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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 results of the Group for the year ended 31 March 2010 are expected to record an increased loss as compared to the year ended 31 March 2009. The increased loss is due to the recognition of an increased derivative financial liability, in compliance with the currently applicable accounting standards, relating to the Subscription Options for the subscription of additional 2013CB granted by the Group in 2008. The Board wishes to state that such derivative financial liability and related loss on changes in fair value are non-cash in nature and the Group will in no event be obliged to settle any such liability by incurring any cash payout or otherwise by using any of its assets. In case that the Subscription Options are exercised, the Group will only be obliged to issue to the holders of the Subscription Options additional 2013CB for cash subscription proceeds of up to HK\$200 million. If the anticipated loss related to the Subscription Options is excluded, the Group would expect to record a net profit for the year ended 31 March 2010.

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”).

In connection with the issue of certain convertible bonds due 2013 (the “2013CB”) in 2008 by Apex Team Limited (the “Issuer”), a wholly-owned subsidiary of the Company, the Issuer granted certain subscription options (the “Subscription Options”) for the subscription of additional 2013CB in an aggregate principal amount of up to HK\$200 million by holders of the Subscription Options. Details of the terms of the 2013CB and the Subscription Options were set out in the Company’s circular dated 18 January 2008 and the recent interim and annual reports of the Company.

In compliance with the currently applicable accounting standards adopted by the Group, the Subscription Options are required to be recognized as derivative financial liability and the related gain or loss on changes in fair value of the Subscription Options to be reflected in the consolidated financial statements of the Company. As the closing market price of the shares of the Company as at 31 March 2010 was significantly above the prevailing conversion price of the 2013CB of HK\$0.30 per share, the independent professional valuer retained by the Group has preliminarily assessed that the fair value of the Subscription Options as at 31 March 2010 will be substantially higher than its carrying book value as at 31 March 2009. Consequently, in compliance with the currently applicable accounting standards, it is expected the Group will record an increased loss for the year ended 31 March 2010 as compared to the year ended 31 March 2009, which would also materially and adversely affect the book net asset value of the Group as at 31 March 2010.

However, the board of directors of the Company (the “Board”) wishes to draw the attention of the shareholders of the Company and potential investors to the fact that the aforesaid derivative financial liability and the related loss on changes in fair value relating to the Subscription Options are non-cash in nature and will not have any impact on the cashflow of the Group. The Group will in no event be obliged to settle any such liability by incurring any cash payout or otherwise by using any of its assets. In case that the Subscription Options are exercised, the Group will only be obliged to issue to the holders of the Subscription Options additional 2013CB for cash subscription proceeds of up to HK\$200 million. If the anticipated loss related to the Subscription Options is excluded, the Group would expect to record a net profit for the year ended 31 March 2010. The Group remains in a healthy and solid financial condition and is continuing to pursue various investment opportunities.

As the Company is still in the process of finalizing its consolidated financial results for the year ended 31 March 2010, the information contained in this announcement is only based on preliminary assessment of the unaudited management accounts of the Group and the information currently available. Shareholders of the Company and potential investors are advised to read carefully the results announcement of the Company which is expected to be released on 13 July 2010.

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, 2 July 2010

As at the date of this announcement, the Board comprises ten 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, Mr. Leung So Po, Kelvin and Mr. Wong Po Man, Kenneth, 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*