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## **COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

### **OPEN OFFER TO QUALIFYING SHAREHOLDERS ON THE BASIS OF 2 OFFER SHARES FOR EVERY 5 SHARES HELD**

**Underwriter and Manager of the Open Offer**



The Directors propose to raise approximately HK\$12.7 million before expenses, and after deduction of expenses, raising approximately HK\$12 million, by way of an open offer of not less than 127,200,000 Offer Shares at the Subscription Price of HK\$0.10 per Offer Share on the basis of 2 Offer Shares for every 5 Shares held by the Qualifying Shareholders as at the Record Date. The Open Offer will not be made available to Overseas Shareholders. Qualifying Shareholders will not be allotted any Offer Shares in excess of their assured allotments.

As at the date hereof, the Company has an outstanding Convertible Note in the principal amount of HK\$8,747,780. The number of Offer Shares may increase if the Convertible Note (or any part thereof) is converted into Shares before the Record Date. Assuming full conversion of the Convertible Note before the Record Date, the maximum number of Offer Shares will be 141,196,448 raising approximately HK\$14.1 million, and after deduction of expenses, are expected to be approximately HK\$13 million.

The Company intends to utilise the net proceeds from the Open Offer principally in investing in the property market.

The Open Offer, save and except for the Offer Shares undertaken to be subscribed for by the Principal Shareholder, will be fully underwritten by the Underwriter, subject to fulfillment of the conditions set out in the Underwriting Agreement and to the Underwriting Agreement not being terminated.

The Open Offer is conditional upon, among others, (i) the approval by the Stock Exchange of the listing of, and the permission to deal in the Offer Shares; and (ii) the Underwriter not terminating the Underwriting Agreement in respect of the Open Offer in accordance with its terms (please see the paragraph headed “Termination of the Underwriting Agreement” below). **Accordingly, the Open Offer may or may not proceed.**

To qualify for the Open Offer, a Qualifying Shareholder’s name must appear on the register of members of the Company on the Record Date, which is expected to be 18th July, 2003. In order to be registered as members on the Record Date, any transfer of Shares must be lodged for registration (with the relevant share certificates) with the share registrars of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:00 p.m. on 15th July, 2003. The share register will be closed from 16th July, 2003 to 18th July, 2003, both dates inclusive.

As at the date hereof, save for the Convertible Note, the Company has no outstanding options, warrants or convertible instruments to subscribe for any Shares.

**The Underwriting Agreement contains provisions entitling the Underwriter the right to terminate its obligations on the occurrence of certain force majeure events. Details refer to the paragraph headed “Termination of the Underwriting Agreement” below.**

**WARNING: Shares will be dealt with on an ex-entitlements basis from 14th July, 2003. If the conditions of the Open Offer are not fulfilled or the Underwriting Agreement is terminated, the Open Offer will not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

Trading in the Shares was suspended from 9:30 a.m. on 25th June, 2003 at the request of the Company pending the release of this announcement. Application has been made for trading in the Shares to resume at 9:30 a.m. on 30th June, 2003.

## **OPEN OFFER**

On 25th June, 2003, the Underwriting Agreement was entered into between, among others, the Company and the Underwriter in respect of the Open Offer and further details of the Open Offer are set out below.

*Issue statistics:*

Basis of the Open Offer:	2 Offer Shares for every 5 Shares held by Qualifying Shareholders as at the Record Date
Number of existing: Shares in issue	318,000,000 Shares
Subscription Price:	HK\$0.10 per Offer Share
Minimum number of Offer Shares: (assuming that no part of the Convertible Note is converted into Shares before the Record Date)	127,200,000 Offer Shares
Maximum number of Offer Shares: (assuming that the Convertible Note is converted in full before the Record Date)	141,196,448 Offer Shares

Baron Capital has been appointed as the manager for the Open Offer and is the Underwriter for the Open Offer. According to Baron Capital, the sub-underwriter is Hantec Capital Limited, and each of them has confirmed that it is an independent third party not connected with any of the chief executives, directors or substantial shareholders of the Company or its subsidiaries or any of their respective associates (all as defined in the Listing Rules).

*Qualifying Shareholders:*

To qualify for the Open Offer, a Shareholder must on the Record Date:

- (i) be registered as a member of the Company; and
- (ii) have an address in Hong Kong which appears on the register of members of the Company.

**In order to be registered as a member on the Record Date, Shareholders must lodge any transfers of Shares (with the relevant share certificates) with the share registrars of the**

**Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:00 p.m. on 15th July, 2003.**

**In order to qualify for the Open Offer, the holder of the Convertible Note must lodge the conversion notice with the Company by 4:00 p.m. on 4th July, 2003.**

The invitation to apply for the Offer Shares will not be transferable or capable of renunciation and there will not be any trading of nil-paid entitlements of the Offer Shares on the Stock Exchange.

The Company will send the Application Forms to Qualifying Shareholders only.

The register of members of the Company will be closed from 16th July, 2003 to 18th July, 2003, both dates inclusive. No transfer of Shares will be registered during this period.

As disclosed in the Company's announcement dated 9th April, 2003, the Company has issued the Convertible Note in a principal amount of HK\$8,747,780 to Sunfull Resources Limited pursuant to which Sunfull Resources Limited shall have the right to exercise the conversion rights attaching thereto and to be issued new Shares at a conversion price of HK\$0.25 per Share (subject to adjustments). Assuming the full exercise of the conversion rights attaching to the Convertible Note before the Record Date, there shall be an aggregate of 352,991,120 Shares in issue on the Record Date and the maximum number of Offer Shares which may be issued pursuant to the Open Offer would be 141,196,448 Offer Shares. As at the date hereof, save for the Convertible Note, the Company has no outstanding options, warrants or convertible instruments to subscribe for any Shares.

### **Terms of the Open Offer**

#### *Subscription Price:*

HK\$0.10 per Offer Share, payable in full when a Qualifying Shareholder applies in the Open Offer. The Subscription Price represents:

- (i) a discount of approximately 48.45% to the closing price of HK\$0.194 per Share as quoted on the Stock Exchange on 24th June, 2003 (being the last trading day prior to the date of the Underwriting Agreement);

- (ii) a discount of approximately 40.12% to the theoretical ex-entitlement price of approximately HK\$0.167 per Share based on the aforesaid closing price per Share;
- (iii) a discount of approximately 45.05% to the average closing price of the Shares of approximately HK\$0.182 per Share as quoted on the Stock Exchange on the last 10 trading days up to and including 24th June, 2003; and
- (iv) a discount of approximately 57.98% to the net asset value of approximately HK\$0.238 per Share as at 31st March, 2003.

The Subscription Price has been determined based on arm's length negotiations between the Company and the Underwriter with reference to prevailing market prices of the Shares. In light of the current economic environment and the low trading volume of the Shares, the Directors (including the independent non-executive Directors) consider that it would be difficult to raise funding in the equity market through issue of new Shares without offering discounts of subscription price so as to attract sufficient demand. The Directors (including the independent non-executive Directors) consider such a discount an incentive to attract participation by Qualifying Shareholders in the Open Offer and to finance the Company's growth. As such, the Directors (including the independent non-executive Directors) consider that the terms of the Open Offer to be fair and reasonable and are in the interests of the Company and the Shareholders.

*Status of the Offer Shares:*

When allotted and fully paid, the Offer Shares will rank pari passu in all respects with the Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the allotment and issue of the Shares.

*Fractions of the Offer Shares:*

The Company will not provisionally allot fractions of the Offer Shares. The Offer Shares arising from the aggregation of fractional entitlements (if any), to which the Qualifying Shareholders would otherwise have been entitled under the Open Offer, and the Offer Shares to which the Overseas Shareholders would otherwise have been entitled under the Open Offer will be taken up by the Underwriter.

*No application for Offer Shares in excess of assured allotment:*

Under the Open Offer, the Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their entitlements but they are assured of the allotment of the Offer Shares comprised in their entitlements subject to their valid applications for the same in accordance with the terms and conditions of the Open Offer.

*Share certificates:*

Subject to the fulfillment of the conditions of the Open Offer, certificates for all fully-paid Offer Shares are expected to be posted by ordinary post to successful applicants on the terms of the Open Offer at their own risks on or before 11th August, 2003.

*Rights of Overseas Shareholders:*

The Open Offer Documents will not be registered under the applicable securities legislation in any jurisdictions other than Hong Kong. The Directors are of the view that the offer of the Offer Shares to the Overseas Shareholders would or might, in the absence of compliance with registration or other special formalities in such other jurisdictions, be unlawful or impracticable. Accordingly, no Offer Shares will be offered to the Overseas Shareholders and no Application Forms for the Offer Shares will be sent to the Overseas Shareholders. The Company will send the Prospectus to the Overseas Shareholders for their information only.

*Application for listing:*

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in Offer Shares will be subject to the payment of stamp duty in Hong Kong.

*Underwriting arrangements:*

**Undertaking by the Principal Shareholder**

As at the date hereof, the Principal Shareholder is beneficially interested in an aggregate of 162,970,000 Shares, representing approximately 51.25% of the existing issued share capital of the Company. The Principal Shareholder has given an irrevocable undertaking to the Company that the Shares directly or indirectly and beneficially owned by it will remain registered in its name up to 6th August, 2003 and to accept or procure acceptance of its pro-rata entitlements

to the Offer Shares, being 65,188,000 Offer Shares (subject to appropriate adjustment (if any) in the event of any disposal or acquisition of any Shares from the date of the Underwriting Agreement up to and including the business day immediately preceding the first day of closing of the register of members of the Company for the purpose of the Open Offer with the prior written consent of the Underwriter) under the Open Offer.

### **Underwriting Agreement**

Date: 25th June, 2003

Number of Offer Shares underwritten: Not less than 62,012,000 Offer Shares (subject to adjustment to such number by reason of any Shares which may fall to be issued as a result of the exercise of the Convertible Note (or part thereof) before the Record Date) and which will not be more than 76,008,448 Offer Shares

Underwriter: Baron Capital

Commission: 2.5% of the aggregate Subscription Price of the Offer Shares underwritten, being HK\$155,030 assuming no part of the Convertible Note before the Record Date, or approximately HK\$190,021 assuming the Convertible Note is converted in full before the Record Date

#### *Termination of the Underwriting Agreement:*

**It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing, to terminate the arrangements set out in the Underwriting Agreement on the occurrence of certain events, including force majeure, or breach of the material obligations or undertakings contained in the Underwriting Agreement at any time prior to 4:00 p.m. on the second business day following the Acceptance Date. For this purpose, force majeure includes but not limited to :**

- (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of similar nature including without limitation abolition or repeal of any existing law or regulation which in the reasonable opinion of the Underwriter may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;**

- (ii) the occurrence, happening, coming into effect, change or becoming public knowledge of any event or circumstances of a local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national international outbreak or escalation of hostilities or armed conflict, or affecting local securities market which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or may materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or**
  
- (iii) any adverse change in market conditions (including without limitation suspension or material restriction or trading in securities on the Stock Exchange) which in the reasonable opinion of the Underwriter is likely to materially and adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with Open Offer; or**
  
- (iv) any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company.**

**If the Underwriter exercises such right and terminate the Underwriting Agreement, the obligations of the Underwriter under the Open Offer will cease and the Open Offer will not proceed.**

### **Conditions of the Open Offer**

The Open Offer is conditional on, among others, the following conditions being fulfilled:

- (a) the obtaining of requisite approvals (if any) from, and the filing of a copy of the Open Offer Documents (where necessary) with, the relevant governmental, monetary or other regulatory body (as the case may be) in the Cayman Islands for the implementation of the Open Offer and the issue of the Offer Shares;**
  
- (b) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Open Offer Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by**



resolution of the board of Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date or otherwise in compliance with the Listing Rules and the Companies Ordinance;

- (c) the posting of the Open Offer Documents to Qualifying Shareholders on the Prospectus Posting Date and the posting of the Prospectus stamped “For Information Only” to the Overseas Shareholders;
- (d) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, the listings of, and permission to deal in, the Offer Shares by not later than the Acceptance Date (or such other date as may be agreed between the Company and the Underwriter);
- (e) compliance with the irrevocable undertaking given by the Principal Shareholder as referred to above; and
- (f) the Underwriter not terminating the Underwriting Agreement.

#### **Reasons for the Open Offer and use of proceeds**

The Company has previously raised net proceeds of approximately HK\$8,200,000 from the issue of the Convertible Note and the aforesaid net proceeds will be applied by the Company in making further investment. However, no specific investment has been identified at present. As the Company’s core businesses are property and securities investment, the Company intends to apply such net proceeds to investments which relate to its core businesses. The aforesaid net proceeds are maintained in the Company’s bank account with cash balance.

The Directors consider that it is in the interest of the Company to proceed with the Open Offer instead of a rights issue which provides a channel for Shareholders not accepting the Offer Shares or not able to accept the Offer Shares to realise the benefit of the rights since the Company can dispense with the additional burden of providing for trading in nil-paid rights, which would render the Company to incur costs as a result, having regard to the relatively thin trading of the Shares. The Directors consider the Open Offer is an appropriate method to raise capital as the Open Offer will allow Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company. The Directors further consider that the Open Offer will not only enlarge the capital base of the Company but also allow the Shareholders to participate in the growth of the Company, and therefore the Open Offer is in the interests of the Company and Shareholders.

The proceeds of the Open Offer (assuming no part of the Convertible Note is converted into Shares before the Record Date) of approximately HK\$12.7 million, and after deduction of expenses, are expected to be approximately HK\$12 million.

The proceeds of the Open Offer (assuming the Convertible Note is fully converted into Shares before the Record Date) of approximately HK\$14.1 million, and after deduction of expenses, are expected to be approximately HK\$13 million.

The aforesaid net proceeds are intended to be used principally for investments in the property market. However, at present, the Company has not yet identified any investment opportunities. The Company may invest in the local or overseas property market but at present, no specific geographical location has been identified. The Directors are of the view that it is logical to have sufficient capital in advance in order to make investments when opportunities arise.

## Shareholding structure

	Scenario 1		Scenario 2		Scenario 3		Scenario 4		Scenario 5	
	Shares	%	Shares	%	Shares	%	Shares	%	Shares	%
Principal Shareholder	162,970,000	51.25%	228,158,000	51.25%	228,158,000	51.25%	228,158,000	46.17%	228,158,000	46.17%
Eric Edward Hotung,										
C.B.E. (Note 1)	29,952,608	9.42%	41,933,651	9.42%	29,952,608	6.73%	41,933,651	8.49%	29,952,608	6.06%
Hotung Investment (China)										
Limited (Note 1)	16,171,000	5.09%	22,639,400	5.09%	16,171,000	3.63%	22,639,400	4.58%	16,171,000	3.27%
Genesee Company Limited										
(Note 1)	15,161,000	4.77%	21,225,400	4.77%	15,161,000	3.41%	21,225,400	4.30%	15,161,000	3.07%
Sunfull Resources										
Limited (c)	9,280,000	2.92%	12,992,000	2.92%	9,280,000	2.08%	61,979,568	12.54%	44,271,120	8.96%
Underwriter and										
sub-underwriter (a) (Note 2)	–	0.00%	1	0.00%	62,012,000	13.93%	1	0.00%	76,008,448	15.38%
Other public (b)	84,465,392	26.55%	118,251,548	26.55%	84,465,392	18.97%	118,251,548	23.92%	84,465,392	17.09%
Total public (a) + (b) + (c)	93,745,392	29.47%	131,243,549	29.47%	155,757,392	34.98%	118,251,549	23.92%	204,744,960	41.43%
							(Total public	(Note 3)		
							(a) + (b)			
Total	318,000,000	100.00%	445,200,000	100.00%	445,200,000	100.00%	494,187,568	100.00%	494,187,568	100.00%

- Scenario 1: As at the date of this announcement
- Scenario 2: Shareholding immediately after the completion of the Open Offer (assuming no conversion of Convertible Note, and assuming all Qualifying Shareholders take up their respective entitlements to the Offer Shares)
- Scenario 3: Shareholding immediately after the completion of the Open Offer (assuming no conversion of the Convertible Note, and assuming no applications for Offer Shares are made by the Qualifying Shareholders except the Principal Shareholder)
- Scenario 4: Shareholding immediately after the completion of the Open Offer (assuming full conversion of the Convertible Note, and assuming all Qualifying Shareholders take up their respective entitlements to the Offer Shares)
- Scenario 5: Shareholding immediately after the completion of the Open Offer (assuming full conversion of the Convertible Note, and assuming no applications for Offer Shares are made by the Qualifying Shareholders except the Principal Shareholder)

*Note 1:* Hotung Investment (China) Limited and Genesee Company Limited are considered concert parties of Eric Edward Hotung, C.B.E. and are not considered public shareholders since the acquisition of the shares by each of these companies were financed by Eric Edward Hotung, C.B.E. who was the former Chairman and former Managing Director of the Company.

*Note 2:* According to Baron Capital (the Underwriter), the sub-underwriter is Hantec Capital Limited and both of them have confirmed that each of them is an independent third party not connected with any of the chief executives, directors or substantial shareholders of the Company or its subsidiaries or any of their respective associates (all as defined in the Listing Rules). Immediately following the Open Offer, neither the Underwriter nor the sub-underwriter will hold 10% or more in the then issued share capital of the Company. Mr. Tang Ping Sum, an independent non-executive Director, is also a director of the sub-underwriter. According to the Underwriter, it has entered into a sub-underwriting arrangement with the aforesaid sub-underwriter in relation to the Open Offer. The sub-underwriter does not have any subsisting contractual arrangement with the Company.

*Note 3:* As at the date of this announcement, Sunfull Resources Limited is interested in approximately 2.92% of the shareholding in the Company. Assuming Sunfull Resources

Limited exercises its rights under the Convertible Note before the Record Date and assuming Sunfull takes up all its entitlements under the Open Offer, Sunfull Resources Limited will be interested in approximately 12.54% of the shareholding of the Company. Sunfull Resources Limited has confirmed to the Company that neither it nor its associates (as defined in the Listing Rules) have any intention to exercise any rights under the Convertible Note or acquire any shares of the Company or do any act or thing within the next 60 days from 26th June, 2003 to the effect that it and its associates will together become interested in 10% or more of the issued share capital of the Company.

The Company has undertaken to the Stock Exchange that, in the event that less than 25% of the Shares are in public hands, it will take steps as soon as practicable to ensure that the public float of the Company is not less than 25% of the then issued share capital of the Company. The Principal Shareholder has given similar undertaking to the Stock Exchange that it will act with the Company to that effect.

**If the Stock Exchange believes that:**

- (a) a false market exists or may exist in the Shares; or**
- (b) there are too few Shares in public hands to maintain an orderly market,**

**it will consider exercising its discretion to suspend trading in the Shares.**

**Shareholders of the Company and investors are advised to take caution in dealing in the Shares.**

**Warning of the risks of dealing in Shares**

**Shares will be dealt with on an ex-entitlements basis from 14th July, 2003. If the Underwriter terminates the Underwriting Agreement, or the conditions of the Open Offer are not fulfilled, the Open Offer will not proceed. Any person dealing in the ex-entitlement Shares will accordingly bear the risk that the Open Offer may not become unconditional and may not proceed.**

**Any Shareholder or other person contemplating selling or purchasing Shares during such period who is in any doubt about his/her position is recommended to consult his/her own professional adviser.**

**EXPECTED TIMETABLE:**

2003

**Latest time for lodging conversion notice in respect of  
the conversion of the Convertible Note in order to  
qualify for the Open Offer . . . . . 4:00 p.m., Friday, 4th July**

Last day of dealings in Shares on a cum-entitlement basis . . . . . Friday, 11th July

Commencement of dealings in Shares on an ex-entitlement basis . . . . . Monday, 14th July

**Latest time for lodging transfers of Shares accompanied  
by the relevant title documents in order to qualify  
for the Open Offer. . . . . 4:00 p.m., Tuesday, 15th July**

Register of members closes (both days inclusive). . . . . Wednesday, 16th July to  
Friday, 18th July

Record Date for the Open Offer . . . . . Friday, 18th July

Despatch of Open Offer Documents. . . . . Friday, 18th July

**Latest time for payment and acceptance of the Offer Shares. . . . . Monday, 4th August**

Latest time for the Underwriter to terminate the  
Underwriting Agreement . . . . . Wednesday, 6th August

Announcement of the results of the Open Offer in newspapers . . . . . Friday, 8th August

Certificates for Offer Shares expected to be despatched  
by ordinary post on or before . . . . . Monday, 11th August

Refund cheques in respect of unsuccessful applications expected  
to be despatched by ordinary post on or before . . . . . Monday, 11th August

Dealings in the Offer Shares expected to commence on . . . . . Wednesday, 13th August

**Dates or deadlines specified in this announcement for events in the timetable for (or  
otherwise in relation to) the Open Offer is indicative only and may be exercised or varied**

**by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to Shareholders appropriately.**

## **ADJUSTMENT TO THE SUBSCRIPTION PRICE OF THE CONVERTIBLE NOTE**

The Open Offer may constitute an event giving rise to an adjustment to the subscription price for Shares upon exercise of the Convertible Note in accordance with its terms. The Company will notify the holder of the Convertible Note of any adjustment made to the subscription price for Shares upon exercise of the Convertible Note in accordance with its terms. The calculation of adjustment in accordance with its terms will be certified by the auditors of the Company or by an approved merchant bank.

## **SUSPENSION AND RESUMPTION OF TRADING IN SECURITIES**

Trading in the Shares was suspended from 9:30 a.m. on 25th June, 2003 at the request of the Company pending the release of this announcement. Application has been made for trading in the Shares to resume at 9:30 a.m. on 30th June, 2003.

## **GENERAL**

The Open Offer Documents containing further information of the Open Offer will be despatched to Qualifying Shareholders and the Prospectus will be despatched to the Overseas Shareholders for information purposes only.

**The release of this announcement does not necessarily indicate that the Open Offer will be successfully implemented and completed as the conditions precedent to the Open Offer may or may not be fulfilled or otherwise waived. Shareholders and potential investors should exercise caution in dealing in the securities of the Company.**

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acceptance Date”	the last date for the acceptance of, and payment for, the Offer Shares
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“Application Form”	the form of application for the Offer Shares (incorporating the number of Offer Shares provisionally allotted to the relevant Qualifying Shareholder) enclosed with the Prospectus
“Baron Capital”	Baron Capital Limited, a deemed licensed corporation registered under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which is an independent third party not connected with any of the chief executives, directors or substantial shareholders of the Company or its subsidiaries or any of their respective associates (all as defined in the Listing Rules)
“business day”	a day, other than a Saturday, on which banks in Hong Kong are open for normal banking business
“Companies Act”	The Companies Law of the Cayman Islands (as amended)
“Companies Ordinance”	Companies Ordinance (Cap. 32 of the Laws of Hong Kong)
“Company”	Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Convertible Note”	the convertible note in the principal amount of HK\$8,747,780 issued by the Company to Sunfull Resources Limited on 19th May 2003, which is unsecured, interest free and is repayable on the first anniversary of the issue date. As at the date of this announcement, the outstanding amount of such convertible note was HK\$8,747,780 which can be converted into Shares at a conversion price of HK\$0.25 per Share (subject to adjustment)
“Director(s)”	director(s) of the Company
“Group”	The Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Offer Shares”	the new Shares to be offered to Qualifying Shareholders for subscription pursuant to the Open Offer
“Open Offer”	the open offer of 2 Offer Shares for every 5 Shares to Qualifying Shareholders on the terms set out therein
“Open Offer Documents”	the Prospectus and the Application Form
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date and whose addresses as shown on such register are outside Hong Kong
“Principal Shareholder”	Gold Capital Investments Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“Prospectus”	a prospectus containing the details of, among other things, the Open Offer
“Prospectus Posting Date”	the date of posting of the Open Offer Documents, which is expected to be on 18th July, 2003
“Qualifying Shareholder(s)”	Shareholder(s) who, on the Record Date, has/have address(es) in Hong Kong on the register of members of the Company
“Record Date”	18th July, 2003 being the date by reference to which entitlements to the Open Offer are expected to be determined
“Share(s)”	share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	Holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



“Subscription Price”	the subscription price of HK\$0.10 per Offer Share pursuant to the Open Offer
“subsidiary”	has the meaning given to it under the Companies Ordinance
“Underwriter”	Baron Capital
“Underwriting Agreement”	the underwriting agreement dated 25th June, 2003 entered into between, among others, the Underwriter and the Company in relation to the underwriting of the Open Offer
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of  
**Cosmopolitan International Holdings Limited**  
**Low Kim Teik**  
*Director*

Hong Kong, 27th June, 2003

Please also refer to the published version of this announcement in The Standard.