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 GROUP FINAL RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2024	**Year 2023**	**% Change**
	HK$'M	**HK$'M**	
Revenue	**368.9**	77.3	**+377.2%**
Gross profit	**25.4**	10.9	**+133.0%**
Operating loss before depreciation, finance costs and tax⋆	**(285.1)**	(246.6)	**+15.6%**
Loss for the year attributable to equity holders of the parent	**(453.1)**	(372.3)	**+21.7%**
Basic loss per share (including ordinary share and convertible preference share) attributable to equity holders of the parent	**HK(30.85) cents**	HK(32.35) cents	**-4.6%**
	As at 31st December,		
	2024	**2023**	
	(Unaudited)	**(Unaudited)**	
Net asset value per share (including ordinary share and convertible preference share) attributable to equity holders of the parent			
Basic	**HK$0.46**	HK$0.81	**-43.2%**
Fully diluted⋆⋆	**HK$0.25**	HK$0.43	**-41.9%**

⋆ after accounting for, among others, the fair value and impairment losses on properties
⋆⋆ assumed full conversion of the outstanding convertible notes

- **Due to the sluggish property market in China, particularly with respect to the commercial and retail segments, the progress in the sale of the remaining components in the two composite development projects of the Group in Chengdu and Tianjin was slow.**

- **On account of the increased provisions for impairment of the Group's property portfolio as well as the substantial amount of tax charge, the loss incurred by the Group for the year has increased as compared with the preceding financial year.**

- **Since the rolling out of the stimulus policies by the Central Government in September last year, the property market in Chengdu has started to recover steadily in the fourth quarter of 2024.**

- **The Group is closely monitoring the changes in the local market conditions and is actively planning for the disposal of the remaining properties in the Group's Regal Cosmopolitan City development in Chengdu.**

- **In the meanwhile, the Group is also devising plans for the commencement of the sale programme for the units in the two office towers in the Regal Renaissance, Tianjin, the Group's other composite development in China.**

- **The Directors remain hopeful that the remaining commercial components in the Group's two development projects in Chengdu and Tianjin, which command significant value, will be able to generate for the Group substantial revenues in the coming years.**

FINANCIAL RESULTS

For the financial year ended 31st December, 2024, the Company incurred a loss attributable to shareholders of HK$453.1 million (2023 – loss of HK$372.3 million).

As explained in the profit warning announcement published by the Company on 21st March, 2025, due to the sluggish property market in China, particularly with respect to the commercial and retail segments, the progress in the sale of the remaining components in the two composite development projects of the Group in Chengdu and Tianjin was slow. On the other hand, on account of the increased provisions for impairment of the Group's property portfolio as well as the substantial amount of tax charge, the loss incurred by the Group for the year has increased as compared with the preceding financial year.

BUSINESS OVERVIEW

Though faced with a complicated and severe environment with increasing external pressures and internal difficulties, China's economy was generally stable during the year, with new achievements made in high-quality development. In the first three quarters of 2024, the real estate market in China remained weak, with the transacted price as well as the transacted volume of new commodity properties having further declined as compared with the same period in 2023. Moreover, due to the stretched liquidity still faced by most Mainland property developers, the level of new investments in real estate and the commencement of new built projects remained low.

In order to stabilise the real estate sector and to reverse its downward trend, the Central Government of China started to roll out in September last year a series of measures to stimulate market demand, including cutting mortgage rates, lowering down payment ratios and further relaxing purchase restrictions. In the following November, a set of tax optimisation policies related to real estate was also released to ease property transaction costs. Towards the end of 2024, these stimulative measures were gradually taking effect, with the property markets in many core cities beginning to show signs of stabilisation.

The remaining components in the Regal Cosmopolitan City development undertaken by the Group in Chengdu mainly comprise a commercial complex (including a six-storey shopping mall podium), five towers of office accommodation and a hotel building, which have all been substantially completed. Due to the weak market environment, the overall sale progress achieved during the year was slow. However, since the rolling out of the stimulus policies in September last year, the property market in Chengdu has started to recover steadily in the fourth quarter of 2024. The Group is closely monitoring the changes in the local market conditions and is actively planning for the disposal of these remaining properties.

The Group's other composite development project in China is the Regal Renaissance in Tianjin. Apart from the residential component which has all been sold, the other components mainly consist of a commercial complex and two office towers atop of a four-storey podium. A number of shop units in the commercial complex were sold in the first half of 2024 but the progress in the sale of the remaining shop units was also slow due to the weak demand. However, with the improving market environment over the past few months, the Group is devising plans for the commencement of the sale programme for the units in the office towers later this year.

As first announced in a joint announcement published by the Company on 3rd September, 2024, the Group entered into a second supplemental agreement with a wholly-owned subsidiary of Regal Hotels International Holdings Limited, a fellow subsidiary of the Company, regarding certain existing loan facilities granted to the Group with an aggregate facility amount of HK$857.0 million. The objective of the supplemental agreement was to extend the final maturity of the loan facilities from the repayment date of 12th October, 2024 by 3 years, so as to align the repayment of the loan facilities with the latest sales plan formulated by the Group for the disposal of the remaining commercial components in the two development projects in Chengdu and Tianjin, taking into consideration the latest property market environment in China. The proposed extension of the repayment date of the loan facilities under the supplemental agreement constituted a connected transaction for the Company. Further information on this transaction was contained in the circular dated 10th December, 2024 despatched to shareholders. Following the separate approvals by the independent shareholders of the Company and Regal at their respective general meetings held on 30th December, 2024, the final maturity of the loan facilities has now been duly extended to 12th October, 2027.

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

OUTLOOK

The Central Government has recently reassured its commitment to stabilise the real estate market in China. It is expected that more easing measures and fiscal stimulus will be released during the course of this year to further support the property sector. With the gradual revival in market sentiment since the fourth quarter of 2024, property prices in first tier cities have started to reverse the downward trend with increased transaction volume in the first two months of this year. It is expected that this recovery process will continue to spill over to major second tier cities.

Accordingly, the Directors remain hopeful that the remaining commercial components in the Group's two development projects in Chengdu and Tianjin, which command significant value, 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 year 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 acquisition of 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$2,189.8 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$99.6 million). The sale of the 1,389 car parking spaces is continuing and, up to date, 475 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB51.6 million (HK$55.2 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. The Completion Certificate for this hotel property has been obtained in January 2024 and the Real Property Ownership Certificate in January 2025.

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), have all been substantially completed. 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, 328 office units with a total of about 14,665 square metres (157,854 square feet) have been sold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB126.0 million (HK$134.7 million).

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$8.7 million).

Overall, due to the slackened demand, the progress achieved so far on the sale of these office and shop units was relatively slow. However, since the rolling out of the stimulus policies by the Central Government in September last year, the property market in Chengdu has started to recover steadily. The disposal of these remaining properties is under active planning, having regard to the changing market conditions.

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).

All residential units in this development have been sold. 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 year 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$200.8 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. With the improving market environment over the past few months, plans are being devised for the commencement of the sale programme for the units in the office towers later this year.

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 will be entitled to participate in the tender of such land use right and monetary compensation in reference to the re-forestation cost of the Group incurred.

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. As the purchaser has not fully settled the transaction consideration, the Group is considering various options 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.

In August 2024, Interra published an announcement in relation to extension of deadline for, among others, publication of announcement in respect of a De-SPAC Transaction, which entitled the Group to exercise the redemption rights attached with the entire Class A Shares of Interra owned by it. The Group exercised the redemption rights in September 2024 and the redemption proceeds of approximately HK$132.2 million were received by the Group in October 2024.

FINANCIAL REVIEW

ASSETS VALUE

As at 31st December, 2024, the Group's net assets attributable to equity holders of the parent amounted to HK$681.1 million, representing approximately HK$0.46 per share (including ordinary share and convertible preference share). Assuming full conversion of the outstanding convertible notes as at 31st December, 2024, the Group's net assets attributable to equity holders of the parent would be approximately HK$0.25 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 for the extension of 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 September 2024, the Group further entered into a second supplemental agreement with the Regal group, principally with the objective to extending the repayment date of the revised loan facilities from 12th October, 2024 to 12th October, 2027, 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 year under review amounted to HK$238.3 million (2023 – HK$449.9 million). Net interest payment for the year amounted to HK$69.0 million (2023 – HK$49.0 million).

Borrowings and Gearing

As at 31st December, 2024, the Group had cash and bank balances and deposits of HK$52.5 million (2023 – HK$63.6 million) and the Group's borrowings including convertible notes, net of cash and bank balances and deposits, amounted to HK$1,324.0 million (2023 – HK$1,302.4 million).

As at 31st December, 2024, the gearing ratio of the Group was 40.1% (2023 – 32.7%), representing the Group's borrowings including convertible notes, net of cash and bank balances and deposits, of HK$1,324.0 million (2023 – HK$1,302.4 million), as compared to the total assets of the Group of HK$3,303.5 million (2023 – HK$3,987.6 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2024 are shown in the consolidated financial statements (“Financial Statements”) contained in the annual report of the Company for the year ended 31st December, 2024 (the “2024 Annual Report”) to be published on or before 30th April, 2025.

Lease Liabilities

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

Pledge of Assets

As at 31st December, 2024, certain of the Group’s bank deposits and financial assets at fair value through profit or loss in the amount of HK$27.2 million (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 31st December, 2024 are shown in the Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 31st December, 2024 are shown in the Financial Statements.

DIVIDEND

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2024 (2023 – Nil). No interim dividend was paid for the year ended 31st December, 2024 (2023 – Nil).

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Tuesday, 10th June, 2025. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Company and sent to the shareholders of the Company, together with the Company's 2024 Annual Report, in due course.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders' entitlement to attend and vote at the 2025 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Thursday, 5th June, 2025 to Tuesday, 10th June, 2025, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2025 Annual General Meeting, all transfers of ordinary shares and/or conversions of the convertible securities, duly accompanied by the relevant share certificates and/or the certificates of the convertible securities, together with, where appropriate, the relevant conversion notices, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Wednesday, 4th June, 2025.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Year ended 31st December, 2024 HK$'M	Year ended 31st December, 2023 HK$'M
REVENUE (Notes 2 & 3)	**368.9**	77.3
Cost of sales	**(343.5)**	(66.4)
Gross profit	**25.4**	10.9
Other income (Note 3)	**7.4**	3.8
Fair value losses on investment properties	**(3.6)**	(1.9)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**4.2**	(19.1)
Impairment loss on properties under development	**(114.4)**	(63.3)
Impairment loss on properties held for sale	**(145.9)**	(108.9)
Loss on disposal of investment properties, net	–	(1.0)
Property selling and marketing expenses	**(7.4)**	(7.7)
Administrative expenses	**(50.8)**	(59.4)
OPERATING LOSS BEFORE DEPRECIATION	**(285.1)**	(246.6)
Depreciation	**(0.9)**	(1.3)
OPERATING LOSS (Note 4)	**(286.0)**	(247.9)
Finance costs (Note 5)	**(80.7)**	(80.3)
LOSS BEFORE TAX	**(366.7)**	(328.2)
Income tax (Note 6)	**(86.4)**	(44.1)
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(453.1)**	(372.3)

Consolidated Statement of Profit or Loss (Cont'd)

	Year ended 31st December, 2024 HK$'M	Year ended 31st December, 2023 HK$'M
Attributable to:		
Equity holders of the parent	**(453.1)**	(372.3)
Non-controlling interests	**–**	–
	(453.1)	(372.3)
LOSS PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK(30.85) cents**	HK(32.35) cents

Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2024 HK$'M	Year ended 31st December, 2023 HK$'M
LOSS FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(453.1)**	(372.3)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(53.8)**	(49.0)
Other comprehensive gain/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Fair value gain/(loss) on equity investments designated at fair value through other comprehensive income	**1.6**	(66.9)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	**(52.2)**	(115.9)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(505.3)**	(488.2)
Attributable to:		
Equity holders of the parent	**(505.3)**	(488.2)
Non-controlling interests	**–**	–
	(505.3)	(488.2)

Consolidated Statement of Financial Position

	31st December, 2024 HK$'M	31st December, 2023 HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**7.5**	8.5
Investment properties	**37.0**	47.9
Right-of-use assets	**–**	1.1
Investment in a joint venture	**2.4**	2.4
Prepayments (Note 9)	**144.3**	140.4
Equity investments designated at fair value through other comprehensive income	**4.8**	14.2
Total non-current assets	**196.0**	214.5
CURRENT ASSETS		
Properties under development	**1,207.6**	1,628.7
Properties held for sale	**1,660.2**	1,883.5
Loans receivable	**1.6**	1.9
Deposits, prepayments and other assets (Note 9)	**156.0**	65.7
Financial assets at fair value through profit or loss	**29.6**	129.7
Restricted cash	**38.6**	46.1
Pledged bank balances	**1.6**	1.8
Cash and bank balances	**12.3**	15.7
Total current assets	**3,107.5**	3,773.1

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2024 HK$'M	31st December, 2023 HK$'M
CURRENT LIABILITIES		
Creditors and accruals	**(325.3)**	(471.7)
Amount due to a related company	**–**	(41.5)
Contract liabilities	**(17.8)**	(304.4)
Deposits received	**(101.4)**	(105.6)
Interest bearing bank borrowing	**(12.5)**	(12.5)
Other borrowings (Note 10)	**(156.0)**	(847.2)
Lease liabilities	**–**	(0.4)
Tax payable	**(312.6)**	(317.5)
Total current liabilities	**(925.6)**	(2,100.8)
NET CURRENT ASSETS	**2,181.9**	1,672.3
TOTAL ASSETS LESS CURRENT LIABILITIES	**2,377.9**	1,886.8
NON-CURRENT LIABILITIES		
Creditors and accruals	**(25.8)**	(35.3)
Amount due to a related company	**(314.5)**	–
Deposits received	**(0.9)**	(0.6)
Other borrowings (Note 10)	**(1,169.0)**	(468.0)
Convertible notes	**(39.0)**	(38.3)
Lease liabilities	**–**	(0.7)
Deferred tax liabilities	**(147.6)**	(157.5)
Total non-current liabilities	**(1,696.8)**	(700.4)
Net assets	**681.1**	1,186.4
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**29.4**	29.4
Reserves	**651.7**	1,157.0
	681.1	1,186.4
Non-controlling interests	**–**	–
Total equity	**681.1**	1,186.4

Notes:

1. Basis of Preparation and Accounting Policies

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest million except when otherwise indicated.

The Group had a net loss attributable to owners of the parent of HK$453.1 million (2023 – HK$372.3 million) for the year ended 31st December, 2024 and net current assets of HK$2,181.9 million (2023 – HK$1,672.3 million) and net assets of HK$681.1 million (2023 – HK$1,186.4 million) as at 31st December, 2024.

The financial statements were prepared based on the assumption that the Group can be operated as a going concern and the Directors are of the view that the Group will have sufficient working capital to finance its operations in the next twelve months from 31st December, 2024, after taking into consideration the following:

(i) the estimated cash flows of the Group for the next twelve months from the end of the reporting period;
(ii) the plan for acceleration of the sales of the Group's property assets which are readily available for sale, including the office units and other components of the development projects in Chengdu and Tianjin;
(iii) the financial support provided by the listed parent company of the Group; and
(iv) the available unutilised banking facilities of the Group.

The Group has adopted the following revised HKFRSs for the first time for the current year's 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. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

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.

Segment assets exclude loans receivable, restricted cash, pledged bank balances, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude convertible notes, interest bearing bank borrowing, amount due to a related company, certain other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2024 and 2023:

	Property development and investment		Financial assets investments		Consolidated	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
	HK$'M	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**
Segment revenue (Note 3):						
Sales to external customers	339.1	75.8	29.8	1.5	368.9	77.3
Segment results before depreciation	(295.4)	(204.5)	34.0	(17.6)	(261.4)	(222.1)
Depreciation	(0.9)	(1.3)	–	–	(0.9)	(1.3)
Segment results	(296.3)	(205.8)	34.0	(17.6)	(262.3)	(223.4)
Unallocated interest income and unallocated non-operating and corporate gains					0.9	0.3
Unallocated non-operating and corporate expenses					(24.6)	(24.8)
Finance costs (other than interest on lease liabilities)	(45.3)	(37.8)	–	–	(45.3)	(37.8)
Unallocated finance costs					(35.4)	(42.5)
Loss before tax					(366.7)	(328.2)
Income tax					(86.4)	(44.1)
Loss for the year before allocation between equity holders of the parent and non-controlling interests					(453.1)	(372.3)
Attributable to:						
Equity holders of the parent					(453.1)	(372.3)
Non-controlling interests					–	–
					(453.1)	(372.3)

	Property development and investment		Financial assets investments		Consolidated	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
	HK$'M	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**	**HK$'M**
Segment assets	3,078.5	3,774.1	167.8	145.1	3,246.3	3,919.2
Investment in a joint venture	2.4	2.4	–	–	2.4	2.4
Cash and unallocated assets					54.8	66.0
Total assets					3,303.5	3,987.6
Segment liabilities	(601.3)	(1,748.6)	–	–	(601.3)	(1,748.6)
Unallocated liabilities					(2,021.1)	(1,052.6)
Total liabilities					(2,622.4)	(2,801.2)
Other segment information:						
Capital expenditure	37.1	405.1	–	–		
Fair value (gains)/losses on financial assets at fair value through profit or loss, net	–	–	(4.2)	19.1		
Loss on disposal of investment properties, net	–	1.0	–	–		
Fair value losses on investment properties	3.6	1.9	–	–		
Write-off of other receivable	–	2.5	–	–		
Impairment loss on properties held for sale	145.9	108.9	–	–		
Impairment loss on properties under development	114.4	63.3	–	–		

Geographical information

(a) Revenue from external customers

	2024	2023
	HK$'M	HK$'M
Hong Kong	**29.8**	1.5
Mainland China	**339.1**	75.8
Total revenue	**368.9**	77.3

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024	2023
	HK$'M	HK$'M
Hong Kong	**–**	–
Mainland China	**191.2**	200.3
Total non-current assets	**191.2**	200.3

The non-current assets information above is based on the locations of assets and excludes financial instruments.

Information about a major customer

In the year under review, sales to the Group's largest customer accounted for 59% of the total sales for the year. No more than 10% of the Group's revenue was derived from sales to any other single customer.

3. Revenue and other income are analysed as follows:

	2024 HK$'M	2023 HK$'M
Revenue		
Revenue from contracts with customers		
Proceeds from sale of properties	**337.6**	74.0
Revenue from other sources		
Rental income	**1.5**	1.8
Net gain from sale of financial assets at fair value through profit or loss	**27.9**	–
Dividend income from listed investments	**1.9**	1.5
Total	**368.9**	77.3
Other income		
Bank interest income	**0.2**	0.2
Other interest income	**0.7**	–
Others	**6.5**	3.6
Total other income	**7.4**	3.8

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

	2024 HK$'M	2023 HK$'M
Profit/(Loss) on disposal of properties, net	**(5.5)**	6.9
Depreciation of property, plant and equipment	**0.7**	0.8
Depreciation of right-of-use assets	**0.2**	0.5
Total	**0.9**	1.3

5. Finance costs of the Group are as follows:

	2024 HK$'M	2023 HK$'M
Interest on a bank loan	**0.8**	0.7
Interest on convertible bonds/notes	**3.4**	17.0
Interest on other borrowings	**76.5**	62.6
Interest expenses arising from revenue contracts	**–**	2.7
Subtotal	**80.7**	83.0
Less: Finance costs capitalised	**–**	(2.7)
Total	**80.7**	80.3

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

	2024 HK$'M	2023 HK$'M
Current – Hong Kong		
Charge for the year	**0.9**	–
Current – PRC		
Corporate income tax	**15.2**	39.3
Land appreciation tax	**81.2**	87.6
Deferred	**(10.9)**	(82.8)
Total	**86.4**	44.1

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16.5% to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

No provision for Hong Kong profits tax had been made in the prior year as the Group did not generate any assessable profits arising in Hong Kong during that year.

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 year (2023 – Nil).

7. Dividend

No dividend was paid or proposed during the year ended 31st December, 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 the basic loss per share for the year ended 31st December, 2024 is based on the loss for the year attributable to equity holders of the parent of HK$453.1 million (2023 – HK$372.3 million) and on the weighted average of 1,469.2 million (2023 – 1,150.6 million) shares of the Company outstanding (including ordinary shares and convertible preference shares) during the year ended 31st December, 2024.

(b) Diluted loss per share

No adjustment has been made to the loss per share amount presented for the years ended 31st December, 2024 and 2023 in respect of a dilution, as the impact of the convertible notes outstanding during the years had an anti-dilutive effect on the loss per share amount presented.

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

	2024 HK$'M	2023 HK$'M
Non-current		
Prepayments (Note (a))	**144.3**	140.4
Current		
Trade debtors (Note (b))	**0.5**	0.6
Contract costs	**0.1**	2.5
Prepayments	**19.6**	58.5
Deposits	–	0.1
Other receivables (Note (c))	**135.8**	4.0
Total	**156.0**	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:

	2024	**2023**
	HK$'M	**HK$'M**
Outstanding balances with ages:		
Within 3 months	–	0.1
Over 1 year	**1.0**	1.0
	1.0	1.1
Impairment	**(0.5)**	(0.5)
Total	**0.5**	0.6

(c) Included in the balance is an amount of HK$132.2 million due from a brokerage company, representing the proceeds from the redemption of certain financial assets.

10. Other borrowings are analysed as follows:

	2024 HK$'M	2023 HK$'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	**156.0**	847.2
In the second year	**312.0**	156.0
In the third to fifth years, inclusive	**857.0**	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 (2023 – term loan of HK$357.0 million and revolving loan of HK$490.2 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. The term loan was originally repayable on 12th October, 2024 and bore interest at 5% per annum. Pursuant to a supplemental agreement entered into with that fellow subsidiary during the year, the repayment date of the revised loan facilities in the aggregate amount of HK$857.0 million was extended to 12th October, 2027 and bear interest at HIBOR plus an interest margin of 1.95% per annum. The loan is accordingly classified as a non-current other borrowing as at 31st December, 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 year ended 31st December, 2024.

SCOPE OF WORK OF INDEPENDENT AUDITORS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2024 as set out in this preliminary results announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on this preliminary results announcement.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's draft consolidated financial statements for the year ended 31st December, 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 during the year ended 31st December, 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)
Ms. 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 March, 2025