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MAJOR TRANSACTION
AIRCRAFT LEASES

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DISCLOSEABLE TRANSACTION
AIRCRAFT LEASES

On 7 November 2016 (after trading hours):

- (i) the Lessor (a wholly-owned subsidiary of Regal) entered into the Lease Amendment Agreements with the Lessee, pursuant to which among others the expiry dates of the Leases have been extended to 31 December 2018 and the monthly lease payments of the Leases have been revised; and
- (ii) the Owner (a wholly-owned subsidiary of Regal) entered into the Option Agreements with the Lessee, pursuant to which the Owner has granted to the Lessee the Call Options each exercisable by the Lessee not less than six months prior to the Lease Expiry Date subject to the terms and conditions under the relevant Option Agreement to purchase the relevant Subject Aircraft from the Owner at the Option Price on the Lease Expiry Date, and the Lessee has granted to the Owner the Put Options each exercisable by the Owner not less than three months prior to the Lease Expiry Date subject to the terms and conditions under the relevant Option Agreement to dispose of the relevant Subject Aircraft to the Lessee at the Option Price on the Lease Expiry Date.

The transaction under the Agreements (including the exercise of the Call Options by the Lessee and the exercise of the Put Options by the Regal Group) constitutes a major transaction for each of Century City and Paliburg under the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. Century City and Paliburg have obtained written approval from their respective shareholders for the Agreements. Accordingly, no shareholders' meeting of Century City and Paliburg will be convened for the purpose of approving the Agreements. Century City and Paliburg expect to despatch their respective circulars to their shareholders for information purposes as soon as possible on or before 28 November 2016.

The transaction under the Agreements (including the exercise of the Call Options by the Lessee and the exercise of the Put Options by the Regal Group) constitutes a discloseable transaction for Regal subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

Regal is a listed subsidiary of Century City and Paliburg while Paliburg is a listed subsidiary of Century City.

On 7 November 2016 (after trading hours), the Lessor and the Lessee entered into the Lease Amendment Agreements in respect of the Leases of the Subject Aircraft (being 6 out of the 12 aircraft purchased by the Regal Group in February 2015), and the Owner and the Lessee entered into the Option Agreements in respect of the disposal of the Subject Aircraft as set out below.

THE AGREEMENTS

On 7 November 2016 (after trading hours):

- (i) the Lessor entered into the Lease Amendment Agreements with the Lessee, pursuant to which among others the expiry dates of the Leases have been extended to 31 December 2018 and the monthly lease payments of the Leases have been revised (as detailed below under the section headed "Information on the Subject Aircraft and the Leases"); and
- (ii) the Owner entered into the Option Agreements with the Lessee, pursuant to which the Owner for a total consideration of US\$6.00 has granted to the Lessee the Call Options each exercisable by the Lessee not less than six months prior to the Lease Expiry Date subject to the terms and conditions under the relevant Option Agreement to purchase the relevant Subject Aircraft from the Owner at the Option Price on the Lease Expiry Date, and the Lessee for a total consideration of US\$6.00 has granted to the Owner the Put Options each exercisable by the Owner not less than three months prior to the Lease Expiry Date subject to the terms and conditions under the relevant Option Agreement to dispose of the relevant Subject Aircraft to the Lessee at the Option Price on the Lease Expiry Date.

The Lessee is an airline operator and the existing lessee of the Subject Aircraft. To the best knowledge, information and belief of the Century City Directors, the Paliburg Directors and the Regal Directors having made all reasonable enquiries, the Lessee and its ultimate beneficial owners are independent of Century City, Paliburg and Regal and their respective connected persons.

INFORMATION ON THE SUBJECT AIRCRAFT AND THE LEASES

The Subject Aircraft comprises five ERJ-135 Embraer aircraft and one ERJ-145 Embraer aircraft aging from approximately 13 to 16 years old. The Subject Aircraft had an unaudited aggregate net book value of approximately US\$9.88 million as at 7 November 2016. For the year ended 31 December 2015 (from the dates of acquisition on 6 and 13 February 2015), the Regal Group recorded a total rental income of approximately US\$3.94 million from the Leases, and the net profits attributable to the Leases amounted to approximately US\$2.40 million.

Prior to the entering into of the Agreements, the expiry dates of the Leases ranged from November 2016 to August 2018 while the total lease rentals of the Leases would amount to approximately US\$0.57 million for the period from the date of the Agreements to 31 December 2016, approximately US\$1.54 million for the year ending 31 December 2017 and approximately US\$0.90 million for the year ending 31 December 2018. After the entering into of the Agreements, the terms of the Leases have been extended to 31 December 2018 while the total lease payments will amount to approximately US\$0.65 million for the period from the date of the Agreements to 31 December 2016, and US\$5.04 million for each of the two years ending 31 December 2017 and 2018, and the total Option Price for the Subject Aircraft amounts to US\$0.42 million. The aggregate lease payments of the Leases (as revised under the Agreements) for the period from 7 November 2016 (being the date of the Agreements) up to and including the Lease Expiry Date plus the total Option Price will amount to approximately US\$11.15 million.

The lease payments are payable in advance on a monthly basis. The Option Price shall be payable on the Lease Expiry Date. The revised monthly lease payments and the Option Price were determined after arm's-length negotiation between the parties taking into account the age, model and condition of the respective Subject Aircraft, the market segment relevant to the Subject Aircraft based on its size and capacity, and the revised terms of the Leases.

Before the Agreements, the Leases were treated as operating leases in the consolidated financial statements of Century City, Paliburg and Regal. Consequent upon entering into the Agreements by the Regal Group, the Leases will be treated as finance leases with effect from 7 November 2016, being the date of the Agreements, on which date the Subject Aircraft will be treated as being disposed of. Based on the total estimated fair value of the Subject Aircraft as at 7 November 2016 as provided by the aircraft consultant (engaged by the Regal Group to manage its aircraft and leases) and the total estimated net book value of the Subject Aircraft as at the same date, and taking into consideration the estimated balance of maintenance reserves to be released, a gain on disposal of the Subject Aircraft amounting to approximately HK\$9.3 million, subject to adjustments primarily in relation to the balance of maintenance reserves to be released, is expected to be recorded in the consolidated financial statements of Century City, Paliburg and Regal. The total revised lease payments in aggregate with the total Option Price in excess of the total fair value of the Subject Aircraft, being approximately HK\$8.3 million, will be reported as interest income in the consolidated financial statements of Century City, Paliburg and Regal over the period from the date of the Agreements to 31 December 2018. The Regal Group intends to utilise the proceeds from the revised lease payments and the Option Price as its general working capital.

REASONS FOR THE TRANSACTION

Century City, through its subsidiaries, is principally engaged in property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management, aircraft ownership and leasing business and other investments including financial assets investments.

Paliburg is a listed subsidiary of Century City. Paliburg, through its subsidiaries, is principally engaged in property development and investment, construction and building related businesses, hotel ownership, hotel operation and management, asset management, aircraft ownership and leasing business and other investments including financial assets investments.

Regal is a listed subsidiary of Century City and Paliburg. Regal, through its subsidiaries, is principally engaged in hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings and the interest in the retained houses in Regalia Bay in Stanley, aircraft ownership and leasing business and other investments including financial assets investments.

The Subject Aircraft age from approximately 13 to 16 years old. The Regal Group considers that the transaction contemplated under the Agreements provides a good opportunity for the Regal Group to realise the value of the Subject Aircraft at prices considered to be fair and reasonable. The Century City Directors, the Paliburg Directors and the Regal Directors consider that the transaction under the Agreements is fair and reasonable and in the interests of the respective shareholders of Century City, Paliburg and Regal as a whole. Apart from the Subject Aircraft to be disposed of pursuant to the Agreements, the Regal Group owns seven aircraft, six of which are generating rental income under operating leases and the remaining one is prepared for disposal. In addition to these aircraft, the Century City Group owns an additional aircraft which is leased to an airline operator under an operating lease and it is also the lessor of an aircraft under a finance lease to a logistics operator.

LISTING RULES IMPLICATIONS

Century City

Based on the applicable percentage ratios in respect of the transaction under the Agreements (including the exercise of the Call Options by the Lessee and the exercise of the Put Options by the Regal Group), the transaction under the Agreements (including the exercise of the Call Options by the Lessee and the exercise of the Put Options by the Regal Group) constitutes a major transaction for Century City under the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. Century City has obtained written shareholders' approval from a closely allied group of shareholders of Century City who in aggregate hold approximately 58.7% of the issued share capital of Century City as at the date of this joint announcement. The closely allied group of shareholders of Century City comprises Mr. Lo Yuk Sui himself, who personally owns approximately 3.5% of the issued share capital of Century City as at the date of this joint announcement, and companies wholly or majority owned and controlled by Mr. Lo Yuk Sui consisting of (i) Grand Modern Investments Limited which owns approximately 50.9% of the issued share capital of Century City, (ii) Fook Island Limited which owns approximately 0.1% of the issued share capital of Century City, (iii) Master City Limited which owns approximately 1.5% of the issued share capital of Century City, (iv) Shui To Co., Limited which owns approximately 2.1% of the issued share capital of Century City, and (v) YSL International Holdings Limited which owns approximately 0.6% of the issued share capital of Century City as at the date of this joint announcement. Accordingly, it is expected that no shareholders' meeting of Century City will be convened for the purpose of approving the Agreements (including the exercise of the Call Options by the Lessee and the exercise of the Put Options by the Regal Group). Century City expects to despatch a circular to its shareholders for information purposes as soon as possible on or before 28 November 2016.

Paliburg

Based on the applicable percentage ratios in respect of the transaction under the Agreements (including the exercise of the Call Options by the Lessee and the exercise of the Put Options by the Regal Group), the transaction under the Agreements (including the exercise of the Call Options by the Lessee and the exercise of the Put Options by the Regal Group) constitutes a major transaction for Paliburg under the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. Paliburg has obtained written shareholders' approval from a closely allied group of shareholders of Paliburg who in aggregate hold approximately 74.6% of the issued share capital of Paliburg as at the date of this joint announcement. The closely allied group of shareholders of Paliburg comprises Mr. Lo Yuk Sui himself, who personally owns approximately 8.1% of the issued share capital of Paliburg as at the date of this joint announcement, and companies wholly or majority owned and controlled by Mr. Lo Yuk Sui consisting of (i) Select Wise Holdings Limited, which owns approximately 1.5% of the issued share capital of Paliburg, (ii) Splendid All Holdings Limited, which owns approximately 2.7% of the issued share capital of Paliburg, (iii) Almighty International Limited, which owns approximately 31.1% of the issued share capital of Paliburg, (iv) Century City Holdings Limited, which owns approximately 2.7% of the issued share capital of Paliburg, (v) Cleverview Investments Limited, which owns approximately 16.2% of the issued share capital of Paliburg, (vi) Gold Concorde Holdings Limited, which owns approximately 2.6% of the issued share capital of Paliburg, (vii) Meylink Limited, which owns approximately 4.4% of the issued share capital of Paliburg, (viii) Smartaccord Limited, which owns approximately 0.8% of the issued share capital of Paliburg, and (ix) Splendour Corporation, which owns approximately 4.5% of the issued share capital of Paliburg as at the date of this joint announcement. Accordingly, it is expected that no shareholders' meeting of Paliburg will be convened for the purpose of approving the Agreements (including the exercise of the Call Options by the Lessee and the exercise of the Put Options by the Regal Group). Paliburg expects to despatch a circular to its shareholders for information purposes as soon as practicable on or before 28 November 2016.

Regal

Based on the applicable percentage ratios, the transaction under the Agreements (including the exercise of the Call Options by the Lessee and the exercise of the Put Options by the Regal Group) constitutes a discloseable transaction for Regal subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

"Agreements"	the Lease Amendment Agreements and the Option Agreements
"Call Options"	the six call options granted to the Lessee to purchase the respective Subject Aircraft from the Regal Group subject to the terms and conditions of the respective Option Agreements

“Century City”	Century City International Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 355)
“Century City Directors”	the directors of Century City
“Century City Group”	Century City and its subsidiaries
“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
“Leases”	the six leases of the respective Subject Aircraft to the Lessee under the respective Lease Amendment Agreements
“Lease Amendment Agreements”	the six amendment agreements dated 7 November 2016 entered into between the Lessor and the Lessee in respect of the respective Leases
“Lease Expiry Date”	the last day of the revised term of the Leases, being 31 December 2018
“Lessee”	the lessee of the Subject Aircraft under the Leases
“Lessor”	PB Leasing CA (UK) Limited, a wholly-owned subsidiary of Regal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option Agreements”	the six option agreements dated 7 November 2016 entered into between the Owner and the Lessee in relation to the granting of the Call Options and the Put Options in respect of the respective Subject Aircraft and each is referred to the “Option Agreement”
“Option Price”	an amount equivalent to US\$70,000 for each Subject Aircraft
“Owner”	Top Esteem Investments Limited, a wholly-owned subsidiary of Regal
“Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 617)
“Paliburg Directors”	the directors of Paliburg

“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“Put Options”	the six put options granted to the Owner to dispose of the respective Subject Aircraft to the Lessee subject to the terms and conditions of the respective Option Agreements
“P&R Holdings”	P&R Holdings Limited, a joint venture established and owned by Capital Merit Investments Limited (a wholly-owned subsidiary of Paliburg) and Regal Hotels Investments Limited (a wholly-owned subsidiary of Regal) as to 50% and 50% respectively
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 78)
“Regal Directors”	the directors of Regal
“Regal Group”	Regal and its subsidiaries
“Regal REIT”	Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the issued units of which are listed on the Main Board of the Stock Exchange (Stock Code: 1881)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Aircraft”	six passenger aircraft manufactured by Embraer S.A. which were purchased by the Regal Group in February 2015
“US\$”	United States dollars, the lawful currency of the United States of America

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

By Order of the Board
**Regal Hotels International
Holdings Limited**
Eliza Lam Sau Fun
Secretary

Hong Kong, 7 November 2016

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

Executive directors:

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

Independent non-executive directors:

Mr. Anthony CHUANG
Mr. NG Siu Chan
Mr. WONG Chi Keung

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

Executive directors:

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

Independent non-executive directors:

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

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

Executive directors:

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

Non-executive director:

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

Independent non-executive directors:

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