COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD
四海國際集團有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 120)

ANNOUNCEMENT OF RESULTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2007

The board of directors (the "Directors") of Cosmopolitan International Holdings Limited (the "Company") announces that the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31st March 2007 together with the comparative figures for the year ended 31st March 2006 are as follows:–

CONSOLIDATED INCOME STATEMENT

For the year ended 31st March 2007

	Notes	2007 HK$'000	2006 HK$'000
Turnover	2	**17,294**	11,468
Direct cost		**(9,875)**	(17,077)
Gross profit/(loss)		**7,419**	(5,609)
Other income	4	**1,500**	597
Excess of net assets acquired over cost of investment		**2,190**	—
Distribution expenses		**(238)**	(238)
Administration expenses		**(14,906)**	(9,270)
Other operating expenses		**—**	(25)
Impairment loss recognised in respect of goodwill		**(238)**	—
Increase in fair value of financial assets at fair value through profit or loss		**10,949**	145
Share of result of an associate		**537**	(4,740)
Finance costs	5	**(1,017)**	(412)
Profit/(loss) before taxation	6	**6,196**	(19,552)
Income tax expense	7	**—**	—
Profit/(loss) for the year		**6,196**	(19,552)
Attributable to:			
Equity holders of the Company		**7,108**	(20,703)
Minority interests		**(912)**	1,151
		6,196	(19,552)
Earnings/(loss) per share	8		
– Basic		**0.94 HKcents**	(3.89) HKcents
– Diluted		**0.48 HKcents**	N/A

CONSOLIDATED BALANCE SHEET

At 31st March 2007

	2007	2006
	HK$'000	*HK$'000*
Non-current assets		
Property and equipment	**1,030**	1,154
Investment properties	**72,000**	—
Goodwill	**11,608**	8,803
Available-for-sale investments	**14,360**	14,360
Interest in an associate	**—**	15,938
	98,998	40,255
Current assets		
Accounts receivable	**1,040**	511
Prepayments, deposits and other receivables	**642**	4,231
Deposit paid for acquisition of a subsidiary	**—**	19,110
Financial assets at fair value through profit or loss	**126,534**	3,782
Bank balances and cash	**36,349**	13,144
	164,565	40,778
Current liabilities		
Accounts payable	**681**	—
Accrued liabilities and other payables	**14,377**	1,736
Amounts due to minority shareholders	**3,316**	3,188
	18,374	4,924
Net current assets	**146,191**	35,854
Total assets less current liabilities	**245,189**	76,109
Non-current liabilities		
Convertible bond borrowings	**52,035**	—
Government lease regrant premium	**—**	38
	52,035	38
	193,154	76,071
Capital and reserves		
Share capital	**1,596**	532
Reserves	**190,496**	73,606
Equity attributable to equity holders of the Company	**192,092**	74,138
Minority interests	**1,062**	1,933
	193,154	76,071

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are either effective for accounting periods beginning on or after 1st December 2005, 1st January 2006 or 1st March 2006. The adoption of the new HKFRSs has not resulted in changes to the Group's results for the current and/or prior accounting years are prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new standards, interpretations and amendments that have been issued but are not yet effective at 31st March 2007. The directors of the Group anticipate that the application of these new standards, interpretations and amendments will have no material impact on the results and the financial position of the Group.

Hong Kong Accounting Standard ("HKAS") 1 (Amendment)	Capital Disclosures[1]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HKFRS 23 (Revised)	Borrowing Cost[2]
HK(IFRIC)-Interpretation ("Int") 8	Scope of HKFRS 2[3]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC)-Int 11	HKFRS 2 - Group and Treasury Share Transactons[6]
HK(IFRIC)-Int 12	Service Concession Arrangements[7]

[1] Effective for annual periods beginning on or after 1st January 2007.

[2] Effective for annual periods beginning on or after 1st January 2009.

[3] Effective for annual periods beginning on or after 1st May 2006.

[4] Effective for annual periods beginning on or after 1st June 2006.

[5] Effective for annual periods beginning on or after 1st November 2006.

[6] Effective for annual periods beginning on or after 1st March 2007.

[7] Effective for annual periods beginning on or after 1st January 2008.

2. TURNOVER

	2007	2006
	HK$'000	*HK$'000*
Securities trading	**13,951**	8,862
Service income for providing information technology	**3,343**	2,606
	17,294	11,468

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

(a) Securities trading – invest in securities listed on global stock markets;

(b) Property investment and development – invest in residential units and office space for their rental income potential and property development; and

(c) Information technology – provide information technology service and wireless internet access.

Segment information about these businesses is presented below.

For the year ended 31 March

	Securities trading		Property investment and development		Information technology		Consolidated	
	2007	2006	**2007**	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment turnover	**13,951**	8,862	**—**	—	**3,343**	2,606	**17,294**	11,468
Segment results	**30,356**	(7,221)	**—**	—	**(1,789)**	(2,562)	**28,567**	(9,783)
Interest income							**1,257**	391
Sundry income							**243**	206
Excess of net assets acquired over cost of investment	**—**	—	**2,190**	—	**—**	—	**2,190**	—
Unallocated corporate expenses							**(10,421)**	(5,214)
Decrease in fair value of financial assets at fair value through profit or loss - derivative							**(14,922)**	—
Impairment loss recognised in respect of goodwill	**—**	—	**—**	—	**(238)**	—	**(238)**	—
Finance costs							**(1,017)**	(412)
Share of result of an associate	**537**	(4,740)	**—**	—	**—**	—	**537**	(4,740)
Profit/(loss) for the year							**6,196**	(19,552)

4. OTHER INCOME

	2007	2006
	HK$'000	*HK$'000*
Interest income	**1,257**	391
Waiver of accrued liabilities and other payables	**—**	25
Exchange gain, net	**—**	83
Sundry income	**243**	98
	1,500	597

5. FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on other borrowings	**—**	412
Convertible bond issuance costs	**683**	—
Effective interest expense on convertible bonds	**334**	—
	1,017	412

6. PROFIT / (LOSS) BEFORE TAXATION

	2007	2006
	HK$'000	*HK$'000*
Profit/(loss) before taxation has been arrived at after charging:		
Staff costs (excluding directors' emoluments)		
Wages and salaries	**1,164**	1,029
Retirement benefits scheme contributions	**40**	125
	1,204	1,154
Auditors' remuneration		
– current year	**358**	293
– over-provision in previous years	**—**	(31)
Goodwill eliminated on deregistration of a subsidiary	**—**	4
Depreciation on property and equipment	**477**	389
Operating lease charges on rented premises	**501**	349
Loss on disposal of property and equipment	**—**	21
Write off of accounts and other receivables	**—**	1,001
Exchange loss, net	**48**	—
Decrease in financial assets at fair value through profit or loss - derivative	**14,922**	—
And after crediting:–		
Write off of government lease regrant premium	**38**	—
Increase in financial assets at fair value through profit or loss - held for trading securities	**25,871**	145

7. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 17.5% on estimated assessable profits, however, Hong Kong profits tax has not been provided for in the consolidated financial statements as all group entities did not derive any assessable profits for the two years ended 31st March 2007 and 2006.

Income tax expense arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No tax is payable for other jurisdictions as the subsidiaries did not derive any assessable profits for both years.

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

	2007	2006
	HK$'000	*HK$'000*
Profit/(loss) before income tax expense	**6,196**	(19,552)
Tax at the Hong Kong profits tax rate of 17.5%	**1,084**	(3,422)
Tax effect of expenses not deductible for tax purpose	**69**	1,316
Tax effect of income not taxable for tax purpose	**(5,332)**	(45)
Deferred tax asset in respect of tax losses not recognised	**4,179**	2,151
Income tax expense for the year	**—**	—

8. EARNINGS / (LOSS) PER SHARE

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

	2007	2006
	HK$'000	*HK$'000*
Earnings/(loss)		
Earning/(loss) for the purpose of basic earnings/(loss) per share (profit/(loss) for the year attributable to equity holders of the Company)	**7,108**	(20,703)
Effect of dilutive potential ordinary shares: Interest on convertible bonds (net of tax)	**334**	—
Earnings/(loss) for the purpose of diluted earnings/(loss) per share	**7,442**	(20,703)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**756,142**	532,100
Effect of dilutive potential ordinary shares: Convertible bonds	**800,000**	—
Weighted average number of ordinary shares for the purpose of dilutive earnings/(loss) per share	**1,556,142**	532,100

No diluted loss per share has been presented for the year ended 31st March 2006 as there was no dilutive shares outstanding.

RESULTS

Cosmopolitan International Holdings Limited and its subsidiaries (the "Group") achieved a consolidated profit of HK$6,196,000 for the year ended 31 March 2007, as compared with a loss of HK$19,522,000 recorded last year. The profit for this year is attributed mainly to the following factors:

(i) Satisfactory profits realized on securities trading.

(ii) Increase in fair value of financial assets marked to market closing prices as at 31 March 2007 amounting to HK$10,949,000.

(iii) Other income increased to HK1,500,000 as compared to HK$597,000 last year, an increase of 151%.

(iv) Excess of net assets acquired over the cost of investment relating to the acquisition of Rainbow Lodge for HK$2,190,000.

(v) Share of profit of an associate of HK$537,000 as compared with a loss of $4,740,000 last year.

There is included in the net increase in fair value in item (ii) above a deduction of a variance due to the change in fair value of the placement rights on 2 March 2007, the date when the HK$56 million 2 years zero-coupon convertible bonds were issued, as compared to the balance sheet date as valued by independent professional appraiser, due to fluctuation in the share price of Cosmopolitan International Holdings Limited (the "Company") between the two dates. Since the balance sheet date, the share price of the Company has increased substantially. Should the Group be successful in procuring investors for the placement of the convertible bonds before the placement rights expire, depending on the market price of the Company's shares and the carrying book value of the placement rights at the time, the Group may be able to realize a substantial profit. For details of the aforementioned convertible bonds and the relating placement rights, please refer to the Company's earlier announcement dated 9 February 2007.

DIVIDENDS

The Board of Directors does not recommend the payment of a final dividend for the year ended 31 March 2007(2006: Nil).

BUSINESS REVIEW

General

The principal activities of the Group during the year under review continue to be investments in properties and securities and provision of information technology services. Since the change of the controlling shareholder and the constitution of a new board in December 2006, the Company has been adopting a strategy of expanding the Company's investment portfolios in properties and other securities investments. The Management has changed the holding in China Investment Fund Company Limited ("CIF") from associate to short term investment securities; the Management is also reviewing the business strategy in the areas of information technology services.

In December 2006, the Company completed an open offer exercise raising a net amount of approximately HK$50 million in new funds, resulting in Giant Sino Group Ltd becoming the controlling shareholder of the Company.

The cash position of the Group continues to be strong, and the Group is actively reviewing various investment opportunities. The Group considers that in the medium to long term period property investments in the People's Republic of China (the "PRC"), Hong Kong and possibly other high growth potential countries will be the main area of focus.

The turnover of the Group for the year under review was HK$17,294,000 which was 51% more than that of previous year. The increment was mainly attributed to the increase in securities trading activities during the year. Revenue generated from the information technology sector also showed significant improvement of 28% from last year.

Total expenses (before financial costs) for the period under review were HK$15,382,000 in comparison with HK$9,533,000 for last year. Administrative Expenses increased by HK$5,636,000 from last year. Due to expansion in investment and corporate activities, a large portion of the increase in administrative expenses were professional and compliance expenses. The financial costs this year were mainly the issuance costs and the effective interest expense relating to convertible bonds.

Property Investment

The sale and purchase agreement entered on 24 September, 2004 as mentioned in our last year's report was terminated and full refund of deposit of HK$19,110,000 was received during the year.

The Group entered into a development framework agreement with Shenyang Menrong Economic District (瀋陽滿融經濟區) on 22 January 2007 in relation to the development of a comprehensive urban community within Caozhong District, Shenyang City, Liaoning Province, the PRC (瀋陽曹仲區). The discussion of the detailed provisions of the definitive agreement is ongoing.

In January this year the Group acquired a company which owns 10 apartment units plus 14 carparks at Rainbow Lodge at No. 9 Ping Shan Lane, Yuen Long, New Territories, at a total consideration of HK$70 million. Part of the consideration was settled by issue of zero-coupon convertible bonds of principal sum of HK$56 million by the Group, with the remaining balance settled by cash. These bonds were issued on 2 March 2007 and will have a term of two years and be repayable to bondholders at a price of 107.19% of the principal amount at maturity. At the same time the terms of the convertible bonds carried placement rights to the Group for 12 months period to place out the bonds and the Group will share 70% of any profits derived as a result of such successful placing. For full details of description of the property, terms of the bonds and the placement rights, please refer to the Company's earlier announcement dated 9 February 2007.

Securities Investment

The Group continues to maintain an active investment portfolio of listed and unlisted assets in Hong Kong. Total financial assets at fair value stood at HK$126,534,000 as of 31st March 2007, as compared with HK$3,782,000 as at 2006 financial year end. Part of the increase was due to a change of an associate company in the accounts of last comparable year to trading securities investments in the accounts of this year. The financial assets as of 31 March 2007 also included an amount of HK$42,691,000 representing the fair value of the placement rights as mentioned above.

Information Technology

The Group's information technology service, the "IT", provides fully integrated software solution to both hotel management system and operators. Competitions are keen and the operation environment is challenging. Its performance is being monitored and reviewed by the Management.

LIQUIDITY AND FINANCING

Current assets and current liabilities of the Group as at 31 March 2007 were HK$164,565,000 and HK$18,374,000 respectively (31st March 2006: HK$40,778,000 and HK$4,924,000 respectively). Bank balances and cash stood at HK$36,349,000 as at 31 March 2007 in comparison with HK$13,144,000 as at last year end.

The Group's gearing ratio as at 31 March 2007 based on the net borrowings (represent by convertible bond borrowings net of bank balances and cash) as a percentage of the net assets after deducting goodwill and minority interests was at 9%.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The Group's exposure to fluctuation in exchange rate was minimal.

CAPITAL STRUCTURE

The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As a result of the open offer, 1,064,200,000 new shares were issued during the year. The total number of outstanding issued and fully paid shares as at 31 March, 2007 was 1,596,300,000.

HUMAN RESOURCES

As at 31st March 2007, the Group has 2 executive directors, 2 non-executive directors and 3 independent non-executive directors.

There are 28 full time employees working in Hong Kong and China. The Group will ensure each employee is fairly compensated and their contributions are rewarded within a general framework of the Group's salary and bonus scheme.

POST BALANCE SHEET EVENTS

On 10 April 2007, the Group issued convertible bonds in a total principal amount of HK$205,000,000 with maturity on 10 April 2010. The bonds bear no coupon interest and are unsecured, and entitle the holder to convert into ordinary shares of the Company at the conversion price of HK0.205 per share (subject to adjustments). The Group will be required to redeem any outstanding bonds on the maturity date at 115.97% of the principal amount of the bonds. The bonds were issued by one of the Group's subsidiaries and its obligations are guaranteed by the Company. This was mainly a fund raising exercise to broaden the capital base of the Company.

PROSPECTS

The Hong Kong economy generally continues to perform well as structural changes are being made to cater for the globalization process and the rapid development in the PRC. The Group is actively reviewing a number of potential development projects in the PRC and other high growth countries with a view to expanding the Group's property development and investment portfolio.

The Group will continue to monitor the performance of the IT business in PRC and review the resources to be allocated thereto and to take appropriate action accordingly.

We are confident that the financial and human resources available will enable us to meet the challenges and create more value to the shareholders.

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.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the chief executive, nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right.

CORPORATE GOVERNANCE

Compliance with the Code of Corporate Governance Practices (the "CG Code")

The Company has complied with the code provisions in the CG Code as set out in Appendix 14 of the Listing Rules throughout the year except the following deviations:

The Company has appointed a chairman but does not have any officer with the title of "chief executive officer" at present. In view of the existing structure of the board and the operation of the Group, the directors believe that this board structure can ensure efficient flow of information and strong leadership for the Group to promptly implement decisions and the business strategies, which is for the benefits of the Group. Moreover, the day-to-day management of the Group's businesses is shared among the executive Directors and the management team of the Company (Code Provision A.2.1).

The independent non-executive directors are not appointed for any specific terms as required by the code, but are subject to retirement by rotation in accordance with the Company's articles of association (Code Provision A.4.1).

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules.

All directors have confirmed, following specific enquiry by the Company that they fully complied with the required standard as set out in the Model Code throughout the review period. The Company has received, from each of the independent non-executive directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all independent non-executive directors are independent person.

AUDIT COMMITTEE

The Company has an audit committee ("Audit Committee") which was established in accordance with the requirements of the Code, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive directors of the Company. The results of the Group for the year ended 31st March 2007 have been reviewed by the Audit Committee.

INFORMATION TO BE PUBLISHED ON THE STOCK EXCHANGE'S WEBSITE

The annual report for the year ended 31st March 2007 containing all the information required by the Listing Rules will be published on the website of Hong Kong Exchanges and Clearing Limited at www.hkex.com.hk and on the website of the Company at www.irasia.com/listco/hk/cosmopolitan and despatched to Shareholders in due course.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, banks, professional parties and employees of the Company for their continuous patronage and support.

On behalf of the Board
Cheng Sui Sang
Executive Director

Hong Kong, 29 June 2007

As at the date of this announcement, the Board comprises 7 directors, namely Mr. Bong Shu Yin, Daniel (Chairman) and Mr. Cheng Sui Sang, who are the executive directors, and Mr. Wang Baoning (Vice Chairman) and Mr. Bong Shu Ying, Francis, 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*