COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD
四 海 國 際 集 團 有 限 公 司 *

(the "Company")
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 120)

2008 INTERIM RESULTS ANNOUNCEMENT

GROUP FINANCIAL RESULTS

For the six months ended 30 September 2008, the Company and its subsidiaries (the "Group") recorded an unaudited consolidated loss attributable to shareholders of approximately HK$174,965,000, as compared with a net profit of approximately HK$229,980,000 attained in the six months period ended 30 September 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The Company had made a profit warning announcement on 12 December 2008 informing the shareholders that the Group would record losses for the six months ended 30 September 2008, as compared with a profit in the last comparable period, due mainly to the adverse effects brought about by the decline in the global financial markets.

The loss for the period under review was primarily attributable to the followings:-

1) The write-off of the net carrying value of HK$108,506,000 in respect of the remaining placement rights on the convertible bonds due 2009 issued by the Group ("2009 CB"). Due to the significant adverse change in market sentiment and conditions in the last three months, the Directors considered that the net carrying value of the placement rights may unlikely be realized, as this would require the successful procurement of the sale of the 2009 CB before the expiry date on 13 February 2009, and have therefore adopted a prudent policy to write off such asset.

2) There was net reduction of HK$47,281,000 in fair value of financial instruments mark-to-market as at 30 September 2008, as compared with a net gain of HK$228,282,000 for the last comparable period, mainly due to reduction in the market value of financial instruments.

3) Interest income declined due to reduction in general interest rate for bank deposits.

4) Finance costs increased to HK$16,025,000 from HK$7,994,000 during the period under review, due to more interest expenses accrued on additional outstanding convertible bonds.

5) The administrative and operating expenses increased to HK$8,276,000 from HK$5,385,000, mainly due to increase in compliance costs and professional fees.

6) There was a sharing of the results of the loss of jointly controlled entities as the Group acquired 50% interest in a jointly controlled company which holds the Chengdu Project in February 2008.

However, this was partly compensated by other income increasing from HK$141,000 for the six months period ended 30 September 2007 to HK$3,914,000 for the period under review due to increase in interest income of financial products and dividend income.

The turnover of the Group for the six months ended 30 September 2008 was HK$3,276,000 which was less than that of last comparative period. The reduction in turnover was mainly attributable to the reduced disposal in marketable securities.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 September 2008 (2007: Nil).

REVIEW OF OPERATIONS

The principal activities of the Group continue to be investments in properties encompassing both development projects and property investments, securities investments and other investments.

In view of the continued uncertainty in the global financial markets and in the world-wide economies, the cash position of the Group was maintained at a healthy level as at 30 September 2008. The Group will exercise caution in assessing the expansion of its business and investment portfolio.

Property Investments

Chengdu Project

Xindu District, Chengdu City, Sichuan Province, the PRC

This development project is operated through a joint venture that is 50% owned by each of the Group and Regal Hotels International Holdings Limited. The site was acquired at a public land auction held in October 2007 and the land use right consideration of RMB213.1 million has been fully settled in July 2008.

The project site is composed of two separate land parcels. One of the parcels is planned to be developed into a hotel and commercial complex with aggregate gross floor area of about 180,000 square meters above ground together with about 50,000 square meters of commercial, auxiliary services and car park areas below ground. The other parcel is planned for residential development with aggregate gross floor area of about 315,000 square meters. The Planning Permits for Construction Land for the proposed development have been obtained and detail planning works are in progress.

Xinjiang Project

Miquan-Dongshan District, Urumqi City, Xinjiang Uygur Autonomous Region, the PRC

The sale and purchase agreement of the project was signed and completed in May 2008 between the Group and the vendor and the relevant announcement was made on 21 May 2008. Details of the project have also been set out in the last annual report to shareholders published in July 2008. Due to the recent change in government policy, the development on the Phase 2 Land for ecological improvement and land swap will not be expected to proceed and the Group will focus its resources to enhance the value of the project in respect of the Phase 1 Land.

Landscape work improvement in respect of the Phase 1 Land for an area of about 3,400 mu has been completed and the Group is now in the process of applying for the land title certificate in respect of the corresponding construction area.

Rainbow Lodge

The Group acquired in January 2007 ten duplex residential apartments and fourteen car parks in Rainbow Lodge located at No. 9 Ping Shan Lane, Yuen Long, New Territories, Hong Kong for a total consideration of HK$70 million. In view of the slowdown in the local property market, the Group is planning to relaunch the leasing of the apartment units but the Group may also consider selling part of the units if the price offered is satisfactory.

Shanxi Project

As announced on 16 May 2008, the Group had entered into a letter of intent with Shanxi Broadcasting and Culture Industry Development Limited Company on a joint venture of a cultural-themed development project with a site area of approximately 8,000 mu at Taiyuan City, Shanxi Province, the PRC, which is proposed to comprise a composite development of office, residential, commercial (including film production), cultural area, tourist and recreation area. Negotiation is in progress but so far no definitive agreement has been reached.

Dalian Project

The Company announced on 15 August 2008 that the Group had entered into a co-operative letter of intent with Dalian High-Tech Industrial Zone Administrative Committee to establish a joint venture in relation to the development of Lingshui Bay Development Project in Dalian City, Liaoning Province, the PRC with a total site area of about 156 hectares. The Group is still in the course of negotiation with regard to the definitive agreement of the project.

Securities Investments

The Group continues to maintain an investment portfolio of listed and unlisted assets in Hong Kong. Total financial assets at fair value stood at HK$126,869,000 at 30 September 2008, as compared with HK$308,755,000 at 31 March 2008. A provision of HK$47,281,000 for financial instruments value mark-to-market and write-off for the net carrying value of the placement rights of HK$108,506,000 in relation to the 2009 CB were made for the period under review. Please refer to the earlier paragraph of this interim results announcement regarding this write-off of placement rights, details of which were disclosed in our last annual report published in July 2008.

Partial exercise and partial release of the placement rights in respect of the 2009CB

In August 2008, Sinofair Investment Limited, a wholly-owned subsidiary of the Company, entered into the agreement with Lendas Investments Limited ("Lendas") (the bondholder of the 2009 CB) in respect of the partial exercise, the partial release of the placement rights and the extension of the lock-up period for the 2009 CB. As a result of the partial exercise and partial release, a total of HK$18 million 2009 CB are no longer subject to the placement rights, and the lock-up period was further extended to 13 February 2009. For details, please refer to the Company's announcement dated 18 August 2008.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Current assets and current liabilities of the Group as at 30 September 2008 were HK$352,709,000 and HK$130,009,000, respectively (31 March 2008: HK$618,836,000 and HK$130,607,000, respectively). Cash and bank balances (net of pledged deposits) stood at HK$223,130,000 as at 30 September 2008 in comparison with HK$304,513,000 as at 31 March 2008.

The Group's gearing ratio as at 30 September 2008, based on the net borrowings (represented by convertible bond borrowings net of cash and bank balances) as a percentage of the net assets after deducting goodwill and minority interests was at 77% (31 March 2008: 11%).

As at 30 September 2008, part of the bank deposits of the Group in the amount of HK$475,000 was charged to banks to secure general banking facilities granted to the Group.

During the period under review, the Group did not use any financial instruments for hedging purposes and there was no hedging instrument outstanding as at 30 September 2008.

During the period under review, there was no change to the share capital of the Company.

OUTLOOK

Most economies have been adversely affected by the credit crunch and financial tsunami which have sent negative repercussions worldwide in the past few months. At present, the results of the massive fiscal and monetary measures put in place by many governments to stabilize and stimulate the economies are yet uncertain. The economy of Hong Kong has likewise been adversely affected, causing rising unemployment and falling consumer and business confidence. In the PRC, under the support of a relatively strong domestic economy and the introduction of more robust fiscal and monetary measures, overall economic growth is anticipated to further continue, despite possible slowdown that some economists may forecast. Business prospects of the PRC and Hong Kong are still comparatively promising in the medium to long term, particularly in the real estate sector.

The investments in the Chengdu Project and the Xinjiang Project in the PRC are expected to contribute substantially to the Group's business expansion. At the same time, the Group is also assessing investment opportunities that may become available at more favourable terms in Hong Kong and the PRC under the current economic downturn. Overall, the Directors remain cautiously optimistic on the long term prospect of the Group.

HUMAN RESOURCES

As at 30 September 2008, the Group has two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. There are sixteen full time employees working in Hong Kong and the PRC. 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 and are compatible with market norm.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30 September 2008.

CODE OF CORPORATE GOVERNANCE PRACTICES

The Company has complied with the Code Provisions in the Code of Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the six months ended 30 September 2008, except that:

(1) The roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual; and

(2) The Non-executive Directors and the Independent Non-executive Directors should be appointed for specific terms.

The deviation in item (1) above is due to the practical necessity and effective management on account of the Group's corporate operating structure.

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.

REVIEW OF RESULTS

The Audit Committee of the Company currently comprises Mr. Li Ka Fai, David (Chairman of the Committee), Mr. Lee Choy Sang and Ms. Ka Kit, all of them are Independent Non-executive Directors of the Company.

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group, auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30 September 2008, in conjunction with the external auditors.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Listing Rules as a code of conduct regarding securities transactions by Directors. Upon specific enquiry by the Company, all Directors have confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 September 2008.

REMUNERATION COMMITTEE

A remuneration committee was established by the Company on 20 December 2005. The remuneration committee, presently comprising the Chairman, Mr. Bong Shu Yin, Daniel and two Independent Non-executive Directors, namely, Mr. Li Ka Fai, David and Mr. Lee Choy Sang. The remuneration committee holds at least one meeting every year. The principal responsibilities of the remuneration committee include formulation of the remuneration policy, review and recommending to the Board the annual remuneration policy, and determination of the remuneration of the Executive Directors and members of the senior management. The remuneration and the employment contracts of any newly appointed Directors and any compensation of removal and dismissal of Directors have to be reviewed and approved by the remuneration committee.

HALF YEAR RESULTS

Condensed Consolidated Income Statement

	NOTES	**Unaudited Six months ended 30 September 2008** *HK$'000*	Unaudited Six months ended 30 September 2007 *HK$'000*
Turnover	3	**3,276**	63,321
Direct cost		**(2,934)**	(52,437)
Gross profit		**342**	10,884
Interest income		**1,849**	3,965
Other income		**3,914**	141
Administrative and operating expenses		**(8,276)**	(5,385)
Changes in fair value of financial instruments, net	4	**(47,281)**	228,282
Share of results of jointly controlled entities		**(1,321)**	—
Write-off of derivative financial assets		**(108,506)**	—
Finance costs		**(16,025)**	(7,994)
(Loss) / profit before taxation	5	**(175,304)**	229,893
Income tax expenses	6	**—**	—
(Loss) / profit for the period		**(175,304)**	229,893
Attributable to:			
Equity holders of the Company		**(174,965)**	229,980
Minority interests		**(339)**	(87)
		(175,304)	229,893
Dividends	7	**—**	—
(Loss) / earnings per share	8		
- Basic		**HK(9.23)cents**	HK14.41cents
- Diluted		**N/A**	HK7.57cents

Condensed Consolidated Balance Sheet

	NOTES	Unaudited 30 September 2008 HK$'000	Audited 31 March 2008 HK$'000
Non-current assets			
Property and equipment		**444**	574
Investment properties		**75,000**	75,000
Landscaping and related costs		**14,752**	—
Goodwill		**6,795**	—
Club membership		**360**	360
Interests in jointly controlled entities		**174,851**	84,069
		272,202	160,003
Current assets			
Accounts receivable	9	**—**	—
Prepayments, deposits and other receivables		**2,235**	5,568
Held-for-trading investments		**117,259**	55,630
Derivative financial assets		**9,610**	213,074
Available-for-sale investments		**—**	40,051
Pledged bank deposits		**475**	—
Cash and bank balances		**223,130**	304,513
		352,709	618,836

Condensed Consolidated Balance Sheet (Continued)

		Unaudited	Audited
		30 September	31 March
		2008	2008
	NOTES	*HK$'000*	*HK$'000*
Current liabilities			
Accounts payable	10	**1,700**	1,444
Accrued liabilities and other payables		**3,833**	2,812
Derivative financial liabilities		**41,033**	45,000
Income tax payable		**22,265**	22,265
Amounts due to minority shareholders		**3,352**	3,378
Convertible bonds		**57,826**	55,708
		130,009	130,607
Net current assets		**222,700**	488,229
Total assets less current liabilities		**494,902**	648,232
Non-current liability			
Convertible bonds		**302,860**	288,953
		192,042	359,279
Capital and reserves			
Share capital		**1,896**	1,896
Reserves		**184,094**	356,564
Equity attributable to equity holders of the Company		**185,990**	358,460
Minority interests		**6,052**	819
		192,042	359,279

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 September 2008

1. GENERAL

The Company is an exempted limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate information" section of the 2008 interim report.

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2008 ("Interim Financial Information") are presented in Hong Kong dollars, which is also the functional currency of the Company.

The principal activities of the Company and its subsidiaries ("the Group") are property investment, property development, investment in listed and unlisted securities and other investments.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The Interim Financial Information have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and the Hong Kong Accounting Standard ("HKAS") No.34 "Interim Financial Reporting" which is one of the Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Interim Financial Information have been prepared under the historical costs basis except for certain financial instruments, which are measured at fair values, as appropriate.

The Interim Financial Information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2008.

The accounting policies used in the Interim Financial Information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2008.

In the current interim period, the Group had applied, for the first time, interpretations and amendments to HKFRS issued by the HKICPA, which are effective on 1 July 2008 or for the Group's financial year beginning on 1 April 2008. The adoption of these interpretations and amendments has had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

Hong Kong Accounting Standard ("HKAS") 1 (Revised)	Presentation of Financial Statements[1]
HKAS 1 & 32 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Eligible Hedged Items[3]
HKFRSs (Amendment)	Improvement to HKFRSs except for the amendment to HKFRS 5[1]
	Amendment to HKFRS 5[3]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combination[3]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-Interpretation ("INT") 13	Customer Loyalty Programmes[2]
HK(IFRIC)-INT 15	Agreements for the Construction of Real Estate[1]
HK(IFRIC)-INT 16	Hedges of a Net Investment in a Foreign Operation[4]

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

[2] Effective for annual periods beginning on or after 1 July 2008.

[3] Effective for annual periods beginning on or after 1 July 2009.

[4] Effective for annual periods beginning on or after 1 October 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards or interpretations will have no material impact on the results and the financial position of the Group.

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 listed and unlisted securities;

(b) Property investment and development - invest in properties for their rental income potential and property development; and

(c) Others – provide information technology service.

Segment information about these businesses is presented below.

	Securities trading		**Property investment and development**		**Others**		**Total**	
	Unaudited		**Unaudited**		**Unaudited**		**Unaudited**	
	Six months ended 30 September 2008	Six months ended 30 September 2007	**Six months ended 30 September 2008**	Six months ended 30 September 2007	**Six months ended 30 September 2008**	Six months ended 30 September 2007	**Six months ended 30 September 2008**	Six months ended 30 September 2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment turnover	3,243	63,316	—	—	33	5	3,276	63,321
Segment results	(43,494)	4,085	(734)	—	(307)	(1,163)	(44,535)	2,922
Interest income							1,849	3,965
Other income							47	141
Change in fair value of derivative financial instruments							—	235,081
Write-off of derivative financial assets							(108,506)	—
Unallocated expenses							(6,813)	(4,222)
Finance costs							(16,025)	(7,994)
Share of results of jointly controlled entities			(1,321)				(1,321)	—
(Loss) / profit for the period							(175,304)	229,893

4. CHANGES IN FAIR VALUE OF FINANCIAL INSTRUMENTS, NET

	Unaudited Six months ended 30 September 2008	Unaudited Six months ended 30 September 2007
	HK$'000	*HK$'000*
(Decrease) / increase in fair value of financial assets	**(47,805)**	228,288
Decrease / (increase) in fair value of financial liabilities	**524**	(6)
	(47,281)	228,282

5. (LOSS) / PROFIT BEFORE TAXATION

(Loss) / profit before taxation is stated after charging / (crediting):

	Unaudited Six months ended 30 September 2008	Unaudited Six months ended 30 September 2007
	HK$'000	*HK$'000*
Depreciation on property and equipment	**301**	260
Operating lease charges on rented premises	**162**	339
Exchange gains, net	**(127)**	(111)

6. INCOME TAX EXPENSES

Hong Kong Profits Tax is calculated at 16.5% (2007 : 17.5%) on estimated assessable profits, however, Hong Kong Profits Tax has not been provided for in the Interim Financial Information as all group entities did not derive any assessable profits for both periods.

Taxation 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 periods.

7. DIVIDENDS

The Directors of the Company did not recommend any payment of an interim dividend for the six months period ended 30 September 2008 (2007: Nil).

8. (LOSS) / EARNINGS PER SHARE

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

	Unaudited Six months ended 30 September 2008	Unaudited Six months ended 30 September 2007
	HK$'000	*HK$'000*
(Loss) / earnings		
(Loss) / earnings for the purpose of basic (loss) / earnings per share ((loss) / profit for the period attributable to equity holders of the Company)	**(174,965)**	229,980
Effect of dilutive potential ordinary shares: Interest on convertible bonds (net of tax)	**7,369**	7,994
(Loss) / earnings for the purpose of diluted (loss) / earnings per share	**(167,596)**	237,974

	2008	2007
	'000	*'000*
Numbers of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) / earnings per share	**1,896,300**	1,596,300
Effect of dilutive potential ordinary shares: Convertible bonds	**1,500,000**	1,548,634
Weighted average number of ordinary shares for the purpose of dilutive (loss) / earnings per share	**3,396,300**	3,144,934

The diluted loss per share for the period is not presented as it is not applicable and has the effect of reducing the loss per share.

9. ACCOUNTS RECEIVABLE

The Group normally allows an average credit period of 30 to 60 days to its trade customers. The Group extends the normal credit term to 120 days to certain major and reputable customers.

	Unaudited	Audited
	30 September	31 March
	2008	2008
	HK$'000	*HK$'000*
Accounts receivable	**1,115**	1,090
Less: Allowance for bad and doubtful debts	**(1,115)**	(1,090)
	—	—

The Group seeks to maintain strict control on its outstanding receivables and overdue balances are reviewed regularly by senior management. There is no significant concentration of credit risk. Accounts receivables are not interest bearing.

10. ACCOUNTS PAYABLE

The Group's accounts payable at the balance sheet date has aged over 120 days.

By Order of the Board
Bong Shu Yin Daniel
Chairman and Executive Director

Hong Kong, 19 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*