as well as (among other transaction documents and agreements) the S&P

Agreement and the Shareholders Agreement have been approved by companies controlled by Century City holding approximately 58% of the issued ordinary share capital of Paliburg by way of written resolutions in accordance with Rules 14.44 and 14A.43 of the Listing Rules.

No shareholders' meeting will be convened and held by Century City and Paliburg in connection with the Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee, and the Lease Transaction. However, Paliburg will appoint the IFA to advise its independent board committee (to be established) and its independent shareholders in respect of the terms of the Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee, and the Lease Transaction.

S&P AGREEMENT

On 10 September 2009, Paliburg, the Seller, the Purchaser and the REIT Manager entered into the S&P Agreement, pursuant to which the Seller has agreed to sell 75% of the issued share capital of the Subject Company to the Purchaser, and pursuant to the Assignment Deed to be executed on the Completion Date, the Assignor shall assign 75% of the Shareholder Loan to the Assignee on the Completion Date.

Date

10 September 2009

Parties

Seller: Paliburg Development BVI Holdings Limited, a wholly-owned subsidiary of Paliburg. Paliburg is the listed subsidiary of Century City, which holds approximately 58% of the issued share capital of Paliburg.

Purchaser: DB Trustees (Hong Kong) Limited, the trustee of Regal REIT. The Purchaser entered into the S&P Agreement on behalf of Regal REIT and at the direction of the REIT Manager.

As at the date of this announcement, the Paliburg Group holds approximately 47% of the issued ordinary share capital of Regal, which in turn owns approximately 74% of the units of Regal REIT in issue. Regal is the listed associate of Paliburg and Century City, and Regal REIT is in turn the listed associate of Regal. Century City (the listed holding company of Paliburg) also holds approximately 0.04% of the issued ordinary share capital of Regal and approximately 0.2% of the units of Regal REIT in issue. Mr Lo and his spouse personally hold approximately 0.03% of the issued ordinary share capital of Regal and Mr Lo holds share options that, if exercised, new ordinary shares representing approximately 2.0% of the existing issued ordinary share capital of Regal will fall to be issued.

Mr Lo is the Chairman and Chief Executive Officer of Century City, Paliburg and Regal, and the non-executive Chairman of REIT Manager. Mr Donald Fan Tung and Mr Jimmy Lo Chun To, both directors of Century City and Paliburg, are directors of Regal and the REIT Manager. Mr Kenneth Ng Kwai Kai, Miss Lo Po Man, Mr Ng Siu Chan and Mr Wong Chi Keung, all directors of Century City and Paliburg, are directors of Regal. Hon Abraham Shek Lai Him, SBS, JP, a director of Paliburg, is a director of the REIT Manager.

Save for the aforesaid, to the best of the knowledge, information and belief of the directors of Century City and Paliburg having made all reasonable enquiry, the Purchaser, Regal REIT, the REIT Manager and their respective ultimate beneficial owners are third parties independent of Century City and Paliburg and their respective connected persons.

Paliburg and the REIT Manager (in the capacity as the manager of the Regal REIT) are also parties to the S&P Agreement.

Under the S&P Agreement, Paliburg has agreed to guarantee the performance by the Seller of its obligations thereunder.

Consideration

Disposal

Pursuant to the S&P Agreement, the consideration for the Disposal shall equal to 75% of the Adjusted Net Asset Value of the Subject Group and 75% of the adjusted amount of the Shareholder Loan (as described below), both as at the Completion Date. The Adjusted Net Asset Value is determined based on, among other factors, the net asset value of the Subject Group and the Appraised Value of the Property after an agreed discount among the parties.

Based on the net asset value of the Subject Group of approximately HK\$5.3 million as at 30 June 2009 (comprising the Property with a book value of HK\$404 million, and other assets and liabilities of the Subject Group) and the discounted Appraised Value of the Property of HK\$468 million, 75% of the Adjusted Net Asset Value of the Subject Group as at 30 June 2009 amounted to approximately HK\$59.4 million.

The Assignor shall assign to the Assignee 75% of the Shareholder Loan (after partial repayment by the net proceeds from the Bank Loan) as at the Completion Date on a dollar-for-dollar basis. As at 30 June 2009, the Shareholder Loan to the Subject Group amounted to approximately HK\$390.9 million. Upon completion of the Disposal, the Subject Group shall draw down the Bank Loan and shall use the net proceeds of the Bank Loan of approximately HK\$209.9 million to repay part of the Shareholder Loan. The Shareholder Loan as at 30 June 2009, net of the net proceeds of the Bank Loan to be drawn down on the

Completion Date, amounted to approximately HK\$181.0 million (being the adjusted amount of the Shareholder Loan), 75% of which equals to approximately HK\$135.8 million.

The Purchaser has paid HK\$30 million to the Seller as deposit and part of the consideration for the Disposal which is refundable pursuant to certain provisions under the S&P Agreement.

The Purchaser shall pay a further amount of approximately HK\$165.2 million to the Seller on the Completion Date. The aggregate of the deposit of HK\$30 million and the further payment of approximately HK\$165.2 million equal to 75% of the Adjusted Net Asset Value and the adjusted amount of the Shareholder Loan as at 30 June 2009.

A completion statement, reflecting 75% of the Adjusted Net Asset Value and the carrying amount of the Shareholder Loan, net of the net proceeds of the Bank Loan, as at the Completion Date, shall be prepared by the Seller, reviewed by an independent firm of accountants and delivered to the Purchaser within 60 days after the Completion Date. The Purchaser will be allowed 10 Business Days to review the completion statement. Within 10 Business Days of the Purchaser having agreed to the completion statement, either (a) the Purchaser shall pay to the Seller in respect of the surplus amount of 75% of the Adjusted Net Asset Value and the Shareholder Loan, net of the net proceeds of the Bank Loan, as at the Completion Date (as shown in the completion statement) over the amounts which have been paid by the Purchaser to the Seller on the date of the S&P Agreement and the Completion Date, or (b) the Seller shall pay to the Purchaser the shortfall amount of 75% of the Adjusted Net Asset Value and the Shareholder Loan, net of the net proceeds of the Bank Loan, as at the Completion Date (as shown in the completion statement) to the amounts which have been paid by the Purchaser to the Seller on the date of the S&P Agreement and the Completion Date.

Pursuant to the S&P Agreement, the aggregate consideration for the Disposal shall not exceed HK\$210 million.

Conditions precedent

The completion of the Disposal is conditional on, among other conditions, the following conditions as summarised from the S&P Agreement.

- (i) each of the Seller, Paliburg and Century City obtaining its directors' and shareholders' approval in respect of all transactions contemplated under the S&P Agreement (if required) in a form satisfactory to the Purchaser and the REIT Manager (which include the Disposal, the Option Disposal, the Unwinding and the transactions contemplated under the Shareholders Agreement);
- (ii) the REIT Manager being satisfied with the results of its inspection and investigation in respect of the Subject Group and the Property;
- (iii) the REIT Manager approving the title of the Property;
- (iv) the banking facilities in respect of the Bank Loan being available for drawing;
- (v) the Purchaser and the REIT Manager being satisfied that all the existing mortgage loan to

- the Paliburg Group as secured by the Property and the encumbrances in connection with the Property shall be discharged upon drawdown of the Bank Loan; and
- (vi) all necessary consents or waivers in connection with all transactions contemplated under the S&P Agreement (if required) (which include the Disposal, the Option Disposal, the Unwinding and the transactions contemplated under the Shareholders Agreement) having been obtained.

Paliburg and Century City have obtained their respective shareholders' approvals by way of written resolutions as more detailed in the paragraphs headed "Listing Rules Implications".

If any condition as set out in the S&P Agreement has not been satisfied on or before 31 October 2009 (or such later date as may be agreed by the parties) (the "Fulfillment Date"), the Purchaser may (a) waive such condition(s); (b) postpone the Fulfillment Date to a later date not falling more than 10 Business Days after the Fulfillment Date, or such other date as may be agreed by the parties; or (c) terminate the S&P Agreement.

Completion

Within 5 Business Days of all the aforesaid conditions having been fulfilled or waived, the Purchaser shall issue to the Seller a completion notice, and within 10 Business Days of the completion notice, the completion of the Disposal shall take place subject to all conditions stipulated in the S&P Agreement having been fulfilled or waived.

After completion of the Disposal, the Subject Company will cease to be a subsidiary of Century City and Paliburg but will be treated as an associate (for accounting purposes). The Seller's then remaining 25% interest in the Subject Company will be subject to the Call Option as described later in this section.

Asset Enhancement Programme

Pursuant to the S&P Agreement, the Seller shall, at its own cost, carry out the Asset Enhancement Programme on the Property to convert part of the Property into a 50-room hotel. The Seller has undertaken to complete the Asset Enhancement Programme prior to 31 December 2010.

Paliburg estimates that the total cost incurred and to be incurred for the Asset Enhancement Programme is approximately HK\$30 million.

Unwinding of the S&P Agreement

If (i) any part of the Asset Enhancement Programme has not been completed, or (ii) the Seller has not fulfilled certain of its obligations under the S&P Agreement to amend the current deed of mutual covenant and management agreement relating to the Property in order to permit the intended use of the Property following the completion of the Asset Enhancement Programme,

in each case by 31 December 2010, the Purchaser may at its sole discretion exercise the Put Right by serving a notice to the Seller within 30 days from 31 December 2010 requiring the Seller to acquire (a) the 75% equity interest in the Subject Company to be transferred to Wise Tower under the Disposal; and (b) the Purchaser's Loan from the Purchaser at a consideration equal to:

1. 75% of the Adjusted Net Asset Value (which will be based on, among others, the Appraised Value with discount) as at the date of Unwinding; and
2. the carrying amount of any Purchaser's Loan as at the date of Unwinding,

subject to a maximum amount of HK\$392 million.

The Seller shall pay an initial amount equal to the sum of 75% of the Adjusted Net Asset Value and the carrying amount of the Purchaser's Loan as per the then Latest Accounts upon completion of the Unwinding, which shall be no earlier than 15 and no later than 30 Business Days after the date on which the Purchaser has served the notice to exercise the Put Right. A completion statement, reflecting 75% of the Adjusted Net Asset Value (which will be adjusted by, among others, the Appraised Value with discount) and the carrying amount of the Purchaser's Loan as at the completion date of the Unwinding, shall be prepared by the Purchaser, reviewed by an independent firm of accountants and delivered to the Seller within 60 days after the completion date of the Unwinding. If there is any difference between the initial amount paid and the final consideration amount based on the completion statement, such difference shall be settled in cash between the Seller and the Purchaser in accordance with the terms of the S&P Agreement.

Call Option

Under the S&P Agreement, the Purchaser will be granted the Call Option exercisable at its discretion during the period from 1 November 2010 to 28 February 2011 (both dates inclusive) requiring (a) the Seller to sell its remaining 25% equity interest in the Subject Company; and (b) the Assignor (or other members of the Paliburg Group) to assign the Shareholder Loan.

The consideration for the Option Disposal shall be the sum of:

1. 25% of the Adjusted Net Asset Value (which will be based on, among others, the Appraised Value without discount) as at the completion date of the Option Disposal; and
2. the carrying amount of any Shareholder Loan as at the completion date of the Option Disposal,

subject to a maximum amount of HK\$98 million.

The Purchaser shall pay an initial amount equal to the sum of 25% of the Adjusted Net Asset Value and the carrying amount of the Shareholder Loan as per the then Latest Accounts upon completion of the Option Disposal, which shall be no earlier than 15 and no later than 30

Business Days after the date on which the Purchaser has served the notice to exercise the Call Option. A completion statement, reflecting 25% of the Adjusted Net Asset Value (which will be adjusted by, among others, the Appraised Value without discount) and the carrying amount of the Shareholder Loan as at the completion date of the Option Disposal, shall be prepared by the Purchaser, reviewed by an independent firm of accountants and delivered to the Seller within 60 days after the completion date of the Option Disposal. If there is any difference between the initial amount paid and the final consideration amount based on the completion statement, such difference shall be settled in cash between the Seller and the Purchaser in accordance with the terms of the S&P Agreement.

Upon completion of the Option Disposal, the Subject Group will be wholly owned by the Regal REIT and save for the aforesaid equity interest in the Subject Group through Regal and Regal REIT, the Paliburg Group will cease to own any equity interest in the Subject Group.

SHAREHOLDERS AGREEMENT

Upon completion of the S&P Agreement, the Subject Company will be owned as to 75% by the Regal REIT and as to 25% by the Paliburg Group; and Wise Tower, the Seller, Paliburg, the Purchaser and the Subject Company will enter into the Shareholders Agreement (the agreed form has been attached to the S&P Agreement) setting out the shareholders' rights and obligations regarding the Subject Group.

Principal terms

Below are certain principal terms of the Shareholders Agreement.

The board of directors of the Subject Company

The maximum number of directors of the Subject Company shall be four. Wise Tower shall have the right to appoint and remove up to 3 directors (one of whom will be the chairman of the board) of the Subject Company and the Seller shall have the right to appoint and remove 1 director of the Subject Company.

Business of the Subject Group

Wise Tower and the Seller shall procure that unless otherwise agreed, the Subject Group shall carry on the business activities as carried on by the Subject Group as at the date of the Shareholders Agreement, principally comprising the ownership and operation of the Property.

Financial supports

The completion of the Disposal is conditional upon (among other conditions) the banking facilities in respect of the Bank Loan being available. Paliburg and the Purchaser (on behalf of the Regal REIT) shall provide several guarantees in favour of a licensed bank in respect of the

Bank Loan proportional to their respective equity interests of 25% and 75% in the Subject Company after the Disposal. The grant of the Bank Guarantee forms part of the transactions under the S&P Agreement. No fee will be payable by the Subject Company to Paliburg or the Purchaser in respect of the provision of such guarantees. The above-mentioned bank is an authorized financial institution in Hong Kong. To the best of the knowledge, information and belief of the respective directors of Century City and Paliburg, the bank and its beneficial owners are third parties independent of each of Century City and Paliburg and their respective connected persons.

In the event that further security for the Bank Loan is required, or alternative financing arrangements in replacement or refinancing of the Bank Loan are required, the Subject Company may then request each of the Purchaser and Paliburg to provide a several guarantee in respect of the facility which shall not exceed an aggregate principal sum of HK\$250 million, unless otherwise agreed by the shareholders, proportionate to their respective shareholding percentages in the Subject Company.

Apart from the Bank and Refinancing Guarantee, Century City and Paliburg will comply with the applicable requirements under the Listing Rules in respect of the any further financial assistance to the Subject Group which may be made by the Paliburg Group as and when required under the Listing Rules.

Lock-up provision

Prior to 1 March 2011, the Seller shall not, and shall not agree to (i) sell, transfer or otherwise dispose of, any of its interest in the Subject Company; (ii) encumber any of its interest in the Subject Company; or (iii) enter into any agreement or arrangement in respect of the votes or other rights attached to any of its shares of the Subject Company.

THE LEASE AGREEMENT AND THE HMA

Lease Agreement

As part of the whole arrangement in respect of the Disposal, it is proposed that the Property Company and the Lessee will enter into the Lease Agreement (in the agreed form attached to the S&P Agreement) concurrently with the completion of the S&P Agreement.

Under the Lease Agreement, the Property Company shall let and the Lessee shall take the Lease Property for the period commencing from the day following the Completion Date and expiring on 31 December 2010 at the rental of HK\$2 million per calendar month, subject to the Rental Adjustment (excluding management expenses, rates, Government rent and other sums payable by the Lessee). It is estimated that the rental payable by the Lessee to the Property Company under the Lease Agreement would not exceed HK\$6 million for the year ending 31 December 2009 and HK\$24 million for the year ending 31 December 2010. Such annual rental caps were determined based on the monthly rental of HK\$2 million and the anticipated

commencement date of the Lease Agreement of not earlier than 1 October 2009.

Part of the Property is currently being enhanced and converted into a 50-room Hotel. Some other parts of the Property are currently held for rental purposes. Under the Lease Agreement, the Paliburg Group will lease the Lease Property back and will operate and manage the hotel and office leasing business of the Lease Property. All rental and other income from the tenancies in respect of the Lease Property during the term of the Lease Agreement shall belong to the Lessee. The Lessee shall assume the rights and obligations of the Property Company under the tenancies in respect of the Lease Property which were entered into before execution of the Lease Agreement.

The Lessee shall have the right to, among other things, underlease certain areas of the Lease Property. All rental and other income from underleases shall belong to the Lessee during the term of the Lease Agreement.

Among other rights, the Property Company shall have the right to terminate the Lease Agreement at any time during the term by giving three months' prior written notice to the Lessee but without compensation interest or costs paid by the Property Company to the Lessee, and the Lessee shall not have any claim whatsoever against the Lessor for such early termination of the Lease Agreement.

Pursuant to the Lease Guarantee, Paliburg shall provide guarantee in favour of the Property Company, as lessor, and the Purchaser in respect of the obligations of the Lessee under the Lease Agreement.

HMA

It is also proposed that the Lessee will appoint RHI, a wholly-owned subsidiary of Regal, to act as the exclusive manager of the Hotel to manage the Hotel under the "Regal iClub Hotel" brand name, for a period commencing on the date on which the hotel licence is issued to 31 December 2010 (or the last day of the lease under the Lease Agreement if so early terminated by the Property Company). As the manager of the Hotel, RHI shall supervise, direct and control the management, operation, marketing, promotion, human resource deployment in respect of the business of the Hotel.

The Lessee shall be entitled to all income and revenue derived from the business of the Hotel. In return of the services to be rendered under HMA, the Lessee shall pay RHI a management fee comprising an amount equal to 5% of the Gross Revenues of the Hotel, subject to a minimum amount of HK\$80,000 per month, payable monthly in arrears in cash.

THE SUBJECT GROUP

The Subject Group is an investment property holding group. It is the owner of the Property and is leasing certain areas of the Property for rental income. As mentioned above, part of the

Property is being converted into the Hotel. It is expected that the Asset Enhancement Programme will be completed prior to 31 December 2010 and that the Subject Group will continue to be engaged in the ownership and operation of the Property after the Disposal.

The table below sets out the audited profit/(loss) before and after taxation of the Subject Group for the two years ended 31 December 2008.

	For the year ended 31 December	
	2008	2007
	HK\$ million	HK\$ million
(Loss)/Profit before taxation	(20.9)	12.9
(Loss)/Profit after taxation	(16.8)	10.7

As at 30 June 2009, the audited net asset value of the Subject Group amounted to approximately HK\$5.3 million and the inter-company loans due from the Subject Group to the Paliburg Group (i.e., the Shareholder Loan) amounted to approximately HK\$390.9 million.

BENEFITS OF AND REASONS FOR THE TRANSACTIONS UNDER THE S&P AGREEMENT AND THE SHAREHOLDERS AGREEMENT

The Century City Group and the Paliburg Group are principally engaged in property development and investment, construction and building related businesses, and other investments.

It has been stated in the annual report of Paliburg for the year ended 31 December 2008 that the Paliburg Group had planned to convert certain part of the Property into the Hotel, which was expected to enhance the value of the Property. Paliburg believes that the Disposal and the Option Disposal (if the Call Option is exercised) represent a good opportunity for the Paliburg Group to realize the market value of the Property on the basis that the Asset Enhancement Programme had been completed. The grant of the Bank Guarantee is a condition precedent to the completion of the Disposal.

It is estimated that each of the Century City Group and the Paliburg Group would record the following accounting gains as a result of the Disposal and the Option Disposal.

	Century City Group (after minority interests)	Paliburg Group
	HK\$ million	HK\$ million
Disposal	19.7	34.2
Option Disposal	8.1	14.1

The above gains are estimated based on the net asset value of the Subject Group as at 30 June 2009, the estimated cost for the Asset Enhancement Programme, the Adjusted Net Asset Value as at 30 June 2009 and the share of the gain attributable to the Century City Group.

The respective shareholders of Century City and Paliburg should note that the above estimated gains are for illustrative purposes only and any actual gain or loss as a result of the Disposal and Option Disposal shall depend on, among other factors, the carrying value of the Paliburg Group's interest in the Subject Group and the final consideration for the Disposal and the Option Disposal.

The Paliburg Group plans to use the net proceeds from the Disposal of not more than HK\$210 million as general working capital.

As part of the contemplated transactions under the S&P Agreement, the Lease Property will be leased back to the Paliburg Group and the Paliburg Group will be the operator of the Hotel and leasing business of the Lease Property during the term of the Lease Agreement. In this regard, the Paliburg Group will leverage on the hotel management expertise of RHI. The Paliburg Group will be entitled to all rental and other income derived from the hotel and leasing business of the Lease Property during the term of the Lease Agreement; on the other hand it will have to pay the Property Company an agreed rental and RHI the hotel manager fee. Century City and Paliburg consider that these arrangements and transactions are in their ordinary and usual course of business.

The terms of the S&P Agreement, the Shareholders Agreement, the Lease Agreement and HMA were agreed among the parties after arm's length negotiation with reference to many factors, including the Appraised Value, the net asset value of the Subject Group, the carrying amount of the Shareholder Loan and the prospects of the hotel and leasing business of the Subject Group.

The directors of the Century City (including its independent non-executive directors) consider that the transactions under the terms of S&P Agreement and the Shareholders Agreement are fair and reasonable and the transactions contemplated thereunder are in the interest of the Century City Group and shareholders of Century City. The directors of Paliburg (excluding its independent non-executive directors who will express their view after considering the advice from the IFA) consider that the transactions under the terms of S&P Agreement and the Shareholders Agreement and the annual cap amounts for the Lease Transaction are fair and reasonable and the transactions contemplated thereunder are in the interest of the Paliburg Group and shareholders of Paliburg.

LISTING RULES IMPLICATIONS

Paliburg is the listed subsidiary of Century City. As at the date of this announcement, Paliburg is an approximately 58% owned subsidiary of Century City. Regal REIT is treated as a connected person of Paliburg for the purposes of Chapter 14A of the Listing Rules.

The Disposal and the Option Disposal are aggregated as a single transaction and the Unwinding is deemed to be a separate transaction for the purpose of Chapter 14 of the Listing Rules. As some of the percentage ratios in accordance with Chapter 14 of the Listing Rules

in respect of each of (i) the Disposal and the Option Disposal, in aggregate, and (ii) the Unwinding exceed 25% but all the percentage ratios are less than 75%, each of (i) the Disposal and the Option Disposal, in aggregate, and (ii) the Unwinding constitute a major transaction for each of Century City and Paliburg subject to the announcement and shareholders' approval requirements under the Listing Rules. The Disposal, the Option Disposal and the Unwinding also constitute connected transactions for Paliburg subject to independent shareholders' approval.

The Bank and Refinancing Guarantee to be provided by the Paliburg Group to the Subject Group is considered to be financial assistance under Chapter 14 of the Listing Rules and constitutes a discloseable transaction for Century City. The Bank and Refinancing Guarantee will also constitute a connected transaction for Paliburg subject to independent shareholders' approval.

Based on the annual rental payable by the Lessee to the Property Company under the Lease Agreement, the Lease Transaction constitutes a continuing connected transaction for Paliburg subject to independent shareholders' approval.

No shareholder of Century City or Paliburg should be required to abstain from voting in respect of the Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee and the Lease Transaction under the Listing Rules.

As at the date of this announcement, Century City is beneficially owned by Mr Lo as to approximately 52% and Paliburg is beneficially owned by Century City as to approximately 58%. Mr Lo (through his personal interests and companies (other than Century City and its subsidiaries) controlled by Mr Lo) and his spouse hold (i) approximately 10.0% of the issued ordinary share capital of Paliburg; and (ii) options and warrants that if exercised, new ordinary shares representing approximately 2.6% of the existing issued ordinary share capital of Paliburg may fall to be issued.

The Disposal, the Option Disposal and the Unwinding, as well as (among other transaction documents and agreements) the S&P Agreement and the Shareholders Agreement have been approved by the closely allied major shareholders' group of Century City (comprising (i) Mr Lo, who owns approximately 1.38% of the issued ordinary share capital of Century City, (ii) Grand Modern Investments Limited (a company 81.67%-owned by Mr Lo (other than the interest held through Century City and its subsidiaries and associates)), which owns approximately 46.53% of the issued ordinary share capital of Century City, (iii) Fook Island Limited (a company wholly-owned by Mr Lo), which owns approximately 0.10% of the issued ordinary share capital of Century City, (iv) Master City Limited (a company 99.9%-owned by Mr Lo), which owns approximately 1.38% of the issued ordinary share capital of Century City, (v) Shui To Co., Limited (a company wholly-owned by Mr Lo), which owns approximately 1.90% of the issued ordinary share capital of Century City, and (vi) YSL International Holdings Limited (a company wholly-owned by Mr Lo), which owns approximately 0.57% of the issued ordinary share capital

of Century City by way of written resolutions in accordance with Rule 14.44 of the Listing Rules.

The Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee, and the Lease Transaction (including the annual cap amounts of the Lease Transaction) as well as (among other transaction documents and agreements) the S&P Agreement and the Shareholders Agreement have been approved by the closely allied major shareholders' group of Paliburg (comprising (i) Almighty International Limited (a wholly-owned subsidiary of Century City), which owns approximately 26.51% of the issued ordinary share capital of Paliburg, (ii) Century City Holdings Limited (a wholly-owned subsidiary of Century City), which owns approximately 2.69% of the issued ordinary share capital of Paliburg, (iii) Cleverview Investments Limited (a wholly-owned subsidiary of Century City), which owns approximately 15.90% of the issued ordinary share capital of Paliburg, (iv) Gold Concorde Holdings Limited (a wholly-owned subsidiary of Century City), which owns approximately 2.57% of the issued ordinary share capital of Paliburg, (v) Meylink Limited (a wholly-owned subsidiary of Century City), which owns approximately 4.63% of the issued ordinary share capital of Paliburg, (vi) Smartacord Limited (a wholly-owned subsidiary of Century City), which owns approximately 0.74% of the issued ordinary share capital of Paliburg, and (vii) Splendour Corporation (a wholly-owned subsidiary of Century City), which owns approximately 4.62% of the issued ordinary share capital of Paliburg, by way of written resolutions in accordance with Rules 14.44 and 14A.43 of the Listing Rules.

No shareholders' meeting will be convened and held by Century City and Paliburg in connection with the transactions under the S&P Agreement and the Shareholders Agreement, including the Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee and the Lease Transaction. However, Paliburg will appoint the IFA to advise its independent board committee (to be established) and its independent shareholders in respect of the terms of the Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee and the Lease Transaction.

Century City will issue a circular to its shareholders setting out information on, among other things, the Disposal, the Option Disposal and the Unwinding for information purposes only.

Paliburg will issue a circular to its shareholders setting out information on, among other things, the Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee, and the Lease Transaction, as well as a letter from the independent board committee (to be established) and a letter from the IFA setting out their respective opinions on the transactions, for information purposes only.

DEFINITIONS

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

“Adjusted Net Asset Value”	the net asset value of the Subject Group as adjusted by the value of the Property and any construction in progress by the Appraised Value (with an agreed discount in the case of the Disposal and the Unwinding pursuant to the Put Right, and without discount in the case of the Option Disposal) and deferred tax according to the terms of the S&P Agreement
“Appraised Value”	the value of the Property as of 30 June 2009, on the basis that the Asset Enhancement Programme has been completed, of HK\$479 million, based on the valuation carried out by an independent valuer engaged by the Purchaser
“Asset Enhancement Programme”	the work to be carried out by the Seller to convert part of the Property to the Hotel and obtaining necessary licences
“Assignee” or “Wise Tower”	Wise Tower Limited, a wholly-owned subsidiary of Regal REIT
“Assignment Deed”	the assignment deed (the agreed form of which has been attached to the S&P Agreement) to be entered into by the Assignor, Paliburg, Property Company and the Assignee on the Completion Date pursuant to which the Assignor shall assign 75% of the Shareholder Loan to the Assignee
“Assignor”	Paliburg Development Finance Limited, a wholly-owned subsidiary of Paliburg
“associates”	has the meaning ascribed to it under the Listing Rules
“Bank and Refinancing Guarantee”	the Bank Guarantee and the Refinancing Guarantee
“Bank Guarantee”	the guarantee to be provided by Paliburg in respect of the Bank Loan in the amount proportional to the Seller’s equity interest in the Subject Company upon completion of the Disposal

“Bank Loan”	the bank loan in the amount of up to HK\$211 million to be drawn down by the Subject Group to repay part of the Shareholder Loan upon completion of the Disposal
“Building”	a 26-storey commercial building situated at No. 211 Johnston Road, Wanchai, Hong Kong, erected on the Remaining Portion of Section F of Inland Lot No. 2769, Sub-section 1 of Section F of Inland Lot No. 2769, The Remaining Portion of Section G of Inland Lot No. 2769 and Sub-section 1 of Section G of Inland Lot No. 2769
“Business Day(s)”	any day (other than Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Call Option”	an option granted by the Seller to the Purchaser exercisable at the discretion of the Purchaser to acquire the remaining 25% equity interest of the Seller in the Subject Company and the then outstanding Shareholder Loan pursuant to the S&P Agreement
“Century City”	Century City International Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares and warrants of which are listed on the Stock Exchange
“Century City Group”	Century City and its subsidiaries
“Completion Date”	completion date of the Disposal
“Disposal”	the disposal of 75% of the issued share capital of the Subject Company and 75% of the Shareholders Loan as at the Completion Date by the Seller to the Purchaser, pursuant to the S&P Agreement
“Gross Revenues”	all revenue derived from the Hotel, including all of the revenue and all subsidy payments, governmental allowances and awards, any other form of incentive payments or awards from any sources whatsoever and wheresoever which are attributable to the operation of the Hotel, but excluding certain items as specified in HMA
“HMA”	the hotel management agreement to be entered between the Lessee and RHI after completion of the Disposal, setting out the terms of engagement of RHI by the Lessee to manage the Hotel

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hotel”	the 50-room hotel which shall be converted from part of the Property by the Seller under the Asset Enhancement Programme
“IFA”	the independent financial adviser to be appointed by Paliburg to advise its independent board committee and its independent shareholders in respect of the Disposal, the Option Disposal, the Unwinding, the Bank and Refinancing Guarantee, and the Lease Transaction (including the annual caps for the Lease Transaction)
“Latest Accounts”	the latest available management accounts of the Subject Group from time to time
“Lease Agreement”	the lease agreement (the agreed form of which has been attached to the S&P Agreement) to be entered between the Lessee and the Property Company concurrently with completion of the Disposal, pursuant to which the Lessee shall lease the Lease Property from Property Company for a period commencing on the day following completion of the Disposal and ending on 31 December 2010
“Lease Guarantee”	the guarantee to be provided by Paliburg in favour of the Property Company (as lessor) and the Purchaser in respect of the obligations of the Lessee under the Lease Agreement, pursuant to a deed of guarantee (the agreed form of which has been attached to the S&P Agreement) to be entered into by Paliburg, the Purchaser and the Property Company on the Completion Date
“Lease Property”	those parts of the Property which will be leased to the Lessee under the Lease Agreement
“Lease Transaction”	the transactions contemplated under the Lease Agreement
“Lessee”	Real Charm Investment Limited, a wholly-owned subsidiary of Paliburg
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Lo”	Mr Lo Yuk Sui, the Chairman of the board of directors of each of Century City and Paliburg

“Option Disposal”	the sale of the remaining 25% equity interest of the Seller in the Subject Company and the Shareholder Loan as at the completion date of the Option Disposal to the Purchaser pursuant to the exercise of the Call Option
“Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares and warrants of which are listed on the Stock Exchange
“Paliburg Group”	Paliburg and its subsidiaries
“Property”	the portion of the Building owned by the Property Company consisting of 22 entire floors, a portion of the ground floor, a flat roof on the 3rd floor and the upper roof, out of a total of 26 floors in the Building, together with the eastern and western elevations of the external walls of the Building and the architectural feature at the roof top of the Building, comprising approximately 84.2% of the undivided interests of the site on which the Building is situated and with a total gross floor area of 58,870 square feet
“Property Company”	Sonnix Limited, a wholly-owned subsidiary of the Subject Company
“Purchaser”	DB Trustees (Hong Kong) Limited, the trustee of the Regal REIT
“Purchaser’s Loan”	any amount due from the Subject Group to the Purchaser or its associated companies from time to time
“Put Right”	a right granted by the Seller to the Purchaser under the S&P Agreement to effectively unwind the Disposal if the Asset Enhancement Programme is not completed or certain Seller’s obligations under the S&P Agreement are not fulfilled by 31 December 2010
“Refinancing Guarantee”	the guarantee that may be provided by Paliburg proportionate to the Seller’s 25% equity interest in the Subject Company after completion of the Disposal in respect of any refinancing of the Bank Loan with a maximum principal amount of HK\$250 million, unless otherwise agreed by the shareholders of the Subject Company, pursuant to the Shareholders Agreement
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange

“Regal REIT”	Regal Real Estate Investment Trust, the units of which are listed on the Stock Exchange, the principal activity of which and whose subsidiaries is to own and invest in income-producing hotels, hospitality-related properties and other commercial properties
“REIT Manager”	Regal Portfolio Management Limited, the manager of Regal REIT and a wholly-owned subsidiary of Regal
“Rental Adjustment”	the rental adjustment pursuant to which the monthly rental of HK\$2 million under the Lease Agreement shall be reduced by the amount of rental under the tenancies in respect of certain parts of the Property not leased to the Lessee
“RHI”	Regal Hotels International Limited, a wholly-owned subsidiary of Regal, which is principally engaged in the business of providing management, operation and promotion of hotels
“S&P Agreement”	the sale and purchase agreement dated 10 September 2009 entered into between Paliburg, the Seller, the Purchaser, REIT Manager in respect of, among others, the Disposal
“Seller”	Paliburg Development BVI Holdings Limited, a wholly-owned subsidiary of Paliburg
“Shareholder Loan”	the amount due from the Subject Group to the Assignor (or other members of the Paliburg Group) from time to time
“Shareholders Agreement”	an agreement (the agreed form of which has been attached to the S&P Agreement) to be entered into between Wise Tower, the Seller, the Purchaser, Paliburg and the Subject Company on the Completion Date for the purposes of governing certain rights and obligations of the shareholders of the Subject Company subject to the terms and conditions appearing therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Company”	Twentyfold Investments Limited, a wholly-owned subsidiary of Paliburg and the holding company of the Property Company
“Subject Group”	Subject Company and the Property Company

“Unwinding”	the transfer of (a) the 75% interest in the Subject Company to be sold to the Purchaser under the Disposal and (b) the Purchaser’s Loan back to the Seller pursuant to the Put Right with a view to unwinding the transactions under the S&P Agreement
“HK\$”	Hong Kong dollars
“%”	per cent.

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

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

Hong Kong, 10 September 2009

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

Executive Directors

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

Independent Non-Executive Directors

Mr Anthony CHUANG
Mr NG Siu Chan
Mr WONG Chi Keung

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

Executive Directors

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

Independent Non-Executive Directors

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