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(stock code: 355)

**MAJOR
TRANSACTION**

**SALE AND PURCHASE OF
SHEUNG WAN HOTEL
AND
OPTION REGARDING SALE
AND PURCHASE OF NORTH
POINT HOTEL**



(stock code: 617)

**MAJOR
TRANSACTION**

**SALE AND PURCHASE OF
SHEUNG WAN HOTEL
AND
OPTION REGARDING SALE
AND PURCHASE OF NORTH
POINT HOTEL**



(stock code: 78)

**MAJOR AND CONNECTED
TRANSACTION**

**SALE AND PURCHASE OF
SHEUNG WAN HOTEL
AND
OPTION REGARDING SALE
AND PURCHASE OF NORTH
POINT HOTEL**

SALE AND PURCHASE OF SHEUNG WAN HOTEL

On 28 June 2013, P&R Holdings and the Trustee (in its capacity as trustee of Regal REIT), among other parties, entered into the Share Purchase Agreement pursuant to which, subject to the terms and conditions therein, the Trustee agreed to acquire from P&R Holdings the entire issued share capital of and the shareholder loans to Plentiful Investments (which, through its wholly-owned subsidiary, owns the Sheung Wan Hotel) for a consideration of HK\$1,580 million.

OPTION REGARDING SALE AND PURCHASE OF NORTH POINT HOTEL

On 28 June 2013, P&R Holdings and the Trustee, among other parties, entered into the Option Agreement pursuant to which subject to the terms and conditions therein P&R Holdings will grant the Option to the Trustee entitling it to acquire the entire issued share capital of and the shareholder loans to Fortune Mine (which, through its wholly-owned subsidiary, owns the North Point Hotel).

LISTING RULES IMPLICATION

The SW Hotel Transaction, the Option and the exercise of the Option in aggregate constitute a major transaction for Century City and Paliburg subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. Century City and Paliburg have obtained their respective written shareholders' approvals for the SW Hotel Transaction, the Option and the exercise of the Option from a closely allied group of shareholders of each of Century City and Paliburg (as the case may be). Century City and Paliburg will despatch their respective circulars to shareholders for information purposes on 29 June 2013.

The SW Hotel Transaction and the Option in aggregate constitute a major transaction and a connected transaction for Regal subject to Regal Independent Shareholders' approval under the Listing Rules. Regal will convene a special general meeting to seek the Regal Independent Shareholders' approval for the SW Hotel Transaction and the Option. Regal has established the Regal Independent Board Committee and appointed Ample Capital as the independent financial adviser to advise the Regal Independent Board Committee and the Regal Independent Shareholders in this regard. Regal will despatch the relevant circular (including the respective letters of advice from the Regal Independent Board Committee and Ample Capital in relation to the SW Hotel Transaction and the Option) to its shareholders on 29 June 2013.

INTRODUCTION

Reference is made to the announcements jointly issued by Century City, Paliburg and Regal dated 11 January 2013, 28 February 2013 and 30 April 2013.

On 11 January 2013, P&R Holdings and the Manager (in its capacity as manager of Regal REIT) entered into a memorandum of understanding pursuant to which P&R Holdings proposed to grant call options to the Manager entitling Regal REIT (or its trustee or nominee) to acquire the entire issued share capital of and the shareholder loans to Plentiful Investments (which, through its wholly-owned subsidiary, owns the Sheung Wan Hotel) and the entire issued share capital of and the shareholder loans to Fortune Mine (which, through its wholly-owned subsidiary, owns the North Point Hotel).

On 28 June 2013 (after trading hours), instead of entering into an option agreement for the sale and purchase of Plentiful Investments, P&R Holdings and the Trustee (in its capacity as trustee of Regal REIT), among other parties, entered into the Share Purchase Agreement pursuant to which the Trustee agreed to acquire from P&R Holdings the entire issued share capital of and the shareholder loans to Plentiful Investments for a consideration of HK\$1,580 million. On even date (after trading hours), P&R Holdings and the Trustee, among other parties, entered into the Option Agreement pursuant to which P&R Holdings will grant the Option to the Trustee entitling it to acquire the entire issued share capital of and the shareholder loans to Fortune Mine.

SALE AND PURCHASE OF SHEUNG WAN HOTEL

The Share Purchase Agreement

Date: 28 June 2013

Parties:

1. P&R Holdings (as vendor)
2. Trustee, in its capacity as trustee and on behalf of Regal REIT (as purchaser)
3. Manager, in its capacity as manager of Regal REIT
4. Paliburg and Regal (as guarantors)

Paliburg, Regal, P&R Holdings and Regal REIT are subsidiaries of Century City.

As at the date of this joint announcement, Century City holds approximately 62.2% of the issued share capital of Paliburg, Paliburg holds approximately 51.3% of the issued share capital of Regal and Regal holds 74.5% of the issued units of Regal REIT. P&R Holdings is owned as to 50% by a wholly-owned subsidiary of Paliburg and 50% by a wholly-owned subsidiary of Regal.

Subject assets: Pursuant to the Share Purchase Agreement, Regal REIT will acquire from P&R Holdings: (i) the entire issued share capital of Plentiful Investments; and (ii) the SW Shareholder Loan as at the date of completion which amounted to HK\$245.6 million as at the date of this joint announcement.

Upon completion of the SW Hotel Transaction, Plentiful Investments will be wholly owned by Regal REIT (a subsidiary of Century City, Paliburg and Regal). As such, Plentiful Investments will become a subsidiary of Regal and will remain to be a subsidiary of Paliburg and Century City, but Century City's effective equity interest in Plentiful Investments will reduce from approximately 47.05% to approximately 23.77% while Paliburg's effective equity interest in Plentiful Investments will reduce from approximately 75.65% to approximately 38.22%.

Consideration: HK\$1,580 million, plus a customary adjustment on a dollar-for-dollar basis for the current assets (such as all receivables, refundable utility and other deposits placed with relevant authorities or suppliers and all cash and deposits at bank) of the Plentiful Group as at the SW Hotel Completion, provided that such current assets adjustment will be capped at HK\$1.5 million. As at 31 December 2012, the current assets of the Plentiful Group amounted to HK\$0.1 million. Apart from the Sheung Wan Hotel and the current assets, the Plentiful Group does not hold any other assets. P&R Holdings and the Guarantors have warranted that the Plentiful Group shall not have any liabilities other than the SW Shareholder Loan at the SW Hotel Completion.

The consideration was determined after arm's-length negotiation between the parties taking into account the valuation of the Sheung Wan Hotel of HK\$1,580 million as of 25 June 2013 as appraised by Savills and completion of the Interior Fit-Out Programme of the Sheung Wan Hotel, the SW Shareholder Loan to be acquired by Regal REIT pursuant to the SW Hotel Transaction and that the Plentiful Group shall not have any liabilities other than the SW Shareholder Loan at the SW Hotel Completion. The Century City Directors, the Paliburg Directors and the Regal Directors consider that the consideration and its basis are fair and reasonable.

Deposit and payment terms: Within two Business Days following the satisfaction of the conditions precedent (a) and (b) to the completion of the SW Hotel Transaction as set out below, the Trustee shall pay the Deposit to P&R Holdings in cash.

The Deposit will not be deposited into an escrow account, and pursuant to the Share Purchase Agreement, the Deposit may be used by P&R Holdings without restriction.

P&R Holdings shall pay interest quarterly on the Deposit at the higher of:

- (a) 4.25% per annum which is the interest rate of the notes due 2017 issued by Regal pursuant to its medium term note programme; and
- (b) the weighted average effective interest cost to Regal REIT (taking into account the interest rate, issue price, placement fees and commissions) of the Notes used to finance the payment of the Deposit.

Currently, the Manager intends to finance the payment of the Deposit from the proceeds of the March 2013 Notes and the May 2013 Notes, which have a weighted average effective interest cost of 4.3047% per annum. In this case, the Deposit shall accrue interest at 4.3047% per annum.

The Deposit will be refundable in full upon the termination of the Share Purchase Agreement. The Guarantors have guaranteed the obligations of P&R Holdings pursuant to the Share Purchase Agreement, and this would include the refund of the Deposit.

At the SW Hotel Completion, the Deposit and any interest accrued and unpaid in respect of the same will be applied against part of the SW Hotel Purchase Price. Payments of the Deposit and the remaining consideration may be financed by a combination of the proceeds of Notes issued from time to time pursuant to the Regal REIT MTN Programme, existing and/or new bank facilities secured against the Sheung Wan Hotel and/or other assets held by Regal REIT, and/or Regal REIT's internal resources. In the event of any shortfall in the funding required for the completion of the SW Hotel Transaction, Regal REIT may also draw down on the Vendor Facility to fund the shortfall.

Conditions
precedent:

The SW Hotel Completion is conditional upon the satisfaction or waiver of the following conditions:

- (a) each of the Guarantors and Century City obtaining its shareholders' or independent shareholders' approval of the transactions contemplated under the Share Purchase Agreement in accordance with their respective articles of association or bye-laws and the Listing Rules (as the case may be);
- (b) approval by the independent Unitholders of (i) the transactions contemplated under the Share Purchase Agreement and other transactions contemplated under, associated with and/or related to the SW Hotel Transaction; (ii) the transactions contemplated under the Facility Letter and other transactions contemplated under, associated with and/or related to the Vendor Facility; and (iii) the Waiver Application in accordance with the Trust Deed and REIT Code;
- (c) the Manager being satisfied with the results of (i) its inspection and

investigation as to the Plentiful Group, including without limitation the financial, legal and contractual, taxation and trading position of the members of the Plentiful Group and the title of the members of the Plentiful Group to their respective assets (including, without limitation, the Sheung Wan Hotel), and (ii) its physical and technical inspection and investigation of the Sheung Wan Hotel as evidenced by the receipt of a building survey or other report in form and substance satisfactory to the Manager confirming that the building construction and finishes have been completed in compliance with the plans and specifications as set out in the Share Purchase Agreement;

- (d) the Manager approving the title to the Sheung Wan Hotel and being satisfied that the SW Property Company has good marketable legal and beneficial title to the Sheung Wan Hotel (in accordance with the provisions of section 13 of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong));
- (e) the occupation permit required under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) for the Sheung Wan Hotel having been obtained;
- (f) all necessary consents or waivers being granted by third parties (including any governmental or official authorities) in connection with the transactions contemplated under the SW Transaction Documents and no statute, regulation or decision which would prohibit, restrict or materially delay the sale and purchase of the entire issued share capital of Plentiful Investments, the assignment of the SW Shareholder Loan and/or the operation of the business by any member of the Plentiful Group after the SW Hotel Completion having been proposed, enacted or taken by any governmental or official authority;
- (g) the Trustee and the Manager being provided with such evidence as they may reasonably require confirming (to the satisfaction of the Manager and the Trustee) that all indebtedness under the existing bank loans of the Plentiful Group shall be discharged, all shares in the capital of Plentiful Investments and the SW Property Company shall be released from all encumbrances, and all other security created by Plentiful Investments and the SW Property Company in connection with such existing bank loan (including, without limitation, the existing mortgage) shall be released, on or before the SW Hotel Completion;
- (h) the warranties remaining true and accurate and not misleading in any material respect at the SW Hotel Completion;
- (i) each of P&R Holdings and the Guarantors having complied fully with certain customary pre-completion obligations and otherwise having performed in all material respects all of the covenants and agreements required to be

performed by them under the SW Transaction Documents; and

- (j) no compulsory acquisition or resumption of the Sheung Wan Hotel and no notice of such intention received from any governmental authority.

The Trustee (at the direction of the Manager) may in its sole discretion waive any of the conditions precedent, other than the conditions set out in paragraphs (a) to (g) above (subject to the REIT Code, the Listing Rules and any other applicable laws or regulation). If any of the conditions have not been satisfied or waived prior to the Long Stop Date, then the Trustee (acting on the recommendation and at the direction of the Manager) may, at its option without any penalty, (a) postpone the date by which the conditions must be satisfied or waived; or (b) terminate the Share Purchase Agreement (whereby the Deposit together with any interest accrued and unpaid shall be refunded to the Trustee).

SW Hotel
Completion: Within five Business Days of the satisfaction or waiver (as the case may be) of the aforesaid conditions precedent to the SW Hotel Completion, the Trustee shall (acting on the recommendation and at the direction of the Manager) give a notice to P&R Holdings confirming that the Trustee is prepared to proceed with completion of the SW Hotel Transaction. Completion of the SW Hotel Transaction shall take place on such date as may be agreed in writing between the Trustee and P&R Holdings following the giving of such notice, and in any event within 10 Business Days of the giving of such notice.

Construction
undertakings: P&R Holdings and the Guarantors (on a several basis in equal proportions) shall procure the SW Property Company to cause its building contractors to promptly and diligently proceed with and complete the building construction works in a proper and workmanlike manner in accordance with the relevant building contract plans and specifications and all applicable laws and regulations. The building contract plans and specifications are to be consistent with the plans and specifications set out in the Share Purchase Agreement, and no deviation from such specifications is to be made without the Manager's prior written approval. The key specifications of the Sheung Wan Hotel are set out in the paragraph headed "Information on Plentiful Investments and the Sheung Wan Hotel".

Each of P&R Holdings and the Guarantors (on a several basis in equal proportions) has undertaken to indemnify the Trustee, Plentiful Investments and the SW Property Company in respect of losses which may be incurred by any of them arising out of or in connection with the failure by P&R Holdings or the Guarantors to comply with any of their obligations under this construction undertaking.

Interior Fit-Out
Programme: P&R Holdings undertakes that following the SW Hotel Completion, it shall complete, or procure the completion of, the Interior Fit-Out Programme at its sole cost and expense. The estimated costs for such works are HK\$75.2 million and will primarily be: (a) finishing works on interior flooring, walls and ceilings of the guestrooms, lobbies or corridors, hotel office and other areas of the Sheung Wan

Hotel; and (b) procurement and installation in each guest room of the related furniture, fixtures and equipment (including but not limited to minibar fridge, cabinets and television). Detailed specifications of the Interior Fit-Out Programme shall be submitted to the Manager for approval and any change thereof shall also be approved by the Manager in advance.

By no later than the Interior Fit-Out Long Stop Date, P&R Holdings shall complete, or procure the completion of, the Interior Fit-Out Programme and hand over to the Manager and the SW Property Company each relevant part of the premises subject to the programme and will also deliver to the SW Property Company all necessary fire permits, hotel licences, and relevant government department consents, approvals and other licences, so that such part of the premises can be fit and lawful for letting to hotel guests and other occupants (as the case may be), and otherwise in a condition satisfactory to the Manager.

To facilitate the carrying out of the Interior Fit-Out Programme, the Interior Fit-Out Agent (a wholly-owned subsidiary of P&R Holdings) and the Guarantors will, at the SW Hotel Completion, enter into an Interior Fit-Out Agency Deed whereby the SW Property Company appoints the Interior Fit-Out Agent to manage and settle the Interior Fit-Out Contracts on its behalf.

Representations,
warranties and
indemnity:

The Share Purchase Agreement contains customary representations and warranties given by P&R Holdings and the Guarantors, including those in respect of P&R Holdings, the Plentiful Group and the Sheung Wan Hotel. The Share Purchase Agreement also contains representations and warranties given by P&R Holdings and the Guarantors to the effect that:

- (a) the Plentiful Group shall not, at completion of the SW Hotel Transaction, have any liabilities other than the SW Shareholder Loan that will also be acquired by the Trustee;
- (b) the members of the Plentiful Group shall, at completion of the SW Hotel Transaction, have no other operations other than the ownership of the Sheung Wan Hotel; and
- (c) the Sheung Wan Hotel shall, at completion of the SW Hotel Transaction, comply with the building specifications described below under the paragraph headed "Information on Plentiful Investments and the Sheung Wan Hotel".

P&R Holdings and the Guarantors (on a several basis in equal proportions) have undertaken to indemnify Regal REIT and the Plentiful Group for any loss, damages, costs (including legal costs), expenses and other liabilities which Regal REIT or the Plentiful Group may suffer as a result of any breach of the warranties.

The Share Purchase Agreement also sets out limitations on the liability of P&R Holdings and the Guarantors in respect of any breach of warranties. The

maximum aggregate liability of P&R Holdings and the Guarantors in respect of all claims for breach of warranties under the Share Purchase Agreement shall not exceed the SW Hotel Purchase Price. The Share Purchase Agreement provides for a limitation period of 3 years from the SW Hotel Completion for all claims (other than claims relating to tax-related warranties, in which case the limitation period is 7 years).

Guarantee: The obligations of P&R Holdings under the Share Purchase Agreement are guaranteed by each of the Guarantors on a several basis in equal proportions.

Deed of tax indemnity: P&R Holdings and the Guarantors will at the completion of the SW Hotel Transaction, enter into a deed of tax indemnity in favour of the Trustee and the Plentiful Group. Pursuant to the deed, P&R Holdings and the Guarantors (on a several basis in equal proportions) will covenant, undertake and agree with the respective beneficiaries that they will indemnify on demand the respective beneficiaries in respect of, among other things, any liability for taxation resulting from or by reference to any event occurring on or before the completion of the SW Hotel Transaction or in respect of any income, profits or gains earned, accrued or received by the Plentiful Group on or before the completion of the SW Hotel Transaction. A claim can be made on or prior to the seventh anniversary of the deed.

Undertaking by P&R Holdings

Upon completion of the SW Hotel Transaction, the Lessee (a wholly-owned subsidiary of Regal) will lease the Sheung Wan Hotel from the SW Property Company (which will become a wholly-owned subsidiary of Regal REIT then). Under the SW Lease Agreement, the rental payable by the Lessee to the SW Property Company amounts to HK\$79 million, HK\$82.95 million and HK\$86.9 million (representing 5%, 5.25% and 5.5% of the SW Hotel Purchase Price) respectively for each of the first three years of the lease.

Subject to the SW Lease Agreement becoming effective and the Lessee committing no default and breach under the SW Lease Agreement during the first three years of the lease term under the SW Lease Agreement, P&R Holdings undertakes that:

- (i) for the period from the SW Hotel Completion until completion of the Interior Fit-Out Programme and obtaining the relevant hotel licence for the Sheung Wan Hotel, P&R Holdings shall reimburse the Lessee in full the amount (including rent) payable by the Lessee to the SW Property Company under the SW Lease Agreement; and
- (ii) for the period from completion of the Interior Fit-Out Programme and obtaining the relevant hotel licence for the Sheung Wan Hotel until the end of the third year of the lease under the SW Lease Agreement, P&R Holdings shall reimburse the Lessee in full any shortfall in case that the income to be derived by the Lessee from the Sheung Wan Hotel would not be sufficient to cover the payments (including rent) under the SW Lease Agreement for the corresponding period.

Each of the payments set out in (i) and (ii) above shall be payable by P&R Holdings to the Lessee within seven days after the receipt from the Lessee of a calculation schedule as certified by the auditors of the Lessee, save for any manifest mistake. After the end of the third year of the lease under the SW Lease Agreement, Regal will make an announcement if there is any shortfall. In the then next published annual report of Regal after the end of the third year of the lease under the SW Lease Agreement, Regal will include details in relation to the shortfall (if any) and the independent non-executive directors of Regal will opine as to whether P&R Holdings has fulfilled its obligation to reimburse the shortfall (if any).

The Sheung Wan Hotel is a new hotel. During the period from the SW Hotel Completion until obtaining the relevant hotel licence, the Sheung Wan Hotel will not be in operation generating income and it was agreed that P&R Holdings shall provide reimbursement to the Regal Group equivalent to the amount payable under the SW Lease Agreement during such period. In view that the Sheung Wan Hotel is a new hotel subject to start-up risks, during the period from obtaining the relevant hotel licence until the end of the third year of the lease under the SW Lease Agreement, it was agreed that P&R Holdings shall provide reimbursement to the Regal Group in respect of any shortfall of the net income of the hotel below the amount payable under the SW Lease Agreement during such period.

Information on Plentiful Investments and the Sheung Wan Hotel

Plentiful Investments was incorporated in the British Virgin Islands on 30 April 1992. In May 2011, P&R Holdings acquired the entire equity interest in and the then shareholder loan to Plentiful Investments at a consideration of HK\$455 million. The total estimated development costs of the Sheung Wan Hotel (including the aforesaid acquisition cost of Plentiful Investments and the Interior Fit-Out Programme) would be approximately HK\$727.0 million. The Plentiful Group is engaged in the investment and development of the Sheung Wan Hotel. The key specifications of the Sheung Wan Hotel are as follows:

Location:	Nos. 132-140 Bonham Strand, Sheung Wan, Hong Kong
No. of guestrooms and suites:	248 guestrooms comprising 223 standard rooms, 18 one-bedroom suites and 7 two-bedroom suites
No. of storeys:	34 storeys
Gross floor area:	Approximately 7,197 sqm
Covered floor area:	Approximately 9,617 sqm
Facilities:	A lobby lounge and a business center

Development of the Sheung Wan Hotel commenced in 2011. The superstructure works of the hotel are in progress. The occupation permit for the Sheung Wan Hotel required under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) is expected to be granted by the Building Authority in the fourth quarter of 2013 and on this basis, the operation of the Sheung Wan Hotel is anticipated to commence in or around the first quarter of 2014. Branded as a “iclub by Regal (富薈酒

店)” hotel, the Sheung Wan Hotel will be managed and operated by the Regal Group following obtaining the relevant hotel licences. “iclub by Regal (富薈酒店)” is a new brand introduced by the Regal Group and is positioned to be “an upscale select-service hotel brand” complementing the “Regal” brand’s full service offering.

For the years ended 31 December 2011 and 2012, Plentiful Investments recorded consolidated net loss (both before and after tax) of approximately HK\$172,000 and HK\$126,000 respectively. As at 31 December 2012, Plentiful Investments had consolidated net assets (taking into account bank borrowings and shareholder’s loans) of approximately HK\$2.5 million. Before the bank borrowings and the shareholder’s loans, Plentiful Investments had consolidated net assets of approximately HK\$449 million as at 31 December 2012. The Sheung Wan Hotel was valued at HK\$1,580 million on an as-completed basis as at 25 June 2013. As agreed between the parties, the Sheung Wan Hotel is to be sold on an as-completed basis pursuant to which P&R Holdings shall complete the Interior Fit-Out Programme of the Sheung Wan Hotel and obtain the relevant hotel licence. As such, it is fair and reasonable that the Sheung Wan Hotel is valued on an as-completed basis.

OPTION IN RELATION TO SALE AND PURCHASE OF NORTH POINT HOTEL

The Option Agreement

Date: 28 June 2013

1. P&R Holdings (as grantor)
2. Trustee, in its capacity as trustee and on behalf of Regal REIT (as grantee)
3. Manager, in its capacity as manager of Regal REIT
4. Paliburg and Regal (as guarantors)

Subject assets upon exercise of the Option: Pursuant to the exercise of the Option, Regal REIT will acquire from P&R Holdings: (i) the entire issued share capital of Fortune Mine; and (ii) the NP Shareholder Loan as at the date of completion which amounted to HK\$276.4 million as at the date of this joint announcement.

Upon completion of the NP Hotel Transaction pursuant to the exercise of the Option, Fortune Mine will be wholly owned by Regal REIT (a subsidiary of Century City, Paliburg and Regal). As such, Fortune Mine will become a subsidiary of Regal and will remain to be a subsidiary of Paliburg and Century City, but Century City’s effective equity interest in Fortune Mine will reduce from approximately 47.05% to approximately 23.77% while Paliburg’s effective equity interest in Fortune Mine will reduce from approximately 75.65% to approximately 38.22%.

Option Period: The Option may only be exercised during the period commencing from the date that the occupation permit for the North Point Hotel is granted (as notified by P&R Holdings to the Trustee) and ending 30 days from such date.

The Trustee (on behalf of Regal REIT and acting on the instructions of the Manager) has the sole discretion to exercise the Option during the Option Period.

Conditions precedent to the grant of the Option:

The grant of the Option is conditional upon the satisfaction of the following conditions:

- (a) each of Century City and Paliburg obtaining its shareholders' approval of the NP Hotel Transaction in accordance with their respective articles of association or bye-laws and the Listing Rules (as the case may be);
- (b) Regal obtaining approval from its independent shareholders in respect of the grant of the Option; and
- (c) approval by the independent Unitholders of (i) the transactions contemplated by the NP Transaction Documents; (ii) the transactions contemplated under the Facility Letter and other transactions contemplated under, associated with and/or related to the Vendor Facility; and (iii) the Waiver Application in accordance with the Trust Deed and REIT Code.

If any of the conditions have not been satisfied prior to 5:00 p.m. Hong Kong time on 30 September 2013 (or such later date as may be agreed by P&R Holdings and the Trustee (acting on the recommendation and at the direction of the Manager)), then the Option Agreement shall terminate.

Option Fee:

Within two Business Days following the satisfaction of the conditions to the grant of the Option, the Trustee shall pay to P&R Holdings in cash an Option Fee of HK\$10 million. The Option Fee shall be refundable only if:

- (a) the occupation permit in respect of the North Point Hotel is not obtained by the Long Stop Date;
- (b) the Manager or Trustee is not satisfied with its due diligence in respect of the North Point Hotel;
- (c) the condition to the exercise of the Option has not been satisfied within three months from the date of the exercise notice (except where this is due to the fault of Regal REIT);
- (d) completion of the NP Hotel Transaction does not occur due to the fault of P&R Holdings;
- (e) the updated appraised value for the North Point Hotel is greater than HK\$2,000 million or lower than HK\$1,300 million and the Manager or Trustee decide not to proceed to seek additional approval of the independent Unitholders before exercising the Option; or

- (f) the Option Agreement is terminated by the Trustee on the grounds that (i) P&R Holdings and the Guarantors have committed a material breach of warranties or any other term set out in the Option Agreement; or (ii) Fortune Mine or the NP Property Company has committed a material breach of the negative covenants set out in the Option Agreement.

If the Option is exercised, the Option Fee will be applied to settle part of the adjusted Final Exercise Price (as detailed under the section headed "Option exercise price adjustment" under "The Option Agreement").

The Option Fee was determined after arm's-length negotiation between the parties taking into account the timing of the Option Period, the initial exercise price of the Option and the adjustments to the initial exercise price as set out below.

Refundable Cash Collateral: Within two Business Days following the satisfaction of the conditions to the grant of the Option, the Trustee shall pay to P&R Holdings in cash the Refundable Cash Collateral.

The Refundable Cash Collateral will not be deposited into an escrow account, and may be used by P&R Holdings without restriction.

P&R Holdings shall pay interest quarterly on the Refundable Cash Collateral at the higher of:

- (a) 4.25% per annum which is the interest rate of the notes due 2017 issued by Regal pursuant to its medium term note programme; and
- (b) the weighted average effective interest cost to Regal REIT (taking into account the interest rate, issue price, placement fees and commissions) of the Notes used to finance the payment of the Refundable Cash Collateral.

Currently, the Manager intends to finance the payment of the Refundable Cash Collateral from the proceeds of the March 2013 Notes and the May 2013 Notes, which have a weighted average effective interest cost of 4.3047% per annum. In this case, the Refundable Cash Collateral shall accrue interest at 4.3047% per annum.

The Refundable Cash Collateral, together with any interest accrued and unpaid, will be refundable in full upon the earlier of (i) the expiry of the Option; (ii) the termination of the Option Agreement; and (iii) the completion of the NP Hotel Transaction. The Guarantors have guaranteed the obligations of P&R Holdings pursuant to the Option Agreement, and this would include the refund of such Refundable Cash Collateral.

Option initial exercise price: HK\$1,650 million, which was determined with reference to the valuation of the North Point Hotel on an as-completed basis of HK\$1,650 million as of 25 June 2013 as appraised by Savills and completion of the Interior Fit-Out Programme of the North Point Hotel and taking into account that the NP Shareholder Loan is to be acquired by Regal REIT pursuant to the NP Hotel Transaction (upon exercise of the Option) and that the Fortune Group shall not have any liabilities other than the NP Shareholder Loan at completion of the NP Hotel Transaction. The Century City Directors, the Paliburg Directors and the Regal Directors consider that the Option initial exercise price and its basis are fair and reasonable. The initial exercise price is subject to the following adjustment.

Option exercise price adjustment: An updated valuation (by Savills) will be conducted as of the last month end date before the grant of the occupation permit in respect of the North Point Hotel. The initial exercise price shall be adjusted:

- (a) if the updated appraised value is lower than the initial appraised value, the exercise price will be adjusted to the updated appraised value; or
- (b) if the updated appraised value is higher than the initial appraised value, the exercise price will be adjusted to the average of the initial and updated appraised values.

The adjusted exercise price (“**Final Exercise Price**”) shall be subject to a further customary adjustment on a dollar-for-dollar basis for the current assets (such as all receivables, refundable utility and other deposits placed with relevant authorities or suppliers and all cash and deposits at bank) of the Fortune Group as at completion of the NP Hotel Transaction, provided that such current assets adjustment will be capped at HK\$1.5 million. As at 31 December 2012, the current assets of the Fortune Group amounted to HK\$0.1 million. Apart from the North Point Hotel and the current assets, the Fortune Group does not have any other assets. P&R Holdings and the Guarantors have warranted in the Option Agreement that the Fortune Group shall not have any liabilities other than the NP Shareholder Loan at completion of the NP Hotel Transaction.

The Final Exercise Price is determined after arm’s-length negotiation between the parties taking into account the updated appraised value of the North Point Hotel to be conducted by Savills, the NP Shareholder Loan to be acquired by Regal REIT under the NP Hotel Transaction and that the Fortune Group shall not have any liabilities other than the NP shareholder Loan at completion of the NP Hotel Transaction. The Century City Directors, the Paliburg Directors and the Regal Directors consider that the Final Exercise Price and its basis are fair and reasonable.

The adjusted Final Exercise Price shall not be less than HK\$1,300 million and not be more than HK\$1,826.5 million (unless otherwise agreed between the parties) and it shall be payable by the Trustee in cash at completion of the NP

Hotel Transaction.

At the completion of the NP Hotel Transaction, the Option Fee and the Refundable Cash Collateral and any of its accrued and unpaid interest will be applied to settle part of the adjusted Final Exercise Price. It is expected that the Option Fee, the Refundable Cash Collateral and the remaining adjusted Final Exercise Price will be financed by funds raised from issue of Notes pursuant to the Regal REIT MTN Programme, existing and/or new bank facilities secured against the North Point Hotel and/or other assets held by Regal REIT, and/or Regal REIT's internal resources. In the event of any shortfall in the funding required for the completion of the NP Hotel Transaction, Regal REIT may also draw down on the Vendor Facility to fund the shortfall.

Conditions precedent to the exercise of the Option:

The Trustee (acting on the instructions of the Manager) may choose to conditionally exercise the Option by delivering an exercise notice to P&R Holdings within the Option Period. Before delivering the exercise notice, the Manager shall be satisfied with the results of its due diligence in respect of the North Point Hotel, including being satisfied that the acquisition of the North Point Hotel will comply with REIT Code requirements. The exercise notice will become unconditional (and the Option will be exercised) once all relevant and applicable provisions of the REIT Code (in the case of Regal REIT) and the Listing Rules (in the case of the Guarantors and Century City, where applicable) have been complied with, including any further unitholder or shareholder approvals required under such code and rules.

If such conditions are not satisfied within three months from the date of the exercise notice, or such later date as may be agreed by P&R Holdings and the Trustee (acting on the recommendation and at the direction of the Manager), then the Option will lapse with effect from the aforementioned date and the NP Hotel Transaction will not complete.

Completion of the NP Hotel Transaction shall take place within 10 Business Days from the day on which the exercise notice becomes unconditional.

If Regal REIT decides to exercise the Option, Regal will comply with the applicable Listing Rules in respect of the exercise of the Option including any further independent shareholders' approval as and when appropriate.

Expiry:

The Option will expire (unless otherwise mutually agreed) if:

- (a) the updated appraised value for the North Point Hotel is greater than HK\$2,000 million or lower than HK\$1,300 million;
- (b) the occupation permit for the North Point Hotel is not obtained by the Long Stop Date;
- (c) the exercise notice is not delivered during the Option Period; or

- (d) the condition to the exercise of the Option has not been satisfied within three months from the date of the exercise notice, or such later date as may be agreed by P&R Holdings and the Trustee (acting on the recommendation and at the direction of the Manager).

For the avoidance of doubt, in the event that the updated appraised value of the North Point Hotel exceeds HK\$2,000 million or falls below HK\$1,300 million and that the parties to the Option Agreement mutually agree that the Option shall not automatically expire, Century City, Paliburg and/or Regal shall seek shareholders' or independent shareholders' approval and the Manager shall seek additional approval of the independent Unitholders in respect of the exercise of the Option.

Construction undertakings: P&R Holdings and the Guarantors (on a several basis in equal proportions) shall procure the NP Property Company to cause its building contractors to promptly and diligently proceed with and complete the building construction works in a proper and workmanlike manner in accordance with the relevant building contract plans and specifications and all applicable laws and regulations. The building contract plans and specifications are to be consistent with the plans and specifications as set out in the Option Agreement, and no deviation from such specifications is to be made without the Manager's prior written approval. The key specifications of the North Point Hotel are set out in the paragraph headed "Information on Fortune Mine and the North Point Hotel".

Each of P&R Holdings and the Guarantors (on a several basis in equal proportions) has undertaken to indemnify the Trustee, Fortune Mine and the NP Property Company in respect of losses which may be incurred by any of them arising out of or in connection with the failure by P&R Holdings or the Guarantors to comply with any of their obligations under this construction undertaking.

Interior Fit-Out Programme: P&R Holdings undertakes that following the completion of the NP Hotel Transaction, it shall complete, or procure the completion of, the Interior Fit-Out Programme at its sole cost and expense. The estimated costs for such works are HK\$99.3 million and will primarily be: (a) finishing works on interior flooring, walls and ceilings of the guestrooms, lobbies or corridors, hotel office and other areas of the North Point Hotel; and (b) procurement and installation in each guest room of the related furniture, fixtures and equipment (including but not limited to minibar fridge, cabinets and television). Detailed specifications and fittings and fixtures on the Interior Fit-Out Programme shall be submitted to the Manager for approval and any change thereof shall also be approved by the Manager in advance.

By no later than the Interior Fit-Out Long Stop Date, P&R Holdings shall complete, or procure the completion of, the Interior Fit-Out Programme and hand over to the Manager and the NP Property Company each relevant part of the premises subject to the programme and will also deliver to the NP Property

Company all necessary fire permits, hotel licences, and relevant government department consents, approvals and other licences, so that such part of the premises can be fit and lawful for letting to hotel guests and other occupants (as the case may be), and otherwise in a condition satisfactory to the Manager.

To facilitate the carrying out of the Interior Fit-Out Programme, the Interior Fit-Out Agent (a wholly-owned subsidiary of P&R Holdings) and the Guarantors will, at the completion of the NP Hotel Transaction, enter into an Interior Fit-Out Agency Deed whereby the NP Property Company appoints the Interior Fit-Out Agent to manage and settle the Interior Fit-Out Contracts on its behalf.

Representations,
warranties and
indemnity:

The Option Agreement contains customary representations and warranties given by P&R Holdings and the Guarantors, including those in respect of P&R Holdings, the Fortune Group and the North Point Hotel. The Option Agreement also contains representations and warranties given by P&R Holdings and the Guarantors to the effect that:

- (a) the Fortune Group shall not, at completion of the NP Hotel Transaction, have any liabilities other than the NP Shareholder Loan that will also be acquired by the Trustee;
- (b) the members of the Fortune Group shall, at completion of the NP Hotel Transaction, have no other operations other than the ownership of the North Point Hotel; and
- (c) the North Point Hotel shall, at completion of the NP Hotel Transaction, comply with the building specifications described below under the paragraph headed "Information on Fortune Mine and the North Point Hotel".

P&R Holdings and the Guarantors (on a several basis in equal proportions) have undertaken to indemnify Regal REIT and the Fortune Group for any loss, damages, costs (including legal costs), expenses and other liabilities which Regal REIT or the Fortune Group may suffer as a result of any breach of the warranties.

The Option Agreement also sets out limitations on the liability of P&R Holdings and the Guarantors in respect of any breach of warranties. The maximum aggregate liability of P&R Holdings and the Guarantors in respect of all claims for breach of warranties under the Option Agreement shall not exceed the Final Exercise Price.

The Option Agreement provides for a limitation period of 3 years from the completion of the NP Hotel Transaction for all claims (other than claims relating to tax-related warranties, in which case the limitation period is 7 years).

Guarantee:

All obligations of P&R Holdings under the Option Agreement are guaranteed by each of the Guarantors on a several basis in equal proportions.

Deed of tax indemnity: P&R Holdings and the Guarantors will at the completion of the NP Hotel Transaction enter into a deed of tax indemnity in favour of the Trustee and the Fortune Group. Pursuant to the deed, P&R Holdings and the Guarantors (on a several basis in equal proportions) will covenant, undertake and agree with the respective beneficiaries that they will indemnify on demand the respective beneficiaries in respect of, among other things, any liability for taxation resulting from or by reference to any event occurring on or before the completion of the NP Hotel Transaction or in respect of any income, profits or gains earned, accrued or received by the Fortune Group on or before the completion of the NP Hotel Transaction. A claim can be made on or prior to the seventh anniversary of the deed.

Undertaking by P&R Holdings

Upon completion of the NP Hotel Transaction (if the Option is exercised), the Lessee (a wholly-owned subsidiary of Regal) will lease the North Point Hotel from the NP Property Company (which will become a wholly-owned subsidiary of Regal REIT then). Under the NP Lease Agreement, the rental payable by the Lessee to the NP Property Company amounts to 5%, 5.25% and 5.5% of the Final Exercise Price for the NP Hotel Transaction respectively for each of the first three years of the lease.

Subject to the NP Lease Agreement becoming effective and the Lessee committing no default and breach under the NP Lease Agreement during the first three years of the lease term under the NP Lease Agreement, P&R Holdings undertakes that:

- (i) for the period from the completion of the NP Hotel Transaction until completion of the Interior Fit-Out Programme and obtaining the relevant hotel licence for the North Point Hotel, P&R Holdings shall reimburse the Lessee in full the amount (including rent) payable by the Lessee to the NP Property Company under the NP Lease Agreement; and
- (ii) for the period from completion of the Interior Fit-Out Programme and obtaining the relevant hotel licence for the North Point Hotel until the end of the third year of the lease under the NP Lease Agreement, P&R Holdings shall reimburse the Lessee in full any shortfall in case that the income to be derived by the Lessee from the North Point Hotel would not be sufficient to cover the payments (including rent) under the NP Lease Agreement for the corresponding period.

Each of the payments set out in (i) and (ii) above shall be payable by P&R Holdings to the Lessee within seven days after the receipt from the Lessee of a calculation schedule as certified by the auditors of the Lessee, save for any manifest mistake. If the Option is exercised, after the end of the third year of the lease under the NP Lease Agreement, Regal will make an announcement if there is any shortfall. In the then next published annual report of Regal after the end of the third year of the lease under the NP Lease Agreement, Regal will include details in relation to the shortfall (if any) and the independent non-executive directors of Regal will opine as to whether P&R Holdings has fulfilled its obligation to reimburse the shortfall (if any).

The North Point Hotel is a new hotel. During the period from the completion of the NP Hotel Transaction until obtaining the relevant hotel licence, the North Point Hotel will not be in operation

generating income and it was agreed that P&R Holdings shall provide reimbursement to the Regal Group equivalent to the amount payable under the NP Lease Agreement during such period. In view that the North Point Hotel is a new hotel subject to start-up risks, during the period from obtaining the relevant hotel licence until the end of the third year of the lease under the NP Lease Agreement, it was agreed that P&R Holdings shall provide reimbursement to the Regal Group in respect of any shortfall of the net income of the hotel below the amount payable under the NP Lease Agreement during such period.

Information on Fortune Mine and the North Point Hotel

Fortune Mine was incorporated in the British Virgin Islands on 23 May 2011. In August 2011, the NP Property Company acquired the land on which the North Point Hotel is being constructed at a consideration of HK\$459.3 million. The Fortune Group is engaged in the investment and development of the North Point Hotel. The key specifications of the North Point Hotel are as follows:

Location:	Nos. 14-20 Merlin Street, North Point, Hong Kong
No. of guestrooms:	338 guestrooms
No. of storeys:	32 storeys
Gross floor area:	Approximately 6,849 sqm
Covered floor area:	Approximately 9,393 sqm
Facilities:	A lobby lounge and a business center

Development of the North Point Hotel commenced in 2011. The superstructure works of the hotel are in progress. The occupation permit for the North Point Hotel required under the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) is expected to be granted by the Building Authority in the second quarter of 2014 and on this basis, the operation of the North Point Hotel is anticipated to commence in or around the third quarter of 2014. Branded as a “iclub by Regal (富薈酒店)” hotel, the North Point Hotel will be managed and operated by the Regal Group following obtaining the relevant hotel licences.

For the years ended 31 December 2011 and 2012, Fortune Mine recorded consolidated net loss (both before and after tax) of approximately HK\$41,000 and HK\$77,000 respectively. As at 31 December 2012, Fortune Mine had consolidated net liabilities (taking into account bank borrowings and shareholder’s loans) of approximately HK\$0.1 million. Before bank borrowings and the shareholder’s loans, Fortune Mine had consolidated net assets of approximately HK\$518.0 million as at 31 December 2012. The North Point Hotel was valued at HK\$1,650 million on an as-completed basis as at 25 June 2013. As agreed between the parties, the North Point Hotel is to be sold on an as-completed basis pursuant to which P&R Holdings shall complete the Interior Fit-Out Programme of the North Point Hotel and obtain the relevant hotel licence. As such, it is fair and reasonable that the North Point Hotel is valued on an as-completed basis.

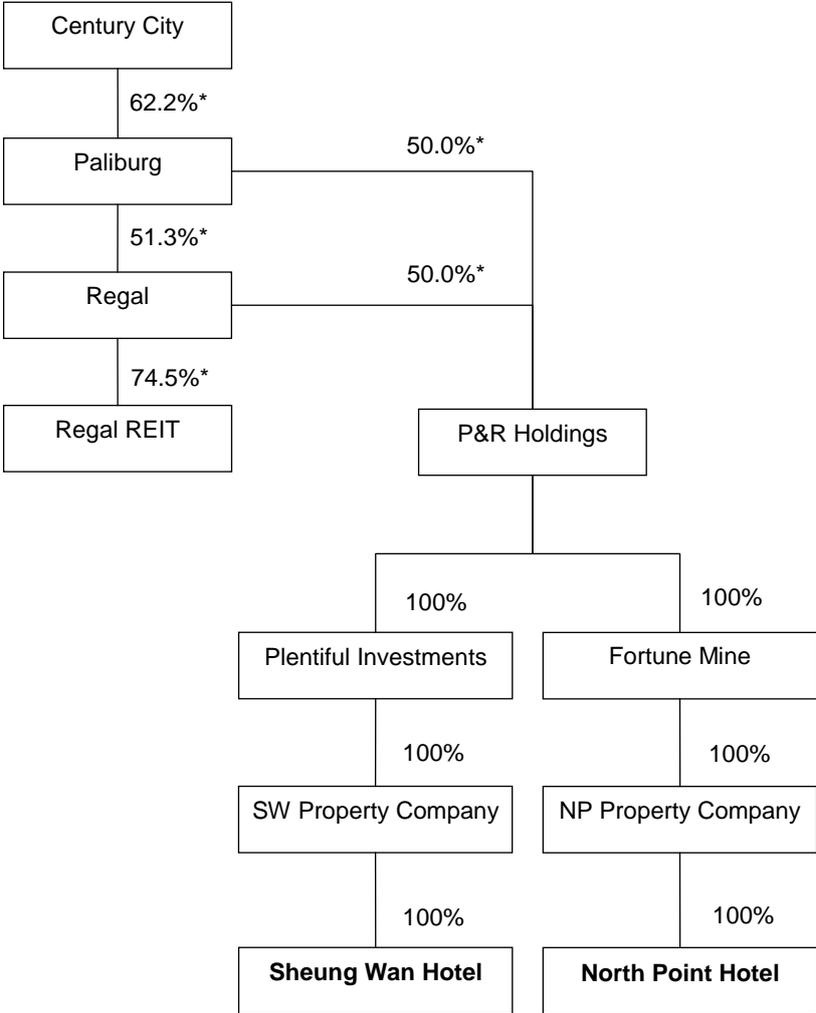
VENDOR FACILITY

On 28 June 2013 (after trading hours), the Trustee (as borrower) entered into a Facility Letter in respect of the Vendor Facility with P&R Finance Limited (as lender), a wholly-owned subsidiary of P&R Holdings. In the event of any shortfall in the funding required for the completion of the SW Hotel Transaction and/or NP Hotel Transaction, Regal REIT may draw down on the Vendor Facility to fund the shortfall.

The Vendor Facility relates to a Hong Kong dollar two-year unsecured standby loan facility of up to an aggregate principal amount of HK\$1,457 million (which may be drawn down in two tranches), bearing an interest rate of 4.375% per annum, with such interest rate being payable quarterly. The Vendor Facility will mature and the outstanding principal amount will become repayable 24 months from the date on which the Trustee draws down on the Vendor Facility. There are no upfront costs relating to the Vendor Facility. The Vendor Facility is unsecured and on normal commercial terms, and it is an exempt connected transaction for Regal under the Listing Rules.

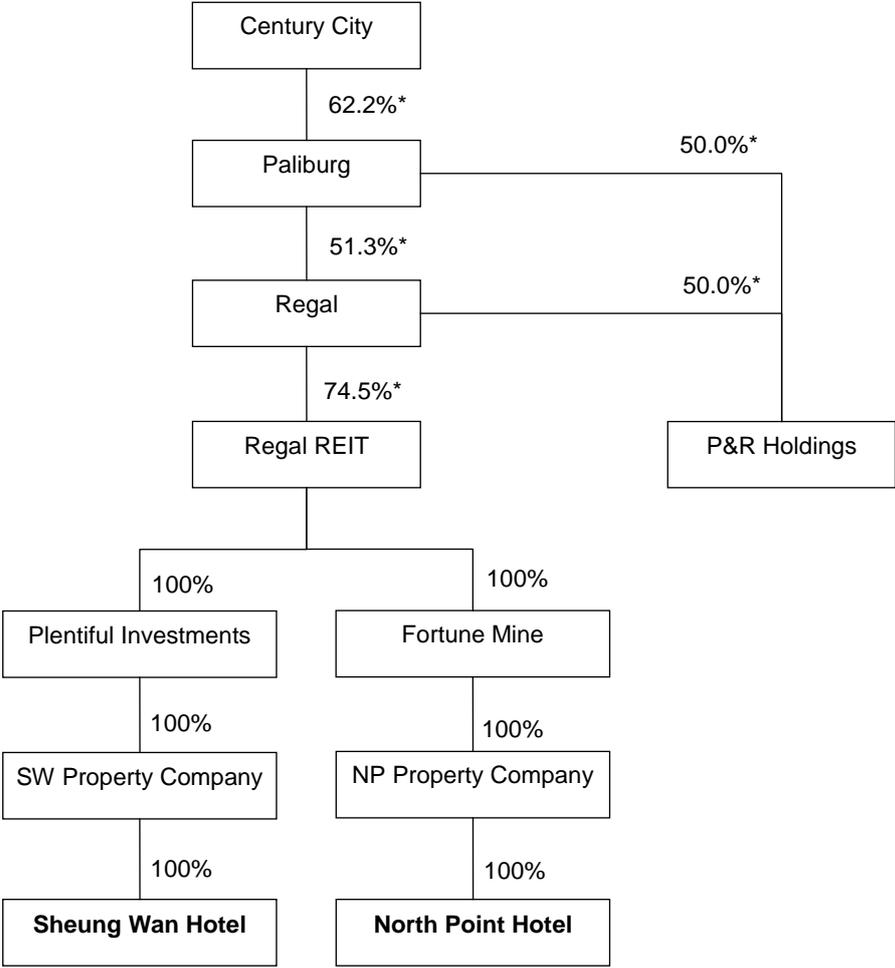
SHAREHOLDING CHART IN RELATION TO THE HOTELS

Below is a chart showing the shareholding interests in Plentiful Investments and Fortune Mine as at the date of this joint announcement:



* Shareholding interest is held through the holding company's wholly-owned subsidiary(ies).

Below is a chart showing the shareholding interests in Plentiful Investments and Fortune Mine upon completion of the SW Hotel Transaction and the NP Hotel Transaction (if the Option was exercised):



* Shareholding interest is held through the holding company's wholly-owned subsidiary(ies).

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Century City holds 62.2% of the issued share capital of Paliburg while Paliburg holds 51.3% of the issued share capital of Regal. Paliburg is a listed subsidiary of Century City while Regal is a listed subsidiary of Century City and Paliburg. The Century City Group and the Paliburg Group are principally engaged in property investment and development, construction and building related businesses, and securities and other investments. The Regal Group is principally engaged in hotel ownership (through its 74.5%-owned subsidiary, Regal REIT), and hotel management and operation. It also engages in property development and investment, as well as asset management of Regal REIT and securities and other investments. P&R Holdings is a subsidiary of Century City and Paliburg and a 50%-owned jointly controlled entity of Regal. It is engaged in development of properties for sale and/or leasing.

Regal REIT is a Hong Kong collective investment scheme authorised under section 104 of the SFO and the units of Regal REIT have been listed on the Stock Exchange since 30 March 2007. The

principal activity of Regal REIT is to own and invest in income-producing hotels, hospitality-related properties and other commercial properties with the objectives of producing stable and growing distributions to the unitholders of Regal REIT and to achieve long-term growth in the net asset value per unit of Regal REIT. The Manager, a wholly-owned subsidiary of Regal, is the manager to Regal REIT. Regal REIT is a listed subsidiary of Century City, Paliburg and Regal.

The development of the Sheung Wan Hotel is expected to be completed in the fourth quarter of 2013. Pursuant to the Share Purchase Agreement, P&R Holdings will dispose of Plentiful Investments (which, through its wholly-owned subsidiary, owns the Sheung Wan Hotel) to Regal REIT at a consideration which was determined with reference to an independent valuation on the Sheung Wan Hotel. P&R Holdings will receive sales proceeds from Regal REIT for the SW Hotel Transaction while Regal REIT will finance the payment of the SW Hotel Purchase Price by among others the proceeds from the issue of the Notes pursuant to the Regal REIT MTN Programme, existing and/or new bank facilities secured against the Sheung Wan Hotel and/or other assets held by Regal REIT and/or the Vendor Facility. The Century City Group and the Paliburg Group intend to use the net proceeds arising from the SW Hotel Transaction for working capital purposes. The Regal Group will manage and operate the Sheung Wan Hotel following obtaining the relevant hotel licences. The Regal Directors consider that the SW Hotel Transaction provides an opportunity for the Regal Group (through Regal REIT) to consolidate its interest in the Sheung Wan Hotel which will be managed and operated by the Regal Group.

The development of the North Point Hotel is expected to be completed in the second quarter of 2014. Pursuant to the Option Agreement, the Option will be granted to Regal REIT. Following obtaining the occupation permit of the North Point Hotel and pursuant to the exercise of the Option, P&R Holdings will dispose of Fortune Mine (which, through its wholly-owned subsidiary, owns the North Point Hotel) to Regal REIT at the consideration with reference to the then valuation as appraised by Savills, an independent valuer. P&R Holdings will receive sales proceeds from Regal REIT for the NP Hotel Transaction while Regal REIT will finance the payment of the consideration for the NP Hotel Transaction by among others the funds raised from the issue of the Notes pursuant to the Regal REIT MTN Programme, existing and/or new bank facilities secured against the North Point Hotel and/or other assets held by Regal REIT and/or the Vendor Facility. The Century City Group and the Paliburg Group intend to use the net proceeds arising from the NP Hotel Transaction for working capital purposes. The Regal Group will manage and operate the North Point Hotel following obtaining the relevant hotel licences. The Regal Directors consider that the Option Agreement provides an opportunity for the Regal Group (through Regal REIT) to secure a right to consolidate its interest in the North Point Hotel which will be managed and operated by the Regal Group.

As upon the respective completion of the SW Hotel Transaction and the NP Hotel Transaction, Plentiful Investments and Fortune Mine will remain to be subsidiaries of Century City and Paliburg, Century City and Paliburg do not expect to report any gain or loss arising from the SW Hotel Transaction and NP Hotel Transaction respectively.

Pursuant to the Share Purchase Agreement, Regal REIT shall make the Deposit Payment. Pursuant to the Option Agreement, Regal REIT shall pay the option fee of HK\$10 million and make Refundable Cash Collateral payments to P&R Holdings. P&R Holdings may use such proceeds without restriction.

The Century City Directors (including the independent non-executive directors) consider that the terms of the SW Hotel Transaction, the Option and the exercise of the Option are fair and reasonable and in the interests of Century City and its shareholders as a whole.

The Paliburg Directors (including the independent non-executive directors) consider that the terms of the SW Hotel Transaction, the Option and the exercise of the Option are fair and reasonable and in the interests of Paliburg and its shareholders as a whole.

The Regal Directors (excluding the independent non-executive directors forming part of the Regal Independent Board Committee which will express their opinion after taking into consideration the advice of Ample Capital) consider that the terms of the SW Hotel Transaction and the Option are fair and reasonable and in the interests of Regal and its shareholders as a whole.

Mr. LO Yuk Sui, Mr. Donald FAN Tung, Mr. Jimmy LO Chun To, Miss LO Po Man and Mr. Kenneth NG Kwai Kai (all being executive directors of Regal) are executive directors of Paliburg and Century City, while Mr. NG Siu Chan and Mr. WONG Chi Keung (both being independent non-executive directors of Regal) are independent non-executive directors of Paliburg and Century City. All of these directors have abstained from voting on the relevant board resolutions of Regal relating to the SW Hotel Transaction and the Option.

LISTING RULES IMPLICATION

As at the date of this joint announcement, Mr. LO Yuk Sui holds approximately 58.16% of the issued share capital of Century City, Century City holds approximately 62.17% of the issued share capital of Paliburg, Paliburg holds approximately 51.28% of the issued share capital of Regal and Regal holds approximately 74.55% of the issued units of Regal REIT. Paliburg is a listed subsidiary of Century City while each of Regal and Regal REIT is a listed subsidiary of Century City and Paliburg. P&R Holdings is owned as to 50% by each of Paliburg (through a wholly-owned subsidiary) and Regal (through a wholly-owned subsidiary). P&R Holdings is a subsidiary of Century City and Paliburg while it is a 50%-owned jointly controlled entity of Regal.

Based on the applicable percentage ratios, the SW Hotel Transaction, the Option and the exercise of the Option in aggregate constitute a major transaction for Century City subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. Apart from Mr. LO Yuk Sui's interests in Paliburg, Regal and Regal REIT through his interest in Century City, Mr. LO Yuk Sui directly and indirectly holds approximately 11.86% of the issued share capital of Paliburg and directly holds approximately 0.003% of the issued share capital of Regal. Mr. LO Yuk Sui however other than his interests as a shareholder of Century City does not have material interests in the SW Hotel Transaction, the Option and the exercise of the Option, and no shareholders of Century City would be required to abstain from voting if a general meeting of Century City were to be convened for the approval of the SW Hotel Transaction, the Option and the exercise of the Option. Century City has obtained written shareholders' approval for the SW Hotel Transaction, the Option and the exercise of the Option from a closely allied group of shareholders of Century City who in aggregate holds approximately 58.16% of the issued share capital of Century City. The closely allied group of shareholders of Century City comprises Mr. LO Yuk Sui who directly owns approximately 3.09% of the issued share capital of Century City and the companies wholly or majority owned and controlled by Mr. LO Yuk Sui consisting of (i) Grand Modern Investments Limited which owns approximately 50.75% of

the issued share capital of Century City, (ii) Fook Island Limited which owns approximately 0.11% of the issued share capital of Century City, (iii) Master City Limited which owns approximately 1.51% of the issued share capital of Century City, (iv) Shui To Co., Limited which owns approximately 2.08% of the issued share capital of Century City, and (v) YSL International Holdings Limited which owns approximately 0.62% of the issued share capital of Century City. Century City will despatch a circular to its shareholders for information purposes on 29 June 2013.

Based on the applicable percentage ratios, the SW Hotel Transaction, the Option and the exercise of the Option in aggregate constitute a major transaction for Paliburg subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules. Apart from Century City's interests in Regal and Regal REIT through its interest in Paliburg, Mr. LO Yuk Sui and Century City hold approximately 0.003% and 0.04% of the issued share capital of Regal respectively, and Century City and Paliburg hold approximately 0.16% and 0.02% of the issued units of Regal REIT respectively. Mr. LO Yuk Sui and Century City however other than their interests as shareholders of Paliburg do not have material interests in the SW Hotel Transaction, the Option and the exercise of the Option, and no shareholders of Paliburg would be required to abstain from voting if a general meeting of Paliburg were to be convened for the approval of the SW Hotel Transaction, the Option and the exercise of the Option. Paliburg has obtained written shareholders' approval for the SW Hotel Transaction, the Option and the exercise of the Option from a closely allied group of shareholders of Paliburg who in aggregate holds approximately 74.03% of the issued share capital of Paliburg. The closely allied group of shareholders of Paliburg comprises Mr. LO Yuk Sui who owns approximately 7.67% of the issued share capital of Paliburg and the companies majority owned and controlled by Mr. LO Yuk Sui consisting of (i) Select Wise Holdings Limited which owns approximately 1.46% of the issued share capital of Paliburg, (ii) Splendid All Holdings Limited which owns approximately 2.73% of the issued share capital of Paliburg, (iii) Almighty International Limited which owns approximately 31.04% of the issued share capital of Paliburg, (iv) Century City Holdings Limited which owns approximately 2.73% of the issued share capital of Paliburg, (v) Cleverview Investments Limited which owns approximately 16.22% of the issued share capital of Paliburg, (vi) Gold Concorde Holdings Limited which owns approximately 2.61% of the issued share capital of Paliburg, (vii) Meylink Limited which owns approximately 4.36% of the issued share capital of Paliburg, (viii) Smartaccord Limited which owns approximately 0.75% of the issued share capital of Paliburg, and (ix) Splendour Corporation which owns approximately 4.46% of the issued share capital of Paliburg. Paliburg will despatch a circular to its shareholders for information purposes on 29 June 2013.

Based on the applicable percentage ratios, the SW Hotel Transaction and the Option in aggregate constitute a major transaction and a connected transaction for Regal subject to the Regal Independent Shareholders' approval under the Listing Rules. Regal will convene a special general meeting to seek the Regal Independent Shareholders' approval for the SW Hotel Transaction and the Option. Mr. LO Yuk Sui, Century City, Paliburg and their respective associates in aggregate holding approximately 51.36% of the issued share capital of Regal as at the date of this joint announcement, will abstain from voting at the special general meeting. Apart from Mr. LO Yuk Sui, Century City, Paliburg and their respective associates, as at the date of this joint announcement, no other shareholders of Regal have a material interest in the SW Hotel Transaction and the Option (other than their interests as shareholders of Regal). Regal has established the Regal Independent Board Committee and has appointed Ample Capital as the independent financial adviser to advise the Regal Independent Board Committee and the Regal Independent Shareholders in this regard. Regal will despatch the relevant

circular (including the respective letters of advice from the Regal Independent Board Committee and Ample Capital) to its shareholders on 29 June 2013.

Regal will comply with the applicable Listing Rules in respect of the exercise of the Option including obtaining independent shareholders' approval as and when appropriate.

DEFINITIONS

“Ample Capital”	Ample Capital Limited, which has been appointed by Regal as the independent financial adviser to advise the Regal Independent Board Committee and the Regal Independent Shareholders on the SW Hotel Transaction and the Option
“Business Day”	a day (excluding, Saturdays, Sundays and public holidays) on which commercial banks are open for business in Hong Kong and the Stock Exchange is open for trading
“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, for the purposes of this joint announcement excluding the Regal Group
“Deposit”	a deposit of HK\$948million, which is refundable in limited circumstances, and payable by the Trustee to P&R Holdings under the Share Purchase Agreement
“Facility Letter”	the facility letter to be entered into by the Trustee (as borrower) and P&R Finance Limited (as lender) in respect of the Vendor Facility
“Fortune Group”	Fortune Mine and its subsidiary
“Fortune Mine”	Fortune Mine Limited
“Guarantors”	Paliburg and Regal
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hotels”	the Sheung Wan Hotel and the North Point Hotel collectively

“Hotel Manager”	Regal Hotels International Limited, a wholly-owned subsidiary of Regal
“Interior Fit-Out Agency Deed(s)”	the agency deed to be entered into between the SW Property Company or the NP Property Company (as the case may be) and the Interior Fit-Out Agent upon completion of the SW Hotel Transaction or the NP Hotel Transaction (as the case may be)
“Interior Fit-Out Agent”	P&R Contracting Agency Limited, a wholly-owned subsidiary of P&R Holdings, to be appointed by the SW Property Company or the NP Property Company (as the case may be) to enter into Interior Fit-Out Contracts on its behalf under the Interior Fit-Out Programme
“Interior Fit-Out Contracts”	all construction contracts and/or other contracts in relation to the carrying out of the relevant Interior Fit-Out Programme to be entered into by the SW Property Company or the NP Property Company (as the case may be), or to be entered into by the Interior Fit-Out Agent (as agent for and on behalf of the SW Property Company or the NP Property Company, as the case may be), with the relevant contractors and/or project consultants and/or other professional advisers whose services are from time to time engaged in connection with the execution of the relevant Interior Fit-Out Programme
“Interior Fit-Out Long Stop Date”	the date falling six months after completion of the SW Hotel Transaction or the NP Hotel Transaction (as the case may be)
“Interior Fit-Out Programme”	the interior fit-out programme in relation to the Sheung Wan Hotel or the North Point Hotel (as the case may be)
“Lessee”	Favour Link International Limited, a wholly-owned subsidiary of Regal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2014 in respect of the Share Purchase Agreement or 30 September 2014 in respect of the Option Agreement (as the case may be), or such later date as may be agreed between P&R Holdings and the Trustee (acting on the recommendation and at the direction of the Manager)
“Manager”	Regal Portfolio Management Limited, the manager of Regal REIT and a wholly-owned subsidiary of Regal

“March 2013 Notes”	the unlisted and unsecured notes due 2018 with an interest rate of 4.125% per annum issued by the MTN Issuer in March 2013 under the Regal REIT MTN Programme with an aggregate principal amount of HK\$775 million
“May 2013 Notes”	the listed and unsecured notes due 2018 with an interest rate of 4.10% per annum issued by the MTN Issuer in May 2013 under the Regal REIT MTN Programme with an aggregate principal amount of US\$150 million
“MTN Issuer”	R-REIT International Finance Limited, a wholly-owned subsidiary of Regal REIT
“North Point Hotel”	a hotel located at Nos. 14-20 Merlin Street, North Point, Hong Kong
“Notes”	the notes issued and to be issued by the MTN Issuer from time to time pursuant to the Regal REIT MTN Programme, including the March 2013 Notes and the May 2013 Notes
“NP Hotel Transaction”	pursuant to the exercise of the Option, (a) the acquisition by the Trustee (acting on the instructions of the Manager) (or its nominee) of the entire issued share capital of Fortune Mine; and (b) the assignment of the NP Shareholder Loan to the Trustee
“NP Lease Agreement”	the lease agreement in respect of the lease of the North Point Hotel by the Lessee from the NP Property Company
“NP Property Company”	Wise Decade Investments Limited, a wholly-owned subsidiary of Fortune Mine
“NP Shareholder Loan”	all amounts due (including principal, interests and other sums (if any)), owing or payable by Fortune Mine to P&R Holdings
“NP Transaction Documents”	collectively, (1) the Option Agreement; and (2) the documents pursuant to the exercise of the Option including (i) the loan assignment of the NP Shareholder Loan; (ii) the deed of tax indemnity to be given by P&R Holdings and the Guarantors in relation to the NP Hotel Transaction; (iii) the Interior Fit-Out Agency Deed; (iv) the hotel management agreement in relation to the management of the North Point Hotel by the Hotel Manager; (v) the NP Lease Agreement; and (vi) the lease guarantee to be given by Regal in relation to the aforesaid lease

“Option”	the grant of a call option by P&R Holdings to the Trustee entitling Regal REIT (or its trustee or nominee) in its sole discretion to acquire the entire issued share capital of Fortune Mine and to be assigned the NP Shareholder Loan
“Option Agreement”	the agreement dated 28 June 2013 entered into between Paliburg, the Manager, the Trustee, P&R Holdings and Regal in relation to the Option
“Option Fee”	a sum of HK\$10 million payable by the Trustee to P&R Holdings under the Option Agreement
“Option Period”	the period commencing from the date that the occupation permit for the North Point Hotel is granted (as notified by P&R Holdings to the Trustee) and ending 30 days from such date
“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
“Paliburg Group”	Paliburg and its subsidiaries, for the purposes of this joint announcement excluding the Regal Group
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“Plentiful Group”	Plentiful Investments and its subsidiary
“Plentiful Investments”	Plentiful Investments Limited
“PRC”	the People’s Republic of China
“P&R Holdings”	P&R Holdings Limited, a joint venture established and owned by a wholly-owned subsidiary of Paliburg and a wholly-owned subsidiary of Regal as to 50% each
“Refundable Cash Collateral”	a refundable sum of HK\$990 million payable by the Trustee to P&R Holdings under the Option Agreement
“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 Independent Board Committee”	the independent board committee of Regal, comprising Ms. Alice KAN Lai Kuen and Professor Japhet Sebastian LAW (both being independent non-executive directors of Regal), established to advise the Regal Independent Shareholders on the SW Hotel Transaction and the Option
“Regal Independent Shareholders”	Regal Shareholders other than Mr. LO Yuk Sui, Century City, Paliburg and their respective associates
“Regal REIT”	Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the SFO, the issued units of which are listed on the Main Board of the Stock Exchange (Stock Code: 1881)
“Regal REIT MTN Programme”	the US\$1 billion medium term note programme established by Regal REIT on 11 January 2013, details of which were set out in Regal REIT’s announcement dated 11 January 2013
“Regal Shareholders”	holders of ordinary shares of par value HK\$0.10 each in the capital of Regal
“REIT Code”	the Code on Real Estate Investment Trusts published by the SFC (as amended from time to time)
“Savills”	Savills Valuation and Professional Services Limited, the independent valuer in respect of the Hotels
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Purchase Agreement”	the sale and purchase agreement dated 28 June 2013 entered into between the Manager, the Trustee, P&R Holdings, Paliburg and Regal in respect of the SW Hotel Transaction
“Sheung Wan Hotel”	a hotel located at Nos. 132-140 Bonham Strand, Sheung Wan, Hong Kong
“sqm”	square metre
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“SW Hotel Completion”	completion of the Share Purchase Agreement
“SW Hotel Purchase Price”	the consideration of HK\$1,580 million payable by the Trustee to P&R Holdings pursuant to the Share Purchase Agreement
“SW Hotel Transaction”	(a) the acquisition by the Trustee (acting on the instructions of the Manager) (or its nominee) of the entire issued share capital of Plentiful Investments; and (b) the assignment of the SW Shareholder Loan to the Trustee, on the terms and subject to the conditions of the Share Purchase Agreement
“SW Lease Agreement”	the lease agreement in respect of the lease of the Sheung Wan Hotel by the Lessee from the SW Property Company
“SW Property Company”	Tristan Limited, a wholly-owned subsidiary of Plentiful Investments
“SW Shareholder Loan”	all amounts due (including principal, interests and other sums (if any)), owing or payable by Plentiful Investments to P&R Holdings
“SW Transaction Documents”	collectively, (1) the Share Purchase Agreement; (2) the loan assignment of the SW Shareholder Loan; (3) the deed of tax indemnity to be given by P&R Holdings and the Guarantors in relation to the SW Hotel Transaction; (4) the Interior Fit-Out Agency Deed; (5) the hotel management agreement in respect of the management of the Sheung Wan Hotel by the Hotel Manager; (6) the SW Lease Agreement; and (7) the lease guarantee to be given by Regal in relation to the aforesaid lease
“Trust Deed”	the trust deed constituting Regal REIT dated 11 December 2006, entered into between the Trustee and the 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 all entered into between the same parties (as may be further amended and supplemented from time to time)
“Trustee”	DB Trustees (Hong Kong) Limited, in its capacity as trustee of Regal REIT
“Unitholders”	holders of the units of Regal REIT from time to time
“Vendor Facility”	the two-year unsecured term loan facility under the Facility Letter, details of which are set out in the paragraph headed “Vendor Facility” in this joint announcement

“Waiver Application”

the application for waiver from strict compliance with the disclosure and Unitholders’ approval requirements under Chapter 8 of the REIT Code in respect of Regal REIT’s new continuing connected transactions arising from the SW Hotel Transaction or the NP Hotel Transaction (as the case may be)

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, 28 June 2013

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
Professor Japhet Sebastian LAW
Mr. NG Siu Chan
Mr. WONG Chi Keung