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(Stock Code: 617)

CONNECTED TRANSACTION

The Board wishes to announce that PDCL and Sonnix entered into the Development Consultant Agreement, and Chatwin and Sonnix entered into the Registered Contractor Agreement on 31 May 2010. Pursuant to the Agreements, PDCL and Chatwin will respectively provide consultancy service and construction service in relation to the Conversion Project for an aggregate consideration of HK\$4.35 million.

The Transaction constitutes a connected transaction for Paliburg subject to the announcement requirement but exempt from independent shareholders' approval under the Listing Rules.

The Board wishes to announce that PDCL and Sonnix entered into the Development Consultant Agreement, and Chatwin and Sonnix entered into the Registered Contractor Agreement on 31 May 2010.

THE AGREEMENTS

The Development Consultant Agreement

Set out below are the key terms of the Development Consultant Agreement entered into between PDCL and Sonnix on 31 May 2010, pursuant to which PDCL has agreed to provide development consultancy services to Sonnix in relation to the Conversion Project:

Parties:	Paliburg Development Consultants Limited, a wholly-owned subsidiary of Paliburg, as development consultant.
	Sonnix Limited, a 75% owned subsidiary of Regal REIT, as employer.
Consideration:	HK\$0.85 million.

Principal scope of services:	<p>(a) to act as the authorized person for the Conversion Project;</p> <p>(b) to prepare architectural design drawings, general building plans, interior design drawings, other details and calculations for the Conversion Project;</p> <p>(c) to submit the necessary building plans and calculations for the Conversion Project to the Buildings Department and other relevant authorities for approval and to issue the necessary tender documents and handle contract administration; and</p> <p>(d) to provide periodic supervision of the alteration and addition works, interior works and electrical and mechanical works of the Building subject to the Conversion Project.</p>
Term:	Up to the issue of the final certificate for the main contract, subject to the right of early termination by either party by no less than one month's prior written notice.
Payment:	The consideration shall be payable by Sonnix to PDCL in stages in accordance with the terms in the Development Consultant Agreement.

The Registered Contractor Agreement

Set out below are the key terms of the Registered Contractor Agreement entered into between Chatwin and Sonnix on 31 May 2010, pursuant to which Chatwin has agreed to undertake construction works to comply with the Construction Workers Registration Ordinance (Chapter 583 of the Laws of Hong Kong) and to co-ordinate with other contractors in relation to the Conversion Project:

Parties:	<p>Chatwin Engineering Limited, a wholly-owned subsidiary of Paliburg, as project contractor.</p> <p>Sonnix Limited, a 75% owned subsidiary of Regal REIT, as employer.</p>
Consideration:	HK\$3.5 million.

Principal scope of services:	<p>(a) to carry out the demolition works, builders' works and partitioning works in relation to the Conversion Project; and</p> <p>(b) to provide attendances to the direct contractors engaged by Sonnix for the Conversion Project with all reasonable facilities for the execution of their works.</p>
Term:	To complete the contract works for the Conversion Project within 120 calendar days from commencement. An amount of HK\$20,000 per calendar day is deductible by the employer for liquidated and ascertained damages in the event that the contract works are not completed by the date for completion or such extended date as certified by the architect under the contract conditions.
Payment:	The consideration shall be payable by Sonnix to Chatwin in stages in accordance with the terms of the Registered Contractor Agreement.

RELATIONSHIP BETWEEN PALIBURG AND SONNIX

Sonnix is wholly owned by Twentyfold which in turn is owned as to 75% by Regal REIT and as to 25% by the Paliburg Group as at the date of this announcement.

As at the date of this announcement, the Paliburg Group holds approximately 49.01% of the issued ordinary share capital of Regal, which in turn owns approximately 74.32% of the units of Regal REIT in issue. Regal is the listed associated company of Paliburg and Century City, and Regal REIT is in turn the listed associated company 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 0.16% 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 1.98% 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 the 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.

REASONS FOR ENTERING INTO THE TRANSACTION

The Paliburg Group is principally engaged in property development and investment, construction and building related businesses, and other investments.

In October 2009, the Paliburg Group completed the disposal of the 75% shareholding interest in Twentyfold and 75% of the Shareholder Loan to the REIT Trustee pursuant to the S&P Agreement. Detailed information in relation to the Disposal was set out in the Announcement.

The Lessee (a wholly-owned subsidiary of Paliburg) has leased back the Lease Property from Sonnix for the period from the day following the completion of the S&P Agreement to 31 December 2010 pursuant to the Lease Agreement as set out in the Announcement. During the lease period, the Lessee operates the hotel and office leasing business. The Lessee has appointed RHI to manage the Hotel for a period up to 31 December 2010 pursuant to the HMA as set out in the Announcement. In December 2009, the Paliburg Group completed the AEP to convert part of the Property to include the Hotel pursuant to the S&P Agreement. The Hotel commenced operation in December 2009.

In view of the positive feedback from customers and a relatively high level of average occupancy rate maintained by the Hotel since its commencement of operation, the REIT Manager and Sonnix considered that it would be beneficial to also convert the floors currently consisting of the 10-storey office space from the 16th to the 26th floors (there is no 24th floor) of the Building into hotel rooms and suites and thereby to benefit from the potential increase in the market value of the Property after the Conversion Project is completed.

As at the date of this announcement, the Paliburg Group holds a direct 25% shareholding interest in the Property Group and through its interest in Regal indirectly holds further substantial interest in Regal REIT. The Conversion Project is expected to substantially enhance the value of the Property owned by the Property Group, which would be in the interests of the Paliburg Group.

Sonnix has chosen to appoint PDCL and Chatwin respectively as the development consultant and registered contractor of the Conversion Project due to their prior experience in completing the AEP to convert part of the Property to include the Hotel. The Paliburg Group considers that it has the expertise to implement the Conversion Project satisfactorily.

The considerations under the Agreements were arrived at after arm's-length negotiation between the parties having regard to the market rates for similar construction and consultancy services. In particular, the Registered Contractor Agreement was awarded to Chatwin through a tendering process.

The Board (including all independent non-executive directors of Paliburg) considers that the terms of the Agreements are on normal commercial terms, fair and reasonable and in the

interests of the shareholders of Paliburg and the transactions therein are in the ordinary course of business of the Paliburg Group.

IMPLICATIONS UNDER THE LISTING RULES

Sonnix is treated as a connected person of Paliburg for the purposes of Chapter 14A of the Listing Rules and the Transaction constitutes a connected transaction for Paliburg subject to announcement requirement but exempt from independent shareholders' approval under the Listing Rules.

DEFINITIONS

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

“AEP”	the asset enhancement program carried out by the Paliburg Group to convert part of the ground floor and 5th to 15th floor (there are no 13th and 14th floors) of the Property to the Hotel, which was completed in December 2009
“Agreements”	the Development Consultant Agreement and the Registered Contractor Agreement
“Announcement”	the joint announcement of Century City and Paliburg dated 10 September 2009
“Board”	the board of directors of Paliburg
“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
“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
“Chatwin”	Chatwin Engineering Limited, a wholly-owned subsidiary of Paliburg

“Conversion Project”	the conversion of part of the ground floor, 3rd floor, 10 floors of office space from the 16th to the 26th floors (there is no 24th floor) and roof of the Building into 49 hotel rooms and suites
“Development Consultant Agreement”	the development consultant contract entered into between PDCL and Sonnix on 31 May 2010 with respect to the Conversion Project
“Disposal”	the disposal of 75% of the issued share capital of Twentyfold and 75% of the Shareholders Loan by the Paliburg Group to the REIT Trustee, pursuant to the S&P Agreement, completion of which took place in October 2009
“HK\$”	Hong Kong dollars
“HMA”	the hotel management agreement dated 7 December 2009 entered into between the Lessee and RHI, 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 hotel being operated under the “Regal iClub Hotel” brand name, converted under the AEP from the Property and to be further expanded under the Conversion Project
“Lease Agreement”	the lease agreement entered into between the Lessee and Sonnix on 20 October 2009 pursuant to which the Lessee has leased the Lease Property from Sonnix for a period commencing on the day following completion of the Disposal and ending on 31 December 2010
“Lease Property”	those parts of the Property leased to the Lessee 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

“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 Development”	Paliburg Development BVI Holdings Limited, a wholly-owned subsidiary of Paliburg
“Paliburg Group”	Paliburg and its subsidiaries
“PDCL”	Paliburg Development Consultants Limited, a wholly-owned subsidiary of Paliburg
“Property”	the portion of the Building owned by Sonnix 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 Group”	Twentyfold and Sonnix
“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
“Registered Contractor Agreement”	the registered contractor agreement entered into between Chatwin and Sonnix on 31 May 2010 with respect to the Conversion Project
“REIT Manager”	Regal Portfolio Management Limited, the manager of Regal REIT and a wholly-owned subsidiary of Regal
“REIT Trustee”	DB Trustees (Hong Kong) Limited, the trustee of the Regal REIT

“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, Paliburg Development, the REIT Trustee, REIT Manager in respect of, among others, the Disposal
“Shareholder Loan”	the amount due from the Property Group to the Paliburg Group
“Sonnix”	Sonnix Limited, a wholly owned subsidiary of Twentyfold and the owner of the Property
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transaction contemplated under the Agreements
“Twentyfold”	Twentyfold Investments Limited, which is currently owned as to 75% by Regal REIT and 25% by the Paliburg Group
“%”	per cent.

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

Hong Kong, 3 June 2010

As at the date of this announcement, the Board 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