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)

ANNOUNCEMENT OF THE GROUP RESULTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

FINANCIAL REVIEW

Cosmopolitan International Holdings Limited (the "Company") together with its subsidiaries (the "Group") recorded a consolidated profit of approximately HK$525,339,000 for the year ended 31 March 2012, as compared with a profit of HK$215,074,000 recorded last year. The consolidated profit achieved for the year under review was attributed mainly to the share of profit recognized in a jointly controlled entity of HK$527,678,000, and the decrease in the derivative financial liabilities of approximately HK$152,558,000 (2011: HK$232,472,000) due to the change in fair value, as valued by an independent professional valuer, of the subscription options ("Subscription Options") granted by the Group in 2008 to the holders to subscribe for additional convertible bonds due 2013 ("CB2013"). Such decrease in the fair value of the derivative financial liabilities was mainly due to the fact that the closing market price of the ordinary shares of the Company as at 31 March 2012 was below that prevailing at 31 March 2011. The net loss in the financial assets at fair value through profit and loss amounted to approximately HK$121,838,000, which were marked to market closing prices as at 31 March 2012.

In compliance with the currently applicable accounting standards, the Subscription Options are being recognized as derivative financial liabilities, and the change in their fair values is reflected as gain or loss in the consolidated statement of comprehensive income. However, such derivative financial liabilities and the related profit or loss 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 the additional CB2013 for cash subscription proceeds of up to HK$200 million.

In order to more fairly reflect the financial results and the underlying net assets value of the Group, management of the Group considers it appropriate to also present, for the purpose of reference, supplementary information on the Group's financial results for the year ended and the net assets position as at 31 March 2012, compiled on an adjusted basis that the profit arising from the change in fair value of the Subscription Options would be excluded and that such derivative financial liabilities would be de-recognized. On such adjusted basis, the Group would record net profit of HK372,832,000 for the year ended 31 March 2012 and net assets value of HK$622,973,000 as at 31 March 2012, as illustrated below:

Adjusted financial results

	For the year ended 31 March 2012 *HK$'000*
Net profit attributable to owners of the Company	525,390
Adjustment to exclude the gain on change in fair value of the Subscription Options	(152,558)
Unaudited adjusted net profit attributable to owners of the Company	372,832

Adjusted net assets attributable to owners of the Company

	As at 31 March 2012 *HK$'000*
Net assets attributable to owners of the Company	573,079
Adjustment to de-recognize the derivative financial liabilities attributable to the Subscription Options	49,894
Unaudited adjusted net assets attributable to owners of the Company	622,973

BUSINESS REVIEW

General

The principal activities of the Group during the year under review continue to be property development and investment, securities investments, and other investments. The turnover of the Group for the year under review was HK$78,386,000 as compared to HK$160,229,000 in the previous year. The decrease in turnover was mainly attributed to the reduced activities in securities trading during the year. In the People's Republic of China (the "PRC"), the monetary authority has tightened the money supply since last year to avoid overheating of the economy, in particular on the property sector, but such policy has somewhat eased recently to accommodate a more steady growth and a soft landing in its overall economy. In the Hong Kong property sector, despite facing tightening monetary measures imposed by the government and monetary authority, the price of properties especially those at the higher end continued to remain quite stable during the year under review, possibly due to the demand driven partly as hedging against inflation in the low interest rate environment, and partly due to possible inflow of capital from the PRC and other countries looking for safe shelter. Elsewhere, following the brief recovery from the financial tsunami which struck the global economies since 2008, the European debt crisis has worsened during the year under review, leading to the downgrading of the credit ratings of several European countries and certain related European financial institutions, which created further uncertainty and anxiety in the inter-bank, capital and stock markets worldwide and a more risk-off sentiment. In the U.S., only weak signs of recovery have been observed.

During the year under review, the stock markets in Hong Kong and the PRC have experienced substantial downward adjustments, due to the risk aversion environment which has dampened investment sentiment, and in particular concerns over the weakening economic activities worldwide, especially on the possible credit and investment risk associated with the European debt crisis for which no imminent solution has been drawn up. As a result, uncertainties and mixed expectations on the future direction and development of the world economies continue to dominate the marketplace.

The Group has adopted a pragmatic and cautious approach in pursuing investment proposals. As at 31 March 2012, the cash and bank deposits (excluding pledged bank deposits) and deposits placed with securities brokers within the Group were approximately HK$86,768,000. Since 31 March 2012, the Group has continued to build up more cash liquidity to enable the Group to take up good investment opportunities when they become available.

The Group recorded net current liabilities of HK$136,195,000 as at 31 March 2012. The Group is expecting to receive HK$100,000,000 in July 2012 from the jointly controlled entities for partial repayment of shareholders' loan previously granted by the Group and, if required, could consider converting certain non-current assets into cash to further strengthen the Group's liquidity position. The Board is confident that the Group would have adequate financial resources to satisfy full repayment of the current liabilities as and when they fall due.

Property Investments and Development Projects

Chengdu Project

As mentioned in our 2011 annual report, this development project in Xindu District, Chengdu City, Sichuan Province, the PRC was operating through a jointly controlled entity that is 50% owned by each of the Group and Regal Hotels International Holdings Limited ("Regal"). The 70% interest in this property project was disposed of to P&R Holdings Limited ("P&R Holdings") (formerly known as Flourish Lead Investments Limited) in June 2011 by this jointly controlled entity. The consideration payable by P&R Holdings was based on an agreed value of HK$1,000 million, representing a discount of 12% to the appraised value as at 29 June 2011 of RMB1,350 million for the whole property project, which appraisal was carried out by an independent professional valuer jointly engaged by the jointly controlled entity and P&R Holdings. Details of this transaction were contained in the announcement of the Company dated 30 June 2011.

This project in Chengdu is a mixed use development planned to consist of hotel, commercial, office and residential components. The project has an overall total gross floor area of approximately 5,360,000 square feet and will be developed in stages. The first stage now primarily comprises a five-star hotel and three residential towers, to be constructed on two separate land parcels. The hotel will have 306 hotel rooms and extensive facilities, with total gross floor area above ground of approximately 438,000 square feet. Superstructural works for the hotel development are progressing and the first phase of hotel is presently scheduled to be soft opened in the second quarter of 2013. The three residential towers included in the first stage will have about 340 apartment units with car parks and some ancillary commercial accommodation, commanding total gross floor area of approximately 489,000 square feet. Superstructure works for this part of the development are also in progress, with overall construction works scheduled to be completed in the first quarter of 2013. Presale of the residential units is anticipated to be launched later this year. Development works for the other stages are planned to be carried out progressively.

Xinjiang Project

The Group has 99.72 % interest in this Xinjiang subsidiary involving re-forestation for swap of development land in Urumqi City, Xinjiang Uygur Antonomous Region, the PRC. The Group is negotiating and finalizing the terms with the relevant government authority for the possible swap of development land against the re-forestation area completed by the Xinjiang subsidiary and, in the meantime, keeping proper maintenance of the re-forestation landscape of the project. In addition, the Group is also considering and assessing the feasibility to develop the remaining agricultural land other than those reforestation areas that have been completed by the Group.

Rainbow Lodge

The Group owns ten duplex apartment units plus fourteen carparks in Rainbow Lodge located at No. 9 Ping Shan Lane, Yuen Long, New Territories, Hong Kong. The Group is undergoing renovations of certain units for enhancement of their value and their income generating potentials. Several units have recently been leased out at market rental rates.

Securities Investments

The Group continues to maintain an active investment portfolio of listed securities. Apart from a net loss of approximately HK$646,000 recorded on disposal of financial assets at fair value through profit or loss in the year under review, there was also a net decrease in the fair value of these financial assets of approximately HK$121,838,000, marked to market closing prices as at 31 March 2012.

PROSPECTS

As mentioned earlier in this announcement, there have been general uncertainties overhanging in the investment and debt markets due to the worsening of the European debt crisis, with diverse views on the consequences and impact on the world economies of the possible exit of certain financially weaker European nations out of the eurozone, if no workable solution in the longer term could be developed in the near future. The public have also to wait to see if the new policies to be introduced by the new government of Hong Kong after July 2012 may have any significant effect on Hong Kong economy in general and the supply and prices of properties. However, the growth in the PRC economy in a number of sectors has been observed to remain steady. Due to globalization, it is likely that any adverse economic changes in Europe or elsewhere may have certain ripple effect on the PRC and Hong Kong. The Group is taking a more positive view on the medium to long term prospects of the property sector in the PRC and is committed to those projects that are being undertaken by the Group. The Group is hopeful that the Xinjiang Project would eventually be proceeded with, thereby reviving the potential viability and prospects of the project as originally envisaged. In the meantime, the Group is also actively reviewing various potential investments in property, environmental protection, and natural resources projects in the PRC as well as in other regions, with a view to achieving for the Group future growth and profitability.

On 30 April 2012, the Company made an announcement of entering into a framework agreement by Shing Hing International Limited, a subsidiary of the Company, with the vendors in respect of an acquisition of 70% interest in a waste resourcization business operating in the PRC. For details please refer to the Company's announcement dated 30 April 2012. As at the date of this announcement, no definitive agreement has been reached with the vendors.

The Directors are confident that the Group will be able to gradually implement its business expansion plans and to create long term value to the shareholders.

DIVIDENDS

The Board of Directors has resolved not to recommend the payment of a final dividend for the year ended 31 March 2012 (2011: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2012

	Notes	**2012**	2011
		HK$'000	*HK$'000*
Turnover	3	**78,386**	160,229
Revenue	4	**10,554**	5,255
Net (loss) gain on disposal of financial assets at fair value through profit or loss		**(646)**	4,656
Other operating income	5	**1,933**	732
Administration expenses		**(32,189)**	(20,080)
Gain on changes in fair value of financial instruments, net	6	**30,720**	255,162
Gain on changes in fair value of investment properties		**—**	5,000
Loss on disposal of a subsidiary		**—**	(88)
Share of results of jointly controlled entities		**527,678**	(1,794)
Reversal of provisions		**1,246**	—
Finance costs	7	**(35,005)**	(33,384)
Profit before tax	8	**504,291**	215,459
Income tax credit (expense)	9	**21,048**	(385)
Profit for the year		**525,339**	215,074
Other comprehensive (expense) income			
Exchange differences arising on translating foreign subsidiaries		**(158)**	(148)
Share of other comprehensive (expense) income of jointly controlled entities		**(10,170)**	6,829
Other comprehensive (expense) income for the year		**(10,328)**	6,681
Total comprehensive income for the year		**515,011**	221,755

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the year ended 31 March 2012

	Note	**2012**	2011
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**525,390**	215,415
Non-controlling interests		**(51)**	(341)
		525,339	215,074
Total comprehensive income (expense) attributable to:			
Owners of the Company		**515,062**	222,092
Non-controlling interests		**(51)**	(337)
		515,011	221,755
		2012	**2011**
Earnings (loss) per share	10		
– Basic		**4.46 HKcents**	1.89 HKcents
– Diluted		**1.85 HKcents**	(0.12) HKcent
			(Restated)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2012

	2012	2011
	HK$'000	*HK$'000*
Non-current assets		
Plant and equipment	**355**	277
Investment properties	**80,000**	80,000
Interests in jointly controlled entities	**628,531**	187,151
	708,886	267,428
Current assets		
Deposit paid for a property development project	**—**	24,500
Deposits and other receivables	**1,011**	978
Financial assets at fair value through profit or loss	**233,369**	263,653
Tax recoverable	**3,709**	2,598
Pledged bank deposits	**43,190**	—
Deposits placed with securities brokers	**1,086**	10,748
Cash and bank balances	**85,682**	97,907
	368,047	400,384
Current liabilities		
Accrued liabilities and other payables	**4,824**	4,702
Bank borrowings	**36,993**	—
Derivative financial liabilities	**49,894**	202,452
Provisions	**—**	1,199
Income tax payable	**1,288**	25,369
Convertible bonds	**411,243**	169,991
	504,242	403,713
Net current liabilities	**(136,195)**	(3,329)
Total assets less current liabilities	**572,691**	264,099
Non-current liability		
Convertible bonds	**—**	206,419
	572,691	57,680

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 March 2012

	2012	2011
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**2,357**	2,357
Reserves	**570,722**	55,660
Equity attributable to owners of the Company	**573,079**	58,017
Non-controlling interests	**(388)**	(337)
Total Equity	**572,691**	57,680

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2012

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of approximately HK$136,195,000 as at 31 March 2012. The condition indicates the existence of a material uncertainty which may cast doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business. However, in the opinion of the directors of the Company, the liquidity of the Group can be maintained in the coming year as the directors of the Company had taken into consideration of the following facts and circumstances:

(a) As at 31 March 2012, included in the current liabilities of the Group was derivative financial liabilities of approximately HK$49,894,000 which represented an option to entitle the holders to subscribe for convertible bonds to be issued with a maturity date within twelve months after 31 March 2012. Such derivative financial liabilities shall not have any cash outflow to the Group;

(b) On 22 June 2012, Faith Crown Holdings Limited ("Faith Crown"), a jointly controlled entity of the Group, had provided an undertaking of repayment of HK$100,000,000 on or before 21 July 2012 in respect of the loan due to the Group amounting to approximately HK$106,472,000; and

(c) The directors of the Company will consider if required to dispose for cash the financial assets carried at fair value through profit or loss of approximately HK$122,123,000 as at 31 March 2012 and certain non-current assets including the disposal of the investment properties of approximately HK$80,000,000 so as to meet any financial obligations as and when they fall due. Subsequent to 31 March 2012, financial assets carried at fair value through profit or loss of approximately HK$111,246,000 as at 31 March 2012 have been disposed of at a proceed of approximately HK$124,135,000.

Accordingly, the directors of the Company considered that the Group has sufficient working capital to meet its financial obligations as and when they fall due. The consolidated financial statements have been prepared on a going concern basis and do not include any adjustments that would be required should the Group not able to continue as a going concern.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendment to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosure for First-time Adopters
Amendments to HKAS 1	Analysis in the statement of changes in equity
Hong Kong Accounting Standards ("HKAS") 24 (as revised in 2009)	Related Party Disclosures
Amendments to Hong Kong International Financial Reporting Interpretations Committee ("HK(IFRIC)") – Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each components of equity, the Group has chosen to present such analysis in the statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

The application of the other new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements 2009 – 2011 Cycle[2]
Amendment to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 1	Government Loan[2]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[6]
HK(IFIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Key requirements of HKFRS 9 are described as follows:

– HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

– The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The directors of the Company anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the directors of the Company have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 April 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012.

The directors of the Company anticipate that the application of the amendments to HKAS 12 will not have a significant impact on the results and the financial position of the Group.

Except for the above disclosed, the directors of the Company anticipate that the application of other new and revise standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER

The following is an analysis of the Group's turnover for the year:

	2012	**2011**
	HK$'000	*HK$'000*
Proceeds from disposal of financial assets at fair value through profit or loss ("FVTPL")	**67,832**	154,974
Dividend income from financial assets at FVTPL	**10,553**	5,245
Interest income from deposits placed with securities brokers	**1**	10
	78,386	160,229

4. SEGMENT INFORMATION

Information reported to the board of directors of the Company, being the chief operating decision makers, for the purposes of resource allocation and assessment of segment performance focuses on types of goods and investments.

Specifically, the Group's reportable segments same as operating segments under HKFRS 8 are as follows:

(a) Securities trading – engaged in trading of equity securities;

(b) Property investment and development – engaged in property investment and property development

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 March 2012

	Securities trading	**Property investment and development**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	**78,386**	**—**	**78,386**
Revenue			
External	**10,554**	**—**	**10,554**
Segment loss	**(112,006)**	**(17,585)**	**(129,591)**
Other operating income			**1,933**
Unallocated corporate expenses			**(13,282)**
Gain on changes in fair value of derivative financial instruments related to convertible bonds			**152,558**
Share of results of jointly controlled entities			**527,678**
Finance costs			**(35,005)**
Profit before tax			**504,291**

4. SEGMENT INFORMATION (Continued)

Segment revenues and results (Continued)

For the year ended 31 March 2011

	Securities trading	**Property investment and development**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Turnover	160,229	—	160,229
Revenue			
External	5,255	—	5,255
Segment profit (loss)	32,490	(499)	31,991
Other operating income			732
Unallocated corporate expenses			(14,470)
Loss on disposal of a subsidiary			(88)
Gain on changes in fair value of derivative financial instruments related to convertible bonds			232,472
Share of results of jointly controlled entities			(1,794)
Finance costs			(33,384)
Profit before tax			215,459

Segment profit or loss represents the profit earned by or loss from each segment without allocation of central administration costs, income tax credit (expense), directors' emoluments, other operating income, gain or loss on change in fair value of derivative financial instruments related to convertible bonds, share of results of jointly controlled entities, reversal of provisions and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

4. **SEGMENT INFORMATION** (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

	2012	2011
	HK$'000	*HK$'000*
Segment assets		
Securities trading	**234,455**	274,401
Property investment and development	**80,493**	104,948
Total segment assets	**314,948**	379,349
Unallocated corporate assets	**761,985**	288,463
Consolidated assets	**1,076,933**	667,812
Segment liabilities		
Securities trading	**484**	465
Property investment and development	**4,091**	4,986
Total segment liabilities	**4,575**	5,451
Unallocated corporate liabilities	**499,667**	604,681
Consolidated liabilities	**504,242**	610,132

For the purpose of monitoring segment performances and allocating resources between segments:

— all assets are allocated to operating segments other than interests in jointly controlled entities, tax recoverable, pledged bank deposits, cash and bank balances and assets for central administration.

— all liabilities are allocated to reporting segments other than derivative financial liabilities, income tax payable, bank borrowings, convertible bonds and liabilities for central administration.

4. SEGMENT INFORMATION (Continued)

Other segment information

For the year ended 31 March 2012

	Securities trading *HK$'000*	Property investment and development *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets				
Addition to non-current assets (note)	—	170	1	171
Depreciation	—	50	37	87
Written off of property and equipment	—	—	7	7
Net loss on disposal of financial assets at FVTPL	646	—	—	646
Loss (gain) on change in fair value of financial instruments, net	121,838	—	(152,558)	(30,720)
Reversal of provisions	—	(1,246)	—	(1,246)

Amounts regularly provided to the chief operation decision maker but not included in the measure of segment profit or loss or segment assets

	Securities trading *HK$'000*	Property investment and development *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Interest income	—	—	(579)	(579)
Interests in jointly controlled entities	—	628,531	—	628,531
Share of results of jointly controlled entities	—	(527,678)	—	(527,678)
Finance costs	—	—	35,005	35,005
Income tax credit	(21,048)	—	—	(21,048)

Note:

Addition to non-current assets excluded interests in jointly controlled entities.

4. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

For the year ended 31 March 2011

	Securities trading *HK$'000*	**Property investment and development** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss or segment assets				
Addition to non-current assets (note)	—	125	1	126
Depreciation	—	43	41	84
Written off of property and equipment	—	—	29	29
Net gain on disposal of financial assets at FVTPL	(4,656)	—	—	(4,656)
Gain on change in fair value of financial instruments, net	(22,690)	—	(232,472)	(255,162)
Gain on change in fair value of investment properties	—	(5,000)	—	(5,000)

Amounts regularly provided to the chief operation decision maker but not included in the measure of segment profit or loss or segment assets

	Securities trading *HK$'000*	**Property investment and development** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Interest income	—	—	(552)	(552)
Interests in jointly controlled entities	—	187,151	—	187,151
Share of loss of jointly controlled entities	—	1,794	—	1,794
Finance costs	—	—	33,384	33,384
Income tax expense	385	—	—	385

Note:

Addition to non-current assets excluded interests in jointly controlled entities.

4. SEGMENT INFORMATION (Continued)

Revenue

The following is an analysis of the Group's revenue:

	2012	2011
	HK$'000	*HK$'000*
Dividend income from financial assets at FVTPL	**10,553**	5,245
Interest income from deposits placed with securities brokers	**1**	10
	10,554	5,255

Geographical information

The Group's operations are located mainly in Hong Kong ("HK").

Information about the Group's revenue from external customers is presented based on the location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2012	2011	2012	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK	**10,554**	5,255	**80,064**	80,093
The PRC	**—**	—	**628,822**	187,335
	10,554	5,255	**708,886**	267,428

Information about major customers

During the years ended 31 March 2012 and 2011, no single customer has contributed over 10% of the total turnover and revenue of the Group.

5. OTHER OPERATING INCOME

	2012	2011
	HK$'000	*HK$'000*
Interest income from:		
Pledged bank deposits	**138**	—
Bank balances	**441**	552
Total interest income	**579**	552
Exchange gain	**994**	—
Sundry income	**360**	180
	1,933	732

6. GAIN ON CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS, NET

	2012	2011
	HK$'000	*HK$'000*
(Loss) gain on change in fair value of financial assets at FVTPL	**(121,838)**	22,690
Gain on change in fair value of derivative financial liabilities	**152,558**	232,472
	30,720	255,162

7. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Imputed interest expenses on convertible bonds	**34,833**	33,384
Interest on bank borrowings wholly repayable within five years	**172**	—
	35,005	33,384

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2012	2011
	HK$'000	HK$'000
Staff costs (excluding directors' emoluments)		
Wages and salaries	**1,533**	1,299
Retirement benefits scheme contributions	**110**	103
	1,643	1,402
Auditors' remuneration	**548**	498
Plant and equipment written off	**7**	29
Depreciation on plant and equipment	**87**	84

9. INCOME TAX (CREDIT) EXPENSE

	2012	2011
	HK$'000	*HK$'000*
Current tax (credit) expense:		
Hong Kong Profits Tax		
Charge for the year	**—**	1,236
Over provision in prior years	**(21,048)**	(851)
	(21,048)	385

Hong Kong Profits Tax is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the years ended 31 March 2012 and 2011.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

9. INCOME TAX (CREDIT) EXPENSE (Continued)

The income tax (credit) expense for the years can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2012	2011
	HK$'000	*HK$'000*
Profit before tax	**504,291**	215,459
Tax at the Hong Kong profits tax rate of 16.5% (2011: 16.5%)	**83,208**	35,551
Tax effect of expenses not deductible for tax purpose	**9,508**	8,623
Tax effect of income not taxable for tax purpose	**(26,961)**	(40,229)
Tax effect of shares of results of jointly controlled entities	**(87,067)**	296
Utilisation of tax losses not recognised in prior years	**—**	(3,396)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(1,712)**	(386)
Tax effect of tax losses not recognised	**23,024**	777
Over provision in prior years	**(21,048)**	(851)
Income tax (credit) expense for the year	**(21,048)**	385

During the year ended 31 March 2012, the Group finalised with Inland Revenue Department (the "IRD") that the income tax payables recorded as at 31 March 2008 in relation to the income tax provision of approximately HK$22,265,000 for the years of assessment 2006/07 to 2008/09 is no longer payable. Over provision of the related income tax has been credited to profit or loss in the current year. The provision of approximately HK$22,265,000 was due to net gain recognised in respect of the placement rights attached on certain convertible bonds which were issued on 2 March 2007 by Sinofair Investments Limited, a wholly-owned subsidiary of the Company, to Lendas Investments Limited to finance an acquisition of certain property companies.

Also, the income tax of certain subsidiaries in respect of prior years has been under-provided by HK$1,217,000 (2011: over-provided by HK$851,000).

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$198,057,000 (2011: HK$58,517,000) available to set off against future taxable profits. No deferred tax asset has been recognised for such tax losses due to the unpredictability of future profit streams. These tax losses may be carried forward indefinitely.

10. EARNINGS (LOSS) PER SHARE

The calculation of the basic and diluted earnings (loss) per share attributable to owners of the Company is based on the following data:

	2012	2011
	HK$'000	*HK$'000*
		(Restated)
Earnings (loss)		
Earnings (loss) for the purpose of basic earnings (loss) per share:		
Profit for the year attributable to owners of the Company	**525,390**	215,415
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of derivative financial liabilities	**(152,558)**	(232,472)
Imputed interest expense on convertible bonds	**34,833**	—
Profit (loss) for the purpose of diluted earnings (loss) per share	**407,665**	(17,057)

	2012	2011
	'000	*'000*
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**11,785,131**	11,369,791
Effect of dilutive potential ordinary shares:		
Options to subscribe for convertible bonds	**3,333,333**	3,333,333
Convertible bonds	**6,869,583**	—
Weighted average number of ordinary shares for the purpose of diluted earnings (loss) per share	**21,988,047**	14,703,124

The denominators for the purpose of calculating basic and diluted earnings per share for the year ended 31 March 2011 has been adjusted for the subdivision of each ordinary share into five subdivided ordinary shares effective on 30 August 2010.

The computation of diluted loss per share for the year ended 31 March 2011 does not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in a decrease in loss per share for the year ended 31 March 2011.

11. DIVIDEND

No dividend was paid or proposed during the year ended 31 March 2012, nor has any dividend been proposed since the end of the reporting period (2011: nil).

EXTRACT FROM INDEPENDENT AUDITORS' REPORT

The Company's auditors have included the following opinion in their report on the Group's consolidated financial statements for the year ended 31 March 2012.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2012, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Emphasis of matters

Without qualifying our opinion, we draw attention to note 2 to the consolidated financial statements, which indicates that the Group has net current liabilities of approximately HK$136,195,000 as at 31 March 2012. These conditions, along with other matters as set out in note 2 to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 March 2012, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

Following the issue of the Corporate Governance Code (the "Code"), as set out in Appendix 14 to the Listing Rules, the Company has carefully reviewed and considered the Code, and carried out a detailed analysis on the corporate governance practices of the Company against the requirements of the Code.

Throughout the financial year ended 31 March 2012, except for the requirements that (i) the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual and (ii) the Non-executive Directors and the Independent Non-executive Directors should be appointed for specific terms, the Company has complied with all code provisions of the Code. The deviation in item (i) above is due to the practical necessity and effective management on account of the Group's corporate operating structure. For deviation in item (ii) above, although the Non-executive Directors and the Independent Non-executive Directors of the Company were not appointed for specific terms, arrangements have been put in place such that all Directors would retire, and are subject to re-election, either in accordance with the articles of association of the Company or on a voluntary basis, at least once every three years.

Each of the Independent Non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all Independent Non-executive Directors have met the independence guidelines of Rule 3.13 of the Listing Rules.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be convened and scheduled to be held on 28 August 2012. The notice of the annual general meeting of the Company will be published on the websites of the Stock Exchange and the Company on www.hkexnews.hk and www.cosmoholdings.com respectively and will be sent to the shareholders of the Company, together with the Company's 2012 Annual Report, in due course.

By Order of the Board
Cosmopolitan International Holdings Limited
Bong Shu Yin, Daniel
Chairman and Executive Director

Hong Kong, 28 June 2012

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. 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*