



COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD

四海國際集團有限公司*
COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 120)

PROFIT WARNING

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the 2008 Interim Results are expected to record a loss as compared to a profit for the corresponding period ended 30 September 2007.

This announcement is made by Cosmopolitan International Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

Pursuant to the issue of certain convertible bonds due 2009 (the “2009CB”) by Sinofair Investment Limited (“Sinofair”), a wholly-owned subsidiary of the Company, Sinofair was granted a placement right (the “Placement Right”) in respect of the 2009CB. Pursuant to the Placement Right, Sinofair is entitled to certain sharing arrangement arising from the sale of the 2009CB procured by Sinofair (details of the terms of the Placement Right are set out in the Company’s circular dated 9 February 2007). The expiry date of exercise period of the Placement Right was subsequently extended to 13 February 2009.

As at 31 March 2008, the Placement Right in respect of the 2009CB in the initial aggregate principal amount of HK\$56 million was recorded as derivative financial assets in the audited consolidated financial statements of the Company at a fair value of HK\$185 million. The Placement Right in respect of the 2009CB in the aggregate principal amount of HK\$18 million was subsequently exercised or released on 13 August 2008 (details of which are set out in the Company’s announcement dated 18 August 2008).

Up to the date of this announcement, no further Placement Right has been exercised or released. However, in view of unfavourable market conditions, it is considered prudent to anticipate that Sinofair may not be able to procure the sale of part or all of the 2009CB before the expiration of the exercise period of the Placement Right on 13 February 2009 and that the value of the Placement Right in respect of the remaining 2009CB in the aggregate principal amount of HK\$38 million (the “Remaining Placement Right”) may unlikely be realized. As such, the board of directors of the Company (the “Board”) proposes to write off the entire carrying value of the Remaining Placement Right; such write-off would amount to a loss of approximately HK\$109 million, after adjusting for the financial impact of the aforesaid partial exercise and release of the Placement Right effected in August 2008, in the unaudited interim results of the Group for the six months ended 30 September 2008 (the “2008 Interim Results”). Nevertheless, if the Group could realize all or part of the Remaining Placement Right before the aforesaid expiry date, the quantum of the write-off to be recorded in the audited consolidated financial statements of the Company for the year ending 31 March 2009 would be less than the amount stated above or would not be recorded at all, depending on the terms of such realization (if any).

The Group’s investments in all marketable securities continue to be recognized as held-for-trading investments. It is expected that the Company may record mark-to-market losses on the fair value of such investments in the amount of approximately HK\$47 million for the six months ended 30 September 2008 as a result of the decline in the global financial market.

Due to the aforesaid, the 2008 Interim Results are expected to record a loss as compared to a profit for the corresponding period ended 30 September 2007. However, the above-mentioned write-off would not have any impact on the cashflow position of the Group and the Group remains in a healthy financial condition with cash and bank balances of over HK\$200 million as at the date of this announcement.

As the Company is still in the process of finalising the 2008 Interim Results, the information contained in this announcement is only based on the preliminary assessment by the Company’s management on the unaudited consolidated management accounts of the Group and the information currently available. Shareholders of the Company and potential investors are advised to read carefully the 2008 Interim Results announcement of the Company which is expected to be released on 19 December 2008.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Cosmopolitan International Holdings Limited
Cheng Sui Sang
Executive Director

Hong Kong, 12 December 2008

As at the date of this announcement, the Board comprises nine Directors, namely Mr. Bong Shu Yin, Daniel (Chairman) and Mr. Cheng Sui Sang, who are the executive Directors, and Mr. Wang Baoning (Vice-Chairman), Mr. Bong Shu Ying, Francis, Mr. Ng Kwai Kai, Kenneth and Mr. Leung So Po, Kelvin, who are the non-executive Directors, and Mr. Li Ka Fai, David, Mr. Lee Choy Sang and Ms. Ka Kit, who are the independent non-executive Directors.

** For identification purpose only*