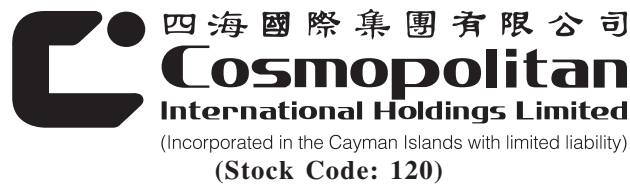

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Cosmopolitan 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, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



CONNECTED TRANSACTION RECEIPT OF FINANCIAL ASSISTANCE

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



A notice convening the extraordinary general meeting of Cosmopolitan International Holdings Limited (“**Cosmopolitan**”) to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Tuesday, 30 November 2021 at 11:00 a.m. (the “**EGM**”) is appended to this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Cosmopolitan’s 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 the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or at any adjourned meeting should you so wish.

11 November 2021

PRECAUTIONARY MEASURES FOR THE EGM

Please refer to page i of this circular for preventive and control measures at the EGM to minimise the risk of the spread of the novel coronavirus (COVID-19):

- **no beverage, refreshment or corporate gifts**
- **compulsory body temperature check**
- **every attendee is required to wear an appropriate face mask**
- **appropriate settings will be arranged to meet the relevant regulatory requirements**

Cosmopolitan reminds its shareholders that they may appoint the chairman of the EGM as a proxy to attend and vote at the EGM, instead of attending it in person.

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PRECAUTIONARY MEASURES FOR THE EGM

Cosmopolitan will implement the following preventive and control measures at the EGM to minimise the risk of the spread of the novel coronavirus (COVID-19):

- (i) no beverage, refreshment or corporate gifts will be served or distributed before, during or after the EGM;
- (ii) compulsory body temperature check will be conducted for every attendee before entering the venue of the EGM, and any attendee with a body temperature higher than 37.3 degree Celsius will not be given access to the meeting venue;
- (iii) every attendee is required to wear an appropriate face mask at all times during their attendance of the EGM; and
- (iv) appropriate settings will be arranged at the venue of the EGM to meet the relevant regulatory requirements with respect to physical distancing. As a result, there will be limited capacity for the Cosmopolitan Shareholders to attend the EGM.

Cosmopolitan reminds the Cosmopolitan Shareholders that they may appoint the chairman of the EGM as his/her/its proxy to attend and vote on the relevant resolution(s) at the EGM instead of attending the EGM in person. For such purpose, please complete and return the proxy form for the EGM accompanying this circular.

If any Cosmopolitan Shareholder will not attend the EGM in person and has any questions about the resolution(s) to be considered at the EGM or other matters relating to Cosmopolitan, the Cosmopolitan Shareholder is welcome to send the questions in writing to Cosmopolitan's head office and principal place of business in Hong Kong for the attention of the Company Secretary or to our email at cosec@centurycity.com.hk.

If any Cosmopolitan Shareholder has any question relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, Cosmopolitan's share registrar in Hong Kong, as follows:

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Email: hkinfo@computershare.com.hk
Tel: 2862 8555
Fax: 2865 0990

DEFINITIONS

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

“Alliance Capital”	Alliance Capital Partners Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Cosmopolitan Independent Board Committee and the Cosmopolitan Independent Shareholders on the Supplemental Agreement
“Ample State”	Ample State Investments Limited, a wholly-owned subsidiary of Cosmopolitan and the intermediate holding company of the Chengdu Project
“associate”	as defined in the Listing Rules
“Bizwise” or “Borrower”	Bizwise Investments Limited, a wholly-owned subsidiary of Cosmopolitan
“Business Day”	any day (other than Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Century City”	Century City International Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 355)
“Chengdu Project”	the mixed-use development project located in Xindu District, Chengdu City, Sichuan Province, the PRC consisting of hotel, commercial, office and residential components, details of which are set out in the “Letter from the Cosmopolitan Board” in this circular
“Cosmopolitan”	Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 120)
“Cosmopolitan Board”	the board of directors of Cosmopolitan
“Cosmopolitan CPS Holders”	holders of the convertible preference shares of Cosmopolitan
“Cosmopolitan Directors”	the directors of Cosmopolitan
“Cosmopolitan Group”	Cosmopolitan and its subsidiaries

DEFINITIONS

“Cosmopolitan Independent Board Committee”	the independent board committee of the Cosmopolitan Board, comprising Mr. Francis BONG Shu Ying and Mr. David LI Ka Fai (both being independent non-executive Cosmopolitan Directors), established to advise the Cosmopolitan Independent Shareholders on the Supplemental Agreement
“Cosmopolitan Independent Shareholders”	Cosmopolitan Shareholders other than Mr. LO Yuk Sui, Paliburg, P&R Holdings, Regal and their respective associates
“Cosmopolitan Shareholders”	holders of Cosmopolitan Shares
“Cosmopolitan Share(s)”	ordinary share(s) of par value HK\$0.002 each in the capital of Cosmopolitan
“Effective Date”	the date on which the last condition precedent in the Supplemental Agreement is satisfied
“EGM”	the extraordinary general meeting of Cosmopolitan to be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Tuesday, 30 November 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, approving the Supplemental Agreement and the Transaction
“Excel Crown”	Excel Crown Investments Limited, a wholly-owned subsidiary of Ample State
“Excel Crown Group”	Excel Crown and its subsidiaries
“Fortune City”	Fortune City International Investments Limited, a wholly-owned subsidiary of Cosmopolitan and the intermediate holding company of the Tianjin Project
“Grand Praise”	Grand Praise Investments Limited, a wholly-owned subsidiary of Fortune City
“Grand Praise Group”	Grand Praise and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Announcement”	the announcement dated 21 September 2021 jointly published by Regal and Cosmopolitan in relation to the Supplemental Agreement
“Joyous Unity”	Joyous Unity Investments Limited, a wholly-owned subsidiary of Ample State
“Joyous Unity Group”	Joyous Unity and its subsidiaries

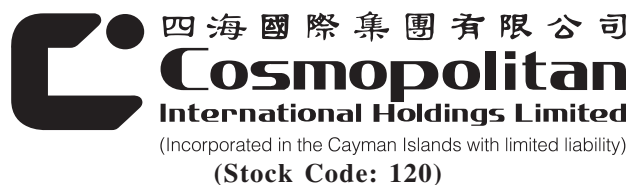
DEFINITIONS

“Latest Practicable Date”	8 November 2021, being the latest practicable date for ascertaining certain information in this circular before the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Profits” or “Lender”	Long Profits Investments Limited, a wholly-owned subsidiary of Regal
“Long Stop Date (2021)”	30 November 2021 (or such other date as the parties may agree in writing)
“Original Facilities Agreement”	the facilities agreement dated 4 August 2016 entered into between Long Profits, Cosmopolitan and Bizwise in relation to the Original Loan Facilities
“Original Loan Facilities”	the term loan and revolving loan facilities of an aggregate amount of HK\$1,850 million granted by Long Profits to Bizwise under the Original Facilities Agreement
“Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 617)
“percentage ratios”	the percentage ratios calculated based on the requirements under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Project Group”	as defined in the section headed “Supplemental Agreement” of “Letter from the Cosmopolitan Board” in this circular
“Projects”	the Chengdu Project and the Tianjin Project
“P&R Holdings”	P&R Holdings Limited, a joint venture established and owned by Capital Merit Investments Limited (a wholly-owned subsidiary of Paliburg) and Regal Hotels Investments Limited (a wholly-owned subsidiary of Regal) as to 50% and 50% respectively
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda with limited liability and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 78)
“Regal Group”	Regal and its subsidiaries

DEFINITIONS

“Regal REIT”	Regal Real Estate Investment Trust, a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the issued units of which are listed on the Main Board of the Stock Exchange (Stock Code: 1881)
“Revised Facilities Agreement”	the Original Facilities Agreement as amended and supplemented by the Supplemental Agreement
“Revised Loan Facilities”	the term loan and revolving loan facilities of an aggregate amount of HK\$857 million to be granted by Long Profits to Bizwise under the Revised Facilities Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Security”	as defined in the section headed “Supplemental Agreement” of “Letter from the Cosmopolitan Board” in this circular
“SFO”	Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 21 September 2021 entered into between Long Profits, Cosmopolitan and Bizwise in relation to the amendments of certain terms of the Original Facilities Agreement
“Tianjin Project”	the mixed-use development project located in Hedong District in Tianjin, the PRC consisting of commercial, office and residential components, details of which are set out in the “Letter from the Cosmopolitan Board” in this circular
“Transaction”	the transaction contemplated under the Supplemental Agreement

LETTER FROM THE COSMOPOLITAN BOARD



Executive Cosmopolitan Directors:

Mr. LO Yuk Sui

(Chairman and Chief Executive Officer)

Mr. Jimmy LO Chun To

(Vice Chairman and Managing Director)

Miss LO Po Man *(Vice Chairman)*

Mr. Kenneth WONG Po Man *(Chief Operating Officer)*

Mr. Kelvin LEUNG So Po *(Chief Financial Officer)*

Mr. Kenneth NG Kwai Kai

Registered Office:

P.O. Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

*Head Office and Principal Place
of Business in Hong Kong:*

11th Floor, 68 Yee Wo Street

Causeway Bay

Hong Kong

Independent non-executive Cosmopolitan Directors:

Mr. Francis BONG Shu Ying

Ms. Alice KAN Lai Kuen

Mr. David LI Ka Fai

Hon. Abraham SHEK Lai Him, GBS, JP

11 November 2021

To the Cosmopolitan Shareholders and (for information purpose only) the Cosmopolitan CPS Holders

Dear Sir or Madam,

CONNECTED TRANSACTION RECEIPT OF FINANCIAL ASSISTANCE

Reference is made to (i) the joint announcement issued by Century City, Paliburg, Regal and Cosmopolitan on 4 August 2016, (ii) the circular issued by Cosmopolitan on 23 September 2016 and (iii) the Joint Announcement.

On 21 September 2021 (after trading hours), Long Profits (a wholly-owned subsidiary of Regal), Cosmopolitan and Bizwise (a wholly-owned subsidiary of Cosmopolitan) entered into the Supplemental Agreement to amend certain terms of the Original Facilities Agreement, pursuant to which the Revised Loan Facilities are proposed to be reduced to an aggregate amount of HK\$857 million, and the maturity date is proposed to be extended to 12 October 2024.

The transaction contemplated under the Original Facilities Agreement was approved by the respective independent shareholders of Regal and Cosmopolitan on 11 October 2016. As the Supplemental Agreement constitutes a material change to the terms of the Original Facilities Agreement, re-compliance with the Listing Rules is necessary.

LETTER FROM THE COSMOPOLITAN BOARD

The Transaction constitutes a connected transaction for Cosmopolitan under the Listing Rules and is subject to announcement, circular and independent shareholders' approval requirements under the Listing Rules. The EGM will be held to seek Cosmopolitan Independent Shareholders' approval for the Supplemental Agreement and the Transaction.

The purpose of this circular is to provide you with, among others, (i) information in relation to the Supplemental Agreement; (ii) letter of advice from the Cosmopolitan Independent Board Committee in relation to the Supplemental Agreement; (iii) letter of advice from Alliance Capital to the Cosmopolitan Independent Board Committee and the Cosmopolitan Independent Shareholders in relation to the Supplemental Agreement; and (iv) a notice of the EGM to consider and, if thought fit, to approve the ordinary resolution in relation to the Supplemental Agreement and the Transaction.

SUPPLEMENTAL AGREEMENT

By the Original Facilities Agreement dated 4 August 2016 between Long Profits (a wholly-owned subsidiary of Regal), Cosmopolitan and Bizwise (a wholly-owned subsidiary of Cosmopolitan), Long Profits made available to Bizwise the Original Loan Facilities, being the term loan and revolving loan facilities of an aggregate amount of HK\$1,850 million.

On 21 September 2021 (after trading hours), Long Profits, Cosmopolitan and Bizwise entered into the Supplemental Agreement to amend certain terms of the Original Facilities Agreement, pursuant to which the Revised Loan Facilities are proposed to be reduced to an aggregate amount of HK\$857 million, and the maturity date is proposed to be extended to 12 October 2024. The salient terms and conditions of the Revised Facilities Agreement are as follows:

Lender:	Long Profits (a wholly-owned subsidiary of Regal)
Borrower:	Bizwise (a wholly-owned subsidiary of Cosmopolitan)
Guarantor:	Cosmopolitan
Amount of Revised Loan Facilities:	(i) Term loan of HK\$357 million; and (ii) Revolving loan of an amount up to HK\$500 million.
Purposes:	The revolving loan facility under the Revised Loan Facilities may only be used as working capital of the Cosmopolitan Group.

As at the Latest Practicable Date, the outstanding principal amount of the term loan and the revolving loan under the Original Loan Facilities was HK\$357 million and approximately HK\$57 million respectively. There will be no further drawdown on the term loan facility under the Revised Loan Facilities.

LETTER FROM THE COSMOPOLITAN BOARD

Interest rate:	5.0% per annum, which was determined after arm's length negotiation between the parties and with reference to the cost of funding to the Regal Group. Interest shall be payable annually in arrears.
Repayment and prepayment terms:	<ul style="list-style-type: none">— All outstanding amounts of the Revised Loan Facilities shall be repaid on 12 October 2024.— Prepayment of the Revised Loan Facilities is permissible with 7-day written notice without penalty.
Cancellation and termination:	Bizwise has the right to cancel the Revised Loan Facilities and terminate the Revised Facilities Agreement provided that all outstanding amounts under the Revised Facilities Agreement have been repaid.
Security:	<p>The Borrower has procured the pledge of the following assets (the "Security") in favour of the Lender under the Original Facilities Agreement, which will continue to be pledged under the Revised Facilities Agreement:</p> <ul style="list-style-type: none">(i) 100% of the issued shares of Excel Crown (being the intermediate holding company of the residential part of the Chengdu Project) and 100% of the shareholder loan due by the Excel Crown Group to Ample State (a wholly-owned subsidiary of Cosmopolitan);(ii) 100% of the issued shares of Joyous Unity (being the intermediate holding company of the hotel, commercial and office parts of the Chengdu Project) and 100% of the shareholder loan due by the Joyous Unity Group to Ample State; and(iii) 100% of the issued shares of Grand Praise (being the intermediate holding company of the Tianjin Project) and 100% of the shareholder loan due by the Grand Praise Group to Fortune City (a wholly-owned subsidiary of Cosmopolitan).
Conditions precedent:	The transaction under the Supplemental Agreement is conditional upon, among other things, Regal and Cosmopolitan having obtained the approvals of their respective independent shareholders on or before the Long Stop Date (2021).

LETTER FROM THE COSMOPOLITAN BOARD

The revolving loan facility under the Revised Loan Facilities shall be available for drawdown from the Business Day following the Effective Date. There will be no further drawdown on the term loan facility under the Revised Loan Facilities.

Covenants:

For so long as any amount is outstanding under the Revised Facilities Agreement or any commitments under the Revised Facilities Agreement are in force, (save with the prior written consent of the Lender, or unless specified to the contrary or as permitted under the Revised Facilities Agreement) the Borrower, and each of Ample State and Fortune City and their respective subsidiaries (collectively the “**Project Group**”) shall (among other things):

- (i) ensure that its liabilities under the Revised Facilities Agreement and the Security to which it is a party will constitute its direct and unconditional obligations ranking at least pari passu to all its other present and future, actual or contingent, obligations (except for obligations entitled to priority by operation of law or by reason of an encumbrance permitted under the Revised Facilities Agreement);
- (ii) not create any further encumbrance on any of its assets other than those permitted under the Revised Facilities Agreement (e.g. encumbrances created for securing indebtedness incurred for the development of the Projects and/or for repaying/prepaying the Revised Loan Facilities);
- (iii) not dispose of any of its assets other than in the ordinary course of business on arm’s length basis for no less than fair market value, whereby any proceeds from such disposal shall be applied to repay or prepay any amount owing under the Revised Loan Facilities and/or as working capital of the Project Group;
- (iv) not make or grant or extend any credit in respect of financial indebtedness except for trade credit not exceeding 120 days on normal commercial terms in the ordinary course of trade or loans made to the Project Group;

LETTER FROM THE COSMOPOLITAN BOARD

- (v) not change the nature or scope of any of its businesses carried on at the date of the Original Facilities Agreement, or discontinue a material part of its business as a whole which would or is likely to have a material adverse effect and not acquire any business (or a substantial part of a business) or shares or invest in any business, securities or investment funds, or acquire any capital assets or otherwise incur capital expenditure, except in furtherance of the business of the Project Group as carried on at the date of the Original Facilities Agreement;
- (vi) not issue or allot any share or loan capital to any person; and
- (vii) not subordinate, postpone, defer, assign or otherwise transfer or waive any indebtedness owed or owing to it by any companies which is not a member of the Project Group.

Waiver of default interest under the Original Facilities Agreement:

Pursuant to the Original Facilities Agreement, the Original Loan Facilities shall be repaid on 12 October 2021. The Lender agrees (a) not to take any action to demand repayment of the Original Loan Facilities pending convening of the general meetings to obtain the respective independent shareholders' approvals of Regal and Cosmopolitan; and (b) to waive any default interest which is payable by the Borrower under the Original Facilities Agreement as a result of the non-repayment of the Original Loan Facilities on 12 October 2021. If, however, the Supplemental Agreement does not become unconditional on or before Long Stop Date (2021), the default interest shall accrue on the outstanding principal amount of the Original Loan Facilities retrospectively from and including 12 October 2021.

Save and except the Original Loan Facilities, in the 12 months prior to the date of the Joint Announcement, the Regal Group has not provided any financial assistance to the Cosmopolitan Group.

REASONS FOR THE TRANSACTION

The Cosmopolitan Group is principally engaged in property development and investment, which are mainly focused in the PRC and other investments including financial assets investments, and is presently undertaking property development projects in Chengdu (i.e. the Chengdu Project) and Tianjin (i.e. the Tianjin Project) in the PRC. It will continue to seek appropriate investment opportunities as part of its business development and diversification plan.

LETTER FROM THE COSMOPOLITAN BOARD

The Regal Group is principally engaged in hotel ownership business undertaken through Regal REIT, hotel operation and management businesses, asset management of Regal REIT, property development and investment, including those undertaken through the joint venture in P&R Holdings, aircraft ownership and leasing and other investments including financial assets investments.

Information on the Chengdu Project and the Tianjin Project

The Chengdu Project

Located in the Xindu District in Chengdu, Sichuan Province, the Chengdu Project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

The superstructure and fitting-out works for the third stage of the development, consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces, are in steady progress and targeted to be completed before the end of 2021. Nearly all of the residential units in the third stage have been presold, at prices which are significantly higher than those attained in the first and second stages of the development. As disclosed in the interim results announcement of Cosmopolitan dated 24 August 2021, total sales proceeds amounted to approximately RMB2,031.3 million (about HK\$2,443.0 million), of which approximately RMB1,986.1 million (about HK\$2,388.7 million) have been received by the Cosmopolitan Group as deposits under the presale contracts. The residential units are planned to be delivered to the respective unit purchasers in stages beginning from the fourth quarter of 2021.

Presale of the shops in the third stage of about 2,350 square metres (25,300 square feet) has been launched in July 2020. As disclosed in the interim results announcement of Cosmopolitan dated 24 August 2021, a total of 1,853 square meters (19,900 square feet) of shops have been presold under contracts, at aggregate sale considerations of approximately RMB65.0 million (about HK\$78.2 million). Presale of 1,389 car parking spaces has also been launched in the third quarter of 2020. As disclosed in the interim results announcement of Cosmopolitan dated 24 August 2021, a total of 277 car parking spaces have been presold under contracts, for aggregate sales proceeds of approximately RMB31.8 million (about HK\$38.2 million).

The interior design works with a revised scheme for the 325-room hotel are progressing in full swing. The interior fitting-out works are scheduled to commence in the first quarter of 2022 and the hotel is anticipated to open in phases from the first quarter of 2023.

The construction works of the remaining commercial components within the development, comprising a commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet) are in steady progress. The substructure and superstructure works are targeted to be completed in the fourth quarter of 2021 and mid-2023, respectively. The market repositioning works of the six-storey shopping mall are in progress. The presale programme for the units in one of the office towers, consisting of 434 units with a total of about 20,000 square metres (215,200 square feet), has commenced in May 2021. As disclosed in the interim results announcement of Cosmopolitan dated 24 August 2021, a total of 88 units with a total of about 3,837 square meters (41,300 square feet) have been presold under

LETTER FROM THE COSMOPOLITAN BOARD

contracts or subscribed by prospective purchasers for an aggregate sale consideration of RMB34.6 million (about HK\$41.6 million). The presale of the remaining four office towers consisting of 1,356 units with a total of about 66,000 square metres (710,500 square feet) will follow in phases with reference to the market environment.

The Regal Group and the Cosmopolitan Group have recently commenced preliminary discussion and consideration in respect of the possible acquisition by the Regal Group of the hotel property comprised in the Chengdu Project with a view to expanding its hotel network in the PRC. As at the Latest Practicable Date, no definitive terms have been determined and the parties will comply with the relevant requirements under Chapter 14 and Chapter 14A of the Listing Rules when the parties enter into definitive agreements in respect of such possible acquisition.

The Tianjin Project

Located in the Hedong District in Tianjin, the Tianjin Project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

Nearly all of the residential units have been sold. The sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing steadily and sale contracts have been secured for some of the shop units. Certain parts of the commercial complex have in the meantime been leased out for rental income.

The superstructure works of the two office towers and their commercial podium are progressing and planned to be completed in the fourth quarter of 2022. Presale of one office tower consisting of 137 units with a total of about 17,530 square metres (188,700 square feet) is planned to be launched in the second half of 2021. The presale of the other office tower, consisting of 247 units with a total of about 39,210 square metres (422,000 square feet), will be launched in phases thereafter. The market positioning works for the commercial podium are in progress.

Provision of the Revised Loan Facilities

In August 2016, Long Profits, Cosmopolitan and Bizwise entered into the Original Facilities Agreement whereby Long Profit made available to Bizwise the Original Loan Facilities of HK\$1,850 million for settlement by the Cosmopolitan Group of the then outstanding consideration payable to the Regal Group in connection with its acquisition of the Chengdu Project and the Tianjin Project in 2013.

As mentioned above, substantial sales proceeds have been secured from the contracted presales of residential units in the Chengdu Project. Further substantial sales proceeds are expected when the remaining component parts comprised in the two projects are sold. The Revised Loan Facilities will allow the Cosmopolitan Group to align the timing for the repayment of the Revised Loan Facilities with the latest presale progress, tentative completion schedule of the Chengdu Project and the Tianjin Project by 2023 as well as the expected timing of funding repatriation after clearance of the taxes payable in the PRC by the Project Group. The revolving loan facility under the Revised Loan Facilities in the amount of HK\$500 million will be made available to Bizwise on a revolving basis with a view to providing flexibility to the Cosmopolitan Group in the management of its surplus cash funds in the interim period, before the Revised Loan Facilities are finally repaid.

LETTER FROM THE COSMOPOLITAN BOARD

The Revised Loan Facilities will be secured over, among others, the entire issued shares of Excel Crown, Joyous Unity and Grand Praise (being the intermediate holding companies of the Chengdu Project and the Tianjin Project) and the Cosmopolitan Group will pay interest at 5.0% per annum under the Revised Loan Facilities.

The Cosmopolitan Directors (including the members of the Cosmopolitan Independent Board Committee who have taken into consideration the advice of Alliance Capital) consider that the terms of the Transaction are fair and reasonable and in the interests of Cosmopolitan and its shareholders as a whole.

Regal is a listed subsidiary of Century City and Paliburg and is a substantial shareholder of Cosmopolitan. Since (i) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Miss LO Po Man, Mr. Kenneth NG Kwai Kai, Mr. Kenneth WONG Po Man and Mr. Kelvin LEUNG So Po (all being executive Cosmopolitan Directors) are executive directors of Century City, Paliburg and/or Regal, (ii) Hon. Abraham SHEK Lai Him (being an independent non-executive Cosmopolitan Director) is an independent non-executive director of Paliburg, and (iii) Ms. Alice KAN Lai Kuen (being an independent non-executive Cosmopolitan Director) is an independent non-executive director of Regal, all of the abovementioned Cosmopolitan Directors have abstained from voting on the relevant board resolution relating to the Supplemental Agreement and the Transaction.

LISTING RULES IMPLICATIONS

The transaction contemplated under the Original Facilities Agreement was approved by the respective independent shareholders of Regal and Cosmopolitan on 11 October 2016. As the Supplemental Agreement constitutes a material change to the terms of the Original Facilities Agreement, re-compliance with the Listing Rules is necessary.

Regal is a substantial shareholder of Cosmopolitan. Long Profits is a wholly-owned subsidiary and an associate of Regal and therefore is a connected person of Cosmopolitan. As the provision of the Revised Loan Facilities by the Regal Group is secured over the assets of the Cosmopolitan Group, it is a connected transaction for Cosmopolitan under the Listing Rules and based on the applicable percentage ratios, it is subject to announcement, circular and independent shareholders' approval requirements under the Listing Rules.

As at the Latest Practicable Date, (i) Mr. LO Yuk Sui, indirectly through his shareholding interests in Paliburg, P&R Holdings and Regal, held 4,694.4 million Cosmopolitan Shares (representing 73.44% of all the issued Cosmopolitan Shares); (ii) Paliburg, directly and indirectly through its wholly-owned subsidiaries, held 533.3 million Cosmopolitan Shares (representing approximately 8.34% of all the issued Cosmopolitan Shares); (iii) P&R Holdings, directly and indirectly through its wholly-owned subsidiaries, held 3,095.9 million Cosmopolitan Shares (representing approximately 48.43% of all the issued Cosmopolitan Shares); (iv) Regal, directly and indirectly through its wholly-owned subsidiaries, held 1,065.2 million Cosmopolitan Shares (representing approximately 16.66% of all the issued Cosmopolitan Shares); (v) Mr. Jimmy LO Chun To (Mr. LO Yuk Sui's son) held 2.3 million Cosmopolitan Shares (representing approximately 0.04% of all the issued Cosmopolitan Shares); and (vi) Miss LO Po Man (Mr. LO Yuk Sui's daughter) held 1.4 million Cosmopolitan Shares (representing approximately 0.02% of all the issued Cosmopolitan Shares).

LETTER FROM THE COSMOPOLITAN BOARD

Mr. LO Yuk Sui, Paliburg, P&R Holdings, Regal and their respective associates, in aggregate holding, and entitled to exercise control over the voting rights in respect of, 4,698.1 million Cosmopolitan Shares (representing approximately 73.49% of all the issued Cosmopolitan Shares) as at the Latest Practicable Date, will abstain from voting at the EGM. Apart from Mr. LO Yuk Sui, Paliburg, P&R Holdings, Regal and their respective associates, as at the Latest Practicable Date, no other Cosmopolitan Shareholders had a material interest in the Transaction, other than being a Cosmopolitan Shareholder.

Cosmopolitan has established Cosmopolitan Independent Board Committee, comprising Mr. Francis BONG Shu Ying and Mr. David LI Ka Fai (both being independent non-executive Cosmopolitan Directors), to advise Cosmopolitan Independent Shareholders in respect of the Transaction. As Ms. Alice KAN Lai Kuen (being an independent non-executive Cosmopolitan Director) is also an independent non-executive director of Regal, and Hon. Abraham SHEK Lai Him (being an independent non-executive Cosmopolitan Director) is also an independent non-executive director of Paliburg, they have not joined Cosmopolitan Independent Board Committee.

Cosmopolitan has appointed Alliance Capital as the independent financial adviser to advise the Cosmopolitan Independent Board Committee and the Cosmopolitan Independent Shareholders respectively in this regard.

EXTRAORDINARY GENERAL MEETING

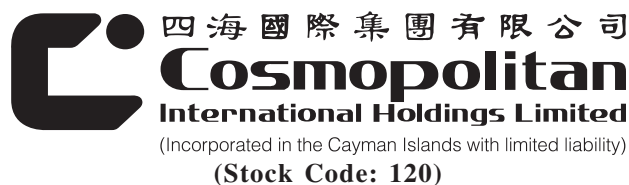
A notice convening the EGM at which an ordinary resolution will be proposed to the Cosmopolitan Independent Shareholders to consider and, if thought fit, approve the Supplemental Agreement and the Transaction, is contained on pages 28 to 29 of this circular.

In accordance with Rule 13.39(4) of the Listing Rules and the articles of association of Cosmopolitan, the voting of Cosmopolitan Shareholders at the EGM will be taken by poll. The results of the poll will be published on the websites of Cosmopolitan and the Stock Exchange.

RECOMMENDATION

The Cosmopolitan Directors (including the independent non-executive Cosmopolitan Directors who are the members of the Cosmopolitan Independent Board Committee whose view is set out in the section headed “Letter from the Cosmopolitan Independent Board Committee” in this circular) consider that the terms of the Supplemental Agreement are on normal commercial terms and in the ordinary and usual course of business of the Cosmopolitan Group, fair and reasonable and in the interests of Cosmopolitan and the Cosmopolitan Shareholders as a whole and recommend the Cosmopolitan Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of the EGM to approve the Supplemental Agreement and the Transaction.

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



11 November 2021

To the Cosmopolitan Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
RECEIPT OF FINANCIAL ASSISTANCE**

We refer to the circular of Cosmopolitan dated 11 November 2021 (the “**Circular**”), of which this letter forms part. Unless specified otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Cosmopolitan Board as the members of the Cosmopolitan Independent Board Committee to advise you on the terms of the Supplemental Agreement. Alliance Capital has been appointed as the independent financial adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving their advice, are set out on pages 15 to 21 of the Circular. Your attention is also drawn to the letter from the Cosmopolitan Board in the Circular and the additional information set out in the appendix thereto.

Having considered the terms of the Supplemental Agreement and taking into account the independent advice of Alliance Capital set out in its letter on pages 15 to 21 of the Circular and the relevant information contained in the letter from the Cosmopolitan Board, we consider that the terms of the Supplemental Agreement are on normal commercial terms and in the ordinary and usual course of business of the Cosmopolitan Group, fair and reasonable and in the interests of Cosmopolitan and the Cosmopolitan Shareholders as a whole.

Accordingly, we, representing the Cosmopolitan Independent Board Committee, recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the Supplemental Agreement and the Transaction.

Yours faithfully,
Cosmopolitan Independent Board Committee

Francis BONG Shu Ying
*Independent non-executive
Cosmopolitan Director*

David LI Ka Fai
*Independent non-executive
Cosmopolitan Director*

LETTER FROM ALLIANCE CAPITAL

The following is the text of a letter of advice from Alliance Capital to the Cosmopolitan Independent Board Committee and the Cosmopolitan Independent Shareholders in respect of the Supplemental Agreement and the Transaction which has been prepared for the purpose of incorporation in this circular.



Alliance Capital Partners Limited
同人融資有限公司

11 November 2021

To Cosmopolitan Independent Board Committee and Cosmopolitan Independent Shareholders

Dear Sir or Madam,

We refer to our engagement as independent financial adviser to advise the Cosmopolitan Independent Board Committee and the Cosmopolitan Independent Shareholders on the Revised Facilities Agreement with Regal. As Regal is a substantial shareholder of Cosmopolitan, the provision of the Revised Loan Facilities by the Regal Group to the Cosmopolitan Group using its assets as security is deemed a connected transaction under the Listing Rules from Cosmopolitan's perspective and thus subject to the approval of Cosmopolitan Independent Shareholders under Chapter 14A of the Listing Rules. Details of the Revised Facilities Agreement are set out in the Letter from the Cosmopolitan Board contained in the EGM circular of Cosmopolitan dated 11 November 2021 (the "Circular"). Capitalized terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Cosmopolitan Independent Board Committee has been established to advise the Cosmopolitan Independent Shareholders on whether the terms of the Revised Loan Facilities are in the ordinary and usual course of business of Cosmopolitan, on normal commercial terms, fair and reasonable and in the interests of Cosmopolitan and Cosmopolitan Shareholders as a whole.

In formulating our opinion to the Cosmopolitan Independent Board Committee and Cosmopolitan Independent Shareholders, we have relied on statements, information and representations referred to in the Circular as well as information and representations provided to us by Cosmopolitan. We have assumed that all such information and representations provided by Cosmopolitan for which it is solely responsible, are true and accurate at the time when they were made. We have also assumed that all statements of opinion, expectation and intention made by Cosmopolitan were reasonably made after due enquiry and careful consideration. We have no reason to doubt the truth and accuracy of the information and representations provided to us and have been advised by Cosmopolitan that no material facts have been withheld or omitted from the information provided and/or referred to in the Circular.

LETTER FROM ALLIANCE CAPITAL

In this last two years, save for the appointment as the independent financial adviser of the Company in respect of the connected transaction to the proposed amendments to the terms and conditions of the Subject Optional CB (details of which were set out in the circular of Cosmopolitan dated 10 August 2021), there was no other engagement between the Cosmopolitan Group and us. Notwithstanding the aforesaid engagement, apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser to the Cosmopolitan Independent Board Committee and Cosmopolitan Independent Shareholders, we have no relationship with or interest in Century City, Paliburg, P&R Holdings, Regal and Cosmopolitan or any of their respective associates, and any other parties during the past two years immediately preceding the Latest Practicable Date that could reasonably be regarded as relevant to our independence. As such we are of the opinion that we are independent in relation to our acting as independent financial adviser to Cosmopolitan in this regard.

We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our advice. We have not, however, for the purpose of this exercise, conducted any independent verification of the information included in the Circular and/or those provided to us by Cosmopolitan nor have we conducted any form of investigation into the businesses, affairs of Cosmopolitan or any of its subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Revised Facilities Agreement, we have considered the following principal factors and reasons:

1. Background to, and reasons for, the Revised Facilities Agreement

Under the Original Facilities Agreement in August 2016 between Long Profits (a wholly-owned subsidiary of Regal) and Cosmopolitan Group, Long Profits made available to Cosmopolitan Group the Original Loan Facilities (being term loan and revolving loan facilities for an aggregate amount of HK\$1,850 million granted by Long Profits to Bizwise) for settlement by the Cosmopolitan Group of the then outstanding consideration payable to the Regal Group in connection with its acquisition of the Chengdu Project and the Tianjin Project in 2013.

The Chengdu Project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet). Superstructure and fitting-out works for the third stage of the development, consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces, are in progress and targeted to be completed before the end of 2021. Nearly all of the residential units in the third stage have been presold. As disclosed in the interim results announcement of Cosmopolitan dated 24 August 2021, total sales proceeds amounted to approximately RMB2,031.3 million (about HK\$2,443.0 million), of which approximately RMB1,986.1 million (about HK\$2,388.7 million) have been received by the Cosmopolitan Group as deposits under the presale contracts. The residential units are planned to be delivered to purchasers in stages starting from the fourth quarter of 2021.

LETTER FROM ALLIANCE CAPITAL

So far as the hotel development is concerned, interior design works for the 325-room hotel are currently in progress with interior fitting-out works scheduled to commence in the first quarter of 2022. The hotel is anticipated to open in phases from the first quarter of 2023. We were given the understanding that the Regal Group and the Cosmopolitan Group have recently commenced preliminary discussion in respect of the possible acquisition by the Regal Group of the hotel property in the Chengdu Project with a view to expanding its hotel network in the PRC.

The Tianjin Project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet). Nearly all of the residential units in this mixed development have been sold while sales of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing. Superstructure works of the two office towers and their commercial podium are progressing and expected to be completed in the fourth quarter of 2022.

Part of the proceeds from pre-sale of the Chengdu and Tianjin Projects has been applied to finance the ongoing construction costs of the two development projects in China. In addition, Cosmopolitan has applied part of the cash flow from property sales and pre-sales to repay loan facilities owing to Regal in accordance with the provisions of the Original Facilities Agreement with Regal.

We understand the outstanding amount of the term loan and the revolving loan under the Original Loan Facilities was approximately HK\$357 million and approximately HK\$57 million respectively. No further drawdown on the term loan facility under the Revised Loan Facilities would be made. The revolving loan facility of HK\$500 million under the Revised Loan Facilities would only be used as working capital of the Cosmopolitan Group.

Given Cosmopolitan currently expects the Chengdu Project and Tianjin Project would be completed by 2023 tentatively, following which tax payables would have to be cleared with local tax authorities before arrangement could be made to remit net proceeds to Hong Kong for loan repayment purpose. As such, the Revised Loan Facilities will allow the Cosmopolitan Group to align the timing for the repayment of the Revised Loan Facilities following completions of the Chengdu Project and the Tianjin Project; whereas, the main purpose of the revolving loan facility is to provide the Cosmopolitan Group the flexibility in the management of its surplus cash funds before all outstanding amounts under the Revised Loan Facilities are to be repaid in October 2024.

2. Bank borrowings

Currently, Cosmopolitan has a revolving banking facility of HK\$20 million from a commercial bank secured by certain bank balances and financial assets, of which HK\$12.5 million had been drawn. Cosmopolitan did not have much bank borrowings as the Cosmopolitan Group's property development projects in Chengdu and Tianjin have been partially financed by the Regal Group and secured by the pledge of Cosmopolitan's equity interests in such development projects. The above pledge continues to be one of the condition precedents of the Revised Facilities Agreement and is, in our view, industry practice and as such fair and reasonable to Cosmopolitan.

LETTER FROM ALLIANCE CAPITAL

At present, Cosmopolitan does not have unpledged property assets available as security for bank borrowings. Consequently, we are of the view that it would be impracticable for Cosmopolitan to seek further bank borrowings.

In fact, we have been advised by the management of Cosmopolitan that the Cosmopolitan Group had been approached by a number of commercial banks in China for bank borrowings for the Chengdu and Tianjin Projects but had not been able to pursue further as the stipulated lending criteria of those commercial banks were unacceptable to, or could not be fulfilled by, Cosmopolitan. In addition, indicative lending rates offered by such commercial banks were between 6.65% and 11% p.a.

3. Other financing alternatives

Apart from bank financing, we were advised by the management of Cosmopolitan that it had considered the possibility of a share placing, open offer or rights issue to finance the development of the Chengdu and Tianjin Projects. However, management of Cosmopolitan is of the view that such financing alternative would not be feasible at this stage due to the following reasons:

- Daily trading volume of the Cosmopolitan Shares had been thin with only around 1.1 million shares traded during the past year to the Latest Practicable Date. The above mentioned average daily trading volume of 1.1 million shares or monthly trading volume of 21.7 million shares represented only 0.02% and 0.34% of total issued Cosmopolitan Shares respectively.
- As at time of the joint announcement (“Announcement”) of the Revised Facilities Agreement on 21 September 2021, market price of the Cosmopolitan Shares was HK\$1.02, representing a premium of approximately 467% over Cosmopolitan Group’s published unaudited net assets of HK\$0.18 per share as at 30 June 2021.
- In the case of a rights issue or open offer, unless the rights issue or open offer price was pitched at a significant discount to current market price, Cosmopolitan Independent Shareholders might not be ready to subscribe to such a rights issue or open offer when Cosmopolitan had been loss making and no dividend was paid for the past few years.

We are of the opinion that:

1. In the case of a share placing, investors will certainly consider the attractiveness of the Cosmopolitan Shares in terms of net assets and earnings. The fact that Cosmopolitan Shares were trading at a substantial premium over its net assets, as compared to most listed PRC property developers which, according to Bloomberg data, were trading at an average discount of approximately 55% to their net assets, makes Cosmopolitan shares unattractive, from an investment standpoint.

In addition, the fact that Cosmopolitan had been loss making and no dividend was paid for the past few years would make share placing unattractive to investors. Historically thin trading volume of the Cosmopolitan Shares would also make share placing difficult to proceed.

LETTER FROM ALLIANCE CAPITAL

2. In the case of a rights issue or open offer, we agree with the management of Cosmopolitan that unless the rights issue or open offer price was pitched at a significant discount to current market price, Cosmopolitan Independent Shareholders might not be ready to subscribe to a rights issue or open offer at this time. In addition, undertaking a rights issue or open offer at a significant discount to market price might adversely affect the market price of the shares. Consequently, conducting a dilutive rights issue or open offer at present would not be in the interests of the Cosmopolitan Independent Shareholders.

Consequently, we agree with Cosmopolitan that it would be infeasible to conduct a share placing, rights issue or open offer to repay the outstanding term loan and revolving loan under the Original Loan Facilities.

4. Interest rate under the Revised Facilities Agreement

Under the Revised Facilities Agreement, both the term loan and revolving facility would be provided at 5.0% per annum, which was determined after arm's length negotiation between the parties and with reference to the cost of funding to the Regal Group.

We have reviewed, on an exhaustive basis, the latest annual report of comparable companies (the "Comparable Companies") which (i) were principally engaged in property development in the PRC; and (ii) had market capitalisation of between HK\$5.02 billion and HK\$7.19 billion as at the date of announcement of the Revised Facilities Agreement as compared to Cosmopolitan's market capitalization of approximately HK\$6.5 billion. The following table sets out the interest rates of secured loans of the Comparable Companies based on their latest audited financials:

Company	Latest financial year end	Market capitalisation as at 21 September 2021 <i>HK\$ billion</i>	Effective interest rate of secured loans for the latest financial year	Long term loans/short term loans
1. Greenland Hong Kong Holdings Limited (Stock code: 337.HK)	2020/12	5.16	Bank loans: 5.53% (Note 1)	No breakout
2. Yuzhou Group Holdings Co Ltd (Stock code: 1628.HK)	2020/12	7.19	Bank loans: 1.62% - 8.55% (Note 2)	Long term
3. China South City Holdings Limited (Stock code: 1668.HK)	2021/03	5.02	Bank and other loans: 3.90% - 12.00% (Note 2)	Long term
4. Datang Group Holdings Limited (Stock code: 2117.HK)	2020/12	6.22	Bank borrowings: 6.36% (Note 1)	No breakout

LETTER FROM ALLIANCE CAPITAL

Company	Latest financial year end	Market capitalisation as at 21 September 2021 <i>HK\$ billion</i>	Effective interest rate of secured loans for the latest financial year	Long term loans/short term loans
5. Ronshine China Holdings Limited (Stock code: 3301.HK)	2020/12	5.81	Borrowing from financial institutions 5.14% <i>(Note 1)</i>	No breakout
6. Sunkwan Properties Group Limited (Stock code: 6900.HK)	2020/12	5.37	Bank loans: 4.75% - 10.00% <i>(Note 2)</i>	Long term
7. Ganglong China Property Group Ltd (Stock code: 6968.HK)	2020/12	6.78	Bank borrowings: 6.70% <i>(Note 1)</i>	No breakout
8. Leading Holdings Group Ltd (Stock code: 6999.HK)	2020/12	6.07	Bank loans: 5.21% - 10.12% <i>(Note 2)</i>	Long term
Range			1.62% to 12.00%	

Notes:

1. These borrowing rates were their weighted average effective interest rate of secured loans (including short term and long term loans) as disclosed in their respective latest annual reports.
2. These were effective interest rates of long term secured loans as disclosed in the respective annual reports.

Based on the table above, effective interest rate of secured loans for the latest financial year of the Comparable Companies ranged from 1.62% to 12.00%. If we take out the interest rate outliers (i.e. 1.62% and 12.00%), interest rate range of the Comparable Companies would be between 3.90% and 10.12% and we note the interest rate of 5% per annum as per Revised Facilities Agreement is within the said range. Further, except for two Comparable Companies (namely Yuzhou Group Holdings Co Ltd and China South City Holdings Limited) whose effective interest rate was presented in a range and their nature of loans had not been disclosed, we note the interest rate of 5% per annum as per Revised Facilities Agreement is (i) close to the low-end of Sunkwan Properties Group Limited which the interest rate was presented in a range or (ii) lower than the remaining five of the Comparable Companies. In light of the above, we are of the view that the interest rate is fair and reasonable so far as the Cosmopolitan Independent Shareholders are concerned.

LETTER FROM ALLIANCE CAPITAL

5. Conclusion

Having considered the above factors, we are of the view that the Revised Facilities Agreement is in the interests of the Cosmopolitan Group and the Cosmopolitan Shareholders as a whole and that its terms are fair and reasonable so far as the Cosmopolitan Independent Shareholders are concerned.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the Revised Facilities Agreement is in the ordinary and usual course of business of Cosmopolitan as it is entered into pursuant to normal financial arrangement of the Cosmopolitan Group, on normal commercial terms, and on terms which are fair and reasonable and in the interests of Cosmopolitan and the Cosmopolitan Shareholders as a whole. Consequently, we advise the Cosmopolitan Independent Board Committee to recommend the Cosmopolitan Independent Shareholders, and recommend the Cosmopolitan Independent Shareholders, to vote in favour of the ordinary resolution to approve the Revised Facilities Agreement at the upcoming EGM.

Yours faithfully

For and on behalf of

Alliance Capital Partners Limited

Danielle Yau
Vice President

David Tsang
Responsible Officer

1. RESPONSIBILITY STATEMENT

This circular, for which the Cosmopolitan 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 Cosmopolitan. The Cosmopolitan 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 COSMOPOLITAN DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions, if any, of each Cosmopolitan Director and chief executive of Cosmopolitan in the shares, underlying shares and debentures of Cosmopolitan and any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to Cosmopolitan and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Cosmopolitan Directors and chief executive of Cosmopolitan 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 Cosmopolitan pursuant to Section 352 of the SFO, or as otherwise required to be notified to Cosmopolitan 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:

			Number of shares held				Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
Cosmopolitan/ Name of associated corporation	Name of Cosmopolitan Director	Class of shares held	Personal interests	Corporate interests	Family/ Other interests		
1. Cosmopolitan	Mr. LO Yuk Sui	Ordinary (i) (issued)	—	4,694,426,144 (Note e)	—	4,694,426,144	
		(ii) (unissued)	—	3,045,487,356 (Note f)	—	3,045,487,356	
					Total:	7,739,913,500 (121.08%)	
	Miss LO Po Man	Preference (issued)	—	2,295,487,356 (Note f)	—	2,295,487,356 (99.99%)	
		Ordinary (issued)	1,380,000	—	—	1,380,000 (0.02%)	
		Mr. Jimmy LO Chun To	Ordinary (issued)	2,269,101	—	—	2,269,101 (0.04%)

				Number of shares held		Family/ Other interests	Total (Approximate percentage of the issued shares as at the Latest Practicable Date)
				Personal interests	Corporate interests		
2.	Century City	Mr. LO Yuk Sui	Ordinary (issued)	110,887,396	1,769,164,691 (Note a)	380,683	1,880,432,770 (60.29%)
		Mr. Jimmy LO Chun To	Ordinary (issued)	251,735	—	—	251,735 (0.008%)
		Miss LO Po Man	Ordinary (issued)	112,298	—	—	112,298 (0.004%)
		Mr. Kenneth WONG Po Man	Ordinary (issued)	200	—	—	200 (0.000%)
		Mr. Kelvin LEUNG So Po	Ordinary (issued)	4,000	—	—	4,000 (0.000%)
3.	Paliburg	Mr. LO Yuk Sui	Ordinary (issued)	90,078,014	740,860,803 (Note b)	15,000	830,953,817 (74.55%)
		Mr. Jimmy LO Chun To	Ordinary (issued)	2,274,600	—	—	2,274,600 (0.20%)
		Miss LO Po Man	Ordinary (issued)	1,116,000	—	—	1,116,000 (0.10%)
		Mr. Kenneth WONG Po Man	Ordinary (issued)	6,200	—	—	6,200 (0.001%)
		Mr. Kelvin LEUNG So Po	Ordinary (issued)	50,185	—	—	50,185 (0.005%)
		Mr. Kenneth NG Kwai Kai	Ordinary (issued)	176,200	—	—	176,200 (0.02%)
4.	Regal	Mr. LO Yuk Sui	Ordinary (issued)	24,200	622,855,261 (Note c)	260,700	623,140,161 (69.33%)
		Miss LO Po Man	Ordinary (issued)	300,000	269,169 (Note d)	—	569,169 (0.06%)
		Mr. Kenneth WONG Po Man	Ordinary (issued)	200	—	—	200 (0.000%)
		Mr. Kelvin LEUNG So Po	Ordinary (issued)	200	—	—	200 (0.000%)
5.	Regal REIT	Mr. LO Yuk Sui	Units (issued)	—	2,443,033,102 (Note g)	—	2,443,033,102 (74.99%)

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**”).
- (b) The interests in 694,124,547 issued ordinary shares of Paliburg were held through companies wholly-owned by Century City, in which Mr. Lo held 60.28% shareholding interests.

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 60.28% shareholding interests. The interests in 622,433,861 issued ordinary shares of Regal were held through companies wholly-owned by Paliburg, in which Century City held 62.28% shareholding interests. Paliburg held 69.25% shareholding interests in Regal.
- (d) The interests in 269,169 issued ordinary shares of Regal were held through a company wholly owned by Miss LO Po Man.
- (e) The interests in 3,095,901,480 issued Cosmopolitan Shares were held through wholly-owned subsidiaries of P&R Holdings, which is owned as to 50% each by Paliburg and Regal through their respective wholly-owned subsidiaries. The interests in the other 1,065,191,332 issued Cosmopolitan Shares were held through wholly-owned subsidiaries of Regal. The interests in the other 533,333,332 issued Cosmopolitan Shares were held through wholly-owned subsidiaries of Paliburg. Paliburg, in which Century City held 62.28% shareholding interests, held 69.25% shareholding interests in Regal. Mr. Lo held 60.28% shareholding interests in Century City.
- (f) The interests in 3,045,487,356 unissued Cosmopolitan Shares were held through wholly-owned subsidiaries of P&R Holdings, which is owned as to 50% each by Paliburg and Regal through their respective wholly-owned subsidiaries. Paliburg, in which Century City held 62.28% shareholding interests, held 69.25% shareholding interests in Regal. Mr. Lo held 60.28% shareholding interests in Century City.

The interests in 2,295,487,356 unissued ordinary shares of Cosmopolitan are derivative interests held through interests in 2,295,487,356 convertible preference shares of Cosmopolitan, convertible into new ordinary shares of Cosmopolitan on a one-to-one basis (subject to adjustments in accordance with the terms of the convertible preference shares).

The interests in 750,000,000 unissued Cosmopolitan Shares are derivative interests held through interests in the convertible bonds in the principal amount of HK\$300,000,000 issued by a wholly-owned subsidiary of Cosmopolitan. The convertible bonds are convertible into new Cosmopolitan Shares at a conversion price of HK\$0.40 per ordinary share (subject to adjustments in accordance with the terms of the convertible bonds).

- (g) The interests in 2,439,613,739 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. Paliburg, in which Century City held 62.28% shareholding interests, held 69.25% shareholding interests in Regal. Mr. Lo held 60.28% shareholding interests in Century City.

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

Details of directorships of the Cosmopolitan Directors in each of those companies which has an interest in the shares and underlying shares of Cosmopolitan 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 is a director of YSL International Holdings Limited (“**YSL Int’l**”), which is interested in approximately 121.08% of the shareholding of Cosmopolitan.
- (2) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To and Miss LO Po Man are directors of Grand Modern Investments Limited (“**Grand Modern**”) (being a wholly owned subsidiary of YSL Int’l), which is interested in approximately 121.08% of the shareholding of Cosmopolitan.
- (3) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Miss LO Po Man, Mr. Kenneth NG Kwai Kai and Mr. Kelvin LEUNG So Po are directors of Century City, which is owned as to 52.27% by Grand Modern and is interested in approximately 121.08% of the shareholding of Cosmopolitan.
- (4) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Miss LO Po Man, Mr. Kenneth NG Kwai Kai and Mr. Kelvin LEUNG So Po are directors of Century City BVI Holdings Limited (being a wholly owned subsidiary of Century City), which is interested in approximately 121.08% of the shareholding of Cosmopolitan.
- (5) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Miss LO Po Man, Mr. Kenneth WONG Po Man, Mr. Kenneth NG Kwai Kai and Hon. Abraham SHEK Lai Him are directors of Paliburg, which is owned as to 62.28% by Century City and is interested in approximately 121.08% of the shareholding of Cosmopolitan.

- (6) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Miss LO Po Man, Mr. Kenneth WONG Po Man and Mr. Kenneth NG Kwai Kai are directors of each of the following wholly owned subsidiaries of Paliburg (i) Paliburg Development BVI Holdings Limited, which is interested in approximately 121.08% of the shareholding of Cosmopolitan, and (ii) Capital Merit Investments Limited, which is interested in approximately 104.41% of the shareholding of Cosmopolitan.
- (7) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Miss LO Po Man, Mr. Kenneth WONG Po Man and Mr. Kenneth NG Kwai Kai are directors of P&R Holdings, which is interested in approximately 96.07% of the shareholding of Cosmopolitan.
- (8) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Miss LO Po Man, Mr. Kenneth WONG Po Man and Mr. Kenneth NG Kwai Kai are directors of each of the following wholly owned subsidiaries of P&R Holdings (i) P&R Strategic Limited, which is interested in approximately 22.69% of the shareholding of Cosmopolitan, (ii) Interzone Investments Limited, which is interested in approximately 22.35% of the shareholding of Cosmopolitan, (iii) Alpha Advantage Investments Limited, which is interested in approximately 19.55% of the shareholding of Cosmopolitan, (iv) Valuegood International Limited, which is interested in approximately 11.96% of the shareholding of Cosmopolitan, and (v) Lendas Investments Limited, which is interested in approximately 11.29% of the shareholding of Cosmopolitan.
- (9) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Miss LO Po Man, Ms. Alice KAN Lai Kuen and Mr. Kenneth NG Kwai Kai are directors of Regal, which is interested in approximately 112.73% of the shareholding of Cosmopolitan.
- (10) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Miss LO Po Man and Mr. Kenneth NG Kwai Kai are directors of each of the following wholly owned subsidiaries of Regal (i) Regal International (BVI) Holdings Limited, which is interested in approximately 112.73% of the shareholding of Cosmopolitan, (ii) Regal Hotels Investments Limited, which is interested in approximately 104.41% of the shareholding of Cosmopolitan, and (iii) Tenshine Limited, which is interested in approximately 8.32% of the shareholding of Cosmopolitan.

As at the Latest Practicable Date, none of the Cosmopolitan 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 Cosmopolitan Group since 31 December 2020, being the date to which the latest published audited financial statements of the Cosmopolitan Group were made up.

None of the Cosmopolitan 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 Cosmopolitan Group.

3. SERVICE CONTRACTS

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

4. COMPETING INTERESTS

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

5. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given, or agreed to inclusion of, its opinion or advice in this circular:

Name	Qualification
Alliance Capital	a licensed corporation to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

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

As at the Latest Practicable Date, Alliance Capital had no interest in the share capital of any member of the Cosmopolitan Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Cosmopolitan Group, and Alliance Capital had no interest, either directly or indirectly, in any assets which have, since 31 December 2020, the date to which the latest published audited financial statements of the Cosmopolitan Group were made up, been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Cosmopolitan Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Cosmopolitan Directors were not aware of any material adverse change in the financial or trading position of the Cosmopolitan Group since 31 December 2020, the date to which the latest published audited consolidated financial statements of the Cosmopolitan Group were made up.

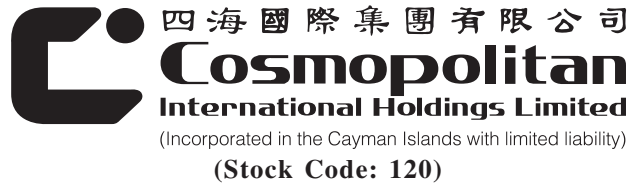
7. DOCUMENT AVAILABLE FOR INSPECTION

Copy of the Supplemental Agreement is available for inspection on the website of the Stock Exchange (www.hkexnews.hk) and the website of Cosmopolitan (www.cosmoholdings.com) from the date of this circular up to and including the date of the EGM.

8. GENERAL

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

NOTICE OF THE EGM



NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Cosmopolitan International Holdings Limited (the “**Company**”) will be held at Regal Hongkong Hotel, 88 Yee Wo Street, Causeway Bay, Hong Kong on Tuesday, 30 November 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the entering into of the Supplemental Agreement (as defined in the circular to the shareholders of the Company dated 11 November 2021 (the “**Circular**”), of which this notice forms part), a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for identification purpose, the transactions contemplated thereunder and the execution of the Supplemental Agreement by Bizwise (as defined in the Circular) and the Company be and are hereby confirmed, approved, authorised and/or ratified in all respects; and
- (b) any director(s) of the Company be and is/are hereby authorised for and on behalf of the Company to execute (and, if necessary, affix the common seal of the Company in accordance with the articles of association of the Company to) any documents, instruments and agreements and to do any such acts or things as may be deemed by him/her/them in his/her/their absolute discretion to be necessary or incidental to, ancillary to or in connection with the Supplemental Agreement and the transactions contemplated thereunder and (to the extent permitted by the applicable law, regulations and rules, including the Listing Rules (as defined in the Circular)) to approve and/or make immaterial amendments and modifications (including extension or relaxation of time period or constraints) to the terms and conditions thereof as such director(s) may deem necessary and in the interests of the Company and its shareholders to do so.”

By Order of the board of directors of
Cosmopolitan International Holdings Limited
Eliza LAM Sau Fun
Secretary

Hong Kong, 11 November 2021

NOTICE OF THE EGM

Notes:

1. Any member of the Company entitled to attend and vote at the EGM may appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and attend and vote on his behalf at the EGM. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation shall be entitled to exercise the same power on behalf of such member of the Company which he or they represent as such member of the Company could exercise.
2. In order to be valid, the instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof, it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the facts.
3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered to the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than forty-eight (48) hours before the time appointed for holding the EGM or any adjournment thereof.
4. Delivery of an instrument appointing a proxy will not preclude a member of the Company from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to have been revoked.
5. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
6. At the EGM, the above resolution put to the vote of the members of the Company will be decided by way of poll.
7. In the event that a typhoon signal no. 8 (or above) or a black rainstorm warning is in effect on the day of the EGM, members of the Company are requested to call the Company's hotline at (852) 2894-7547 on that day to enquire about the arrangements of the EGM.