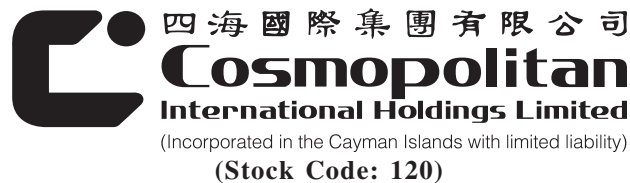

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

**Cosmopolitan 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 Monday, 30 December 2024 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 or postponement 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 or postponed meeting should you so wish, and in the event that you attend such meeting(s) after return of the completed form of proxy, such form of proxy shall be deemed to be revoked.

10 December 2024

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DEFINITIONS

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

“1-month HIBOR”	the Hong Kong interbank offered rate for Hong Kong dollars for 1 month displayed (before any correction, recalculation or republication by the administrator) on page HKABHIBOR of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate as selected by the Lender from time to time in its reasonable discretion
“2021 Facilities Agreement”	the Original Facilities Agreement as amended and supplemented by the First Supplemental Agreement
“2024 Facilities Agreement”	the 2021 Facilities Agreement as amended and supplemented by the Second Supplemental Agreement
“Ample State”	Ample State Investments Limited, a wholly-owned subsidiary of Cosmopolitan and the intermediate holding company of the Chengdu Project
“associate(s)”	as defined in the Listing Rules
“Bizwise” or “Borrower”	Bizwise Investments Limited, a wholly-owned subsidiary of Cosmopolitan
“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong
“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
“close associate(s)”	as defined in the Listing Rules
“CPS Holders”	holders of the convertible preference shares of Cosmopolitan
“connected person(s)”	as defined in the Listing Rules
“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)

DEFINITIONS

“Cosmopolitan Board”	the board of directors of Cosmopolitan
“Cosmopolitan Director(s)”	the director(s) of Cosmopolitan
“Cosmopolitan Group”	Cosmopolitan and its subsidiaries
“Cosmopolitan Independent Board Committee”	an 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 Second Supplemental Agreement and the Transaction
“Cosmopolitan Independent Financial Adviser”	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 in respect of the terms of the Second Supplemental Agreement and the Transaction
“Cosmopolitan Independent Shareholders”	Cosmopolitan Shareholders other than Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Ms. LO Po Man, Paliburg, P&R, Regal and their respective associates
“Cosmopolitan Share(s)”	ordinary share(s) of par value HK\$0.02 each in the share capital of Cosmopolitan
“Cosmopolitan Shareholder(s)”	holder(s) of Cosmopolitan Share(s)
“EGM”	the extraordinary general meeting of Cosmopolitan to be convened and held to consider and, if thought fit, approve the Second 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
“First Supplemental Agreement”	the supplemental agreement dated 21 September 2021 entered into among Long Profits, Cosmopolitan and Bizwise in relation to the amendments of certain terms of the Original Facilities Agreement
“Fortune City”	Fortune City International Investments Limited, a wholly-owned subsidiary of Cosmopolitan and the intermediate holding company of the Tianjin Project

DEFINITIONS

“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 Announcements”	the announcements dated 3 September 2024 and 6 November 2024 respectively jointly published by Regal and Cosmopolitan in relation to the Second Supplemental Agreement and the extension of the Long Stop Date (2024)
“Joyous Unity”	Joyous Unity Investments Limited, a wholly-owned subsidiary of Ample State
“Joyous Unity Group”	Joyous Unity and its subsidiaries
“Latest Practicable Date”	4 December 2024, 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
“Loan Facilities”	the term loan and revolving loan facilities of an aggregate amount of HK\$857 million granted by Long Profits to Bizwise under the 2024 Facilities Agreement
“Long Profits” or “Lender”	Long Profits Investments Limited, a wholly-owned subsidiary of Regal
“Long Stop Date (2024)”	initially 30 November 2024 (or such other date as the parties may agree in writing), and was subsequently extended to 31 December 2024 (or such other date as the parties may further agree in writing)
“Original Facilities Agreement”	the facilities agreement dated 4 August 2016 entered into among Long Profits, Cosmopolitan and Bizwise in relation to the provision of the term loan and revolving loan facilities of an aggregate amount of HK\$1,850 million
“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)

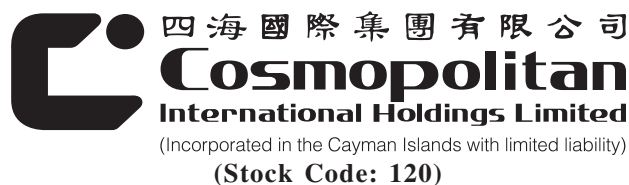
DEFINITIONS

“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 excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular
“Project Group”	Ample State and Fortune City and their respective subsidiaries
“Projects”	the Chengdu Project and the Tianjin Project
“P&R”	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
“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)
“RMB”	Renminbi, the lawful currency of the PRC
“Second Supplemental Agreement”	the second supplemental agreement dated 3 September 2024 entered into among Long Profits, Cosmopolitan and Bizwise in relation to the amendments of certain terms of the 2021 Facilities Agreement
“Security”	as defined in the section headed “SECOND SUPPLEMENTAL AGREEMENT” in the “Letter from the Cosmopolitan Board” of this circular
“SFO”	the Securities and Futures Ordinance (Cap. 571 of Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Tianjin Project”	the mixed use development project located in Hedong District in Tianjin, the PRC, consisting of commercial, office and residential components
“Transaction”	the transaction contemplated under the 2024 Facilities Agreement
“%”	per cent

LETTER FROM THE COSMOPOLITAN BOARD



Executive Directors:

Mr. LO Yuk Sui (*Chairman and Chief Executive Officer*)
Mr. Jimmy LO Chun To (*Vice Chairman and Managing Director*)
Ms. 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

Independent Non-executive Directors:

Mr. Francis BONG Shu Ying
Ms. Alice KAN Lai Kuen
Mr. David LI Ka Fai, MH
Mr. Abraham SHEK Lai Him, GBS, JP

Registered office:

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

*Head office and principal place
of business:*

11th Floor, 68 Yee Wo Street
Causeway Bay
Hong Kong

10 December 2024

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

Dear Sir or Madam,

CONNECTED TRANSACTION RECEIPT OF FINANCIAL ASSISTANCE

INTRODUCTION

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 each of Regal and Cosmopolitan on 23 September 2016; (iii) the joint announcement issued by Regal and Cosmopolitan on 21 September 2021; (iv) the circular issued by each of Regal and Cosmopolitan on 11 November 2021; and (v) the Joint Announcements.

On 3 September 2024 (after trading hours), Long Profits (a wholly-owned subsidiary of Regal and as the lender), Cosmopolitan (as the guarantor) and Bizwise (a wholly-owned subsidiary of Cosmopolitan and as the borrower) entered into the Second Supplemental Agreement to amend certain terms of the 2021 Facilities Agreement, pursuant to which, among others, (i) commencing from 12 October 2024, the interest rate is to be changed to 1-month HIBOR plus 1.95% per annum (originally the interest rate was at a fixed rate of 5% per annum); and (ii) the maturity date is to be extended to 12 October 2027 (originally 12 October 2024). Save as aforementioned, there are no other material changes to the terms and conditions of the 2021 Facilities Agreement.

LETTER FROM THE COSMOPOLITAN BOARD

On 6 November 2024 (after trading hours), Long Profits, Bizwise and Cosmopolitan have agreed in writing to extend the Long Stop Date (2024) from 30 November 2024 to 31 December 2024 (or such other date as the parties may further agree in writing).

The purposes of this circular are to provide the Cosmopolitan Shareholders with, among others, (i) information in relation to the Second Supplemental Agreement and the Transaction; (ii) letter of advice from the Cosmopolitan Independent Board Committee in relation to the Second Supplemental Agreement and the Transaction; (iii) letter of advice from the Cosmopolitan Independent Financial Adviser to the Cosmopolitan Independent Board Committee and the Cosmopolitan Independent Shareholders in relation to the Second Supplemental Agreement and the Transaction; (iv) a notice of the EGM to consider and, if thought fit, to approve the ordinary resolution in relation to the Second Supplemental Agreement and the Transaction; and (v) other information in accordance with the requirements of the Listing Rules.

SECOND SUPPLEMENTAL AGREEMENT

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

By the First Supplemental Agreement dated 21 September 2021 among Long Profits, Cosmopolitan and Bizwise, certain terms of the Original Facilities Agreement were amended, pursuant to which, among others, the loan facilities were reduced to an aggregate amount of HK\$857 million and the maturity date was extended to 12 October 2024.

On 3 September 2024 (after trading hours), Long Profits, Cosmopolitan and Bizwise entered into the Second Supplemental Agreement to amend certain terms of the 2021 Facilities Agreement, pursuant to which, among others, (i) commencing from 12 October 2024, the interest rate is to be changed to 1-month HIBOR plus 1.95% per annum (originally the interest rate was at a fixed rate of 5% per annum); and (ii) the maturity date is to be extended to 12 October 2027 (originally 12 October 2024). Save as aforementioned, there are no other material changes to the terms and conditions of the 2021 Facilities Agreement.

The salient terms and conditions of the 2024 Facilities Agreement are summarised as follows:

Lender:	Long Profits (a wholly-owned subsidiary of Regal)
Borrower:	Bizwise (a wholly-owned subsidiary of Cosmopolitan)
Guarantor:	Cosmopolitan
Loan Facilities amount:	(i) Term loan of HK\$357 million; and (ii) Revolving loan of an amount up to HK\$500 million.

LETTER FROM THE COSMOPOLITAN BOARD

- Purposes: The revolving loan facility under the Loan Facilities may only be used as working capital of the Cosmopolitan Group.
- As at the Latest Practicable Date, the outstanding amount of the term loan and the revolving loan under the Loan Facilities were HK\$357 million and HK\$500 million respectively. There will be no further drawdown on the term loan facility under the Loan Facilities.
- Revised interest rate: 1-month HIBOR plus 1.95% per annum commencing from (and including) 12 October 2024, which was determined after arm's length negotiation between the parties and with reference to the recent cost of funding to the Regal Group.
- Commencing from (and including) 12 October 2024, interest shall be calculated on a monthly basis with reference to the relevant revised interest rate (i.e. 1-month HIBOR plus 1.95% per annum) on the 12th day of each calendar month (or the immediately preceding Business Day if such day is not a Business Day), and is payable annually in arrears.
- Revised repayment date: All outstanding amounts of the Loan Facilities shall be repaid on 12 October 2027.
- Prepayment terms: Prepayment of the Loan Facilities is permissible with 7-day written notice without penalty.
- Cancellation and termination: The Borrower has the right to cancel the Loan Facilities and terminate the 2024 Facilities Agreement provided that all outstanding amounts under the 2024 Facilities Agreement have been repaid.
- Security: The Borrower has procured the pledge of the following assets (the "**Security**") in favour of the Lender under the 2021 Facilities Agreement, which will continue to be pledged under the 2024 Facilities Agreement:
- (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

LETTER FROM THE COSMOPOLITAN BOARD

- (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 contemplated under the Second Supplemental Agreement is conditional upon:

- (i) Regal having obtained the approval of its independent shareholders on or before the Long Stop Date (2024);
- (ii) Cosmopolitan having obtained the approval of its independent shareholders on or before the Long Stop Date (2024); and
- (iii) the Lender having received all the documents listed in the Second Supplemental Agreement in agreed form or in form and substance satisfactory to the Lender.

None of the above conditions precedent may be waived. As at the Latest Practicable Date, condition precedent (iii) above has been satisfied.

Negative covenants:

For so long as any amount is outstanding under the 2024 Facilities Agreement (or any relevant security documents) or any commitments under the 2024 Facilities Agreement are in force, the Borrower undertakes to the Lender that it shall, and each of the Borrower and Cosmopolitan undertakes to the Lender that it shall procure that each other member of Project Group shall (save with the prior written consent of the Lender, or unless specified to the contrary or as permitted under the 2024 Facilities Agreement):

- (i) not create any further encumbrance on any of its assets other than those permitted under the 2024 Facilities Agreement (e.g. encumbrances created for securing indebtedness incurred for the development of the Projects and/or for repaying/prepaying the Loan Facilities) and not sell or otherwise dispose of any of its assets to persons on terms which would result in such assets being leased to or re-acquired by the Borrower or a member of the Project Group;

LETTER FROM THE COSMOPOLITAN BOARD

- (ii) 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 net proceeds from such disposal shall be applied to repay or prepay any amount owing under the Loan Facilities and/or as working capital of the Project Group;
- (iii) not enter into or permit to subsist any arrangement to sell or dispose of any of the debts, goods or contracts of the Borrower or any member of the Project Group which would have the commercial effect of factoring or discounting the underlying receivables or other income stream payable in respect of any such debts, goods or contracts;
- (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;
- (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;
- (vi) 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;
- (vii) not declare or pay any dividends or interest on any unpaid dividend or make any other distributions of capital or income to any of its members, and not pay any management, advisory or other fee (other than fees incurred or payable in its ordinary course of business on arm's length basis) to any company or person;
- (viii) not vary, and procure that no amendment or termination shall be made to, the material terms of any of its constitutional documents, unless in the reasonable opinion of the Lender such amendment does not have a material adverse effect;

LETTER FROM THE COSMOPOLITAN BOARD

- (ix) not enter into any transaction or agreement which is material with any person other than on arm's length basis and for fair market value in the ordinary course of business or as otherwise permitted by the 2024 Facilities Agreement;
- (x) not issue or allot any share or loan capital to any person; and
- (xi) 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.

Positive covenants:

Each of the Borrower and Cosmopolitan undertakes, for so long as any amount is outstanding under the 2024 Facilities Agreement (or any relevant security documents) or any commitments under the 2024 Facilities Agreement are in force, to the Lender that it shall and shall procure that each other member of the Project Group shall (except with Lender's prior written consent or unless specified to the contrary):

- (i) promptly obtain and renew the terms of any authorisation and licences of any Hong Kong government authority and any other licences required to enable it to perform its obligations under, or for the validity or enforceability of the 2024 Facilities Agreement (or any relevant security documents) to which it is a party;
- (ii) protect, maintain, observe and comply with the regulations, rules, requests, etc. of any Hong Kong government authority which are material and necessary and all material commercial contracts to which it is a party and procure that all material conditions attaching to such contracts are complied with and that its businesses are carried on within the terms and conditions of such contracts;

LETTER FROM THE COSMOPOLITAN BOARD

- (iii) ensure that its liabilities under the 2024 Facilities Agreement (or any relevant security documents) 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 a permitted encumbrance);
- (iv) maintain at all times such policies of insurance in relation to its businesses and assets against such risks as are required to be insured against under the applicable laws and/or normally insured by prudent companies carrying on similar business and, in relation to all such insurance policies, upon the Lender's request, deliver to the Lender certified copies of all such insurance policies and the receipt of the last premium payable thereunder;
- (v) comply with the terms of all such insurance policies, including any stipulations or restrictions as to use or operation of any asset, and not do or permit anything which may make any insurance policy void or voidable;
- (vi) pay all premium relating to such insurance policies when due;
- (vii) if any default shall at any time be made in effecting or maintaining such insurance or depositing any policy with the Lender, the Lender may, after notifying the Borrower, take out or renew such insurances in such similar sums as the Lender may think expedient and insurance premiums paid by the Lender shall be recoverable by the Lender from the Borrower;
- (viii) maintain its corporate existence and comply in all respects with all laws and regulations to which it is subject, save where failure to so comply would not have a material adverse effect; and
- (ix) pay all taxes due and payable by it within applicable time limits.

LETTER FROM THE COSMOPOLITAN BOARD

Waiver of default interest under the 2021 Facilities Agreement:

Pursuant to the 2021 Facilities Agreement, the Loan Facilities shall be repaid on 12 October 2024. The default interest rate is the sum of the then applicable interest rate and 5% per annum. The Lender agrees (a) not to take any action to demand repayment of the 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 may be payable by the Borrower under the 2021 Facilities Agreement as a result of the non-repayment of the Loan Facilities on 12 October 2024. If, however, the Second Supplemental Agreement does not become unconditional on or before Long Stop Date (2024), the Loan Facilities shall become immediately payable on the first Business Day after the Long Stop Date (2024) and the default interest shall accrue on the outstanding principal amount of the Loan Facilities retrospectively from and including 12 October 2024.

Save and except for the Loan Facilities, the Regal Group has not provided any financial assistance to the Cosmopolitan Group within 12 months immediately prior to the date of the Second Supplemental Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

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, aircraft ownership and leasing and other investments including financial assets investments.

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.

Information on the Chengdu Project and the Tianjin Project

The following information on Chengdu Project and Tianjin Project were extracted from the interim report of Cosmopolitan for the six months ended 30 June 2024.

The Chengdu Project

Located in the Xindu District in Chengdu, Sichuan Province, the PRC, the 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).

LETTER FROM THE COSMOPOLITAN BOARD

All the residential units in the third stage have been sold in prior years. Total proceeds from the sales of the residential units amounted to approximately RMB2,048.3 million (HK\$2,243.1 million).

The sale of the shops with about 4,110 square metres (44,250 square feet) comprised in the third stage is in progress. A total of 4,002 square metres (43,078 square feet) of shops have been sold or contracted to be sold, for aggregate sale considerations of approximately RMB93.2 million (HK\$102.1 million). The sale of the 1,389 car parking spaces is continuing and 470 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB51.2 million (HK\$56.1 million). Most of these sale transactions have already been completed and the revenues accounted for in prior financial years.

The interior construction works of the 325-room hotel have been completed and the completion certificate obtained in January 2024. The interior fitting-out works for the guestrooms and the podium based on the revised design scheme are being planned and the hotel is scheduled to open in phases after the completion of the respective fitting-out works.

The construction works of the remaining commercial components also within the third stage of 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 proceeding steadily. All the office towers, the commercial facilities as well as the six-storey shopping mall podium have been topped-off. The market repositioning works of the shopping mall and certain office towers are also 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), commenced in 2021. 297 office units with a total of about 13,241 square metres (142,526 square feet) have been sold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB113.9 million (HK\$124.7 million). Meanwhile, the presale of another office tower has been approved, but the timing for the launching of the presale programme will depend on the property market environment in Chengdu.

The sale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial portion of the office tower on sale has also commenced in 2022. A total of 5 shop units of about 274 square metres (2,949 square feet) have been contracted for sale, for aggregate sale considerations of approximately RMB8.1 million (HK\$8.9 million).

Overall, due to the slackened demand, the progress achieved so far on the sale of these office and shop units was relatively slow.

The Tianjin Project

Located in the Hedong District in Tianjin, the PRC, this 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).

LETTER FROM THE COSMOPOLITAN BOARD

Apart from the few units the sale transactions for which were scheduled for completion in 2024, all the other residential units in this development have also been sold in prior years. The programme for the sale of shops with a total area of about 19,000 square metres (205,000 square feet) in the commercial complex was ongoing. During the six months ended 30 June 2024, shops with a total area of 9,744 square metres (104,884 square feet) have been sold for aggregate sale considerations of approximately RMB185.4 million (HK\$200.6 million). Certain parts of the commercial complex have been leased out for rental income.

The remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium. The Cosmopolitan Group is closely monitoring the market environment in Tianjin in formulating an appropriate marketing plan for the disposal of the units in the office towers.

The Loan Facilities

In August 2016, Long Profits, Cosmopolitan and Bizwise entered into the Original Facilities Agreement whereby Long Profits made available to Bizwise the 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. In September 2021, Long Profits, Cosmopolitan and Bizwise entered into the First Supplemental Agreement, pursuant to which certain terms of the Original Facilities Agreement were amended, among others, the loan facilities were reduced to an aggregate amount of HK\$857 million and the maturity date was extended to 12 October 2024.

As mentioned above, nearly all residential units of the Projects have been sold in prior years. The sale proceeds of such residential units and the presale and sale proceeds of certain commercial components of the Projects were applied to reduce the principal amount of the total loan facilities from HK\$1,850 million under the Original Facilities Agreement to HK\$857 million under the 2021 Facilities Agreement, pay the interest on the then outstanding loan facilities and re-invest in the development of the remaining commercial components of the Projects. When the First Supplemental Agreement was entered into in 2021, it was originally anticipated that the presale and sale proceeds to be generated from the remaining components of the Projects during the then projected timeline would have been sufficient to repay the loan facilities under the 2021 Facilities Agreement. As the real estate market in Mainland China has remained rather sluggish during the past few years, the progress in the presale and sale of the remaining commercial components of the Projects has been slower than expected.

Since the fourth quarter of 2023, the central government authorities in Mainland China have continually implemented a series of supportive policies and measures with a view to stabilising the overall local property market. It is expected that when the property market in Mainland China gradually revives, the remaining component parts comprised in the Projects should be able to generate substantial sales proceeds.

Taking into consideration the present property market in Mainland China and implementation of a series of supportive policies and measures by the central government authorities, the Cosmopolitan Group has formulated a development and sales plan for the remaining commercial components of the Projects. It is anticipated that the remaining office properties and the remaining commercial properties

LETTER FROM THE COSMOPOLITAN BOARD

of the Chengdu Project would be presold and sold from the end of 2024 and the first quarter of 2025 respectively on a gradual basis; and the presale and sale of the remaining office properties and the remaining commercial properties of the Tianjin Project would commence from the third quarter of 2025 and the first half of 2027, respectively. The projected presale and sale prices and sale areas of the aforesaid properties of the Projects were estimated by reference to recent transaction prices and sale areas of comparable property units which situate in the same region of the Projects as well as the anticipated gradual revival of the property market in the PRC after implementation of a series of supportive measures by the central government authorities.

Based on the abovementioned development and sales plan of the Projects, the Cosmopolitan Group estimated that the net cash proceeds from disposals of the remaining commercial components of the Projects will be generated over the three years from 2025 to 2027, with the majority of such net cash proceeds expected to be generated in 2026. The 2024 Facilities Agreement will allow the Cosmopolitan Group reasonable time to sell the property assets under the Projects in an orderly manner, and to align the timing for the repayment of the Loan Facilities with its projected completion schedule and sale progress of the Projects. The revolving loan facility under the Loan Facilities in the amount of HK\$500 million is 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 Loan Facilities are fully repaid.

The interest rate of 5.0% per annum under the 2021 Facilities Agreement was determined with reference to the then cost of funding of the Regal Group. The Borrower has punctually paid the interests under the 2021 Facilities Agreement on the relevant payment due dates. Subsequent to the repayment in full of the medium term notes of the Regal Group with a fixed interest rate in 2021, the cost of funding of the Regal Group shifted to be primarily based on a floating interest rate mechanism. In 2023 and the first half of 2024, the cost of funding of Regal Group approximated 1-month HIBOR plus 1.95% per annum, equivalent to approximately 6.3% per annum in 2023 and approximately 6.5% per annum in the first half of 2024. Following the recent decrease in 1-month HIBOR, the cost of funding of the Regal Group for the third quarter of 2024 has decreased to approximately 6.2% per annum. The actual cost of funding of the Cosmopolitan Group for the third quarter of 2024 (excluding the Loan Facilities) was approximately 6.7% per annum. For illustrative purposes, the average 1-month HIBOR in the third quarter of 2024 was approximately 4.2% per annum and the revised interest rate under the Loan Facilities as calculated with reference to such average rate would amount to approximately 6.2% per annum for the third quarter of 2024. Accordingly, it is expected that the revised interest rate under the Loan Facilities will be lower than the actual cost of funding of the Cosmopolitan Group for the third quarter of 2024 (excluding the Loan Facilities) and approximately the same as the cost of funding of the Regal Group for the third quarter of 2024.

The Cosmopolitan Group has also approached external financial institutions for possible borrowings to refinance the repayment of the Loan Facilities. In light of the large scale of refinancing, the present condition of the property market in Mainland China, the limitations under the relevant banks' loan policies as well as the possible lending terms and conditions, the Cosmopolitan Group was unable to obtain external refinancing from these financial institutions for the repayment of the Loan Facilities in full with terms which are more favourable than the 2024 Facilities Agreement. In addition, the Cosmopolitan Group recorded a net loss of HK\$372.3 million for the year ended 31 December 2023 and a net loss of HK\$169.0 million for the six months ended 30 June 2024, respectively. As at 30 June 2024, the Cosmopolitan Group had total assets of approximately

LETTER FROM THE COSMOPOLITAN BOARD

HK\$3,569.2 million (mainly comprising of approximately HK\$1,320.5 million properties under development, approximately HK\$1,841.6 million properties held for sale and approximately HK\$62.1 million total cash and bank balances) and total liabilities of approximately HK\$2,589.1 million (including the principal amount outstanding under the Loan Facilities). Accordingly, the entering into of the Second Supplemental Agreement is a pragmatic and reasonable approach under the current circumstances.

The Loan Facilities will continue to 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) by way of first-priority share charge. The Excel Crown Group, the Joyous Unity Group and the Grand Praise Group do not have any other substantial assets or liabilities apart from their interests in the Projects and the total shareholder loans of approximately HK\$877.2 million due to Ample State and Fortune City under the Security. As at 30 June 2024, according to the management accounts of the Cosmopolitan Group, the total net assets of the Chengdu Project and the Tianjin Project before deducting the aforementioned shareholder loans of approximately HK\$877.2 million amounted to approximately HK\$2,433.4 million. After excluding certain pledges created by the Cosmopolitan Group over the equity interest in an intermediate holding company of Chengdu Project in respect of the two tranches of loan notes of Cosmopolitan Group in the total principal amount of approximately HK\$468 million, the loan-to-value ratio of the Loan Facilities was approximately 43.6% as at 30 June 2024. As at the Latest Practicable Date, the Cosmopolitan Group has not pledged other assets in respect of the Projects apart from (i) those pledged under the 2024 Facilities Agreement; and (ii) the equity interest in an intermediate holding company of Chengdu Project pledged in respect of the two tranches of loan notes of Cosmopolitan Group in the total principal amount of approximately HK\$468 million. Certain cash and financial assets of the Cosmopolitan Group were pledged in favour of a commercial bank for a banking facility.

The Regal Group, on its own as well as through P&R, holds significant equity interest in Cosmopolitan. It will only be in the mutual beneficial interest of both parties that the Loan Facilities be extended, such that Cosmopolitan will have adequate time to execute its sales plan for the disposal of the assets under the Projects in an orderly manner, taking advantage of the anticipated gradual revival of the property market in the PRC after the rolling out of a series of supportive measures by the central government authorities.

Based on the abovementioned sales plan of the Projects, the net cash proceeds projected to be derived from the disposal of the assets under the Projects from 2025 through to 2027 will be more than adequate to repay the abovementioned two tranches of loan notes in the total principal amount of approximately HK\$468 million and the Loan Facilities. Following the extension of the Loan Facilities for a period of 3 years until 2027 and in view of the development and sales plan of the Projects, the Cosmopolitan Directors consider the risk of the Security being enforced is low. On the other hand, as aforementioned, in view of the large scale of refinancing as well as the current financial situation and market condition, the Cosmopolitan Group was unable to obtain external refinancing for the repayment of the Loan Facilities in full with terms which are more favourable than the 2024 Facilities Agreement. Accordingly, the continued provision of the Security by the Cosmopolitan Group is a pragmatic and reasonable approach under the current circumstances. In addition, the management of

LETTER FROM THE COSMOPOLITAN BOARD

Cosmopolitan Group understand that the Cosmopolitan Group and the Regal Group would enter into discussions for the disposal of certain assets under the Projects for settlement of the Loan Facilities and reduction of the liabilities thereof, implementation of which will also be subject to relevant compliance requirements.

Pursuant to the 2021 Facilities Agreement, the Borrower shall pay default interest on any amount owed by it when due thereunder, from the due date until it is paid. The maturity date would be extended from 12 October 2024 to 12 October 2027 upon the Second Supplemental Agreement becoming unconditional. If, however, the Second Supplemental Agreement does not become unconditional on or before Long Stop Date (2024), the Loan Facilities shall become immediately payable on the first Business Day after the Long Stop Date (2024) and the default interest shall accrue on the outstanding principal amount of the Loan Facilities retrospectively from and including 12 October 2024. For illustration purposes, the amount of default interest from 12 October 2024 up to the Latest Practicable Date would amount to approximately HK\$12.4 million.

The Cosmopolitan Directors (including the members of the Cosmopolitan Independent Board Committee who have taken into consideration the advice of the Cosmopolitan Independent Financial Adviser) consider that the terms of the Second Supplemental Agreement and the Transaction (including the revised interest rate and provision of the Security) 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. Since (i) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Ms. LO Po Man, Mr. Kenneth WONG Po Man, Mr. Kelvin LEUNG So Po and Mr. Kenneth NG Kwai Kai (all being executive Cosmopolitan Directors) are executive directors of Century City, Paliburg and/or Regal; (ii) Mr. 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 Second 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 and the transaction contemplated under the First Supplemental Agreement was approved by the respective independent shareholders of Regal and Cosmopolitan on 30 November 2021. As the Second Supplemental Agreement constitutes a material change to the terms of the 2021 Facilities Agreement, re-compliance with the Listing Rules is necessary.

The Borrower is a wholly-owned subsidiary of Cosmopolitan. Each of Regal and Cosmopolitan is a listed subsidiary of Paliburg. The Lender is a wholly-owned subsidiary of Regal and therefore is a connected person of Cosmopolitan. As the provision of the Loan Facilities by the Regal Group is secured over the assets of the Cosmopolitan Group, the Transaction constitutes a connected transaction for Cosmopolitan. Based on the applicable percentage ratios, the Transaction is subject to announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE COSMOPOLITAN BOARD

In accordance with the Listing Rules, any Cosmopolitan Shareholder with a material interest in the 2024 Facilities Agreement must abstain from voting on the relevant resolution at the EGM. As at the Latest Practicable Date, (i) Paliburg, through its wholly-owned subsidiaries, held 53,333,332 Cosmopolitan Shares; (ii) P&R, through its wholly-owned subsidiaries, held 706,851,215 Cosmopolitan Shares; (iii) Regal, through its wholly-owned subsidiaries, held 111,319,732 Cosmopolitan Shares; (iv) Mr. Jimmy LO Chun To (Mr. LO Yuk Sui's son) held 680,730 Cosmopolitan Shares; and (v) Ms. LO Po Man (Mr. LO Yuk Sui's daughter) held 414,000 Cosmopolitan Shares. Accordingly, the aforementioned Cosmopolitan Shareholders, in aggregate holding, and entitled to exercise control over the voting rights in respect of, 872,599,009 Cosmopolitan Shares (representing approximately 70.39% of all Cosmopolitan Shares in issue) as at the Latest Practicable Date, will abstain from voting at the EGM. Save as the aforesaid, as at the Latest Practicable Date, the Cosmopolitan Directors are not aware of any other Cosmopolitan Shareholders who are required to abstain from voting on the resolution in respect of the Second Supplemental Agreement and the Transaction to be put forward at the EGM.

Cosmopolitan has established the Cosmopolitan Independent Board Committee, comprising Mr. Francis BONG Shu Ying and Mr. David LI Ka Fai (both being independent non-executive Cosmopolitan Directors) only, to advise the Cosmopolitan Independent Shareholders in respect of the Second Supplemental Agreement and 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 Mr. Abraham SHEK Lai Him (being an independent non-executive Cosmopolitan Director) is also an independent non-executive director of Paliburg, the intermediate listed holding company of Regal, they are not members of the Cosmopolitan Independent Board Committee.

Cosmopolitan has appointed Alliance Capital Partners Limited as the Cosmopolitan Independent Financial Adviser to advise the Cosmopolitan Independent Board Committee and the Cosmopolitan Independent Shareholders respectively in this regard.

EGM

A notice convening the EGM at which ordinary resolution will be proposed to the Cosmopolitan Independent Shareholders to consider and, if thought fit, approve the Second Supplemental Agreement and the Transaction, is contained on pages 37 to 38 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.

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM or any adjournment or postponement thereof (as the case may be) in person, please complete the 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 later than 48 hours before the time appointed for holding the EGM or any adjournment or postponement thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the EGM or any adjournment or postponement thereof should you so wish and in such event, the completed form of proxy shall be deemed to be revoked.

LETTER FROM THE COSMOPOLITAN BOARD

CLOSURE OF REGISTER OF MEMBERS OF COSMOPOLITAN

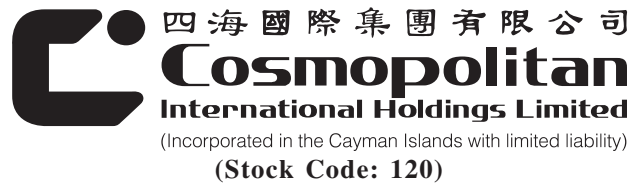
In order to determine the entitlements of the Cosmopolitan Shareholders to attend and vote at the EGM, the register of ordinary shareholders of Cosmopolitan will be closed from Monday, 23 December 2024 to Monday, 30 December 2024, both days inclusive, during which period no transfer of Cosmopolitan Shares will be registered.

The record date for determining the entitlements of the Cosmopolitan Shareholders to attend and vote at the EGM will be Monday, 30 December 2024. To be eligible to attend and vote at the EGM, all transfers of Cosmopolitan Shares accompanied by the relevant share certificates must be lodged with Cosmopolitan's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on Friday, 20 December 2024.

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 Second Supplemental Agreement and the Transaction 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 Second Supplemental Agreement and the Transaction.

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



10 December 2024

To the Cosmopolitan Independent Shareholders

Dear Sir or Madam,

**CONNECTED TRANSACTION
RECEIPT OF FINANCIAL ASSISTANCE**

We refer to the circular of Cosmopolitan dated 10 December 2024 (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 Second Supplemental Agreement and the Transaction. Alliance Capital Partners Limited has been appointed as the Cosmopolitan 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 17 to 28 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 Second Supplemental Agreement and the Transaction and taking into account the independent advice of the Cosmopolitan Independent Financial Adviser set out in its letter on pages 17 to 28 of the Circular and the relevant information contained in the letter from the Cosmopolitan Board, we consider that the terms of the Second Supplemental Agreement and the Transaction 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 Second 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 THE COSMOPOLITAN INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from the Cosmopolitan Independent Financial Adviser to the Cosmopolitan Independent Board Committee and the Cosmopolitan Independent Shareholders, which has been prepared for the purpose of incorporation in this circular.



Alliance Capital Partners Limited
同人融資有限公司

10 December 2024

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 Second Supplemental Agreement to amend certain terms of the 2021 Facilities Agreement, pursuant to which, the interest rate is to be changed and the maturity date is to be extended from 12 October 2024 to 12 October 2027. As each of Regal and Cosmopolitan is a listed subsidiary of Paliburg and the Lender is a wholly-owned of Regal and therefore a connected person of Cosmopolitan, the provision of the Loan Facilities under the Second Supplemental Agreement by the Regal Group to the Cosmopolitan Group using its assets as security constitutes 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 2024 Facilities Agreement are set out in the "Letter from the Cosmopolitan Board" contained in the circular of Cosmopolitan dated 10 December 2024 (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 Loan Facilities under the Second Supplemental Agreement 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 THE COSMOPOLITAN INDEPENDENT FINANCIAL ADVISER

Apart from 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 are independent from, and not associated with Century City, Paliburg, P&R, Regal and Cosmopolitan or any of their respective associates, and any other parties to the 2024 Facilities Agreement during the past two years immediately preceding our appointment that could reasonably be regarded as relevant to our independence. In addition, there was no engagement between Cosmopolitan and Alliance Capital Partners Limited in the past two years. As such, we are of the opinion that we are independent in relation to our acting as independent financial adviser to Cosmopolitan pursuant to Rule 13.84 of the Listing Rules.

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 and affairs of Cosmopolitan or any of its subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the 2024 Facilities Agreement, we have considered the following principal factors and reasons:

1. Background to, and reasons for, the 2024 Facilities Agreement

By the Original Facilities Agreement dated 4 August 2016 among Long Profits (a wholly-owned subsidiary of Regal and as the lender), Cosmopolitan (as the guarantor) and Bizwise (a wholly-owned subsidiary of Cosmopolitan and as the borrower), Long Profits made available to Bizwise the loan facilities, being the term loan and the revolving loan facilities of an aggregate amount of HK\$1,850 million. Proceeds of the above facilities were used 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 property development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square meters (5,330,000 square feet). The Tianjin Project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square meters (1,561,000 square feet).

With respect to the Chengdu Project, all residential units have been sold. Construction works of the 325-room hotel was completed in January 2024. All the office towers, the commercial facilities and the six-storey shopping mall podium had been topped-off. 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), commenced in 2021. As at 28 August 2024, 297 office units with a total of about 13,241 square meters (142,526 square feet) have been sold under contracts or subscribed by prospective purchasers. We understand the launching of sales of the units in the other four office towers is currently expected to start from the end of 2024.

LETTER FROM THE COSMOPOLITAN INDEPENDENT FINANCIAL ADVISER

Regarding the Tianjin Project, nearly all of the residential units have been sold whereas the sale of the commercial complex, comprising mainly shops of about 19,000 square meters (205,000 square feet), was ongoing. The remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium. Sales of the units in the office towers are currently expected to commence in the third quarter of 2025.

Part of the proceeds from sale and pre-sale of the Chengdu Project and Tianjin Project had been applied to finance the construction costs of the two development projects in China. In addition, the Cosmopolitan Group had applied part of the cash flow from property sales and pre-sales to repay loan facilities owing to Regal Group in accordance with the provisions of the Original Facilities Agreement and 2021 Facilities Agreement with the Regal Group.

By the First Supplemental Agreement dated 21 September 2021 among Long Profits, Cosmopolitan and Bizwise, certain terms of the Original Facilities Agreement were amended, pursuant to which, among others, the loan facilities were reduced to an aggregate amount of HK\$857 million and the maturity date was extended to 12 October 2024.

On 3 September 2024, Long Profits, Cosmopolitan and Bizwise entered into the 2024 Facilities Agreement pursuant to which (i) commencing from 12 October 2024, the interest rate is to be changed to 1-month HIBOR plus 1.95% per annum (originally the interest rate was at a fixed rate of 5% per annum); and (ii) the maturity date is to be extended for 3 years from 12 October 2024 to 12 October 2027.

Security offered

The Loan Facilities will continue to be secured over the entire issued share capital and shareholders loans of Excel Crown, Joyous Unity and Grand Praise (being the intermediate holding companies of the Chengdu Project and that of the Tianjin Project). The above Security was pledged in favour of the Lender under the 2021 Facilities Agreement and will continue to be pledged under the 2024 Facilities Agreement. Having (i) reviewed the annual reports of the Comparable Companies as set out in Table 4.1 below, we noted that the bank loans of the Comparable Companies were all granted on a secured basis under normal and ordinary course of business; and (ii) considered the Security had already been pledged to the Lender before entering into the 2024 Facilities Agreement, we are of the opinion that the offering of the Security as a pledge for the Loan Facilities under the latest facilities agreement is normal market practice.

Based on unaudited management accounts of the Cosmopolitan Group as at 30 June 2024, the aggregate net assets of the Chengdu Project and the Tianjin Project totaled HK\$2,433 million. We were given the understanding that, apart from the existing Loan Facilities, the Cosmopolitan Group had issued a total of US\$60 million (HK\$468 million) 3-year notes. The above notes are presently secured over the equity interests of an intermediate holding company which owns part of the Cosmopolitan Group's property development project in Chengdu. As such, from Cosmopolitan's perspective, the net Security amount pledged to the lender was HK\$1,965 million (being HK\$2,433 million less HK\$468 million). Consequently, we note the loan-to-value (LTV) ratio was approximately 43.6%, calculated by dividing the amount of Loan Facilities of HK\$857 million by the net Security amount pledged as stated above.

LETTER FROM THE COSMOPOLITAN INDEPENDENT FINANCIAL ADVISER

In the assessment on whether the LTV ratio of 43.6% is at reasonable rate, we noted in an article in February 2024, Fitch Rating estimated the average LTV ratio was less than 50% for all commercial property-backed loans among their rated banks in Hong Kong.¹ Although the LTV ratio of listed companies in Hong Kong is not required to be disclosed in the annual report, based on the public information, we note a recent HK\$250 million PRC property loan transaction in September 2024 by another listed company on the Main Board of the Stock Exchange had a LTV ratio of 41.4%.² On that basis, we are of the view that the Security pledged and the relevant LTV ratio at 43.6% under the 2024 Facilities Agreement is on normal commercial terms and is fair and reasonable so far as the Cosmopolitan Independent Shareholders are concerned.

As at the Latest Practicable Date, the outstanding amount of the term loan and the revolving loan under the Loan Facilities were HK\$357 million and HK\$500 million respectively, totally HK\$857 million. Under the 2024 Facilities Agreement, there will be no further drawdown on the term loan facility whereas the revolving loan facility of HK\$500 million mentioned above would only be used as working capital of the Cosmopolitan Group.

Given the property market in China has yet to revive after covid pandemic in 2020, sale progress of the remaining development components of the Projects had been slower than expected. Furthermore, according to Cosmopolitan's 2024 interim report, we note that, as at 30 June 2024, the Cosmopolitan Group had total cash and bank balances and deposits of only HK\$62.1 million with borrowings including convertible notes, net of cash and bank balances and deposits, amounted to HK\$1,315.4 million. As such, it is unlikely the Cosmopolitan Group would be in a position to repay its existing loans of HK\$857 million to the Regal Group in October 2024. Consequently, the 2024 Facilities Agreement would allow the Cosmopolitan Group to align the timing for the repayment of the Loan Facilities with the protracted sale progress and completion schedule of the Projects. In addition, the HK\$500 million revolving loan facility under the Loan Facilities would be made available to Bizwise to providing flexibility to the Cosmopolitan Group in the management of its surplus cash funds in the interim period, before the Loan Facilities matures.

With a view to shore up its economy and to revive the beleaguered property market, China announced a raft of measures towards the end of September 2024 which included the reduction of bank mortgage rates by 0.5% and minimum down-payment ratio for second home purchases nationwide from 25% to 15%. A number of first-tier cities have also announced the removal of home purchase restrictions and purchase limits. In addition, China's Minister of Housing and Urban-Rural Development announced the expansion of a "white list" of housing projects eligible for financing and increase bank lending for such developments to four trillion yuan. Redevelopment of cities would also gather pace, with a million "urban villages" to be included in such plans. On a more macro level, in order to promote consumption and investments, the People's Bank of China had also injected more liquidity into the market through cuts to interest rate and banks' reserve requirement ratio. Latest market reaction was that these measures were a lot more impactful and covered a much wider scope and, in our opinion, would bring about the return of market confidence in the medium and longer term which would be conducive to the development and sale of the remaining units of the Projects.

¹ <https://www.fitchratings.com/research/banks/hong-kong-banks-face-headwinds-in-local-commercial-real-estate-market-01-02-2024>

² <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0904/2024090401656.pdf>

LETTER FROM THE COSMOPOLITAN INDEPENDENT FINANCIAL ADVISER

Based on the development and sales plan of the Projects which we have obtained and reviewed, we noted sales of two office towers in the Tianjin Project are currently expected to start in the third quarter of 2025 whereas sales of the remaining office units in the Chengdu Project are expected to start from the end of 2024. We also noted that current expected sales price and area of the units have made reference to latest market transactions of similar property units in the same city. On the demand side, taking into account the anticipated gradual revival of the property market in the PRC after implementation of a series of supportive measures by the central government authorities, we have reason to believe that there are sufficient market demand for the Cosmopolitan's property units in both cities before the due date of the Loan Facilities at the end of 2027. Consequently we are of the view that the basis and assumptions adopted by Cosmopolitan in its development and sales plan of the Projects are fair and reasonable. Net cash proceeds from sales of the remaining commercial components of the Projects are expected to be generated over the three years from 2025 to 2027 with the majority of such net cash proceeds generated in 2026, which exceeds the principal amount of the Notes (as defined below) due in 2025 and 2026, and the outstanding Loan Facilities of the 2024 Facilities Agreement due in 2027.

2. Terms of existing borrowings

On 15 September 2022, Cosmopolitan International Finance Limited ("CIFL"), a wholly owned subsidiary of Cosmopolitan, entered into a subscription agreement with an investor, pursuant to which CIFL agreed to issue two tranches of notes, including a 3-year note ("Note A") in a principal amount of US\$20 million at a coupon interest rate of HIBOR plus 0.6% per annum and another 3-year note ("Note B", together with the Note A, collectively the "Notes") in a principal amount of US\$40 million at a coupon interest rate of HIBOR plus 3.11% per annum. CIFL issued Note A on 19 September 2022 and Note B on 14 April 2023 respectively. Upon the issuance of Note B, the Cosmopolitan Group pledged the equity interest in an intermediate holding company which owns part of the Cosmopolitan Group's property development project in Chengdu as security for the Notes.

It is worthy to note that, compared to coupon interest rate of the Note A issued in 2022, coupon interest rate of Note B had increased to HIBOR plus 3.11% per annum on a secured basis in 2023.

Apart from the Notes referred to above, Cosmopolitan has a banking facility of HK\$20 million from a commercial bank, secured by certain bank balances and financial assets with fair value of HK\$24.4 million as at 30 June 2024, of which HK\$12.5 million had been drawn as at 30 June 2024. The above banking facility bore interest rate of HIBOR plus 1.25% per annum. We note the amount of such banking facility is much smaller compared to the existing Loan Facilities of HK\$857 million and was offered with a collateral of cash and financial assets which are much more liquid compared to companies with property investments in China, subject of which were offered as collateral to the lender of the Cosmopolitan Group's existing Loan Facilities. Because of this, we are of the view that this banking facility cannot be used as a comparison with the terms of the Loan Facilities.

3. Other financing alternatives

We understand the Cosmopolitan Group had approached external financial institutions for possible borrowings to refinance the repayment of the Loan Facilities. However, as the Cosmopolitan Group incurred losses in recent years with a net loss of HK\$372.3 million for the year ended 31 December 2023 and a net loss of HK\$169.0 million for the six months ended 30 June 2024, and in light of the current condition of the property market in China, it was unable to obtain external refinancing for the repayment of the Loan Facilities in full at terms which are more favourable than that under the 2024 Facilities Agreement. Accordingly, we agree with Cosmopolitan that the entering into of the Second Supplemental Agreement is a pragmatic and reasonable approach under the current circumstances.

LETTER FROM THE COSMOPOLITAN INDEPENDENT FINANCIAL ADVISER

We were also 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 Projects. However, management of Cosmopolitan is of the view that such financing alternative might not be feasible at this stage due to the following reasons:

- Daily trading volume of the Cosmopolitan Shares had been thin with only around 7.5 million shares traded from 1 January 2023 to the Latest Practicable Date. The above mentioned average daily trading volume of 7.5 million shares or monthly trading volume of approximately 152.5 million shares represented only 0.6% and 12.3% of total issued Cosmopolitan Shares of approximately 1,239.6 million respectively.
- As at time of the announcement of the 2024 Facilities Agreement jointly published by Regal and Cosmopolitan on 3 September 2024 (the “**Announcement**”), market price of the Cosmopolitan Shares was HK\$0.223, representing discounts of approximately 67% and 38% to Cosmopolitan Group’s unaudited net assets of HK\$0.67 per share (including Cosmopolitan Shares and convertible preference shares of Cosmopolitan) and HK\$0.36 per share (including Cosmopolitan Shares, convertible preference shares of Cosmopolitan and convertible notes of Cosmopolitan) on a fully diluted basis respectively as at 30 June 2024. As at the Latest Practicable Date, market price of the Cosmopolitan Shares was HK\$0.151, representing discounts of approximately 77% and 58% to Cosmopolitan Group’s unaudited net assets per share mentioned above respectively.
- 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 would 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, potential investors will certainly consider the attractiveness of the Cosmopolitan Shares in terms of earnings and net assets.

Cosmopolitan had incurred a loss of HK\$372.3 million for year ended 31 December 2023. For the six months to 30 June 2024, it recorded an unaudited loss of approximately HK\$169.0 million. In addition, no dividend had been paid for the past few years. The above factors, coupled with relatively thin trading volume of the Cosmopolitan Shares since 1 January 2023, would make share placing impracticable to proceed at this time.

2. 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 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 interests of the Cosmopolitan Independent Shareholders, bearing in mind current market price is already at a significant discount to latest published unaudited net asset per share.

LETTER FROM THE COSMOPOLITAN INDEPENDENT FINANCIAL ADVISER

Having considered the above, we agree with Cosmopolitan that it would be infeasible to conduct a share placing, rights issue or open offer to repay the outstanding loans under the 2021 Loan Facilities before or at any time soon after its maturity date.

4. Interest rate under the 2024 Facilities Agreement

Under the 2021 Facilities Agreement, both the term loan and revolving loan facilities were fixed at 5% per annum. Under the 2024 Facilities Agreement, interest rate will be changed to 1-month HIBOR plus 1.95% per annum.

We understand the revised interest rate under the 2024 Facilities Agreement is determined based on the cost of funding to the Regal Group, which is primarily based on floating interest rate. In 2023 and the first half of 2024, the cost of funding of Regal Group was approximately 6.3% per annum and 6.5% per annum respectively, which was approximately equivalent to the then prevailing 1-month HIBOR plus 1.95% per annum for the applicable period.

On 18 September 2024, the US Federal Reserve reduced its benchmark interest rates by 50 basis point which was first such reduction since March 2020. In addition, market generally expects further interest rate cuts will be made going forward. Because of this, we agree with the Cosmopolitan Board that, compared to the existing fixed rate of 5% per annum, floating interest rate under the 2024 Facilities Agreement would better serve the Cosmopolitan Group under the current downward interest rate environment.

We also note that since the revised interest rate of 1-month HIBOR plus 1.95% per annum under the 2024 Facilities Agreement is lower compared to the US\$40 million Note B issued in April 2023 which carried an interest rate of HIBOR plus 3.11% per annum, it is favorable to the Cosmopolitan Group.

Apart from the above, we have reviewed, on an exhaustive basis, the latest annual reports of comparable companies (the “Comparable Companies”) which (i) were principally engaged in property development in the PRC; and (ii) had market capitalisation within HK\$500 million as at the date of the Announcement. The following Table 4.1 sets out the interest rates of secured loans of the Comparable Companies based on their latest audited financials:

Table 4.1

Company	Latest financial year end	Market capitalisation as at the date of the Announcement (HK\$ million)	Effective interest rate of secured loans for the latest financial year	Long term loans/short term loans	With assets pledged?
1. Glory Sun Land Group Limited (Stock code: 299.HK)	12/2023	16.38	Bank borrowings: 4.65% to 10.26% (Note 2)	No breakout	Yes

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Company	Latest financial year end	Market capitalisation as at the date of the Announcement (HK\$ million)	Effective interest rate of secured loans for the latest financial year	Long term loans/short term loans	With assets pledged?
2. China Sinostar Group Company Limited (Stock code: 485.HK)	3/2024	27.66	Borrowings: 12.0% (Note 2)	No breakout	Yes
3. Differ Group Auto Limited (Stock code: 6878.HK)	12/2023	45.09	Borrowings: 5.83% (Note 1)	No breakout	Yes
4. Skyfame Realty (Holdings) Limited (Stock code: 59.HK)	12/2023	101.35	Bank borrowings: 4.8% (Note 2)	Long term	Yes
5. Jiande International Holdings Limited (Stock code: 865.HK)	12/2023	105.08	Bank borrowings: 5.9% (Note 1)	No breakout	Yes
6. Huijing Holdings Company Limited (Stock code: 9968.HK)	12/2023	126.09	Bank loans: 5.15% to 13.0% (Note 2)	No breakout	Yes
7. Zhongzheng International Company Limited (Stock code: 943.HK)	6/2024	128.24	Borrowings: 4.65% to 7.7% (Note 2)	No breakout	Yes
8. China Sandi Holdings Limited (Stock code: 910.HK)	12/2023	137.38	Borrowings: 7.47% (Note 2)	No breakout	Yes
9. Magnus Concordia Group Limited (Stock code: 1172.HK)	3/2024	150.25	Bank loans: 3.6% to 7.86% (Note 2)	No breakout	Yes
10. Overseas Chinese Town Asia Holdings Limited (Stock code: 3366.HK)	12/2023	152.66	Bank loans: 3.05% to 1-month HIBOR + 1.60% (Note 2)	No breakout	Yes
11. Redsun Properties Group Limited (Stock code: 1996.HK)	12/2023	180.30	Bank loans: 4.52% to 6.5% (Note 2)	Long term	Yes
12. DevGreat Group Limited (formerly known as Shanghai Zendai Property Limited) (Stock code: 755.HK)	12/2023	193.43	Borrowings: 4.15% to 18.25% (Notes 2 & 3)	No breakout	Yes
13. Leading Holdings Group Limited (Stock code: 6999.HK)	12/2023	198.20	Bank loans: 4.70% to 8.41% (Note 2)	Long term	Yes

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Company	Latest financial year end	Market capitalisation as at the date of the Announcement (HK\$ million)	Effective interest rate of secured loans for the latest financial year	Long term loans/short term loans	With assets pledged?
14. Y.T. Realty Group Limited (Stock code: 75.HK)	12/2023	199.88	Bank loans: 6.0% (Note 2)	Long term	Yes
15. Ganglong China Property Group Limited (Stock code: 6968.HK)	12/2023	201.10	Bank borrowings: 5.87% (Note 1)	No breakout	Yes
16. Ronshine China Holdings Limited (Stock code: 3301.HK)	12/2023	232.31	Borrowings: 6.22% (Note 1)	No breakout	Yes
17. Applied Development Holdings Limited (Stock code: 519.HK)	6/2024	244.40	Borrowings: 5.1% (Note 2)	No breakout	Yes
18. Sino Harbour Holdings Group Limited (Stock code: 1663.HK)	3/2024	251.32	Bank loans: 4.45% to 7.05% (Note 2)	No breakout	Yes
19. Zhenro Properties Group Limited (Stock code: 6158.HK)	12/2023	253.32	Bank loans: 4.30% to 8.50% (Note 2)	Long term	Yes
20. Central China Real Estate Limited (Stock code: 832.HK)	12/2023	273.52	Bank loans: 4.20% to 10.40% (Note 2)	No breakout	Yes
21. Fantasia Holdings Group Co., Limited (Stock code: 1777.HK)	12/2023	277.08	Borrowings: 3.0% to 17.0% (Notes 2 & 3)	No breakout	Yes
22. Guangdong Hong Kong Greater Bay Area Holdings Limited (Stock code: 1396.HK)	12/2023	317.50	Bank and other borrowings: 9.11% (Note 2)	No breakout	Yes
23. Zhongliang Holdings Group Company Limited (Stock code: 2772.HK)	12/2023	320.71	Bank loans: 4.95% to 8.50% (Note 2)	Long term	Yes
24. Hua Yin International Holdings Limited (Stock code: 989.HK)	3/2024	331.36	Bank and other borrowings: 5.0% to 10.0% (Note 2)	No breakout	Yes
25. Glory Health Industry Limited (Stock code: 2329.HK)	12/2023	408.88	Bank and other borrowings: 2.80% to 14.0% (Notes 2 & 3)	No breakout	Yes

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Company	Latest financial year end	Market capitalisation as at the date of the Announcement (HK\$ million)	Effective interest rate of secured loans for the latest financial year	Long term loans/short term loans	With assets pledged?
26. Chinney Investments, Limited (Stock code: 216.HK)	3/2024	413.52	Bank loans: 1.60% to 7.40% (Notes 2 & 3)	Long term	Yes
27. Greenland Hong Kong Holdings Limited (Stock code: 337.HK)	12/2023	421.57	Borrowings: 2.80% to 11.50% (Note 2)	No breakout	Yes
28. Times China Holdings Limited (Stock code: 1233.HK)	12/2023	458.19	Bank loans: 4.50% to 9.70% (Note 2)	Long term	Yes
29. Beijing North Star Company Limited (Stock code: 588.HK)	12/2023	466.63	Bank and other long-term borrowings: 4.73% (Note 2)	Long term	Yes
30. Top Spring International Holdings Limited (Stock code: 3688.HK)	12/2023	494.45	Bank loans: 6.07% (Note 1)	No breakout	Yes

Range 2.80% to 13.0% (Note 4)

Notes for Table 4.1:

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 secured loans (including short-term and long-term loans) as disclosed in the respective annual reports.
3. These borrowing rates are either (1) outliers (i.e., 1.60% and 18.25%), or (2) have a wide range (i.e., with a range more than approximately 10%); hence, they have been excluded when computing the overall interest rate range of the Comparable Companies.
4. The overall interest rate range of the Comparable Companies excluded the outliers and those with large range of borrowing rates.

Based on the Table 4.1 above, effective interest rate of secured loans for the latest financial year of the Comparable Companies ranged from 2.80% to 13.0%. We believe the exceptionally low effective interest rates of secured loans for certain Comparable Companies were mainly attributable to borrowings granted on or before March 2022 when US Federal Reserve Board made its first interest rate hike from zero since 2018. Having considered that some of the effective interest rates of the Comparable Companies were granted before the interest rate cut, by using average 1-month HIBOR rate (see Table 4.2 below) as benchmark, we note the proposed interest rate of 1-month HIBOR plus 1.95% per annum as per 2024 Facilities Agreement is mostly within the range of the Comparable

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Companies' interest rates for their bank borrowings, which were presented in a range and which were not identified as outliers in the Table 4.1 above. In light of the above, we are of the view that the proposed interest rate under the Loan Facilities is fair and reasonable so far as the Cosmopolitan Independent Shareholders are concerned.

Table 4.2 below sets out the interest rates before and after US Federal Reserve Board cut its interest rates in September 2024:

Table 4.2

Scenario 1 Interest rates before the interest rate cut by the US Federal Reserve

Average 1-month HIBOR rate	Interest rate = 1-month HIBOR + 1.95%
4.63% (Note 1)	4.63% + 1.95% = 6.58%

Scenario 2 Interest rates after the interest rate cut by the US Federal Reserve

Average 1-month HIBOR rate	Interest rate = 1-month HIBOR + 1.95%
4.12% (Note 2)	4.12% + 1.95% = 6.07%

Notes for Table 4.2:

1. This average 1-month HIBOR rate is calculated by the daily HIBOR rates from 1 September 2023 to 31 August 2024 as disclosed on the website of The Hongkong and Shanghai Banking Corporation Limited before the US Federal Reserve Board cut its interest rates in September 2024.
2. This average 1-month HIBOR rate is calculated by the daily HIBOR rates from 1 September 2024 to the Latest Practicable Date as disclosed on the website of The Hongkong and Shanghai Banking Corporation Limited after the US Federal Reserve Board cut its interest rates in September 2024.

Following interest rate cut by US Federal Reserve Board in September 2024, we note the average 1-month HIBOR for the third quarter of 2024 was around 4.17% per annum, and the average 1-month HIBOR from 1 September 2024 to the Latest Practicable Date was around 4.12% per annum, based on the publicly available information disclosed on the website of The Hongkong and Shanghai Banking Corporation Limited; as such, interest rate applicable to the Loan Facilities under the 2024 Facilities Agreement would be around 6.12% per annum (as calculated with reference to the average 1-month HIBOR for the third quarter of 2024) or 6.07% per annum (as calculated with reference to the average 1-month HIBOR from 1 September 2024 to the Latest Practicable Date). Accordingly, it is expected that the revised interest rate under the Loan Facilities will be lower than the actual cost of funding of the Cosmopolitan Group for the third quarter of 2024 (excluding the Loan Facilities) and approximately the same as the cost of funding of the Regal Group for the third quarter of 2024. Although the above interest rate is higher compared to 5% under the 2021 Facilities Agreement, the Cosmopolitan Directors are of the view that, which we concur, by revising the interest rate from fixed to floating based on HIBOR is beneficial to Cosmopolitan over the tenure of its Loan Facilities to 2027 as floating rate adjusts with market conditions, indicating that when market interest rate decreases, interest rate under 2024 Facilities Agreement would also decrease, thereby allowing Cosmopolitan to benefit from lower interest rates during a declining interest rate environment. In light of the above, we are of the view that the proposed interest rate under the 2024 Facilities Agreement is fair and reasonable so far as the Cosmopolitan Independent Shareholders are concerned.

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5. Conclusion

Having considered the above factors, we are of the view that the 2024 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 2024 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, and the terms of 2024 Facilities Agreement are on normal commercial terms, 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 2024 Facilities Agreement at the upcoming EGM.

Yours faithfully

For and on behalf of

Alliance Capital Partners Limited

Danielle Yau

Director

David Tsang

Managing Director

Mr. David Tsang is a licensed type 1 and type 6 person registered with the Securities and Futures Commission and as a responsible officer of Alliance Capital Partners Limited to carry on type 6 (advising on corporate finance) regulated activities under the SFO and has over 35 years of experience in corporate finance industry, including initial public offerings and transactions involving companies listed in Hong Kong and the provision of independent financial advisory services.

Ms. Danielle Yau is a licensed type 1 and type 6 person registered with the Securities and Futures Commission and as a responsible officer of Alliance Capital Partners Limited to carry on type 6 (advising on corporate finance) regulated activities under the SFO and has about 9 years of experience in corporate finance industry, including initial public offerings and transactions involving companies listed in Hong Kong and the provision of independent financial advisory services.

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 beliefs, 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. COSMOPOLITAN DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at the Latest Practicable Date, the interests and short positions, if any, of the Cosmopolitan Directors and chief executive of Cosmopolitan in the shares, underlying shares and debentures of Cosmopolitan and any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) 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 they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (“**Model Code**”) to be notified to Cosmopolitan and the Stock Exchange, were as follows:

(a) Interest in Cosmopolitan - Long Positions

Name of Directors	Class of shares held	Number of shares held			Total (Approximate percentage of total number of the issued share capital of Cosmopolitan)
		Beneficial owner	Nature of interest Interest of corporation controlled	Interest of spouse	
Mr. LO Yuk Sui	Ordinary				
	(i) (issued)	—	871,504,279 (Note d)	—	871,504,279
	(ii) (unissued)	—	1,591,775,147 (Note e)	—	1,591,775,147
				Total:	2,463,279,426 (198.71%)
	Preference (issued)	—	229,548,733 (Note e)	—	229,548,733 (99.99%)
Mr. Jimmy LO Chun To	Ordinary (issued)	680,730	—	—	680,730 (0.05%)
Ms. LO Po Man	Ordinary (issued)	414,000	—	—	414,000 (0.03%)

(b) Interest in associated corporations of Cosmopolitan - Long Positions

i. Century City

Name of Directors	Class of shares held	Number of shares held			Total (Approximate percentage of total number of the issued share capital of Century City)
		Beneficial owner	Nature of interest Interest of corporation controlled	Interest of spouse	
Mr. LO Yuk Sui	Ordinary (issued)	111,815,396	2,032,315,326 (Note a)	380,683	2,144,511,405 (69.34%)
Mr. Jimmy LO Chun To	Ordinary (issued)	251,735	—	—	251,735 (0.008%)
Ms. 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%)

ii. Paliburg

Name of Directors	Class of shares held	Number of shares held			Total (Approximate percentage of total number of the issued share capital of Paliburg)
		Beneficial owner	Nature of interest Interest of corporation controlled	Interest of spouse	
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%)
Ms. 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%)

iii. Regal

Name of Directors	Class of shares held	Number of shares held			Total (Approximate percentage of total number of the issued share capital of Regal)
		Beneficial owner	Nature of interest		
			Interest of corporation controlled	Interest of spouse	
Mr. LO Yuk Sui	Ordinary (issued)	24,200	622,855,261 (Note c)	260,700	623,140,161 (69.33%)
Ms. LO Po Man	Ordinary (issued)	569,169	—	—	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%)

iv. Regal REIT

Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of total number of the issued share capital of Regal REIT)
		Beneficial owner	Nature of interest		
			Interest of corporation controlled	Interest of spouse	
Mr. LO Yuk Sui	Units (issued)	—	2,443,033,102 (Note f)	—	2,443,033,102 (74.99%)

Notes:

- (a) (i) The interests in 1,973,420,928 issued ordinary shares of Century City were held through companies wholly owned by Mr. LO Yuk Sui (“**Mr. Lo**”).
- (ii) The interests in the other 58,894,398 issued ordinary shares of Century City were derivative interests held by YSL International Holdings Limited (“**YSL Int’l**”), a company wholly owned by Mr. Lo, under the right of first refusal to purchase such shares granted by the Dalton Group (comprising Dalton Investments LLC and its two affiliates).
- (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 67.43% 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 67.43% 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 through its wholly owned subsidiary 62.28% shareholding interests. Paliburg held through its wholly owned subsidiary 69.25% shareholding interests in Regal.
- (d) The interests in 706,851,215 issued Cosmopolitan Shares 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. The interests in the other 111,319,732 issued Cosmopolitan Shares were held through wholly owned subsidiaries of Regal. The interests in the other 53,333,332 issued Cosmopolitan Shares were held through wholly owned subsidiaries of Paliburg. Paliburg, in which Century City held through its wholly owned subsidiary 62.28% shareholding interests, held through its wholly owned subsidiary 69.25% shareholding interests in Regal. Mr. Lo held 67.43% shareholding interests in Century City.
- (e) The interests in 1,272,070,219 unissued Cosmopolitan Shares 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. The interests in the other 213,038,264 unissued Cosmopolitan Shares were held through wholly owned subsidiaries of Regal. The interests in the other 106,666,664 unissued Cosmopolitan Shares were held through wholly owned subsidiaries of Paliburg. Paliburg, in which Century City held through its wholly owned subsidiary 62.28% shareholding interests, held through its wholly owned subsidiary 69.25% shareholding interests in Regal. Mr. Lo held 67.43% shareholding interests in Century City.

The interests in 229,548,733 unissued Cosmopolitan Shares are derivative interests held through interests in 229,548,733 convertible preference shares of Cosmopolitan, convertible into new Cosmopolitan Shares on a one to one basis (subject to adjustments in accordance with the terms of the convertible preference shares).

The interests in 1,362,226,414 unissued Cosmopolitan Shares are derivative interests held through interests in 2 per cent. convertible notes due 2053 in a principal amount of HK\$136,222,641.4 issued by Cosmopolitan. The convertible notes are convertible into new Cosmopolitan Shares at a conversion price of HK\$0.10 per ordinary share (subject to adjustments in accordance with the terms of the convertible notes).

- (f) 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 through its wholly owned subsidiary 62.28% shareholding interests, held through its wholly owned subsidiary 69.25% shareholding interests in Regal. Mr. Lo held 67.43% shareholding interests in Century City.

Save as disclosed above, as at the Latest Practicable Date, none of the Cosmopolitan Directors and chief executive of Cosmopolitan had any interests or short positions in the shares, underlying shares or debentures of Cosmopolitan or any of its associated corporation (within the meaning of Part XV of the SFO) which were required (i) 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); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code, to be notified to Cosmopolitan and the Stock Exchange.

As at the Latest Practicable Date, the following Cosmopolitan Directors were directors/employees of a company which had an interest in the Cosmopolitan Shares and underlying Cosmopolitan Shares which would fall to be disclosed to Cosmopolitan under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (a) Mr. LO Yuk Sui is a director of YSL Int'l, which is interested in approximately 198.71% of the shareholding of Cosmopolitan.
- (b) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To and Ms. LO Po Man are directors of Grand Modern Investments Limited (being a wholly owned subsidiary of YSL Int'l), which is interested in approximately 198.71% of the shareholding of Cosmopolitan.
- (c) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Ms. LO Po Man, Mr. Kelvin LEUNG So Po and Mr. Kenneth NG Kwai Kai are directors of (i) Century City, which is owned as to 52.72% by Grand Modern Investments Limited and is interested in approximately 198.71% of the shareholding of Cosmopolitan, and (ii) Century City BVI Holdings Limited (being a wholly owned subsidiary of Century City), which is interested in approximately 198.71% of the shareholding of Cosmopolitan.
- (d) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Ms. LO Po Man, Mr. Kenneth WONG Po Man, Mr. Kelvin LEUNG So Po, Mr. Kenneth NG Kwai Kai and Mr. Abraham SHEK Lai Him are directors of Paliburg, which is owned as to 62.28% by Century City and is interested in approximately 198.71% of the shareholding of Cosmopolitan.
- (e) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Ms. LO Po Man, Mr. Kenneth WONG Po Man and Mr. Kenneth NG Kwai Kai are directors of the wholly owned subsidiaries of Paliburg which are (i) Paliburg Development BVI Holdings Limited, which is interested in approximately 198.71% of the shareholding of Cosmopolitan, and (ii) Capital Merit Investments Limited, which is interested in approximately 172.55% of the shareholding of Cosmopolitan.

- (f) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Ms. LO Po Man, Mr. Kenneth WONG Po Man and Mr. Kenneth NG Kwai Kai are directors of P&R, which is interested in approximately 159.64% of the shareholding of Cosmopolitan.
- (g) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Ms. LO Po Man, Mr. Kenneth WONG Po Man and Mr. Kenneth NG Kwai Kai are directors of the wholly owned subsidiaries of P&R which are (i) P&R Strategic Limited, which is interested in approximately 37.20% of the shareholding of Cosmopolitan, (ii) Interzone Investments Limited, which is interested in approximately 34.57% of the shareholding of Cosmopolitan, (iii) Alpha Advantage Investments Limited, which is interested in approximately 30.25% of the shareholding of Cosmopolitan, (iv) Valuegood International Limited, which is interested in approximately 27.41% of the shareholding of Cosmopolitan, and (v) Lendas Investments Limited, which is interested in approximately 17.47% of the shareholding of Cosmopolitan.
- (h) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Ms. LO Po Man, Mr. Kelvin LEUNG So Po, Ms. Alice KAN Lai Kuen and Mr. Kenneth NG Kwai Kai are directors of Regal, which is interested in approximately 185.81% of the shareholding of Cosmopolitan.
- (i) Mr. LO Yuk Sui, Mr. Jimmy LO Chun To, Ms. LO Po Man and Mr. Kenneth NG Kwai Kai are directors of the wholly owned subsidiaries of Regal which are (i) Regal International (BVI) Holdings Limited, which is interested in approximately 185.81% of the shareholding of Cosmopolitan, (ii) Regal Hotels Investments Limited, which is interested in approximately 172.55% of the shareholding of Cosmopolitan, and (iii) Tenshine Limited, which is interested in approximately 13.26% of the shareholding of Cosmopolitan.

3. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Cosmopolitan Directors confirmed that there has been no material adverse change in the financial or trading position of the Cosmopolitan Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Cosmopolitan Group were made up.

4. COSMOPOLITAN DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Cosmopolitan Directors had any existing or proposed service contract with any member of the Cosmopolitan Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. COSMOPOLITAN DIRECTORS' INTEREST IN THE COSMOPOLITAN GROUP'S ASSETS

As at the Latest Practicable Date, none of the Cosmopolitan Directors had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Cosmopolitan Group were made up), acquired or disposed of by or leased to any member of the Cosmopolitan Group, or are proposed to be acquired or disposed of by or leased to any member of the Cosmopolitan Group.

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

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Cosmopolitan Directors and his/her respective close 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 close associates were appointed to represent the interests of Cosmopolitan and/or the Cosmopolitan Group.

7. 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 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

Alliance Capital Partners Limited, the Cosmopolitan Independent Financial Adviser, has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 10 December 2024 and references to its name, in the form and context in which it is included. The letter from the Cosmopolitan Independent Financial Adviser is given as of the date of this circular for incorporation herein.

As at the Latest Practicable Date, the Cosmopolitan Independent Financial Adviser did not have (i) any shareholding in any member of the Cosmopolitan Group or the 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 (ii) any direct or indirect interest in any assets which have, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Cosmopolitan Group were made up), been acquired or disposed of by, or leased to any member of the Cosmopolitan Group, or are proposed to be acquired or disposed of by, or leased to any member of the Cosmopolitan Group.

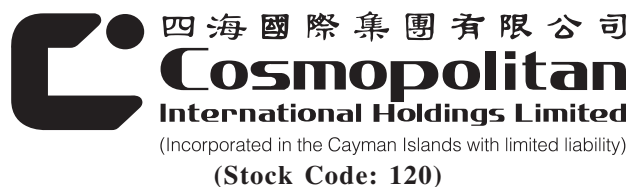
8. MISCELLANEOUS

This circular is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

9. DOCUMENTS ON DISPLAY

Electronic copy of the Second Supplemental Agreement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of Cosmopolitan (www.cosmoholdings.com) for a period of 14 days from the date of this circular (both days inclusive).

NOTICE OF 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 Monday, 30 December 2024, at 11:00 a.m., for considering and, if thought fit, passing (with or without modification) the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**

- (a) the entering into of the Second Supplemental Agreement (as defined in the circular to the shareholders of the Company dated 10 December 2024 (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 Second Supplemental Agreement by the Company and Bizwise (as defined in the Circular) 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 Second 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, 10 December 2024

NOTICE OF 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 EGM 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 tropical cyclone signal no. 8 (or above), a black rainstorm warning or "extreme conditions" announced by the Government of Hong Kong is in effect on the day of the EGM, members of the Company are requested to call the Company's hotline at (852) 2894-7521 on that day to enquire about the arrangements of the EGM.