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(Stock code: 355)

**Possible Major Transaction**



(Stock code: 617)

**Possible Major Transaction**



(Stock code: 78)



**Regal Real Estate Investment Trust**

(a Hong Kong collective investment  
scheme authorised under section 104 of  
the Securities and Futures Ordinance  
(Chapter 571 of the Laws of Hong Kong))

(Stock code: 1881)

**Managed by**



## **REGAL HOTELS SHARE REPURCHASE PROGRAMME**

**AND**

## **ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE**

**Financial Adviser to  
Century City International Holdings Limited and  
Paliburg Holdings Limited**



This announcement is jointly made by the Century City Board, the Paliburg Board, the Regal Hotels Board and the Regal REIT Manager Board on 20 April 2012 (after trading hours) in relation to the RH Share Repurchase Programme and the possible Regal REIT Offer pursuant to Rule 3.7 of the Takeovers Code and Chapter 14 of the Listing Rules.

### **RH SHARE REPURCHASE PROGRAMME**

The Regal Hotels Board announces that it has authorized and approved the RH Share Repurchase Programme, for repurchasing not more than 38,886,400 Regal Hotels Shares on the market.

Under the RH Share Repurchase Programme, the maximum price for the repurchases of Regal Hotels Shares will be HK\$3.80 per Regal Hotels Share. On the basis that all of the above 38,886,400 Regal Hotels Shares are repurchased at the maximum price of HK\$3.80 per Regal Hotels Share, the cash consideration payable by Regal Hotels will amount to not more than approximately HK\$147.8 million in aggregate.

The RH Share Repurchase Programme will be operative for 90 days from the business day immediately following the date of this joint announcement until 21 July 2012 or the date when the maximum of 38,886,400 Regal Hotels Shares are repurchased, whichever is earlier. The RH Share Repurchase Programme will utilize the RH Share Repurchase Mandate.

### **POSSIBLE REGAL REIT OFFER**

Upon repurchases of Regal Hotels Shares under the RH Share Repurchase Programme, Century City's and Paliburg's proportionate interests in the voting rights of Regal Hotels would increase. Such increase will be treated as an acquisition of voting rights in Regal Hotels for the purposes of the Takeovers Code. In the event that the aggregate shareholdings of the Paliburg Concert Group in the issued share capital of Regal Hotels increase to more than 50% as a result of repurchases of Regal Hotels Shares, the Chain Principle in Note 8 to Rule 26.1 of the Takeovers Code will apply, and Paliburg would be obliged to make or procure one of its wholly-owned subsidiaries to make the Regal REIT Offer (which, if made, would be unconditional) to acquire all the then outstanding Regal REIT Units (other than those already owned by the Paliburg Concert Group, including Century City and Regal Hotels) in cash under Rule 26.1 of the Takeovers Code.

As at the date of this joint announcement, there are 3,257,431,189 Regal REIT Units in issue. The Paliburg Concert Group is interested in an aggregate of 2,433,549,739 Regal REIT Units representing approximately 74.71% of the Regal REIT Units in issue. Assuming these unit numbers will remain the same, a total of 823,881,450 Regal REIT Units would be subject to the Regal REIT Offer, if and when it eventuates.

The maximum Regal REIT Offer Price for the Regal REIT Units under the Regal REIT Offer will be HK\$1.00 per Regal REIT Unit which is derived from, among others, the maximum repurchase price of HK\$3.80 per Regal Hotels Share as set out under the RH Share Repurchase Programme. The Regal REIT Offer will be made for 823,881,450 Regal REIT Units at the maximum offer price of HK\$1.00 per Regal REIT Unit, and assuming that it is fully accepted, the maximum cash consideration payable under the Regal REIT Offer will amount to approximately HK\$823.9 million in aggregate.

Paliburg will comply with the Takeovers Code in determining the Regal REIT Offer Price per Regal REIT Unit. For the detailed basis of calculation on the Regal REIT Offer Price, please refer to the section headed “Consideration” in paragraph 3.1(b) of this joint announcement below.

## **GENERAL**

The transactions contemplated under the RH Share Repurchase (Post-Consolidation) and the Regal REIT Offer, if they are to be aggregated, would constitute a major transaction for each of Paliburg and Century City under the Listing Rules as all applicable percentage ratios in respect of these transactions taken altogether exceed 25% but below 100%.

As no Century City Shareholders or Paliburg Shareholders are required to abstain from voting if they were to convene general meetings for the approval of these transactions in accordance with the Listing Rules, Century City and Paliburg have received written shareholders’ approvals of transactions, in lieu of holding general meetings of Century City and Paliburg in accordance with Rule 14.44 of the Listing Rules, given by their respective closely allied groups of Century City Shareholders (holding in aggregate approximately 56.64% of the Century City Shares as at the date of this joint announcement) and Paliburg Shareholders (holding in aggregate approximately 71.56% of the Paliburg Shares as at the date of this joint announcement). Each of Century City and Paliburg expects to issue a circular to its shareholders respectively on or before 14 May 2012 in accordance with the Listing Rules for information purposes.

## **WARNING**

**The execution of the RH Share Repurchase Programme is subject to market conditions as considered to be appropriate by the Regal Hotels Board, and therefore, the RH Share Repurchase Programme may or may not be executed in full, if at all. Furthermore, the making of the Regal REIT Offer is subject to the aggregate shareholdings of the Paliburg Concert Group in the issued share capital of Regal Hotels increasing to more than 50% of the entire issued Regal Hotels Shares pursuant to repurchases of Regal Hotels Shares under the RH Share Repurchase Programme, and therefore it may or may not proceed.**

**In addition, the maximum Regal REIT Offer Price as disclosed in this joint announcement is for reference only and the actual Regal REIT Offer Price, which may be equal to or lower than the maximum Regal REIT Offer Price, has not yet been determined and will not be determined unless and until the repurchases of Regal Hotels Shares causing the aggregate proportionate interests of the Paliburg Concert Group in the issued share capital of Regal Hotels to increase to more than 50% of the entire issued share capital of Regal Hotels are made. Holders of the securities, and potential investors, of Century City, Paliburg, Regal Hotels and Regal REIT are advised to exercise extreme caution when dealing in such securities and if they are in any doubt about their position, they should consult their professional advisers.**

## **1. INTRODUCTION**

This announcement is jointly made by the Century City Board, the Paliburg Board, the Regal Hotels Board and the Regal REIT Manager Board on 20 April 2012 (after trading hours) in relation to the RH Share Repurchase Programme and the possible Regal REIT Offer pursuant to Rule 3.7 of the Takeovers Code and Chapter 14 of the Listing Rules.

## **2. RH SHARE REPURCHASE PROGRAMME**

2.1 The Regal Hotels Board announces that it has authorized and approved the RH Share Repurchase Programme, for repurchasing Regal Hotels Shares on the market. Material particulars are set out below:

(a) *Number of Regal Hotels Shares involved*

Not more than 38,886,400 Regal Hotels Shares may be repurchased on the market under the RH Share Repurchase Programme.

At the date of this joint announcement, there are 1,001,418,333 Regal Hotels Shares in issue and listed on the Stock Exchange. Paliburg, through its wholly-owned subsidiaries, is interested in a total of 494,413,861 Regal Hotels Shares, representing approximately 49.37% of the issued share capital of Regal Hotels as at the date of this joint announcement. The aggregate shareholding interests of the Paliburg Concert Group in Regal Hotels (inclusive of the said 494,413,861 Regal Hotels Shares) amount to 495,750,238 Regal Hotels Shares, representing approximately 49.50% of the entire issued share capital of Regal Hotels. If the RH Share Repurchase Programme is executed in full, a maximum of 38,886,400 Regal Hotels Shares would be repurchased by Regal Hotels, and the aggregate shareholdings of Paliburg Group and the Paliburg Concert Group in Regal Hotels will increase to approximately 51.36% and 51.50% respectively.

Paliburg has received confirmation from the Stock Exchange that the repurchases of Regal Hotels Shares by Regal Hotels will constitute transactions for Paliburg under Chapter 14 of the Listing Rules only *after* Regal Hotels has become a subsidiary of Paliburg. Accordingly, only the RH Share Repurchase (Post-Consolidation), under which not more than 26,295,789 Regal Hotels Shares in aggregate may be repurchased *after* Regal Hotels becomes a subsidiary of Paliburg, will constitute transactions for each of Century City and Paliburg under Chapter 14 of the Listing Rules.

(b) *Consideration*

Under the RH Share Repurchase Programme, the maximum price for the repurchases of Regal Hotels Shares will be HK\$3.80 per Regal Hotels Share. Further, Regal Hotels will also comply with Rule 10.06(2)(a) of the Listing Rules, under which Regal Hotels shall not purchase Regal Hotels Shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which the Regal Hotels Shares are traded on the Stock Exchange.

The maximum repurchase price of HK\$3.80 per Regal Hotels Share represents:-

- (i) a premium of approximately 46.15% over the closing price of HK\$2.600 per Regal Hotels Share quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 46.27% over the average closing price of approximately HK\$2.598 per Regal Hotels Share for the last 5 trading days immediately prior to and including the Last Trading Day;

- (iii) a premium of approximately 44.76% over the average closing price of approximately HK\$2.625 per Regal Hotels Share for the last 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 39.14% over the average closing price of approximately HK\$2.731 per Regal Hotels Share for the last 30 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 36.15% over the average closing price of approximately HK\$2.791 per Regal Hotels Share for the last 60 trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 42.32% over the average closing price of approximately HK\$2.670 per Regal Hotels Share for the last 90 trading days immediately prior to and including the Last Trading Day; and
- (vii) a discount of approximately 67.04% to the published net asset value per Regal Hotels Share of approximately HK\$11.53 (calculated based on the net asset value of the Regal Hotels Group of approximately HK\$11,542.8 million as at 31 December 2011 and 1,001,418,333 Regal Hotels Shares in issue as at 31 December 2011).

As shown above, the maximum repurchase price of HK\$3.80 per Regal Hotels Share represents a deep discount to the published net asset value per Regal Hotels Share of approximately HK\$11.53. This maximum repurchase price was determined by the Regal Hotels Board after assessment of, among other things, the positive impact and benefits that would be brought about in enhancing the net asset value and the earnings per Regal Hotels Share, and the need to allow for flexibility in the execution of the RH Share Repurchase Programme.

On the basis that all of the above 38,886,400 Regal Hotels Shares would be repurchased at the maximum price of HK\$3.80 per Regal Hotels Share, the cash consideration payable by Regal Hotels will amount to not more than approximately HK\$147.8 million in aggregate. The total consideration for repurchases of the Regal Hotels Shares in relation to the RH Share Repurchase (Post-Consolidation) will not exceed HK\$100 million, based on a maximum of 26,295,789 Regal Hotels Shares being repurchased at the maximum price of HK\$3.80 per Regal Hotels Share.

(c) *Period of the RH Share Repurchase Programme*

The RH Share Repurchase Programme shall be operative from the business day immediately following the date of this joint announcement until 21 July 2012, being 90 days after the effective date of the RH Share Repurchase Programme, or the date when the maximum of 38,886,400 Regal Hotels Shares are repurchased, whichever is earlier. During this period, repurchases of the Regal Hotels Shares on the Stock Exchange under the RH Share Repurchase Programme may be made from time to time in the open market.

(d) *Counterparties*

None of the Regal Hotels Directors nor their associates have any intention to sell any Regal Hotels Shares to Regal Hotels under the RH Share Repurchase Programme. No other connected persons of Regal Hotels have notified Regal Hotels that they have an intention to sell Regal Hotels Shares to Regal Hotels, or have undertaken not to do so, in the event that the RH Share Repurchase Programme is executed.

The Paliburg Directors have confirmed that to the best of their knowledge, information and belief having made all reasonable enquiry, the counterparties and the ultimate beneficial owners of the counterparties in the repurchases of Regal Hotels Shares under the RH Share Repurchase (Post-Consolidation) will be third parties independent of Paliburg and will not be connected persons of Paliburg.

The Century City Directors have also confirmed that to the best of their knowledge, information and belief having made all reasonable enquiry, the counterparties and the ultimate beneficial owners of the counterparties in the repurchases of Regal Hotels Shares under the RH Share Repurchase (Post-Consolidation) will be third parties independent of Century City and will not be connected persons of Century City.

2.2 Regal Hotels would comply with the applicable provisions of the Listing Rules (including those set out in Chapter 10 of the Listing Rules) and the applicable law with respect to the repurchases of Regal Hotels Shares under the RH Share Repurchase Programme. The timing, manner, price and amount of any repurchases will be determined by the Regal Hotels Board in its discretion, and will be subject to economic and market conditions, stock prices, applicable legal requirements and other factors.

- 2.3 The RH Share Repurchase Programme will utilize the RH Share Repurchase Mandate in force from time to time, as granted and approved by the Regal Hotels Shareholders at its general meeting in accordance with the Listing Rules. Pursuant to the RH Share Repurchase Mandate currently in force, as granted by the Regal Hotels Shareholders at the annual general meeting of Regal Hotels on 31 May 2011, the Regal Hotels Directors are authorized to repurchase up to a maximum of 100,141,833 Regal Hotels Shares on the market. The RH Share Repurchase Mandate currently in force has not been used since its grant, and will expire at the next annual general meeting of Regal Hotels to be held on or about 30 May 2012, at which the Regal Hotels Board intends to seek renewal of RH Share Repurchase Mandate subject to the approval of the Regal Hotels Shareholders. Regal Hotels does not intend to implement the RH Share Repurchase Programme to such extent that it would result in obligations to make any general offer for Regal Hotels Shares arising under the Takeovers Code. As referred to in section 3 below, repurchases of Regal Hotels Shares under the RH Share Repurchase Programme could give rise to the obligations to make a general offer for the Regal REIT Units under the Chain Principle in Note 8 to Rule 26.1 of the Takeovers Code.
- 2.4 If the RH Share Repurchase Programme is executed in full, a maximum of 38,886,400 Regal Hotels Shares would be repurchased by Regal Hotels, thereby increasing the aggregate proportionate interests of Paliburg in Regal Hotels by approximately 2% to approximately 51.36%. Pursuant to Rule 32.1 of the Takeovers Code, the above-mentioned increase of the proportionate interests of Paliburg in the issued share capital of Regal Hotels will be treated as an acquisition of Regal Hotels Shares for the purposes of the Takeovers Code. As the increase will be within (and not exceed) the 2% creeper band (above its lowest percentage shareholdings in Regal Hotels, of approximately 49.37%, in the 12-month period ending on and inclusive of the date of such repurchase) prescribed under Rule 26.1 of the Takeovers Code, no obligations to make a general offer for Regal Hotels Shares will arise as a result. Further details of the shareholding structure of Regal Hotels are set out in section 4 below.
- 2.5 If the RH Share Repurchase Programme is executed in full, a maximum of 38,886,400 Regal Hotels Shares would be repurchased by Regal Hotels, thereby increasing the aggregate proportionate interests of the Paliburg Concert Group in Regal Hotels by approximately 2% to approximately 51.50%. Pursuant to Rule 32.1 of the Takeovers Code, the above-mentioned increase of the proportionate interests of the Paliburg Concert Group in the issued share capital of Regal Hotels will be treated as an acquisition of Regal Hotels Shares for the purposes



of the Takeovers Code. As the increase will be within (and not exceed) the 2% creeper band (above its lowest percentage shareholdings in Regal Hotels, of approximately 49.50%, in the 12-month period ending on and inclusive of the date of such repurchase) prescribed under Rule 26.1 of the Takeovers Code, no obligations to make a general offer for Regal Hotels Shares will arise as a result. Further details of the shareholding structure of Regal Hotels are set out in section 4 below.

### **3. POSSIBLE REGAL REIT OFFER**

3.1 In the event that the aggregate shareholdings of the Paliburg Concert Group in the issued share capital of Regal Hotels increase to more than 50% as a result of the repurchase of Regal Hotels Shares, the Chain Principle as set out in Note 8 to Rule 26.1 of the Takeovers Code will apply, and Paliburg would be obliged to make or procure one of its wholly-owned subsidiaries to make the Regal REIT Offer to acquire all the then outstanding Regal REIT Units (other than those already owned by the Paliburg Concert Group, including Century City and Regal Hotels) in cash pursuant to Rule 26.1 of the Takeovers Code. The material particulars are set out below:

(a) *Number of Regal REIT Units involved*

As at the date of this joint announcement, there are 3,257,431,189 Regal REIT Units in issue. The Paliburg Concert Group is interested in an aggregate of 2,433,549,739 Regal REIT Units, representing approximately 74.71% of the Regal REIT Units in issue. Assuming these unit numbers will remain the same, a total of 823,881,450 Regal REIT Units would be subject to the Regal REIT Offer, if and when it eventuates.

(b) *Consideration*

It is expected that the Regal REIT Offer Price under the Regal REIT Offer will be determined based on implied value of the Regal REIT Units deemed to be acquired by the Paliburg Group, which will be derived from:

- (i) the maximum repurchase price paid for each Regal Hotels Share during the offer period of the Regal REIT Offer and within six months prior to the date of this joint announcement;
- (ii) the number of Regal Hotels Shares in issue on the date immediately prior to each share repurchase made under the RH Share Repurchase Programme during the offer period and within the six months before the date of this joint announcement;

- (iii) the ratio of the net asset value of the Regal REIT Group based on its latest published financial statements to the net asset value of the Regal Hotels Group based on its latest financial statements (subject to adjustments to restate its hotel property portfolio at its fair market value and to add back the relevant deferred taxation); and
- (iv) the number of Regal REIT Units held by the Regal Hotels Group.

Paliburg will comply with the Takeovers Code in determining the Regal REIT Offer Price per Regal REIT Unit. Further announcement(s) will be made in respect of the Regal REIT Offer, including the Regal REIT Offer Price, in compliance with the Takeovers Code and the REIT Code, as and when the obligation to make the Regal REIT Offer is triggered.

Paliburg Shareholders and Regal REIT Unit Holders will be informed of any further development with regard to the Regal REIT Offer as and when necessary and on a monthly basis by way of progress announcement(s) under Rule 3.7 of the Takeovers Code until an announcement of a firm intention to make an offer or of a decision not to proceed with an offer is made in compliance with the Takeovers Code.

On the basis of the above approach under the present circumstances, the maximum Regal REIT Offer Price would not exceed HK\$1.00 per Regal REIT Unit. This maximum offer price is derived from, among other things, the maximum repurchase price of HK\$3.80 per Regal Hotels Share as set out under the RH Share Repurchase Programme. The maximum Regal REIT Offer Price of HK\$1.00 per Regal REIT Unit represents:

- (i) a discount of approximately 50.00% to the closing price of HK\$2.000 per Regal REIT Unit quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 49.14% to the average closing price of approximately HK\$1.966 per Regal REIT Unit for the last 5 trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 48.95% to the average closing price of approximately HK\$1.959 per Regal REIT Unit for the last 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 50.30% to the average closing price of approximately HK\$2.012 per Regal REIT Unit for the last 30 trading days immediately prior to and including the Last Trading Day;

- (v) a discount of approximately 51.08% to the average closing price of approximately HK\$2.044 per Regal REIT Unit for the last 60 trading days immediately prior to and including the Last Trading Day;
- (vi) a discount of approximately 48.98% to the average closing price of approximately HK\$1.960 per Regal REIT Unit for the last 90 trading days immediately prior to and including the Last Trading Day; and
- (vii) a discount of approximately 74.25% to the published net asset value per Regal REIT Unit of approximately HK\$3.884 (calculated based on the net asset value of the Regal REIT Group of approximately HK\$12,651.8 million as at 31 December 2011 and 3,257,431,189 Regal REIT Unit in issue as at 31 December 2011).

On the basis that the Regal REIT Offer is made for all of the 823,881,450 Regal REIT Units at the maximum offer price of HK\$1.00 per Regal REIT Unit, and assuming that it is fully accepted, the maximum cash consideration payable under the Regal REIT Offer will amount to approximately HK\$823.9 million in aggregate.

(i) *Timetable*

Paliburg would comply with the applicable provisions of the Takeovers Code and the applicable law with respect to the Regal REIT Offer. Further announcement would be made in respect of the Regal REIT Offer once it is triggered in accordance with the Takeovers Code.

(ii) *Counterparties*

The Regal REIT Offer, if made, will only be made to the Independent Unit Holders to acquire their Regal REIT Units. Accordingly, to the best of the knowledge, information and belief of the Century City Directors and the Paliburg Directors having made all reasonable enquiry, the counterparties and the ultimate beneficial owners of the counterparties in the acquisition of Regal REIT Units under or in respect of the Regal REIT Offer, if made, will be third parties independent of Century City and Paliburg and will not be connected persons of Century City and Paliburg.

#### **4. INFORMATION ON REGAL REIT, REGAL HOTELS, PALIBURG AND CENTURY CITY**

- 4.1 Regal REIT is a Hong Kong collective investment scheme authorized under section 104 of the SFO and the Regal REIT Units were first listed on the Stock Exchange on 30 March 2007. Regal REIT is governed by the Trust Deed. The principal activity of Regal REIT and its subsidiaries is to own and invest in income-producing hotels, hospitality-related properties and other commercial properties.
- 4.2 The principal activity of Regal Hotels is that of a holding company. The principal activities of the subsidiaries of Regal Hotels are hotel ownership through Regal REIT, hotel operation and management, asset management of Regal REIT, property development and investment, and other investments.
- 4.3 The principal activity of Paliburg is that of a holding company. The principal activities of the subsidiaries of Paliburg are property development and investment, construction and building related businesses, the investment in Regal Hotels, and other investments.
- 4.4 The principal activity of Century City is that of a holding company. The principal activities of the subsidiaries of Century City are property development and investment, construction and building related businesses, the investment in Regal Hotels, and other investments.

4.5 The impact of the RH Share Repurchase (Pre-Consolidation) (with 12,590,611 Regal Hotels Shares repurchased) and the RH Share Repurchase (Post-Consolidation) (with 26,295,789 additional Regal Hotels Shares repurchased) on the shareholdings of Regal Hotels is illustrated below:

	As at the date of this joint announcement		Assuming the RH Share Repurchase (Pre-Consolidation) is made in full		Assuming the RH Share Repurchase (Post-Consolidation) is made in full	
	<i>Number of Regal Hotels Shares</i>	<i>%</i>	<i>Number of Regal Hotels Shares</i>	<i>%</i>	<i>Number of Regal Hotels Shares</i>	<i>%</i>
Paliburg Group	494,413,861	49.37	494,413,861	50.00	494,413,861	51.36
Century City Group	421,400	0.04	421,400	0.04	421,400	0.04
Mr. & Mrs. Lo	284,900	0.03	284,900	0.03	284,900	0.03
Other Regal Hotels Directors	579,369	0.06	579,369	0.06	579,369	0.06
Other Century City Director and Paliburg Director and a director of subsidiaries of Century City and Paliburg	<u>50,708</u>	<u>0.00</u>	<u>50,708</u>	<u>0.01</u>	<u>50,708</u>	<u>0.01</u>
<b><i>Sub-total for the Paliburg Concert Group</i></b>	<b><i>495,750,238</i></b>	<b><i>49.50</i></b>	<b><i>495,750,238</i></b>	<b><i>50.14</i></b>	<b><i>495,750,238</i></b>	<b><i>51.50</i></b>
Dr. Francis CHOI Chee Ming ( <i>Note</i> )	50,240,000	5.02	50,240,000	5.08	50,240,000	5.22
Public Regal Hotels Shareholders	<u>455,428,095</u>	<u>45.48</u>	<u>442,837,484</u>	<u>44.78</u>	<u>416,541,695</u>	<u>43.28</u>
<b>Total</b>	<b><u>1,001,418,333</u></b>	<b><u>100.00</u></b>	<b><u>988,827,722</u></b>	<b><u>100.00</u></b>	<b><u>962,531,933</u></b>	<b><u>100.00</u></b>

*Note:*

*Dr. Francis CHOI Chee Ming is a non-executive Regal Hotels Director and vice chairman of Regal Hotels.*

- 4.6 At present, both Regal Hotels and Regal REIT are associates of Century City and Paliburg. In the event that the proportionate interests of the Paliburg Group in Regal Hotels increase to more than 50% after the RH Share Repurchase (Pre-Consolidation) is made in full as illustrated above, Regal Hotels and Regal REIT would both become subsidiaries of Century City and Paliburg, and their assets and liabilities and results would then be consolidated into the accounts of Century City and Paliburg.
- 4.7 As at the date of this joint announcement, there are 3,257,431,189 Regal REIT Units currently outstanding, the Paliburg Concert Group is interested in an aggregate of 2,433,549,739 Regal REIT Units (representing approximately 74.71% of the Regal REIT Units outstanding and comprising (i) 2,428,262,739 Regal REIT Units held by Regal Hotels Group and (ii) 5,287,000 Regal REIT Units held by Century City Group). Save for the above, Regal REIT does not have any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this joint announcement. The unit holding structure of Regal REIT as at the date of this joint announcement is set out below:

	<b>As at the date of this joint announcement</b>	
	<i>Number of Regal REIT Units</i>	<i>%</i>
Regal Hotels Group	2,428,262,739	74.55
Century City Group	<u>5,287,000</u>	<u>0.16</u>
<b><i>Sub-total for the Paliburg Concert Group</i></b>	<b><i>2,433,549,739</i></b>	<b><i>74.71</i></b>
Independent Unit Holders	<u>823,881,450</u>	<u>25.29</u>
<b>Total</b>	<b><u>3,257,431,189</u></b>	<b><u>100.00</u></b>

4.8 The following is a summary of the audited consolidated results of the Regal Hotels Group and the Regal REIT Group for the two financial years ended 31 December 2010 and 2011, respectively:

	For the financial year ended 31 December 2010		For the financial year ended 31 December 2011	
	<i>Regal Hotels Group HK\$ million</i>	<i>Regal REIT Group HK\$ million</i>	<i>Regal Hotels Group HK\$ million</i>	<i>Regal REIT Group HK\$ million</i>
Profit before taxation	<u>7,064.8</u>	<u>1,120.4</u>	<u>147.0</u>	<u>3,070.5</u>
Profit after taxation (before non-controlling interests)	<u>6,990.8</u>	<u>1,017.6</u>	<u>130.7</u>	<u>2,997.3</u>

4.9 As at 31 December 2011, the net asset value of the Regal Hotels Group and the Regal REIT Group were approximately HK\$11,542.8 million (representing approximately HK\$11.53 per Regal Hotels Share) and HK\$12,651.8 million (representing approximately HK\$3.884 per Regal REIT Unit) respectively.

## 5. REASONS FOR THE TRANSACTIONS

5.1 The Regal Hotels Board notes that the Regal Hotels Shares have been trading at a deep discount to the net asset value per Regal Hotels Share. The net asset value per Regal Hotels Share is approximately HK\$11.53 (calculated based on the net asset value of the Regal Hotels Group of approximately HK\$11,542.8 million as at 31 December 2011 and 1,001,418,333 Regal Hotels Shares in issue as at 31 December 2011). It represents:

- (i) a premium of approximately 3.43 times over the closing price of HK\$2.600 per Regal Hotels Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 3.44 times over the average closing price of approximately HK\$2.598 per Regal Hotels Share for the last 5 trading days immediately prior to and including the Last Trading Day;
- (iii) a premium of approximately 3.39 times over the average closing price of approximately HK\$2.625 per Regal Hotels Share for the last 10 trading days immediately prior to and including the Last Trading Day;

- (iv) a premium of approximately 3.22 times over the average closing price of approximately HK\$2.731 per Regal Hotels Share for the last 30 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 3.13 times over the average closing price of approximately HK\$2.791 per Regal Hotels Share for the last 60 trading days immediately prior to and including the Last Trading Day; and
- (vi) a premium of approximately 3.32 times over the average closing price of approximately HK\$2.670 per Regal Hotels Share for the last 90 trading days immediately prior to and including the Last Trading Day.

5.2 Through implementation of the RH Share Repurchase Programme under appropriate market conditions (particularly when the Regal Hotels Shares might be undervalued by the market), the Regal Hotels Board considers that it would enhance the net asset value as well as the earnings per Regal Hotels Share, and achieve better returns for the Regal Hotels Shareholders in the long run. The Regal Hotels Directors, having considered all the relevant circumstances and factors including those mentioned above, are of the view that the repurchases of Regal Hotels Shares under the RH Share Repurchase Programme are on normal commercial terms, fair and reasonable and in the interests of Regal Hotels and the Regal Hotels Shareholders as a whole.

5.3 The terms of the Regal REIT Offer, if and when it is triggered, will comply with the Takeovers Code in all respects.

5.4 The Paliburg Board does not have intention to privatize Regal REIT by means of the Regal REIT Offer. Paliburg intends to maintain the listing status of Regal REIT on the Stock Exchange after the Regal REIT Offer. As set out above, the total number of Regal REIT Units being the subject of the Regal REIT Offer, if made, will be 823,881,450, which are held by Independent Unit Holders, representing approximately 25.29% of the Regal REIT Units outstanding as at the date of this joint announcement. If, as a result of the Regal REIT Offer, the percentage of the outstanding Regal REIT Units in the public hands has fallen below 25%, Paliburg will take appropriate steps to ensure that sufficient public float exists in the Regal REIT Units after the Regal REIT Offer. Furthermore, under the Trust Deed, in the event that the Regal REIT Manager becomes aware that the percentage of the outstanding Regal REIT Units in the public hands has fallen below 25%, the Regal REIT Manager shall use its best efforts by working closely with Paliburg to restore the percentage of Regal REIT Units held in public hands to at least the said public float percentage of the outstanding Regal REIT Units. Further details will be set out in the formal announcement to be made in respect of the Regal REIT Offer as and when it has been triggered in accordance with the Takeovers Code and the REIT Code.



## 6. LISTING RULES IMPLICATIONS

6.1 As far as Regal Hotels is concerned, repurchases of Regal Hotels Shares under the RH Share Repurchase Programme will not constitute notifiable transactions for Regal Hotels under Chapter 14 of the Listing Rules.

6.2 The transactions contemplated under the RH Share Repurchase (Post-Consolidation) and the Regal REIT Offer, if they are to be aggregated, would constitute a major transaction for each of Paliburg and Century City under the Listing Rules as all applicable percentage ratios in respect of these transactions taken altogether exceed 25% but below 100%.

6.3 As no Century City Shareholders or Paliburg Shareholders are required to abstain from voting if they were to convene general meetings for the approval of these transactions in accordance with the Listing Rules, Century City and Paliburg have received written shareholders' approval of the RH Share Repurchase (Post-Consolidation) and the acquisition of Regal REIT Units under the Regal REIT Offer, in lieu of holding general meetings of Century City and Paliburg in accordance with Rule 14.44 of the Listing Rules, given by the following persons respectively:

- (a) in relation to Century City, a closely allied group of Century City Shareholders as at the date of this joint announcement comprising the following:

<b>Century City Shareholders</b>	<b>% of Century City Shares</b>
Mr. Lo	1.97
Grand Modern Investments Limited ( <i>Note</i> )	50.38
Fook Island Limited ( <i>Note</i> )	0.11
Master City Limited ( <i>Note</i> )	1.50
Shui To Co., Limited ( <i>Note</i> )	2.06
YSL International Holdings Limited ( <i>Note</i> )	<u>0.62</u>
<b>Total</b>	<b><u>56.64</u></b>

*Note:*

*Companies controlled by Mr. Lo.*

- (b) in relation to Paliburg, a closely allied group of Paliburg Shareholders as at the date of this joint announcement comprising the following:

<b>Paliburg Shareholders</b>	<i>% of Paliburg Shares</i>
Mr. Lo	7.14
Select Wise Holdings Limited ( <i>Note 1</i> )	1.42
Splendid All Holdings Limited ( <i>Note 1</i> )	2.65
Almighty International Limited ( <i>Note 2</i> )	30.13
Century City Holdings Limited ( <i>Note 2</i> )	2.65
Cleverview Investments Limited ( <i>Note 2</i> )	15.74
Gold Concorde Holdings Limited ( <i>Note 2</i> )	2.54
Meylink Limited ( <i>Note 2</i> )	4.23
Smartaccord Limited ( <i>Note 2</i> )	0.73
Splendour Corporation ( <i>Note 2</i> )	<u>4.33</u>
<b>Total</b>	<b><u><u>71.56</u></u></b>

*Notes:*

1. *Companies controlled by Mr. Lo.*
2. *Wholly-owned subsidiaries of Century City.*

6.4 Each of Century City and Paliburg expects to issue a circular to its shareholders respectively on or before 14 May 2012 in accordance with the Listing Rules for information purposes. Further announcement(s) will also be made by Century City, Paliburg, Regal Hotels and Regal REIT as and when required.

## **7. DEALINGS DISCLOSURE**

7.1 During the six-month period prior to the date of this joint announcement,

- (i) none of the members of the Paliburg Concert Group has dealt in the Regal Hotels Shares, options, derivatives, warrants or other securities convertible into Regal Hotels Shares; and
- (ii) none of the members of the Paliburg Concert Group has dealt in the Regal REIT Units, options, derivatives, warrants or other securities convertible into Regal REIT Units.

7.2 The respective associates (as defined in the Takeovers Code) (including, among others, persons holding 5% or more of a class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code)) of Regal REIT and Paliburg are reminded to disclose their dealings in the relevant securities of Regal REIT under Rule 22 of the Takeovers Code.

7.3 In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below whereby the terms used therein shall have the same meaning as those ascribed to them in the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **8. WARNING**

**8.1 The execution of the RH Share Repurchase Programme is subject to market conditions as considered to be appropriate by the Regal Hotels Board, and therefore, the RH Share Repurchase Programme may or may not be executed in full, if at all.**

**8.2 Furthermore, the making of the Regal REIT Offer is subject to the aggregate shareholding of the Paliburg Concert Group in the issued share capital of Regal Hotels increasing to more than 50% of the entire issued Regal Hotels**

**Shares pursuant to repurchases of Regal Hotels Shares under the RH Share Repurchase Programme, and therefore it may or may not proceed. In addition, the maximum Regal REIT Offer Price as disclosed in this joint announcement is for reference only and the actual Regal REIT Offer Price, which may be equal to or lower than the maximum Regal REIT Offer Price, has not yet been determined and will not be determined unless and until the repurchases of Regal Hotels Shares causing the aggregate proportionate interests of the Paliburg Concert Group in the issued share capital of Regal Hotels to increase to more than 50% of the entire issued share capital of Regal Hotels are made. Holders of the securities, and potential investors, of Century City, Paliburg, Regal Hotels and Regal REIT are advised to exercise extreme caution when dealing in such securities and if they are in any doubt about their position, they should consult their professional advisers.**

## **9. DEFINITIONS**

The following definitions apply throughout this joint announcement, unless the context requires otherwise:

“acting in concert”	has the meaning given to it in the Takeovers Code
“associate(s)”	has the meaning given to it in the Listing Rules
“Century City”	Century City International Holdings Limited (Stock code: 355), a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Century City Board”	the board of directors of Century City
“Century City Director(s)”	the director(s) of Century City
“Century City Group”	Century City and its subsidiaries
“Century City Shareholders”	the holders of Century City Shares
“Century City Shares”	ordinary shares of HK\$0.10 each in the share capital of Century City
“Chain Principle”	the chain principle set out in Note 8 to Rule 26.1 of the Takeovers Code

“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Unit Holders”	Regal REIT Unit Holders other than the Paliburg Concert Group
“Last Trading Day”	20 April 2012, being the trading day immediately prior to the time of release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lo”	Mr. LO Yuk Sui, who is the Chairman, Chief Executive Officer and executive director of each of Century City, Paliburg and Regal Hotels, and is also the Chairman and non-executive director of Regal REIT Manager
“Paliburg”	Paliburg Holdings Limited (Stock code: 617), a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Paliburg Board”	the board of directors of Paliburg
“Paliburg Concert Group”	Paliburg and parties acting in concert with it
“Paliburg Director(s)”	the director(s) of Paliburg
“Paliburg Group”	Paliburg and its subsidiaries
“Paliburg Shareholders”	the holders of Paliburg Shares
“Paliburg Shares”	ordinary shares of HK\$0.10 each in the share capital of Paliburg

“Regal Hotels”	Regal Hotels International Holdings Limited (Stock code: 78), a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Stock Exchange
“Regal Hotels Board”	the board of directors of Regal Hotels
“Regal Hotels Director(s)”	the director(s) of Regal Hotels
“Regal Hotels Group”	Regal Hotels and its subsidiaries
“Regal Hotels Shareholders”	the holders of Regal Hotels Shares
“Regal Hotels Shares”	ordinary shares of HK\$0.10 each in the share capital of Regal Hotels
“Regal REIT”	Regal Real Estate Investment Trust (Stock code: 1881), a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange
“Regal REIT Group”	Regal REIT and its subsidiaries
“Regal REIT Manager”	Regal Portfolio Management Limited, the manager of Regal REIT
“Regal REIT Manager Board”	the board of directors of Regal REIT Manager
“Regal REIT Manager Director(s)”	the director(s) of Regal REIT Manager
“Regal REIT Offer”	the possible mandatory unconditional cash offer to acquire all the issued Regal REIT Units (other than those already owned by the Paliburg Concert Group) as contemplated under Note 8 to Rule 26.1 of the Takeovers Code

“Regal REIT Offer Price”	the cash consideration per Regal REIT Unit payable under the Regal REIT Offer
“Regal REIT Unit Holders”	holders of Regal REIT Units from time to time
“Regal REIT Units”	units of Regal REIT
“REIT Code”	the Code on Real Estate Investment Trusts published by the SFC (as amended from time to time)
“RH Share Repurchase (Post-Consolidation)”	all and any repurchases of up to 26,295,789 Regal Hotels Shares by Regal Hotels under the RH Share Repurchase Programme <i>after</i> Regal Hotels becomes a subsidiary of Paliburg
“RH Share Repurchase (Pre-Consolidation)”	all and any repurchases of up to 12,590,611 Regal Hotels Shares by Regal Hotels under the RH Share Repurchase Programme <i>before</i> Regal Hotels becomes a subsidiary of Paliburg
“RH Share Repurchase Mandate”	the general mandate granted to the Regal Hotels Directors to repurchase issued Regal Hotels Shares on the market pursuant to the Listing Rules at general meeting of Regal Hotels on 31 May 2011 and as may be renewed, refreshed or re-granted at general meetings thereafter pursuant to the Listing Rules from time to time
“RH Share Repurchase Programme”	an on-market programme of repurchases of up to 38,886,400 Regal Hotels Shares, comprising the RH Share Repurchase (Pre-Consolidation) and the RH Share Repurchase (Post-Consolidation)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers, issued by the SFC (as amended from time to time)

“Trust Deed” the trust deed constituting Regal REIT dated 11 December 2006, entered into between the DB Trustees (Hong Kong) Limited, in its capacity as trustee of Regal REIT and the Regal REIT Manager as supplemented by a first supplemental deed dated 2 March 2007, a second supplemental deed dated 15 May 2008, a third supplemental deed dated 8 May 2009, a fourth supplemental deed dated 23 July 2010, a fifth supplemental deed dated 3 May 2011 and a sixth supplemental deed dated 21 July 2011 entered into between the same (as may be further amended and supplemented from time to time)

“%” per cent

By order of the board of directors of  
**Century City International  
Holdings Limited**  
**Eliza Lam Sau Fun**  
*Secretary*

By order of the board of directors of  
**Paliburg Holdings Limited**  
**Eliza Lam Sau Fun**  
*Secretary*

By order of the board of directors of  
**Regal Hotels International  
Holdings Limited**  
**Eliza Lam Sau Fun**  
*Secretary*

By order of the board of directors of  
**Regal Portfolio Management Limited**  
**as manager of**  
**Regal Real Estate Investment Trust**  
**Simon Lam Man Lim**  
*Executive Director*

Hong Kong, 20 April 2012

*As at the date of this joint announcement, the Century City Board comprises Mr. LO Yuk Sui (Chairman and Chief Executive Officer), Mr. Kenneth NG Kwai Kai (Chief Operating Officer), Mr. Donald FAN Tung, Mr. Kelvin LEUNG So Po, Mr. Jimmy LO Chun To and Miss LO Po Man as executive Century City Directors and Mr. Anthony CHUANG, Mr. NG Siu Chan and Mr. WONG Chi Keung as independent non-executive Century City Directors.*

*As at the date of this joint announcement, the Paliburg Board comprises 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 and Mr. Kenneth WONG Po Man as executive Paliburg Directors and Mr. Bowen Joseph LEUNG Po Wing, GBS, JP, Mr. NG Siu Chan, Hon Abraham SHEK Lai Him, SBS, JP and Mr. WONG Chi Keung as independent non-executive Paliburg Directors.*



*As at the date of this joint announcement, the Regal Hotels Board comprises Mr. LO Yuk Sui (Chairman and Chief Executive Officer), Ms. Belinda YEUNG Bik Yiu (Chief Operating Officer), Mr. Donald FAN Tung, Mr. Jimmy LO Chun To, Miss LO Po Man, Mr. Kenneth NG Kwai Kai and Mr. Allen WAN Tze Wai as executive Regal Hotels Directors, Dr. Francis CHOI Chee Ming, GBS, JP (Vice Chairman) as non-executive Regal Hotels Director and Ms. Alice KAN Lai Kuen, Mr. NG Siu Chan and Mr. WONG Chi Keung as independent non-executive Regal Hotels Directors.*

*As at the date of this joint announcement, the Regal REIT Manager Board comprises Mr. LO Yuk Sui (Chairman) as non-executive Regal REIT Manager Director, Mr. Francis CHIU and Mr. Simon LAM Man Lim as executive Regal REIT Manager Directors, Mr. Donald FAN Tung, Mr. Jimmy LO Chun To and Mr. Kai Ole RINGENSON as non-executive Regal REIT Manager Directors, and Mr. John William CRAWFORD, JP, Mr. Alvin Leslie LAM Kwing Wai and Hon. Abraham SHEK Lai Him, SBS, JP as independent non-executive Regal REIT Manager Directors.*

*The Century City Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to Paliburg, Regal Hotels and Regal REIT) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The Paliburg Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to Century City, Regal Hotels and Regal REIT) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The Regal Hotels Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to Century City, Paliburg and Regal REIT) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The Regal REIT Manager and the Regal REIT Manager Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to Century City, Paliburg and Regal Hotels) and confirm, having made all reasonable enquiries, that to the best of their knowledge, their opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*