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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, certified public accountant or other professional adviser.

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

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MAJOR TRANSACTION

PROVISION OF FINANCIAL ASSISTANCE

Financial adviser to

Regal Hotels International Holdings Limited



A letter from the board of directors of Regal Hotels International Holdings Limited is set out on pages 8 to 13 of this circular.

A notice convening the SGM to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Monday, 14 July 2014 at 10:20 a.m. is appended to this circular. Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Regal's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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.

25 June 2014

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DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Century City”	Century City International Holdings Limited, a company incorporated in Bermuda, the ordinary shares of which are listed on the Stock Exchange (stock code: 355)
“Companies Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Cosmopolitan”	Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands, the ordinary shares of which are listed on the Stock Exchange (stock code: 120)
“Cosmopolitan Application Forms”	the application forms which will accompany the Cosmopolitan Prospectus for use in connection with the Cosmopolitan Open Offer
“Cosmopolitan Articles of Association”	the articles of association of Cosmopolitan
“Cosmopolitan Board”	the board of Cosmopolitan Directors
“Cosmopolitan CB Conversion Price”	the price at which each Cosmopolitan Conversion Share will be issued upon conversion of the relevant Cosmopolitan Convertible Bonds
“Cosmopolitan Consolidated Share(s)”	the ordinary share(s) of HK\$0.002 each in the share capital of Cosmopolitan upon the Cosmopolitan Share Consolidation becoming effective
“Cosmopolitan Conversion Prices”	the Cosmopolitan CB Conversion Price and the Cosmopolitan Optional CB Conversion Price
“Cosmopolitan Conversion Shares”	the new Cosmopolitan Consolidated Shares to be issued upon exercise of the conversion rights under the Cosmopolitan Convertible Bonds
“Cosmopolitan Converted Shares”	the new Cosmopolitan Consolidated Shares to be issued upon exercise of the conversion rights under the Cosmopolitan Convertible Preference Shares

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“Cosmopolitan Convertible Bonds”	the convertible bonds of Cosmopolitan with a principal amount of HK\$500 million to be issued pursuant to the Cosmopolitan Convertible Bonds Subscription Agreement
“Cosmopolitan Convertible Bonds Subscription Agreement”	the subscription agreement dated 30 April 2014 (as supplemented by a supplemental agreement dated 19 June 2014) entered into between Cosmopolitan and P&R in respect of the subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the Cosmopolitan Optional Convertible Bonds
“Cosmopolitan Convertible Preference Shares”	the convertible preference shares of Cosmopolitan, principal terms of which are set out in the paragraph headed “Summary of the principal terms of the Cosmopolitan Convertible Preference Shares” in Appendix I to this circular, to be issued under the Cosmopolitan Open Offer
“Cosmopolitan Director(s)”	the director(s) of Cosmopolitan
“Cosmopolitan EGM”	the extraordinary general meeting of Cosmopolitan convened to be held to consider and, if thought fit, approve, among other things, the Cosmopolitan Open Offer, the issue of the Cosmopolitan Convertible Bonds and the possible issue of the Cosmopolitan Optional Convertible Bonds
“Cosmopolitan Group”	Cosmopolitan and its subsidiaries
“Cosmopolitan Open Offer”	the invitation to the Cosmopolitan Qualifying Shareholders to subscribe for the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares at the Cosmopolitan Subscription Price on the terms and subject to the conditions set out or referred to in the Cosmopolitan Open Offer Documents, material terms of which are set out in Appendix I to this circular
“Cosmopolitan Open Offer Documents”	the Cosmopolitan Prospectus and the Cosmopolitan Application Forms
“Cosmopolitan Open Offer Entitlement(s)”	an entitlement to subscribe for Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares allocated to a Cosmopolitan Qualifying Shareholder pursuant to the Cosmopolitan Open Offer, as summarised in Appendix I to this circular
“Cosmopolitan Open Offer Share(s)”	new Cosmopolitan Consolidated Share(s) to be issued and allotted under the Cosmopolitan Open Offer

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“Cosmopolitan Optional CB Conversion Price”	the price at which each Cosmopolitan Optional Conversion Share will be issued upon conversion of the relevant Cosmopolitan Optional Convertible Bonds
“Cosmopolitan Optional Conversion Shares”	the new Cosmopolitan Consolidated Shares to be issued upon exercise of the conversion rights under the Cosmopolitan Optional Convertible Bonds
“Cosmopolitan Optional Convertible Bonds”	the convertible bonds of Cosmopolitan with a principal amount of up to HK\$500 million to be issued pursuant to the Cosmopolitan Convertible Bonds Subscription Agreement
“Cosmopolitan Overseas Shareholder(s)”	the Cosmopolitan Shareholder(s) whose name(s) appear on the register of members of Cosmopolitan at the close of business on the Cosmopolitan Record Date and whose address(es) as shown on such register are in place(s) outside Hong Kong or at that time who are otherwise known by Cosmopolitan to be resident(s) outside Hong Kong
“Cosmopolitan Prospectus”	the prospectus to be issued by Cosmopolitan to the Cosmopolitan Shareholders containing details of the Cosmopolitan Open Offer
“Cosmopolitan Prospectus Posting Date”	the date on which the Cosmopolitan Open Offer Documents shall be issued and despatched to the Cosmopolitan Shareholders, currently being scheduled on Thursday, 24 July 2014, according to the expected timetable of the Cosmopolitan Share Consolidation and the Cosmopolitan Open Offer (or such other date as Cosmopolitan and the Underwriter may agree in writing)
“Cosmopolitan Qualifying Shareholders”	the Cosmopolitan Shareholders, other than the Excluded Cosmopolitan Shareholders, whose names appear on the register of members of Cosmopolitan at the close of business on the Cosmopolitan Record Date
“Cosmopolitan Record Date”	currently being scheduled on Monday, 21 July 2014, according to the expected timetable of the Cosmopolitan Share Consolidation and the Cosmopolitan Open Offer (or such other date as Cosmopolitan may determine for the determination of the Cosmopolitan Open Offer Entitlements)
“Cosmopolitan Share(s)”	ordinary share(s) of HK\$0.0002 each in the share capital of Cosmopolitan

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“Cosmopolitan Share Consolidation”	the share consolidation on the basis of every ten (10) issued and unissued Cosmopolitan Shares of par value HK\$0.0002 each into one (1) Cosmopolitan Consolidated Share of par value HK\$0.002
“Cosmopolitan Shareholder(s)”	the holder(s) of the Cosmopolitan Share(s) or the Cosmopolitan Consolidated Share(s)
“Cosmopolitan Subscription Price”	HK\$0.10 per Cosmopolitan Open Offer Share or per Cosmopolitan Convertible Preference Share
“Excluded Cosmopolitan Shareholder(s)”	those Cosmopolitan Overseas Shareholder(s) with registered address(es) in the territory(ies) where, based on Cosmopolitan’s enquiry, there may be legal restrictions (under the laws of the relevant place(s) and the requirements of the relevant regulatory bodies or stock exchanges), other restrictions, impracticality or difficulties for Cosmopolitan’s making the Cosmopolitan Open Offer to such Cosmopolitan Overseas Shareholder(s)
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Irrevocable Undertaking”	the irrevocable undertaking dated 30 April 2014 given by P&R, on behalf of certain of its wholly-owned subsidiaries, in favour of Cosmopolitan and the Underwriter as set out in the section headed “Irrevocable Undertaking” in Appendix I to this circular
“Joint Announcement”	the announcement jointly issued by Century City, Paliburg, Regal and Cosmopolitan dated 30 April 2014 in relation to, among other things, the provision of financial assistance by the Regal Group to the P&R Group relating to the proposed Cosmopolitan Open Offer, the proposed subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the Cosmopolitan Optional Convertible Bonds
“Last Trading Day”	30 April 2014, being the last whole trading day which was immediately prior to the release of the Joint Announcement

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“Latest Application Date”	currently being scheduled on Thursday, 7 August 2014, according to the expected timetable of the Cosmopolitan Share Consolidation and the Cosmopolitan Open Offer, by which date the Cosmopolitan Application Forms together with the payment must be received by the share registrar of Cosmopolitan in Hong Kong to participate in the Cosmopolitan Open Offer
“Latest Practicable Date”	19 June 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Latest Time for Termination”	currently being scheduled at 4:00 p.m. on the business day after the Latest Application Date, according to the expected timetable of the Cosmopolitan Share Consolidation and the Cosmopolitan Open Offer
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda, the ordinary shares of which are listed on the Stock Exchange (stock code: 617)
“Paliburg Group”	Paliburg and its subsidiaries and, for the purpose of this circular, excluding the Regal Group, the P&R Group and the Cosmopolitan Group
“P&R”	P&R Holdings Limited, a joint venture owned as to 50% by Paliburg Group and 50% by Regal Group
“P&R Group”	P&R and its subsidiaries and, for the purpose of this circular, excluding the Cosmopolitan Group
“PRC” or “China” or “Mainland China”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda, the ordinary shares of which are listed on the Stock Exchange (stock code: 78)
“Regal Board”	the board of the Regal Directors
“Regal Director(s)”	the director(s) of Regal

DEFINITIONS

“Regal Group”	Regal and its subsidiaries
“Regal REIT”	Regal Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under the SFO subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange (stock code: 1881)
“Regal Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of Regal
“Regal Shareholder(s)”	the holder(s) of the Regal Share(s)
“REIT Manager”	Regal Portfolio Management Limited, as manager of Regal REIT
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of Regal convened to be held on Monday, 14 July 2014 at 10:20 a.m. to consider and, if thought fit, approve the financial assistance to the P&R Group in respect of the P&R Group’s participation in the Cosmopolitan Open Offer, the subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the Cosmopolitan Optional Convertible Bonds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	(i) the subscription for the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares under the Cosmopolitan Open Offer; (ii) the possible application for excess Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares not taken up by the Cosmopolitan Qualifying Shareholders; (iii) the proposed underwriting of the Cosmopolitan Open Offer pursuant to the Underwriting Agreement; (iv) the possible conversion of the Cosmopolitan Convertible Preference Shares; (v) the proposed subscription of the Cosmopolitan Convertible Bonds and the possible subscription for the Cosmopolitan Conversion Shares upon exercise of the conversion rights under the Cosmopolitan Convertible Bonds; and (vi) the possible subscription for the Cosmopolitan Optional Convertible Bonds and the Cosmopolitan Optional Conversion Shares upon exercise of the conversion rights under the Cosmopolitan Optional Convertible Bonds
“Underwriter”	P&R Strategic Limited, a wholly-owned subsidiary of P&R

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“Underwriting Agreement”	the underwriting agreement dated 30 April 2014 (as supplemented by a supplemental agreement dated 19 June 2014) entered into between Cosmopolitan and the Underwriter in respect of the Cosmopolitan Open Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“%”	per cent.

Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rates of RMB1 = HK\$1.25. No representation is made that any amounts in RMB or HK\$ can be or could have been converted at the relevant dates at the above or any other rates or at all.

LETTER FROM THE REGAL BOARD



Executive Regal Directors:

Mr. LO Yuk Sui (*Chairman and Chief Executive Officer*)
Miss LO Po Man (*Vice Chairman and Managing Director*)
Ms. Belinda YEUNG Bik Yiu (*Chief Operating Officer*)
Mr. Donald FAN Tung
Mr. Jimmy LO Chun To
Mr. Kenneth NG Kwai Kai
Mr. Allen WAN Tze Wai

Non-executive Regal Director:

Dr. Francis CHOI Chee Ming, GBS, JP (*Vice Chairman*)

Independent non-executive Regal 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 in Hong Kong:
11th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

25 June 2014

To the Regal Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

PROVISION OF FINANCIAL ASSISTANCE

INTRODUCTION

Reference is made to (i) the Joint Announcement issued by Century City, Paliburg, Regal and Cosmopolitan dated 30 April 2014 in relation to, among others, the provision of financial assistance by the Regal Group to the P&R Group relating to (a) the proposed Cosmopolitan Open Offer; and (b) the proposed subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the Cosmopolitan Optional Convertible Bonds and (ii) the announcement jointly issued by Century City, Paliburg, Regal and Cosmopolitan dated 19 June 2014 in relation to, among others, (a) the change in the expected timetable for the Cosmopolitan Open Offer; (b) the extension of the long stop date for fulfillment of the conditions precedent as set out in the Underwriting Agreement; and (c) the extension of the long stop date for fulfillment of the conditions precedent as set out in the Cosmopolitan Convertible Bonds Subscription Agreement.

LETTER FROM THE REGAL BOARD

On 30 April 2014 (after trading hours), Cosmopolitan, a listed subsidiary of P&R, proposed the Cosmopolitan Share Consolidation and the Cosmopolitan Open Offer. P&R is a joint venture owned as to 50% by the Regal Group and 50% by the Paliburg Group. Under the Cosmopolitan Open Offer with a gross proceeds of approximately HK\$439.8 million, the Cosmopolitan Qualifying Shareholders will have assured entitlements to apply for two Cosmopolitan Open Offer Shares (with alternative for the Cosmopolitan Qualifying Shareholders to elect to receive the Cosmopolitan Convertible Preference Shares in lieu of all or part of their entitlements to Cosmopolitan Open Offer Shares on a “one-for-one” basis) for every one Cosmopolitan Consolidated Share held on the Cosmopolitan Record Date at the Cosmopolitan Subscription Price. On the same date, P&R, on behalf of certain of its wholly-owned subsidiaries, has irrevocably undertaken in favour of Cosmopolitan and the Underwriter that the aforesaid wholly-owned subsidiaries will apply for and take up in full their respective Cosmopolitan Open Offer Entitlements under the Cosmopolitan Open Offer for the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares to which they are entitled under the Cosmopolitan Open Offer. The aforesaid wholly-owned subsidiaries of P&R may also apply for excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares under the Cosmopolitan Open Offer. The Cosmopolitan Open Offer will be underwritten by the Underwriter, a wholly-owned subsidiary of P&R. The proposed financial assistance by the Regal Group to the P&R Group in relation to the P&R Group’s subscription in the Cosmopolitan Open Offer would amount up to approximately HK\$219.9 million.

On 30 April 2014 (after trading hours), Cosmopolitan entered into the Cosmopolitan Convertible Bonds Subscription Agreement with P&R, pursuant to which P&R will procure its wholly-owned subsidiary to subscribe for the Cosmopolitan Convertible Bonds in the principal amount of HK\$500 million. Under the Cosmopolitan Convertible Bonds Subscription Agreement, P&R will also be entitled to an option to subscribe, through its wholly-owned subsidiary, for the Cosmopolitan Optional Convertible Bonds in the principal amount of up to HK\$500 million. The option to subscribe for the Cosmopolitan Optional Convertible Bonds is exercisable at any time during the period from the date falling 7 days after the date of issue of the Cosmopolitan Convertible Bonds until 90 days prior to the maturity date of the Cosmopolitan Convertible Bonds (both dates inclusive). The option is exercisable in whole or in part, on one or more occasions, solely at the discretion of the P&R Group by giving a written notice to the issuer of the Cosmopolitan Optional Convertible Bonds. The proposed financial assistance by the Regal Group to the P&R Group in relation to the P&R Group’s subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the Cosmopolitan Optional Convertible Bonds would amount to HK\$250 million and up to HK\$250 million respectively.

On 19 June 2014 (after trading hours), Cosmopolitan and the Underwriter entered into the supplemental agreement, pursuant to which Cosmopolitan and the Underwriter have agreed to extend the long stop date for fulfillment of the conditions precedent as set out in the Underwriting Agreement from 30 June 2014 to 31 August 2014. On 19 June 2014 (after trading hours), Cosmopolitan and P&R entered into another supplemental agreement, pursuant to which Cosmopolitan and P&R have agreed to extend the long stop date for fulfillment of the conditions precedent as set out in the Cosmopolitan Convertible Bonds Subscription Agreement from 31 July 2014 to 31 August 2014.

Therefore, the Regal Group has proposed to provide financial assistance to the P&R Group in respect of the P&R Group’s subscription of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares under the Cosmopolitan Open Offer, subscription of the Cosmopolitan Convertible Bonds and possible subscription of the Cosmopolitan Optional Convertible Bonds for a total amount of up to approximately HK\$719.9 million.

LETTER FROM THE REGAL BOARD

The purpose of this circular is to provide the Regal Shareholders with further information in relation to the provision of financial assistance by the Regal Group to the P&R Group for the P&R Group's participation in the Cosmopolitan Open Offer, the subscription of the Cosmopolitan Convertible Bonds, and the possible subscription of the Cosmopolitan Optional Convertible Bonds and notice of the SGM.

PROPOSED COSMOPOLITAN OPEN OFFER, THE IRREVOCABLE UNDERTAKING AND THE UNDERWRITING ARRANGEMENT

Principal terms of the proposed Cosmopolitan Open Offer, the Irrevocable Undertaking and the underwriting arrangement related to the proposed Cosmopolitan Open Offer are set out in Appendix I to this circular.

PROPOSED ISSUE OF THE COSMOPOLITAN CONVERTIBLE BONDS AND THE POSSIBLE ISSUE OF THE COSMOPOLITAN OPTIONAL CONVERTIBLE BONDS

Principal terms of the proposed issue of the Cosmopolitan Convertible Bonds and the possible issue of the Cosmopolitan Optional Convertible Bonds are set out in Appendix II to this circular.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Regal Group's significant investments and principal business activities mainly comprise hotel ownership (undertaken through Regal REIT), hotel operation and management business, asset management of Regal REIT, property development and investment and other investment businesses. The P&R Group is principally engaged in the development of real estate projects for sale and/or leasing and the undertaking of related investment and financing activities including the acquisition or making of any investments (directly or indirectly) in the securities of or interests in, or extending loans to, any private, public or listed corporations or undertakings that have interests in real estate projects or other financing activities where the underlying assets or security comprise real estate properties.

The Cosmopolitan Group is principally engaged in property investment and development in the PRC, securities investment and other investments. The Cosmopolitan Group is presently undertaking three major property development projects in the PRC as set out below:

The Chengdu Project

Located in Chengdu City, Sichuan Province, the PRC, this property development project is 100% owned by Cosmopolitan through its wholly-owned subsidiaries (the "**Chengdu Project**") which involves a mixed use development project consisting of hotel, commercial, office, service apartments and residential components with an overall total gross floor area of approximately 497,000 square metres, which is being developed in stages spanning over a period to 2017. The first stage of the development, which includes a hotel with 306 hotel rooms and extensive facilities and three residential towers with about 340 apartment units with car parking spaces and ancillary commercial accommodation, is expected to be completed in 2015. Presale of the residential units in the three residential towers included in the first stage is anticipated to be launched in the fourth quarter of 2014.

LETTER FROM THE REGAL BOARD

The Tianjin Project

Located in Tianjin, the PRC, this property development project (the “**Tianjin Project**”) entails a development site with a total site area of about 31,700 square metres which is presently planned to include commercial, office, hotel and residential components with total gross floor area of about 145,000 square metres. The site formation and foundation works for the project have already commenced and the entire development is anticipated to be completed in stages before end of 2016.

The Xinjiang Project

Cosmopolitan, through its wholly-owned subsidiary, is engaged in a re-forestation and land grant project (the “**Xinjiang Project**”) for a land parcel with a site area of about 7,600 mu (equivalent to approximately 5,067,000 square metres) in accordance with the relevant laws and policies in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC. The Cosmopolitan Group has re-forested an aggregate area of about 4,300 mu (equivalent to approximately 2,867,000 square metres) within the project site and in accordance with the relevant government policies of Urumqi City, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for commercial development after the requisite inspection, land grant listing and tender procedures are completed. The inspection and measurement of the reforested area by the relevant government authorities are already in progress. It is hoped that the final procedures leading to the land grant listing and tender of the development land would be concluded within 2014. Should the Cosmopolitan Group successfully secure the development land and depending on the permitted land use, the Cosmopolitan Group preliminarily plans to develop in stages on the land a large scale mixed use complex comprising residential, hotel, recreational and commercial properties. Cosmopolitan has recently applied for increase of US\$10 million in the registered capital of the wholly-owned subsidiary engaged in the Xinjiang Project and has obtained the approval from the relevant government authorities.

The financial assistance may be utilised by P&R as additional working capital to fund the business undertakings as permitted under the business scope of P&R including the acquisition of other real estate projects or related investments and development of existing property projects and the payment of the considerations for the P&R Group’s subscription of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares under the Cosmopolitan Open Offer, subscription of the Cosmopolitan Convertible Bonds and possible subscription of the Cosmopolitan Optional Convertible Bonds. As at the Latest Practicable Date, no other real estate projects or related investments had been identified by P&R, save as disclosed in the annual report of Regal for the year ended 31 December 2013.

The terms of such financial assistance (including the fact that it is unsecured, without fixed repayment terms and at an interest rate of 4% per annum) were determined after arm’s length negotiation amongst the Paliburg Group, the Regal Group and the P&R Group, taking into account the aforesaid purpose of the financial assistance and the cost of capital of the Regal Group. Given that the Regal Group and the Paliburg Group, both being shareholders of P&R, will provide respective financial assistance to P&R on equal terms in the amounts proportional to their respective equity

LETTER FROM THE REGAL BOARD

interests in P&R, the Regal Directors (including the independent non-executive Regal Directors) consider that the terms of the financial assistance to the P&R Group in respect of the P&R Group's subscription of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares under the Cosmopolitan Open Offer, subscription of the Cosmopolitan Convertible Bonds and possible subscription of the Cosmopolitan Optional Convertible Bonds are on normal commercial terms, fair and reasonable and in the interests of Regal and the Regal Shareholders as a whole.

The Regal Group will fund the P&R Group's subscription of the Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares, subscription of the Cosmopolitan Convertible Bonds and possible subscription of the Cosmopolitan Optional Convertible Bonds by its internal resources.

FINANCIAL EFFECTS OF THE TRANSACTIONS

P&R is accounted for by Regal as a joint venture using equity method of accounting. The financial assistance by the Regal Group to the P&R Group in relation to the Cosmopolitan Open Offer, the subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the Cosmopolitan Optional Convertible Bonds will be recorded by Regal in its consolidated balance sheet as loans to a joint venture. The Regal Group will accrue interest income from such financial assistance at 4% per annum.

LISTING RULES IMPLICATIONS

P&R is a joint venture owned as to 50% by the Regal Group. The P&R Group (i) has proposed to subscribe for the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares in respect of their assured entitlement; (ii) may apply for excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares not taken up by the Cosmopolitan Qualifying Shareholders; (iii) has proposed to underwrite the Cosmopolitan Open Offer pursuant to the Underwriting Agreement; (iv) has proposed to subscribe for the Cosmopolitan Convertible Bonds and may subscribe for the Cosmopolitan Conversion Shares upon exercise of the conversion rights under the Cosmopolitan Convertible Bonds; and (v) may subscribe for the Cosmopolitan Optional Convertible Bonds and may subscribe for the Cosmopolitan Optional Conversion Shares upon exercise of the conversion rights under the Cosmopolitan Optional Convertible Bonds. As the Paliburg Group and the Regal Group have proposed to provide funding, from their respective internal resources (including any distribution from the P&R Group), on an equal basis and on the same terms to the P&R Group which are on normal commercial terms, the provision of the financial assistance to the P&R Group by the Regal Group (which is up to approximately HK\$719.9 million (being up to approximately HK\$219.9 million for the Cosmopolitan Open Offer, HK\$250 million for the subscription of the Cosmopolitan Convertible Bonds and up to HK\$250 million for the possible subscription of the Cosmopolitan Optional Convertible Bonds), representing 50% of the sum of funds to be raised from (i) the Cosmopolitan Open Offer of approximately HK\$439.8 million; (ii) the Cosmopolitan Convertible Bonds of HK\$500 million; and (iii) the Cosmopolitan Optional Convertible Bonds of up to HK\$500 million, and unsecured and has no fixed repayment terms and at an interest rate of 4% per annum) for subscription, excess application and underwriting of the Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares, the subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the Cosmopolitan Optional

LETTER FROM THE REGAL BOARD

Convertible Bonds are exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Based on the applicable percentage ratios in respect of the provision of financial assistance to the P&R Group by the Regal Group (after aggregating the relevant transactions in the last 12 months immediately preceding the date of the Joint Announcement), the provision of financial assistance to the P&R Group by the Regal Group constitutes a major transaction for Regal under Chapter 14 of the Listing Rules. Accordingly, Regal is subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Regal will not be required to re-comply with the requirements under Chapter 14 of the Listing Rules in relation to the provision of financial assistance to the P&R Group if and when any of the Cosmopolitan Optional Convertible Bonds is subscribed for by the P&R Group.

SGM

Regal will convene the SGM for the purpose of considering and, if thought fit, approving the financial assistance to the P&R Group in respect of the P&R Group's participation in the Transactions. As the Paliburg Group has 50% equity interests in P&R, Mr. Lo Yuk Sui, Century City, Paliburg and their respective associates, in aggregate holding, and entitled to exercise control over the voting rights in respect of 575,734,161 shares of Regal (representing approximately 61.69% of the issued shares of Regal) as at the Latest Practicable Date, will abstain from voting at the SGM for the purpose of considering and, if thought fit, approving the financial assistance to the P&R Group in respect of the P&R Group's participation in the Transactions. The Regal Directors recommend that the Regal Shareholders (excluding Mr. Lo Yuk Sui, Century City, Paliburg and their respective associates) to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the financial assistance to the P&R Group in respect of the P&R Group's participation in the Transactions.

A form of proxy for use at the SGM is enclosed to this circular. Whether or not you intend 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 Regal's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

PROPOSED COSMOPOLITAN OPEN OFFER

On 30 April 2014 (after trading hours), Cosmopolitan proposed to make the Cosmopolitan Open Offer, principal terms of which are set out below.

Issue statistics

Basis of the Cosmopolitan Open Offer:	(i) For every one Cosmopolitan Consolidated Share held on the Cosmopolitan Record Date, two Cosmopolitan Open Offer Shares with alternative for Cosmopolitan Qualifying Shareholders to elect to receive Cosmopolitan Convertible Preference Shares in lieu of all or part of their entitlements to Cosmopolitan Open Offer Shares on a “one-for-one” basis under the Cosmopolitan Open Offer; and (ii) the P&R Group, as Cosmopolitan Qualifying Shareholders, will be entitled to elect to receive the Cosmopolitan Open Offer Shares in respect of all or part of their entitlements and the Cosmopolitan Convertible Preference Shares on a “one-for-one” basis in respect of the remaining balance (if any) of its entitlements under the Cosmopolitan Open Offer, provided that Cosmopolitan will continue to comply with the public float requirement under the Listing Rules applicable to Cosmopolitan (i.e. 25%) upon closing of the Cosmopolitan Open Offer
Cosmopolitan Subscription Price:	HK\$0.10 per Cosmopolitan Open Offer Share or per Cosmopolitan Convertible Preference Share
Number of existing Cosmopolitan Shares in issue as at the Latest Practicable Date:	21,988,047,615 Cosmopolitan Shares
Number of Cosmopolitan Consolidated Shares in issue as at the Cosmopolitan Record Date:	2,198,804,761 Cosmopolitan Consolidated Shares (assuming that no further Cosmopolitan Shares and/or Cosmopolitan Consolidated Shares will be allotted, issued and/or repurchased on or before the Cosmopolitan Record Date)

Total number of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares to be issued:	An aggregate of 4,397,609,522 Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares, based on the number of Cosmopolitan Shares in issue as at the Latest Practicable Date (assuming that no further Cosmopolitan Shares and/or Cosmopolitan Consolidated Shares will be allotted, issued and/or repurchased on or before the Cosmopolitan Record Date)
Number of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares undertaken by the P&R Group to be taken up in respect of their assured entitlements:	An aggregate of 2,969,033,438 Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares (provided that Cosmopolitan will continue to comply with the public float requirement under the Listing Rules applicable to Cosmopolitan (i.e. 25%) upon closing of the Cosmopolitan Open Offer)
Number of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares underwritten by the Underwriter:	An aggregate of 1,428,576,084 Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares (provided that Cosmopolitan will continue to comply with the public float requirement under the Listing Rules applicable to Cosmopolitan (i.e. 25%), being all of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares to be issued under the Cosmopolitan Open Offer less those undertaken by the P&R Group to be taken up in respect of its Cosmopolitan Open Offer Entitlement)

As at the Latest Practicable Date, Cosmopolitan has no securities in issue which carry any rights to subscribe for, purchase or convert into any new Cosmopolitan Shares and/or Cosmopolitan Consolidated Shares.

Cosmopolitan Subscription Price

The Cosmopolitan Subscription Price is HK\$0.10 per Cosmopolitan Open Offer Share or per Cosmopolitan Convertible Preference Share, which is payable in full on application. The Cosmopolitan Subscription Price represents:

- (i) a discount of approximately 83.6% to the closing price of HK\$0.610 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 83.7% to the average closing price of the Cosmopolitan Shares of HK\$0.612 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange over the last five trading days up to and including the Last Trading Day;

- (iii) a discount of approximately 83.9% to the average closing price of the Cosmopolitan Shares of HK\$0.622 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange over the last ten trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 63.0% to the theoretical ex-entitlement price of HK\$0.270 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) based on the closing price per Cosmopolitan Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 67.7% to the closing price of HK\$0.31 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a discount of approximately 82.3% to the audited consolidated net assets of Cosmopolitan attributable to the Cosmopolitan Shareholders as at 31 December 2013 of approximately HK\$0.566 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) in issue as at the Latest Practicable Date.

The Cosmopolitan Subscription Price and the total number of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Preference Shares to be issued were determined by the Cosmopolitan Board and was agreed and accepted by the Underwriter. Cosmopolitan is of the view that the Cosmopolitan Open Offer will provide the Cosmopolitan Group with additional funding to further strengthen the financial position of the Cosmopolitan Group and the terms of the Cosmopolitan Open Offer are fair and reasonable and in the interest of Cosmopolitan.

Summary of the principal terms of the Cosmopolitan Convertible Preference Shares

Key terms of the Cosmopolitan Convertible Preference Shares are set out in the table below.

Cosmopolitan Subscription Price:	HK\$0.10 per Cosmopolitan Convertible Preference Share
Par value:	HK\$0.002 each
Conversion period:	Any time after issue subject to the minimum conversion requirement set forth below, provided that a holder may not exercise his/her/its conversion right to the extent that it would result in Cosmopolitan failing to comply with the public float requirement under the Listing Rules applicable to Cosmopolitan (i.e. 25%).
Conversion ratio:	Each Cosmopolitan Convertible Preference Share shall be convertible into one Cosmopolitan Converted Share, subject to adjustment upon the occurrence of consolidation or subdivision of the Cosmopolitan Consolidated Shares.

Minimum conversion requirement:	A holder may not exercise his conversion right unless the number of Cosmopolitan Convertible Preference Shares to be converted in connection with such exercise equals or is greater than 10,000, subject to adjustment upon the occurrence of consolidation or subdivision of the Cosmopolitan Consolidated Shares. In case where the number of all the Cosmopolitan Convertible Preference Shares held by a holder is less than 10,000, he may exercise his conversion right in respect of all such Cosmopolitan Convertible Preference Shares.
Dividends and distributions:	Each Cosmopolitan Convertible Preference Share shall confer on the holder thereof the right to receive dividends and other distributions <i>pari passu</i> with holders of Cosmopolitan Consolidated Share on the basis of the number of Cosmopolitan Converted Share into which each Cosmopolitan Convertible Preference Share may be converted and on an as-if converted basis.
Voting:	A holder of Cosmopolitan Convertible Preference Shares shall have the right to receive notice of and attend but have no right to vote at a general meeting (except on a resolution for winding up of Cosmopolitan).
Listing:	The Cosmopolitan Convertible Preference Shares will not be listed on the Stock Exchange or any other stock exchange. No application will be made for the listing of the Cosmopolitan Convertible Preference Shares on the Stock Exchange or any other stock exchange.
Transferability:	The Cosmopolitan Convertible Preference Shares may be transferred without any restriction.
Ranking of the Cosmopolitan Converted Shares:	<p>Upon conversion of the Cosmopolitan Convertible Preference Shares, the Cosmopolitan Converted Shares will be issued as fully paid and will rank <i>pari passu</i> in all respects of the Cosmopolitan Consolidated Shares in issue as at the date of conversion. Cosmopolitan will apply for the listing of, and permission to deal in, the Cosmopolitan Converted Shares on the Stock Exchange.</p> <p>On distribution of assets on liquidation or winding-up of Cosmopolitan, the assets of Cosmopolitan available for distribution to the holders of Cosmopolitan Convertible Preference Share and Cosmopolitan Consolidated Shares shall be applied as follows:</p>

- (a) firstly, in paying to the holder of each Cosmopolitan Convertible Preference Share an amount per Cosmopolitan Convertible Preference Share equal to aggregate nominal value of the number of Cosmopolitan Consolidated Shares into which an Cosmopolitan Convertible Preference Share is then convertible; and
- (b) secondly, in paying to the holder of each Cosmopolitan Consolidated Share an amount per Cosmopolitan Consolidated Share equal to the nominal value thereof; and
- (c) the balance of such assets shall be distributed to the holders of Cosmopolitan Convertible Preference Shares and Cosmopolitan Consolidated Shares *pari passu* by reference to the nominal value thereof, provided that for this purpose the nominal value of an Cosmopolitan Convertible Preference Share shall be deemed to be the aggregate nominal value of the number of Cosmopolitan Consolidated Shares into which an Cosmopolitan Convertible Preference Share is then convertible.

Redemption: The Cosmopolitan Convertible Preference Shares are non-redeemable by Cosmopolitan or the holders thereof.

Takeover: If any person (the “**Offeror**”) makes an offer for Cosmopolitan Consolidated Shares and by virtue of acceptances of such offer becomes entitled to acquire compulsorily the Cosmopolitan Consolidated Shares offered for but in respect of which no acceptance of the offer has been received, Cosmopolitan may, at any time after the Offeror gives notice of exercise of such rights of compulsory acquisition, require that all outstanding Cosmopolitan Convertible Preference Shares be converted into Cosmopolitan Converted Shares at the then applicable conversion ratio.

Scheme of arrangement: Where, pursuant to a scheme of arrangement, a person (together with parties acting in concert with such person) becomes the holder of all of the Cosmopolitan Consolidated Shares then in issue, Cosmopolitan may at any time thereafter require that all outstanding Cosmopolitan Convertible Preference Shares be converted into the Cosmopolitan Converted Shares at the then applicable conversion ratio on the basis that the public float requirements under the Listing Rules be complied with unless otherwise waived by the Stock Exchange.

Rights to participate in
rights issue or open offer
or bonus issue of
Cosmopolitan:

If and whenever Cosmopolitan makes any offers by way of
rights, open offer and/or issue by way of bonus of:

- shares of Cosmopolitan,
- securities carrying rights to subscribe for, convert or
exchange into shares of Cosmopolitan or voting rights,
- other shares or rights carrying the right to acquire same
voting rights, or
- debt securities (the “**Offered Securities**”)

to all the Cosmopolitan Shareholders, the same rights and/or
bonus issues shall be offered and/or issued to holders of
Cosmopolitan Convertible Preference Shares at the same time
and on the same terms as the Offered Securities are offered
and/or issued to the Cosmopolitan Shareholders.

The Cosmopolitan Qualifying Shareholders

The Cosmopolitan Open Offer Documents will only be registered in Hong Kong. Cosmopolitan will send the Cosmopolitan Open Offer Documents to the Cosmopolitan Qualifying Shareholders only. The Cosmopolitan Prospectus will be sent to the Excluded Cosmopolitan Shareholders for information purposes only.

To qualify for the Cosmopolitan Open Offer, a Cosmopolitan Shareholder must be registered as a member of Cosmopolitan on the Cosmopolitan Record Date. Based on the current tentative timetable, all transfer of the Cosmopolitan Consolidated Shares must be lodged with the share registrar of Cosmopolitan in Hong Kong by no later than 4:30 p.m. on Thursday, 17 July 2014.

The Cosmopolitan Qualifying Shareholders may apply for any number of Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares up to their maximum entitlements which are equal to the number of Cosmopolitan Open Offer Entitlements as shown on their Cosmopolitan Application Forms. The Cosmopolitan Open Offer Entitlements to the Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares under the Cosmopolitan Open Offer are neither transferable nor capable of renunciation. The Cosmopolitan Application Form is not a negotiable document and cannot be traded. There will not be any trading of nil-paid entitlements to the Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares.

The Cosmopolitan Qualifying Shareholders who do not take up the Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares to which they are entitled should note that their shareholdings in Cosmopolitan will be diluted.

Cosmopolitan Overseas Shareholders

As at 31 May 2014, there were 26 Cosmopolitan Overseas Shareholders, who altogether held 10,871,135 Cosmopolitan Shares (representing less than 0.05% of the issued share capital of Cosmopolitan as at the Latest Practicable Date), with registered addresses located in Canada, Ireland, Macau, Malaysia, Saudi Arabia, Singapore, the United Kingdom and the United States of America.

Cosmopolitan will make enquiry in accordance with Rule 13.36(2) of the Listing Rules regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for making the Cosmopolitan Open Offer to any Cosmopolitan Overseas Shareholders. Should any Cosmopolitan Overseas Shareholders be excluded from the Cosmopolitan Open Offer after enquiry, Cosmopolitan will set out the relevant details including, among other things, such overseas territories involved and an explanation for the exclusion in the Cosmopolitan Prospectus. It is the present intention of Cosmopolitan to make the Cosmopolitan Open Offer to all Cosmopolitan Shareholders registered on the Cosmopolitan Record Date unless there are legal or other restrictions, impracticality or difficulties to do so. Further details regarding the Excluded Cosmopolitan Shareholders will be set out in the Cosmopolitan Prospectus.

Any entitlements of the Excluded Cosmopolitan Shareholders pursuant to the Cosmopolitan Open Offer will be made available for excess applications by the Cosmopolitan Qualifying Shareholders as more detailed below.

Application for excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares

Under the Cosmopolitan Open Offer, the Cosmopolitan Qualifying Shareholders may apply for the entitlements of the Excluded Cosmopolitan Shareholders and any Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares not taken up by the Cosmopolitan Qualifying Shareholders. Applications can be made by completing excess application forms and lodging the same with separate remittances for the excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares being applied for.

The Cosmopolitan Directors will allocate the excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares at their discretion, but on a fair and equitable basis to the Cosmopolitan Qualifying Shareholders who have applied for excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares on the following principles:

- (1) preference will be given to applications for less than a board lot of Cosmopolitan Open Offer Shares where they appear to the Cosmopolitan Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism;

- (2) subject to availability of excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares after allocation under principle (1) above, any remaining excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares will be allocated to applicants in proportion to the respective shareholdings of the applicants in Cosmopolitan as at the Cosmopolitan Record Date; and
- (3) subject to availability of excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares after allocation under principles (1) and (2) above, any further remaining excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares will be allocated to applicants in proportion to the number of excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares being applied for under each application. Following the closing of the Cosmopolitan Open Offer period, the Cosmopolitan Directors will review the excess application forms submitted by the Cosmopolitan Qualifying Shareholders to screen out applications made with the intention to abuse such mechanism if required.

The Cosmopolitan Shareholders with the Cosmopolitan Shares held by a nominee company (including CCASS and/or security brokers) should note that the Cosmopolitan Board will regard the nominee company as a single Cosmopolitan Shareholder according to the register of members of Cosmopolitan. Accordingly, the Cosmopolitan Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Cosmopolitan Open Offer Shares and/or excess Cosmopolitan Convertible Preference Shares will not be extended to beneficial owners individually. The Cosmopolitan Shareholders with their Cosmopolitan Shares held by a nominee company are advised to consider whether they would like to arrange registration of the relevant Cosmopolitan Shares in the name of the beneficial owner(s) prior to the Cosmopolitan Record Date.

Share certificates for the fully paid Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares and refund cheques

Subject to the fulfillment of the conditions of the Cosmopolitan Open Offer as set out in the paragraph headed “Conditions of the Cosmopolitan Open Offer” below, every Qualifying Shareholder who takes up his/her/its entitlement under the Cosmopolitan Open Offer and/or applies for excess Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares will receive share certificate(s) for all fully-paid Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares and, if applicable, a refund cheque in respect of a wholly or partially unsuccessful excess application which are expected to be posted on or before Monday, 18 August 2014 by ordinary post at their own risks.

Status and rights of the Cosmopolitan Open Offer Shares and the Cosmopolitan Converted Shares

The Cosmopolitan Open Offer Shares and the Cosmopolitan Converted Shares, when allotted and fully paid, will rank *pari passu* with the then existing Cosmopolitan Consolidated Shares in all respects. Holders of the Cosmopolitan Open Offer Shares and the Cosmopolitan Converted Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the allotment of the Cosmopolitan Open Offer Shares and the Cosmopolitan Converted Shares respectively.

The aggregate number of approximately 4,397.6 million Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares to be issued would represent (i) two times the issued share capital of Cosmopolitan as at the Latest Practicable Date (after adjustment for the Cosmopolitan Share Consolidation); (ii) approximately 66.7% of the issued share capital of Cosmopolitan as enlarged by the issues of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares; (iii) 54.8% of the issued share capital of Cosmopolitan as enlarged by the issues of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares and the maximum number of the Cosmopolitan Conversion Shares (assuming no adjustment to initial Cosmopolitan CB Conversion Price); and (iv) 47.4% of the issued share capital of Cosmopolitan as enlarged by the issues of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares, the maximum number of the Cosmopolitan Conversion Shares (assuming no adjustment to initial Cosmopolitan CB Conversion Price) and the maximum number of the Cosmopolitan Optional Conversion Shares (assuming no adjustment to initial Cosmopolitan Optional CB Conversion Price). The Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares to be issued have the aggregate nominal value of approximately HK\$8.8 million.

Application for listing

Cosmopolitan will apply to the Stock Exchange for the listing of, and permission to deal in, the Cosmopolitan Open Offer Shares and the Cosmopolitan Converted Shares on the Stock Exchange. Dealings in the Cosmopolitan Open Offer Shares and the Cosmopolitan Converted Shares on the Stock Exchange will be subject to the payment of the applicable stamp duty, the Stock Exchange trading fee, the transaction levy payable to the Securities and Futures Commission, or any other applicable fees and charges in Hong Kong.

No application will be made for the listing of, and permission to deal in, any of the Cosmopolitan Convertible Preference Shares on the Stock Exchange or any other stock exchange.

Subject to the granting of listing of, and permission to deal in, the Cosmopolitan Open Offer Shares on the Stock Exchange, the Cosmopolitan Open Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Cosmopolitan Open Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Conditions of the Cosmopolitan Open Offer

Closing of the Cosmopolitan Open Offer is conditional upon, among other things:

- (i) the passing of the necessary resolutions by the shareholders of Cosmopolitan (other than those who are required to abstain from voting by law, the Listing Rules, the Stock Exchange and/or the Cosmopolitan Articles of Association) at the Cosmopolitan EGM in accordance with the Cosmopolitan Articles of Association and the Listing Rules for approving, among other things:
 - (a) the Cosmopolitan Share Consolidation;
 - (b) the Cosmopolitan Open Offer, the Underwriting Agreement and the transactions contemplated thereunder, including the issue and allotment of the Cosmopolitan Open Offer Shares, the Cosmopolitan Convertible Preference Shares and, upon conversion of any of the Cosmopolitan Convertible Preference Shares, the Cosmopolitan Converted Shares; and
 - (c) any amendments to the Cosmopolitan Articles of Association to create and permit the issue of the Cosmopolitan Convertible Preference Shares under the terms of the Cosmopolitan Open Offer;
- (ii) the passing of the necessary resolutions by the shareholders of Century City (other than those who are required to abstain from voting by law, the Listing Rules, the Stock Exchange and/or the bye-laws of Century City) or, where permitted under the Listing Rules, the obtaining of the written shareholders' approval from a closely allied group of shareholders of Century City holding more than 50% of the issued shares of Century City, for approving P&R Group's participation in the Cosmopolitan Open Offer, the Underwriter's entering into of the Underwriting Agreement and the relevant transactions contemplated thereunder (including subscription, excess application and underwriting of any Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares and the possible subscription of the Cosmopolitan Converted Shares upon exercise of the conversion rights under the Cosmopolitan Convertible Preference Shares);
- (iii) the passing of the necessary resolutions by the shareholders of Paliburg (other than those who are required to abstain from voting by law, the Listing Rules, the Stock Exchange and/or the bye-laws of Paliburg) or, where permitted under the Listing Rules, the obtaining of the written shareholders' approval from a closely allied group of shareholders of Paliburg holding more than 50% of the issued shares of Paliburg, for approving P&R Group's participation in the Cosmopolitan Open Offer, the Underwriter's entering into of the Underwriting Agreement and the relevant transactions contemplated thereunder (including subscription, excess application and underwriting of any Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares and the possible subscription of the Cosmopolitan Converted Shares upon exercise of the conversion rights under the Cosmopolitan Convertible Preference Shares);

- (iv) the passing of the necessary resolutions by the shareholders of Regal (other than those who are required to abstain from voting by law, the Listing Rules, the Stock Exchange and/or the bye-laws of Regal) for approving the provision of financial assistance to the P&R Group for the P&R Group's participation in the Cosmopolitan Open Offer and the Underwriter's entering into of the Underwriting Agreement and the relevant transactions contemplated thereunder (including subscription, excess application and underwriting of any Cosmopolitan Open Offer Shares and/or Cosmopolitan Convertible Preference Shares);
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having revoked, listing of and permission to deal in all of the Cosmopolitan Open Offer Shares and the Cosmopolitan Converted Shares;
- (vi) the registration of the Cosmopolitan Open Offer Documents by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance by no later than the Cosmopolitan Prospectus Posting Date;
- (vii) the posting of the Cosmopolitan Open Offer Documents to the Cosmopolitan Qualifying Shareholders on the Cosmopolitan Prospectus Posting Date;
- (viii) compliance of the terms of the Irrevocable Undertakings by 4:00 p.m. on the Latest Application Date;
- (ix) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter in accordance with the terms thereof; and
- (x) all necessary consents being granted by third parties (including governmental or official authorities) and no statute, regulation or decision which would prohibit, restrict or materially delay the Cosmopolitan Share Consolidation, the completion of the Underwriting Agreement, the Cosmopolitan Open Offer and transactions contemplated thereunder having been proposed, enacted or taken by any governmental or official authority.

As at the Latest Practicable Date, except for fulfillment of the condition (iii) above, none of other conditions above has been fulfilled and/or waived.

In the event that any of the above conditions is not fulfilled on or before 31 August 2014 (or such other date as may be agreed by the parties), the Cosmopolitan Open Offer will lapse and the Cosmopolitan Open Offer will not proceed.

IRREVOCABLE UNDERTAKING

P&R, through its wholly-owned subsidiaries, owns in aggregate 14,845,167,190 Cosmopolitan Shares, representing approximately 67.5% of the issued share capital of Cosmopolitan as at the Latest Practicable Date. P&R, on behalf of the aforesaid subsidiaries, has irrevocably undertaken in favour of Cosmopolitan and the Underwriter that they will apply for and take up in full their respective Cosmopolitan Open Offer Entitlements under the Cosmopolitan Open Offer for 2,969,033,438 Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares to which they are entitled under the Cosmopolitan Open Offer.

UNDERWRITING ARRANGEMENT

On 30 April 2014 (after trading hours), Cosmopolitan entered into the Underwriting Agreement with the Underwriter.

The Underwriting Agreement

Date	30 April 2014 (as supplemented by a supplemental agreement dated 19 June 2014)
Parties	(1) Cosmopolitan; and (2) P&R Strategic Limited, as the Underwriter
Number of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares underwritten	1,428,576,084 Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares (provided that Cosmopolitan will continue to comply with the public float requirement under the Listing Rules applicable to Cosmopolitan (i.e. 25%) upon closing of the Cosmopolitan Open Offer), being all of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares to be issued under the Cosmopolitan Open Offer less those undertaken by the P&R Group to be taken up in respect of their respective Cosmopolitan Open Offer Entitlement pursuant to the Irrevocable Undertaking
Subscription price of underwritten Cosmopolitan Open Offer Shares and/or the Cosmopolitan Convertible Preference Shares	HK\$0.10 per Cosmopolitan Open Offer Share or per Cosmopolitan Convertible Preference Share
Underwriting commission	Nil

Termination of the Underwriting Agreement

The Underwriter reserves the right to terminate the Underwriting Agreement if any of the events below occurs prior to the Latest Time for Termination:

- (a) the Underwriter shall become aware of the fact that, or shall, in its reasonable opinion, believe that, any of the warranties contained in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same represents or is likely to represent (in the reasonable opinion of the Underwriter) a material and adverse change of the Cosmopolitan Group as a whole or is otherwise likely to have a material and adverse effect on the Cosmopolitan Open Offer;
- (b) Cosmopolitan commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement; or

- (c) (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of a political, military, financial, economic, currency, epidemic or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict);
- (iii) any change in local, national or international equity securities or currency markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise);
- (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
- (v) any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere which shall or may materially and adversely affect the Cosmopolitan Group or a material proportion of the Cosmopolitan Shareholders in their capacity as such;
- (vi) any suspension in the trading of the Cosmopolitan Shares on the Stock Exchange for a continuous period of 5 business days;
- (vii) any change occurs in the circumstances of Cosmopolitan or any member of the Cosmopolitan Group,

which event or events is or are in the reasonable opinion of the Underwriter

- (1) likely to have a material adverse effect on the business, financial position or prospects of the Cosmopolitan Group taken as a whole;
- (2) likely to have a material adverse effect on the success of the Cosmopolitan Open Offer or the level of applications for the Cosmopolitan Open Offer submitted; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Cosmopolitan Open Offer,

then, and in such case, the Underwriter has the right, exercisable at its sole and absolute discretion, to terminate the Underwriting Agreement by notice in writing to Cosmopolitan not later than the Latest Time for Termination.

Upon the giving of notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease. Neither the Underwriter nor Cosmopolitan shall have any claim against the other party in respect of the Underwriting Agreement, except that the costs and expenses incurred prior to the termination of the Underwriting Agreement remain payable by Cosmopolitan pursuant to the Underwriting Agreement.

If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination or does not become unconditional, the Cosmopolitan Open Offer will not proceed.

Information on the Underwriter

The Underwriter is a company incorporated in the British Virgin Islands on 2 July 2013 and its principal business is investment holding. As at the Latest Practicable Date, the Underwriter owned 507,770 Cosmopolitan Shares. It is not in the ordinary and usual course of business for the Underwriter to underwrite the issue of securities.

**PROPOSED ISSUE OF THE COSMOPOLITAN CONVERTIBLE BONDS AND THE POSSIBLE
ISSUE OF THE COSMOPOLITAN OPTIONAL CONVERTIBLE BONDS**

On 30 April 2014 (after trading hours), Cosmopolitan entered into the Cosmopolitan Convertible Bonds Subscription Agreement with P&R, pursuant to which P&R will procure its wholly-owned subsidiary to subscribe for the Cosmopolitan Convertible Bonds in the principal amount of HK\$500 million. Under the Cosmopolitan Convertible Bonds Subscription Agreement, P&R will also be entitled to an option to subscribe, through its wholly-owned subsidiary, for the Cosmopolitan Optional Convertible Bonds in the principal amount of up to HK\$500 million. The option to subscribe for the Cosmopolitan Optional Convertible Bonds is exercisable at any time during the period from the date falling 7 days after the date of issue of the Cosmopolitan Convertible Bonds until 90 days prior to the maturity date of the Cosmopolitan Convertible Bonds (both dates inclusive). The option is exercisable in whole or in part, on one or more occasions, solely at the discretion of the P&R Group by giving a written notice to the issuer of the Cosmopolitan Optional Convertible Bonds.

Summaries of the principal terms of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds are set out below.

For the Cosmopolitan Convertible Bonds:

Principal amount:	HK\$500 million
Issuer:	A wholly-owned subsidiary of Cosmopolitan principally engaged in financing activities.
Cosmopolitan CB Conversion Price:	<p>The initial Cosmopolitan CB Conversion Price (subject to adjustments as set out in the paragraph “Adjustments to the Cosmopolitan Conversion Prices” below) shall be HK\$0.35 per Cosmopolitan Conversion Share, which represents:</p> <ul style="list-style-type: none">(i) a premium of approximately 250.0% over the Cosmopolitan Subscription Price;(ii) a discount of approximately 42.6% to the closing price of HK\$0.610 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;(iii) a discount of approximately 42.8% to the average closing price of the Cosmopolitan Shares of HK\$0.612 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange over the last five trading days up to and including the Last Trading Day;

- (iv) a discount of approximately 43.7% to the average closing price of the Cosmopolitan Shares of HK\$0.622 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange over the last ten trading days up to and including the Last Trading Day;
- (v) a premium of approximately 29.6% over the theoretical ex-entitlement price of HK\$0.270 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) based on the closing price per Cosmopolitan Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a premium of approximately 12.9% over the closing price of HK\$0.31 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a discount of approximately 38.2% to the audited consolidated net assets of Cosmopolitan attributable to the Cosmopolitan Shareholders as at 31 December 2013 of approximately HK\$0.566 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) in issue as at the Latest Practicable Date.

The initial Cosmopolitan CB Conversion Price and the principal amount of the Cosmopolitan Convertible Bonds were determined by the Cosmopolitan Board and were agreed and accepted by P&R. Based on the initial Cosmopolitan CB Conversion Price, the Cosmopolitan Convertible Bonds are convertible into a maximum of approximately 1,428.6 million Cosmopolitan Conversion Shares.

Interest rate: The Cosmopolitan Convertible Bonds bears 2.5% per annum coupon rate, payable semi-annually.

Maturity date: Being the end of third year from date of the issue of the Cosmopolitan Convertible Bonds. On the maturity date, all of the remaining outstanding Cosmopolitan Convertible Bonds will be redeemed by the issuer of the Cosmopolitan Convertible Bonds at 100% of the outstanding principal amount of the Cosmopolitan Convertible Bonds together with any interest accrued thereon.

Form: The Cosmopolitan Convertible Bonds will be issued in registered form.

For the Cosmopolitan Optional Convertible Bonds:

Maximum principal amount: HK\$500 million

Issuer: A wholly-owned subsidiary of Cosmopolitan principally engaged in financing activities.

Cosmopolitan Optional CB Conversion Price: The initial Cosmopolitan Optional CB Conversion Price (subject to adjustments as set out in the paragraph “Adjustments to the Cosmopolitan Conversion Prices” below) shall be HK\$0.40 per Cosmopolitan Conversion Share, which represents:

- (i) a premium of approximately 300.0% over the Cosmopolitan Subscription Price;
- (ii) a discount of approximately 34.4% to the closing price of HK\$0.610 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 34.6% to the average closing price of the Cosmopolitan Shares of HK\$0.612 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange over the last five trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 35.7% to the average closing price of the Cosmopolitan Shares of HK\$0.622 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange over the last ten trading days up to and including the Last Trading Day;
- (v) a premium of approximately 48.1% over the theoretical ex-entitlement price of HK\$0.270 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) based on the closing price per Cosmopolitan Share as quoted on the Stock Exchange on the Last Trading Day;

- (vi) a premium of 29.0% over the closing price of HK\$0.31 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a discount of approximately 29.3% to the audited consolidated net assets of Cosmopolitan attributable to the Cosmopolitan Shareholders as at 31 December 2013 of approximately HK\$0.566 per Cosmopolitan Share (after adjusted for the Cosmopolitan Share Consolidation) in issue as at the Latest Practicable Date.

The initial Cosmopolitan Optional CB Conversion Price and the maximum principal amount of the Cosmopolitan Optional Convertible Bonds were determined by the Cosmopolitan Board and were agreed and accepted by P&R. Based on the initial Cosmopolitan Optional CB Conversion Price, the Cosmopolitan Optional Convertible Bonds are convertible into a maximum of 1,250.0 million Cosmopolitan Optional Conversion Shares.

- Interest rate: The Cosmopolitan Optional Convertible Bonds bears 3.5% per annum coupon rate, payable semi-annually.
- Maturity date: Being the end of third year from the date of the issue of the Cosmopolitan Convertible Bonds. On the maturity date, all of the remaining outstanding Cosmopolitan Optional Convertible Bonds will be redeemed by the issuer of the Cosmopolitan Optional Convertible Bonds at 100% of the outstanding principal amount of the Cosmopolitan Optional Convertible Bonds together with any interest accrued thereon.
- Form: The Cosmopolitan Optional Convertible Bonds will be issued in registered form.

For both the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds:**Conversion:**

The holder of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds can convert the outstanding Cosmopolitan Convertible Bonds into Cosmopolitan Conversion Shares and the outstanding Cosmopolitan Optional Convertible Bonds into the Cosmopolitan Optional Conversion Shares at any time from the 7th day after the date of issue of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds until a date falling the 7th day prior to the maturity date at the then prevailing Cosmopolitan Conversion Price respectively, provided that a holder may not exercise his conversion right to the extent that it would result in Cosmopolitan failing to comply with the public float requirement under the Listing Rules applicable to Cosmopolitan (i.e. 25%).

Fractions of the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares will not be issued on conversion and no cash adjustment will be made in respect thereof.

There are no restrictions on any subsequent dealings in the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares.

**Adjustments to the
Cosmopolitan Conversion
Prices:**

The initial Cosmopolitan Conversion Prices will be subject to adjustments for share consolidations, share subdivisions, re-classification of share into other securities (upon which the Cosmopolitan Conversion Prices will be adjusted proportionately such that their holders would receive the number of Cosmopolitan Shares and/or such other securities which they would have been entitled to had they been converted before the re-classification), capitalisation issues, capital distributions, rights issues, and certain other dilutive events, including issue of new Cosmopolitan Consolidated Shares at a subscription price below the then prevailing market price of the Cosmopolitan Consolidated Shares and issue of convertible securities with conversion prices below the then prevailing market price of the Cosmopolitan Consolidated Shares.

- Voting:** The holders of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds shall not be entitled to receive notices of, attend or vote at any general meetings of Cosmopolitan or any meetings of any class of Cosmopolitan's shares, by reason only of it being a holder of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds respectively.
- Listing:** The Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. No application will be made for the listing of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds on the Stock Exchange or any other stock exchange. No application will be made for the admissibility, deposit, clearance or settlement of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds in CCASS. No transfer, clearing or settlement services will be provided by HKSCC in respect of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares to be issued upon the exercise of the conversion rights attached to the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds respectively.
- Transferability:** The Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds are transferable to other parties except that the transfer shall not result in Cosmopolitan being obliged to comply with the obligations prescribed under the Companies Ordinance in relation to issue of prospectus or initial public offering of securities.
- Security:** The Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds will not be secured by any collateral but guaranteed by Cosmopolitan.

Ranking of the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares:	The Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares shall be duly and validly issued, fully paid and registered, and free from encumbrances, and all such Cosmopolitan Conversion Shares and Cosmopolitan Optional Conversion Shares shall rank <i>pari passu</i> in all respects with the fully paid Cosmopolitan Consolidated Shares in issue on the relevant date of conversion of the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares on Cosmopolitan's register of members (after issue of the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares upon conversion of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds respectively) respectively and shall accordingly entitle the holders thereof to participate in full in all dividends or other distributions the record date for which falls on a date on or after the relevant conversion date.
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Number of the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares

The maximum number of approximately 1,428.6 million Cosmopolitan Conversion Shares upon full conversion of the Cosmopolitan Convertible Bonds at the initial Cosmopolitan Conversion Price would represent (i) approximately 65.0% of the issued share capital of Cosmopolitan (after adjustment for the Cosmopolitan Share Consolidation) as at the Latest Practicable Date; (ii) approximately 21.7% of the issued share capital of Cosmopolitan as enlarged by the issues of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares; (iii) approximately 17.8% of the issued share capital of Cosmopolitan as enlarged by the issues of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares and the maximum number of the Cosmopolitan Conversion Shares (assuming no adjustment to initial Cosmopolitan CB Conversion Price); and (iv) approximately 15.4% of the issued share capital of Cosmopolitan as enlarged by the issues of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares, the maximum number of the Cosmopolitan Conversion Shares (assuming no adjustment to initial Cosmopolitan CB Conversion Price) and the maximum number of the Cosmopolitan Optional Conversion Shares (assuming no adjustment to initial Cosmopolitan Optional CB Conversion Price). The maximum number of the Cosmopolitan Conversion Shares to be issued has the aggregate nominal value of approximately HK\$2.9 million.

The maximum number of 1,250.0 million Cosmopolitan Optional Conversion Shares upon full conversion of the Cosmopolitan Optional Convertible Bonds at the initial Cosmopolitan Optional CB Conversion Price would represent (i) approximately 56.8% of the issued share capital of Cosmopolitan (after adjustment for the Cosmopolitan Share Consolidation) as at the Latest Practicable Date; (ii) approximately 18.9% of the issued share capital of Cosmopolitan as enlarged by the issues of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares; (iii) approximately 15.6% of the issued share capital of Cosmopolitan as enlarged by the issues of the Cosmopolitan Open

Offer Shares and/or the Cosmopolitan Converted Shares and the maximum number of the Cosmopolitan Conversion Shares (assuming no adjustment to initial Cosmopolitan CB Conversion Price); and (iv) approximately 13.5% of the issued share capital of Cosmopolitan as enlarged by the issues of the Cosmopolitan Open Offer Shares and/or the Cosmopolitan Converted Shares, the maximum number of the Cosmopolitan Conversion Shares (assuming no adjustment to initial Cosmopolitan CB Conversion Price) and the maximum number of the Cosmopolitan Optional Conversion Shares (assuming no adjustment to initial Cosmopolitan Optional CB Conversion Price). The maximum number of the Cosmopolitan Optional Conversion Shares to be issued has the aggregate nominal value of HK\$2.5 million.

Application for listing

No application will be made for the listing of, and permission to deal in, any of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds on the Stock Exchange or any other stock exchange. Cosmopolitan will apply to the Stock Exchange for the listing of, and permission to deal in, the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares on the Stock Exchange.

Conditions of the issue of the Cosmopolitan Convertible Bonds and the possible issue of the Cosmopolitan Optional Convertible Bonds

Completion of the Cosmopolitan Convertible Bonds Subscription Agreement is conditional upon, among other things:

- (i) the passing of the necessary resolutions by the independent shareholders of Cosmopolitan (other than those who are required to abstain from voting by law, the Listing Rules, the Stock Exchange and/or the Cosmopolitan Articles of Association) at the Cosmopolitan EGM in accordance with the Cosmopolitan Articles of Association and the Listing Rules for approving, among other things, the giving of the guarantee in respect of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds, the issue of the Cosmopolitan Convertible Bonds and the possible issue of the Cosmopolitan Optional Convertible Bonds, the possible issue of the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares upon exercise of the conversion rights under the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds respectively;
- (ii) the passing of the necessary resolutions by the shareholders of Century City (other than those who are required to abstain from voting by law, the Listing Rules, the Stock Exchange and/or the bye-laws of Century City) at a shareholders' meeting or, where permitted under the Listing Rules, the obtaining of the written shareholders' approval from a closely allied group of shareholders of Century City holding more than 50% of the issued shares of Century City, for approving the Cosmopolitan Convertible Bonds Subscription Agreement and the relevant transactions contemplated thereunder, including without limitation the subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the

Cosmopolitan Optional Convertible Bonds, the possible subscription of the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares upon exercise of the conversion rights of the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds respectively;

- (iii) the passing of the necessary resolutions by the shareholders of Paliburg (other than those who are required to abstain from voting by law, the Listing Rules, the Stock Exchange and/or the bye-laws of Paliburg) at a shareholders' meeting or, where permitted under the Listing Rules, the obtaining of the written shareholders' approval from a closely allied group of shareholders of Paliburg holding more than 50% of the issued shares of Paliburg, for approving the Cosmopolitan Convertible Bonds Subscription Agreement and the relevant transactions contemplated thereunder, including without limitation the subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the Cosmopolitan Optional Convertible Bonds, the possible subscription of the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares upon exercise of the conversion rights under the Cosmopolitan Convertible Bonds and the Cosmopolitan Optional Convertible Bonds respectively;
- (iv) the passing of the necessary resolutions by the shareholders of Regal (other than those who are required to abstain from voting by law, the Listing Rules, the Stock Exchange and/or the bye-laws of Regal) for approving the provision of financial assistance to the P&R Group in relation to the Cosmopolitan Convertible Bonds Subscription Agreement and the transactions contemplated thereunder including without limitation the subscription of the Cosmopolitan Convertible Bonds and the possible subscription of the Cosmopolitan Optional Convertible Bonds;
- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having revoked, listing of and permission to deal in the Cosmopolitan Conversion Shares and the Cosmopolitan Optional Conversion Shares; and
- (vi) closing of the Cosmopolitan Open Offer.

As at the Latest Practicable Date, except for fulfillment of the condition (iii) above, none of other conditions above has been fulfilled and/or waived.

In the event that any of the above conditions is not fulfilled on or before 31 August 2014 (or such other date as may be agreed by the parties), the Cosmopolitan Convertible Bonds Subscription Agreement will cease and terminate.

I. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE REGAL GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2011, 2012 AND 2013

Financial information of the Regal Group for each of the three years ended 31 December 2011, 2012 and 2013 is disclosed on pages 59 to 152 of the annual report of Regal for the year ended 31 December 2011, pages 67 to 159 of the annual report of Regal for the year ended 31 December 2012 and pages 76 to 174 of the annual report of Regal for the year ended 31 December 2013, all of which are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of Regal (www.regal.com.hk).

II. INDEBTEDNESS

As at the close of business on 30 April 2014, being the latest practicable date for the purpose of this statement of indebtedness, the Regal Group had outstanding borrowings of approximately HK\$10,180.9 million which represented (i) bank loans of HK\$5,917.0 million secured by certain of the Regal Group's property, plant and equipment, investment properties and properties held for sale, financial assets at fair value through profit or loss, held-to-maturity investments, time deposits and bank balances, (ii) unsecured notes of US\$300.0 million (approximately HK\$2,325.9 million) issued under a US\$1,000.0 million medium term note programme of Regal, and (iii) unsecured notes of HK\$775.0 million and US\$150.0 million (approximately HK\$1,163.0 million) issued under a US\$1,000.0 million medium term note programme of Regal REIT (the "**Regal REIT MTN Programme**").

Apart from the indebtedness under the Regal REIT MTN Programme which was guaranteed by the trustee of Regal REIT (on behalf of Regal REIT) and except for a bank loan of HK\$104.0 million, all of the above outstanding borrowings of the Regal Group were guaranteed by Regal or certain of its subsidiaries.

As at the close of business on 30 April 2014, the Regal Group had contingent liabilities relating to corporate guarantees provided in respect of attributable share of banking facilities granted to certain subsidiaries of a joint venture of approximately HK\$1,654.0 million, of which approximately HK\$1,278.5 million was utilised.

Save as disclosed above and apart from intra-group liabilities, the Regal Group did not have, at the close of business on 30 April 2014, any outstanding mortgages, charges, debentures, bank loans and overdrafts, debt securities or loan notes or other similar indebtedness, loan capital issued or outstanding or agreed to be issued, finance leases, liabilities under acceptances or acceptance credits or any finance lease commitments, or any guarantees or other material contingent liabilities.

III. FINANCIAL AND TRADING PROSPECTS

The anticipated commissioning date for the Hongkong-Zhuhai-Macao Bridge is scheduled by the end of 2016, which will provide a new land transport link between the east and west coasts of the Pearl River. Moreover, the 26-km long Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link is targeted to be completed in 2015. The Express Rail Link will connect Hong Kong with the 16,000-km National High-speed Railway Network and is expected to strengthen Hong Kong's role as the southern gateway to the Mainland China. These new infrastructure projects will stimulate further economic growth within the region and bring an increasing number of visitor arrivals to Hong Kong.

The Government of Hong Kong has been taking initiatives to increase Hong Kong's capacity to receive tourists and intends to continue investing in various infrastructural developments and tourism landscapes. These will include the planned expansion of the Hong Kong International Airport into a three-runway system, the Kai Tak Fantasy Project to turn the Kai Tak Development Area, including the Kai Tak International Cruise Terminal, into a recreational landmark, and the continuing expansion projects at Hong Kong Disneyland and the Ocean Park. All these developments will have a significant positive impact in meeting the demands of an increasing number of global and regional visitors to Hong Kong.

The REIT Manager is optimistic that the tourism and hotel markets in Hong Kong will continue to grow. As the only listed hospitality REIT with market concentration in Hong Kong, the REIT Manager is committed to maintaining Regal REIT's leading position as one of the pre-eminent hotel owners in Hong Kong. The Regal iClub Hotel in Wan Chai has proven to be a successful business model, which has generated for Regal REIT good investment returns and capital appreciation, and the REIT Manager has the same optimistic expectations for the new "iclub Sheung Wan Hotel". Regal REIT has substantial unutilised financing capabilities that can be used to fund its future expansion programmes and will continue to review yield accretive acquisition opportunities, including the new hotel in North Point under an option agreement, with a view to achieving enhanced earnings and capital growth.

The Regal Group has made substantial investments during the past year in its planned business expansion, including investment in the property and other investment businesses. It is inevitable that the increased finance costs on the medium term notes issued to fund business expansion would have some short term impact on the Regal Group's results during the initial period of the investment cycle. The Regal Directors are confident that when the investments undertaken gradually become mature, particularly when the property projects undertaken by P&R completed and sold in the course of the next few years, significant cash flow and profit contribution will be generated for the Regal Group.

IV. WORKING CAPITAL

The Regal Directors, after due and careful consideration, are of the opinion that after taking into account the internal resources, present banking facilities available to the Regal Group and the provision of financial assistance to the P&R Group in relation to the Transactions, the Regal Group has sufficient working capital for its requirements for at least the next twelve months from the date of this circular in the absence of unforeseeable circumstances.

1. RESPONSIBILITY STATEMENT

This circular, for which the Regal 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 Regal. The Regal 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 Regal Director and chief executive of Regal in the shares, underlying shares and debentures of Regal and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to Regal and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Regal Directors and chief executive of Regal 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 Regal pursuant to Section 352 of the SFO, or as otherwise required to be notified to Regal 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:

Regal/Name of associated corporation	Name of Regal 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. Regal	Mr. Lo Yuk Sui	Ordinary (issued)	24,200	575,449,261 (Note c)	260,700	575,734,161 (61.69%)
	Miss Lo Po Man	Ordinary (issued)	300,000	—	269,169 (Note d)	569,169 (0.06%)
	Dr. Francis Choi Chee Ming	Ordinary (issued)	50,240,000	—	—	50,240,000 (5.38%)
	Mr. Allen Wan Tze Wai	Ordinary (issued)	10,200	—	—	10,200 (0.001%)
2. Century City	Mr. Lo Yuk Sui	Ordinary (issued)	100,587,396	1,769,164,691 (Note a)	380,683	1,870,132,770 (58.25%)
	Miss Lo Po Man	Ordinary (issued)	112,298	—	—	112,298 (0.003%)
	Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	—	—	251,735 (0.008%)
	Mr. Ng Siu Chan	Ordinary (issued)	—	—	3,521,973	3,521,973 (0.11%)

APPENDIX V
GENERAL INFORMATION

	Regal/Name of associated corporation	Name of Regal 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. 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)	90,078,014	740,376,803 (Note b)	15,000	830,469,817 (74.48%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	2,274,600	—	—	2,274,600 (0.20%)
		Mr. Donald Fan Tung	Ordinary (issued)	556	—	—	556 (0.000%)
		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)	104,200	—	—	104,200 (0.009%)
4.	Cosmopolitan	Mr. Lo Yuk Sui	Ordinary (i) (issued)	—	14,845,167,190 (Note e)	—	14,845,167,190
			(ii) (unissued)	—	70,761,809,500 (Note f)	—	70,761,809,500
				Total: 85,606,976,690 (389.33%)			
		Mr. Jimmy Lo Chun To	Ordinary (issued)	7,500,000	—	—	7,500,000 (0.03%)
		Miss Lo Po Man	Ordinary (issued)	4,600,000	—	—	4,600,000 (0.02%)
5.	Regal REIT	Mr. Lo Yuk Sui	Units (issued)	—	2,443,033,102 (Note g)	—	2,443,033,102 (75%)
6.	8D International (BVI) Limited	Mr. Lo Yuk Sui	Ordinary (issued)	—	1,000 (Note h)	—	1,000 (100%)

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 693,640,547 issued ordinary shares of Paliburg were held through companies wholly-owned by Century City, in which Mr. Lo held 58.24% 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 issued ordinary shares of Regal were held through companies wholly-owned by Century City, in which Mr. Lo held 58.24% shareholding interests as at the Latest Practicable Date, and the interests in the other 575,027,861 issued ordinary shares of Regal were held through companies wholly-owned by Paliburg, in which Century City held 62.21% shareholding interests as at the Latest Practicable Date.
- (d) The interests in 269,169 issued ordinary shares of Regal were held by Miss Lo Po Man as the beneficiary of a trust.
- (e) The interests in 14,845,167,190 issued ordinary shares of Cosmopolitan were held through wholly-owned subsidiaries of P&R, which is owned as to 50% each by Paliburg and Regal through their respective wholly-owned subsidiaries. Paliburg, in which Century City held approximately 62.21% shareholding interests as at the Latest Practicable Date, held approximately 61.61% shareholding interests in Regal as at the Latest Practicable Date. Mr. Lo held approximately 58.24% shareholding interests in Century City as at the Latest Practicable Date.
- (f) (i) The derivative interests in Cosmopolitan Consolidated Shares (information disclosed above in respect of 43,976,095,220 Cosmopolitan Shares was based on 10 Cosmopolitan Shares equal to 1 Cosmopolitan Consolidated Share before the Cosmopolitan Share Consolidation becoming effective) were acquired on 30 April 2014 through the provision of the Irrevocable Undertaking by P&R and the entering into of the Underwriting Agreement by P&R Strategic Limited as the Underwriter in connection with the Cosmopolitan Open Offer.
- (ii) The derivative interests in Cosmopolitan Consolidated Shares (information disclosed above in respect of 26,785,714,280 Cosmopolitan Shares was based on 10 Cosmopolitan Shares equal to 1 Cosmopolitan Consolidated Share before the Cosmopolitan Share Consolidation becoming effective) were acquired on 30 April 2014 through the entering into of the Cosmopolitan Convertible Bonds Subscription Agreement by P&R in connection with the issue by a wholly-owned subsidiary of Cosmopolitan of the Cosmopolitan Convertible Bonds with a principal amount of HK\$500 million and the Cosmopolitan Optional Convertible Bonds with a principal amount of HK\$500 million. The Cosmopolitan Convertible Bonds will be convertible into Cosmopolitan Conversion Shares at the Cosmopolitan CB Conversion Price (HK\$0.35 per Cosmopolitan Conversion Share) (subject to adjustment). The Cosmopolitan Optional Convertible Bonds will be convertible into Cosmopolitan Optional Conversion Shares at the Cosmopolitan Optional CB Conversion Price (HK\$0.40 per Cosmopolitan Optional Conversion Share) (subject to adjustment).
- (g) The interests in 10,219,000 issued units of Regal REIT were held through a wholly-owned subsidiary of Cosmopolitan. The interests in 2,429,394,739 issued units of Regal REIT were held through wholly-owned subsidiaries of Regal. The interests in 732,363 issued units of Regal REIT were held through wholly-owned subsidiaries of Paliburg. The interests

in 2,687,000 issued units of Regal REIT were held through wholly-owned subsidiaries of Century City. Cosmopolitan were held as to 67.51% shareholding interests by P&R as at the Latest Practicable Date, which is owned as to 50% each by Paliburg and Regal as at the Latest Practicable Date. Paliburg, in which Century City held 62.21% shareholding interests, held 61.61% shareholding interests in Regal as at the Latest Practicable Date. Mr. Lo held 58.24% shareholding interests in Century City as at the Latest Practicable Date.

- (h) 400 shares were held through companies controlled by Century City, in which Mr. Lo held 58.24% shareholding interests as at the Latest Practicable Date, and 600 shares were held through a company controlled by Mr. Lo.

Save as disclosed above, none of the Regal Directors or the chief executive of Regal had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of Regal or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to Regal 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 Regal under Section 352 of the SFO, or which were required to be notified to Regal and the Stock Exchange pursuant to the Model Code.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Regal 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 Regal Group since 31 December 2013, being the date to which the latest published audited financial statements of Regal were made up.

None of the Regal 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 Regal Group.

3. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, so far as is known to the Regal Directors and the chief executive of Regal, the following persons (other than a Regal Director or chief executive of Regal) had an interest or short position in the shares and underlying shares of Regal which fall to be disclosed to Regal under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested in 10%, 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 Regal 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 i</i>)	575,449,261	—	575,449,261	61.66%
Century City BVI Holdings Limited (“CCBVI”) (<i>Note ii</i>)	575,449,261	—	575,449,261	61.66%
Paliburg (<i>Note iii</i>)	575,027,861	—	575,027,861	61.61%
Paliburg Development BVI Holdings Limited (<i>Note iv</i>)	575,027,861	—	575,027,861	61.61%
Guo Yui Investments Limited (<i>Note iv</i>)	261,544,466	—	261,544,466	28.02%
Paliburg BVI Holdings Limited (<i>Note iv</i>)	230,870,324	—	230,870,324	24.74%
Taylor Investments Ltd. (<i>Note iv</i>)	154,232,305	—	154,232,305	16.53%
Glaser Holdings Limited (<i>Note iv</i>)	58,682,832	—	58,682,832	6.29%

Notes:

- (i) The interests in the ordinary shares of Regal held by Century City were included in the corporate interests of Mr. Lo Yuk Sui in the ordinary shares of Regal as disclosed under the section headed “Disclosure of directors’ interests” above.
- (ii) CCBVI is a wholly-owned subsidiary of Century City and its interests in the ordinary shares of Regal were included in the interests held by Century City.
- (iii) Paliburg is a listed subsidiary of Century City, which held 62.21% shareholding interests in Paliburg, and Paliburg’s interests in the ordinary shares of Regal were included in the interests held by Century City.
- (iv) These companies are wholly-owned subsidiaries of Paliburg and their interests in the ordinary shares of Regal were included in the interests held by Paliburg.

Save as disclosed above, as at the Latest Practicable Date, so far as known to the Regal Directors and the chief executive of Regal no other Regal Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of Regal which would fall to be disclosed to Regal under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% 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 Regal Group.

Details of directorships of Regal Directors in each of those companies which has an interest in the shares and underlying shares of Regal 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, Miss Lo Po Man, Mr. Donald Fan Tung, Mr. Jimmy Lo Chun To, 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, Miss Lo Po Man, Mr. Donald Fan Tung, Mr. Jimmy Lo Chun To 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 Regal Directors had entered into, or proposed to enter into, any service contract with any member of the Regal Group which would not expire or would not be determinable by the Regal Group within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

As at the Latest Practicable Date, the Regal Group was not engaged in any litigation or arbitration of material importance and there was no litigation or claim known to the Regal Directors to be pending or threatened against the Regal Group which in the opinion of the Regal Directors would be or is likely to be of material importance.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Regal 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 Regal Group other than those businesses to which the Regal Directors and his/her associates were appointed to represent the interests of Regal and/or the Regal Group.

7. MATERIAL CONTRACTS

The following contracts were entered into by members of the Regal Group (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by Regal or any of its subsidiaries) during the period of two years immediately preceding the Latest Practicable Date and are or may be material.

- (a) Facility agreement dated 20 August 2013 entered into between Regal Hotels Investments Limited (“**RHIL**”) (a wholly-owned subsidiary of Regal) and P&R in relation to provision of a revolving loan facility amounting up to HK\$1,000 million by RHIL to P&R.

- (b) Facility agreement dated 16 October 2013 entered into between RHIL and P&R in relation to provision of a revolving loan facility amounting up to HK\$550 million by RHIL to P&R.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Regal Directors confirmed that there had not been any material adverse change in the financial or trading position of the Regal Group since 31 December 2013, the date to which the latest published audited consolidated financial statements of the Regal Group were made up.

9. 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 Regal 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 memorandum of association and bye-laws of Regal;
- (b) the annual reports of Regal for the two years ended 31 December 2012 and 2013;
- (c) the material contracts referred to in the paragraph headed “Material contracts” in this Appendix V; and
- (d) this circular.

10. GENERAL

- (a) The registered office of Regal is at 26 Burnaby Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of Regal in Hong Kong is at 11th Floor, 68 Yee Wo Street, Causeway Bay, Hong Kong.
- (c) The branch share registrar of Regal in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.
- (d) The secretary of Regal 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 THE SGM



NOTICE IS HEREBY GIVEN that a special general meeting of Regal Hotels International Holdings Limited (“**Company**”) will be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Monday, 14 July 2014 at 10:20 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions, which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTION 1

“**THAT:-**

- (a) the provision of financial assistance to the P&R Group (as defined in the circular of the Company dated 25 June 2014 (“**Circular**”)) for or in relation to the P&R Group’s (i) participation in the Cosmopolitan Open Offer (as defined in the Circular) of Cosmopolitan International Holdings Limited as set out in the Circular and (ii) underwriting of the Cosmopolitan Open Offer under the Underwriting Agreement (as defined in the Circular), and the transactions contemplated thereunder (including, but not limited to, subscription and excess application for any Cosmopolitan Open Offer Shares and Cosmopolitan Convertible Preference Shares (both as defined in the Circular) under the Cosmopolitan Open Offer and the underwriting of any of the said shares), the terms and other particulars of which financial assistance being set out in the Circular (a copy of which has been produced to the meeting marked “A” and signed by the chairman of this meeting for the purpose of identification), be and are hereby approved; and
- (b) the directors of the Company be and are hereby authorised to sign and execute such documents and do all such acts and things which in their opinion may be necessary, desirable or expedient to carry out or give effect to transactions mentioned in paragraph (a) above.”

ORDINARY RESOLUTION 2

“**THAT:-**

- (a) the provision of financial assistance to the P&R Group (as defined in the circular of the Company dated 25 June 2014 (“**Circular**”)) for or in relation to the Cosmopolitan Convertible Bonds Subscription Agreement (as defined in the Circular) and the transactions contemplated thereunder (including the subscription of the Cosmopolitan Convertible Bonds (as defined in the Circular), any possible exercise of the option rights thereunder to

NOTICE OF THE SGM

subscribe for any Cosmopolitan Optional Convertible Bonds (as defined in the Circular) and subscription of Cosmopolitan Optional Convertible Bonds on exercise of such option rights), the terms and other particulars of which financial assistance being set out in the Circular, be and are hereby approved; and

- (b) the directors of the Company be and are hereby authorised to sign and execute such documents and do all such acts and things which in their opinion may be necessary, desirable or expedient to carry out or give effect to transactions mentioned in paragraph (a) above.”

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

Hong Kong, 25 June 2014

Registered office:
26 Burnaby Street
Hamilton HM 11
Bermuda

*Head office and principal place
of business in Hong Kong:*
11th Floor
68 Yee Wo Street
Causeway Bay
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. To be effective, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at 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, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall 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 be revoked.
3. 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 shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy, and for this purpose seniority shall be determined by the order in which the names stand in the register of the Company in respect of the joint holdings.
4. Votes cast at a general meeting will be taken by poll except where the Chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.
5. In the event that a typhoon signal no. 8 (or above) or a black rainstorm warning is in effect on the day of the meeting, shareholders are requested to call the Company's hotline at (852) 2894-7546 on that day to enquire about the arrangements of the meeting.