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COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD
四海國際集團有限公司*
COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 120)

DISCLOSEABLE TRANSACTION

INVESTMENT IN A JOINT VENTURE

The Board is pleased to announce that the Group, through its indirect wholly-owned subsidiary FuLi, entered into the Co-operation Agreement dated 26 February 2014 with the Beijing Company in respect of an investment by the Group in the Target Company. The Target Company has committed to investing in the Project, which involves resettlement housing development in Tongzhou, Beijing, the PRC.

The Target Company will be held as to 82.5% and 17.5% by FuLi and the Beijing Company. Under the Co-operation Agreement, the registered capital of the Target Company will be increased to RMB330,000,000 of which FuLi and the Beijing Company will contribute RMB272,250,000 and RMB57,750,000 respectively to the Target Company in cash. An Advance of RMB24,750,000 will be made by FuLi to the Beijing Company for making its capital contribution to the Target Company. The aggregate funding commitments of FuLi are RMB297,000,000.

The Beijing Company and its ultimate beneficial owner are Independent Third Parties in relation to each of Century City, Paliburg and the Company. The Co-operation Agreement and the transactions contemplated thereunder constitute a discloseable transaction for each of Century City, Paliburg and the Company under Chapter 14 of the Listing Rules.

A. THE CO-OPERATION AGREEMENT

The Board is pleased to announce that the Group, through its indirect wholly-owned subsidiary FuLi, entered into the Co-operation Agreement dated 26 February 2014 with the Beijing Company in respect of an investment by the Group in the Target Company which has committed to investing in the Project. The material terms of the Co-operation Agreement are summarized below:

1. *Date*

26 February 2014

2. *Parties*

The Co-operation Agreement was executed by FuLi and the Beijing Company.

FuLi is a wholly foreign-owned enterprise established in the PRC, and is an indirect wholly-owned subsidiary of the Company. The Beijing Company is a limited liability company established under the laws of the PRC. The Beijing Company and its ultimate beneficial owner are Independent Third Parties in relation to each of Century City, Paliburg and the Company.

3. *Principal Purpose*

The principal purpose of the Co-operation Agreement is to provide for the capital increase of the Target Company, the capital contributions of the parties to the Target Company for funding the investment in the Project, the sharing of the risks and rewards of the parties in accordance with the terms of the Co-operation Agreement and to prescribe the rights and obligations of the parties in respect of the operation of the Target Company.

4. *Capital Contributions*

As at the date of this joint announcement, the registered capital of the Target Company is RMB30,000,000 which is solely owned by the Beijing Company. It has been fully paid up.

Under the Co-operation Agreement, the registered capital of the Target Company will be increased to RMB330,000,000. FuLi and the Beijing Company will be responsible for the capital contributions of RMB272,250,000 and RMB57,750,000 (inclusive of the RMB30,000,000 registered capital already paid up by the Beijing Company) respectively to the Target Company in cash. FuLi will also make the Advance (in the sum of RMB24,750,000) to the Beijing Company for making its capital contribution to the Target Company. The total funding commitments of FuLi under the Co-operation Agreement is therefore RMB297,000,000.

After completion of the increase of registered capital and the capital contributions by the parties to the Target Company, the percentage shareholdings of FuLi and the Beijing Company in the Target Company will be 82.5% and 17.5% respectively.

The construction site area of the Project would be delineated by the approvals of the relevant PRC government authorities issued. If the construction site area would exceed the approvals, FuLi would be entitled to refuse to increase its investment or contributions to the Target Company. In addition, the scope of investment of the Target Company in the Project (including the funding for the acquisition of land use rights and the related construction costs) would remain subject to the relevant permissions or consents in respect of the Project to be issued by the relevant PRC government authorities in charge of the Project and the related construction tenders to be made. Any funding and investments by the Target Company beyond the scope prescribed under the governmental consents and construction tenders should be subject to unanimous written consent by all directors of the Target Company, failing which FuLi would be entitled to decide not to increase its investment or contributions to the Target Company.

The capital contribution by FuLi is subject to the prescribed conditions being fulfilled within 30 days from the date of the Co-operation Agreement, including materially:

- (a) the Target Company and Xinghu having executed a supplemental agreement to the Project Investment Agreement on the terms consistent with the Co-operation Agreement;
- (b) Beijing Land Reserve Centre having issued an undertaking letter in terms consistent with the Co-operation Agreement in respect of the obligations of Xinghu under the Project Investment Agreement;
- (c) the Beijing Company having fully contributed its capital contribution of RMB33,000,000 (inclusive of RMB30,000,000 already paid up) to the Target Company and pledged its shareholdings in the Target Company in favour of FuLi to secure the Advance to be made by FuLi; and
- (d) the land use rights of a parcel of land owned by Xinghu having been charged to the Target Company to secure the investment interests in the Project.

Under the Co-operation Agreement, the aggregate funding commitments of FuLi are RMB297,000,000 (inclusive of the Advance) as set out above. It is determined and agreed by the Group after considering, among others, the funding requirements of the Target Company in respect of its commitments towards the Project.

The operations of the Target Company are intended to be financed by, among other things, the capital contributions from FuLi and the Beijing Company mentioned above and bank borrowings to be granted by a bank in the PRC. The Project is planned to raise not less than RMB1,000,000,000 bank borrowings, subject to a cap of 80% of the total investment of the Project. The land use rights of the developments under the Project would be charged to the financing bank to secure the bank borrowings and, in substitution for the charge of land use rights in condition (d) above, to the Target Company to secure the investment interests in the Project. The ultimate beneficial owner of the Beijing Company has also granted a personal guarantee in favour of FuLi in respect of certain warranties on the Target Company given by the Beijing Company and its performance of related obligations and undertakings in respect of the Project under the Co-operation Agreement including the due repayment of the Advance.

The Group will fund its capital contributions to the Target Company and the Advance from its available financial resources. Apart from these capital contributions and the Advance, FuLi has no additional funding commitments under the Co-operation Agreement. The Company currently does not foresee any further capital (equity, loan or otherwise) contribution commitment on the part of FuLi other than those mentioned above. If and when FuLi is required to make further capital contribution to the Target Company, the Company will comply with the applicable provisions in the Listing Rules.

5. Board composition

The board of directors of the Target Company will consist of 5 directors. FuLi and the Beijing Company are entitled to appoint 4 directors and 1 director of the Target Company respectively. The legal representative of the Target Company will be appointed by FuLi.

6. *Distribution of profits*

The distribution of the profits of the Target Company shall be allocated pro-rata among its shareholders based on their percentage shareholdings held provided that FuLi is entitled to receive, in priority to the Beijing Company, any dividends payable or attributable to the Beijing Company from the Target Company until FuLi has fully received a return equivalent to RMB3 million plus a sum calculated at the per annum rate of 8% of the Advance. Any dividends, distributions or other monies payable or attributable to the Beijing Company from the Target Company shall first be applied towards the payment of the above return and repayment of the Advance then owing to FuLi. The Beijing Company is responsible for meeting the shortfall in the above payments due to FuLi, including the full repayment of the Advance required to be made within 27 months from the date of the Co-operation Agreement.

B. REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Group is principally engaged in property investment and development, securities investment and other investments. The Group is presently undertaking three major property development projects in the PRC, including in Chengdu, Tianjin and Xinjiang, and is also assessing on a new project in Wuxi.

The Company is a listed subsidiary of Century City and Paliburg. Century City Group and Paliburg Group are principally engaged in property investment and development, construction and building related businesses, hotel ownership, hotel operation and management, asset management and other investments including securities investment, and aircraft ownership and leasing business.

The Target Company is a company incorporated in the PRC in March 2012 for investing in the Project. Based on the unaudited accounts of the Target Company provided to FuLi, the unaudited net asset value of the Target Company as at 31 January 2014 was approximately RMB29.95 million. The unaudited net losses (both before and after taxation) of the Target Company for the period from its incorporation to 31 December 2012 were approximately RMB3,000 and its unaudited net losses (both before and after taxation) for the financial year ended 31 December 2013 were approximately RMB49,000.

The Project is a primary land development project confirmed by PRC government and, through Beijing Land Reserve Centre, has been entrusted to the Target Company. The principal purpose of the Project is to develop buildings for the purposes of housing resettlement under PRC government policies. The Target Company has been awarded the right to invest in and manage the Project. Under the Project, the total site area planned to be developed is approximately 181,000 sq. meters and the planned above-ground construction area is approximately 412,000 sq. meters. According to information obtained by the Group, the total investment of the Project approved by the government authorities for the Project is approximately RMB1.89 billion. The returns on investment in the Project, calculated at a fixed return of 3% of the total amount invested plus an annual return at the rate of 8% per annum of the total amount of investment of the Project (as verified and approved by the PRC government authorities), would be granted as part of the undertakings of the relevant PRC government authorities for the Project. The returns will be paid together with the principal amount of the investment to the Target Company pursuant to the Project Investment Agreement.

The Group's investment in the Project is expected to generate returns on satisfactory terms with support from the PRC government. The Project is expected to strengthen the Group's experience in management of primary land development projects and strength its relationship with the PRC government authorities in furtherance of its future strategic development of business in the PRC.

The terms of the Co-operation Agreement were negotiated on arm's length basis between the parties. The Directors consider that they are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The respective directors of Century City and Paliburg also consider that the terms of the Co-operation Agreement are fair and reasonable and they are in the interests of Century City and its shareholders as a whole, in so far as the directors of Century City are concerned, and Paliburg and its shareholders as a whole, in so far as the directors of Paliburg are concerned.

C. LISTING RULES IMPLICATIONS

The aggregate funding commitments of FuLi under the Co-operation Agreement are RMB297,000,000 which includes FuLi's capital contribution to the Target Company and the Advance. As one or more applicable percentage ratios calculated in respect of the relevant transactions under the Co-operation Agreement exceed 5% and all of the applicable percentage ratios are less than 25%, the Co-operation Agreement and the transactions contemplated thereunder constitute a discloseable transaction for each of Century City, Paliburg and the Company under Chapter 14 of the Listing Rules.

D. DEFINITIONS

The following expressions in this joint announcement have the meanings set out below unless the context requires otherwise:

"Advance"	the advance of RMB24,750,000 to be made by FuLi to the Beijing Company
"Beijing Company"	北京七海投資有限公司 (Beijing Qihai Investment Company Limited*), a limited liability company incorporated in the PRC
"Beijing Land Reserve Centre"	中國北京市土地整理儲備中心通州區分中心 (Beijing Municipality Land Management and Reserve Centre – Tongzhou District Sub-Centre*)
"Board"	the board of Directors
"Century City"	Century City International Holdings Limited, a company incorporated in Bermuda, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 355)
"Century City Group"	Century City and its subsidiaries

"Co-operation Agreement"	the co-operation agreement dated 26 February 2014 between the Beijing Company and FuLi in respect of the investment in the Target Company
"Company"	Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 120)
"connected person"	has the meaning ascribed to such term in the Listing Rules
"Directors"	the directors of the Company
"FuLi"	北京富利企業管理有限公司 (Beijing FuLi Management Company Limited*), a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	in relation to a listed issuer (as defined in the Listing Rules), a third party who, to the best knowledge, information and belief of the directors of the listed issuer after having made all reasonable enquiry, is independent of the listed issuer and its connected persons
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Paliburg"	Paliburg Holdings Limited, a company incorporated in Bermuda, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 617)
"Paliburg Group"	Paliburg and its subsidiaries
"PRC"	the People's Republic of China
"Project"	中國北京市通州區輕軌 L2 線通州段兩站一街新增定向安置房項目 (Re-settlement housing project located near the segment between two stations of light rail L2 line in Tongzhou District, Beijing, the PRC*)
"Project Investment Agreement"	the investment agreement dated 14 January 2013 between the Target Company and Xinghu in respect of the investment by the Target Company in the Project, as amended from time to time
"RMB"	Renminbi Yuan, the lawful currency of the PRC
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Target Company" 北京勵尚偉德投資管理有限公司 (Beijing Lishang Weide Investment Management Company Limited*), a limited liability company incorporated in the PRC

"Xinghu" 北京星湖投資開發公司 (Beijing Xinghu Investment Development Company*), a collectively owned enterprise established in the PRC and wholly-owned by and under the People's Government of Taihu Township, Tongzhou District, Beijing, PRC

By order of the board of directors of
Century City International Holdings Limited
Eliza Lam Sau Fun
Secretary

By order of the board of directors of
Paliburg Holdings Limited
Eliza Lam Sau Fun
Secretary

By order of the board of directors of
Cosmopolitan International Holdings Limited
Eliza Lam Sau Fun
Secretary

Hong Kong, 26 February 2014

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 the Company 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)
Miss Lo Po Man
(Vice Chairman)
Mr. Kenneth Wong Po Man
(Chief Operating Officer)
Mr. Kelvin Leung So Po
(Chief Financial Officer)
Mr. Daniel Bong Shu Yin
Mr. Cheng Sui Sang
Mr. Kenneth Ng Kwai Kai

Non-executive director:

Mr. Francis Bong Shu Ying

Independent non-executive directors:

Ms. Judy Chen Qing
Ms. Alice Kan Lai Kuen
Mr. Lee Choy Sang
Mr. David Li Ka Fai
Hon. Abraham Shek Lai Him, GBS, JP

**English translation or transliteration of Chinese names or designations is not official.*