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 2024 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**	**% Change**
	(Unaudited)	**(Unaudited)**	
	HK$'M	**HK$'M**	
Revenue	**314.3**	23.5	**+1,237.4%**
Operating loss before depreciation, finance costs and tax	**(35.4)**	(28.4)	**+24.6%**
Loss attributable to equity holders of the parent	**(169.0)**	(98.3)	**+71.9%**
		(Restated)	
Basic loss per share (including ordinary share and convertible preference share) attributable to equity holders of the parent	**HK(11.50) cents**	HK(8.75)* cents	**+31.4%**
	As at 30th June, 2024	**As at 31st Dec, 2023**	
	(Unaudited)	**(Unaudited)**	
Net asset value per share (including ordinary share and convertible preference share) attributable to equity holders of the parent			
Basic	**HK$0.67**	HK$0.81	**-17.3%**
Fully diluted#	**HK$0.36**	HK$0.43	**-16.3%**

* adjusted for the 10-into-1 share consolidation effective on 26th October, 2023 and the bonus ordinary shares issued pursuant to the bonus share scheme effective on 4th December, 2023

\# assumed full conversion of the outstanding convertible notes

- **For the six months ended 30th June, 2024, the Group incurred a consolidated loss attributable to shareholders of HK$169.0 million, as compared to a loss of HK$98.3 million recorded in the corresponding period in 2023.**

- **The increased loss incurred was mainly attributable to the taxation charges levied on the Group's property projects in China on account of the revisions in the basis of allocation of project development costs that were adopted in prior years. On the other hand, due to the sluggish environment in the real estate market in China, the profit contribution from the sale of units in the Group's two development projects in Tianjin and Chengdu was relatively modest.**

- **The remaining components in the Group's Regal Cosmopolitan City development in Chengdu mainly consist of a commercial complex (including a six-storey shopping mall podium), five towers of office accommodation and a hotel building, the development works for which are proceeding as planned. The sale of the office and shop units comprised in one of the office towers was ongoing but the progress achieved so far was slow due to the slackened demand.**

- **The Group's other major development project in China is the Regal Renaissance development in Tianjin. The remaining components in this development mainly comprise a commercial complex and two office towers atop of a four-storey podium, which have all been completed. The programme for the sale of the shop units in the commercial complex was continuing and a number of shop units have been disposed of during the period under review. In the meantime, the Group is closely monitoring the market environment in Tianjin in formulating an appropriate marketing plan for the disposal of the units in the office towers.**

- **Following the relaxation of the purchase restrictions, the property markets in Chengdu and Tianjin, along with certain other first-tier and major cities, have begun to show signs of gradual recovery in the past few months. The Directors remain hopeful that the two development projects in Chengdu and Tianjin will be able to generate for the Group substantial revenues in the coming years.**

FINANCIAL RESULTS

For the six months ended 30th June, 2024, the Group incurred a consolidated loss attributable to shareholders of HK$169.0 million, as compared to a loss of HK$98.3 million recorded in the corresponding period in 2023.

As explained in the profit warning announcement published by the Company on 19th August, 2024, the increased loss incurred for the period under review was mainly attributable to the taxation charges levied on the Group's property projects in China on account of the revisions in the basis of allocation of project development costs that were adopted in prior years. On the other hand, due to the sluggish environment in the real estate market in China, the profit contribution from the sale of units in the Group's two development projects in Tianjin and Chengdu was relatively modest.

BUSINESS OVERVIEW

Despite the series of easing policy and fiscal measures promulgated by the Central Government to help resolve the liquidity problems faced by the real estate developers and to support the housing demands, the performance of the real estate market in China during the period under review remained weak. Overall volume of sales of commodity properties in the primary market nationwide continued to contract year-on-year, particularly with respect to the commercial and retail segments.

Virtually all of the residential units in the Group's Regal Cosmopolitan City development in Chengdu have already been disposed of. The remaining components mainly consist of a commercial complex (including a six-storey shopping mall podium), five towers of office accommodation and a hotel building, the development works for which are proceeding as planned. The sale of the office and shop units comprised in one of the office towers was ongoing but the progress achieved so far was slow due to the slackened demand.

The Group's other major development project in China is the Regal Renaissance development in Tianjin. Apart from the few units the sale transactions for which were scheduled for completion in 2024, all the other residential units in this development have also been sold in prior years. The remaining components in this development mainly comprise a commercial complex and two office towers atop of a four-storey podium, which have all been completed. The programme for the sale of the shop units in the commercial complex was continuing and a number of shop units have been disposed of during the period under review. In the meantime, the Group is closely monitoring the market environment in Tianjin in formulating an appropriate marketing plan for the disposal of the units in the office towers.

Further detailed information on these two development projects, the reforestation and land grant project in Urumqi, Xinjiang as well as the Group's other investments is contained in the "Management Discussion and Analysis" section.

OUTLOOK

Faced with a challenging and complex macro environment, the Central Government has recently reiterated the need to accomplish the target set for the economic growth of China in 2024. It is, therefore, expected that more supportive policy and fiscal measures will be rolled out to boost the domestic consumption demand as well as to further stabilise the property sector in Mainland China.

Following the relaxation of the purchase restrictions, the property markets in Chengdu and Tianjin, along with certain other first-tier and major cities, have begun to show signs of gradual recovery in the past few months. The Directors remain hopeful that the two development projects in Chengdu and Tianjin will be able to generate for the Group substantial revenues in the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in property development and investment, which are mainly focused in the PRC, and other investments including financial assets investments.

The operating performance of the Group's property and other investment businesses for the period and its future prospects are contained in the sections headed "Business Overview" and "Outlook" above as well as in this sub-section.

The Group has no immediate plans for material investments or capital assets, other than those disclosed in the above section headed "Business Overview" and this sub-section.

A brief review on the property projects currently undertaken by the Group in the PRC and the Group's other investments is set out below.

Property Development

Chengdu Project – Regal Cosmopolitan City
Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 495,000 square metres (5,330,000 square feet).

All the residential units in the third stage have been sold in prior years. Total proceeds from the sales of the residential units amounted to approximately RMB2,048.3 million (HK$2,243.1 million).

The sale of the shops with about 4,110 square metres (44,250 square feet) comprised in the third stage is in progress. Up to date, a total of 4,002 square metres (43,078 square feet) of shops have been sold or contracted to be sold, for aggregate sale considerations of approximately RMB93.2 million (HK$102.1 million). The sale of the 1,389 car parking spaces is continuing and, up to date, 470 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB51.2 million (HK$56.1 million). Most of these sale transactions have already been completed and the revenues accounted for in prior financial years.

The interior construction works of the 325-room hotel have been completed and the Completion Certificate obtained in January 2024. The interior fitting-out works for the guestrooms and the podium based on the revised design scheme are being planned and the hotel is scheduled to open in phases after the completion of the respective fitting-out works.

The construction works of the remaining commercial components also within the third stage of the development, comprising a commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet), are proceeding steadily. All the office towers, the commercial facilities as well as the six-storey shopping mall podium have been topped-off. The market repositioning works of the shopping mall and certain office towers are also in progress.

The presale programme for the units in one of the office towers, consisting of 434 units with a total of about 20,000 square metres (215,200 square feet), commenced in 2021. Up to date, 297 office units with a total of about 13,241 square metres (142,526 square feet) have been sold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB113.9 million (HK$124.7 million). Meanwhile, the presale of another office tower has been approved, but the timing for the launching of the presale programme will depend on the property market environment in Chengdu.

The sale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial portion of the office tower on sale has also commenced in 2022. Up to date, a total of 5 shop units of about 274 square metres (2,949 square feet) have been contracted for sale, for aggregate sale considerations of approximately RMB8.1 million (HK$8.9 million).

Overall, due to the slackened demand, the progress achieved so far on the sale of these office and shop units was relatively slow.

Tianjin Project – Regal Renaissance

Located in the Hedong District in Tianjin, this project is a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

Apart from the few units the sale transactions for which were scheduled for completion in 2024, all the other residential units in this development have also been sold in prior years. The programme for the sale of shops with a total area of about 19,000 square metres (205,000 square feet) in the commercial complex was ongoing. During the period under review, shops with a total area of 9,744 square metres (104,884 square feet) have been sold for aggregate sale considerations of approximately RMB185.4 million (HK$200.6 million). Certain parts of the commercial complex have been leased out for rental income.

The remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium. The Group is closely monitoring the market environment in Tianjin in formulating an appropriate marketing plan for the disposal of the units in the office towers.

Xinjiang Project

This is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu undertaken in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (1,228,700 square metres) would be available for real estate development after the requisite inspection of the required re-forestation area, land grant listing and tender procedures are completed.

The Group continues to maintain the overall re-forested area. Based on the legal advice obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective.

Other Investments

PRC Real Estate Company

As previously disclosed, the Group acquired an 80% equity interest in and provided pro rata shareholder's loan to an investee company incorporated in the PRC in July 2019. The investee company owned 10% equity interest in another PRC-incorporated real estate company that undertakes joint developments for both industry specific real estate and residential/commercial real estate in China. In December 2021, the Group entered into an agreement with an independent third party purchaser for the disposal of its entire 80% equity interest in and shareholder's loan to the abovementioned investee company at a consideration equal to the original investment cost of the Group, completion of which was scheduled to take place by the end of 2023 (as extended). The purchaser has not fully settled the consideration under the agreement up to this date. The Group is in negotiation with the purchaser to resolve the outstanding matters under the agreement.

Investment in Interra Acquisition Corporation

In September 2022, a wholly owned subsidiary of the Group subscribed for and was allocated a total of 12,210,000 Class A Shares (with attached warrants) of Interra Acquisition Corporation at a subscription price of approximately HK$122.1 million. Interra is a special purpose acquisition company set up for the purpose effecting a De-SPAC Transaction and is listed on The Stock Exchange of Hong Kong Limited. The investment was funded by bank and other borrowings of the Group and under the terms of offering of Interra, subscribers are afforded redemption rights to protect their investments in the subscribed securities of Interra.

The Group considered that this investment in Interra could diversify the Group's investment portfolio and provide an opportunity to the Group to capture possible favourable investment returns.

FINANCIAL REVIEW

ASSETS VALUE

As at 30th June, 2024, the Group's net assets attributable to equity holders of the parent amounted to HK$980.1 million, representing approximately HK$0.67 per share (including ordinary share and convertible preference share). Assuming full conversion of the outstanding convertible notes as at 30th June, 2024, the Group's net assets attributable to equity holders of the parent would be approximately HK$0.36 per share (including ordinary share and convertible preference share) on a fully diluted basis.

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

The Group adopts a prudent funding and treasury policy with regard to its overall business operations. Cash balances are mostly placed on bank deposits, and treasury and yield enhancement products are deployed when circumstances are considered to be appropriate.

The acquisitions of the two ongoing development projects in the PRC in 2013 were financed by the vendors by way of deferred payment of the considerations payable for a period of 3 years, subject to the terms of the relevant sale and purchase agreements. With an objective to align the due dates of the considerations payable with the anticipated progress and completion schedules of the two development projects, by virtue of the agreements entered into between the Group and the vendors and completed in 2016, (i) the consideration payables owing to one of the vendors were refinanced by new 5-year loan facilities, and (ii) the consideration payable owing to the other vendor was repaid through its subscription of the optional convertible bonds issued by the Group.

In September 2021, the Group entered into a Supplemental Agreement with Regal Hotels International Holdings Limited group in relation to the loan facilities granted by the Regal group in 2016, principally with the objective to extending the repayment date of the revised loan facilities in the aggregate amount of HK$857.0 million from 12th October, 2021 to 12th October, 2024, in order that the Group can further align the timing for the repayment of the revised loan facilities with the latest sale progress and completion schedules of the Group's development projects in Chengdu and Tianjin.

Construction and related costs for the property projects for the time being are principally financed by internal resources, proceeds from the presale of the units and drawdown of loan facilities granted by the Regal group as well as through other borrowings. Project financing may be arranged on appropriate terms to cover a portion of the land cost and/or the construction cost, with the loan maturity matching with the estimated project completion date.

Cash Flows

Net cash flows used in operating activities during the period under review amounted to HK$157.7 million (2023 – HK$258.8 million). Net interest payment for the period amounted to HK$12.8 million (2023 – HK$6.3 million).

Borrowings and Gearing

As at 30th June, 2024, the Group had cash and bank balances and deposits of HK$62.1 million (31st December, 2023 – HK$63.6 million) and the Group's borrowings including convertible notes, net of cash and bank balances and deposits, amounted to HK$1,315.4 million (31st December, 2023 – HK$1,302.4 million).

As at 30th June, 2024, the gearing ratio of the Group was 36.9% (31st December, 2023 – 32.7%), representing the Group's borrowings including convertible notes, net of cash and bank balances and deposits, of HK$1,315.4 million (31st December, 2023 – HK$1,302.4 million), as compared to the total assets of the Group of HK$3,569.2 million (31st December, 2023 – HK$3,987.6 million).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2024 are shown in the condensed consolidated financial statements contained in the interim report for the six months ended 30th June, 2024 of the Company ("Interim Financial Statements") to be published on or before 30th September, 2024.

Lease Liabilities

As at 30th June, 2024, the Group did not have any lease liabilities (31st December, 2023 – HK$1.1 million).

Pledge of Assets

As at 30th June, 2024, certain of the Group's bank deposits and financial assets at fair value through profit or loss in the amount of HK$24.4 million (31st December, 2023 – HK$23.6 million) were pledged to secure general banking facilities granted to the Group.

In addition, the Group's equity interests in the relevant holding companies of the Group's property development projects were pledged to secure the other borrowings.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2024 are shown in the Interim Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2024 are shown in the Interim Financial Statements.

DIVIDEND

The Directors have resolved not to declare an interim dividend for the financial year ending 31st December, 2024 (2023 – Nil).

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2024	Six months ended 30th June, 2023
	(Unaudited)	(Unaudited)
	HK$'M	HK$'M
REVENUE (Notes 2 & 3)	**314.3**	23.5
Cost of sales	**(312.9)**	(17.0)
Gross profit	**1.4**	6.5
Other income (Note 3)	**5.9**	0.2
Fair value losses on investment properties, net	**(1.0)**	(1.0)
Fair value losses on financial assets at fair value through profit or loss, net	**(11.6)**	–
Loss on disposal of investment properties	**–**	(1.0)
Property selling and marketing expenses	**(6.1)**	(2.7)
Administrative expenses	**(24.0)**	(30.4)
OPERATING LOSS BEFORE DEPRECIATION	**(35.4)**	(28.4)
Depreciation (Note 4)	**(0.6)**	(0.7)
OPERATING LOSS (Notes 2 & 4)	**(36.0)**	(29.1)
Finance costs (Note 5)	**(39.3)**	(35.4)
LOSS BEFORE TAX	**(75.3)**	(64.5)
Income tax (Note 6)	**(93.7)**	(33.8)
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(169.0)**	(98.3)

Condensed Consolidated Statement of Profit or Loss (Cont'd)

	Six months ended 30th June, 2024 (Unaudited) HK$'M	Six months ended 30th June, 2023 (Unaudited) HK$'M
Attributable to:		
Equity holders of the parent	**(169.0)**	(98.3)
Non-controlling interests	**–**	–
	(169.0)	(98.3)
		(Restated)
LOSS PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK(11.5) cents**	HK(8.75) cents

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2024 (Unaudited) HK$'M	Six months ended 30th June, 2023 (Unaudited) HK$'M
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(169.0)**	(98.3)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(40.9)**	(76.8)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity investments designated at fair value through other comprehensive income	**3.6**	(5.0)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(37.3)**	(81.8)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(206.3)**	(180.1)
Attributable to:		
Equity holders of the parent	**(206.3)**	(180.1)
Non-controlling interests	**–**	–
	(206.3)	(180.1)

Condensed Consolidated Statement of Financial Position

	30th June, 2024 (Unaudited) HK$'M	31st December, 2023 (Audited) HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**7.9**	8.5
Investment properties	**39.9**	47.9
Right-of-use assets	**–**	1.1
Investment in a joint venture	**2.4**	2.4
Prepayments (Note 9)	**138.6**	140.4
Equity investments designated at fair value through other comprehensive income	**6.7**	14.2
Total non-current assets	**195.5**	214.5
CURRENT ASSETS		
Properties under development	**1,320.5**	1,628.7
Properties held for sale	**1,841.6**	1,883.5
Loans receivable	**1.9**	1.9
Deposits, prepayments and other assets (Note 9)	**29.5**	65.7
Financial assets at fair value through profit or loss	**118.1**	129.7
Restricted cash	**43.6**	46.1
Pledged bank balances	**1.1**	1.8
Cash and bank balances	**17.4**	15.7
Total current assets	**3,373.7**	3,773.1

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2024 (Unaudited) HK$'M	31st December, 2023 (Audited) HK$'M
CURRENT LIABILITIES		
Creditors and accruals	**(340.5)**	(471.7)
Amount due to a related company	**(182.6)**	(41.5)
Contract liabilities	**(19.3)**	(304.4)
Deposits received	**(102.9)**	(105.6)
Interest bearing bank borrowing	**(12.5)**	(12.5)
Other borrowings (Note 10)	**(857.0)**	(847.2)
Lease liabilities	–	(0.4)
Tax payable	**(359.3)**	(317.5)
Total current liabilities	**(1,874.1)**	(2,100.8)
NET CURRENT ASSETS	**1,499.6**	1,672.3
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,695.1**	1,886.8
NON-CURRENT LIABILITIES		
Creditors and accruals	**(39.2)**	(35.3)
Deposits received	**(0.6)**	(0.6)
Other borrowings (Note 10)	**(468.0)**	(468.0)
Convertible notes	**(40.0)**	(38.3)
Lease liabilities	–	(0.7)
Deferred tax liabilities	**(167.2)**	(157.5)
Total non-current liabilities	**(715.0)**	(700.4)
Net assets	**980.1**	1,186.4
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**29.4**	29.4
Reserves	**950.7**	1,157.0
	980.1	1,186.4
Non-controlling interests	–	–
Total equity	**980.1**	1,186.4

Notes:

1. Accounting Policies

The condensed consolidated financial statements for the six months ended 30th June, 2024 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

The Group has adopted the following revised HKFRSs for the first time for the current period's condensed consolidated financial statements.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1st January, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

2. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

(a) the property development and investment segment comprises the development and sale of properties and the leasing of properties; and

(b) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's loss before tax except that certain interest income, non-lease-related finance costs, head office and corporate gains and expenses are excluded from such measurement.

The following table presents revenue and profit/(loss) information for the Group's operating segments:

	Property development and investment		Financial assets investments		Consolidated	
	Six months ended 30th June,		**Six months ended 30th June,**		**Six months ended 30th June,**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
	HK$'M	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**
Segment revenue:						
Sales to external customers	313.5	23.0	0.8	0.5	314.3	23.5
Segment results before depreciation	(12.1)	(16.4)	(10.9)	0.5	(23.0)	(15.9)
Depreciation	(0.6)	(0.7)	–	–	(0.6)	(0.7)
Segment results	(12.7)	(17.1)	(10.9)	0.5	(23.6)	(16.6)
Unallocated interest income and unallocated non-operating and corporate gains					0.3	0.1
Unallocated non-operating and corporate expenses					(12.7)	(12.6)
Operating loss					(36.0)	(29.1)
Finance costs (other than interest on lease liabilities)	(21.3)	(18.5)	–	–	(21.3)	(18.5)
Unallocated finance costs					(18.0)	(16.9)
Loss before tax					(75.3)	(64.5)
Income tax					(93.7)	(33.8)
Loss for the period before allocation between equity holders of the parent and non-controlling interests					(169.0)	(98.3)
Attributable to:						
Equity holders of the parent					(169.0)	(98.3)
Non-controlling interests					–	–
					(169.0)	(98.3)

3. Revenue and other income are analysed as follows:

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Revenue		
Revenue from contracts with customers		
Proceeds from sale of properties	**312.8**	22.2
Revenue from other sources		
Rental income	**0.7**	0.8
Dividend income from listed investments	**0.8**	0.5
	314.3	23.5
Other income		
Bank interest income	**0.1**	0.1
Others	**5.8**	0.1
	5.9	0.2

4. An analysis of profit on sale of properties and depreciation of the Group is as follows:

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Profit on disposal of properties, net	**0.1**	4.3
Depreciation of property, plant and equipment	**0.4**	0.4
Depreciation of right-of-use assets	**0.2**	0.3
	0.6	0.7

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Interest on a bank loan	**0.4**	0.3
Interest on convertible notes/bonds	**1.7**	8.9
Interest on other borrowings	**37.2**	26.2
Interest expense arising from revenue contracts	–	1.1
	39.3	36.5
Less: Finance costs capitalised	–	(1.1)
	39.3	35.4

6. The income tax charge for the period arose as follows:

	Six months ended 30th June, 2024	**Six months ended 30th June, 2023**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Current – PRC		
Charge for the period	**6.4**	–
Land appreciation tax	**78.6**	34.4
Deferred	**8.7**	(0.6)
Total tax charge for the period	**93.7**	33.8

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2023 – Nil).

Taxes on the profits of subsidiaries operating overseas are calculated at the rates prevailing in the respective jurisdictions in which they operate.

The PRC land appreciation tax is levied on the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the period (2023 – Nil).

7. Dividend

No dividend was paid or proposed during the six months ended 30th June, 2024, nor has any dividend been proposed since the end of the reporting period (2023 – Nil).

8. (a) Basic loss per share

The calculation of basic loss per share for the period ended 30th June, 2024 is based on the loss for the period attributable to equity holders of the parent of HK$169.0 million (2023 – HK$98.3 million) and on the weighted average of 1,469.2 million (2023 – 1,124.2 million (as restated and adjusted to reflect the effect of the consolidation of ordinary shares and convertible preference shares of the Company on the basis that every ten existing issued and unissued ordinary shares and convertible preference shares of HK$0.002 each were consolidated into one ordinary share and convertible preference share of HK$0.02 each effective on 26th October, 2023 and the bonus issue completed on 4th December, 2023 on the basis that holders of each consolidated ordinary share and consolidated convertible preference share of the Company would be entitled to two consolidated ordinary shares ("Cosmo Bonus Share"), with an option to elect to receive one unit of convertible notes ("Cosmo Bonus CN") with a face notional value of HK$0.10 each in lieu of every Cosmo Bonus Share. Each unit of Cosmo Bonus CN is convertible into one ordinary share of the Company.)) shares of the Company in issue (including ordinary shares and convertible preference shares) during the six months ended 30th June, 2024.

(b) Diluted loss per share

No adjustment has been made to the loss per share amount presented for the periods ended 30th June, 2024 and 2023 in respect of a dilution, as the impact of the convertible notes outstanding during the period and the impact of the convertible bonds outstanding during the prior period had an anti-dilutive effect on the loss per share amount presented.

9. Deposits, prepayments and other assets are analysed as follows:

	30th June, 2024 (Unaudited) HK$'M	31st December, 2023 (Audited) HK$'M
Non-current		
Prepayments (Note (a))	**138.6**	140.4
Current		
Trade debtors (Note (b))	**0.6**	0.6
Contract costs	**0.2**	2.5
Prepayments	**23.5**	58.5
Deposits	–	0.1
Other receivables	**5.2**	4.0
Total	**29.5**	65.7

Notes:

(a) The amount related to the costs incurred in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. In accordance with the prevailing relevant policies and regulations, upon the agreed completion (which has to be certified by the relevant government authorities) of re-forestation works in respect of that land, as well as the completion of the land listing and tender procedures in accordance with the relevant rules and regulations, the Group shall be entitled to monetary compensation in reference to the cost incurred and/or the valuation of the land use right in respect of 30% of the overall project area for development purposes and to participate in the tender of such land use right.

In the prior years, the Group completed the milestones required by the relevant PRC government authorities and obtained affirmations to confirm the fulfillments of the conditions agreed with the relevant policies and regulations. Despite the delay in the progress of the re-forestation works, based on the latest legal opinion obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective and the Directors of the Company are of the opinion that costs incurred for the re-forestation works are fully recoverable in future in accordance with the applicable policies and regulations.

(b) Trade debtors, which generally have credit terms of 30 to 90 days, are recognised and carried at their original invoiced amounts less impairment.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over certain of these balances.

The ageing analysis of these debtors as at the end of the reporting period, based on the invoice date, is as follows:

	30th June, 2024	**31st December, 2023**
	(Unaudited)	**(Audited)**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	**0.1**	0.1
Over 1 year	**1.0**	1.0
	1.1	1.1
Impairment	**(0.5)**	(0.5)
Total	**0.6**	0.6

10. Other borrowings are analysed as follows:

	30th June, 2024 (Unaudited) HK$'M	31st December, 2023 (Audited) HK$'M
Secured notes (Note (i))	**468.0**	468.0
Other loans (Note (ii))	**857.0**	847.2
Total	**1,325.0**	1,315.2
Analysed into:		
Other borrowings repayable		
Within one year	**857.0**	847.2
In the second year	**468.0**	156.0
In the third to fifth years, inclusive	**–**	312.0
Total	**1,325.0**	1,315.2

(i) On 19th September, 2022, Cosmopolitan International Finance Limited ("CIFL"), a wholly owned subsidiary of the Company, issued a 3-year unsecured note ("Note A") in an aggregate nominal principal amount of US$20 million at a coupon interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.6% per annum.

On 14th April, 2023, CIFL issued a 3-year secured note ("Note B") in an aggregate nominal principal amount of US$40 million at a coupon interest rate of HIBOR plus 3.11% per annum.

Upon the issuance of Note B, the Group pledged the equity interest in a holding company of the Group's property development project in Chengdu over both Note A and Note B.

(ii) Other loans, comprising a term loan of HK$357.0 million and revolving loan of HK$500.0 million (31st December, 2023 – term loan of HK$357.0 million and revolving loan of HK$338.2 million) from a fellow subsidiary, are secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects and bear interest at 5% per annum. The term loan is repayable on 12th October, 2024 and is accordingly classified as a current other borrowings as at 30th June, 2024.

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 30th June, 2024.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30th June, 2024 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditors, whose review report is contained in the Company's interim report for the six months ended 30th June, 2024 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30th June, 2024, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30th June, 2024, except that:

- The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals, due to practical necessity to cater to the Group's corporate operating structure.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises the following members:

Executive Directors:
Mr. LO Yuk Sui
(Chairman and Chief Executive Officer)
Mr. Jimmy LO Chun To
(Vice Chairman and Managing Director)
Miss LO Po Man
(Vice Chairman)
Mr. Kenneth WONG Po Man
(Chief Operating Officer)
Mr. Kelvin LEUNG So Po
(Chief Financial Officer)
Mr. Kenneth NG Kwai Kai

Independent Non-Executive Directors:
Mr. Francis BONG Shu Ying
Ms. Alice KAN Lai Kuen
Mr. David LI Ka Fai, MH
Mr. Abraham SHEK Lai Him, GBS, JP

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 28th August, 2024