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)

2013 INTERIM RESULTS ANNOUNCEMENT

GROUP FINANCIAL RESULTS

Cosmopolitan International Holdings Limited (the "**Company**") together with its subsidiaries (the "**Group**") achieved an unaudited consolidated profit of HK$3,605,000 for the six months ended 30 September 2013, as compared to an unaudited consolidated profit of HK$14,546,000 recorded in the six months ended 30 September 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The reduction in the reported unaudited profit for the six months ended 30 September 2013 as compared to the six months ended 30 September 2012, though relatively minor in terms of the asset size of the Group, was primarily due to the following factors as listed below:-.

(i) After the recognition of the decrease in the fair value of the derivative financial liability relating to the subscription options for the convertible bonds due 2013, which have since been fully subscribed and converted into new ordinary shares of the Company in September 2013, as offset by the decrease in the fair value of the financial instruments in the portfolio of the Group, there was a net gain of HK$5,108,000 on changes in the overall fair value of the financial instruments for the six months ended 30 September 2013, as compared to a net gain of HK$25,530,000 for the six months ended 30 September 2012.

(ii) There was no income on disposal of financial assets at fair value through profit and loss recorded in the period under review due to reduced activities in securities trading, while a net gain of HK$16,202,000 was realized from such activities during the six months ended 30 September 2012.

(iii) There was an increase in finance costs of HK$3,910,000 for the six months ended 30 September 2013 as compared to the six months ended 30 September 2012, mainly due to the accrued interest expenses on the considerations payable to the vendors for the acquisitions of the property projects in Chengdu and Tianjin in the PRC completed in September 2013.

(iv) There was a gain of HK$30,190,000 in the share of the results of jointly controlled entities derived from certain disposal transactions relating to the Chengdu Project completed in September 2013, as compared to an attributable loss of HK$743,000 from jointly controlled entities for the six months ended 30 September 2012.

BUSINESS REVIEW

General

The principal activities of the Group during the period under review continued to be property development and investment, securities investments and other investments. The economies in Hong Kong and the PRC seemed to have performed slightly better than their counterparts in the US and Europe in the six months ended 30 September 2013. Though there are signs of a slow recovery in the US, the anticipated tapering of the quantitative easing in its monetary policy is casting uncertainties on general investment climate.

Since the beginning of 2013, the Group has been placing increasing focus on the PRC property development projects and has completed the acquisitions of two major projects in Chengdu and Tianjin, while disposing of its Rainbow Lodge properties in Hong Kong. Details of these transactions were contained in the Company's announcement dated 27 June 2013 and are further reported below in the paragraph under the heading "property development and investments".

During the period under review, general property prices in Hong Kong have adjusted downwards from high levels last year with transaction volume substantially reduced, mainly due to the government measures in imposing heavy stamp duties on property transactions. In the meantime, the PRC property market has stabilized, but in certain major cities, the property prices have strengthened further from last year, despite government measures and credit policies to restrain prices and demand and the implementation of government policies to commence aggressive low cost public housing projects.

During the six months ended 30 September 2013, there have been other material developments affecting the Group, in addition to the acquisitions and disposal of properties as reported above. On 2 July 2013, the option holders for subscription of further convertible bonds due 2013 exercised the options to subscribe for an additional principal amount of HK$200 million, which was disclosed in the announcement of the Company on the same date. The aggregate principal amount of all outstanding convertible bonds amounted to HK$541,450,000 after completion of subscription for such additional convertible bonds due 2013.

On 14 September 2013, a wholly owned subsidiary of P&R Holdings Limited ("**P&R Holdings**"), which is equally owned by Paliburg Holdings Limited ("**Paliburg**") and Regal Hotels International Holdings Limited ("**Regal**"), acquired from Giant Sino Group Limited, the then single largest shareholder of the Company, 2,291,076,090 ordinary shares of the Company, which represented approximately 19.44% of the entire issued share capital of the Company as at that date. On 16 September 2013, all outstanding convertible bonds of the Group for an aggregate principal amount of HK$541,450,000 were converted by the P&R Holdings Group into 10,202,916,664 new ordinary shares of the Company. Following the completion of the acquisition and the allotment and issue of new shares pursuant to the conversion of the convertible bonds, P&R Holdings together with its concerted parties owned and controlled in aggregate 14,856,759,420 ordinary shares of the Company, representing approximately 67.57% of the entire issued share capital of the Company. As a result, P&R Holdings was required, and has procured P&R Strategic Limited (being a wholly owned subsidiary of P&R Holdings), to make an unconditional general cash offer under the Takeovers Code for all the ordinary shares of the Company, other than those already owned or agreed to be acquired by P&R Holdings and its concerted parties. Full details of the unconditional general cash offer are contained in the composite document relating to the aforesaid offer, which have been despatched to all shareholders of the Company on 11 November 2013.

As at 30 September 2013, cash and bank balances, pledged bank deposit and deposits placed with securities brokers within the Group amounted to HK$479,987,000. The Group will review different available options to finance the planned business growth of the Group, including the development projects in Chengdu and Tianjin, but it is anticipated that presale proceeds will be generated by these PRC property development under several phases from 2014 to 2016.

Property development and investments

The Group is presently undertaking three major property development projects in the People's Republic of China ("**PRC**"), including the Chengdu Project, the Tianjin Project and the Xinjiang Project and is also working on a new project in Wuxi, as further reported below.

Chengdu Project

The Chengdu Project is now wholly owned by the Group. The Group owns the land use rights in respect of three parcels of land located in Chengdu City, Sichuan Province, the PRC, with an area of approximately 1,200,000 square feet. The Group plans to develop the Chengdu Project consisting of hotel, commercial, office and residential components with an overall total gross floor area of approximately 5,340,000 square feet on the subject land. The hotel will have 306 rooms and extensive facilities with a total gross floor area of approximately 446,000 square feet. The structural frame for the hotel development has been completed, external façade works are in progress and the construction works are scheduled to be completed in 2014. The first phase of the hotel is presently scheduled to be soft opened in the fourth quarter of 2014. The three residential towers included in the first stage of the project will have about 340 apartment units with car parking spaces and some ancillary commercial accommodation with a total gross floor area of approximately 490,000 square feet. The structural frames for the residential towers have also been completed and the construction works are scheduled to be completed by the third quarter of 2014. Presale of the residential units is anticipated to be launched in the first quarter of 2014. Development works for the other stages of the project comprising residential and commercial development including offices, shopping mall and serviced apartments are planned to be carried out progressively across the development period.

Tianjin Project

The Group acquired 100% interest in the Tianjin Project from Regal Group in September 2013. The Tianjin Project relates to the development of the Tianjin Land with a total site area of about 341,500 square feet. The proposed development of the Tianjin Land is preliminarily planned for commercial, office, hotel and residential purposes with a total gross floor area of about 1,560,000 square feet and is estimated to span over a development period up to 2016. The construction of the residential part of the Tianjin Project is targeted to be completed in 2016 while the presale of the residential properties is planned to commence in 2014. The construction of the hotel under the development is targeted to be completed in 2016. The development is planned to consist of two office towers which are targeted to be completed in 2016 while the presale of office properties are planned to commence in 2014 and 2015 respectively. The commercial part and car park of the development are targeted to be completed in 2015 while the presale of the relevant properties is planned to commence in the beginning of 2015.

Xinjiang Project

The Group through its wholly-owned subsidiary, Xinjiang Libao Ecological Development Company Limited, is engaged in a re-forestation and land grant project covering a parcel of land with a total site area of about 8,000 mu (equivalent to approximately 57,408,000 square feet) in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC. The Group has successfully re-forested about 4,300 mu (equivalent to approximately 30,856,800 square feet) of the site. Pursuant to the relevant government policies of Urumqi City, the Group will be entitled to participate in the bidding for a parcel of development land with an area of about 1,843 mu (equivalent to approximately 13,225,368 square feet) (the "**Development Land**") after the inspection procedures of the local government authorities are completed in compliance with the land grant listing and tender procedures.

In May 2013, the Group received confirmation from the relevant local government authority expressly affirming the re-forestation progress and achievements made by the Group, with particular reference to the Group's entitlements to participate in the bidding for the Development Land through the land grant listing and tender process in accordance with the relevant laws and policies. Accordingly, the amounts invested by the Group in the Xinjiang Project during the year ended 31 March 2013 of approximately HK$42.8 million were classified as prepayment.

If the Group successfully acquires the Development Land, subject to, among other things, the then market environment, construction cost, finance cost, area, location and permitted use of the Development Land, the Group preliminarily plans to develop a mixed use complex comprising residential, hotel, recreational and commercial properties on the Development Land.

Based on the Group's current plan and the current market environment and situation, the Company believes that the Xinjiang Project has substantial market potential and value which could possibly be unlocked and realised.

Wuxi Project

On 31 October 2013, the Group entered into a cooperation agreement for business and investment encouragement (the "**Cooperation Agreement**") with 無錫市惠山區人民政府 (Wuxi Huishan District People's Government*) and 無錫地鐵西漳站區管理委員會 (Wuxi Metro Xizhang Area Commission*) (collectively, the "**Wuxi Government Parties**") in respect of the possible acquisition and development of a parcel of land (the "**Wuxi Land**") located at Huishan District, Wuxi City, Jiangsu Province, the PRC (the "**Wuxi Project**").

The Wuxi Land has a total site area of 937.5 mu (equivalent to approximately 6,727,500 square feet) and is adjacent to two stations of a railway system under construction. Subject to approval by the relevant regulatory authorities in the PRC, it is preliminarily planned for the Wuxi Land to be developed into a high-end residential, commercial and entertainment complex. The preliminarily indicative total investment for the potential development of the Wuxi Land would be in excess of RMB10 billion.

Pursuant to the Cooperation Agreement, the Wuxi Government Parties will make arrangements for putting out tenders for the grant of the land use rights in respect of the Wuxi Land. The Group has agreed to participate in the tenders (to be carried out in three stages within an overall period of three years) subject to, among other things, the initial bid price for the Wuxi Land under the tenders not being higher than the Group's intended acquisition price of RMB2.625 billion in total, obtaining approval from the relevant authority in the PRC in respect of the planning and design proposals of the Wuxi Land and satisfaction of other conditions and requirements of the tenders agreed between the parties to the Cooperation Agreement. The Wuxi Government Parties have agreed to provide support to the Group to bid and develop the Wuxi Land, which include, among other things, facilitating the Group to acquire the Wuxi Land at a price not more than the Group's intended acquisition price, and liaison with other related government departments for the obtaining of various licenses and permits necessary for the Wuxi Land development works.

Further details in relation to the Cooperation Agreement were set out in the joint announcement dated 31 October 2013 published by the Company.

Securities investments

Securities and other investments are part of the principal activities of the Group. The Group maintains an active investment portfolio of listed securities and bonds with an aggregate carrying value of HK$114,003,000 as at 30 September 2013. Although the Group's securities trading activities was relatively low during the six months ended 30 September 2013, the Group will continue its securities and other investment business with a view to enhancing the returns on its liquid resources.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Current assets and current liabilities of the Group as at 30 September 2013 were HK$2,588,924,000 and HK$89,340,000 respectively (31 March 2013: HK$428,848,000 and HK$474,648,000 respectively). In July 2013, upon the exercise of the options by the optionholders to subscribe for further convertible bonds due 2013, the balance of the derivative financial liabilities relating to the subscription options previously included under current liabilities was transferred to the profit and loss account for the six months ended 30 September 2013. All outstanding convertible bonds were converted into issued ordinary shares of the Company on 16 September 2013.

The Group's gearing ratio as at 30 September 2013, based on net borrowings represented by the aggregate of bank borrowings and the amounts due to an intermediate holding company, a jointly controlled entity and a fellow subsidiary classified under non-current liabilities, net of cash and bank deposits (excluding pledged bank deposits) as a percentage of total assets, was approximately 56% (31 March 2013: 19%, which was then based on net borrowings represented by the aggregate of convertible bonds and bank borrowings, net of cash and bank balances (excluding pledged bank deposits) as a percentage of total assets).

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 2013 (31 March 2013: Nil).

The total issued ordinary shares of the Company has increased from 11,785,130,951 shares as at 31 March 2013 to 21,988,047,615 shares as at 30 September 2013, due to the conversion of all the outstanding convertible bonds on 16 September 2013 into new ordinary shares of the Company

CONTINGENT LIABILITIES

There was no outstanding contingent liability of the Group as at 30 September 2013 (31 March 2013: Nil).

CAPITAL COMMITMENT

In November 2007, the Group entered into a shareholders agreement with a wholly-owned subsidiary of Regal in respect of the investment in Faith Crown Holdings Limited ("**Faith Crown**"), a jointly controlled entity of the Group, and its subsidiaries with a capital commitment of HK$250,000,000 for each party in relation to a property development project in Chengdu, the PRC.

The Group has capital commitment of HK$236,123,000 outstanding as at 30 September 2013 (31 March 2013: HK$237,259,000) as relating to Faith Crown.

There are no projects presently held by Faith Crown as the remaining 30% interest in the property development project in Chengdu held by Faith Crown has been disposed on 13 September 2013 to a wholly owned subsidiary of the Group, and such development project is now 100% owned by the Group. Any new projects to be undertaken by Faith Crown will require the prior approval of the Group.

As at 30 September 2013, there are outstanding capital commitment of HK$516,119,000 under the Group in respect of development projects in Chengdu and Tianjin.

OUTLOOK

In the past 12 months, the government measures on stamp duty and credit policy on property lending as imposed by the Monetary Authority in Hong Kong have dampened the market demand and the general sentiment and increased the costs of property transactions. As a result, volume of transactions have substantially reduced together with downward price adjustments, as buyers became more cautious. On the other hand, the market conditions of the property sector in the PRC seems to have been less affected by government measures which have been imposed in the past 18 months, possibly due to the solid demand for housing in first line cities.

However, the Group remains optimistic of the medium to longer term prospects of the property sector in the PRC and continues to be fully committed to the development projects in Chengdu, Tianjin and Xinjiang that are being undertaken by the Group. On the other hand, the Group will continue the negotiations with the relevant government authorities as regards the land exchange rights of the Xinjiang Project and is hopeful that satisfactory result could be achieved. The Group is actively reviewing other potential investment opportunities, particularly with respect to new property development projects in the PRC, with a view to achieving for the Group asset growth and profitability.

The Directors are confident that with the resources available at present, the Group will be able to progress ahead and to create long term value to the shareholders.

HUMAN RESOURCES

As at 30 September 2013, the Group had two Executive Directors, four Non-executive Directors and three Independent Non-executive Directors. There are forty-one full time employees working in Hong Kong and the PRC. Management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group’s operations to be compatible with the 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 2013.

CORPORATE GOVERNANCE

Code of Corporate Governance Practices

The Company has complied with the Corporate Governance Code (effective from 1 April 2012) as set out in Appendix 14 of the Listing Rules during the six months ended 30 September 2013, 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.

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 2013.

REVIEW OF RESULTS

The Audit Committee of the Company currently comprises Mr. Li Ka Fai, David, as the Chairman, Mr. Lee Choy Sang and Ms. Ka Kit, all being the 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 as well as the auditing, internal control and financial reporting matters, including the review of the unaudited consolidated financial statements for the six months period ended 30 September 2013.

REMUNERATION COMMITTEE

A remuneration committee was established by the Company on 20 December 2005 and a copy of its latest terms of reference adopted by the Board is posted on the website of the Company and the Stock Exchange. The remuneration committee currently comprises Mr. Lee Choy Sang (an Independent Non-executive Director), as the Chairman, Mr. Bong Shu Yin, Daniel (an Executive Director and Chairman of the Board) and Mr. Li Ka Fai, David (an Independent Non-Executive Director). The remuneration committee holds at least one meeting every year. The principal responsibilities of the remuneration committee include the 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 for removal and dismissal of Directors have also to be reviewed and approved by the remuneration committee.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	NOTES	**Six months ended 30 September 2013 Unaudited** *HK$'000*	Six months ended 30 September 2012 Unaudited *HK$'000*
Turnover	3	**3,383**	172,855
Revenue		**3,383**	5,011
Other operating income		**1,583**	994
Net gain on disposal of financial assets at fair value through profit or loss		**—**	16,202
Gain on changes in fair value of financial instruments, net	4	**5,108**	25,530
Administration expenses		**(13,966)**	(13,665)
Finance costs		**(22,693)**	(18,783)
Share of results of jointly controlled entities		**30,190**	(743)
Profit before tax	5	**3,605**	14,546
Income tax	6	**—**	—
Profit for the period		**3,605**	14,546
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
Exchange difference arising on translating foreign subsidiaries during the period		**(1,403)**	(83)
Share of other comprehensive expense of jointly controlled entities		**(2,232)**	—
Total comprehensive (expense) income for the period		**(30)**	14,463

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

	NOTE	**Six months ended 30 September 2013 Unaudited** ***HK$'000***	Six months ended 30 September 2012 Unaudited *HK$'000*
Profit for the period attributable to:			
Owners of the Company		**3,605**	14,577
Non-controlling interests		**—**	(31)
		3,605	14,546
Total comprehensive (expense) income attributable to:			
Owners of the Company		**(30)**	14,494
Non-controlling interests		**—**	(31)
		(30)	14,463
Earnings (loss) per share	8		
– Basic		**0.03 HK cent**	0.12 HK cent
– Diluted		**0.03 HK cent**	(0.15) HK cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	30 September 2013	31 March 2013
	Unaudited	Audited
	HK$'000	*HK$'000*
Non-current assets		
Properties under construction	**1,090,124**	—
Properties under development	**405,510**	—
Goodwill	**229,154**	—
Plant and equipment	**2,694**	1,171
Investment properties	**—**	88,000
Interests in jointly controlled entities	**588,443**	559,348
	2,315,925	648,519
Current assets		
Properties under development	**1,901,317**	—
Prepayment, deposits and other receivables	**91,409**	44,750
Financial assets at fair value through profit or loss	**114,003**	107,946
Tax recoverable	**2,208**	2,208
Pledged bank deposits	**12,212**	24,592
Deposits placed with securities brokers	**1,731**	—
Cash and bank balances	**466,044**	249,352
	2,588,924	428,848
Current liabilities		
Accrued liabilities and other payables	**44,160**	6,089
Bank borrowings	**12,212**	12,212
Amounts due to securities brokers	**—**	2,915
Amount due to fellow subsidiaries	**31,680**	—
Derivative financial liabilities	**—**	7,878
Income tax payable	**1,288**	1,288
Convertible bonds	**—**	444,266
	89,340	474,648
Net current assets (liabilities)	**2,499,584**	(45,800)
Total assets less current liabilities	**4,815,509**	602,719

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

AS AT 30 SEPTEMBER 2013

	30 September 2013 Unaudited *HK$'000*	31 March 2013 Audited *HK$'000*
Capital and reserves		
Share capital	**4,398**	2,357
Reserves	**1,257,732**	600,336
Equity attributable to owners of the Company	**1,262,130**	602,693
Non-controlling interests	**26**	26
Total equity	**1,262,156**	602,719
Non-current liabilities		
Amount due to an intermediate holding company	**620,350**	—
Amount due to a jointly controlled entity	**1,193,899**	—
Amount due to a fellow subsidiary	**1,376,568**	—
Deferred tax liabilities	**362,536**	—
	3,553,353	—
	4,815,509	602,719

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

1. GENERAL

Cosmopolitan International Holdings Limited (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 interim report for the six months ended 30 September 2013.

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2013 ("**Interim Financial Information**") is presented in Hong Kong dollar ("**HK$**"). Other than those subsidiaries established in the People's Republic of China (the "**PRC**") whose functional currency is Renminbi ("**RMB**"), the functional currency of the Company and its subsidiaries (collectively referred as the "**Group**") is HK$.

As the Company is listed in Hong Kong, the directors of the Company consider that it is appropriate to present the condensed consolidated interim financial statements in HK$.

The principal activities of the Group are property investment, property development, securities investment and other investments.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated interim financial statements 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 with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The condensed consolidated interim financial statements have been prepared on the historical costs basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has applied, for the first time, the following amendments to the Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRSs	Annual Improvements 2009-2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial statements, Joint arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK (International Financial Reporting Interpretation Committee) ("**IFRIC**") – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

The application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated interim financial statements and/or disclosures set out in these condensed consolidated interim financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated interim financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

3. 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 equity securities; and

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

The following is an analysis of the unaudited Group's turnover and results by reportable segments for six months ended 30 September 2013 and 2012:

	Securities trading		**Property investment and development**		**Total**	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment turnover	**2,959**	172,387	**424**	468	**3,383**	172,855
Revenue						
External	**2,959**	4,543	**424**	468	**3,383**	5,011
Segment profit (loss)	**143**	8,393	**(9,355)**	(4,958)	**(9,212)**	3,435
Other operating income					**1,583**	994
Unallocated corporate expenses					**(11,554)**	(8,182)
Gain on changes in fair value of derivative financial instrument related to convertible bonds					**7,878**	37,825
Share of results of jointly controlled entities					**30,190**	(743)
Finance costs					**(15,280)**	(18,783)
Profit for the period					**3,605**	14,546

3. SEGMENT INFORMATION *(Continued)*

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

	30 September 2013 Unaudited *HK$'000*	31 March 2013 Audited *HK$'000*
Securities trading	**114,003**	107,946
Property investment and development	**3,626,441**	131,125
Total segment assets	**3,740,444**	239,071
Unallocated corporate assets	**1,164,405**	838,296
Consolidated assets	**4,904,849**	1,077,367

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

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

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

	Six months ended 30 September 2013 Unaudited *HK$'000*	Six months ended 30 September 2012 Unaudited *HK$'000*
Loss on change in fair value of financial assets at fair value through profit and loss	**(2,770)**	(12,295)
Gain on change in fair value of derivative financial liabilities	**7,878**	37,825
	5,108	25,530

5. PROFIT BEFORE TAX

Profit before tax is stated after charging (crediting):

	Six months ended 30 September 2013 Unaudited ***HK$'000***	Six months ended 30 September 2012 Unaudited *HK$'000*
Depreciation on property and equipment	**163**	53
Operating lease charges on rented premises	**784**	655
Foreign exchange gain, net	**(1,447)**	(268)

6. INCOME TAX

No provision for Hong Kong Profits Tax has been made for the six months ended 30 September 2013 and 2012 since the assessable profit is wholly absorbed by tax losses brought forward or the Group did not generate any assessable profits arising in Hong Kong.

No income tax is payable for other jurisdictions as the subsidiaries did not derive any assessable profits for the six months ended 30 September 2013 and 2012.

7. DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 September 2013 (2012: Nil).

8. EARNINGS (LOSS) PER SHARE

The calculations of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	Six months ended 30 September 2013 Unaudited ***HK$'000***	Six months ended 30 September 2012 Unaudited *HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share:		
Profit for the period attributable to owners of the Company	**3,605**	14,577
Effect of dilutive potential ordinary shares :		
– Gain on change in fair value of derivative financial liabilities	**—**	(37,825)
Profit (loss) for the purpose of diluted earnings per share	**3,605**	(23,248)
	'000	*'000*
Number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**12,569,971**	11,785,131
Effect of dilutive potential ordinary shares :		
– Options to subscribe for additional convertible bonds	**—**	3,333,333
Weighted average number of ordinary shares for the purpose of dilutive earnings (loss) per share	**12,569,971**	15,118,464

The weighted average number of ordinary shares adopted in the calculation of the basic earnings per shares for the six months period ended 30 September 2013 have reflected the issuance of new shares pursuant to the conversion of all the Company's outstanding convertible bonds.

Diluted earnings per share is same as basic earnings per share for the six months period ended 30 September 2013. The computation of diluted earnings 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 conversion/exercise would result in an anti-dilutive effect on the basic earnings per share for the six months period ended 30 September 2013.

8. **EARNINGS (LOSS) PER SHARE** *(Continued)*

For the six months period ended 30 September 2012, the diluted loss per share would reduce if the convertible bonds outstanding as at 30 September 2012 were taken into account, as those convertible bonds had an anti-dilutive effect and were hence ignored in the calculation of diluted loss per share.

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

Hong Kong, 28 November 2013

As at the date of this announcement, the Board comprises nine Directors, namely Mr. Bong Shu Yin, Daniel (Chairman) and Mr. Cheng Sui Sang, who are the Executive Directors, and Mr. Bong Shu Ying, Francis, Mr. Ng Kwai Kai, Kenneth, Mr. Leung So Po, Kelvin and Mr. Wong Po Man, Kenneth, who are the Non-executive Directors, and Mr. Li Ka Fai, David, Mr. Lee Choy Sang and Ms. Ka Kit, who are the Independent Non-executive Directors.

* *for identification purpose only*