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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Cosmopolitan International Holdings Limited (“Cosmopolitan”), you should at once hand this prospectus and the accompanying Election Form to the purchaser(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Copies of this prospectus and the Election Forms, together with the written consent referred to in the paragraph headed “2. Expert and Consent” in Appendix II to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Subject to the granting of the listing of, and permission to deal in, the Cosmo Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Cosmo Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Cosmo Bonus Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Cosmopolitan Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this prospectus, 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 prospectus.

HKSCC takes no responsibility for the contents of this prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

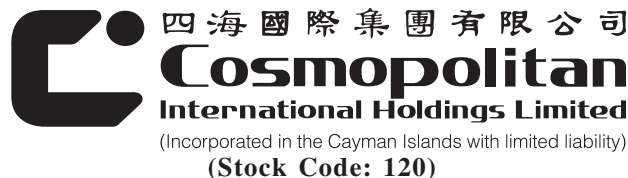
### NOTICE TO COSMOPOLITAN SHAREHOLDERS IN THE UNITED STATES:

The Cosmo Bonus Shares and the Cosmo Bonus CNs have not been registered and will not be registered under the U.S. Securities Act or the securities laws of any state in the United States or other jurisdictions. The Cosmo Bonus Shares and the Cosmo Bonus CNs may not be offered or sold within the United States, absent registration or an exemption from registration, and the securities will be sold in accordance with all applicable laws and regulations. There is no intention to register any portion of the Cosmo Bonus Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

### NOTICE TO COSMOPOLITAN SHAREHOLDERS IN SINGAPORE:

This prospectus is not for general circulation in Singapore. Addressed specifically to, and to be opened only, by the addressee.

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## COSMO BONUS ISSUE ON THE BASIS OF TWO (2) COSMO BONUS SHARES FOR EVERY ONE (1) COSMO CONSOLIDATED SHARE, WITH AN OPTION TO ELECT TO RECEIVE THE COSMO BONUS CNS IN LIEU OF COSMO BONUS SHARES, HELD ON THE RECORD DATE

### Financial adviser



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The Election Form is enclosed. Qualifying Cosmopolitan Shareholders (other than the Malaysian Shareholder(s)) who wish to receive their entitlements under the Cosmo Bonus Issue in the Cosmo Bonus CNs in lieu of the Cosmo Bonus Shares should read carefully the instructions as set out in this prospectus and complete the Election Form in accordance with the instructions printed thereon. The completed Election Form should be returned to and received by Cosmopolitan's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Wednesday, 22 November 2023 or date(s) as Cosmopolitan may determine and announce as and when appropriate.

Capitalised terms used in this cover page have the same meanings as those defined in this prospectus.

7 November 2023

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## EXPECTED TIMETABLE

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*Set out below is the expected timetable for Cosmo Bonus Issue which is indicative only and has been prepared on the assumption that all the conditions of the Cosmo Bonus Issue will be fulfilled. All times and dates in this prospectus refer to Hong Kong local times and dates. The expected timetable is subject to change, and any changes will be announced in a separate announcement by Cosmopolitan as and when appropriate.*

<b>Event</b>	<b>2023</b>
Latest day and time to submit the Election Forms (“ <b>Latest Time for Acceptance</b> ”) . . . . .	4:30 p.m. on Wednesday, 22 November
Announcement of the results of the Cosmo Bonus Issue (including election of the Cosmo Bonus Shares and the Cosmo Bonus CNs (in lieu of Cosmo Bonus Shares)) . . . . .	Monday, 27 November
Certificates of the Cosmo Bonus Shares and the Cosmo Bonus CNs (in lieu of Cosmo Bonus Shares) to be despatched . . . . .	Monday, 4 December
Dealings in Cosmo Bonus Shares commence . . . . .	9:00 a.m. on Tuesday, 5 December

### **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF THE ELECTION FORMS OF THE COSMO BONUS CNS**

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the section headed “Expected timetable” above may be affected. Cosmopolitan will notify the Cosmopolitan Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

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## DEFINITIONS

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*In this prospectus, the following expressions have the meanings set out below unless the context requires otherwise:*

“Articles of Association”	the articles of association of Cosmopolitan from time to time
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Business Day”	a day (excluding Saturday, Sunday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rainstorm warning is hoisted at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a person admitted to participate in CCASS as a participant
“Change of Board Lot Size”	the change of the board lot size from 2,000 Cosmo Shares to 600 Cosmo Consolidated Shares
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cosmo Bonus CN(s)”	the new convertible note(s) with a face notional value of HK\$0.10 each to be constituted by the Deed Poll and to be issued by Cosmopolitan pursuant to the Cosmo Bonus Issue to the Cosmopolitan Shareholders and the Cosmo Convertible Preference Shareholders electing to receive such new convertible note(s) in lieu of their entitlements to the Cosmo Bonus Shares
“Cosmo Bonus CN Holder(s)”	holder(s) of the Cosmo Bonus CN(s)
“Cosmo Bonus CN Share(s)”	new Cosmo Consolidated Share(s) to be issued upon conversion of the Cosmo Bonus CN(s)
“Cosmo Bonus Issue”	the issue of the Cosmo Bonus Shares, with an option to elect to receive the Cosmo Bonus CNs in lieu of Cosmo Bonus Shares
“Cosmo Bonus Securities”	the Cosmo Bonus Shares and the Cosmo Bonus CNs to be allotted and issued under the Cosmo Bonus Issue
“Cosmo Bonus Share(s)”	new Cosmo Consolidated Share(s) to be issued, fully paid at an issue price of HK\$0.10 each pursuant to the Cosmo Bonus Issue

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## DEFINITIONS

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“Cosmo Consolidated Convertible Preference Share(s)”	convertible preference share(s) in the share capital of Cosmopolitan which has a par value of HK\$0.02 each after Cosmo Share Consolidation became effective on 26 October 2023
“Cosmo Consolidated Share(s)”	ordinary share(s) in the share capital of Cosmopolitan which has a par value of HK\$0.02 each after the Cosmo Share Consolidation became effective on 26 October 2023
“Cosmo Convertible Bonds”	convertible bonds with a total principal amount of HK\$300.0 million issued by Apex Team Limited, a wholly-owned subsidiary of Cosmopolitan, which will be due on 18 August 2026 (as extended), further particulars of which are set out in the circular of Cosmopolitan dated 10 August 2021
“Cosmo Convertible Preference Share(s)”	convertible preference share(s) in the share capital of Cosmopolitan with a par value of HK\$0.002 each before the Cosmo Share Consolidation becoming effective
“Cosmo Convertible Preference Shareholder(s)”	holder(s) of the Cosmo Consolidated Convertible Preference Share(s)
“Cosmo Sale Shares”	the Cosmo Shares agreed to be sold to Valuegood under the Cosmo Shares Transfer Agreement, comprising 368,320,000 Cosmo Shares held by the Cosmo Shares Vendor (together with any rights and entitlements distributed to or received by the Cosmo Shares Vendor in respect of such Cosmo Sale Shares before the date of completion of the Cosmo Shares Transfer Agreement)
“Cosmo Share(s)”	the ordinary share(s) in the share capital of Cosmopolitan with a par value of HK\$0.002 each before the Cosmo Share Consolidation becoming effective
“Cosmo Shares Acquisition”	the acquisition of the Cosmo Sale Shares at the price of HK\$1.70 per Cosmo Sale Share under the Cosmo Shares Transfer Agreement
“Cosmo Share Consolidation”	the consolidation of every ten (10) issued and unissued Cosmo Shares in the share capital of Cosmopolitan into one (1) Cosmo Consolidated Share and the consolidation of every ten (10) issued and unissued Cosmo Convertible Preference Shares in the share capital of Cosmopolitan into one (1) Cosmo Consolidated Convertible Preference Share
“Cosmo Shares Transfer Agreement”	the conditional agreement dated 30 June 2023 entered into among Valuegood, the Cosmo Shares Vendor, the AMTD Group Inc. and P&R Finance

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## DEFINITIONS

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“Cosmo Shares Vendor”	AMTD Properties (HK) Limited, an indirect non-wholly owned subsidiary of the AMTD Group Inc., of which 32.9% issued and outstanding shares are held by its single largest shareholder, Infinity Power Investments Limited, a company wholly-owned by Dr. Calvin Choi, according to the prospectus disclosure of AMTD IDEA Group dated 21 April 2023
“Cosmopolitan”	Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 120)
“Cosmopolitan Board”	board of the Cosmopolitan Directors
“Cosmopolitan Controlling Shareholders”	Paliburg, Regal and P&R
“Cosmopolitan Directors”	directors of Cosmopolitan
“Cosmopolitan Group”	Cosmopolitan and its subsidiaries
“Cosmopolitan Shareholder(s)”	holder(s) of the Cosmo Share(s) or the Cosmo Consolidated Share(s)
“Deed Poll”	the deed poll and any other documents (as from time to time altered in accordance with the Deed Poll) to be executed by Cosmopolitan to constitute and create the Cosmo Bonus CNs
“EGM”	the extraordinary general meeting of Cosmopolitan held on Tuesday, 24 October 2023 at 11:00 a.m. at which resolutions approving the Cosmo Share Consolidation, the Cosmo Bonus Issue and the amendments to the Articles of Association and the transactions contemplated thereunder were duly passed
“Election Form(s)”	the election form(s) despatched together with this prospectus to the Qualifying Cosmopolitan Shareholders (other than the Malaysian Shareholder(s)) for them to elect to receive the Cosmo Bonus CNs in lieu of all or part of their entitlements to the Cosmo Bonus Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

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## DEFINITIONS

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Cosmopolitan Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the relevant company and its connected persons of the relevant company in accordance with the Listing Rules
“Latest Practicable Date”	30 October 2023, being the latest practicable date prior to the printing of this prospectus for the purposes of ascertaining certain information for inclusion in this prospectus
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Malaysian Shareholder(s)”	the Qualifying Cosmopolitan Shareholder(s) with registered address(es) in Malaysia
“Non-Qualifying Cosmopolitan Shareholder(s)”	the Overseas Shareholder(s) whom the Cosmopolitan Directors, after making enquiry, are of the view that it is necessary or expedient to exclude it/them from the Cosmo Bonus Issue on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction
“Overseas Shareholder(s)”	the Cosmopolitan Shareholder(s) or the Cosmo Convertible Preference Shareholder(s) whose addresses as shown on the registers of members of Cosmopolitan at the close of business on the Record Date is/are outside Hong Kong
“Paliburg”	Paliburg Holdings Limited, a company incorporated in Bermuda, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 617)
“P&R”	P&R Holdings Limited, a company owned as to 50% by a wholly-owned subsidiary of Paliburg and 50% by a wholly-owned subsidiary of Regal
“P&R Finance”	P&R Finance Limited, a wholly-owned subsidiary of P&R
“Qualifying Cosmopolitan Shareholders”	the Cosmopolitan Shareholders, Cosmo Convertible Preference Shareholders, other than the Non-Qualifying Cosmopolitan Shareholders, whose names appear on the registers of members of Cosmopolitan at the close of business on the Record Date

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## DEFINITIONS

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“Quam”	Quam Capital 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 financial adviser to Cosmopolitan
“Record Date”	2 November 2023, being the record date for ascertaining the entitlements of the Cosmopolitan Shareholders and the Cosmo Convertible Preference Shareholders to the Cosmo Bonus Issue
“Regal”	Regal Hotels International Holdings Limited, a company incorporated in Bermuda, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 78)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Stock Connect”	Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“Stock Connect Investors”	the trading investors in Mainland China holding the Cosmo Consolidated Shares through the Stock Connect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning as ascribed to it under the Listing Rules
“United States Shareholder(s)”	the Overseas Shareholder(s) with registered address(es) in the United States
“Valuegood”	Valuegood International Limited, a wholly-owned subsidiary of P&R
“%”	per cent.



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LETTER FROM THE COSMOPOLITAN BOARD

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(Stock Code: 120)

*Executive directors:*

Mr. LO Yuk Sui

*(Chairman and Chief Executive Officer)*

Mr. Jimmy LO Chun To

*(Vice Chairman and Managing Director)*

Miss LO Po Man *(Vice Chairman)*

Mr. Kenneth WONG Po Man

*(Chief Operating Officer)*

Mr. Kelvin LEUNG So Po

*(Chief Financial Officer)*

Mr. Kenneth NG Kwai Kai

*Registered office:*

PO Box 309

Ugland House

Grand Cayman

KY1-1104

Cayman Islands

*Independent non-executive directors:*

Mr. Francis BONG Shu Ying

Ms. Alice KAN Lai Kuen

Mr. David LI Ka Fai

Mr. Abraham SHEK Lai Him, GBS, JP

*Head office and principal place of business:*

11th Floor, 68 Yee Wo Street

Causeway Bay

Hong Kong

7 November 2023

*To the Qualifying Cosmopolitan Shareholders and for information purpose, the Non-Qualifying Cosmopolitan Shareholders*

Dear Sir or Madam,

**COSMO BONUS ISSUE  
ON THE BASIS OF TWO (2) COSMO BONUS SHARES  
FOR EVERY ONE (1) COSMO CONSOLIDATED SHARE, WITH AN  
OPTION TO ELECT TO RECEIVE THE COSMO BONUS CNS IN LIEU OF  
COSMO BONUS SHARES, HELD ON THE RECORD DATE**

**INTRODUCTION**

Reference is made to the circular of Cosmopolitan dated 5 October 2023 in relation to, among other things, (i) the Cosmo Share Consolidation; (ii) the Change of Board Lot Size; (iii) the Cosmo Bonus Issue; and (iv) the proposed amendments to Articles of Association. The Cosmopolitan Board has proposed to implement the Cosmo Bonus Issue to issue the Cosmo Bonus Shares, with an option to elect to receive the Cosmo Bonus CNS in lieu of the Cosmo Bonus Shares.

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## LETTER FROM THE COSMOPOLITAN BOARD

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At the EGM held on 24 October 2023, the necessary resolutions in relation to the Cosmo Bonus Issue were duly passed by the Cosmopolitan Shareholders. Written approval of the holders of the Cosmo Convertible Preference Shares for the amendments to the Articles of Association regarding the variation of their conversion rights as result of the Cosmo Share Consolidation have been obtained.

The purpose of this prospectus is to provide you with, among other things, further details of the Cosmo Bonus Issue as required under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

Cosmopolitan has resolved to implement the Cosmo Bonus Issue to issue the Cosmo Bonus Shares, with an option to elect to receive the Cosmo Bonus CNs in lieu of the Cosmo Bonus Shares. The Qualifying Cosmopolitan Shareholders are entitled to participate in the Cosmo Bonus Issue.

### A. COSMO BONUS SHARES

The Cosmo Bonus Shares will be issued to:

- (a) the Cosmopolitan Shareholders who are the Qualifying Cosmopolitan Shareholders on the following basis:

For every one (1) Cosmo Consolidated Share held	two (2) Cosmo Bonus Shares, with an option to elect to receive one unit of the Cosmo Bonus CN with a face notional value of HK\$0.10 each in lieu of every Cosmo Bonus Share
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and so in proportion for any other numbers of Cosmo Consolidated Shares then held; and

- (b) the Cosmo Convertible Preference Shareholders who are the Qualifying Cosmopolitan Shareholders on the following basis:

For every one (1) Cosmo Consolidated Convertible Preference Share held	two (2) Cosmo Bonus Shares, with an option to elect to receive one unit of the Cosmo Bonus CN with a face notional value of HK\$0.10 each in lieu of every Cosmo Bonus Share
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and so in proportion for any other numbers of Cosmo Consolidated Convertible Preference Shares then held.

The Cosmo Bonus Shares issued will rank *pari passu* with the Cosmo Consolidated Shares then in issue.

Cosmopolitan will capitalize the amounts standing to its the credit of the reserve or fund available for this purpose to pay up the Cosmo Bonus Shares to be allotted and the Cosmo Bonus CNs to be issued.

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## LETTER FROM THE COSMOPOLITAN BOARD

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The Cosmo Bonus Shares will be issued free of payment to those entitled to them and the Cosmo Bonus CNs will be issued free of payment to those elected to receive them in lieu of the Cosmo Bonus Shares.

### B. COSMO BONUS CNS

Each Qualifying Cosmopolitan Shareholder will be given an option to elect to receive the Cosmo Bonus CNs in lieu of all or part of its entitlements to Cosmo Bonus Shares under the Cosmo Bonus Issue.

For the Cosmopolitan Shareholders who are Qualifying Cosmopolitan Shareholders, the amount of the Cosmo Bonus CNs which they are entitled to elect to receive in lieu of their entitlements to the Cosmo Bonus Shares will be calculated by the following formula:

$$\begin{array}{l} \text{Amount of the Cosmo} \\ \text{Bonus CNs to be received} \\ \text{(in HK\$)} \end{array} = \begin{array}{l} \text{Number of the Cosmo} \\ \text{Consolidated Shares held} \\ \text{on the Record Date for} \\ \text{which Cosmo Bonus CNs} \\ \text{are elected in lieu of} \\ \text{Cosmo Bonus Shares} \\ \text{entitled} \end{array} \times 2 \times \text{HK\$}0.10$$

For the Cosmo Convertible Preference Shareholders who are Qualifying Cosmopolitan Shareholders, the amount of the Cosmo Bonus CNs which they are entitled to elect to receive in lieu of their entitlements to the Cosmo Bonus Shares will be calculated by the following formula:

$$\begin{array}{l} \text{Amount of the Cosmo} \\ \text{Bonus CNs to be received} \\ \text{(in HK\$)} \end{array} = \begin{array}{l} \text{Number of the Cosmo} \\ \text{Consolidated Convertible} \\ \text{Preference Shares held on} \\ \text{the Record Date for which} \\ \text{Cosmo Bonus CNs are} \\ \text{elected in lieu of Cosmo} \\ \text{Bonus Shares entitled} \end{array} \times 2 \times \text{HK\$}0.10$$

The principal terms of the Cosmo Bonus CNs are set out below:

Principal amount	Up to an amount equal to the maximum number of the Cosmo Bonus Shares issuable under the Cosmo Bonus Issue, multiplied by the denomination of HK\$0.10 per unit of the Cosmo Bonus CN.
Form and denomination	The Cosmo Bonus CNs will be issued in registered form in the denomination of HK\$0.10 each.

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## LETTER FROM THE COSMOPOLITAN BOARD

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Voting rights	The Cosmo Bonus CNs will not entitle the Cosmo Bonus CN Holders to attend or vote at general meetings of Cosmopolitan.
Conversion	<p>The Cosmo Bonus CNs will be convertible into fully paid Cosmo Consolidated Shares at any time at an initial conversion price of HK\$0.10 after their issue until maturity subject to the below restriction.</p> <p>If and to the extent that the minimum public float requirements in respect of the Cosmo Consolidated Shares under the Listing Rules could not be complied with immediately after the purported exercise of the conversion rights of any Cosmo Bonus CN Holder, such holder shall not be entitled to exercise such conversion rights.</p>
Maturity and redemption	<p>Any Cosmo Bonus CNs outstanding as at the 30th anniversary of the date of issue of the Cosmo Bonus CNs will be redeemed at 100% of their principal amounts then outstanding.</p> <p>Prior to the maturity date, Cosmopolitan may at its discretion (without obtaining consent from the Cosmo Bonus CN Holders) either compulsorily redeem or demand compulsory conversion of the remaining Cosmo Bonus CNs if at least eighty (80) per cent of the Cosmo Bonus CNs originally issued pursuant to the Deed Poll have been converted.</p>
Conversion price	<p>Initially HK\$0.10.</p> <p>The conversion price will be subject to adjustments for share consolidations, share subdivisions, redesignation or re-classification of share into other securities, capitalisation issues, capital distributions, rights issues of securities, modification of rights of conversion, exchange or subscription of any securities and issue of new securities. Details of the adjustment events are set out in Clause 6(c) in Appendix I to this prospectus.</p>

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## LETTER FROM THE COSMOPOLITAN BOARD

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### Interest

The Cosmo Bonus CNs will bear interest.

From and after the date of issue of the Cosmo Bonus CNs, cumulative interest shall accrue in arrears at a fixed rate of 2.0% per annum on the outstanding principal amount of the Cosmo Bonus CNs. Holders of every board lot of 200 Cosmo Consolidated Shares who have elected to receive Cosmo Bonus CNs will receive Cosmo Bonus CNs in principal amount of HK\$40.0 which will have accrued interest of HK\$0.80 per annum. Interest accrued shall be paid on the anniversary date of the issue of the Cosmo Bonus CNs of each calendar year (“**Interest Payment Date**”) unless the relevant Cosmo Bonus CNs are converted or redeemed before such Interest Payment Date, and subject to deferral by Cosmopolitan which may, at its sole discretion, elect to defer payment (in whole or in part) of any accrued interest on any Cosmo Bonus CNs which are otherwise scheduled to be paid on an Interest Payment Date in accordance with the Deed Poll. To the extent Cosmopolitan has elected to defer the payment of any accrued interest in respect of any Interest Payment Date, any and all deferred interest shall accumulate on the relevant Interest Payment Date, and remain as arrears of accumulated interest on the Cosmo Bonus CNs until fully paid.

The payment of interest under the Cosmo Bonus CNs is not conditional on whether Cosmopolitan declares or pays any dividend to the Cosmopolitan Shareholders. Declaration and payment of cash dividend or distribution to the Cosmopolitan Shareholders would be disabled in accordance with the Deed Poll if there is outstanding cumulative unpaid interest accrued on the Cosmo Bonus CNs. If Cosmopolitan declares, pays or makes a cash dividend or distribution on any shares of Cosmopolitan, Cosmopolitan shall pay, at the same time or no later than such time as the dividend or distribution is paid or made, to the Cosmo Bonus CN Holders the lower amount of (i) the sums that the Cosmo Bonus CN Holders would receive on an as converted basis assuming all Cosmo Bonus CNs of the relevant Cosmo Bonus CN Holders had been converted into shares of Cosmopolitan and (ii) the then accumulated accrued interest, to satisfy, discharge or pay so much of the arrears of accumulated interest in accordance with the Deed Poll. Any unpaid parts of arrears of accumulated interest or interest accrued shall remain as arrears of interest accumulated on the Cosmo Bonus CNs.

### Listing

No listing will be sought for the Cosmo Bonus CNs.

### Transferability

Freely transferrable in accordance with the Deed Poll. No renounceable certificate or allotment letter will be issued.

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## LETTER FROM THE COSMOPOLITAN BOARD

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### Other rights

The Cosmo Bonus CN Holders have no rights or entitlements to participate in any dividend or other distribution (in cash or in kind), capitalization issue or rights issue for the Cosmopolitan Shareholders.

A detailed summary of the principal terms and conditions of the Cosmo Bonus CNs are set out in Appendix I to this prospectus.

Regarding the advice on the election, please refer to the section headed “K. Advice of Quam and the Cosmopolitan Board in respect of the Cosmo Bonus Issue” below for details.

### C. CONDITIONS PRECEDENT TO THE COSMO BONUS ISSUE

Completion of Cosmo Bonus Issue is conditional upon:

- (i) the Cosmo Share Consolidation becoming unconditional and effective;
- (ii) the passing of a special resolution by way of poll at the EGM to approve the proposed amendments to the Articles of Association which are necessary for the purpose of enabling Cosmopolitan to carry out the Cosmo Bonus Issue;
- (iii) the passing of a special resolution by way of poll at the EGM to grant a mandate to the Cosmopolitan Directors to implement the Cosmo Bonus Issue (including the allotment and issue of the Cosmo Bonus Shares, the Cosmo Bonus CNs and the Cosmo Bonus CN Shares);
- (iv) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Cosmo Bonus Shares and the Cosmo Bonus CN Shares; and
- (v) the compliance with all relevant procedures and requirements under the applicable laws of Hong Kong and the Cayman Islands and the Listing Rules to effect the Cosmo Bonus Issue.

All of the above conditions cannot be waived. As at the Latest Practicable Date and other than condition (iv), all of the above conditions had been fulfilled.

### D. QUALIFYING COSMOPOLITAN SHAREHOLDERS

The Cosmo Bonus Issue is only available to the Qualifying Cosmopolitan Shareholders on the Record Date. Cosmopolitan has sent this prospectus and the Election Form to such Qualifying Cosmopolitan Shareholders only (to the extent the Malaysian Shareholder(s) is concerned, without the Election Form(s)). For the Non-Qualifying Cosmopolitan Shareholders, Cosmopolitan has sent this prospectus to them for their information only.

The Cosmopolitan Shareholders with their Cosmo Consolidated Shares held by a nominee company (or which are deposited in CCASS) should note that the Cosmopolitan Board will regard such nominee company (including HKSCC Nominees) as a single Cosmopolitan Shareholder according to the register of members of Cosmopolitan.

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## LETTER FROM THE COSMOPOLITAN BOARD

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The Qualifying Cosmopolitan Shareholders who elect to receive the Cosmo Bonus CNs in lieu of Cosmo Bonus Shares to which they are entitled should note that their shareholdings in Cosmopolitan will be diluted immediately after implementation of the Cosmo Bonus Issue.

### E. OVERSEAS SHAREHOLDERS AND STOCK CONNECT INVESTORS

None of this prospectus, the Election Forms or the issue of the Cosmo Bonus Shares and the Cosmo Bonus CNs will be registered or filed under the securities laws or equivalent legislation of any jurisdiction other than, if applicable, Hong Kong and Malaysia.

If you are resident outside Hong Kong, this prospectus and/or the Election Forms only constitute(s) an invitation to subscribe for Cosmo Bonus Shares or Cosmo Bonus CNs if such an invitation can be legally made to you without Cosmopolitan having to meet any legal or registration requirements outside Hong Kong. Cosmopolitan Shareholders residing in a jurisdiction where it would be illegal for Cosmopolitan to make such an invitation will be deemed to have received this prospectus and/or the Election Form(s) for information only.

As at the Latest Practicable Date, there were 24 Overseas Shareholders residing in nine (9) jurisdictions, namely Canada, Ireland, Isle of Man, Macau, Malaysia, Saudi Arabia, Singapore, the United Kingdom and the United States who together held 96,122 Cosmo Consolidated Shares, representing approximately 0.015% of the issued ordinary shares of Cosmopolitan. Set out below a table showing as at the Latest Practicable Date, the number of Overseas Shareholders, and the number and percentage of the Cosmo Consolidated Shares they held by jurisdiction.

<b>Jurisdiction</b>	<b>Number of Overseas Shareholder(s)</b>	<b>Cosmo Consolidated Shares held</b>	<b>Shareholding percentage (approx.)</b>
Canada	2	375	0.000%
Ireland	1	3	0.000%
Isle of Man	2	205	0.000%
Macau	2	5,593	0.001%
Malaysia	1	200	0.000%
Saudi Arabia	1	37	0.000%
Singapore	1	150	0.000%
The United Kingdom	8	25,750	0.004%
The United States	6	63,809	0.010%
Total	<u>24</u>	<u>96,122</u>	<u>0.015%</u>

Cosmopolitan has made enquiry pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory body or stock exchange of the relevant places in which such Overseas Shareholders are residing.

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## LETTER FROM THE COSMOPOLITAN BOARD

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Cosmopolitan has been advised by its legal advisers on the laws of Canada, Ireland, Isle of Man, Macau, Saudi Arabia, Singapore and the United Kingdom that either there are no legal restrictions or there are exemptions available to Cosmopolitan under the applicable legislation or requirement of any relevant regulatory body or stock exchange in these seven (7) jurisdictions with respect to the offer of the Cosmo Bonus Shares and Cosmo Bonus CNs to the Overseas Shareholders with registered addresses in these seven (7) jurisdictions as at the Latest Practicable Date.

Cosmopolitan has also been advised by its legal advisers on the laws of the United States that there are legal restrictions in the United States that prohibit the Cosmo Bonus Issue to the United States Shareholder(s), unless the prospectus is registered under both U.S. Federal and applicable state regulations in the states where the United States Shareholder(s) reside. As it would not be cost-effective or expedient for Cosmopolitan to comply with the registration requirements and/or other formalities under the laws of the United States in relation to the offer of the Cosmo Bonus Issue to the United States Shareholder(s), the Cosmopolitan Directors are of the view that it would be expedient to exclude the United States Shareholder(s) from the Cosmo Bonus Issue. As such, all statements and information contained in this prospectus in relation to the Cosmo Bonus Issue are only for the information of United States Shareholder(s).

Cosmopolitan has also been advised by its legal advisers on the laws of Malaysia that apart from depositing a copy of the prospectus for the Cosmo Bonus Issue with the Securities Commission of Malaysia within seven (7) days after it is first issued, the Cosmo Bonus Shares may be offered to the Malaysian Shareholder(s) without other regulatory procedures under the applicable legislation in Malaysia or requirement of any relevant regulatory body in Malaysia. However, the Cosmo Bonus CNs may not be offered to the Malaysian Shareholder(s) without complying with local approval and/or registration requirements and/or other formalities under the laws of Malaysia. As it would not be cost-effective or expedient for Cosmopolitan to comply with the approval and/or registration requirements and/or other formalities under the laws of Malaysia in relation to the offer of the Cosmo Bonus CNs to the Malaysian Shareholder(s), the Cosmopolitan Directors are of the view that it would be expedient to exclude the Malaysian Shareholder(s) from being given the option to elect to receive Cosmo Bonus CNs in lieu of Cosmo Bonus Shares. As such, all statements and information contained in this prospectus in relation to the Cosmo Bonus CNs and the proposed issue thereof are only for the information of Malaysian Shareholder(s).

In view of the above, the Cosmopolitan Directors will (i) extend the Cosmo Bonus Issue to the Overseas Shareholders with registered addresses in Canada, Ireland, Isle of Man, Macau, Saudi Arabia, Singapore, the United Kingdom and Malaysia (to the extent the Malaysian Shareholder(s) is concerned, without the option to elect to receive Cosmo Bonus CNs in lieu of Cosmo Bonus Shares) and (ii) not extend the Cosmo Bonus Issue to the Overseas Shareholders with registered addresses in the United States and regard them as the Non-Qualifying Cosmopolitan Shareholders.

In view of the above, the entitlements to the Cosmo Bonus Shares which would otherwise be made available to the Non-Qualifying Cosmopolitan Shareholders under the Cosmo Bonus Issue will be sold in the market as soon as possible after the commencement of dealings in the Cosmo Bonus Shares, if a premium (net of expenses) can be obtained. Any net proceeds of such sale, after deduction



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## LETTER FROM THE COSMOPOLITAN BOARD

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of expenses, will be distributed in Hong Kong dollars to such Non-Qualifying Cosmopolitan Shareholders proportionate to their respective holdings. Remittance thereof will be posted to them, at their own risk, unless the amount falling to be distributed to such person(s) is less than HK\$100, in which case it will be retained for the benefit of Cosmopolitan.

All Qualifying Cosmopolitan Shareholders should consult their professional advisers as to whether or not they are permitted to participate in the Cosmo Bonus Issue (including the election to receive the Cosmo Bonus CNs and conversion thereof if being issued and allotted) or whether any governmental or other consents are required in order to participate in the Cosmo Bonus Issue or whether any other formalities need to be observed.

As at the Latest Practicable Date, 2,028,400 Cosmo Consolidated Shares, representing approximately 0.32% of the issued ordinary shares of Cosmopolitan, were held by the Stock Connect Investors through China Securities Depository and Clearing Corporation Limited (“ChinaClear”) which is a CCASS Participant with HKSCC Nominees as a nominee under Stock Connect. Pursuant to Article 24 of the Implementing Rules for Registration, Depository and Clearing Services under the Mainland-Hong Kong Stock Markets Connect Programme (《內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則》) and Question No. 4 of the Frequently Asked Questions Series 29 released by the Stock Exchange on 17 November 2014 and last updated on 13 July 2018, the Stock Connect Investors are entitled to Cosmo Bonus Shares (including the election to receive the Cosmo Bonus CNs) under the Cosmo Bonus Issue but if the Stock Connect Investors receive any securities not listed on the Stock Exchange, the Stock Connect Investors will not be allowed to buy or sell such securities through the Stock Connect. Considering the practical difficulty of the Stock Connect Investors in realising the Cosmo Bonus CNs which will not be listed on the Stock Exchange, Cosmopolitan Board will not recommend the Stock Connect Investors to elect to receive the Cosmo Bonus CNs under the Cosmo Bonus Issue. The Stock Connect Investors should seek advice from their intermediary (including broker, custodian, nominee or ChinaClear) and/or other professional advisers for details of the logistical arrangements as required by ChinaClear, and provide instructions with such intermediary in relation to the receipt of the Cosmo Bonus Shares (including the election to receive the Cosmo Bonus CNs) pursuant to the Cosmo Bonus Issue.

**For the avoidance of doubt, the Cosmo Bonus Shares and/or the Cosmo Bonus CNs are not offered to the public (other than the Qualifying Cosmopolitan Shareholders) and the Election Forms are non-transferable.**

**Notwithstanding the legal advice taken by Cosmopolitan, it is the responsibility of anyone wishing to participate in the Cosmo Bonus Issue to satisfy themselves as to full observance of the law of any relevant territory, including obtaining any governmental or other consents which may be required. The Overseas Shareholders who are in doubt as to their position should consult their own professional advisers.**

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## LETTER FROM THE COSMOPOLITAN BOARD

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### **F. STATUS OF THE RELEVANT SECURITIES TO BE LISTED**

The Cosmo Bonus Shares and the Cosmo Bonus CN Shares will, upon allotment and issue, rank *pari passu* in all respects with the Cosmo Consolidated Shares then in issue on the date of such allotment and issue, including the entitlement to receive dividends and other distributions on the relevant record date, which is on or after the date of allotment and issue of those Cosmo Consolidated Shares, or as the case may be, on or after the date of exercising the conversion right of the Cosmo Bonus CNs.

### **G. APPLICATION FOR THE LISTING OF AND PERMISSION TO DEAL IN THE RELEVANT SECURITIES**

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Cosmo Bonus Shares and the Cosmo Bonus CN Shares which may be allotted and issued upon conversion of the Cosmo Bonus CNs.

No application will be made for the listing of the Cosmo Bonus CNs on the Stock Exchange or any other recognized stock or securities exchanges. No part of the share capital of Cosmopolitan is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

### **H. COSMO BONUS SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the Cosmo Bonus Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Cosmo Bonus Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Cosmo Bonus Shares on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Cosmopolitan Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **I. STAMP DUTY**

Dealings in the Cosmo Bonus Shares and the Cosmo Bonus CN Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, or any other applicable fees and charges in Hong Kong. Qualifying Cosmopolitan Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the Cosmo Bonus Shares and the Cosmo Bonus CN Shares. It is emphasized that none of Cosmopolitan, the Cosmopolitan Directors or any other parties involved in the Cosmo Bonus Issue accepts responsibility for any tax implication or liabilities of the Cosmopolitan Shareholders and Cosmo Convertible Preference Shareholders.

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## LETTER FROM THE COSMOPOLITAN BOARD

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### J. REASONS FOR AND BENEFITS OF THE COSMO BONUS ISSUE

The Cosmopolitan Board considers that the Cosmo Bonus Issue is a feasible, expedient and practical solution to maintain the minimum public float of Cosmopolitan immediately after the completion of the Cosmo Shares Acquisition because:

- (i) all the Cosmopolitan Shareholders and Cosmo Convertible Preference Shareholders will be treated equally on a pro-rata basis;
- (ii) the equity interest of the Cosmopolitan Shareholders (including the Cosmo Convertible Preference Shareholders) who elect to receive the Cosmo Bonus Shares are preserved and the equity interest of the Cosmopolitan Shareholders (including the Cosmo Convertible Preference Shareholders) who elect to receive Cosmo Bonus CNs could also be preserved upon full conversion of the Cosmo Bonus CNs; and
- (iii) no capital raising will be required, thereby the implementation of the Cosmo Bonus Issue is not subject to or dependent on market conditions or investor sentiment and the related expenses are relatively lower than the case where capital raising will be required.

Cosmopolitan has considered the feasibility of placing of new Cosmo Shares to the Independent Third Parties and suggesting the Cosmopolitan Controlling Shareholders to dispose of certain of their Cosmo Shares to the Independent Third Parties to maintain at least 25% of the issued Cosmo Shares in the hands of the public as required by the Listing Rules immediately after the completion of the Cosmo Shares Acquisition. Share placement by Cosmopolitan would be subject to then market condition and investor sentiment, the timing for which would be relatively uncertain under the current environment, and would dilute the shareholding of the Cosmopolitan Shareholders in Cosmopolitan. The disposal of certain Cosmo Shares by the Cosmopolitan Controlling Shareholders would likewise be subject to then market condition and investor sentiment with uncertain timing. As such, the Cosmopolitan Board considers that it is in the interests of Cosmopolitan and the Cosmopolitan Shareholders as a whole to conduct the Cosmo Bonus Issue instead of a share placement by Cosmopolitan or suggesting the Cosmopolitan Controlling Shareholders to dispose of certain Cosmo Shares in order to meet the minimum public float requirement. Save for the expenses in relation to the Cosmo Bonus Issue, there will not have other adverse impacts on Cosmopolitan and the Cosmopolitan Shareholders as a whole.

In order to maintain at least 25% of Cosmopolitan's total number of issued Cosmo Consolidated Shares in the hands of the public immediately after the completion of the Cosmo Shares Acquisition as required by the Listing Rules, each of the Cosmopolitan Controlling Shareholders has confirmed that it will elect to receive, or procure that the companies controlled by it which hold the Cosmo Shares and the Cosmo Convertible Preference Shares will elect to receive, the Cosmo Bonus CNs in lieu of all of their entitlements to the Cosmo Bonus Shares. Pursuant to the Cosmo Shares Transfer Agreement, the Cosmo Shares Vendor agreed that in respect of the entitlements for the Cosmo Sale Shares under the Cosmo Bonus Issue, it shall elect to take up the Cosmo Bonus CNs in lieu of Cosmo Bonus Shares.

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## LETTER FROM THE COSMOPOLITAN BOARD

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The Cosmopolitan Board considers that the Cosmo Bonus Issue would effectively avoid the potential insufficiency of public float situation as a result of completion of Cosmo Shares Acquisition based on, among other things, the following:

- (i) the features of the Cosmo Bonus CNs;
- (ii) the Cosmopolitan Controlling Shareholders and the Cosmo Shares Vendor have confirmed to elect to receive the Cosmo Bonus CNs in lieu of the Cosmo Bonus Shares. As disclosed in “L. Shareholding structure of Cosmopolitan” below, if the elections made by the Qualifying Cosmopolitan Shareholders who are the public Cosmopolitan Shareholders (other than the Cosmo Shares Vendor) to receive the Cosmo Bonus CNs, in lieu of Cosmo Bonus Shares, relate to not more than 104,476,226 Cosmo Consolidated Shares held in aggregate, representing approximately 82.47% of the total Cosmo Consolidated Shares held by the public Cosmopolitan Shareholders (other than the Cosmo Shares Vendor), the 25% minimum public float requirement under the Listing Rules will continue to be maintained immediately after the completion of the Cosmo Share Consolidation, the Cosmo Bonus Issue and the Cosmo Shares Transfer Agreement;
- (iii) Quam is of the view that it is in the interests of the Cosmopolitan Shareholders and the Cosmo Convertible Preference Shareholders (other than the Cosmopolitan Controlling Shareholders and the Cosmo Shares Vendor) to receive the Cosmo Bonus Shares; and
- (iv) the Cosmopolitan Board recommends the Cosmopolitan Shareholders and the Cosmo Convertible Preference Shareholders (other than the Cosmopolitan Controlling Shareholders and the Cosmo Shares Vendor) to receive the Cosmo Bonus Shares and NOT to elect to receive the Cosmo Bonus CNs. It is not expected that the Qualifying Cosmopolitan Shareholders which are public Cosmopolitan Shareholders (other than the Cosmo Shares Vendor), having noted the advice of Quam and the recommendation of the Cosmopolitan Board, would make elections to take up Cosmo Bonus CNs to an extent that exceeds the limit illustrated above. Regarding the advice of the Cosmopolitan Board on the election, please refer to the section headed “K. Advice of Quam and the Cosmopolitan Board in respect of the Cosmo Bonus Issue”.

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## LETTER FROM THE COSMOPOLITAN BOARD

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### K. ADVICE OF QUAM AND THE COSMOPOLITAN BOARD IN RESPECT OF THE COSMO BONUS ISSUE

#### *Advice of Quam*

Having considered the terms of the Cosmo Bonus Issue, in particular, the following features of the Cosmo Bonus CNs:

- (i) *Unlisted.* The Cosmo Bonus CNs will not be listed on any stock exchange, whereas the Cosmo Bonus Shares will be listed on the Stock Exchange;
- (ii) *No voting rights.* The Cosmo Bonus CNs will carry no voting rights at general meetings of Cosmopolitan, whereas the Cosmo Bonus Shares will carry voting rights;
- (iii) *No redemption until 2053 and no premium on redemption.* The Cosmo Bonus CNs will only be redeemed at 100% of their principal amounts then outstanding as at the 30th anniversary of the date of issue of the Cosmo Bonus CNs; and
- (iv) *Interest.* Holders of every board lot of 200 Cosmo Consolidated Shares who elect to receive the Cosmo Bonus CNs will receive in the principal amount of HK\$40.0, which only represented 2.58% of the value of the Cosmo Bonus Shares based on the closing price of Cosmo Consolidated Share as at the Latest Practicable Date that each board lot of the Cosmo Consolidated Shares would be entitled to, and will be entitled to the annual interest accruing thereon of HK\$0.80. Cosmopolitan has the sole discretion to elect to defer payment (in whole or in part) of any accrued interest on the Cosmo Bonus CNs.

Quam is of the view that it is in the interests of the Cosmopolitan Shareholders and the Cosmo Convertible Preference Shareholders (other than the Cosmopolitan Controlling Shareholders and the Cosmo Shares Vendor) to receive the Cosmo Bonus Shares. It should be noted that decisions to elect to receive the Cosmo Bonus Shares or elect to receive the Cosmo Bonus CNs are subject to their individual circumstances and investment objectives.

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## LETTER FROM THE COSMOPOLITAN BOARD

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### *Advice of the Cosmopolitan Board*

The Cosmo Bonus Shares will rank *pari passu* with the Cosmo Consolidated Shares then in issue, whereas the Cosmo Bonus CNs are unlisted securities that carry no voting rights at general meetings of Cosmopolitan and are redeemable only at the 30th anniversary of the date of issue of the Cosmo Bonus CNs.

**The Cosmopolitan Board, having considered the terms of the Cosmo Bonus Issue, in particular, the aforesaid features of the Cosmo Bonus Shares and the Cosmo Bonus CNs, and having taken into account the advice of Quam, recommends the Qualifying Cosmopolitan Shareholders (other than the Cosmopolitan Controlling Shareholders and the Cosmo Shares Vendor) to receive the Cosmo Bonus Shares and NOT to elect to receive the Cosmo Bonus CNs.**

**The Qualifying Cosmopolitan Shareholders are NOT required to take any action if they wish to receive the Cosmo Bonus Shares.**

## LETTER FROM THE COSMOPOLITAN BOARD

### L. SHAREHOLDING STRUCTURE OF COSMOPOLITAN

Based on (a) the confirmation that the Cosmopolitan Controlling Shareholders and the Cosmo Shares Vendor will elect to receive the Cosmo Bonus CNs in lieu of the Cosmo Bonus Shares; (b) assuming that no Cosmopolitan Shareholders and no Cosmo Convertible Preference Shareholders (who are not the Cosmopolitan Controlling Shareholders and the Cosmo Shares Vendor) will elect to receive the Cosmo Bonus CNs in lieu of the Cosmo Bonus Shares; (c) assuming that there is no other change in the share capital of Cosmopolitan other than those indicated in the below table, the table below sets out the shareholding structure of Cosmopolitan (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Cosmo Bonus Issue; and (iii) immediately after the completion of the Cosmo Bonus Issue, the completion of the Cosmo Shares Transfer Agreement and full conversion of the Cosmo Bonus CNs.

	As at the Latest Practicable Date		Immediately after the completion of the Cosmo Bonus Issue		Immediately after the completion of the Cosmo Bonus Issue, the completion of the Cosmo Shares Transfer Agreement and full conversion of the Cosmo Bonus CNs (Note 2)	
	Cosmo Consolidated Shares	Shareholding percentage (approx.)	Cosmo Consolidated Shares	Shareholding percentage (approx.)	Cosmo Consolidated Shares	Shareholding percentage (approx.)
The Cosmopolitan Controlling Shareholders (Note 1):						
Paliburg	53,333,332	8.34%	53,333,332	5.97%	159,999,996	6.73%
Regal	106,519,132	16.66%	106,519,132	11.92%	319,557,396	13.44%
P&R	315,516,745	49.36%	315,516,745	35.32%	1,516,143,701	63.79%
Sub-total:	475,369,209	74.36%	475,369,209	53.21%	1,995,701,093	83.96%
Cosmopolitan Directors:						
LO Chun To Jimmy	226,910	0.04%	680,730	0.08%	680,730	0.03%
LO Po Man	138,000	0.02%	414,000	0.05%	414,000	0.02%
Public:						
The Cosmo Shares Vendor (Note 1)	36,832,000	5.76%	36,832,000	4.12%	-	-
Other Cosmopolitan Shareholders	126,683,661	19.82%	380,051,099	42.54%	380,051,099	15.99%
Total:	639,249,780	100%	893,347,038	100%	2,376,846,922	100%

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## LETTER FROM THE COSMOPOLITAN BOARD

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*Notes:*

1. The Cosmopolitan Controlling Shareholders and the Cosmo Shares Vendor have confirmed to elect to receive the Cosmo Bonus CNs in lieu of all of their entitlements to the Cosmo Bonus Shares. As a result of such elections, it is expected that the Cosmopolitan Controlling Shareholders would receive a total of Cosmo Bonus CNs in the principal amount of HK\$140,983,588.4 in respect of their holdings in 475,369,209 Cosmo Consolidated Shares and 229,548,733 Cosmo Consolidated Convertible Preference Shares and the Cosmo Share Vendor would receive Cosmo Bonus CNs in the principal amount of HK\$7,366,400 in respect of its holding in 36,832,000 Cosmo Consolidated Shares respectively.
2. The last column of the shareholding table is for illustrative purpose only. Pursuant to the terms of the Cosmo Bonus CNs, the Cosmo Bonus CN Holder shall not be entitled to exercise the conversion right of the Cosmo Bonus CNs if the minimum public float requirements under the Listing Rules cannot be complied with following such conversion.

As at the Latest Practicable Date, the number of Cosmo Consolidated Shares in issue was 639,249,780 and assuming that no Cosmopolitan Shareholders or Cosmo Convertible Preference Shareholders (who are not the Cosmopolitan Controlling Shareholders and the Cosmo Shares Vendor) electing to receive the Cosmo Bonus CNs in lieu of the Cosmo Bonus Shares, the Cosmo Bonus Issue would give rise to the issue of up to 254,097,258 Cosmo Consolidated Shares.

Save for the Cosmo Consolidated Convertible Preference Shares and the Cosmo Convertible Bonds, there are no other convertible securities, warrants or options in respect of the Cosmo Consolidated Shares in issue as at the Latest Practicable Date.

As shown in the above table and based on the assumptions set out above, the public Cosmopolitan Shareholders would hold approximately 42.54% of the issued ordinary shares of Cosmopolitan immediately after the completion of the Cosmo Bonus Issue.

### **M. CERTIFICATES FOR THE COSMO BONUS SECURITIES**

It is expected that certificates for the Cosmo Bonus Shares and the Cosmo Bonus CNs will be posted on or about 4 December 2023 (subject to change) after all the conditions precedent to the Cosmo Bonus Issue have been fulfilled, at the risk of the Qualifying Cosmopolitan Shareholders entitled thereto to their respective addresses shown on the register of members of Cosmopolitan on the Record Date on 2 November 2023.

### **N. ELECTION FORM**

The Election Forms have been despatched together with this prospectus to the Qualifying Cosmopolitan Shareholders (other than the Malaysian Shareholder(s)).

If you wish to receive Cosmo Bonus Shares under the Cosmo Bonus Issue, you are **NOT** required to take any action. Therefore, please **DO NOT** return the Election Form(s).



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## LETTER FROM THE COSMOPOLITAN BOARD

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If you wish to elect to receive Cosmo Bonus CNs in lieu of all or part of the Cosmo Bonus Shares, you should complete the Election Form(s) in accordance with the instructions printed thereon. The completed Election Form(s) should be returned to and received by Cosmopolitan's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Wednesday, 22 November 2023. No acknowledgement of receipt of the Election Form(s) will be issued.

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no. 8 or above, or "extreme conditions" caused by super typhoons as announced by the Government of Hong Kong or a "black" rainstorm warning:

- (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the section headed "Expected timetable" above may be affected. Cosmopolitan will notify the Cosmopolitan Shareholders by way of announcement on any change to the expected timetable as soon as practicable.

### FURTHER INFORMATION

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

Yours faithfully,

For and on behalf of the board of directors of  
**Cosmopolitan International Holdings Limited**

**LO Yuk Sui**

*Chairman*

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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions (“**Conditions**”, which expression include the Conditions as amended, supplemented or restated from time to time) of the Bonus CNs, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonus CNs.

The issue of the Bonus CNs was authorized by resolutions passed at the general meeting of Cosmopolitan and resolutions of the board of directors of Cosmopolitan passed on 24 October 2023. Cosmopolitan has authorized, by such resolutions passed, the allotment and issue of fully paid Cosmo Ordinary Shares upon the conversion of the Bonus CNs in accordance with the Conditions and the Deed Poll. The Bonus CNs are created and constituted by the Deed Poll to be executed by Cosmopolitan. These Conditions form part of, and are subject to, the detailed provisions of the Deed Poll, which includes the form of the Certificate of the Bonus CNs. The Bonus CNs Holders are entitled to the benefits of, are bound by, and are deemed to have notice of, all the provisions of the Deed Poll and the Articles of Association. Copies of each of the Deed Poll and the Articles of Association are available for inspection during normal business hours at the principal office for the time being of Cosmopolitan in Hong Kong.

### 1. Definitions

*Definitions:* In these Conditions, unless the context otherwise requires, the following words and expressions have the following meanings:

“**Accelerated Redemption Date**” is defined in Condition 8(c) (*Redemption on Accelerated Redemption Events*).

“**Accelerated Redemption Event**” is defined in Condition 8(c) (*Redemption on Accelerated Redemption Events*).

“**Accelerated Redemption Notice**” is defined in Condition 8(c) (*Redemption on Accelerated Redemption Events*).

“**Accounts**” is defined in Condition 8(h)(i).

“**Arrears of Interest**” is defined in Condition 5(e) (*Option to Defer an Interest Payment*).

“**Articles of Association**” means the articles of association of Cosmopolitan, as may be amended from time to time.

“**Authorised Denomination**” is defined in Condition 3(a) (*Form and Denomination*).

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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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“**Bonus CN**” means the 2% convertible notes in an aggregate principal amount of up to an amount equal to the maximum number of Cosmo Bonus Shares issuable under the Cosmo Bonus Issue, multiplied by the denomination of HK\$0.10 per unit of the Bonus CN to be issued by Cosmopolitan by way of a bonus issue.

“**Bonus CN Holder**” or in relation to a Bonus CN, “**holder**” means the person in whose name a Bonus CN is registered (or in the case of a joint holding, the first named thereof) on the Register.

“**Book Closure Period**” means the period during which the register of members of Cosmopolitan is closed generally or for the purpose of establishing entitlement to any distribution or other rights attaching to the Cosmo Ordinary Shares.

“**business day**” means any day (excluding a Saturday, a Sunday or any public holiday and any day on which a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. to 5:00 p.m.) on which banks are generally open for business in Hong Kong.

“**Capital Distribution**” means (i) any distribution of assets in specie charged or provided for in the accounts of Cosmopolitan for any financial period (whenever paid or made or however described) but excluding a distribution of assets in specie in lieu of, and to a value not exceeding, a cash dividend which would not have constituted a Capital Distribution under (ii) below (and, for these purposes, a distribution of assets in specie includes, without limitation, an issue of shares or other securities credited as fully or partly paid up, other than Cosmo Ordinary Shares credited as fully paid, by way of capitalisation of reserves to the extent the Conversion Price falls to be adjusted in respect thereof under Condition 6(c)(ii)(1) or in connection with a Scrip Dividend under Condition 6(c)(ii)(2)); (ii) any cash dividend or distribution of any kind (whether on a reduction of capital or otherwise) charged or provided for in the accounts of Cosmopolitan for any financial period (whenever paid or made and however described (including, where relevant, the cash amount of Scrip Dividend); and (iii) repurchase of its own shares by Cosmopolitan unless:

- (A) (and to the extent that) it does not, when taken together with any dividend or distribution in cash or any distribution of assets in specie previously made or paid in respect of any financial period of Cosmopolitan ending after 31 December 2022, exceed an amount equal to the aggregate of the consolidated net profits (less the aggregate of any consolidated losses) attributable to the Cosmo Ordinary Shareholders and the holders of the Cosmo Convertible Preference Shares in respect of financial periods after 31 December 2022, as shown in the audited consolidated accounts of Cosmopolitan for such periods (provided that consolidated net profits shall exclude any amount arising as a result of any reduction of share capital, share premium account or capital redemption reserve but shall, subject thereto, include any profit transferred from any reserve);
- (B) (to the extent that (A) above does not apply) and to the extent that the rate of that dividend or distribution together with all other dividends or distributions on the class of capital in question charged or provided for in the accounts of Cosmopolitan for that period, does not exceed the aggregate rate of dividend or distribution (but excluding any Capital Distribution) on such class of capital charged or provided for in the accounts of Cosmopolitan for the immediately preceding financial period. In computing such rates, the

value of distributions in specie shall be taken into account and such adjustments as are in the opinion of the auditors of Cosmopolitan appropriate to the circumstances shall be made (including adjustments in the event that the lengths of such financial periods differ); or

- (C) it comprises a purchase or redemption of share capital of Cosmopolitan, provided, in the case of purchases of Cosmo Ordinary Shares or Cosmo Convertible Preference Shares by Cosmopolitan, that the average price (before expenses) on any one day in respect of such purchases does not exceed by more than 5 per cent. the Current Market Price of the Cosmo Ordinary Shares either (i) on that day or, if it is not a Trading Day, the immediately preceding Trading Day, or (ii) where an announcement has been made by Cosmopolitan of its intention to purchase Cosmo Ordinary Shares at some future dates at a specified price, on the date of such announcement, both in accordance with the requirements under The Code on Share Buy-backs issued by the Securities and Futures Commission in Hong Kong.

“**CCASS**” is defined in Condition 6(b)(iii) (*Registration*).

“**Certificate**” is defined in Condition 3(a) (*Form and Denomination*).

“**Closed Period**” means a period in Conditions 4(e)(i), (ii), (iii), (iv) or (v).

“**Closing Price**” for the Cosmo Ordinary Shares for any Trading Day shall be the price published in the Daily Quotation Sheet published by the Stock Exchange for such day.

A “**Compulsory Arrears of Interest Settlement Event**” occurs if:

- (i) a dividend (either interim or final), other distribution or payment is validly resolved on, declared, paid or made in respect of any (1) Cosmo Ordinary Shares; (2) any obligations of Cosmopolitan which rank or are expressed to rank *pari passu* with the Cosmo Ordinary Shares; or (3) any obligations of any Subsidiaries benefiting from a guarantee or support agreement entered into by Cosmopolitan which ranks, or is expressed to rank *pari passu* with the Cosmo Ordinary Shares, except where such dividend, other distribution or payment was required to be resolved on, declared, paid or made exclusively in the form of fully paid Cosmo Ordinary Shares, or in respect of any share option, or any free share allocation plan in each case reserved for directors, officers, employees or consultants of Cosmopolitan or any of its Subsidiaries;
- (ii) a dividend (interim, final, special or otherwise), other distribution or payment is validly resolved on, declared, paid or made in respect of any Junior Obligations (if any) of Cosmopolitan (other than the Cosmo Ordinary Shares);
- (iii) Cosmopolitan or any of its Subsidiaries redeems, repurchases or otherwise acquires (1) any Cosmo Ordinary Shares, (2) any obligations of Cosmopolitan which rank or are expressed to rank *pari passu* with the Cosmo Ordinary Shares, or (3) any obligations of any Subsidiaries benefiting from a guarantee or support agreement entered into by Cosmopolitan which ranks, or is expressed to rank *pari passu* with the Cosmo Ordinary Shares, except where (x) such repurchase or acquisition is undertaken within the limit of

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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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repurchase mandate duly approved at the annual general meeting of Cosmopolitan and in accordance with the Listing Rules; or (y) such repurchase or acquisition is undertaken in respect of any share option, or any free share award plan in each case reserved for directors, officers, employees or consultants of Cosmopolitan or any of the Subsidiaries; or

- (iv) Cosmopolitan or any Subsidiary, redeems, repurchases or otherwise acquires any Parity Obligations, except where such redemption, repurchase or acquisition is effected as a cash general offer or exchange general offer at a purchase price per security of or underlying the Junior Obligations (other than the Cosmo Ordinary Shares) which is below the par value of such Junior Obligations.

“**Conversion Date**” is defined in Condition 6(b)(i) (*Conversion Notice*).

“**Conversion Notice**” means the notice (in the form prescribed in the Conditions) for exercise of Conversion Rights.

“**Conversion Period**” is defined in Condition 6(a)(i) (*Conversion Period*).

“**Conversion Price**” means the price at which Cosmo Ordinary Shares will be issued on conversion of Bonus CNS, being HK\$0.10 per Cosmo Ordinary Shares subject to adjustment in accordance with these Conditions.

“**Conversion Right**” means the right of a Bonus CN Holder to convert any Bonus CN into Cosmo Ordinary Shares.

“**Cosmo Convertible Bonds**” means the convertible bonds with a total principal amount of HK\$300.0 million issued by Apex Team Limited, a wholly-owned Subsidiary, which will be due on 18 August 2026 (as extended).

“**Cosmo Convertible Preference Shares**” means the convertible preference shares, with par value of HK\$0.02 each as at the Issue Date, in the share capital of Cosmopolitan.

“**Cosmo Ordinary Shareholders**” means holders of Cosmo Ordinary Shares.

“**Cosmo Ordinary Shares**” means ordinary shares of Cosmopolitan or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of Cosmopolitan.

“**Cosmopolitan**” means Cosmopolitan International Holdings Limited, a company incorporated under the laws of the Cayman Islands and the ordinary shares of which are listed on the Stock Exchange.

“**Cosmopolitan Group**” means Cosmopolitan and its Subsidiaries.

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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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“**Current Market Price**” means, in respect of a Cosmo Ordinary Share at a particular time on a particular date, the average of the Closing Prices quoted by the Stock Exchange for one Cosmo Ordinary Share (being a Cosmo Ordinary Share carrying full entitlement to dividend) for the five (5) consecutive Trading Days ending on (and including) the Trading Day immediately preceding such date, provided that if at any time during the said five (5) Trading Day period the Cosmo Ordinary Shares shall have been quoted ex-dividend and during some other part of that period the Cosmo Ordinary Shares shall have been quoted cum-dividend then:

- (i) if the Cosmo Ordinary Shares to be issued in such circumstances do not rank for the dividend in question, the quotation on each date on which the Cosmo Ordinary Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be reduced by an amount equal to the Fair Market Value of that dividend per Cosmo Ordinary Share; or
- (ii) if the Cosmo Ordinary Shares to be issued in such circumstances rank for the dividend in question, the quotation on each date on which the Cosmo Ordinary Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be increased by the Fair Market Value of that dividend per Cosmo Ordinary Share;

and provided further that if the Cosmo Ordinary Shares on each of the said five (5) Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Cosmo Ordinary Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be reduced by an amount equal to the Fair Market Value of that dividend per Cosmo Ordinary Share.

“**Deed Poll**” means the instrument to be executed by Cosmopolitan on the Issue Date as a deed poll constituting and creating the Bonus CNSs.

“**Deferred Interest Payment**” is defined in Condition 5(e) (*Option to Defer an Interest Payment*).

“**equity share capital**” means the share capital of Cosmopolitan excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.

“**Equivalent Amount**” is defined in Condition 6(b)(iii) (*Registration*).

“**Exchange Business Day**” means any day on which the Stock Exchange is open for the business of dealing securities.

“**Extraordinary Resolution**” means a resolution passed or deemed to be passed at a meeting duly convened and held in accordance with the Deed Poll by a majority of at least 75 per cent. of the votes cast. Each HK\$0.10 of the principal amount of a Bonus CN entitles its holder to one vote on a poll taken at a meeting of the Bonus CN Holders in accordance with the Deed Poll.

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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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“**Fair Market Value**” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Adviser, provided that:

- (i) the fair market value of a cash dividend paid or to be paid per Cosmo Ordinary Share shall be the amount of such cash dividend determined as at the date of announcement of such dividend (in which case no determination by an Independent Adviser would be required); and
- (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Adviser), the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five (5) Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded.

“**HK GAAP**” means the generally accepted accounting principles of Hong Kong including the financial reporting standards and interpretations issued by the Hong Kong Institute of Certified Public Accountants which comprise (i) Hong Kong Financial Reporting Standards, (ii) Hong Kong Accounting Standards and (iii) Interpretations.

“**Independent Adviser**” means an independent certified public accountant in Hong Kong, or an independent investment bank of international repute in Hong Kong, in each case acting as expert, as selected by Cosmopolitan at its own costs.

“**Interest Payment**” means the amount of any interest payable in respect of a Bonus CN pursuant to Condition 5 on any Interest Payment Date (subject to deferral under such Condition).

“**Interest Payment Date**” means the anniversary day of the Issue Date in each successive calendar year commencing from (and including) 2024, provided that (a) if any such day would otherwise fall on a day which is not a business day, it shall be postponed to the next following business day, and (b) the final Interest Payment Date shall be the Maturity Date.

“**Interest Period**” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date (with the final Interest Period to end on (but excluding) the Maturity Date).

“**Interest Rate**” means two per cent. (2.00%) per annum.

“**Interest Record Date**” means the seven (7) business days before the Interest Payment Date.

“**Issue Date**” means the date of issue of the Bonus CNS.

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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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“**Junior Obligations**” means any shares in the capital of Cosmopolitan and other securities or obligations, issued or owing by Cosmopolitan (including guarantee or indemnities or support arrangements given by Cosmopolitan in respect of securities or obligations owing by any Subsidiaries) which rank, or are expressed to rank, junior to the Bonus CNS or to any Parity Obligations, and as at the Issue Date (and for so long as the same remain outstanding), the Junior Obligations include the Cosmo Ordinary Shares and Cosmo Convertible Preference Shares.

“**Listing Rules**” means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

“**Maturity Date**” means the 30th anniversary day of the Issue Date, provided that if any such date would otherwise fall on a day which is not a business day, it shall be postponed to the next following business day.

“**Optional Deferral Notice**” is defined in Condition 5(e) (*Option to Defer an Interest Payment*).

“**Optional Deferred Interest Settlement Date**” is defined in Condition 5(g) (*Option to Satisfy Arrears of Interest*).

“**Optional Redemption Date**” is defined in Condition 8(b) (*Redemption at the Option of Cosmopolitan*).

“**Optional Redemption Notice**” is defined in Condition 8(b) (*Redemption at the Option of Cosmopolitan*).

“**Other Convertible Securities**” means the Cosmo Convertible Preference Shares and the Cosmo Convertible Bonds.

“**outstanding**” in relation to the Bonus CNS refers to all the Bonus CNS issued other than:

- (A) those which have been redeemed or in respect of which Conversion Rights have been exercised and which have been cancelled in accordance with the Conditions;
- (B) those in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest accrued on such Bonus CNS to the date for such redemption) have been duly paid to the relevant Bonus CN Holder or on its behalf;
- (C) those mutilated or defaced Bonus CNS which have been surrendered in exchange for replacement Bonus CNS pursuant to Condition 13 (*Replacement of Certificates*);
- (D) (for the purpose only of determining how many Bonus CNS are outstanding and without prejudice to their status for any other purpose) those Bonus CNS alleged to have been lost, stolen or destroyed and in respect of which replacement Bonus CNS have been issued pursuant to Condition 13 (*Replacement of Certificates*);



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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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(E) those which have been purchased and cancelled as provided in Condition 8 (*Redemption, Purchase and Cancellation*); and

(F) those which have been discharged as provided in Condition 8 (*Redemption, Purchase and Cancellation*).

“**Parity Obligations**” means any obligations of Cosmopolitan, issued directly or indirectly by it, which rank, or are expressed to rank *pari passu* with the Bonus CNs and any obligations of any Subsidiaries benefiting from a guarantee or support arrangement entered into by Cosmopolitan which ranks, or is expressed to rank *pari passu* with the Bonus CNs directly or indirectly by it, and as at the Issue Date (and for so long as the same remain outstanding), the Parity Obligations include the Cosmo Convertible Bonds.

a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity).

“**Principal Subsidiary**” is defined in Condition 8(h)(ii).

“**Pro Rata Amount**” is defined in Condition 5(i) (*Payment of Pro Rata Amounts*).

“**Register**” means the register of Bonus CNs.

“**Registrar**” means the registrar for the time being for the Bonus CNs as appointed by Cosmopolitan, being Computershare Hong Kong Investor Services Limited at the Issue Date.

“**Registrar Specified Office**” means the specific office of the Registrar in Hong Kong, being 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong at the Issue Date.

“**Registration Date**” is defined in Condition 6(b)(iii) (*Registration*).

“**Relevant Cash Dividend**” means the aggregate cash dividend or distribution declared by Cosmopolitan, including any cash dividend in respect of which there is any Scrip Dividend (which, for the avoidance of doubt, shall exclude a purchase or redemption of Cosmo Ordinary Shares, but include the Relevant Cash Dividend component of a Scrip Dividend).

“**Relevant Compulsory Arrears of Interest Settlement Event**” is defined in Condition 5(i) (*Payment of Pro Rata Amounts*).

“**Relevant Date**” is defined in Condition 9 (*Taxation*).

“**Retroactive Adjustment**” is defined in Condition 6(e) (*Retroactive Adjustments for Conversion after a Record Date*).

“**Scrip Dividend**” means any Cosmo Ordinary Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received in respect of the Relevant Cash Dividend.

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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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“**securities**” or “**security**” means any securities including, without limitation, shares in the capital of Cosmopolitan, or options, warrants or other rights to subscribe for or purchase, or securities convertible into shares in the capital of Cosmopolitan.

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited.

“**Subsidiary**” means a subsidiary of Cosmopolitan.

“**Tax Jurisdiction**” is defined in Condition 9 (*Taxation*).

“**Taxes**” is defined in Condition 6(b)(ii) (*Stamp Duty etc.*).

“**Trading Day**” means a day when the Stock Exchange is open for dealing business (other than a day on which the Stock Exchange is scheduled to or does close prior to its regular weekday closing time), provided that if no Closing Price is reported for one or more consecutive such day or days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been Trading Days when ascertaining any period of Trading Days.

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the relevant entity (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

References to any issue or offer or grant to shareholders “as a class” shall be taken to be references to an issue or offer or grant to all or substantially all shareholders, other than shareholders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

### 2. Status

*Status:* The Bonus CNs are direct, unconditional, unsubordinated and unsecured obligations of Cosmopolitan and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of Cosmopolitan, from time to time outstanding.

### 3. Form, Denomination and Title

- (a) *Form and Denomination:* The Bonus CNs are issued in registered form in the denomination of HK\$0.10 each and integral multiples in excess thereof (the “**Authorised Denomination**”). A note certificate (each a “**Certificate**”) will be issued to each Bonus CN Holder in respect of its registered holding of Bonus CNs. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bonus CN Holders (the “**Register**”) which Cosmopolitan will procure to be kept by the Registrar.

- (b) *Title:* Title to the Bonus CNs passes only by transfer and registration in the Register as described in Condition 4 (*Transfer of Bonus CNs; Issue of Certificates*). Any Bonus CN Holder will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing (other than the endorsed form of transfer) on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

#### **4. Transfers of Bonus CNs; Issue of Certificates**

- (a) *Register:* Cosmopolitan will cause the Register to be kept at the Registrar Specified Office in Hong Kong on which shall be entered the names and addresses of the Bonus CNs Holders and the particulars of the Bonus CNs held by them and of all transfers, redemptions and conversions of the Bonus CNs. Each Bonus CN Holder shall be entitled to receive only one Certificate in respect of its entire holding of Bonus CNs. An issue to a Bonus CN Holder of more than one Certificate in respect of its entire holding of Bonus CNs may be applied in writing to the Registrar upon payment by the applicant of the additional fees and costs incurred in connection therewith and on such terms as may be prescribed by Cosmopolitan from time to time.
- (b) *Transfer:* Subject to Condition 4(e) (*Closed Periods*), a Bonus CN may be transferred by delivery of the Certificate issued in respect of that Bonus CN, with the form of transfer (in any usual or common form or such other form as may be approved by the board of directors of Cosmopolitan) on the back duly completed and signed by the holder or his attorney duly authorized in writing and properly stamped (if required), to the Registrar Specified Office together with such evidence as the Registrar may require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer. A Bonus CN may not be transferred unless the principal amount of the Bonus CN transferred and (where not all of the Bonus CNs held by the holder are being transferred) the principal amount of the balance of the Bonus CNs not so transferred, is an Authorised Denomination. Where not all Bonus CNs represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonus CNs will be issued to the transferor. Where the transferor or the transferee is a clearing house or its nominee(s) (or such other company as may be approved by the board of directors of Cosmopolitan for this purpose), the transfer may be executed under the hands of the authorised person(s) or by machine imprinted signatures on its behalf or of such person(s), as the case may be. Subject to the provisions of the Deed Poll and the Conditions, the provisions of the Articles of Association for the time being in relation to the registration, transmission and transfer of Cosmo Ordinary Shares of Cosmopolitan shall apply, *mutatis mutandis*, to the registration, transmission and transfer of the Bonus CNs and shall have full effect as if the same had been incorporated in the Deed Poll. No transfer of a Bonus CN will be valid unless and until entered on the Register.

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- (c) *Delivery of New Certificates:* Each new Certificate to be issued upon a transfer or (if applicable) conversion of Bonus CNs will, within fourteen (14) Exchange Business Days of receipt by the Registrar of the original Certificate and the form of transfer duly completed and signed and provision of any other evidence required by the Registrar as contemplated in Condition 4(b) (*Transfer*), be made available for collection at the Registrar Specified Office or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the Bonus CN Holder (but free of charge to the Bonus CN Holder and at Cosmopolitan's expense) to the address specified in the form of transfer.

Where only part of a principal amount of the Bonus CNs (being that of one or more Bonus CNs) in respect of which a Certificate is issued is to be transferred, converted or redeemed, a new Certificate in respect of the Bonus CNs not so transferred, converted or redeemed will, within fourteen (14) Exchange Business Days of delivery of the original Certificate to the Registrar and provision of any other evidence required by the Registrar as contemplated in Condition 4(b) (*Transfer*), be made available for collection at the Registrar Specified Office or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonus CNs not so transferred, converted or redeemed (but free of charge to the Bonus CN Holder and at Cosmopolitan's expense) to the address of such holder appearing on the Register.

- (d) *Formalities:* Registration of a transfer of Bonus CNs and issuance of new Certificates will be effected by or on behalf of Cosmopolitan or the Registrar, but upon payment of such transfer charge as determined in accordance with the Registrar's scale of charges as revised from time to time and (if applicable) upon payment (or the giving of such indemnity as Cosmopolitan, or the Registrar may require) in respect of any tax or other governmental charge which may be imposed in relation to it. Registration of a transfer of Bonus CNs and issuance of new Certificates are subject to the Registrar being satisfied in its absolute discretion with the documents of title and/or identity of the person making the application.
- (e) *Closed Periods:* Unless waived by Cosmopolitan, no Bonus CN Holder may require the transfer of a Bonus CN to be registered:
- (i) during the period of fourteen (14) days before and ending on (and including) the date for payment of any principal amount of a Bonus CN pursuant to these Conditions;
  - (ii) after a Conversion Notice has been delivered with respect to a Bonus CN;
  - (iii) during the period of fourteen (14) days before and ending on (and including) any date of redemption pursuant to Condition 8(b) (*Redemption at the Option of Cosmopolitan*);
  - (iv) after an Accelerated Redemption Notice has been deposited in respect of such Bonus CN pursuant to Condition 8(c) (*Redemption on Accelerated Redemption Events*); or
  - (v) during the period of fourteen (14) days before and ending on (and including) any Interest Record Date.

5. Interest

- (a) *Interest Rate:* The Bonus CNs will accrue interest on the outstanding principal amount of the Bonus CNs pursuant to the Conditions.
- (b) *Interest Calculation:* The amount of Interest Payment in respect of an Interest Period shall be calculated by applying the Interest Rate to the outstanding principal amount of the Bonus CNs. The amount of Interest Payment in respect of any period which is shorter than an Interest Period shall be calculated on the basis of (i) the number of days in the relevant period from (and including) the first day of such period to (but excluding) the last day of such period divided by (ii) the number of days from (and including) the immediately preceding Interest Payment Date (or, if none, the Issue Date) to (but excluding) the next Interest Payment Date.
- (c) *Interest Payment:* Interest Payments shall be made in cash on each Interest Payment Date to the Bonus CN Holders as shown in the Register at the close of business on the Interest Record Date. For the avoidance of doubt, Interest Payment is not dependent on whether any dividends have been paid or declared (or set aside for payment) on any shares of Cosmopolitan on such date.
- (d) *Interest Accrual:* A Bonus CN will cease to bear interest where such Bonus CN is redeemed or repaid pursuant to Condition 8 (*Redemption, Purchase and Cancellation*), from the due date for redemption of the Bonus CN unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to accrue interest at a rate equal to the Interest Rate plus three per cent. (3.00%) per annum (before and after judgment) until the day on which all sums due in respect of such Bonus CN accrued up to (and excluding) that day are received by or on behalf of the relevant Bonus CN Holder.
- (e) *Option to Defer an Interest Payment:* Interest on the Bonus CNs shall be cumulative. Cosmopolitan may, at its sole discretion, elect to defer (in whole or in part) any Interest Payment (a “**Deferred Interest Payment**”) which is otherwise scheduled to be paid on an Interest Payment Date (other than the Interest Payment Date falling on the Maturity Date) by giving notice (an “**Optional Deferral Notice**”) to the Bonus CN Holders not less than five (5) days prior to a scheduled Interest Payment Date. Any interest deferred pursuant to these Conditions shall constitute “**Arrears of Interest**”.

If any Interest Payment is deferred in respect of any scheduled Interest Payment Date under this Condition 5(e) (*Option to Defer an Interest Payment*), the interest that would otherwise be payable on such Interest Payment Date shall be due on the next succeeding Interest Payment Date (subject to further deferral under this Condition). No additional interest shall accrue on any Arrears of Interest. Non-payment on any scheduled Interest Payment Date of any Deferred Interest Payment under Condition 5(e) (*Option to Defer an Interest Payment*) or 5(f) (*Option to Further Defer Arrears of Interest*) shall not accelerate any payment of any amount under these Conditions, and would not constitute a default by Cosmopolitan under the Deed Poll or these Conditions or otherwise.

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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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If on any Interest Payment Date, any Interest Payment scheduled to be made on such date is not made in full or at all by reason of deferral of any such interest under this Condition 5(e) (*Option to Defer an Interest Payment*) or Condition 5(f) (*Option to Further Defer Arrears of Interest*), Cosmopolitan shall not cause or permit the occurrence of any Compulsory Arrears of Interest Settlement Event unless Cosmopolitan (i) pays the Pro Rata Amounts in accordance with Condition 5(i) (*Payment of Pro Rata Amounts*) to satisfy the outstanding Arrears of Interest or (ii) is permitted to do so by the Bonus CN Holders as a class by passing an Extraordinary Resolution.

- (f) *Option to Further Defer Arrears of Interest*: Subject to Conditions 5(h) (*Limitations on Deferral of Interest Payments*) and 5(i) (*Payment of Pro Rata Amounts*), Cosmopolitan may, at its sole discretion, elect to further defer any Arrears of Interest in accordance with 5(e) (*Option to Defer an Interest Payment*), by complying with the foregoing notice requirement applicable to any deferral of an accrued interest. Cosmopolitan is not subject to any limit as to the number of times interest and Arrears of Interest can or shall be deferred pursuant to this Condition 5(f) (*Option to Further Defer Arrears of Interest*) except that Conditions 5(h) (*Limitations on Deferral of Interest Payments*) and 5(i) (*Payment of Pro Rata Amounts*) shall be complied with until all outstanding Arrears of Interest have been paid in full. Interest will not be due if Cosmopolitan has elected to defer that interest (including any Arrears of Interest) in accordance with Condition 5(e) (*Option to Defer an Interest Payment*) or this Condition 5(f) (*Option to Further Defer Arrears of Interest*).
- (g) *Option to Satisfy Arrears of Interest*: Cosmopolitan may satisfy any Arrears of Interest (in whole or in part) on any given day (“**Optional Deferred Interest Settlement Date**”) by giving notice of such election to the Bonus CN Holders not less than five (5) days prior to the relevant Optional Deferred Interest Settlement Date specified in such notice (which notice is irrevocable and shall oblige Cosmopolitan to pay the relevant Arrears of Interest on the Optional Deferred Interest Settlement Date specified in such notice).
- (h) *Limitations on Deferral of Interest Payments*: Without prejudice to Condition 8 (*Redemption, Purchase and Cancellation*), Cosmopolitan in any event must satisfy any and all outstanding Arrears of Interest in whole (but not in part) on the earlier of:
  - (i) the date of redemption of the Bonus CNs in accordance with Condition 8(a) (*Maturity*);
  - (ii) the date of redemption of the Bonus CNs in accordance with Condition 8(b) (*Redemption at the Option of Cosmopolitan*); and
  - (iii) the date of redemption of the Bonus CNs in accordance with Condition 8(c) (*Redemption on Accelerated Redemption Events*).

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- (i) *Payment of Pro Rata Amounts:* If any Compulsory Arrears of Interest Settlement Event occurs or is to occur:
- (i) a written notice of the occurrence of such event shall be given by Cosmopolitan to the Bonus CN Holders as soon as practicable before the occurrence of such event; and
  - (ii) notwithstanding the provisions in this Condition 5 relating to the right of Cosmopolitan to defer Interest Payment, Cosmopolitan shall (unless waived by the Bonus CN Holders as a class by passing an Extraordinary Resolution) pay the Pro Rata Amounts to the Bonus CN Holders to satisfy the Arrears of Interest.

The Pro Rata Amounts shall be paid in cash before or on (and in any event not later than) any Compulsory Arrears of Interest Settlement Event that occurs after the relevant Interest Payment Date on which a Deferred Interest Payment comprised in such Arrears of Interest first arises (“**Relevant Compulsory Arrears of Interest Settlement Event**”).

A reference to a “**Pro Rata Amount**” in respect of a Bonus CN held by a Bonus CN Holder shall be equal to the lower of:

- (x) the sum (being the subject of the Relevant Compulsory Arrears of Interest Settlement Event) that the relevant Bonus CN Holder would receive on a pro rata basis with the holders of Cosmo Ordinary Shares or of the other Junior Obligations, as the case may be, assuming all outstanding Bonus CNs had been converted into Cosmo Ordinary Shares as of the record date in respect of the Relevant Compulsory Arrears of Interest Settlement Event (or if no record date is fixed, the date as of which the record holders of Cosmo Ordinary Shares or of the other Junior Obligations, as the case may be, entitled to participate in the Relevant Compulsory Arrears of Interest Settlement Event are to be determined); and
- (y) the total amount of all outstanding Arrears of Interest in respect of the Bonus CN as at the date of occurrence of the Relevant Compulsory Arrears of Interest Settlement Event.

If, however, Cosmopolitan exercises rights to early redeem any Bonus CNs or any Accelerated Redemption Event occurs prior to any Compulsory Arrears of Interest Settlement Event, the provisions of Condition 8(b) (*Redemption at the Option of Cosmopolitan*) or Condition 8(c) (*Redemption on Accelerated Redemption Events*), as the case may be, shall apply.

- (j) *Non-payment of Interest upon Exercise of Conversion Rights:* Subject to Condition 5(d) (*Interest Accrual*), where the Conversion Right attached to a Bonus CN shall have been exercised by a Bonus CN Holder, the Bonus CN shall cease to accrue interest from and including the Interest Payment Date immediately preceding the relevant Conversion Date, or if none, the Issue Date; and any unpaid Arrears of Interest as at the relevant Conversion Date shall not be payable by Cosmopolitan.

- (k) *Allocation*: Payment of any and all Interest (including any partial payment of any outstanding Interest) on the Bonus CNs shall be allocated *pro rata* among all outstanding Bonus CNs by their principal amounts. Interest that is paid in an amount less than the full amount of Interest then, including any Arrears of Interest, accumulated or deemed to have accumulated on the Bonus CNs shall be applied first to the earliest Interest which has not theretofore been paid. All cash payments of Interest on the Bonus CNs shall be made in Hong Kong Dollars.

## 6. Conversion

### (a) Conversion Right

- (i) *Conversion Period*: Subject as hereinafter provided (in particular Condition 6(a)(v) (*No Issue of Cosmo Ordinary Shares if Breach of Open Market Requirements*) below), Bonus CNs Holders have the right to convert their Bonus CNs into Cosmo Ordinary Shares at any time during the Conversion Period referred to below.

Subject to and upon compliance with the provisions of this Condition, the Conversion Right attaching to any Bonus CN may be exercised, at the option of the holder thereof, at any time on or after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bonus CN is deposited for conversion) on the 10th day prior to the Maturity Date (both days inclusive) (but, except as provided in Condition 6(a)(iv) (*Revival and/or survival after Default*) and Condition 8 (*Redemption, Purchase and Cancellation*), in no event thereafter) or, if such Bonus CN shall have been called for redemption by Cosmopolitan before the Maturity Date under Condition 8(b) (*Redemption at the Option of Cosmopolitan*), then up to the close of business (at the place aforesaid) on a date no later than ten (10) days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bonus CN pursuant to Condition 8(c) (*Redemption on Accelerated Redemption Events*) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice (the “**Conversion Period**”).

Notwithstanding the foregoing, if the Conversion Date in respect of a Bonus CN would otherwise fall during a Book Closure Period, such Conversion Date shall be postponed to the first Exchange Business Day following the expiry of such Book Closure Period.

If the Conversion Date in respect of the exercise of any Conversion Right is postponed as a result of the foregoing provision to a date that falls after the expiry of the Conversion Period or after the relevant redemption date, such Conversion Date shall be deemed to be the final day of such Conversion Period or the relevant redemption date, as the case may be.

- (ii) *Number of Cosmo Ordinary Shares to be issued on Conversion*: The number of Cosmo Ordinary Shares to be issued on conversion of a Bonus CN will be determined by dividing the principal amount of the Bonus CN by the Conversion Price in effect on the Conversion Date. A Conversion Right may only be exercised in respect of one or more Bonus CNs. If



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more than one Bonus CN held by the same holder is converted at any one time by the same holder, the number of Cosmo Ordinary Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonus CNs to be converted by such holder rounded down to the nearest whole number of shares.

Fractions of Cosmo Ordinary Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bonus CN is exercised at any one time such that Cosmo Ordinary Shares to be issued on conversion are to be registered in the same name, the number of such Cosmo Ordinary Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonus CNs being so converted and rounded down to the nearest whole number of Cosmo Ordinary Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Cosmo Ordinary Shares by operation of law or otherwise occurring after the Issue Date which reduces the number of Cosmo Ordinary Shares outstanding, Cosmopolitan will upon conversion of Bonus CNs pay in cash in Hong Kong dollars of a sum equal to such portion of the principal amount of the Bonus CN or Bonus CNs evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(a)(i) (*Conversion Period*), as corresponds to any fraction of a Cosmo Ordinary Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds HK\$100. Any such sum shall be paid not later than five (5) Exchange Business Days after the relevant Conversion Date by transfer to a Hong Kong dollar account maintained by the payee in accordance with instructions given by the relevant Bonus CN Holder in the Conversion Notice.

- (iii) *Conversion Price*: The Conversion Price at which Cosmo Ordinary Shares will be issued upon conversion will initially be HK\$0.10 per Cosmo Ordinary Share, but will be subject to adjustment in the manner provided in Condition 6(c) (*Adjustments to Conversion Price*).
- (iv) *Revival and/or Survival after Default*: Notwithstanding the provisions of Condition 6(a)(i) (*Conversion Period*), if (a) any Bonus CN is not redeemed on the Maturity Date in accordance with Condition 8(a) (*Maturity*), or (b) any Bonus CN is not redeemed on the applicable date for redemption under Condition 8(b) (*Redemption at the Option of Cosmopolitan*) or 8(c) (*Redemption on Accelerated Redemption Events*), the Conversion Right attaching to such Bonus CN will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bonus CN is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bonus CN has been duly paid by Cosmopolitan to the Bonus CN Holders and notwithstanding the provisions of Condition 6(a)(i) (*Conversion Period*), any Bonus CN in respect of which the Certificate and Conversion Notice are delivered for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the Conversion Period may have expired before such Conversion Date.

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(v) *No Issue of Cosmo Ordinary Shares if Breach of Open Market Requirements:* Cosmopolitan is not obliged to issue Cosmo Ordinary Shares in satisfaction of the Conversion Right if to do so would result in a breach of the requirements for an “open market” in the Cosmo Ordinary Shares as set out in Rule 8.08 and Rule 13.32 of the Listing Rules on the Issue Date (or such other successor rule(s) from time to time), and in such case the attempted exercise of the Conversion Rights shall not be valid.

(b) *Conversion Procedure*

(i) *Conversion Notice:* To exercise the Conversion Right attaching to any Bonus CN, the holder thereof must complete, execute and deposit at his own expense at the Registrar Specified Office from 9:00 a.m. to 3:00 p.m. on any Business Day during the Conversion Period a Conversion Notice (for the time being current), together with the relevant Certificate and confirmation that any amounts required to be paid by the Bonus CN Holder under Condition 6(b)(ii) (*Stamp Duty etc.*) have been so paid or if notice requiring redemption has been given by the holder of such Bonus CN pursuant to Condition 8(c) (*Redemption on Accelerated Redemption Events*) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable.

The conversion date in respect of a Bonus CN (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bonus CN is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(a)(iv) (*Revival and/or Survival after Default*)). The Conversion Date shall be deemed to be the day that falls on the Exchange Business Day immediately following the date of the surrender of the Certificate in respect of such Bonus CN and delivery of such Conversion Notice and, if applicable, the date of making any payment or giving any indemnity under these Conditions in connection with the exercise of such Conversion Right.

A Conversion Notice deposited outside the hours specified above or on a day which is not an Exchange Business Day shall for all purposes be deemed to have been delivered to Cosmopolitan during the hours specified above on the next business day following such day. Any Bonus CN Holder who delivers a Conversion Notice during a Closed Period will not be permitted to convert the Bonus CNs into Cosmo Ordinary Shares (as specified in the Conversion Notice) until the next Exchange Business Day after the end of the Closed Period, which (if all other conditions to the exchange have been fulfilled) will be the Conversion Date for such Bonus CNs notwithstanding that such date may fall outside the Conversion Period.

A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless Cosmopolitan consents in writing to such withdrawal.

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- (ii) *Stamp Duty etc.*: A Bonus CN Holder delivering a Certificate in respect of a Bonus CN for conversion must pay directly to the relevant authorities any taxes and capital, stamp, issue, documentary and registration duties arising on conversion (other than any taxes or capital or other duties (if any) payable in the Cayman Islands and Hong Kong by Cosmopolitan in respect of the allotment and issue of Cosmo Ordinary Shares and listing of the Cosmo Ordinary Shares on the Stock Exchange on conversion) (the “**Taxes**”) and such Bonus CN Holder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bonus CN in connection with such conversion. Cosmopolitan will pay all other expenses arising from the issue of Cosmo Ordinary Shares on conversion of Bonus CNs. The Bonus CN Holder must declare in the relevant Conversion Notice that any amounts of Taxes payable to the relevant tax authorities pursuant to this Condition 6(b)(ii) (*Stamp Duty etc.*) have been paid.
- (iii) *Registration*: As soon as practicable, and in any event not later than five (5) Exchange Business Days after the Conversion Date, Cosmopolitan will, in the case of Bonus CNs converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice and the relevant Certificate have been delivered and amounts payable by the relevant Bonus CN Holder as required by sub-paragraphs (i) and (ii) have been paid:
- (i) register the relevant Bonus CN Holder as holder(s) of the relevant number of Cosmo Ordinary Shares in Cosmopolitan’s share register and will either cause the Registrar to mail (at the risk, and, if sent at the request of such Bonus CN Holder otherwise than by ordinary mail, at the expense of the Bonus CN Holder to whom such certificate(s) are sent) such certificate(s) to the Bonus CN Holder and at the place specified in the Conversion Notice, or make such certificate(s) available for collection at the Registrar Specified Office and notified the Bonus CN Holder in accordance with Condition 15 (*Notices*) or, if so requested in the relevant Conversion Notice; or
  - (ii) if the relevant Bonus CN Holder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Stock Exchange and the Central Clearing and Settlement System of Hong Kong (the “**CCASS**”) effective from time to time, take necessary action to procure that Cosmo Ordinary Shares are delivered through the applicable securities clearing and settlement system for so long as the Cosmo Ordinary Shares are listed on the Stock Exchange, cause the Cosmo Ordinary Shares to be delivered through the Central Clearing and Settlement System of Hong Kong to the designated nominee for the relevant Bonus CN Holder and register the relevant nominee designated in the Conversion Notice as holder(s) of the relevant number of Cosmo Ordinary Shares in the Cosmopolitan’s share register;

together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Cosmo Ordinary Shares issued on conversion of Bonus CNs subject to the same Conversion Notice and which are to be registered in the same name.

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The Bonus CN Holder will become the holder of record of the number of Cosmo Ordinary Shares issuable upon conversion with effect from the date he is or they are registered as such in Cosmopolitan's register of members (the "**Registration Date**"). The Cosmo Ordinary Shares issued upon exercise of Conversion Rights will be fully paid, free from any liens, charges, Encumbrances (as defined below), pre-emptive rights or other third-party rights and, subject as provided in paragraphs (A) and (B) below:

- (i) such Cosmo Ordinary Shares will rank *pari passu* in all respects with all other fully paid Cosmo Ordinary Shares in issue on the relevant Conversion Date; and
- (ii) the holders of such Cosmo Ordinary Shares will be treated by Cosmopolitan as Cosmo Ordinary Shareholders for all purposes with effect from and including the relevant Conversion Date,

provided that:

- (A) *Dividends and other distributions*: Cosmo Ordinary Shares issued on conversion of a Bonus CN will rank *pari passu* in respect of dividends and other distributions declared, paid or made, or rights granted, with all other Cosmo Ordinary Shares in issue on the relevant Conversion Date except (1) for any right excluded by mandatory provisions of applicable law and (2) that such Cosmo Ordinary Shares will not rank for any dividend or other distribution declared, paid or made on, or rights granted in respect of, the Cosmo Ordinary Shares for which the record date precedes the relevant Conversion Date; and
- (B) *Voting rights*: Cosmo Ordinary Shares issued on conversion of a Bonus CN will rank *pari passu* in respect of voting rights with all other Cosmo Ordinary Shares in issue on the relevant Registration Date, except that they will not rank for any voting rights where the entitlement to voting rights accrues to Cosmo Ordinary Shareholders by reference to a record date which precedes the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Cosmo Ordinary Shares is on or after the Conversion Date in respect of any Bonus CN, but before the Registration Date (disregarding any Retroactive Adjustment prior to the time such Retroactive Adjustment shall have become effective), Cosmopolitan will calculate and pay to the converting Bonus CN Holder or his designee an amount in Hong Kong dollars (the "**Equivalent Amount**") equal to the Fair Market Value of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by transfer to a Hong Kong dollar account maintained by the payee in accordance with instructions given by the relevant Bonus CN Holder in the Conversion Notice.

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(c) *Adjustments to Conversion Price:* Upon the occurrence of any of the following events described below, the Conversion Price will be adjusted as follows:

(i) *Consolidation, Subdivision, Redesignation or Reclassification:* If and whenever there shall be an alteration to number of Cosmo Ordinary Shares as a result of consolidation, subdivision, redesignation or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Cosmo Ordinary Shares in issue immediately before such alteration; and

B is the aggregate number of Cosmo Ordinary Shares in issue immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(ii) *Capitalisation of Profits or Reserves:*

(1) If and whenever Cosmopolitan shall issue any Cosmo Ordinary Shares credited as fully paid to the Cosmo Ordinary Shareholders by way of capitalisation of profits or reserves (including Cosmo Ordinary Shares paid up out of distributable profits or reserves and/or share premium account) (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of Cosmo Ordinary Shares in issue immediately before such issue; and

B is the aggregate number of issued Cosmo Ordinary Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Cosmo Ordinary Shares, or if a record date is fixed therefor, immediately after such record date.

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- (2) In the case of an issue of Cosmo Ordinary Shares by way of a Scrip Dividend where the aggregate value of such Cosmo Ordinary Shares as determined by reference to the Current Market Price on the date of announcement of the terms (including the price and allotment basis) of such Scrip Dividend exceeds 105% of the amount of the Relevant Cash Dividend or the relevant part thereof, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of Cosmo Ordinary Shares in issue immediately before the Scrip Dividend;

B is the aggregate number of Cosmo Ordinary Shares which the Relevant Cash Dividend would purchase at such Current Market Price; and

C is the aggregate number of Cosmo Ordinary Shares to be issued pursuant to such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Cosmo Ordinary Shares, or if a record date is fixed therefor, immediately after such record date.

For the avoidance of doubt, to the extent that an adjustment is made under Condition 6(c)(iii) (*Capital Distributions*) in respect of the Relevant Cash Dividend, no adjustment shall be made for the amount for which an adjustment is already made under this Condition 6(c)(ii)(2).

- (iii) *Capital Distributions*: If and whenever Cosmopolitan shall pay or make any Capital Distribution to Cosmo Ordinary Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(c)(ii) (*Capitalisation of Profits or Reserves*) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Cosmo Ordinary Share on the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Cosmo Ordinary Share.

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Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date.

- (iv) *Rights Issues of Cosmo Ordinary Shares or Options over Cosmo Ordinary Shares:* If and whenever Cosmopolitan shall issue Cosmo Ordinary Shares to all or substantially all Cosmo Ordinary Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Cosmo Ordinary Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Cosmo Ordinary Shares or any securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Cosmo Ordinary Shares (or shall grant any such rights in respect of existing securities so issued), in each case at less than 95 per cent. of the Current Market Price per Cosmo Ordinary Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of Cosmo Ordinary Shares in issue immediately before such announcement;

B is the number of Cosmo Ordinary Shares which the aggregate consideration (if any) receivable for the Cosmo Ordinary Shares issued by way of rights, or for the securities issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Cosmo Ordinary Shares deliverable on the exercise thereof would purchase at such Current Market Price per Cosmo Ordinary Share; and

C is the aggregate number of Cosmo Ordinary Shares to be issued or, as the case may be, the maximum number of Cosmo Ordinary Shares which may be issued upon exercise of such options, warrants or rights calculated as at the date of issue of such options, warrants or rights or upon conversion or exchange or exercise of rights of subscription or purchase in respect thereof at the initial conversion, exchange, subscription or purchase price or rate.

Such adjustment shall become effective on the date of issue of such Cosmo Ordinary Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Cosmo Ordinary Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

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- (v) *Rights Issues of Other Securities:* If and whenever Cosmopolitan shall issue any securities (other than Cosmo Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Cosmo Ordinary Shares) to all or substantially all Cosmo Ordinary Shareholders as a class, by way of rights, or the grant to all or substantially all Cosmo Ordinary Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Cosmo Ordinary Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Cosmo Ordinary Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Cosmo Ordinary Share on the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Cosmo Ordinary Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Cosmo Ordinary Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (vi) *Issues at less than Current Market Price:* If and whenever Cosmopolitan shall issue (otherwise than as mentioned in Condition 6(c)(iv) (*Rights Issues of Cosmo Ordinary Shares or Options over Cosmo Ordinary Shares*) above) any Cosmo Ordinary Shares (other than Cosmo Ordinary Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Cosmo Ordinary Shares) or issue or grant (otherwise than as mentioned in Condition 6(c)(iv) (*Rights Issues of Cosmo Ordinary Shares or Options over Cosmo Ordinary Shares*) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Cosmo Ordinary Shares, in each case at a price per Cosmo Ordinary Share which is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

A is the aggregate number of Cosmo Ordinary Shares in issue immediately before the issue of such additional Cosmo Ordinary Shares or the issue or grant of such options, warrants or other rights to subscribe for or purchase or otherwise acquire any Cosmo Ordinary Shares;



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B is the number of Cosmo Ordinary Shares which the aggregate consideration (if any) receivable for the issue of such additional Cosmo Ordinary Shares or, as the case may be, for the Cosmo Ordinary Shares to be issued or otherwise made available upon the exercise of any such options, warrants or rights, would purchase at such Current Market Price per Cosmo Ordinary Share; and

C is the number of Cosmo Ordinary Shares in issue immediately after the issue of such additional Cosmo Ordinary Shares.

References to additional Cosmo Ordinary Shares in the above formula shall, in the case of an issue or grant by Cosmopolitan of options, warrants or other rights to subscribe or purchase or otherwise acquire Cosmo Ordinary Shares, mean such Cosmo Ordinary Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Cosmo Ordinary Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

- (vii) *Other Issues at less than Current Market Price*: If and whenever Cosmopolitan or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(c)(iv) (*Rights Issues of Cosmo Ordinary Shares or Options over Cosmo Ordinary Shares*), 6(c)(v) (*Rights Issues of Other Securities*) or 6(c)(vi) (*Issues at less than Current Market Price*)), or (at the direction or request of or pursuant to any arrangements with Cosmopolitan or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonus CNs) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Cosmo Ordinary Shares to be issued by Cosmopolitan upon conversion, exchange or subscription at a consideration per Cosmo Ordinary Share which is less than 95 per cent. of the Current Market Price per Cosmo Ordinary Share on the date of the first public announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of Cosmo Ordinary Shares in issue immediately before such issue;

B is the number of Cosmo Ordinary Shares which the aggregate consideration receivable by Cosmopolitan for the Cosmo Ordinary Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Cosmo Ordinary Share; and

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C is the maximum number of Cosmo Ordinary Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate on the issue date of such securities.

Such adjustment shall become effective on the date of issue of such securities or, as the case maybe, the grant of such rights.

- (viii) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription (the “**Modification**”) attaching to any such securities (the “**Subject Securities**”) including those as are mentioned in Condition 6(c)(vii) (*Other Issues at less than Current Market Price*) above (other than in accordance with the terms (including terms as to adjustment) applicable to the Subject Securities upon issue), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the Modification by the following fraction:

$$\frac{A - (B/C)}{A}$$

where:

A is the Current Market Price of a Cosmo Ordinary Share on the date on which the Modification is publicly announced;

B is the excess of Fair Market Value of the Modification of the Subject Securities on the date of announcement over the consideration receivable (if any) by Cosmopolitan for the Modification of the Subject Securities; and

C is the aggregate number of Cosmo Ordinary Shares in issue immediately before the Modification of the Subject Securities.

Such adjustment shall become effective on the date of the Modification of the Subject Securities.

- (ix) *Other Offers to Cosmo Ordinary Shareholders:* If and whenever Cosmopolitan or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with Cosmopolitan or any Subsidiary) any other company, person or entity issues, sells or distributes any securities in connection with which an offer pursuant to which the Cosmo Ordinary Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Conditions 6(c)(ii) (*Capitalisations of Profits or Reserves*), 6(c)(iii) (*Capital Distributions*), 6(c)(iv) (*Rights Issues of Cosmo Ordinary Shares or Options over Cosmo Ordinary Shares*), 6(c)(v) (*Rights Issues of Other Securities*), 6(c)(vi) (*Issues at less than*

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*Current Market Price*) or 6(c)(vii) (*Other Issues at less than Current Market Price*), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of a Cosmo Ordinary Share on the date on which such issue, sale or distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Cosmo Ordinary Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities.

- (x) *Other events:* If Cosmopolitan determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6(c) (*Adjustments to Conversion Price*) (even if the relevant circumstance is specifically excluded from the operation of Conditions 6(c)(i) (*Consolidation, Subdivision, Redesignation or Reclassification*) to 6(c)(ix) (*Other Offers to Cosmo Ordinary Shareholders*) (inclusive)), Cosmopolitan shall at its own expense request an Independent Adviser to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination PROVIDED THAT where the circumstances giving rise to any adjustment pursuant to this Condition 6(c) (*Adjustments to Conversion Price*) have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6(c) (*Adjustments to Conversion Price*) as may be advised by an Independent Adviser to be in its opinion appropriate to give the intended result.
- (d) *Rounding adjustments:* On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest one-tenth of a Hong Kong cent (so that any amount under half of one-tenth of a Hong Kong cent shall be rounded down and any amount of half of one-tenth of a Hong Kong cent or more shall be rounded up). No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made

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had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made. Notice of any adjustment shall be given by Cosmopolitan to Bonus CN Holders in accordance with Condition 15 (*Notices*) as soon as practicable after the determination thereof.

- (e) *Retroactive Adjustments for Conversion after a Record Date:* If the Conversion Date in relation to any Bonus CN shall be on or after the record date in respect of any consolidation, sub-division, redesignation or reclassification as is mentioned in Condition 6(c)(i) (*Consolidation, Subdivision, Redesignation or Reclassification*), or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in Condition 6(c)(ii) (*Capitalisations of Profits or Reserves*), Condition 6(c)(iii) (*Capital Distributions*), Condition 6(c)(iv) (*Rights Issues of Cosmo Ordinary Shares or Options over Cosmo Ordinary Shares*), Condition 6(c)(v) (*Rights Issues of Other Securities*) or Condition 6(c)(ix) (*Other Offers to Shareholders*), or after the date of the first public announcement of the terms of any such issue or grant as is mentioned in Condition 6(c)(vi) (*Issues at less than Current Market Price*) and Condition 6(c)(vii) (*Other Issues at less than Current Market Price*) or of the terms of any such modification as is mentioned in Condition 6(c)(viii) (*Modification of Rights of Conversion etc.*), but before the relevant adjustment becomes effective under the relevant Condition (each such adjustment, a “**Retroactive Adjustment**”), upon the relevant adjustment becoming effective Cosmopolitan shall procure the issue to the converting Bonus CN Holder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Cosmo Ordinary Shares as is, when aggregated with Cosmo Ordinary Shares to be issued on conversion of the Bonus CNs, equal to the number of Cosmo Ordinary Shares which would have been required to be issued on conversion of such Bonus CN if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date provided that if the relevant Bonus CN Holder shall be entitled to receive the relevant Capital Distribution in respect of the Cosmo Ordinary Shares to be issued or delivered to it, then no such Retroactive Adjustment shall be made in relation to such Capital Distribution and the relevant Bonus CN Holder shall not be entitled to receive such additional Cosmo Ordinary Shares in relation thereto.
- (f) *Decision of an Independent Adviser:* If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between Cosmopolitan and an Independent Adviser, a written opinion of such Independent Adviser in respect thereof shall be conclusive and binding on Cosmopolitan and the Bonus CN Holders, save in the case of manifest error. Notwithstanding the foregoing, the per Cosmo Ordinary Share value of any such adjustment shall not exceed the per Cosmo Ordinary Share value of the dilution in the Cosmo Ordinary Shareholders’ interest in Cosmopolitan’s equity caused by such events or circumstances.
- (g) *No Conversion below par value:* The Conversion Price may not be reduced so that, on conversion of Bonus CNs, Cosmo Ordinary Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in the Cayman Islands and Hong Kong. In particular, the Conversion Price may not be reduced so that, on conversion of Bonus CNs, Cosmo Ordinary Shares would fall to be issued at a discount to their par value.

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- (h) *Other events*: Notwithstanding the above provisions in this Condition 6(c), (1) where the events or circumstances giving rise to any adjustment pursuant to Condition 6(c) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Adviser, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Adviser to be in its opinion appropriate in order to give such intended result; and (2) such modification shall be made to the operation of these provisions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once.
- (i) Notwithstanding anything to the contrary in these Conditions, no adjustment will be made to the Conversion Price in respect of:
- (i) an issue of fully paid Cosmo Ordinary Shares upon the exercise of any conversion rights attached to securities convertible into Cosmo Ordinary Shares or upon exercise of any rights (including any conversion of the Bonus CNS) to acquire Cosmo Ordinary Shares or any adjustment in the conversion price of any securities convertible into the Cosmo Ordinary Shares, if such adjustment is in accordance with the existing terms of such securities, provided that an adjustment to the Conversion Price has been made (if appropriate) under Condition 6 (*Conversion*) in respect of the issue of such securities or granting of such rights (as the case may be);
  - (ii) any issuance of Cosmo Ordinary Shares or any other securities (if any) of Cosmopolitan or any Subsidiary wholly or partly convertible into, or rights to acquire, Cosmo Ordinary Shares pursuant to the Cosmo Convertible Bonds and any options, warrants, convertible bonds and similar rights to subscribe or purchase equity securities of Cosmopolitan in existence as at the Issue Date;
  - (iii) an issue by Cosmopolitan of Cosmo Ordinary Shares or by Cosmopolitan or any Subsidiary of securities wholly or partly convertible into or rights to acquire Cosmo Ordinary Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business provided that an adjustment has been made (if appropriate) under this Condition 6 (*Conversion*) in respect of the issue of such securities or granting of such rights (as the case may be);
  - (iv) any issuance of Cosmo Ordinary Shares upon the conversion or exercise of any Other Convertible Securities in existence as at the Issue Date;

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- (v) Cosmo Ordinary Shares or other securities (including rights, warrants or options) issued, offered, exercised, allotted, appropriated, modified or granted to, or for the benefit of, among others, employees and/or former employees (including directors and/or former directors) of Cosmopolitan or any of its Subsidiaries pursuant to any share option, share award, restricted share or employee incentive scheme or plan (and which such scheme or plan is in compliance with the Listing Rules and applicable laws and duly adopted by Cosmopolitan);
- (vi) an issue of Cosmo Ordinary Shares pursuant to a Scrip Dividend where the aggregate value of such Cosmo Ordinary Shares to be issued by way of Scrip Dividend as determined by reference to the Current Market Price on the date of announcement of the terms (including the price and allotment basis) of such Scrip Dividend does not exceed 105% of the amount of the Relevant Cash Dividend; or
- (vii) any issues of exchangeable securities which are exchangeable into existing shares of Cosmopolitan in a manner non-dilutive to the rights of the holders of the Cosmo Ordinary Shares.
- (j) *No increase of Conversion Price*: No adjustment resulting in an increase in the Conversion Price will be made, except in the case of a consolidation or reclassification of the Cosmo Ordinary Shares as referred to in Condition 6(c)(i) (*Consolidation, Subdivision, Redesignation or Reclassification*) above or where there has been a manifest error in the calculation of the Conversion Price. Cosmopolitan may at any time and for a specified period of time only, following notice being given to the Bonus CN Holders in accordance with Condition 15 (*Notices*), adjust downward the Conversion Price.
- (k) *Undertakings*: Cosmopolitan will undertake in the Deed Poll, inter alia, that so long as any Bonus CN remains outstanding, save with the approval of an Extraordinary Resolution of the Bonus CN Holders:
  - (i) it will use reasonable endeavours (a) to maintain a listing for all the issued Cosmo Ordinary Shares on the Stock Exchange, and (b) to obtain and maintain a listing for all the Cosmo Ordinary Shares issued on the exercise of the Conversion Rights attaching to the Bonus CNs on the Stock Exchange;
  - (ii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Cosmo Ordinary Shares arising on conversion of the Bonus CNs (save for any Taxes specified in Condition 6(b)(ii) (*Stamp Duty etc.*));
  - (iii) it shall ensure that all Cosmo Ordinary Shares delivered on the conversion of the Bonus CNs will be (a) duly and validly issued as fully paid, (b) issued free from any other pre-emptive or other similar rights, and (c) free and clear of all liens, claims, charges, security, Encumbrances (as defined below) or like interests;
  - (iv) it will not take any action that would reduce the Conversion Price below a level that is prescribed by the Listing Rules or applicable laws and regulations from time to time (if any);

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- (v) it shall procure that no securities (howsoever described and whether issued by Cosmopolitan or any of its Subsidiaries or otherwise procured by Cosmopolitan or any of its Subsidiaries to be issued) (i) issued without rights to convert into or exchange or subscribe for Cosmo Ordinary Shares shall subsequently be granted such rights at a consideration per Cosmo Ordinary Share which is less than 95 per cent. of the Current Market Price per Cosmo Ordinary Share on the date of the first public announcement of the proposed inclusion of such rights unless the same gives rise to an adjustment of the Conversion Price; and (ii) are converted into or exchanged by or on behalf of Cosmopolitan or any of its Subsidiaries for Cosmo Ordinary Shares and that no rights or warrants to subscribe for or purchase Cosmo Ordinary Shares are permitted by or on behalf of Cosmopolitan or any of its Subsidiaries to be exercised, otherwise in each case than in accordance with their terms of issue (except to the extent that any modification of the terms of issue either is taken into account by an adjustment to the Conversion Price or is such that it does not require to be taken into account by an adjustment to the Conversion Price). Nothing in this Condition 6(e)(v) shall prevent the issue of any equity share capital (including Cosmo Ordinary Shares) pursuant to any share option scheme(s) adopted or to be adopted by Cosmopolitan from time to time in compliance with Listing Rules;
- (vi) it will not modify the rights attaching to the Cosmo Ordinary Shares with respect to voting, dividends or liquidation nor issue any other class of ordinary share capital carrying any rights which are more favourable than the rights attaching to Cosmo Ordinary Shares but so that nothing in this Condition 6(e)(vi) shall prevent (i) the offer or grant of options for the subscription of or the issue of equity share capital to pursuant to any share option scheme(s) adopted or to be adopted by Cosmopolitan from time to time in compliance with the Listing Rules, or (ii) a consolidation, re-classification, re-designation or subdivision of the Cosmo Ordinary Shares or the conversion of any Cosmo Ordinary Shares into stock or vice versa, or (iii) a modification to the rights attaching to the Cosmo Ordinary Shares which is not, in the opinion of Cosmopolitan (relying on advice from an Independent Adviser, which Cosmopolitan shall be entitled to rely on conclusively and shall not be liable to any person for such reliance), prejudicial to the interests of the Bonus CN Holders or (iv) the conversion of Cosmo Ordinary Shares into, or the issue of any Cosmo Ordinary Shares in, uncertificated form (or the conversion of Cosmo Ordinary Shares in uncertificated form to certificated form) or (v) the amendment of the Articles of Association to enable title to securities of Cosmopolitan (including Cosmo Ordinary Shares) to be evidenced and transferred without a written instrument or (vi) any other alteration to the Articles of Association made in connection with the matters described in this Condition 6(e)(vi) or which are supplemental or incidental to any of the foregoing (including amendments made to enable or facilitate procedures relating to such matters and amendments dealing with the rights and obligations of holders of securities (including Cosmo Ordinary Shares) dealt with under such procedures) or (vii) any issue of equity share capital which results in an adjustment of the Conversion Price;

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- (vii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made (and for the avoidance of doubt, nothing in this paragraph (vii) shall restrict Cosmopolitan from repurchasing any Cosmo Ordinary Shares on the Stock Exchange in accordance with the Listing Rules and applicable law or from repurchasing or redeeming any of the Cosmo Ordinary Shares in accordance with their terms);
- (viii) if an offer is made to all (or as nearly as may be practicable all) Cosmo Ordinary Shareholders, or all (or as nearly as may be practicable all) the Cosmo Ordinary Shareholders other than the offeror and/or any associate or associates of the offeror to acquire all or a majority of the issued equity share capital of Cosmopolitan, or if any person proposes a scheme with regard to such acquisition, it will give notice of such offer or scheme to the Bonus CN Holders at the same time as any notice therefor is sent by Cosmopolitan to its Cosmo Ordinary Shareholders, provided that such notice shall comply with applicable laws, regulations and the Listing Rules;
- (ix) unless so required by applicable law or regulation or the Articles of Association or in order to establish entitlements to a dividend or other right attaching to the Cosmo Ordinary Shares or other entitlements of the Cosmo Ordinary Shareholders, it will not close its register of Cosmo Ordinary Shareholders or take any other action which prevents the transfer of its Cosmo Ordinary Shares generally and ensure that the Bonus CNs may be converted legally and the Cosmo Ordinary Shares issued on their conversion may (subject to any limitation imposed by law, regulations or the relevant listing rules) be transferred (as between transferor and transferee though not as against Cosmopolitan) at all times while the register is closed or such other action is effective, nor take any action which prevents the conversion of the Bonus CNs or the issue of Cosmo Ordinary Shares in respect of them or the registration of Cosmo Ordinary Shares issued on the conversion of the Bonus CNs otherwise than in accordance with these Conditions; and
- (x) it will at all times keep available for issue free from pre-emptive rights out of its authorised but unissued capital a sufficient number of Cosmo Ordinary Shares to be issued on exercise of Conversion Rights, and all other rights of subscription and exchange for Cosmo Ordinary Shares, to be satisfied in full under these Conditions.

Subject to not triggering the Compulsory Arrears of Interest Settlement Event, Cosmopolitan shall not be prohibited from purchasing its Cosmo Ordinary Shares to the full extent permitted by law.

- (1) *Notice of Change in Conversion Price:* Cosmopolitan shall give notice to the Bonus CN Holders in accordance with Condition 15 (*Notices*) of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.



**7. Payments**

- (a) *Principal and Interest:* Payment of principal, premium (if any) and interest due other than on an Interest Payment Date will be made by wire transfer to the registered account of the Bonus CN Holders on records in the Register (if available) or by delivery of cheque delivered to the Bonus CN Holders by mail at the own risks of Bonus CN Holders. Such payment will only be made after surrender of the relevant Certificate at the Registrar Specified Office.

Without prejudice to Cosmopolitan's right to defer Interest Payment under Condition 5, interest on Bonus CNs due on an Interest Payment Date will be paid on the due date for the payment of interest to the Bonus CN Holders shown on the Register at the close of business on the Interest Record Date. Payments of interest on each Bonus CN will be made by wire transfer to the registered account of the Bonus CN Holder on records in the Register (if available) or by delivery of cheque delivered to the Bonus CN Holder by mail at the own risks of Bonus CN Holder.

- (b) *Registered Accounts:* For the purposes of this Condition, a Bonus CN Holder's registered account means the Hong Kong dollar account maintained by or on behalf of it or designated by it, details of which appear on the Register at the close of business on the business day prior to the due date for payment, and a Bonus CN Holder's registered address means its address appearing on the Register at that time.
- (c) *Fiscal Laws:* All payments in respect of the Bonus CNs are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*). No commissions or expenses shall be charged to the Bonus CN Holders in respect of such payments.
- (d) *Payment Initiation:* Payment instructions (for value on the due date or, if that is not a business day, for value on the first following day which is a business day) will be initiated and on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the Registrar Specified Office.
- (e) *Delay in Payment:* Bonus CN Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, or if the Bonus CN Holder is late in surrendering its Certificate (if required to do so).
- (f) *Annotation:* If an amount which is due on the Bonus CNs is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.
- (g) *Rounding:* When making payments to Bonus CN Holders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded up to the nearest unit.

**8. Redemption, Purchase and Cancellation**

- (a) *Maturity*: Unless previously redeemed, converted or purchased and cancelled as provided herein, each Bonus CN will be redeemed by Cosmopolitan at its principal amount together with accrued and unpaid interest (including any unpaid Arrears of Interest) thereon on the Maturity Date. Cosmopolitan may not redeem the Bonus CNs at its option prior to that date except as provided in this Condition 8(a) (*Maturity*), Condition 8(b) (*Redemption at the Option of Cosmopolitan*) and Condition 8(c) (*Redemption on Accelerated Redemption Events*).
- (b) *Redemption at the Option of Cosmopolitan*: Cosmopolitan may, on having given not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**"), in accordance with Condition 15 (*Notices*), to the Bonus CN Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem in whole, but not in part, the Bonus CNs for the time being outstanding on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at their principal amount, together with interest accrued but unpaid to (but excluding) the Optional Redemption Date (including any unpaid Arrears of Interest), at any time if, prior to the date the relevant Optional Redemption Notice is given, at least 80 per cent. in the total principal amount of the Bonus CNs originally issued have already been converted, redeemed or purchased and cancelled.
- (c) *Redemption on Accelerated Redemption Events*: A Bonus CN Holder will have the right, at such holder's option, to require Cosmopolitan to redeem all or some only of such holder's Bonus CNs at their principal amount, together with interest accrued but unpaid to (but excluding) the Accelerated Redemption Date (including any unpaid Arrears of Interest) if any of the following events (each an "**Accelerated Redemption Event**") occurs:
- (i) *Non-Payment*: without prejudice to Cosmopolitan's right to defer Interest Payment under Condition 5, there is default in the payment of the interest accrued in respect of the Bonus CNs or any of them when and as the same ought to be paid and such default is not remedied within ten (10) business days from the due date for payment; or
- (ii) *Breach of Other Obligations*: there is default by Cosmopolitan in the performance or observance of any covenant, condition, provision or obligation contained in the Bonus CNs and on its part to be performed or observed (other than the covenant to pay the principal or interest accrued in respect of any of the Bonus CNs) and such default materially prejudice the financial interest of Bonus CN Holders generally and continues for the period of 30 days; or
- (iii) *Winding-up of Cosmopolitan*: an effective resolution is passed for winding up or an order of a court of competent jurisdiction is made that Cosmopolitan be wound up or dissolved otherwise than (i) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganization (other than as described in (ii) below) the terms of which have previously been approved by the Bonus CN Holders as a class by passing an Extraordinary Resolution and upon which the continuing corporation effectively assumes the entire obligations of Cosmopolitan under the Bonus CNs; and (ii) as provided in Condition 8(c)(iv)(1) and Condition 8(c)(iv)(2); or

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- (iv) *Winding-Up of Principal Subsidiary*: an effective resolution is passed for winding up or an order of a court of competent jurisdiction is made that any Principal Subsidiary be wound up or dissolved otherwise than (1) for the purposes of or pursuant to a consolidation, amalgamation, merger, reconstruction or reorganisation (other than as described in (2) below) the terms of which have previously been approved in writing by Bonus CN Holders as a class by passing an Extraordinary Resolution, (2) for the purposes of or pursuant to a consolidation, amalgamation, merger or reconstruction with or into Cosmopolitan or another Subsidiary or (3) by way of a voluntary winding up or dissolution where there are surplus assets in such subsidiary and such surplus assets attributable to Cosmopolitan and/or any subsidiary are distributed to Cosmopolitan and/or such subsidiary; or
- (v) *Encumbrances*: an Encumbrancer takes possession or a receiver, manager or other similar officer is appointed in respect of the whole or substantially the whole of the assets or undertaking of Cosmopolitan or any Principal Subsidiary and is not discharged or stayed within 90 days of having taken possession or having been appointed; or
- (vi) *Enforcement Proceedings*: Cosmopolitan or any Principal Subsidiary without any lawful cause stops payment (within the meaning of any applicable bankruptcy law); or Cosmopolitan or any Principal Subsidiary (otherwise than for the purposes of such a consolidation, amalgamation, merger, reconstruction or reorganisation as is referred to in Condition 8(c)(iii) or Condition 8(c)(iv)) ceases or through an official action of the board of directors of Cosmopolitan or any Principal Subsidiary, as the case may be, threatens to cease to carry on business; or
- (vii) *Insolvency*: Cosmopolitan or any Principal Subsidiary is unable to pay its debts (within the meaning of section 178 of the Companies (Miscellaneous and Winding-Up) Ordinance (Cap. 32 of the Laws of Hong Kong)) or Cosmopolitan or any Principal Subsidiary shall initiate or consent to proceedings relating to itself under any applicable bankruptcy, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditor;
- (viii) *Bankruptcy Proceedings*: proceedings shall have been initiated against Cosmopolitan or any Principal Subsidiary under any applicable bankruptcy, liquidation or insolvency law and such proceedings have not been discharged or stayed within a period of 90 days; or
- (ix) Cosmopolitan or any Principal Subsidiary shall initiate or consent to proceedings seeking with respect to itself adjudication of bankruptcy or a decree of commencement of composition or reorganisation or other similar procedures or the appointment of an administrator or other similar official under any applicable bankruptcy, reorganisation or insolvency law or make a general assignment for the benefit of, or enter into any composition with, its creditors; or

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(x) *Analogous Events* (subject to equivalent grace periods): any event which occurs has an analogous effect to any of the events referred to in paragraphs (iii) to (ix) above,

provided that in the case of any such event other than the one described in (or, as referred to in paragraph (x), analogous to) paragraphs (i) and (iii) and (to the extent it applies to Cosmopolitan) other than one described in (or, as referred to in paragraph (x), analogous to) paragraphs (vii) and (viii)), the Bonus CN Holders may waive the obligation of Cosmopolitan to redeem any Bonus CNs by passing an Extraordinary Resolution.

To exercise such right in accordance with Condition 8(c), a holder of the relevant Bonus CN must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the Registrar Specified Office a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the Registrar Specified Office, specifying the number of Bonus CNs to be redeemed and the Accelerated Redemption Event that has occurred (“**Accelerated Redemption Notice**”), together with the Certificate evidencing the Bonus CNs to be redeemed by not later than 60 days following the first day an Accelerated Redemption Event has occurred, or, if later, 60 days following the date upon which notice thereof is given to Bonus CN Holders by Cosmopolitan in accordance with Condition 15 (*Notices*). An Accelerated Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without Cosmopolitan’s consent, and Cosmopolitan shall redeem the Bonus CNs the subject of the Accelerated Redemption Notice as aforesaid on the Accelerated Redemption Date. The “**Accelerated Redemption Date**” shall be the fourteenth (14th) day after the expiry of such period of 60 days as referred to above.

- (d) *Notification of Accelerated Redemption Events*: Cosmopolitan shall give notice to Bonus CN Holders in accordance with Condition 15 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of an Accelerated Redemption Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonus CNs pursuant to this Condition 8(c) (*Redemption on Accelerated Redemption Events*) and shall give brief details of the Accelerated Redemption Event.
- (e) *Purchase*: Cosmopolitan or any Subsidiary may at any time purchase Bonus CNs at any price in the open market or otherwise. If purchases are made by tender offer, tender offer must be available to all Bonus CN Holders alike. Such Bonus CNs may be held, reissued, resold or, at the option of Cosmopolitan, surrendered to the Registrar for cancellation.
- (f) *Cancellation*: All Bonus CNs which are redeemed will forthwith be cancelled. All Bonus CNs so cancelled and the Bonus CNs purchased and cancelled pursuant to paragraph (e) above shall be forwarded to or to the order of the Registrar and cannot be reissued or resold.

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- (g) *Redemption Notices*: All notices to Bonus CN Holders given by or on behalf of Cosmopolitan pursuant to this Condition will specify (i) the Conversion Price as at the date of the relevant notice, (ii) the Conversion Period, (iii) the Closing Price of the Cosmo Ordinary Shares as at the latest *practicable* date prior to the publication of the notice, (iv) the applicable redemption amount and accrued interest payable (if any), (v) the date for redemption, (vi) the manner in which redemption will be effected and (vii) the aggregate principal amount of the Bonus CNs outstanding as at the latest practicable date prior to the publication of the notice. If more than one notice of redemption is given (being a notice given by either Cosmopolitan or a Bonus CN Holder pursuant to this Condition 8 (*Redemption, Purchase and Cancellation*)), the first in time shall prevail. The Registrar shall not be responsible for calculating or verifying any calculations of any amounts payable hereunder.
- (h) For the purposes of this Condition 8 (*Redemption, Purchase and Cancellation*):
- (i) “**Accounts**” means the audited consolidated financial statements of Cosmopolitan Group for the year ended 31 December 2022 and thereafter the most recent audited financial statements of Cosmopolitan or the most recent audited consolidated financial statements of Cosmopolitan Group; and
- (ii) “**Principal Subsidiary**” means at any time any subsidiary of Cosmopolitan -
- (1) whose profits, or (in the case of a subsidiary which has subsidiaries) consolidated profits, before taxation and extraordinary items as shown by its latest audited profit and loss account are at least 10 per cent. of the consolidated profits before taxation and extraordinary items of Cosmopolitan Group as shown by the Accounts;
  - (2) whose total assets or (in the case of a subsidiary which has subsidiaries) total consolidated assets as shown by its latest audited balance sheet are at least 10 per cent. of the total consolidated assets of Cosmopolitan Group as shown by the Accounts;
  - (3) whose revenues, or (in the case of a subsidiary which has subsidiaries) consolidated revenues as shown by its latest audited profit and loss account are at least 10 per cent. of the consolidated revenues of Cosmopolitan Group as shown by the Accounts; or
  - (4) to which is transferred the whole or substantially the whole of the assets and undertaking of a subsidiary which immediately prior to such transfer is a Principal Subsidiary, provided that, in such a case, the subsidiary so transferring its assets and undertaking shall thereupon cease to be a Principal Subsidiary.

A report by the auditors of Cosmopolitan that in their opinion a Subsidiary is or is not or was or was not at any particular time a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties concerned. References to the audited profit and loss account and balance sheet and audited accounts of a Subsidiary which has subsidiaries shall be construed as

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## APPENDIX I PRINCIPAL TERMS AND CONDITIONS OF THE COSMO BONUS CNS

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references to the audited consolidated profit and loss account and consolidated balance sheet of such Subsidiary and its subsidiaries, if such are required to be produced and audited, or, if no such profit and loss account or balance sheet are produced, to a proforma profit and loss account or balance sheet, prepared for the purpose of such report.

### 9. Taxation

All payments of principal, premium and interest in respect of the Bonus CNs by Cosmopolitan will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, Cosmopolitan will pay such additional amounts as shall be necessary in order that the net amounts received by the Bonus CN Holders after such withholding or deduction shall equal the respective amounts of principal, premium and interest which would otherwise have been receivable in respect of the Bonus CNs, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Bonus CN:

- (a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Bonus CN by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Bonus CN;
- (b) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a business day; or
- (c) by or on behalf of a holder of such Bonus CN who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim.

As used in this Condition 9:

“**Tax Jurisdiction**” means the Cayman Islands, Hong Kong or any political subdivision or any authority thereof or therein having power to tax; and

the “**Relevant Date**” means the date on which such payment first becomes due.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Deed Poll.

### 10. Prescription

Claims in respect of principal and interest will become void unless made within ten (10) years (in the case of principal) and five (5) years (in the case of interest) from the Relevant Date in respect thereof.

**11. Meetings of Bonus CN Holders**

The Deed Poll contains provisions for convening meetings of Bonus CN Holders to consider any matter affecting their interests, including without limitation the sanctioning by Extraordinary Resolution of a modification of the Bonus CNs or the provisions of the Deed Poll. Such a meeting may be convened by Cosmopolitan and shall be convened by Cosmopolitan if requested in writing to do so by Bonus CN Holders holding not less than 10 per cent. in aggregate principal amount of the Bonus CNs for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonus CNs for the time being outstanding or, at any adjourned such meeting, one or more persons being or representing Bonus CN Holders whatever the principal amount of the Bonus CNs so held or represented. If the business of such meeting includes consideration of any proposal or resolution, inter alia, (i) to postpone the due date for any payment in respect of the Bonus CNs or the dates on which interest is payable in respect of the Bonus CNs, (ii) to reduce or cancel the amount of principal or, any interest or Equivalent Amount payable in respect of the Bonus CNs or changing the method of calculation of interest, (iii) to change the currency of payment of the Bonus CNs, (iv) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, or (v) to approve the substitution of any entity for Cosmopolitan (or any previous substitute) as principal debtor under the Deed Poll or (vi) to modify the provisions concerning the quorum required at any meeting of the Bonus CN Holders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-tenth, in aggregate principal amount of the Bonus CNs for the time being outstanding.

An Extraordinary Resolution duly passed at any meeting of Bonus CN Holders will be binding on all Bonus CN Holders, whether or not they are present at the meeting and whether or not they voted at the meeting at which such resolution was passed.

The Deed Poll provides that a written resolution signed by or on behalf of the holders of not less than 75 per cent. of the aggregate principal amount of Bonus CNs outstanding (which may be contained in one document or in several documents in like form each signed by or on behalf of one or more Bonus CN Holders), shall be deemed to be as valid and effective as a duly passed Extraordinary Resolution.

**12. Modification and Waiver**

Any modification of the Bonus CNs (including these Conditions) or any waiver or authorisation of any breach or proposed breach by Cosmopolitan of the Bonus CNs requires the sanction of an Extraordinary Resolution.

**13. Replacement of Certificates**

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the Registrar Specified Office upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity (which shall require, *inter alia*, that if the alleged lost, stolen or destroyed Certificate is subsequently surrendered for redemption, or subsequently deposited for conversion into Shares, or if such Certificate is subsequently repurchased by Cosmopolitan or any of its Subsidiary, there shall be paid to Cosmopolitan on demand the principal amount of such Bonus CNs represented by such Certificate plus all costs and expenses in relation thereto) as Cosmopolitan or the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

**14. Contracts (Rights of Third Parties) Ordinance**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the laws of Hong Kong) to enforce any term of this Bonus CN, but this does not affect any right or remedy of any person which exists or is available apart from that Ordinance.

**15. Notices**

All notices to Bonus CN Holders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar or published at the website of the Stock Exchange. Any such notice shall be deemed to have been given on the later of the date(s) of such publication(s) and the second day after being so mailed, as the case may be.

Every Bonus CN Holder shall register with Cosmopolitan or the Registrar an address in Hong Kong to which notices can be sent and if any Bonus CN Holder shall fail to do so, notice may be given to such Bonus CN Holder by sending the same in any manner herein before mentioned to his last known address or, if there be none, by posting up the same for three (3) days at the Registrar Specified Office.

**16. Governing Law**

*Governing law:* The Bonus CNs, the Deed Poll and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, Hong Kong law.

**17. Submission to Jurisdiction**

*Submission to jurisdiction:* Cosmopolitan agrees, for the exclusive benefit of the Bonus CN Holders, that the courts of Hong Kong are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonus CNs (including a dispute relating to any non-contractual obligations arising out of or in connection with the Bonus CNs) and that accordingly any suit, action or proceedings (together referred to as “**Proceedings**”) arising out of or in connection with the Bonus CNs (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Bonus CNs) may be brought in such courts.



**1. RESPONSIBILITY STATEMENT**

This prospectus, for which the Cosmopolitan Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to Cosmopolitan. The Cosmopolitan Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus 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 prospectus misleading.

**2. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualification</b>
Quam Capital Limited	Financial Adviser

Quam Capital Limited had given and had not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its statement and references to its name in the form and context in which they appear.

**3. GENERAL**

The prospectus is prepared in both English and Chinese. In the event of inconsistency, English text shall prevail over its Chinese text unless otherwise specified.