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 2011

FINANCIAL REVIEW

Cosmopolitan International Holdings Limited (the "Company") together with its subsidiaries (the "Group") recorded a consolidated profit of approximately HK$215,074,000 for the year ended 31 March 2011, as compared with a loss of HK$330,387,000 recorded last year. The consolidated profit achieved for the year under review was attributed mainly to the decrease in the derivative financial liabilities of approximately 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 2011 was below that prevailing at 31 March 2010. The net increase in the financial assets at fair value through profit and loss amounted to approximately HK$22,690,000, which were marked to market closing prices as at 31 March 2011.

As mentioned in the positive profit alert announcement made by the Company on 3 June 2011, 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 has given rise to the profit recorded for the year under review. 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 2011, 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 loss of HK$17,057,000 for the year ended 31 March 2011 and net assets value of HK$260,469,000 as at 31 March 2011, as illustrated below:

Adjusted financial results

	For the year ended 31 March 2011 *HK$'000*
Net profit attributable to owners of the Company	215,415
Adjustment to exclude the gain on change in fair value of the Subscription Options	(232,472)
Unaudited adjusted net loss attributable to owners of the Company	(17,057)

Adjusted net assets attributable to owners of the Company

	As at 31 March 2011 *HK$'000*
Net assets attributable to owners of the Company	58,017
Adjustment to de-recognize the derivative financial liabilities attributable to the Subscription Options	202,452
Unaudited adjusted net assets attributable to owners of the Company	260,469

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$160,229,000, as compared to HK$128,169,000 in the previous year. The increase was mainly attributed to the expanded activities in securities trading during the year. Following the recovery from the financial tsunami which struck the global economies since 2008, there has been some improvement in the general investment climate but uncertainties and mixed expectations on the future development in the world economies remain.

The Group has continued to adopt a pragmatic and cautious approach in pursuing investment proposals. As at 31 March 2011, the cash and bank deposits and deposits placed with security brokers within the Group were approximately HK$108,655,000, which may enable the Group to take up good investment opportunities.

Property Investments and Development Projects

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 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 a total gross floor area above ground of approximately 420,000 square feet. Superstructural works for the hotel development have commenced and the first phase of the hotel is presently scheduled to be soft-opened in the fourth quarter of 2012. 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 saleable area of approximately 489,000 square feet. Site preparation and formation works for this part of the development have been completed and the basement works have commenced, with overall construction works scheduled to be completed in the fourth quarter of 2012. Presale of the residential units is anticipated to be launched in the first quarter of 2012. Development works for the other stages are planned to be carried out progressively.

Xinjiang Project

Through subsequent acquisition of existing issued shares, the Group increased its shareholding investment in the Xinjiang Project to 99.72% during the year under review. Under the latest government policy guidelines issued in April 2011 in relation to the re-forestation for swap of development land, 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 to the re-forestation landscape of the project.

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 planning to re-modify certain units for enhancement of their value.

Securities Investments

The Group continues to maintain an active investment portfolio of listed securities. Apart from the net gain of approximately HK$4,656,000 attained on disposal of financial assets at fair value through profit or loss in the year under review, there was also a net increase in the fair value of these financial assets of approximately HK$22,690,000, marked to market closing prices as at 31 March 2011.

PROSPECTS

Though there are signs of mild recovery in the major economies, expectations on a healthy growth remain mixed. In the PRC, the monetary authority has tightened the money supply to avoid overheating of the economy, in particular on the property sector. The Hong Kong property sector is also facing tightening monetary measures recently imposed by the government and monetary authority, as the price of properties especially those at the higher end continued to rise during the year under review, possibly driven as hedging against inflation in the low interest rate environment, the excess of demand over supply as well as due to the strong investment sentiment. On the other hand, the stock markets in Hong Kong and the PRC have experienced some downward adjustments, as a result of tightening monetary measures and concerns over the uncertainty on the economic development worldwide, especially on the risk associated with the large national debts and budget deficits of certain weaker western economies. However, the growth in PRC economy in a number of sectors remains healthy. The Group is optimistic of 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 also cautiously optimistic that the current difficulties encountered in the Xinjiang Project would eventually be resolved satisfactorily, 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 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.

We 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 2011 (2010: Nil).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	**2011**	**2010**
		HK$'000	*HK$'000*
Turnover	3	**160,229**	128,169
Revenue	4	**5,255**	15,593
Net gain on disposal of financial assets at fair value through profit or loss		**4,656**	47,718
Gain on realisation of derivative financial assets		**—**	2,772
Other operating income	5	**732**	1,762
Administration expenses		**(20,080)**	(15,522)
Impairment loss on deposit paid for acquisition of a subsidiary		**—**	(7,044)
Gain (loss) on changes in fair value of financial instruments, net	6	**255,162**	(338,912)
Gain on changes in fair value of investment properties		**5,000**	5,000
Loss on disposal of a subsidiary		**(88)**	—
Share of results of jointly controlled entities		**(1,794)**	(949)
Finance costs	7	**(33,384)**	(35,001)
Profit (loss) before tax	8	**215,459**	(324,583)
Income tax expense	9	**(385)**	(5,804)
Profit (loss) for the year		**215,074**	(330,387)
Other comprehensive income			
Exchange differences arising on translating foreign subsidiaries		**(148)**	2,531
Reclassification adjustment for the cumulative loss included in profit or loss upon disposal of subsidiaries		**—**	(500)
Share of other comprehensive income (loss) of jointly controlled entities		**6,829**	(1,245)
Other comprehensive income for the year		**6,681**	786
Total comprehensive income (loss) for the year		**221,755**	(329,601)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Continued)

For the year ended 31 March 2011

	Note	**2011**	**2010**
		HK$'000	*HK$'000*
Profit (loss) for the year attributable to:			
Owners of the Company		**215,415**	(330,387)
Non-controlling interests		**(341)**	—
		215,074	(330,387)
Total comprehensive income (loss) attributable to:			
Owners of the Company		**222,092**	(329,601)
Non-controlling interests		**(337)**	—
		221,755	(329,601)

		2011	**2010**
			(Restated)
Earnings (loss) per share	10		
- Basic		**1.89 HKcents**	(2.93) HKcents
- Diluted		**(0.05) HKcents**	(2.93) HKcents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
Non-current assets		
Property and equipment	**277**	259
Investment properties	**80,000**	75,000
Interests in jointly controlled entities	**187,151**	176,147
	267,428	251,406
Current assets		
Deposit paid for a property development project	**24,500**	—
Prepayments, deposits and other receivables	**978**	1,071
Financial assets at fair value through profit or loss	**263,653**	221,901
Tax recoverable	**2,598**	—
Pledged bank deposits	**—**	506
Deposits placed with security brokers	**10,748**	32,350
Cash and bank balances	**97,907**	142,410
	400,384	398,238
Current liabilities		
Accrued liabilities and other payables	**4,702**	4,512
Amount due to a related company	**—**	1,479
Derivative financial liabilities	**202,452**	434,924
Provisions	**1,199**	1,148
Income tax payable	**25,369**	28,010
Convertible bonds	**169,991**	192,242
	403,713	662,315
Net current liabilities	**(3,329)**	(264,077)
Total assets less current liabilities	**264,099**	(12,671)
Non-current liability		
Convertible bonds	**206,419**	183,994
	57,680	(196,665)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 March 2011

	2011	2010
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**2,357**	2,253
Reserves	**55,660**	(198,918)
Equity attributable to owners of the Company (capital deficiency)	**58,017**	(196,665)
Non-controlling interests	**(337)**	—
	57,680	(196,665)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2011

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$3,329,000 as at 31 March 2011. In the opinion of the directors of the Company, the liquidity of the Group can be maintained in the coming twelve months after the end of reporting period as the directors of the Company had taken into consideration of the following facts and circumstances:

a) as at 31 March 2011, included in the current liabilities of the Group was derivative financial liabilities of approximately HK$202,452,000 which represented an option to entitle the holders to subscribe for convertible bond to be issued, with a maturity date over twelve months after 31 March 2011. Such derivative financial liabilities shall not have any cash outflow impact on the Group;

b) subsequent to 31 March 2011, the maturity date of convertible bonds with carrying amount of approximately HK$169,991,000 was further extended from 16 May 2011 to 14 February 2013 pursuant to an ordinary resolution approved by the independent shareholders of the Company on 9 June 2011. Details are set out in the Company's announcement dated on 9 June 2011; and

c) subsequent to 31 March 2011, the Group finalised with the Inland Revenue Department ("IRD") certain income tax assessment of the Group for prior years and an amount of income tax provision of HK$22,265,000 as of 31 March 2011 is no longer payable.

Accordingly, the directors considered that the Group has sufficient cash resources for its operations for the next twelve months. 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 standards, amendments to standards and interpretations ("INTs") (herein collectively referred to as "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HKFRS 1 (Revised)	First-time Adoption of HKFRSs
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
Hong Kong Accounting Standard ("HKAS") 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HK(IFRIC)–INT 17	Distributions of Non-Cash assets to owners
HK–INT 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

Except as described below, the application of the new and revised HKFRS in the current year has had no material effect on the amounts reported in the consolidated financial statements and disclosures set out in these consolidated financial statements.

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 April 2010. The requirements in HKAS 27 (Revised) Consolidated and Separate Financial Statements in relation to accounting for changes in ownership interests in a subsidiary after control is obtained and for loss of control of a subsidiary are also applied prospectively by the Group on or after 1 April 2010.

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. In prior years, in the absence of specific requirements in HKFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

For the loss incurred by loss making subsidiary companies, the Group is required by the revised standard to account for the losses attributable to its non-controlling interests even if that results in a deficit balance for the non-controlling interests in the Group's accounts. At 31 March 2011, total comprehensive expenses attributable to the non-controlling interests in relation to share of deficiency of a subsidiary have increased by approximately HK$337,000 (2010: nil) have been recognised in consolidated statement of comprehensive income.

Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (as revised in 2008) and HKAS 27 (as revised in 2008) are applicable.

The Group has not early applied the following new or revised standards, amendments or INTs that have been issued but are not yet effective for the accounting period beginning on 1 April 2010.

HKFRSs (Amendments)	Improvements to HKFRSs 2010 except for the amendments to HKFRS 3 (Revised in 2008), HKFRS 7, HKAS 1 and HKAS 28[1]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[2]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[4]
HKFRS 7 (Amendments)	Disclosure – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[5]
HKAS 24 (Revised)	Related Party Disclosure[3]

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

HKAS 27 (Revised)	Separate Financial Statements[6]
HKAS 28 (Revised)	Investments in Associates and Joint Ventures[6]
HK (IFRIC) – INT 14 (Amendment)	Prepayments of a Minimum Funding Requirement[3]
HK (IFRIC) – INT 19	Extinguishing Financial Liabilities with Equity Instruments[2]

[1] Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.
[2] Effective for annual periods beginning on or after 1 July 2010.
[3] Effective for annual periods beginning on or after 1 January 2011.
[4] Effective for annual periods beginning on or after 1 July 2011.
[5] Effective for annual periods beginning on or after 1 January 2012.
[6] Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either 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 relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. 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.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may have a significant impact on amounts reported in respect of the Group's financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The directors of the Company anticipate that the application of other new and revised 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:

	2011	2010
	HK$'000	*HK$'000*
Proceeds from disposal of financial assets at fair value through profit or loss ("FVTPL")	**154,974**	112,576
Dividend income from financial assets at FVTPL	**5,245**	15,576
Interest income from deposits placed with security brokers	**10**	17
	160,229	128,169

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.

The Group's reportable segments under HKFRS 8 are as follows:

(a) Securities trading – engaged in trading of listed and unlisted 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 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 loss of jointly controlled entities			(1,794)
Finance costs			(33,384)
Profit before tax			215,459

For the year ended 31 March 2010

	Securities trading	Property investment and development	Total
	HK$'000	*HK$'000*	*HK$'000*
Turnover	128,169	—	128,169
Revenue			
External	15,593	—	15,593
Segment profit	120,575	1,962	122,537
Other operating income			1,762
Unallocated corporate expenses			(12,378)
Impairment loss on other receivables			(7,044)
Loss on change in fair value of derivative financial instruments related to convertible bonds			(393,510)
Share of results of jointly controlled entities			(949)
Finance costs			(35,001)
Loss before tax			(324,583)

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, loss on disposal of a subsidiary, other operating income, impairment loss on other receivables, gain or loss on change in fair value of derivative financial instruments related to convertible bonds, share of results of jointly controlled entities and finance costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and performance assessment.

Segment assets and liabilities

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

	2011	2010
	HK$'000	*HK$'000*
Segment assets		
Securities trading	**274,401**	254,251
Property investment and development	**104,948**	75,323
Total segment assets	**379,349**	329,574
Unallocated corporate assets	**288,463**	320,070
Consolidated assets	**667,812**	649,644
Segment liabilities		
Securities trading	**465**	895
Property investment and development	**5,436**	4,765
Total segment liabilities	**5,901**	5,660
Unallocated corporate liabilities	**604,231**	840,649
Consolidated liabilities	**610,132**	846,309

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

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

— all liabilities are allocated to reporting segments other than amount due to a related company, derivative financial liabilities, income tax payable, convertible bonds and liabilities for central administration.

Other segment information

For the year ended 31 March 2011

	Securities trading	Property investment and development	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'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	Property investment and development	Unallocated	Total
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

Note:

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

For the year ended 31 March 2010

	Securities trading	**Property investment and development**	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets				
Addition to non-current assets (note)	—	240	82	322
Depreciation	—	261	76	337
Written off of property and equipment	—	—	46	46
Net gain on disposal of financial assets at FVTPL	(47,718)	—	—	(47,718)
Gain on realisation of derivative financial assets	(2,772)	—	—	(2,772)
Loss on change in fair values of financial instruments, net	(54,598)	—	393,510	338,912
Gain on change in fair values 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

Interest income	—	—	1,240	1,240
Interests in jointly controlled entities	—	176,147	—	176,147
Share of loss of jointly controlled entities	—	949	—	949
Finance costs	—	—	35,001	35,001

Note:

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

Revenue

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

	2011	2010
	HK$'000	*HK$'000*
Dividend income from financial assets at FVTPL	**5,245**	15,576
Interest income from deposits placed with security brokers	**10**	17
	5,255	15,593

Geographical information

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

The Group's revenue from external customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets	
	2011	**2010**	**2011**	**2010**
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
HK	**5,255**	15,593	**80,093**	75,133
The PRC	**—**	—	**187,335**	176,273
	5,255	15,593	**267,428**	251,406

Non-current assets excluded financial instrument.

Information about major customers

During the years ended 31 March 2011 and 2010, no single customer has contributed over 10% of the total turnover and revenue of the Group.

5. OTHER OPERATING INCOME

	2011	2010
	HK$'000	*HK$'000*
Interest income from:		
Pledged bank deposits	**—**	6
Bank balances	**552**	500
Loan receivable	**—**	734
Total interest income	**552**	1,240
Sundry income	**180**	522
	732	1,762

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

	2011	2010
	HK$'000	*HK$'000*
Gain on change in fair value of financial assets at FVTPL	**22,690**	54,598
Gain (loss) on change in fair value of derivative financial liabilities	**232,472**	(393,510)
	255,162	(338,912)

7. FINANCE COSTS

	2011	2010
	HK$'000	*HK$'000*
Interest on other borrowings repayable within five years	**—**	21
Imputed interest expense on convertible bonds	**33,384**	34,980
	33,384	35,001

8. PROFIT (LOSS) BEFORE TAX

Profit (loss) before tax has been arrived at after charging:

	2011	2010
	HK$'000	*HK$'000*
Staff costs (excluding directors' emoluments)		
Wages and salaries	**1,299**	1,207
Retirement benefits scheme contributions	**103**	106
	1,402	1,313
Auditors' remuneration	**498**	513
Written off of property and equipment	**29**	46
Depreciation on property and equipment	**84**	337
Provision for claims	**—**	1,148

9. INCOME TAX EXPENSE

	2011	2010
	HK$'000	*HK$'000*
Current tax expense:		
Hong Kong Profits Tax		
Charge for the year	**1,236**	5,745
(Over) under provision in prior years	**(851)**	59
	385	5,804

Hong Kong Profits Tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the two years ended 31 March 2011 and 31 March 2010.

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 the two years ended 31 March 2011 and 31 March 2010.

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

	2011 *HK$'000*	2010 *HK$'000*
Profit (loss) before tax	**215,459**	(324,583)
Tax at the Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**35,551**	(53,556)
Tax effect of expenses not deductible for tax purpose	**8,533**	74,296
Tax effect of income not taxable for tax purpose	**(40,229)**	(3,653)
Utilisation of tax loss not recognised in prior years	**(3,396)**	(11,611)
Tax effect of tax losses not recognised	**777**	269
(Over) under provision in prior years	**(851)**	59
Income tax expense for the year	**385**	5,804

At the end of the reporting period, the Group has estimated unused tax losses of approximately HK$58,517,000 (2010: HK$74,390,000) 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:

	2011 *HK$'000*	2010 *HK$'000*
Profit (loss)		
Profit (loss) for the purpose of basic earnings (loss) per share		
Profit (loss) for the year attributable to owners of the Company	**215,415**	(330,387)
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of derivative financial liabilities	**(232,472)**	—
Imputed interest expense on a convertible bond	**7,394**	—
Loss for the purpose of diluted loss per share	**(9,663)**	(330,387)

	2011 *'000*	2010 *'000* *(Restated)*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share	**11,369,791**	11,267,215
Effect of dilutive potential ordinary shares:		
Options to subscribe for convertible bonds	**3,333,333**	—
Convertible bond	**3,546,500**	—
Weighted average number of ordinary shares for the purpose of diluted loss per share	**18,249,624**	11,267,215

The weighted average number of ordinary share for the purpose of basic and diluted loss per ordinary share as presented in the current year's consolidated financial statements for the year ended 31 March 2010 had been adjusted for the subdivision of each ordinary share into five subdivided ordinary shares effective on 30 August 2010.

Diluted loss per share is same as basic loss per share for the year ended 31 March 2010. The computation of diluted loss per share does not assume the conversion/exercise of the Company's outstanding convertible bonds and options to subscribe for additional convertible bonds since their exercises would result in a decrease in loss per share for the year ended 31 March 2010.

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

11. DIVIDENDS

No dividend was paid or proposed during the year ended 31 March 2011, nor has any dividend been proposed since the end of the reporting period (2010: Nil).

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 2011, 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 2011, 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.

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 1 September 2011. 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 2011 Annual Report, in due course.

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

Hong Kong, 24 June 2011

As at the date of this announcement, the Board comprises ten 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, 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*