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**DISCLOSEABLE
TRANSACTION
AIRCRAFT LEASE**

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**ANNOUNCEMENT
AIRCRAFT LEASE**

On 14 December 2016 (after trading hours):

- (i) the Lessor (a wholly-owned subsidiary of Regal) entered into the Lease Agreement with the Lessee, pursuant to which subject to the terms and conditions therein the Lessor agreed to lease the Subject Aircraft to the Lessee for a term commencing on the Delivery Date until the Lease Expiry Date (being 31 January 2018 or such earlier date as a result of the exercise of the Call Option); and
- (ii) the Beneficial Owner (a wholly-owned subsidiary of Regal), the Owner Trustee (in its capacity as trustee to the Beneficial Owner), the Lessor and the Lessee entered into the Option Agreement, pursuant to which on the Delivery Date, the Owners shall grant to the Lessee the Call Option exercisable by the Lessee at any time during the Lease Term but not less than 7 days prior to the Lease Expiry Date subject to the terms and conditions therein to purchase the Subject Aircraft from the Owners at the Option Price on the Call Date, and the Lessee shall grant to the Owners the Put Option exercisable by the Owners not less than 15 days prior to the Lease Expiry Date subject to the terms and conditions therein to dispose of the Subject Aircraft to the Lessee at the Option Price on the Put Date.

The transaction contemplated under the Agreements (including the possible exercise of the Call Option by the Lessee and the possible exercise of the Put Option by the Regal Group) constitutes a discloseable transaction for each of Century City and Paliburg, and does not constitute a notifiable transaction for Regal, under the Listing Rules.

INTRODUCTION

On 14 December 2016 (after trading hours), the Lessor and the Lessee entered into the Lease Agreement in respect of the Lease of the Subject Aircraft, and the Beneficial Owner, the Owner Trustee, the Lessor and the Lessee entered into the Option Agreement in relation to the granting of the Options as set out below.

THE AGREEMENTS

On 14 December 2016 (after trading hours):

- (i) the Lessor entered into the Lease Agreement with the Lessee, pursuant to which, subject to the terms and conditions including the fulfilment of conditions precedent therein, for a term commencing on the Delivery Date until the Lease Expiry Date (being 31 January 2018 or such earlier date as a result of the exercise of the Call Option), the Lessor agreed to lease the Subject Aircraft to the Lessee at a monthly lease payment of US\$45,000 (equivalent to approximately HK\$351,000) except during the period between the Delivery Date and 31 March 2017; and
- (ii) the Beneficial Owner, the Owner Trustee (in its capacity as trustee to the Beneficial Owner), the Lessor and the Lessee entered into the Option Agreement, pursuant to which on the Delivery Date, the Owners for a consideration of US\$1.00 (equivalent to approximately HK\$7.8) shall grant to the Lessee the Call Option subject to the terms and conditions therein to purchase the Subject Aircraft from the Owners at the Option Price on the Call Date, and the Lessee for a consideration of US\$1.00 (equivalent to approximately HK\$7.8) shall grant to the Owners the Put Option subject to the terms and conditions therein to dispose of the Subject Aircraft to the Lessee at the Option Price on the Put Date.

The Lessor and the Beneficial Owner are wholly-owned subsidiaries of Regal while the Owner Trustee is the trustee of the Beneficial Owner to hold ownership of the Subject Aircraft. The Lessee is an airline operator. To the best knowledge, information and belief of the Century City Directors and the Paliburg Directors having made all reasonable enquiries, the Lessee and its ultimate beneficial owners are independent of Century City and Paliburg and their respective connected persons.

THE OPTIONS

Subject to terms and conditions of the Option Agreement, the Call Option is exercisable by the Lessee at any time during the Lease Term but not less than 7 days prior to the Lease Expiry Date while the Put Option is exercisable by the Owners not less than 15 days prior to the Lease Expiry Date.

The Option Price shall be payable on the Call Date or the Put Date (as applicable) when the Lessee obtains title to the Subject Aircraft following exercise of the Call Option or the Put Option (as applicable). The total lease payments under the Lease Agreement and the Option Price under the Option Agreement were determined after arm's-length negotiation between the parties taking into account the age, model and condition of the Subject Aircraft, the market segment relevant to the Subject Aircraft based on its size and capacity, and the other terms of the Agreements.

The transaction contemplated under the Agreements will be treated as a finance lease in the consolidated financial statements of Century City, Paliburg and Regal under which the Subject Aircraft will be treated as being disposed of on the Delivery Date in their respective consolidated financial statements.

Based on the minimum and maximum proceeds from the Agreements, and the expected net book value of the Subject Aircraft as at the Delivery Date, and taking into consideration the expected balance of maintenance reserves relating to the Subject Aircraft to be released, a total gain in relation to disposal of the Subject Aircraft ranging from approximately US\$0.68 million (equivalent to approximately HK\$5.30 million) to US\$0.80 million (equivalent to approximately HK\$6.24 million), is expected to be recorded in the consolidated financial statements of Century City, Paliburg and Regal. The actual total gain in relation to disposal of the Subject Aircraft will depend on the aggregate of the total lease payments and the Option Price receivable from the Lessee according to the Agreements upon exercise of the Call Option or the Put Option. The Regal Group intends to utilise the proceeds generated from the Agreements as its general working capital.

INFORMATION ON THE SUBJECT AIRCRAFT

The Subject Aircraft is an ERJ-135 Embraer aircraft of approximately 13 years old which had an unaudited net book value of approximately US\$2.17 million (equivalent to approximately HK\$16.93 million) as at 30 June 2016.

For the year ended 31 December 2015 (from the date of its acquisition on 6 February 2015), the Regal Group recorded a total rental income of approximately US\$0.65 million (equivalent to approximately HK\$5.07 million) from the leasing of the Subject Aircraft to another lessee, and the net profits attributable to such lease amounted to approximately US\$0.34 million (equivalent to approximately HK\$2.65 million).

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 Regal Group considers that the transaction contemplated under the Agreements provides a good opportunity to realise the value of the Subject Aircraft at terms considered to be fair and reasonable. The Century City Directors and the Paliburg Directors consider that the terms of the transaction contemplated under the Agreements (including the possible exercise of the Call Option by the Lessee and the possible exercise of the Put Option by the Regal Group) are fair and reasonable and in the interests of the respective shareholders of Century City and Paliburg as a whole. Apart from the Subject Aircraft, the Regal Group owns 6 aircraft which are generating rental income under operating leases and it is the lessor of another 6 aircraft under finance leases. In addition to these aircraft, the Century City Group owns an additional aircraft which is generating rental income under an operating lease and it is the lessor of another aircraft under a finance lease.

LISTING RULES IMPLICATIONS

Based on the applicable percentage ratios, the transaction contemplated under the Agreements (including the possible exercise of the Call Option by the Lessee and the possible exercise of the Put Option by the Regal Group) constitutes a discloseable transaction for each of Century City and Paliburg, and does not constitute a notifiable transaction for Regal, under the Listing Rules.

DEFINITIONS

“Agreements”	the Lease Agreement and the Option Agreement
“Beneficial Owner”	Triumphant Sky Investments Limited, a wholly-owned subsidiary of Regal
“Business Day”	a day, other than a Saturday or Sunday, on which banks are open in London and New York for the transaction of business of the nature required by the Option Agreement
“Call Date”	any date during the Lease Term provided, however, that if such date does not fall on a Business Day, it shall be construed as being the immediately preceding Business Day before such date
“Call Option”	the call option granted to the Lessee to purchase the Subject Aircraft from the Regal Group subject to the terms and conditions of the Option Agreement
“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

“Delivery Date”	the day on which the Subject Aircraft is delivered to the Lessee in accordance with the terms and conditions of the Lease Agreement
“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
“Lease”	the lease of the Subject Aircraft to the Lessee under the Lease Agreement
“Lease Agreement”	the agreement dated 14 December 2016 entered into between the Lessor and the Lessee in respect of the Lease
“Lease Expiry Date”	the last day of the term of the Lease, being 31 January 2018 or such earlier date as a result of the exercise of the Call Option
“Lease Term”	the term from the Delivery Date to the Lease Expiry Date
“Lessee”	the lessee of the Subject Aircraft under the Lease
“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 Agreement”	the agreement dated 14 December 2016 entered into among the Beneficial Owner, the Owner Trustee, the Lessor and the Lessee in relation to the granting of the Call Option and the Put Option in respect of the Subject Aircraft
“Option Price”	in respect of the exercise of the Put Option, an amount equivalent to US\$1.35 million (equivalent to approximately HK\$10.53 million), and in respect of the exercise of the Call Option, an amount equivalent to the aggregate of (i) US\$1.35 million (equivalent to approximately HK\$10.53 million); and (ii) the total lease payments for the remaining Lease Term after the Call Date at a 25% discount
“Options”	the Call Option and the Put Option
“Owner Trustee”	Wells Fargo Bank Northwest, National Association, the trustee holding ownership of the Subject Aircraft on behalf of the Beneficial Owner
“Owners”	collectively the Beneficial Owner and the Owner Trustee

“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 Date”	the date that is 15 days prior to the Lease Expiry Date, provided however that if such date does not fall on a Business Day, it shall be construed as being the immediately preceding Business Day before such date
“Put Option”	the put option granted to the Owners to dispose of the Subject Aircraft to the Lessee subject to the terms and conditions of the Option Agreement
“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 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”	a passenger aircraft manufactured by Embraer S.A. as more detailed in the section headed “Information on the Subject Aircraft” in this joint announcement
“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, 14 December 2016

For illustration purposes and unless otherwise stated, US\$ is translated into HK\$ at an exchange rate of US\$1.00 = HK\$7.8

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