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 2009

FINANCIAL REVIEW

Cosmopolitan International Holdings Limited (the "Company") together with its subsidiaries (the "Group") incurred a consolidated loss of HK$265,790,000 for the year ended 31 March 2009, as compared with a profit of HK$76,805,000 recorded last year. The consolidated loss incurred for the year under review was attributed mainly to the following factors: -

(i) The write-off of the carrying value of the placement rights in relation to the convertible bonds due 2009 ("CB2009") during the year under review for HK$125,536,000.

(ii) Net decrease in the fair value of the financial assets at fair value through profit or loss, marked to market closing prices as at 31 March 2009, amounting to HK$92,482,000.

BUSINESS REVIEW

General

The principal activities of the Group during the year under review continue to be investments in properties and securities. The turnover of the Group for the year under review was HK$3,243,000, as compared to HK$133,100,000 in previous year. The reduction was mainly attributed to the reduced activities in securities trading during the year. Following the recent financial tsunami which struck the global economies, there was substantial change in the general investment climate and the Group has accordingly adopted a more conservative approach in assessing investment proposals. As at 31 March 2009, the cash and bank balances within the Group were over HK$192,000,000, which may enable the Group to take up good investment opportunities.

In August 2008, Sinofair Investment Limited, a wholly-owned subsidiary of the Company, entered into an agreement with the holder of the CB2009 in respect of the partial exercise, the partial release and the extension of the lock-up period of the placement rights for the CB2009. As a result of the partial exercise and partial release, a total of HK$18 million CB2009 were 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. Because of the adverse downturn in the market conditions brought about by the financial tsunami, the carrying value of the placement rights attached to the then remaining CB2009 was written off for the sake of prudence during the first half of the year under review and no placement rights had subsequently been exercised.

The Group's business in information technology, which had been suspended last year, was disposed of in January 2009.

The Group completed in February 2009 the issue of a new series of zero coupon convertible bonds due 2011 ("CB 2011") in an aggregate principal amount of HK$28,000,000. The holder of the CB 2011 is entitled to convert the CB2011 into new ordinary shares of the Company at the initial conversion price of HK$0.30 per ordinary share (subject to adjustment). Please refer to the Company's announcement dated 23 January 2009 for further details and the terms of such bond issue. The proceeds from the issue of the CB2011 were used to finance in part the redemption of the CB2009 as stated below.

Part of the CB2009 in the principal amount of HK$25,000,000 was converted in February 2009 and the remaining CB2009 in the principal amount of HK$31,000,000 was redeemed in March 2009 pursuant to the terms and conditions of CB2009.

Property Investments

Chengdu Project

This development project in Xindu District, Chengdu City, Sichuan Province, the People's Republic of China (the "PRC") 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 a maximum gross floor area of about 180,000 square meters above ground together with a maximum of about 50,000 square meters of commercial and auxilliary services and car park areas below ground. The other parcel is planned for residential development with a maximum gross floor area of about 315,000 square meters. The Planning Permits for Construction Land for the proposed development have been obtained and detailed planning work is progressing.

Xinjiang Project

The Group entered into an agreement dated 18 May 2008 (the "2008 Agreement") to acquire 60% interest in Advanced Industry Limited ("AIL") which, through a wholly-owned PRC incorporated company ("Xinjiang Libao"), has been involved in a re-forestation and landscape project in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC. In return for the ecological improvement works performed, Xinjiang Libao would be granted land use rights for 30% of the land involved for development use, free of any payment of land premium. Due to the recent change in government policy, the development of the Phase 2 Land for ecological improvement and land swap will not be proceeded with and the Group will focus its resources in the Phase 1 Land. Presently, there is a dispute between the Group and the minority shareholder owning 38% interest in AIL on the provision of required funds by the shareholders and the increase of capital of Xinjiang Libao and on certain breaches by that minority shareholder, as vendor, under the terms of the 2008 Agreement. Such dispute has adversely affected the progress of the project as originally planned. The Group is seeking legal advice on possible actions that can be pursued and is also considering other viable options to resolve the matter. As the latest date stipulated in the relevant agreement for completion of the re-forestation work expired on 2 July 2009, the Group has taken a prudent view to make full provisions for the investment (including associated goodwill) in the financial statements for the year under review. The Group's management is actively negotiating with the Xinjiang authority for the possible renewal of the relevant agreement for completion of the required re-forestation work, with a view to restoring the viability of the project.

Other PRC Projects

During the year, the Group entered into a letter of intent with Shanxi Broadcasting and Culture Industry Development Limited Company on a proposed joint venture of a cultural-themed development project at Taiyuan City, Shanxi Province, the PRC. Please refer to the Company's announcement dated 16 May 2008 for futher details. No definitive agreement in respect of this proposed project has been reached.

In August 2008, the Group 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. Please refer to the Company's announcement dated 15 August 2008 for further details. No definitive agreement in respect of this proposed project has been reached.

Rainbow Lodge

The Group acquired in 2007 ten duplex apartment units plus fourteen carparks in Rainbow Lodge located at No. 9 Ping Shan Lane,Yuen Long, New Territories, Hong Kong for a total consideration of HK$70 million. 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.

Securities Investments

The Group continues to maintain an active investment portfolio of listed and unlisted securities. Total financial assets at fair value stood at HK$91,921,000 as at 31 March 2009. As mentioned above, the Group has written off during the year under review the carrying value of the remaining placement rights of the CB 2009 in the amount of HK$125,536,000. There was also a net decrease in the fair value of the financial assets, marked to market closing prices as at 31 March 2009 of HK$92,482,000, as mentioned earlier under "Financial Review".

Information Technology

Management has reviewed the prospect of the information technology business in which the Group was engaged in and, having considered the prospect and the present focus of the Group's investment strategy, has taken action to dispose of the business during the year under review.

PROSPECTS

The global economy has been seriously affected by the financial tsunami which commenced in the second half of 2008 and with no exception, the Hong Kong economy was adversely affected, particularly in the export and financial sectors. Extensive rescue exercises through fiscal and monetary policies were undertaken by the governments of the major world economies and there are signs that the economies are beginning to restore stability, but the ultimate effects of such massive joint efforts are still to be seen. Since the first quarter of 2009, the property and stock markets, notably in the PRC and Hong Kong, have staged substantial recovery. The economy in the PRC appears to be least affected by the financial tsunami and there are indications that the PRC economy may lead the global recovery. The Group remains optimistic of the medium to longer term prospects of the property sector in the PRC and continues to be committed to those projects that are being undertaken by the Group. The Group is cautiously hopeful that the current problems encountered in the Xinjiang Project would eventually be resolved satisfactorily, thereby reviving the potential and prospects of the project as originally envisaged. In the meantime, the Group is also actively reviewing other potential investment and development projects in the PRC, with a view to achieving for the Group asset growth and profitability.

We are confident that with the resources available at present, the Group will be able to overcome the current challenges 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 2009 (2008: Nil).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2009

	Notes	**2009**	2008
		HK$'000	*HK$'000*
Continuing operations:			
Turnover	2	**3,243**	133,100
Net fair value gain on disposal of held for trading investments		**309**	12,540
Net fair value gain on realisation of derivative financial assets		**17,030**	—
Other income	4	**10,223**	10,028
Administration expenses		**(17,853)**	(10,608)
Impairment loss on goodwill		**(6,795)**	—
Write-down of properties under development		**(17,143)**	—
(Loss) gain on changes in fair value of financial instruments, net		**(218,018)**	117,937
(Loss) gain on changes in fair value of investment properties		**(5,000)**	3,000
Share of results of jointly controlled entities		**(2,052)**	(2,148)
Finance costs	5	**(33,119)**	(17,245)
(Loss) profit before tax	6	**(272,418)**	113,504
Income tax expense	7	**—**	(22,265)
(Loss) profit from continuing operations		**(272,418)**	91,239
Discontinued operation:			
Profit (loss) for the year from discontinued operation		**6,628**	(14,434)
(Loss) profit for the year		**(265,790)**	76,805
Attributable to:			
Equity holders of the Company		**(260,102)**	77,048
Minority interests		**(5,688)**	(243)
		(265,790)	76,805
(Loss) earnings per share	8		
From continuing and discontinued operations			
– Basic		**(13.39) HK cents**	4.47 HK cents
– Diluted		**N/A**	2.79 HK cents
From continuing operations			
– Basic		**(13.73) HK cents**	5.31 HK cents
– Diluted		**N/A**	3.24 HK cents

CONSOLIDATED BALANCE SHEET
At 31 March 2009

	Note	**2009**	2008
		HK$'000	*HK$'000*
Non-current assets			
Property and equipment		**320**	574
Investment properties		**70,000**	75,000
Goodwill		**—**	—
Club membership		**360**	360
Interests in jointly controlled entities		**175,229**	84,069
		245,909	160,003
Current assets			
Accounts receivable		**—**	—
Loan receivable		**11,500**	—
Prepayments, deposits and other receivables		**781**	5,568
Financial assets at fair value through profit or loss		**86,880**	55,630
Derivative financial assets		**5,041**	213,074
Available-for-sale investments		**—**	40,051
Cash and bank balances		**192,673**	304,513
		296,875	618,836
Current liabilities			
Accounts payable	9	**—**	1,444
Accrued liabilities and other payables		**5,547**	2,812
Derivative financial liabilities		**41,414**	45,000
Income tax payable		**22,265**	22,265
Amounts due to minority shareholders		**—**	3,378
Convertible bonds		**—**	55,708
		69,226	130,607
Net current assets		**227,649**	488,229
Total assets less current liabilities		**473,558**	648,232
Non-current liability			
Convertible bonds		**341,256**	288,953
		132,302	359,279
Capital and reserves			
Share capital		**2,253**	1,896
Reserves		**130,049**	356,564
Equity attributable to equity holders of the Company		**132,302**	358,460
Minority interests		**—**	819
		132,302	359,279

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2009

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

In the current year, the Group has applied, for the first time, the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), that are effective for the Group's financial year beginning on 1 April 2008.

Hong Kong Accounting Standard ("HKAS") 39 and HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Interpretation ("Int")12	Service Concession Arrangements
HK(IFRIC) – Int 14	HKAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new and revised standards, amendments and interpretations that have been issued but are not yet effective as at 31 March 2009.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[8]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible hedges items[3]
HKFRS 1 (Revised)	First-time Adoption on HKFRSs[3]
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity of Associate[2]
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) – Int 9 and HKAS 39 (Amendments)	Embedded Derivatives[7]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[4]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[5]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[3]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[6]

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 July 2009.
[4] Effective for annual periods beginning on or after 1 July 2008.
[5] Effective for annual periods beginning on or after 1 October 2008.
[6] Effective for transfer of assets from customers received on or after 1 July 2009.
[7] Effective for annual periods ending on or after 30 June 2009.
[8] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

The application of HKFRS 3 (Revised) may affect the accounting for business combinations 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. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

2. TURNOVER

Turnover represents the proceeds from disposal of equity securities listed in Hong Kong, and providing information technology services for the years. An analysis of the Group's turnover for both years is as follows:

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Proceeds from disposal of equity securities listed in Hong Kong	**3,243**	133,100
Discontinued operation		
Service income from providing information technology services	**75**	69
	3,318	133,169

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 investment – invest in listed and unlisted securities;

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

(c) Information technology – provide information technology service.

During the year ended 31 March 2009, the Group disposed of its information technology business.

Segment information about these businesses is presented below.

For the year ended 31 March 2009

	Continuing operations			Discontinued operation	
	Securities investment	Property investment and development	Total	Information technology	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment turnover	3,243	—	3,243	75	3,318
Segment results	(85,845)	(20,531)	(106,376)	(399)	(106,775)
Unallocated corporate income			4,655	—	4,655
Unallocated corporate expenses			(19,397)	—	(19,397)
Net fair value gain on realisation of derivative financial assets			17,030	—	17,030
Gain on disposal of subsidiaries			—	7,027	7,027
Impairment loss on goodwill	—	(6,795)	(6,795)	—	(6,795)
Loss on change in fair value of derivative financial instruments related to convertible bonds			(126,364)	—	(126,364)
Share of results of jointly controlled entities	—	(2,052)	(2,052)	—	(2,052)
Finance costs			(33,119)	—	(33,119)
(Loss) profit before tax			(272,418)	6,628	(265,790)
Income tax expense			—	—	—
(Loss) profit for the year			(272,418)	6,628	(265,790)

For the year ended 31 March 2008

	Continuing operations			Discontinued operation	
	Securities investment HK$'000	Property investment and development HK$'000	Total HK$'000	Information technology HK$'000	Consolidated HK$'000
Segment turnover	133,100	—	133,100	69	133,169
Segment results	(9,584)	3,000	(6,584)	(2,826)	(9,410)
Unallocated corporate income			7,679	—	7,679
Unallocated corporate expenses			(10,507)	—	(10,507)
Impairment loss on goodwill			—	(11,608)	(11,608)
Gain on change in fair value of derivative financial instruments related to convertible bonds			142,309	—	142,309
Share of results of jointly controlled entities	—	(2,148)	(2,148)	—	(2,148)
Finance costs			(17,245)	—	(17,245)
Profit (loss) before tax			113,504	(14,434)	99,070
Income tax expense			(22,265)	—	(22,265)
Profit (loss) for the year			91,239	(14,434)	76,805

Consolidated balance sheet

As at 31 March 2009	**Securities investment** ***HK$'000***	**Property investment and development** ***HK$'000***	**Consolidated** ***HK$'000***
Segment assets	**91,921**	**70,364**	**162,285**
Interest in jointly controlled entities	**—**	**175,229**	**175,229**
Unallocated corporate assets			**205,270**
Total assets			**542,784**
Segment liabilities	**—**	**3,045**	**3,045**
Unallocated corporate liabilities			**407,437**
Total liabilities			**410,482**

Other segment information:

For the year ended 31 March 2009

	Continuing operations				Discontinued operation	
	Securities investment *HK$'000*	Property investment and development *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*	Information technology *HK$'000*	Consolidated *HK$'000*
Depreciation	—	63	60	123	297	420
Capital expenditure	—	208	66	274	—	274
Impairment loss on accounts and other receivables	698	—	38	736	—	736
Impairment loss on goodwill	—	6,795	—	6,795	—	6,795
Write-down of properties under development	—	17,143	—	17,143	—	17,143
Loss on change in fair value of financial instruments, net	91,654	—	126,364	218,018	—	218,018
Loss on change in fair value of investment properties	—	5,000	—	5,000	—	5,000

Capital expenditure for the year ended 31 March 2009 includes additions resulting from acquisitions through business combinations, amounting to HK$164,000.

As at 31 March 2008	Securities investment HK$'000	Property investment and development HK$'000	Information technology HK$'000	Consolidated HK$'000
Segment assets	123,755	75,000	746	199,501
Interest in jointly controlled entities	—	84,069	—	84,069
Unallocated corporate assets				495,269
Total assets				778,839
Segment liabilities	4,414	—	2,843	7,257
Unallocated corporate liabilities				412,303
Total liabilities				419,560

Other segment information:

For the year ended 31 March 2008

	Continuing operations				Discontinued operation	
	Securities investment HK$'000	Property investment and development HK$'000	Unallocated HK$'000	Total HK$'000	Information technology HK$'000	Consolidated HK$'000
Depreciation	—	—	51	51	484	535
Capital expenditure	—	—	22	22	6	28
Impairment loss on accounts and other receivables	—	—	161	161	1,090	1,251
Impairment loss on goodwill	—	—	—	—	11,608	11,608
Loss on disposal of property and equipment	—	—	—	—	9	9
Loss (gain) on change in fair value of financial instruments, net	24,372	—	(142,309)	(117,937)	—	(117,937)
Gain on change in fair value of investment properties	—	(3,000)	—	(3,000)	—	(3,000)

Geographical Segments

In determining the Group's geographical segments, turnover is attributed to the segments based on the location of the stock exchange and customers, and assets are attributed to the segments based on the location of the assets.

The following table presents certain turnover, assets and expenditure information for the geographical segments of the Group.

	Hong Kong ("HK")		**The People's Republic of China ("PRC") (excluding HK)**		**Consolidated**	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment turnover	**3,243**	133,100	**75**	69	**3,318**	133,169
Carrying amount of total assets	**367,192**	694,024	**175,592**	84,815	**542,784**	778,839
Other segment information:						
Capital expenditure	**66**	22	**208**	6	**274**	28

Revenue from the Group's discontinued operation was derived from PRC.

4. OTHER INCOME

	2009	2008
	HK$'000	*HK$'000*
Continuing operations		
Interest income from:		
Bank balances	**2,844**	7,667
Loan receivable	**767**	—
Derivative financial assets	**1,213**	974
Available-for-sale investments	**354**	—
Total interest income	**5,178**	8,641
Dividend income from financial assets at fair value through profit or loss	**4,093**	1,387
Sundry income on non-financial assets	**952**	—
	10,223	10,028
Discontinued operation		
Exchange gain, net	**—**	430
Sundry income on non-financial assets	—	32
	—	462
	10,223	10,490

5. FINANCE COSTS

	2009	2008
	HK$'000	*HK$'000*
Interest on other borrowings repayable within five years	—	316
Convertible bonds issuance costs	**101**	413
Imputed interest expense on convertible bonds	**33,018**	16,516
	33,119	17,245

All finance costs for both years are from the continuing operations.

6. (LOSS) PROFIT BEFORE TAX

	Continuing operations		Discontinued operation		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(Loss) profit before tax has been arrived at after charging:						
Staff costs (excluding directors' emoluments)						
Wages and salaries	**949**	907	**107**	364	**1,056**	1,271
Retirement benefits scheme contributions	**65**	64	**—**	—	**65**	64
	1,014	971	**107**	364	**1,121**	1,335
Auditors' remuneration						
– current year	**444**	459	**37**	51	**481**	510
– under-provision in previous year	**—**	42	**—**	—	**—**	42
Depreciation on property and equipment	**123**	51	**297**	484	**420**	535
Operating lease charges on rented premises	**283**	309	**71**	496	**354**	805
Loss on disposal of property and equipment	**—**	—	**—**	9	**—**	9
Impairment loss on accounts and other receivables	**736**	161	**—**	1,040	**736**	1,201

7. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made as all group entities did not derive any assessable profits for the year ended 31 March 2009.

Hong Kong profits tax was calculated at 17.5% of the estimated assessable profits for the year ended 31 March 2008.

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009.

Income tax expense arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. No tax provision for other jurisdictions has been made as the Group did not derive any assessable profits for both years.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "EIT") (the "New Law") by Order No.63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Under the New Law and Implementation Regulation, the EIT rate of the Group's subsidiaries in the PRC reduced from 33% to 25% from 1 January 2008 onwards. The relevant tax rate for the Group's subsidiaries in the PRC is 25% (Before 1 January 2008: 33%).

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

	2009	2008
	HK$'000	*HK$'000*
(Loss) profit before tax		
– Continuing operations	**(272,418)**	113,504
– Discontinued operation	**6,628**	(14,434)
	(265,790)	99,070
Tax at the Hong Kong profits tax rate of 16.5% (2008: 17.5%)	**(43,855)**	17,337
Tax effect of expenses not deductible for tax purpose	**13,761**	9,500
Tax effect of income not taxable for tax purpose	**(2,276)**	(3,914)
Utilisation of tax loss not recognised in prior years	**—**	(2,612)
Tax effect of tax losses not recognised	**32,370**	1,954
Income tax expense for the year	**—**	22,265

8. (LOSS) EARNINGS PER SHARE

From continuing and discontinued operations

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

	2009	2008
	HK$'000	*HK$'000*
(Loss) earnings		
(Loss) earnings for the purpose of basic earnings per share ((loss) profit for the year attributable to equity holders of the Company)	**(260,102)**	77,048
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds with dilutive effect (net of tax)	**14,913**	14,351
(Loss) earnings for the purpose of diluted earnings per share	**(245,189)**	91,399

	2009	2008
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**1,942,288**	1,721,968
Effect of dilutive potential ordinary shares:		
Convertible bonds with dilutive effect	**1,399,178**	1,549,041
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**3,341,466**	3,271,009

The computation of diluted (loss) earnings per share does not assume the exercise of the Company's certain outstanding convertible bonds and share options as their conversion/exercise prices are higher than the average market price of ordinary shares of the Company for the respective years ended 31 March 2009 and 2008.

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations attributable to equity holders of the Company for the year is based on the following data:

	2009	2008
	HK$'000	*HK$'000*
(Loss) profit for the year attributable to equity holders of the Company	**(260,102)**	77,048
Less:		
Profit (loss) for the year from discontinued operation	**6,628**	(14,434)
(Loss) earnings for the purpose of basic (loss) earnings per share from continuing operations	**(266,730)**	91,482
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds with dilutive effect (net of tax)	**14,913**	14,351
(Loss) earnings for the purpose of diluted (loss) earnings per share from continuing operations	**(251,817)**	105,833

The denominators used are same as those detailed above for each basic and diluted (loss) earnings per share.

From Discontinued operation

Basic earnings per share for the discontinued operation is HK0.34 cents per share (2008: basic loss per share for the discontinued operation is HK0.84 cents per share). Diluted earnings per share for the discontinued operation is HK0.20 cents per share (2008: N/A). The basic and diluted earnings (loss) per share from discontinued operation attributable to equity holders of the Company for the year is based on the profit for the year from discontinued operation of HK$6,628,000 (2008: loss of HK$14,434,000) and the denominators detailed above for both basic and diluted earning (loss) per share.

No diluted loss per share from continuing and discontinued operations, and diluted loss per share from continuing operations had been presented for the year ended 31 March 2009 as the effect of the conversion of convertible bonds was anti-dilutive.

No diluted loss per share from discontinued operation had been presented for the year ended 31 March 2008 as the effect of the conversion of convertible bonds was anti-dilutive.

9. ACCOUNTS PAYABLE

The following is an ageing analysis of the Group's accounts payable at the balance sheet date :

	2009	2008
	HK$'000	*HK$'000*
Over 120 days	**—**	1,444

The average credit period on providing of services was 120 days.

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 2009, 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 Code on Corporate Governance Practices (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 requirement of the Code.

Throughout the financial year ended 31 March 2009, except for the requirement that (i) the role 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. The deviation in item (i) 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.

ANNUAL GENERAL MEETING

An annual general meeting of the Company will be convened and to be held on 18 August 2009. The notice of the annual general meeting will be published on the websites of the Stock Exchange and the Company on www.hkexnews.hk and www.irasia.com/listco/hk/cosmopolitan respectively and will be sent to the shareholders of the Company, together with the Company's 2009 Annual Report, in due course.

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

Hong Kong, 14 July 2009

As at the date of this announcement, the Board comprises nine Directors, namely Messrs. Bong Shu Yin, Daniel (Chairman) and 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*