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## JOINT ANNOUNCEMENT

Regal holds a 50% equity interest in Faith Crown which is a jointly-controlled entity of Regal.

On 30 June 2011 (after trading hours), Faith Crown and the Purchaser entered into the S&P Agreement pursuant to which Faith Crown shall sell and the Purchaser shall acquire 70% of the equity interest in the Subject Group and 70% of the Shareholder's Loans at a consideration of HK\$1,000 million (being the consideration for 70% of the agreed value of the Property), which shall be adjusted by 70% of the net asset value of the Subject Group excluding the Property and the Shareholder's Loans as at 30 June 2011. The Purchaser is owned as to 50% each by Paliburg and Regal and is a jointly-controlled entity of both Paliburg and Regal.

The S&P Agreement is unconditional and the completion of the Transaction shall take place within 14 days after the date of the S&P Agreement or as otherwise agreed by the parties.

Upon completion of the S&P Agreement, Faith Crown and the Grantee, a member company of the Subject Group, shall enter into a put option deed pursuant to which Faith Crown shall grant the Put Option to the Grantee. If the Grantee exercises the Put Option within the option period, Faith Crown shall purchase or procure the purchase of the completed hotel and commercial podium of the Property at a price equivalent to the then market valuation of such hotel and commercial podium as determined by an independent professional appraiser.

It is expected that by virtue of its 50% holding in Faith Crown, Regal would record a gain from the Transaction. Regal estimates that on the basis of the current carrying value of the Subject Group and the consideration of the Transaction, but before taking into account the impact of the valuation of the Put Option (if any), it would record a gain from the Transaction in the region of HK\$600 million. The quantum of the actual gain to be derived from the Transaction will depend on the net asset value of the Subject Group as at 30 June 2011 and the impact of the valuation of the Put Option (if any) and is subject to audit by Regal's auditors.

This joint announcement is made voluntarily by Century City, Paliburg and Regal.

## **Background**

Century City International Holdings Limited (“Century City”) holds approximately 58.6% of the issued ordinary share capital of Paliburg Holdings Limited (“Paliburg”) and Paliburg is a subsidiary of Century City. Paliburg holds approximately 49.4% of the issued ordinary share capital of Regal Hotels International Holdings Limited (“Regal”). Regal is an associate of Century City and Paliburg. The ordinary shares of Century City, Paliburg and Regal are all listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Regal holds a 50% equity interest in Faith Crown Holdings Limited (“Faith Crown”) which is a jointly-controlled entity of Regal. The remaining 50% equity interest in Faith Crown is held by Cosmopolitan International Holdings Limited, whose shares are listed on the Stock Exchange.

Faith Crown holds 100% equity interests in a group of companies (the “Subject Group”) which are principally engaged in the development of a property complex (the “Property”) in Xindu District, Chengdu City, Sichuan Province, the People’s Republic of China. The Property project comprises residential, hotel, serviced apartments, office and commercial development and the first phase of which is in the construction stage.

## **The Transaction**

On 30 June 2011 (after trading hours), Faith Crown and Flourish Lead Investments Limited (the “Purchaser”) entered into the sale and purchase agreement (the “S&P Agreement”) pursuant to which Faith Crown shall sell and the Purchaser shall acquire 70% of the equity interest in the Subject Group and 70% of the shareholder’s loans (the “Shareholder’s Loans”) due to Faith Crown by the Subject Group (the “Transaction”). The Purchaser is jointly owned as to 50% each by Paliburg and Regal and is a jointly-controlled entity of both Paliburg and Regal.

The initial consideration for the Transaction payable by the Purchaser to Faith Crown equals approximately HK\$1,048 million, representing (i) HK\$1,000 million (being the consideration for 70% of the agreed value of the Property) plus (ii) 70% of the net asset value of the Subject Group excluding the Property and the Shareholder’s Loans as at 31 May 2011. The consideration shall be adjusted on a dollar-for-dollar basis based on the net asset value of the Subject Group excluding the Property and the Shareholder’s Loans as at 30 June 2011.

The Property is valued at RMB1,350 million as of 29 June 2011. The valuation was carried out by a qualified independent professional valuer jointly engaged by Faith Crown and the Purchaser. The agreed value of the Property represents a discount of approximately 12% to the appraised value of the Property. The consideration was determined after arm’s-length negotiation between the parties and having regard to the appraised value of the Property.

The consideration is payable in cash and by installments and the last installment shall be paid within three years from the date of the completion of the Transaction. The payment term for the last installment may be extended to four years if the period to exercise the Put Option (as defined hereunder) is extended by the Grantee as further explained below.

The S&P Agreement is unconditional and the completion of the Transaction shall take place within 14 days after the date of the S&P Agreement or as otherwise agreed by the parties.

### **Put Option**

Upon completion of the Transaction, Faith Crown and a member company of the Subject Group (the "Grantee") shall enter into a put option deed pursuant to which Faith Crown shall grant a put option to the Grantee (the "Put Option"). If the Grantee exercises the Put Option, Faith Crown shall purchase or procure the purchase of the completed hotel and commercial podium of the Property at a price equivalent to the then market valuation of such hotel and commercial podium, as determined by an independent professional appraiser whose appointment shall be agreed by Faith Crown and the Grantee. The Put Option is exercisable by the Grantee within three years after the completion of the Transaction, and extendable by the Grantee to four years if the hotel and commercial podium has not been completed within the three-year exercise period of the Put Option.

### **General**

It is expected that by virtue of its 50% holding in Faith Crown, Regal would record a gain from the Transaction. Regal estimates that on the basis of the current carrying value of the Subject Group and the consideration of the Transaction but before taking into account the impact of the valuation of the Put Option (if any), it would record a gain from the Transaction in the region of HK\$600 million. The quantum of the actual gain to be derived from the Transaction will depend on the net asset value of the Subject Group as at 30 June 2011 and the impact of the valuation of the Put Option (if any) and is subject to audit by Regal's auditors.

Regal's effective equity interest in the Subject Group will remain unchanged before and after the Transaction, while upon completion of the Transaction, Paliburg will have an interest in the Subject Group through its 50% equity interest in the Purchaser which in turn will hold a 70% equity interest in the Subject Group. Paliburg and Regal consider that the terms of the S&P Agreement and the consideration for the Transaction are fair and reasonable and Paliburg considers that the Transaction presents a good opportunity to Paliburg (through its interest in the Purchaser) to invest in the development of the Property project.

The Transaction and the grant and possible exercise of the Put Option do not constitute notifiable transactions nor connected transactions for each of Century City, Paliburg or Regal under the Rules Governing the Listing of Securities on the Stock Exchange. This joint announcement is made voluntarily by Century City, Paliburg and Regal.

**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, 30 June 2011

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

**Independent Non-Executive Directors:**

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

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

**Executive Directors:**

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

**Independent Non-Executive Directors:**

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

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)*  
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  
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  
Mr. NG Siu Chan  
Mr. WONG Chi Keung