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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)

**PRIOR YEARS' ADJUSTMENTS IN FINANCIAL STATEMENTS  
REGARDING CHANGE IN ACCOUNTING TREATMENT OF CONVERTIBLE BONDS,  
PROFIT WARNING  
AND  
TRADING RESUMPTION**

This announcement is made by the Company pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Listing Rules.

The Group issued the Convertible Bonds in 2007 and 2008. All of the Convertible Bonds had been converted into issued shares of the Company on 16 September 2013. Following the appointment of Ernst & Young as the Company's new auditors on 21 January 2014, the Company has reassessed the terms of the Convertible Bonds and considered that, in view of the conversion price adjustment terms of the Convertible Bonds, the embedded conversion rights of the Convertible Bonds are more appropriate to be accounted for in the Company's consolidated financial statements as financial derivatives under HKAS 32 *Financial Instruments: Presentation* rather than equity instruments as previously recognised in the Company's prior years' consolidated financial statements. Accordingly, certain corresponding prior year adjustments are proposed to be made and certain comparative amounts to be restated to reflect the change in accounting treatment of the Convertible Bonds (the "Adjustments"), which will be subject to final audit in the forthcoming financial statements of the Company.

Upon adoption of the Adjustments, the change in the independently appraised fair value of the conversion feature of the Convertible Bonds from time to time at the reporting year/period end would have implications on the consolidated statement of comprehensive income and the consolidated statements of financial position of the Company. The Company reported audited consolidated net profit of approximately HK\$29 million for the year ended 31 March 2013. After the Adjustments, it is estimated that the Company's consolidated net profit would be increased by approximately HK\$24 million to approximately HK\$53 million for the year ended 31 March 2013, with corresponding adjustments to the Company's consolidated retained earnings, liabilities and equity. The Company

\* For identification purpose only

reported unaudited consolidated net profit of approximately HK\$4 million for the six months ended 30 September 2013. After the Adjustments, it is estimated that the Company's consolidated net profit for the six months ended 30 September 2013 would be reduced by approximately HK\$49 million and, as a result, the Company would report net loss of approximately HK\$45 million for the six months ended 30 September 2013. However, it should be noted that the change in the reported profits of the Company is solely related to the change in the accounting treatment of the Convertible Bonds and did not have any impact on the cash flow, the financial status or the operations of the Group.

As set out in the Company's announcement dated 21 January 2014, the Company's financial year end date has been changed from 31 March to 31 December and the next financial year end date of the Company has been determined to be 31 December 2013. The Board expects that as a result of the Adjustments, the Company would likely report net loss for the nine months ended 31 December 2013, subject to the Group's financial statements being finalised and audited.

As the Convertible Bonds had been converted in full during the six months ended 30 September 2013, the Adjustments as a result of the change in accounting treatment of the Convertible Bonds would not have any impact on the current amounts of the assets and liabilities and equity of the Group and those amounts as at 30 September 2013; nor would there be any impact on the cash flow and the operations of the Group from the Adjustments.

The Company noted the decrease in price and increase in trading volume of the Shares today. At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 1:09 p.m. on Monday, 27 January 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Tuesday, 28 January 2014.

## **DEFINITIONS**

|                     |                                                                                                                                                                                                                                                                     |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "Board"             | the board of Directors                                                                                                                                                                                                                                              |
| "Company"           | Cosmopolitan International Holdings Limited, a company incorporated in the Cayman Islands and whose issued ordinary shares are listed on the Main Board of the Stock Exchange (Stock Code: 120)                                                                     |
| "Convertible Bonds" | collectively, (i) the zero coupon guaranteed convertible bonds due on 30 September 2013 (as further extended) issued by the Group in 2007; and (ii) the zero coupon guaranteed convertible bonds due on 30 September 2013 (as extended) issued by the Group in 2008 |
| "Directors"         | directors of the Company                                                                                                                                                                                                                                            |
| "Group"             | the Company and its subsidiaries                                                                                                                                                                                                                                    |

|                  |                                                                               |
|------------------|-------------------------------------------------------------------------------|
| “HKAS”           | Hong Kong Accounting Standards                                                |
| “Listing Rules”  | the Rules Governing the Listing of Securities on the Stock Exchange           |
| “Shares”         | ordinary shares of par value of HK\$0.0002 each in the capital of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited                                       |

By Order of the Board  
**Cosmopolitan International Holdings Limited**  
**Eliza Lam Sau Fun**  
Secretary

Hong Kong, 27 January 2014

As at the date of this announcement, the Board comprises the following members:

***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. Daniel BONG Shu Yin  
Mr. CHENG Sui Sang  
Mr. Kenneth NG Kwai Kai

***Non-Executive Director:***

Mr. Francis BONG Shu Ying

***Independent Non-Executive Directors:***

Ms. Judy CHEN Qing  
Ms. Alice KAN Lai Kuen  
Mr. LEE Choy Sang  
Mr. David LI Ka Fai  
Hon. Abraham SHEK Lai Him, GBS, JP