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If you have sold or transferred all your securities in **Regal Hotels International Holdings Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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DISCLOSEABLE AND CONNECTED TRANSACTION
EXTENSION OF TERMS OF CONVERTIBLE BONDS IN
COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

Independent financial adviser
to the Independent Board Committee and the Independent Shareholders

AmCap
Ample Capital Limited
豐盛融資有限公司

A notice convening the special general meeting of Regal Hotels International Holdings Limited (the “Company”) to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 11 January 2013 at 11:30 a.m. (the “SGM”) is appended to this circular. Whether or not you are able to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or at any adjourned meeting should you so wish.

18 December 2012

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DEFINITIONS

In this circular, unless the context otherwise requires, the following words and expressions have the following meanings:

“Ample Capital”	Ample Capital Limited, a corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the CB2010 Extension and the CB2013(B) Extension
“Announcements”	the announcements dated 16 November 2012 and 12 December 2012 jointly issued by the Company, Century City and Paliburg
“Apex Team”	Apex Team Limited, a wholly-owned subsidiary of Cosmo
“associates”	has the meaning as defined in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CB2010(s)”	the zero coupon guaranteed convertible bonds (whose due date was previously extended to 14 February 2013 and is proposed to be further extended to 30 September 2013 pursuant to the CB2010 Extension) issued by Fancy Gold in 2007 in an aggregate principal amount of HK\$205 million and held as to HK\$141.45 million by Valuegood as at the Latest Practicable Date
“CB2010 Conversion Share(s)”	the new Cosmo Share(s) falling to be issued upon the exercise of the conversion rights attached to the CB2010s
“CB2010 Extension”	the transactions contemplated under the CB2010 Extension Agreement including among others the proposed further extension of the maturity date of the CB2010s to 30 September 2013
“CB2010 Extension Agreement”	the deed of variation dated 16 November 2012 (as supplemented by a supplemental deed dated 12 December 2012) entered into between Valuegood, Fancy Gold and Cosmo in respect of the CB2010 Extension

DEFINITIONS

“CB2013(A)”	the zero coupon guaranteed convertible bonds (originally due on 14 February 2013 and is proposed to be extended to 30 September 2013 pursuant to the CB2013(A) Extension) issued by Apex Team in 2008 to Jumbo Pearl in the principal amount of HK\$100 million
“CB2013(A) Extension”	the proposed extension of the maturity date of the CB2013(A) held by Jumbo Pearl to 30 September 2013
“CB2013(A) Extension Agreement”	the deed of variation dated 16 November 2012 entered into between Jumbo Pearl, Apex Team and Cosmo in respect of the CB2013(A) Extension
“CB2013(A) Subscription Agreement”	the agreement dated 6 December 2007 entered into among Jumbo Pearl, Sun Joyous, Apex Team and Cosmo in respect of the subscription of the CB2013(A) and the granting of the Option(A)
“CB2013(B)”	the zero coupon guaranteed convertible bonds (originally due on 14 February 2013 and is proposed to be extended to 30 September 2013 pursuant to the CB2013(B) Extension) issued by Apex Team in 2008 to Time Crest in the principal amount of HK\$100 million
“CB2013(B) Conversion Share(s)”	the new Cosmo Share(s) falling to be issued upon the exercise of the conversion rights attached to the CB2013(B)
“CB2013(B) Extension”	the proposed extension of the maturity date of the CB2013(B) held by Time Crest to 30 September 2013
“CB2013(B) Extension Agreement”	the deed of variation dated 16 November 2012 entered into between Time Crest, Apex Team and Cosmo in respect of the CB2013(B) Extension
“CB2013(B) Subscription Agreement”	the agreement dated 6 December 2007 entered into among Time Crest, Well Mount, Apex Team and Cosmo in respect of the subscription of the CB2013(B) and the granting of the Option(B)
“CB2013 Extension”	the CB2013(A) Extension and the CB2013(B) Extension collectively
“CB2013 Extension Agreements”	the CB2013(A) Extension Agreement and the CB2013(B) Extension Agreement collectively
“CB2013 Subscription Agreements”	the CB2013(A) Subscription Agreement and the CB2013(B) Subscription Agreement collectively
“CB2013s”	the CB2013(A) and the CB2013(B) collectively

DEFINITIONS

“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 Group”	Century City and its subsidiaries, for the purposes of this circular excluding the Group
“Company”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued Shares are listed on the Main Board of the Stock Exchange (Stock Code: 78)
“Cosmo”	Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 120)
“Cosmo CBs”	the CB2010s and CB2013s collectively
“Cosmo Group”	Cosmo and its subsidiaries
“Cosmo Share(s)”	ordinary share(s) of par value HK\$0.0002 each in the capital of Cosmo
“Directors”	the directors of the Company
“Fancy Gold”	Fancy Gold Limited, a wholly-owned subsidiary of Cosmo
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board, comprising Ms. Alice KAN Lai Kuen and Professor Japhet Sebastian LAW (both being independent non-executive Directors), established to advise the Independent Shareholders on the CB2010 Extension and the CB2013(B) Extension
“Independent Shareholders”	Shareholders other than Century City, Paliburg and their respective associates
“Jumbo Pearl”	Jumbo Pearl Investments Limited, a wholly-owned subsidiary of Paliburg

DEFINITIONS

“Latest Practicable Date”	12 December 2012, being the latest practicable date for ascertaining certain information in this circular before printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Option(A)”	the option granted by Apex Team to Sun Joyous to subscribe for the Optional CB(A) with a principal amount of up to HK\$100 million pursuant to the CB2013(A) Subscription Agreement
“Option(A) Extension”	the proposed extension of the expiry date of the Option(A) to 2 July 2013
“Option(A) Extension Agreement”	the supplemental agreement to the CB2013(A) Subscription Agreement dated 16 November 2012 entered into between Sun Joyous, Jumbo Pearl, Apex Team and Cosmo in respect of the Option(A) Extension
“Option(B)”	the option granted by Apex Team to Well Mount to subscribe for the Optional CB(B) with a principal amount of up to HK\$100 million pursuant to the CB2013(B) Subscription Agreement
“Option(B) Extension”	the proposed extension of the expiry date of the Option(B) to 2 July 2013
“Option(B) Extension Agreement”	the supplemental agreement to the CB2013(B) Subscription Agreement dated 16 November 2012 entered into between Well Mount, Time Crest, Apex Team and Cosmo in respect of the Option(B) Extension
“Option(s)”	the Option(A) and/or the Option(B)
“Optional CB(A)”	the zero coupon guaranteed convertible bonds to be issued by Apex Team to Sun Joyous upon exercise of the Option(A) with a principal amount of up to HK\$100 million
“Optional CB(B)”	the zero coupon guaranteed convertible bonds to be issued by Apex Team to Well Mount upon exercise of the Option(B) with a principal amount of up to HK\$100 million
“Optional CBs”	the Optional CB(A) and the Optional CB(B) collectively
“Options Extension”	the Option(A) Extension and the Option(B) Extension collectively

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“Options Extension Agreement(s)”	the Option(A) Extension Agreement and/or the Option(B) Extension Agreement
“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 Group”	Paliburg and its subsidiaries, for the purposes of this circular excluding the Group
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“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)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held on Friday, 11 January 2013 at 11:30 a.m. for the purpose of considering and, if thought fit, approving the CB2013(B) Extension and the CB2010 Extension
“Shareholders”	holders of Shares
“Shares”	ordinary shares of par value HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Joyous”	Sun Joyous Investments Limited, a wholly-owned subsidiary of Paliburg
“Time Crest”	Time Crest Investments Limited, a wholly-owned subsidiary of the Company
“Valuegood”	Valuegood International Limited, a wholly-owned subsidiary of the Company
“Well Mount”	Well Mount Investments Limited, a wholly-owned subsidiary of the Company

LETTER FROM THE BOARD



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

Registered Office:

26 Burnaby Street

Hamilton HM 11

Bermuda

Head Office and

Principal Place of Business:

11th Floor

68 Yee Wo Street

Causeway Bay

Hong Kong

18 December 2012

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

**EXTENSION OF TERMS OF CONVERTIBLE BONDS IN
COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED**

Reference is made to the Announcements jointly issued by the Company, Century City and Paliburg.

LETTER FROM THE BOARD

The Group presently holds the CB2010s with a principal amount of HK\$141.45 million and the CB2013(B) with a principal amount of HK\$100 million. The relevant subsidiaries of the Company entered into the CB2010 Extension Agreement and the CB2013(B) Extension Agreement to, among others, extend the respective terms of the CB2010s and the CB2013(B).

The CB2010 Extension and the CB2013(B) Extension, in aggregate, constitute a discloseable transaction and a connected transaction subject to Independent Shareholders' approval for the Company under the Listing Rules. The SGM will be convened to seek Independent Shareholders' approval for the CB2010 Extension and the CB2013(B) Extension.

The purpose of this circular is to provide you with, among others, (i) information in relation to the CB2013(B) Extension and the CB2010 Extension; (ii) the letter of advice from the Independent Board Committee; (iii) the letter of advice from Ample Capital to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the SGM to consider, and if thought fit, to approve the resolutions in relation to the CB2013(B) Extension and the CB2010 Extension.

CB2013(B) EXTENSION

Background

In 2008, Time Crest (a wholly-owned subsidiary of the Company) subscribed for the CB2013(B) in a principal amount of HK\$100 million. The prevailing maturity date of the CB2013(B) is 14 February 2013.

CB2013(B) Extension Agreement

On 16 November 2012 (after trading hours), Time Crest, Apex Team and Cosmo entered into the CB2013(B) Extension Agreement to extend the maturity date of the CB2013(B) to 30 September 2013, and the conversion period of the CB2013(B) will accordingly be extended to 16 September 2013, being 14 days prior to the extended maturity date of the CB2013(B).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for the Group's and the Paliburg Group's interests set out in the paragraph headed "Shareholding structure of Cosmo" and the information set out in "Other relationships between the Group, the Century City Group, the Paliburg Group and the Cosmo Group", Apex Team and Cosmo are parties independent of the Company and its connected persons.

The CB2013(B) Extension shall become unconditional upon fulfilment of the following conditions: (i) Century City having obtained approval for the CB2013 Extension Agreements by its shareholders; (ii) the Company having obtained approval for the CB2013(B) Extension Agreement by the Independent Shareholders; (iii) Cosmo having obtained approval for the CB2013 Extension Agreements and the Options Extension Agreements by Cosmo's independent shareholders; (iv) the Stock Exchange's consent in respect of the change of terms of the CB2013(B) pursuant to the CB2013(B) Extension Agreement; and (v) if required, the Stock Exchange granting the listing of and permission to deal in the Cosmo Shares falling to be issued pursuant to the exercise of the conversion

LETTER FROM THE BOARD

rights attached to the CB2013(B) (as varied by the CB2013(B) Extension Agreement). If the conditions are not fulfilled on or before 14 February 2013 (being the prevailing maturity date of the CB2013s) or such later date as may be agreed by the parties, the CB2013(B) Extension Agreement will lapse and terminate. The Company understands that the CB2013 Extension Agreements have been approved by a closely allied group of shareholders of Century City by way of written approval.

If the CB2013(B) Extension does not become unconditional by the long-stop date of the CB2013(B) Extension Agreement, the CB2013(B) will be subject to conversion at the option of the holder of the CB2013(B) on or before 31 January 2013 and any unconverted CB2013(B) will be subject to redemption by Apex Team in accordance with its terms at 128.01% of the outstanding principal amount of the CB2013(B) upon the maturity date on 14 February 2013.

Major terms of the CB2013(B)

Apart from the extension of the maturity date of the CB2013(B) and the redemption premium calculated based on a fixed yield-to-maturity of 5% per annum (compounded semi-annually) of the CB2013(B), all terms of the CB2013(B) remain unchanged from the original terms of the CB2013(B) issued by Apex Team. Set out below are the major terms of the CB2013(B).

Principal amount : HK\$100 million

Conversion : The holder of the CB2013(B) can exercise the conversion rights attached to the CB2013(B) to convert the outstanding principal amounts of the CB2013(B) in whole or in part into CB2013(B) Conversion Shares at any time until a date falling 14 days prior to the extended maturity date of the CB2013(B).

No conversion shall take place if as a result of such conversion, Cosmo will not be able to meet the public float requirement under the Listing Rules.

Prevailing conversion price : HK\$0.06 per CB2013(B) Conversion Share, subject to adjustment for share consolidation, share subdivision, reclassification of shares into other securities, capitalisation issues, capital distributions, rights issues, and certain other dilutive events, including a downward adjustment to the effect that should Cosmo issue new Cosmo Shares (or securities convertible into new Cosmo Shares) for cash or non-cash consideration per Cosmo Share which is less than the prevailing conversion price, the conversion price shall be adjusted downwards to such issue price (but such adjustment shall not be retroactive).

LETTER FROM THE BOARD

The prevailing conversion price of HK\$0.06 per CB2013(B) Conversion Share represents:

- (i) a premium of approximately 9.09% over the closing price per Cosmo Share of HK\$0.055 quoted on the Stock Exchange on 16 November 2012, being the date of the CB2013(B) Extension Agreement;
- (ii) a premium of approximately 7.14% over the average closing price per Cosmo Share for the last five trading days up to and including 15 November 2012 (being the last trading day immediately before the date of the CB2013(B) Extension Agreement) of HK\$0.056; and
- (iii) a premium of approximately 11.11% over the closing price per Cosmo Share of HK\$0.054 quoted on the Stock Exchange on the Latest Practicable Date.

Coupon rate	:	The CB2013(B) bear no coupon.
Extended maturity date	:	30 September 2013. On the extended maturity date, all of the remaining outstanding CB2013(B) will be redeemed by Apex Team at 132.05% of the outstanding principal amount of the CB2013(B), representing a yield-to-maturity of 5% per annum (compounded semi-annually).
Voting	:	A holder of any CB2013(B) will not be entitled to receive notice of, attend or vote at any general meeting of Cosmo by reason only of it being a holder of the CB2013(B).
Listing	:	The CB2013(B) is not listed on the Stock Exchange. No application will be made for the listing of the CB2013(B) on the Stock Exchange or any other stock exchange.
Ranking	:	The CB2013(B) Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the CB2013(B) will rank pari passu in all respects with all other Cosmo Shares outstanding at the date of conversion of the CB2013(B).
Early redemption	:	Apex Team has the right, at any time prior to the extended maturity date, if not more than 10% of the principal amount of any of the CB2013(B) is still outstanding, by giving not less than 15 nor more than 30 business days' notice to the holders of such CB2013(B) to redeem the CB2013(B) at an amount equal to the outstanding principal amount of the CB2013(B) together with a redemption premium equal to 5% per annum (to be calculated on a semi-annual compound basis).
Guarantor	:	Cosmo

LETTER FROM THE BOARD

CB2013(B) Conversion Shares

The aggregate number of CB2013(B) Conversion Shares which will fall to be issued on conversion of the CB2013(B) at the prevailing conversion price of HK\$0.06 per CB2013(B) Conversion Share is 1,666,666,666 CB2013(B) Conversion Shares representing 14.1% of the issued ordinary share capital of Cosmo as at the Latest Practicable Date and 12.4% of the issued ordinary share capital of Cosmo as at the Latest Practicable Date as enlarged by the allotment and issue of the CB2013(B) Conversion Shares.

CB2010 EXTENSION

Background

Valuegood (a wholly-owned subsidiary of the Company) subscribed for the CB2010 with a principal amount of HK\$102.5 million in 2007 and further acquired the CB2010 with a principal amount of HK\$38.95 million in 2008. The CB2010s held by Valuegood as at the Latest Practicable Date with a principal amount of HK\$141.45 million represents the entire amount of the presently outstanding CB2010s and was originally due in 2010. The prevailing maturity date of the CB2010s (as previously extended) is 14 February 2013.

CB2010 Extension Agreement

Valuegood, Fancy Gold (a wholly-owned subsidiary of Cosmo) and Cosmo entered into the CB2010 Extension Agreement to further extend the maturity date of the CB2010s to 30 September 2013, and the conversion period of the CB2010s will accordingly be further extended to 16 September 2013, being 14 days prior to the further extended maturity date of the CB2010s, and to disallow conversion of the CB2010s if as a result of the conversion, Cosmo will not be able to meet the public float requirement under the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for the Group's and the Paliburg Group's interests set out in the paragraph headed "Shareholding structure of Cosmo" and the information set out in "Other relationships between the Group, the Century City Group, the Paliburg Group and the Cosmo Group", Fancy Gold and Cosmo are parties independent of the Company and its connected persons.

The CB2010 Extension shall become unconditional upon fulfilment of the following conditions: (i) Century City having obtained approval for the CB2010 Extension Agreement by its shareholders; (ii) the Company having obtained approval for the CB2010 Extension Agreement by the Independent Shareholders; (iii) Cosmo having obtained approval for the CB2010 Extension Agreement by Cosmo's independent shareholders; (iv) the Stock Exchange's consent in respect of the change of terms of the CB2010s pursuant to the CB2010 Extension Agreement; and (v) if required, the Stock Exchange granting the listing of and permission to deal in the CB2010 Conversion Shares falling to be issued pursuant to the exercise of the conversion rights attached to the CB2010s (as varied by the CB2010 Extension Agreement). If the conditions are not fulfilled on or before 14 February 2013 (being the

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prevailing maturity date of the CB2010s) or such later date as may be agreed by the parties, the CB2010 Extension Agreement will lapse and terminate. The Company understands that the CB2010 Extension Agreement has been approved by a closely allied group of shareholders of Century City by way of written approval.

If the CB2010 Extension does not become unconditional by the long-stop date of the CB2010 Extension Agreement, the CB2010s will be subject to conversion at the option of the holder of the CB2010s on or before 31 January 2013 and any unconverted CB2010s will be subject to redemption by Fancy Gold in accordance with their terms at 132.84% of the outstanding principal amount of the CB2010s upon the maturity date on 14 February 2013.

Major terms of the CB2010s

Apart from the further extension of the maturity date of the CB2010s, the redemption premium calculated based on a fixed yield-to-maturity of 5% per annum (compounded semi-annually) of the CB2010s and the restriction on conversion, all terms of the CB2010s remain unchanged from the original terms of the CB2010s issued by Fancy Gold. Set out below are the major terms of the CB2010s.

Principal amount : HK\$141.45 million

Conversion : The holder of the CB2010s can convert the outstanding principal amount of the CB2010s into CB2010 Conversion Shares at any time until a date falling 14 days prior to the further extended maturity date of the CB2010s.

No conversion shall take place if as a result of such conversion, Cosmo will not be able to meet the public float requirement under the Listing Rules.

Prevailing conversion price : HK\$0.04 per CB2010 Conversion Share, subject to adjustment for share consolidation, share subdivision, reclassification of shares into other securities, capitalisation issues, capital distributions, rights issues, and certain other dilutive events, including a downward adjustment to the effect that in case new Cosmo Shares (or securities convertible into new Cosmo Shares) are issued for cash or non-cash consideration at a price per Cosmo Share which is less than the prevailing conversion price, the conversion price shall be adjusted downwards to such issue price (but such adjustment shall not be retroactive).

The prevailing conversion price of HK\$0.04 per CB2010 Conversion Share represents:

- (i) a discount of approximately 27.27% to the closing price per Cosmo Share of HK\$0.055 quoted on the Stock Exchange on 16 November 2012, being the date of the CB2010 Extension Agreement;

LETTER FROM THE BOARD

- (ii) a discount of approximately 28.57% to the average closing price per Cosmo Share for the last five trading days up to and including 15 November 2012 (being the last trading day immediately before the date of the CB2010 Extension Agreement) of HK\$0.056; and
- (iii) a discount of approximately 25.93% to the closing price per Cosmo Share of HK\$0.054 quoted on the Stock Exchange on the Latest Practicable Date.

Coupon rate	:	The CB2010s bear no coupon.
Further extended maturity date	:	30 September 2013. On the further extended maturity date, all of the remaining outstanding CB2010s will be redeemed by Fancy Gold at 137.03% of the outstanding principal amount of the CB2010s, representing a yield-to-maturity of 5% per annum (compounded semi-annually).
Voting	:	A holder of any CB2010 will not be entitled to receive notice of, attend or vote at any general meeting of Cosmo by reason only of it being a holder of the CB2010s.
Listing	:	The CB2010s are not listed on the Stock Exchange. No application will be made for the listing of the CB2010s on the Stock Exchange or any other stock exchange.
Ranking	:	The CB2010 Conversion Shares to be issued as a result of the exercise of the conversion rights attached to the CB2010s will rank pari passu in all respects with all other Cosmo Shares outstanding at the date of conversion of the CB2010s.
Early redemption	:	Fancy Gold has the right, at any time prior to the further extended maturity date, by not less than 15 nor more than 30 business days' notice to the holder(s) of the CB2010s to redeem the CB2010s at an amount equal to the outstanding principal amounts of the CB2010s together with a redemption premium equal to 5% per annum (to be calculated on a semi-annual compound basis) if the total outstanding principal amount of the CB2010s is not more than 10% of the total principal amount of the CB2010s of HK\$205 million.
Guarantor	:	Cosmo

CB2010 Conversion Shares

The number of CB2010 Conversion Shares which will fall to be issued on conversion of the CB2010s at the prevailing conversion price of HK\$0.04 per CB2010 Conversion Share is 3,536,250,000 CB2010 Conversion Shares representing 30.0% of the issued ordinary share capital of Cosmo as at the Latest Practicable Date and 23.1% of the issued ordinary share capital of Cosmo as at the Latest Practicable Date as enlarged by the allotment and issue of the CB2010 Conversion Shares.

LETTER FROM THE BOARD

INFORMATION ON COSMO

The Cosmo Group is principally engaged in property investment and development, and securities and other investments.

Shareholding structure of Cosmo

Set out below for illustration purposes is the shareholding structure of Cosmo in the following scenarios:

	As at the Latest Practicable Date		Assuming conversions in full of the CB2013(B) and the CB2010s		Assuming exercise of the Option(B) ^(Note 1) and conversions in full of the CB2013(B), CB2010s and the Optional CB(B)		Assuming exercise of the Options and conversions in full of the CB2013s, CB2010s and the Optional CBs ^(Note 2)	
	No. of Cosmo Shares	%	No. of Cosmo Shares	%	No. of Cosmo Shares	%	No. of Cosmo Shares	%
The Group	334,000,000	2.83	5,536,916,666	32.59	7,203,583,332	38.62	7,203,583,332	32.76
The Paliburg Group	2,016,666,666	17.11	2,016,666,666	11.87	2,016,666,666	10.81	5,349,999,998	24.33
Giant Sino Group Limited	4,403,576,090	37.37	4,403,576,090	25.92	4,403,576,090	23.61	4,403,576,090	20.03
Culture Landmark Investment Limited	1,446,064,745	12.27	1,446,064,745	8.51	1,446,064,745	7.75	1,446,064,745	6.58
Other shareholders	3,584,823,450	30.42	3,584,823,450	21.11	3,584,823,450	19.21	3,584,823,450	16.30
Total	11,785,130,951	100.00	16,988,047,617	100.00	18,654,714,283	100.00	21,988,047,615	100.00

Notes:

- The Group also holds the Option(B) to subscribe for the Optional CB(B) with a principal amount of up to HK\$100 million which was granted by the Cosmo Group in 2008 in conjunction with the issue of the CB2013(B). The expiry date for exercising the Option(B) was 16 November 2012 (being 90 days prior to the prevailing maturity date of the CB2013(B)) and on 16 November 2012 (after trading hours), the relevant subsidiaries of the Company also entered into an agreement to, among others, extend the expiry date of the Option(B) subject to conditions thereof. Further details regarding the Option(B) Extension are set out in the announcement dated 16 November 2012 jointly issued by the Company, Century City and Paliburg.
- The Paliburg Group holds the CB2013(A) with a principal amount of HK\$100 million and the Option(A) to subscribe for the Optional CB(A) with a principal amount of up to HK\$100 million. Further details are set out below under the paragraph headed "Other relationships between the Group, the Century City Group, the Paliburg Group and the Cosmo Group".
- Under the terms of the CB2013s and the Optional CBs (if issued), no conversion of the CB2013s and the Optional CBs (if issued) shall take place if after the conversion, Cosmo will not be able to meet the public float requirement of the Listing Rules. Subject to the CB2010 Extension Agreement becoming unconditional, no conversion of the CB2010s shall take place if after the conversion, Cosmo will not be able to meet the public float requirement of the Listing Rules.

LETTER FROM THE BOARD

Other relationships between the Group, the Century City Group, the Paliburg Group and the Cosmo Group

The Paliburg Group holds the CB2013(A) with a principal amount of HK\$100 million (which remained outstanding as at the Latest Practicable Date) convertible into 1,666,666,666 Cosmo Shares at the prevailing conversion price of HK\$0.06 per Cosmo Share. In addition, the Paliburg Group holds the Option(A) granted by the Cosmo Group to subscribe for the Optional CB(A) with a principal amount of up to HK\$100 million (which remained unexercised as at the Latest Practicable Date). The CB2013(A) was due to mature on 14 February 2013 while the last day to exercise the Option(A) was 16 November 2012. On 16 November 2012 (after trading hours), the relevant subsidiaries of the Paliburg Group entered into a deed and an agreement with the Cosmo Group to extend the terms of the CB2013(A) and the Option(A) respectively, details of which were set out in the announcement dated 16 November 2012 jointly issued by the Company, Century City and Paliburg.

Apart from the aforementioned interests of the Group and the Paliburg Group in Cosmo Shares, the Cosmo CBs and the Options, the Group, the Paliburg Group and the Cosmo Group effectively have 50% interest, 35% interest and 15% interest, respectively, in a property development project in Chengdu, Sichuan Province, the PRC. More details in this regard were set out in the 2011 annual reports of the Company, Century City and Paliburg.

Mr. Kenneth NG Kwai Kai, an executive director of the Company, Century City (the listed holding company of Paliburg) and Paliburg, is a non-executive director of Cosmo. Mr. Kelvin LEUNG So Po, an executive director of Century City, is a non-executive director of Cosmo. Mr. Kenneth WONG Po Man, an executive director of Paliburg, is a non-executive director of Cosmo. Based on the latest available public information, Mr. Alvin Leslie LAM Kwing Wai, a director of a wholly-owned subsidiary of the Company, was interested in approximately 7.03% of the issued ordinary share capital of Cosmo as at the Latest Practicable Date.

REASONS FOR THE TRANSACTION

The Group is principally engaged in hotel ownership (through its 74.55%-owned subsidiary Regal REIT), management and operation. It also engages in property development and investment, as well as asset management of Regal REIT and securities and other investments.

The CB2013(B) and the CB2010s would mature on 14 February 2013 unless further extended. The conversion price of the CB2010s is at a discount to the recent closing prices of Cosmo Shares while the conversion price of the CB2013(B) is at a premium over the recent closing prices of Cosmo Shares. Through conversion of the CB2013(B), the Group will acquire a substantial interest in Cosmo Shares. Given the thin trading volume of Cosmo Shares with monthly trading volume on the Stock Exchange amounting to less than 1% of the total issued Cosmo Shares this year, the Company considers that it may not be practicable to acquire such substantial interest in Cosmo Shares at the prevailing trading prices of Cosmo Shares on the Stock Exchange with the proceeds from redemption of the CB2013(B) on the prevailing maturity date. Furthermore, the conversion of the CB2013(B) and the CB2010s by the Group may result in regulatory compliance issues (including the possible triggering of a mandatory obligation for the Company to make an offer for all the Cosmo Shares that are not held by the Group and parties acting in concert with it).

LETTER FROM THE BOARD

With the CB2013(B) Extension and the CB2010 Extension, the maturity date of the CB2013(B) and the CB2010s will be extended to 30 September 2013 and the conversion period thereof will accordingly be extended to 16 September 2013. The Group intends to hold the Cosmo Shares, the CB2013(B) and CB2010s for long-term strategic purposes. Rather than redemption of the CB2013(B) and the CB2010s at the prevailing maturity date, extending the maturity date of the CB2013(B) and the CB2010s, which provide an optional right for the Group to acquire Cosmo Shares by way of converting the CB2013(B) and CB2010s, will allow more time and flexibility for the Group to determine its overall planning with regard to its strategic investment in the Cosmo Group.

Save for Mr. Kenneth NG Kwai Kai (an executive Director who is also a non-executive director of Cosmo and has abstained from voting on the relevant board resolutions relating to the CB2013(B) Extension and the CB2010 Extension), the other Directors (including the independent non-executive Directors who are members of the Independent Board Committee) consider that the CB2013(B) Extension and the CB2010 Extension are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Time Crest and Valuegood are wholly-owned subsidiaries of the Company. As at the Latest Practicable Date, the Group held approximately 2.83% of the issued ordinary share capital of Cosmo while the Paliburg Group held approximately 51.28% of the issued ordinary share capital of the Company and approximately 17.11% of the issued ordinary share capital of Cosmo. As the Paliburg Group (the controlling shareholder of the Company) directly holds more than 10% of the issued ordinary share capital of Cosmo, the CB2013(B) Extension and the CB2010 Extension constitute connected transactions for the Company under Rule 14A.13(2)(a)(ii) of the Listing Rules. As one of the applicable percentage ratios in respect of the CB2013(B) Extension and the CB2010 Extension in aggregate is more than 5% but all the applicable percentage ratios are less than 25%, the CB2013(B) Extension and the CB2010 Extension constitute a discloseable transaction and a connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Company has established the Independent Board Committee comprising the independent non-executive Directors, Ms. Alice KAN Lai Kuen and Professor Japhet Sebastian LAW, to advise the Independent Shareholders in respect of the CB2013(B) Extension and the CB2010 Extension. As Messrs. NG Siu Chan and WONG Chi Keung, both independent non-executive Directors, are also independent non-executive directors of Paliburg which has a substantial shareholding interest in Cosmo, they are not members of the Independent Board Committee.

SPECIAL GENERAL MEETING

A notice convening the SGM at which ordinary resolutions will be proposed to the Independent Shareholders to consider and, if thought fit, approve the CB2013(B) Extension and the CB2010 Extension, is contained on pages 39 to 41 of this circular.

In accordance with Rule 13.39(4) of the Listing Rules and the bye-laws of the Company, the voting of shareholders at the SGM will be taken by poll. As the Paliburg Group has interests in the

LETTER FROM THE BOARD

Cosmo Group, Century City, Paliburg and their respective associates, in aggregate holding, and entitled to exercise control over the voting rights in respect of, 494,835,261 Shares (representing approximately 51.33% of the issued Shares) as at the Latest Practicable Date, will abstain from voting at the SGM. The results of the poll will be published on the websites of the Company and the Stock Exchange.

RECOMMENDATION

Save for Mr. Kenneth NG Kwai Kai who is a non-executive director of Cosmo and has abstained from voting on the relevant board resolutions relating to the CB2013(B) Extension and the CB2010 Extension, the other Directors (including the independent non-executive Directors who are members of the Independent Board Committee) consider that the terms of the CB2013(B) Extension and the CB2010 Extension are on normal commercial terms, fair and reasonable and in the interests of the Shareholders and the Company as a whole. The Independent Board Committee recommends all the Independent Shareholders to vote in favour of the ordinary resolutions set out in the notice of the SGM to approve the CB2013(B) Extension and the CB2010 Extension.

Yours faithfully,
For and on behalf of the Board
Regal Hotels International Holdings Limited
LO Yuk Sui
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



18 December 2012

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION

EXTENSION OF TERMS OF CONVERTIBLE BONDS IN COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

INTRODUCTION

We refer to the circular of the Company dated 18 December 2012 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the CB2013(B) Extension Agreement and the CB2010 Extension Agreement and the transactions contemplated thereunder. Ample Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving their advice, are set out on pages 19 to 31 of the Circular. Your attention is also drawn to the letter from the Board in the Circular and the additional information set out in the appendix thereto.

RECOMMENDATION

Having considered the terms of the CB2013(B) Extension Agreement and the CB2010 Extension Agreement, the transactions contemplated thereunder and taking into account the independent advice of Ample Capital set out in its letter on pages 19 to 31 of the Circular and the relevant information contained in the letter from the Board, we consider that the CB2013(B) Extension Agreement and the CB2010 Extension Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend that you vote in favour of the ordinary resolutions to be proposed at the SGM to approve the CB2013(B) Extension Agreement and the CB2010 Extension Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Alice KAN Lai Kuen

Independent non-executive Director

Japhet Sebastian LAW

Independent non-executive Director

LETTER FROM AMPLE CAPITAL

The following is the text of the letter of advice from Ample Capital to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this circular.

AmCap
Ample Capital Limited
豐盛融資有限公司

Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Hong Kong

18 December 2012

*To the Independent Board Committee and
the Independent Shareholders of
Regal Hotels International Holdings Limited*

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION

EXTENSION OF TERMS OF CONVERTIBLE BONDS IN COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

INTRODUCTION

We refer to our engagement by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the CB2013(B) Extension and CB2010 Extension (collectively the “**CB Extensions**”), the particulars of which have been set out in a circular to the Shareholders dated 18 December 2012 (the “**Circular**”) and in which this letter is reproduced. Unless the context requires otherwise, terms used in this letter shall have the same meanings as given to them in the Circular.

Ample Capital has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to give our recommendations as to whether the terms of the CB Extensions are fair and reasonable. Details of the reasons for entering into the CB2013(B) Extension Agreement and CB2010 Extension Agreement (collectively the “**CB Extension Agreements**”) are set out in the section headed “Letter from the Board” in the Circular (the “**Board Letter**”).

LETTER FROM AMPLE CAPITAL

The Group presently holds the CB2010s with a principal amount of HK\$141.45 million and the CB2013(B) with a principal amount of HK\$100 million. The relevant subsidiaries of the Company entered into the CB2010 Extension Agreement and the CB2013(B) Extension Agreement to, among others, extend the respective terms of the CB2010s and the CB2013(B).

Time Crest and Valuegood are wholly-owned subsidiaries of the Company. As at the Latest Practicable Date, the Group held approximately 2.83% of the issued ordinary share capital of Cosmo while the Paliburg Group held approximately 51.28% of the issued ordinary share capital of the Company and approximately 17.11% of the issued ordinary share capital of Cosmo. As the Paliburg Group (the controlling Shareholder of the Company) directly holds more than 10% of the issued ordinary share capital of Cosmo, the CB2013(B) Extension and the CB2010 Extension constitute connected transactions for the Company under Rule 14A.13(2)(a)(ii) of the Listing Rules. As one of the applicable percentage ratios in respect of the CB2013(B) Extension and the CB2010 Extension in aggregate is more than 5% but all the applicable percentage ratios are less than 25%, the CB2013(B) Extension and CB2010 Extension constitute a discloseable transaction and a connected transaction for the Company subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

BASIS OF ADVICE

In formulating our opinions and recommendations, we have relied on the information supplied to us by the Company, the opinions expressed by, and the representations of, the Directors and the management of the Company, including those set out in the Circular. We have no reason to doubt the truth, accuracy and completeness of the information and presentation provided to us by the Directors. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. The Directors have confirmed that, to the best of their knowledge, they believe that no material fact or information has been omitted from the information supplied and that the representations made or opinions expressed have been arrived at after due and careful consideration and there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading.

While we have taken reasonable steps to satisfy the requirements under the Listing Rules, we have not carried out any independent verification of the information, opinions or representations given or made by or on behalf of the Company, nor have we conducted an independent investigation into the business affairs or assets and liabilities of the Group or any of the other parties involved in the CB Extension Agreements.

In the event of inconsistency, the English text of this letter shall prevail over the Chinese translation of this letter.

LETTER FROM AMPLE CAPITAL

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in the CB Extensions, we have taken into consideration the following factors:

1. Background information on the Group

The Group is principally engaged in hotel ownership (through its 74.55%-owned subsidiary Regal REIT), management and operation. It also engages in property development and investment, as well as asset management of Regal REIT and securities and other investments. Certain summary financial information of the Group as extracted from the Company's latest published financial statements, i.e. its interim report for the six months ended 30 June 2012 (the "**Regal Interim Report**"), is set out below.

	Six months ended	
	30 June	
	2012	2011
	<i>HK\$'million</i>	<i>HK\$'million</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	1,250.0	930.4
Profit attributable to owners of the Company	380.6	420.9
	As at	
	30 June	31 December
	2012	2011
	<i>HK\$'million</i>	<i>HK\$'million</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Total assets	19,761.8	19,860.8
Total liabilities	6,721.4	6,857.7
Net assets attributable to owners of the Company	11,603.4	11,542.8

During the six months ended 30 June 2012, the Company recorded unaudited consolidated revenue of approximately HK\$1,250.0 million, representing an approximately 34.35% increase over the unaudited consolidated revenue of approximately HK\$930.4 million generated in the six months ended 30 June 2011. Furthermore, the Company recorded unaudited consolidated profit attributable to owners of the Company of approximately HK\$380.6 million for the six months ended 30 June 2012 compared with an unaudited consolidated profit attributable to owners of the Company of approximately HK\$420.9 million for the same period in 2011, representing a decrease of approximately 9.57%. As at 30 June 2012, the Company had unaudited consolidated total assets, total liabilities and net assets attributable to owners of the Company of approximately HK\$19,761.8

LETTER FROM AMPLE CAPITAL

million, HK\$6,721.4 million and HK\$11,603.4 million, respectively. In addition, the Company had unaudited consolidated net current assets and time deposits, cash and bank balances of approximately HK\$2,789.5 million and HK\$921.4 million, respectively, as at 30 June 2012. As discussed with Group's management, the Group does not have any immediate need for additional cash as at the Latest Practicable Date.

2. Background information of the Cosmo Group

As per the Board Letter, the Cosmo Group is principally engaged in property investment and development, and securities and other investments. Certain summary financial information of the Cosmo Group as extracted from Cosmo's latest published financial statements, i.e. its interim results announcement for the six months ended 30 September 2012 (the "Cosmo Interim Results"), is set out below.

	Six months ended	
	30 September	
	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover	172,855	29,916
Profit for the period	14,546	582,710
	As at	
	30 September	31 March
	2012	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(audited)</i>
Total assets	1,083,696	1,076,933
Total liabilities	496,542	504,242
Net assets attributable to owners of Cosmo	587,573	573,079

During the six months ended 30 September 2012, the Cosmo Group recorded unaudited consolidated turnover of approximately HK\$172,855,000, representing an approximately 477.80% increase from the unaudited consolidated turnover of approximately HK\$29,916,000 recorded during the six months ended 30 September 2011. In addition, the Cosmo Group recorded unaudited profit of approximately HK\$14,546,000 during the six months ended 30 September 2012, representing an approximately 97.50% decrease from the unaudited profit of approximately HK\$582,710,000 recorded during the six months ended 30 September 2011. The Cosmo Interim Results attributes the decrease in profit to the substantial one-off gain realized by jointly controlled entities of the Cosmo Group from a disposal transaction during the six months ended 30 September 2011. As at 30 September 2012, the

LETTER FROM AMPLE CAPITAL

Cosmo Group had unaudited consolidated total assets, total liabilities and net assets attributable to owners of Cosmo of approximately HK\$1,083,696,000, HK\$496,542,000 and HK\$587,573,000, respectively. The Cosmo Group also had unaudited consolidated net current liabilities and cash and bank balances of approximately HK\$23,926,000 and HK\$285,418,000 as at 30 September 2012.

3. Reasons for the CB Extensions

As stated in the Board Letter, the CB2013(B) and the CB2010s would mature on 14 February 2013 unless further extended. The conversion price of the CB2010s is at a discount to the recent closing prices of Cosmo Shares while the conversion price of the CB2013(B) is at a premium over the recent closing prices of Cosmo Shares. Through conversion of the CB2013(B), the Group will acquire a substantial interest in Cosmo Shares. Given the thin trading volume of Cosmo Shares with monthly trading volume on the Stock Exchange amounting to less than 1% of the total issued Cosmo Shares this year, the Company considers that it may not be practicable to acquire such substantial interest in Cosmo Shares at the prevailing trading prices of Cosmo Shares on the Stock Exchange with the proceeds from redemption of the CB2013(B) on the prevailing maturity date. Furthermore, the conversion of the CB2013(B) and the CB2010s by the Group may result in regulatory compliance issues (including the possible triggering of a mandatory obligation to make an offer for all the Cosmo Shares that are not held by the Group and parties acting in concert with it).

With the CB2013(B) Extension and the CB2010 Extension, the maturity date of such convertible bonds will be extended to 30 September 2013 and the conversion period thereof will accordingly be extended to 16 September 2013. The Group intends to hold the Cosmo Shares, the CB2013(B) and CB2010s for long-term strategic purposes. Rather than redemption of the CB2013(B) and the CB2010s at the prevailing maturity date, extending the maturity date of the CB2013(B) and the CB2010s, which provide an optional right for the Group to acquire Cosmo Shares by way of converting the CB2013(B) and CB2010s, will allow more time and flexibility for the Group to determine its overall planning with regard to its strategic investment in the Cosmo Group.

If the maturity of the CB2013(B) and the CB2010s are not extended pursuant to the CB Extensions, (i) the Group may, during the relevant conversion periods, exercise the conversion rights attached to the CB2013(B) and the CB2010s and convert them into Cosmo Shares; or (ii) Cosmo shall redeem all the outstanding CB2013(B) and the CB2010s at the relevant redemption premiums on the prevailing maturity date of 14 February 2013.

With regards to alternative (i) as mentioned above, the Group and the Paliburg Group held approximately 2.83% and 17.11% of the issued ordinary share capital of Cosmo, respectively, as at the Latest Practicable Date while the Paliburg Group is the controlling Shareholder of the Company holding an approximately 51.28% interest. As stated in the Announcements, the CB2013s may be converted into 3,333,333,332 CB2013 Conversion Shares (as defined in the Announcements), representing approximately 22.0% of the issued ordinary share capital of Cosmo as enlarged by the allotment and issue of the CB2013 Conversion Shares (as defined in the Announcements). Furthermore, it is stated in the Board Letter that CB2010s may be converted into 3,536,250,000 CB2010 Conversion Shares, representing approximately 23.1% of the issued ordinary share capital of Cosmo as enlarged by the allotment and issue of the CB2010 Conversion Shares. Accordingly, if all of the CB2013s and CB2010s are fully converted, the Paliburg Group's aggregate shareholding in

LETTER FROM AMPLE CAPITAL

Cosmo would cross over the 30% threshold stipulated under Rule 26 of the Hong Kong Code on Takeovers and Mergers and will therefore trigger a mandatory general offer by the Paliburg Group and/or the Group for all the Cosmo Shares that are not held by the Paliburg Group and/or the Group and parties acting in concert with them. As discussed with the Group's management, given the aforesaid compliance requirements, the full conversion of the CB2013s and CB2010s during the prevailing conversion period is not considered to be practicable and the proposed extension of the prevailing maturity dates of the CB2013s and CB2010s would be in the business interest of the Group, as that would allow more time and flexibility for the Paliburg Group and the Group to determine their overall planning with regard to their strategic investments in the Cosmo Group.

With regards to alternative (ii) mentioned above, we note from the Board Letter that the principal amounts of CB2013(B) and CB2010s are HK\$100 million and HK\$141.45 million, respectively, before the accrued redemption yield. As discussed in section 1 of this letter, the Group had unaudited time deposits, cash and bank balances of approximately HK\$921.4 million as at 30 June 2012 and since then, the Group has further raised in October 2012 additional funds of approximately US\$295.4 million (equivalent to approximately HK\$2,304.1 million) through the issue of medium term notes. We have been advised by the Group's management that the Group has all along intended that the holdings of the convertible bonds and shares of Cosmo be held for long term strategic purposes and it is not intended to have the CB2013(B) and the CB2010s redeemed without any exercise of conversion rights.

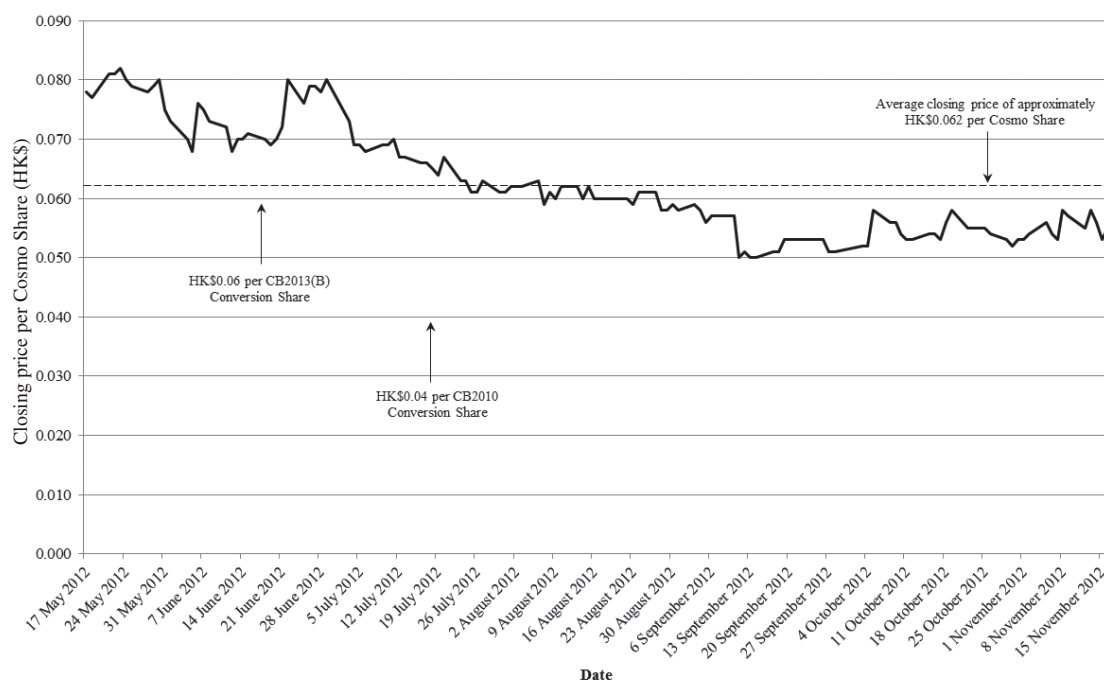
Since alternatives (i) and (ii) do not appear to be practicable or intended, the CB Extensions are considered to be mutually beneficial, having regard to the upcoming maturity of the CB2013(B) and the CB2010s on 14 February 2013, which is only approximately 2 months away from the Latest Practicable Date.

4. **Historical closing prices and trading volume of the Cosmo Shares**

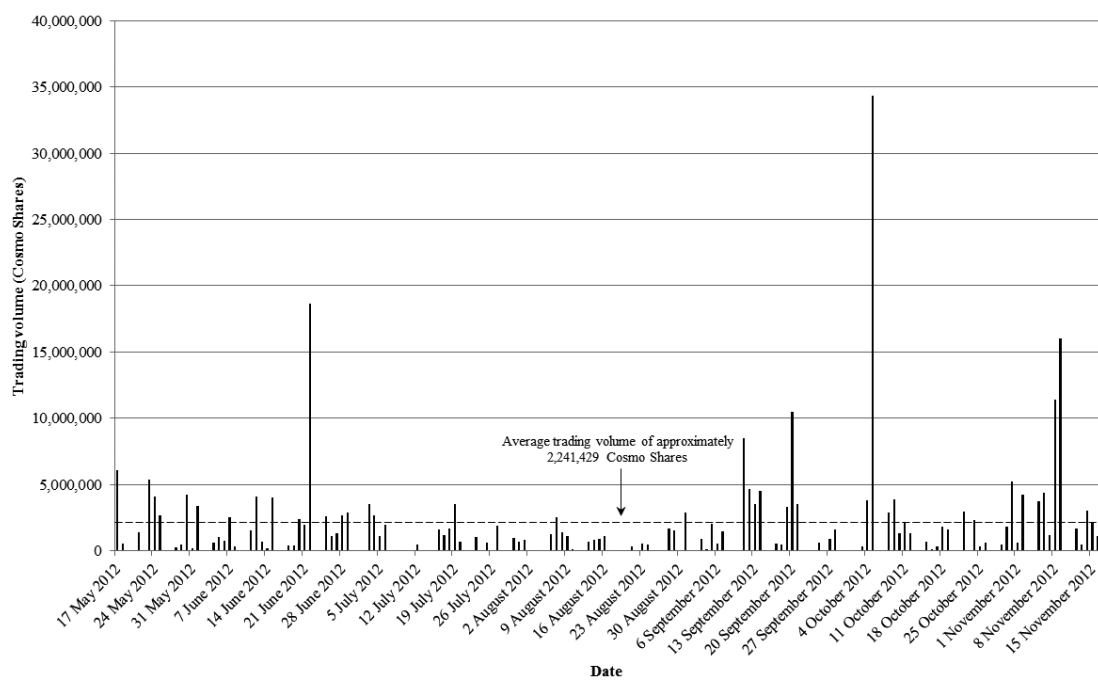
Set out below are two charts setting out (i) the closing price of the Cosmo Shares on the Stock Exchange; and (ii) daily trading volume of the Cosmo Shares on the Stock Exchange, during the 6-month period ended 16 November 2012 (the "**Review Period**"), i.e. the date of the CB Extension Agreements.

LETTER FROM AMPLE CAPITAL

Closing price of the Cosmo Shares on the Stock Exchange



Daily trading volume of the Cosmo Shares on the Stock Exchange



Source: <http://www.hkex.com.hk/>

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As illustrated above, the Cosmo Shares closed on the Stock Exchange within a range of a low of HK\$0.050 per Cosmo Share on 11, 13 and 14 September 2012 and a high of HK\$0.082 per Cosmo Share on 23 May 2012 during the Review Period. The average closing price per Cosmo Share was approximately HK\$0.062 during the Review Period. It is noted that during the Review Period, (i) the conversion price of the CB2013(B) of HK\$0.060 per Cosmo Share (the “**CB2013(B) Conversion Price**”) was within the range of the closing prices of the Cosmo Shares; and (ii) the conversion price of the CB2010s of HK\$0.040 per Cosmo Share (the “**CB2010s Conversion Price**”) was below the range of the closing prices of the Cosmo Shares. On the date of the CB Extension Agreements, the closing price was HK\$0.055 per Cosmo Share. Accordingly, (i) the CB2013(B) Conversion Price represents an approximately 9.09% premium over the aforementioned closing price; and (ii) the CB2010s Conversion Price represents an approximately 27.27% discount to the aforementioned closing price. Based on the above and solely by reference to the aforementioned closing price of HK\$0.055 per Cosmo Share, the Group may have (i) realized a loss upon exercising the conversion rights attached to the CB2013(B) on the date of the CB Extension Agreements; and (ii) realized a profit upon exercising the conversion rights attached to the CB2010s on the date of the CB Extension Agreements.

Also illustrated above is the daily trading volume of the Cosmo Shares on the Stock Exchange. The average daily trading volume during the Review Period was approximately 2,241,429 Cosmo Shares, representing approximately 0.02% of Cosmo’s issued ordinary share capital of 11,785,130,951 as at the Latest Practicable Date. The trading volume of the Cosmo Shares on the Stock Exchange was relatively thin during the Review Period. We note from the Board Letter that if the CB2013(B) and the CB2010s are to be fully converted, a total of 5,202,916,666 Cosmo Shares would be issued. Such number of Cosmo Shares represents approximately 2,321.25 times the average daily trading volume of the Cosmo Shares on the Stock Exchange during the Review Period. In any event, as discussed in section 3 of this letter, the Company intends to hold the Cosmo Shares, the CB2013(B) and the CB2010s for long-term strategic purposes.

5. **The CB2013(B) Extension**

In 2008, Time Crest (a wholly-owned subsidiary of the Company) subscribed for the CB2013(B) in a principal amount of HK\$100 million. The prevailing maturity date of the CB2013(B) is 14 February 2013.

On 16 November 2012 (after trading hours), Time Crest, Apex Team and Cosmo entered into the CB2013(B) Extension Agreement to extend the maturity date of the CB2013(B) to 30 September 2013, and the conversion period of the CB2013(B) will accordingly be extended to 16 September 2013, being 14 days prior to the extended maturity date of the CB2013(B).

LETTER FROM AMPLE CAPITAL

Apart from the extension of the maturity date of the CB2013(B) and the redemption premium calculated based on a fixed yield to maturity of 5% per annum (compounded semi-annually) of the CB2013(B), all terms of the CB2013(B) remain unchanged from the original terms of the CB2013(B) issued by Apex Team. Set out below are selected major terms of the CB2013(B).

Principal amount : HK\$100 million

Conversion : The holder of the CB2013(B) can exercise the conversion rights attached to the CB2013(B) to convert the outstanding principal amount of the CB2013(B) in whole or in part into CB2013(B) Conversion Shares at any time until a date falling 14 days prior to the extended maturity date of the CB2013(B).

No conversion shall take place if as a result of such conversion, Cosmo will not be able to meet the public float requirement under the Listing Rules.

Prevailing conversion price : HK\$0.06 per CB2013(B) Conversion Share, subject to adjustment for share consolidation, share subdivision, reclassification of shares into other securities, capitalisation issues, capital distributions, rights issues, and certain other dilutive events, including a downward adjustment to the effect that should Cosmo issue new Cosmo Share (or securities convertible into new Cosmo Shares) for cash or non-cash consideration per Cosmo Share which is less than the prevailing conversion price, the conversion shall be adjusted downwards to such issue price (but such adjustment shall not be retroactive).

The prevailing conversion price of HK\$0.06 per CB2013(B) Conversion Share represents:

- (i) a premium of approximately 9.09% over the closing price per Cosmo Share of HK\$0.055 quoted on the Stock Exchange on 16 November 2012, being the date of the CB2013(B) Extension Agreement;
- (ii) a premium of approximately 7.14% over the average closing price per Cosmo Share for the last five trading days up to and including 15 November 2012 (being the last trading day immediately before the date of the CB2013(B) Extension Agreement) of HK\$0.056; and

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(iii) a premium of approximately 11.11% over the closing price per Cosmo Share of HK\$0.054 quoted on the Stock Exchange on the Latest Practicable Date.

Coupon rate : The CB2013(B) bears no coupon

Extended maturity date : 30 September 2013. On the extended maturity date, all of the remaining outstanding CB2013(B) will be redeemed by Apex Team at 132.05% of the outstanding principal amount of the CB2013(B), representing a yield-to-maturity of 5% per annum (compounded semi-annually).

As illustrated in section 4 of this letter and immediately above, the CB2013(B) Conversion Price represents a premium of approximately 9.09% over the closing price per Cosmo Share of HK\$0.055 as quoted on the Stock Exchange on the date of the CB2013(B) Extension Agreement. As the CB2013(B) Conversion Price remains unchanged, we are of the opinion that it is in the interest of the Group and the Shareholders as a whole since the Group's original rights under the CB2013(B) (save for the extension of the maturity date) have not been affected by the CB2013(B) Extension.

With regards to the redemption premium of the CB2013(B), we note that it represents a yield-to-maturity of 5% per annum. In that connection, we have made reference to the best lending rate of The Hong Kong and Shanghai Banking Corporation Limited (the "**Best Lending Rate**") which was 5% per annum as at the Latest Practicable Date. As the CB2013(B) represents a yield-to-maturity which is equivalent to the Best Lending Rate, we consider such rate of return of the CB2013(B) is fair and reasonable since the Best Lending Rate is a reasonable indication of cost of capital.

It is noted that the CB2013(B) Conversion Price is at a premium to the closing price per Cosmo Share on the date of the CB Extension Agreements. Accordingly, instead of seeking for the CB2013(B) Extension, the Group may theoretically allow the CB2013(B) to be redeemed by Cosmo at the prevailing maturity date and use the redemption proceeds to acquire Cosmo Shares in the market. As advised by the management of the Company, given the thin trading volume of Cosmo Shares as discussed in section 4 of this letter, the Company considers that it may not be practicable to acquire a substantial interest in Cosmo equivalent to that arising from the conversion of the CB2013(B) at the prevailing trading prices of Cosmo Shares with the proceeds from redemption of the CB2013(B). In any event, we have learnt that the Group intends to hold the CB2013(B) for long-term strategic purposes as the CB2013(B) provides an optional right for it to acquire Cosmo Shares by way of converting the CB2013(B) at the CB2013(B) Conversion Price. Having considered the above, we are of the view that proposing the CB2013(B) Extension instead of allowing Cosmo to redeem the CB2013(B) by the prevailing maturity date is fair and reasonable and in the interest of the Shareholders.

LETTER FROM AMPLE CAPITAL

6. The CB2010s Extension

Valuegood (a wholly-owned subsidiary of the Company) subscribed for the CB2010 with a principal amount of HK\$102.5 million in 2007 and further acquired the CB2010 with a principal amount of HK\$38.95 million in 2008. The CB2010s held by Valuegood as at the Latest Practicable Date with a principal amount of HK\$141.45 million represents the entire amount of the presently outstanding CB2010s and was originally due in 2010. The prevailing maturity date of the CB2010s (as previously extended) is 14 February 2013.

Valuegood, Fancy Gold (a wholly-owned subsidiary of Cosmo) and Cosmo entered into the CB2010 Extension Agreement to further extend the maturity date of the CB2010s to 30 September 2013, and the conversion period of the CB2010s will accordingly be further extended to 16 September 2013, being 14 days prior to the further extended maturity date of the CB2010s, and to disallow conversion of the CB2010s if as a result of the conversion, Cosmo will not be able to meet the public float requirement under the Listing Rules.

Apart from the further extension of the maturity date of the CB2010s, the redemption premium calculated based on a fixed yield-to-maturity of 5% per annum (compounded semi-annually) of the CB2010s and the restriction on conversion, all the terms of the CB2010s remain unchanged from the original terms of the CB2010s issued by Fancy Gold. Set out below are the selected major terms of the CB2010s.

Principal amount : HK\$141.45 million

Conversion : The holder of the CB2010s can convert the outstanding principal amount of the CB2010s into CB2010 Conversion Shares at any time until a date falling 14 days prior to the further extended maturity date of the CB2010s.

No conversion shall take place if as a result of such conversion, Cosmo will not be able to meet the public float requirement under the Listing Rules.

Prevailing conversion price : HK\$0.04 per CB2010 Conversion Share, subject to adjustment for share consolidation, share subdivision, reclassification of shares into other securities, capitalisation issues, capital distributions, rights issues, and certain other dilutive events, including a downward adjustment to the effect that in case new Cosmo Share (or securities convertible into new Cosmo Shares) for cash or non-cash consideration per Cosmo Share which is less than the prevailing conversion price, the conversion shall be adjusted downwards to such issue price (but such adjustment shall not be retroactive).

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The prevailing conversion price of HK\$0.04 per CB2010 Conversion Share represents:

- (i) a discount of approximately 27.27% to the closing price per Cosmo Share of HK\$0.055 quoted on the Stock Exchange on 16 November 2012, being the date of the CB2010 Extension Agreement;
- (ii) a discount of approximately 28.57% to the average closing price per Cosmo Share for the last five trading days up to and including 15 November 2012 (being the last trading day immediately before the date of the CB2010 Extension Agreement) of HK\$0.056; and
- (iii) a discount of approximately 25.93% to the closing price per Cosmo Share of HK\$0.054 quoted on the Stock Exchange on the Latest Practicable Date.

Coupon rate	:	The CB2010s bear no coupon
Further extended maturity date	:	30 September 2013. On the further extended maturity date, all of the remaining outstanding CB2010s will be redeemed by Fancy Gold at 137.03% of the outstanding principal amount of the CB2010s, representing a yield-to-maturity of 5% per annum (compounded semi-annually).

As illustrated in section 4 of this letter and immediately above, the CB2010s Conversion Price represents a discount of approximately 27.27% to the closing price per Cosmo Share of HK\$0.055 as quoted on the Stock Exchange on the date of the CB2010 Extension Agreement. As the CB2010s Conversion Price remains unchanged, we are of the opinion that it is in the interest of the Group and the Shareholders as a whole since the Group's original rights under the CB2010s (save for the extension of the maturity date and the restriction on conversion for the purpose of Listing Rules compliance) have not been affected by the CB2010s Extension.

With regards to the redemption premium of the CB2010s, we note that it represents a yield-to-maturity of 5% per annum. In that connection, we have made reference to the Best Lending Rate which, as previously discussed in section 5 of this letter, was 5% per annum as at the Latest Practicable Date. As the CB2010s represents a yield-to-maturity which is equivalent to the Best Lending Rate, we consider such rate of return of the CB2010s is fair and reasonable since the Best Lending Rate is a reasonable indication of cost of capital.

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CONCLUSION

Having considered the above principal factors, we are of the opinion that the terms of the CB Extension Agreements are fair and reasonable and in the interest of the Company and the Shareholders as a whole. In addition, we consider that the CB Extension Agreements are on normal commercial terms. Accordingly, we would recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the ordinary resolution(s) to approve the CB Extension Agreements at the SGM.

Yours faithfully,
For and on behalf of
Ample Capital Limited
Kevin So
Vice President

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions, if any, of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were deemed or taken to have under such provisions of the SFO), or which were required to be and are recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules ("Model Code") were as follows:

The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
			Personal interests	Corporate interests	Family/ Other interests	
1. The Company	Mr. LO Yuk Sui	Ordinary (i) issued	24,200	494,835,261 <i>(Note c)</i>	260,700	495,120,161
		(ii) underlying	—	26,514,000 <i>(Note d)</i>	—	26,514,000
	Total (i) & (ii):					521,634,161 (54.11%)
	Dr. Francis CHOI Chee Ming	Ordinary (issued)	50,240,000	—	—	50,240,000 (5.21%)
	Miss LO Po Man	Ordinary (issued)	300,000	—	269,169 <i>(Note e)</i>	569,169 (0.06%)
Mr. Allen WAN Tze Wai	Ordinary (issued)	10,200	—	—	10,200 (0.00%)	

The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
			Personal interests	Corporate interests	Family/ Other interests	
2. Century City	Mr. LO Yuk Sui	Ordinary (issued)	91,203,396	1,769,164,691 <i>(Note a)</i>	380,683	1,860,748,770 (57.84%)
	Mr. Jimmy LO Chun To	Ordinary (issued)	251,735	—	—	251,735 (0.008%)
	Miss LO Po Man	Ordinary (issued)	112,298	—	—	112,298 (0.003%)
	Mr. NG Siu Chan	Ordinary (issued)	—	—	3,521,973	3,521,973 (0.11%)
	Mr. Allen WAN Tze Wai	Ordinary (issued)	24,000	—	—	24,000 (0.001%)
	Ms. Belinda YEUNG Bik Yiu	Ordinary (issued)	200	—	—	200 (0.000%)
3. Paliburg	Mr. LO Yuk Sui	Ordinary (issued)	83,314,014	739,970,803 <i>(Note b)</i>	15,000	823,299,817 (73.67%)
	Mr. Donald FAN Tung	Ordinary (issued)	556	—	—	556 (0.000%)
	Mr. Jimmy LO Chun To	Ordinary (issued)	2,274,600	—	—	2,274,600 (0.20%)
	Miss LO Po Man	Ordinary (issued)	1,116,000	—	—	1,116,000 (0.10%)
	Mr. Kenneth NG Kwai Kai	Ordinary (issued)	176,200	—	—	176,200 (0.02%)
	Mr. NG Siu Chan	Ordinary (issued)	—	—	80,474	80,474 (0.007%)
	Mr. Allen WAN Tze Wai	Ordinary (issued)	558,200	—	—	558,200 (0.05%)
4. 8D International (BVI) Limited	Mr. LO Yuk Sui	Ordinary (issued)	—	1,000 <i>(Note f)</i>	—	1,000 (100%)
5. Regal REIT	Mr. LO Yuk Sui	Units (issued)	—	2,434,282,102 <i>(Note g)</i>	—	2,434,282,102 (74.73%)

Notes:

- (a) The interests in 1,769,164,691 issued ordinary shares of Century City were held through companies wholly owned by Mr. LO Yuk Sui (“Mr. Lo”) and a company, namely Master City Limited, 99.9% owned by Mr. Lo.

- (b) The interests in 693,234,547 issued ordinary shares of Paliburg were held through companies wholly owned by Century City, in which Mr. Lo held 57.83% shareholding interests as at the Latest Practicable Date.

The interests in 16,271,685 issued ordinary shares of Paliburg were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 30,464,571 issued ordinary shares of Paliburg were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

- (c) The interests in 421,400 Shares were held through companies wholly owned by Century City in which Mr. Lo held 57.83% shareholding interests as at the Latest Practicable Date, and the interests in the other 494,413,861 Shares were held through companies wholly owned by Paliburg, in which Century City held 62.03% shareholding interests as at the Latest Practicable Date.
- (d) These derivative interests in underlying 26,514,000 Shares were held by a wholly owned subsidiary of Paliburg through certain equity derivative contracts on Shares, which will be settled in cash only.
- (e) The interests in 269,169 Shares were held by Miss LO Po Man as the beneficiary of a trust.
- (f) 400 shares were held through companies controlled by Century City, in which Mr. Lo held 57.83% shareholding interests as at the Latest Practicable Date, and 600 shares were held through a company controlled by Mr. Lo.
- (g) The interests in 2,428,262,739 units of Regal REIT were held through wholly owned subsidiaries of the Company. The interests in 732,363 units of Regal REIT were held through wholly owned subsidiaries of Paliburg. The interests in 5,287,000 units of Regal REIT were held through wholly owned subsidiaries of Century City. Paliburg, in which Century City held 62.03% shareholding interests as at the Latest Practicable Date, held 51.28% shareholding interests in the Company as at the Latest Practicable Date. Mr. Lo held 57.83% shareholding interests in Century City as at the Latest Practicable Date.

Save as disclosed above, none of the Directors or the chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

As at the Latest Practicable Date, none of the Directors had any material direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Company were made up.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any member of the Group.

Name of substantial shareholder	Number of issued ordinary shares held	Number of underlying ordinary shares held	Total number of ordinary shares (issued and underlying) held	Approximate percentage of issued ordinary shares as at the Latest Practicable Date
Century City (<i>Note a</i>)	494,835,261	26,514,000	521,349,261	54.08%
Century City BVI Holdings Limited ("CCBVI") (<i>Note b</i>)	494,835,261	26,514,000	521,349,261	54.08%
Paliburg (<i>Note c</i>)	494,413,861	26,514,000	520,927,861	54.03%
Paliburg Development BVI Holdings Limited (<i>Note d</i>)	494,413,861	26,514,000	520,927,861	54.03%
Guo Yui Investments Limited (<i>Note d</i>)	180,930,466	—	180,930,466	18.77%
Paliburg BVI Holdings Limited (<i>Note d</i>)	230,870,324	—	230,870,324	23.95%
Taylor Investments Ltd. (<i>Note d</i>)	154,232,305	—	154,232,305	16.00%
Glaser Holdings Limited (<i>Note d</i>)	58,682,832	—	58,682,832	6.09%
H.P. Nominees Limited (<i>Note d</i>)	32,072,885	26,514,000	58,586,885	6.08%

Notes:

- (a) The interests in the Shares held by Century City were included in the corporate interests of Mr. LO Yuk Sui as disclosed under the section headed "Disclosure of Directors' Interests" above.

- (b) CCBVI is a wholly owned subsidiary of Century City and its interests in the Shares were included in the interests held by Century City.
- (c) Paliburg is a listed subsidiary of Century City, which held 62.03% shareholding interests in Paliburg as at the Latest Practicable Date, and Paliburg's interests in the Shares were included in the interests held by Century City.
- (d) These companies are wholly owned subsidiaries of Paliburg and their interests in the Shares were included in the interests held by Paliburg.

Save as disclosed above, the Directors and the chief executive of the Company are not aware that there is any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of any other member of the Group.

Details of directorships of the Directors in each of those companies which has an interest in the ordinary shares and underlying ordinary shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:

- (1) Mr. LO Yuk Sui, Mr. Donald FAN Tung, Mr. Jimmy LO Chun To, Miss LO Po Man, Mr. Kenneth NG Kwai Kai, Mr. NG Siu Chan and Mr. WONG Chi Keung are directors of Century City and Paliburg.
- (2) Mr. LO Yuk Sui, Mr. Donald FAN Tung, Mr. Jimmy LO Chun To, Miss LO Po Man and Mr. Kenneth NG Kwai Kai are directors of all the above-mentioned wholly-owned subsidiaries of Century City and Paliburg.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with any member of the Group which would not expire or would not be determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his/her respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or the Group.

6. QUALIFICATION

The following is the qualification of the expert who has given its opinion or advice on the information contained in this circular:

Name	Qualification
Ample Capital Limited	a licensed corporation to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, Ample Capital had no interest in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and Ample Capital had no interest, either directly or indirectly, in any assets which have been, since 31 December 2011, the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Ample Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they appear. The letter of Ample Capital is given as of the date of this circular for incorporation herein.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had not been any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the head office and principal place of business in Hong Kong of the Company at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong during normal business hours on any Business Day from the date of this circular up to and including the date of the SGM:

- (a) the CB2013(A) Subscription Agreement;
- (b) the CB2013(B) Subscription Agreement;
- (c) the CB2013(A) Extension Agreement;
- (d) the CB2013(B) Extension Agreement;
- (e) the CB2010 Extension Agreement;
- (f) the Option(A) Extension Agreement; and

(g) the Option(B) Extension Agreement.

9. GENERAL

(a) The registered office of the Company is at 26 Burnaby Street, Hamilton HM 11, Bermuda.

(b) The head office and principal place of business of the Company in Hong Kong is at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.

(c) The branch share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The secretary of the Company is Ms. Eliza LAM Sau Fun, an associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(e) The English text of this circular shall prevail over the Chinese text.

NOTICE OF SGM



NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of Regal Hotels International Holdings Limited (the “Company”) will be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Friday, 11 January 2013 at 11:30 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the entering into of the CB2013(B) Extension Agreement (as defined in the circular (the “**Circular**”) to the shareholders of the Company dated 18 December 2012), a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for identification purpose, the transactions contemplated thereunder and the execution of the CB2013(B) Extension Agreement and any documents and agreements incidental thereto under the common seal of the Company by any two directors of the Company on behalf of the Company be and are hereby confirmed, approved, authorised and/or ratified in all respects; and
- (b) any one director of the Company or any two directors of the Company, if the affixation of the common seal of the Company is necessary, be and is/are hereby authorized for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company to) any such other documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion to be necessary or incidental to, ancillary to or in connection with the matters contemplated in the CB2013(B) Extension Agreement and the transactions contemplated thereunder or otherwise in relation to the CB2013(B) Extension Agreement and the matters and the transactions contemplated thereunder.”

2. **“THAT:**

- (a) the entering into of the CB2010 Extension Agreement (as defined in the Circular), a copy of which has been produced to this meeting marked “B” and signed by the chairman of this meeting for identification purpose, the transactions contemplated thereunder and the execution of the CB2010 Extension Agreement and any documents and agreements incidental thereto under the common seal of the Company by any two directors of the Company on behalf of the Company be and are hereby confirmed, approved, authorised and/or ratified in all respects; and

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- (b) any one director of the Company or any two directors of the Company, if the affixation of the common seal of the Company is necessary, be and is/are hereby authorized for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company to) any such other documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion to be necessary or incidental to, ancillary to or in connection with the matters contemplated in the CB2010 Extension Agreement and the transactions contemplated thereunder or otherwise in relation to the CB2010 Extension Agreement and the matters and the transactions contemplated thereunder.”

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

Hong Kong, 18 December 2012

Notes:

1. Any member of the Company entitled to attend and vote at the SGM may appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and attend and vote on his behalf at the SGM. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same power on behalf of such member of the Company which he or they represent as such member of the Company could exercise.
2. In order to be valid, the instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than forty-eight (48) hours before the time appointed for the holding of the SGM or any adjournment thereof.
4. Delivery of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to have been revoked.

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5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the SGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. At the SGM, the above resolutions put to the vote of the members of the Company will be decided by way of poll.
7. In the event that a typhoon signal no. 8 (or above) or a black rainstorm warning is in effect on the day of the SGM, members of the Company are requested to call the Company's hotline at (852) 2894-7511 on that day to enquire about the arrangements of the SGM.