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COSMOPOLITAN
INTERNATIONAL HOLDINGS LTD
四海國際集團有限公司*

COSMOPOLITAN INTERNATIONAL HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 120)

ANNOUNCEMENT OF GROUP FINAL RESULTS FOR THE NINE-MONTH PERIOD ENDED 31ST DECEMBER, 2013

FINANCIAL AND BUSINESS HIGHLIGHTS

	Nine-month period ended 31st December, 2013	Year ended 31st March, 2013	% Change
	HK$'000	HK$'000	
		(Restated)	
Revenue	**12,487**	24,091	**-48.2%**
Gross profit	**12,407**	23,894	**-48.1%**
Operating profit/(loss) before depreciation and finance costs	**(18,977)**	104,943	**N/A**
Profit/(Loss) for the period/year attributable to equity holders of the parent	**(88,211)**	52,813	**N/A**
Basic earnings/(loss) per ordinary share attributable to equity holders of the parent	**HK(0.56) cent**	HK0.45 cent	**N/A**
	As at 31st December, 2013	**As at 31st March, 2013**	
	(Unaudited)	**(Unaudited)**	
Net asset value per ordinary share attributable to equity holders of the parent	**HK5.66 cents**	HK5.22 cents	**+8.4%**

* *For identification purpose only*

- **Since Century City International Holdings Limited became the ultimate holding company of the Company in September 2013, the Company has changed its financial year end date from 31st March to 31st December.**
- **Through a series of transactions completed in September 2013, the Group undertook some very strategic and important transactions to acquire two large-scale development projects located in Chengdu and Tianjin, both major cities in the PRC and has disposed of the investment properties at Rainbow Lodge in Hong Kong.**
- **With the completion of these strategic acquisitions, it is intended that a majority proportion of the businesses of the Group will in future be focused on property development and investment in the PRC.**
- **The Chengdu Project is now 100% owned by the Group and involves a mixed use development project consisting of hotel, commercial, office, service apartments and residential components, which is being developed in stages spanning over a period to 2017.**
- **The Tianjin Project entails a development site located in a prime district in Tianjin City and is presently planned to include commercial, office, hotel and residential components. The site formation and foundation works for the project have already commenced and the entire development is anticipated to be completed in stages before end of 2016.**
- **With the full conversion of all the then outstanding convertible bonds in an aggregate principal amount of HK$541.5 million into new ordinary shares of the Company in September 2013, the capital base of the Company has been substantially enlarged and strengthened.**
- **Both the Chengdu Project and the Tianjin Project are currently free of any external borrowings and it is anticipated that substantial proceeds will be generated from the presale and/or sale of their component parts over the period of the next two years, a majority portion of which may be utilised to pay off the outstanding considerations payable for the acquisition of the two projects.**
- **Nevertheless, given the planned continuing expansion of its asset portfolio, the Group will review possible avenues to further expand its capital base at appropriate times.**

- **The Directors anticipate that when all the projects presently undertaken by the Group are gradually developed and completed, significant revenues and profits will be generated for the Group over the coming few years.**

FINANCIAL RESULTS

Since Century City International Holdings Limited became the ultimate holding company of the Company in September 2013, the Company has changed its financial year end date from 31st March to 31st December, so as to align with that of Century City. Accordingly, the financial results of the Company for 2013 herein presented are for nine-month period ended 31st December, 2013.

Shareholders would also have noted that, as announced by the Company on 21st January, 2014, SHINEWING (HK) CPA Limited resigned as the auditors of the Company on 21st January, 2014 and Ernst & Young were appointed as the new auditors of the Company on that same date to fill this casual vacancy.

Following the appointment of Ernst & Young as the Company's new auditors, the Company reassessed the terms of the convertible bonds issued by the Group in 2007 and 2008, respectively, and has come to the view that the embedded conversion rights of these convertible bonds are more appropriate to be accounted for in the Group's consolidated financial statements as financial derivatives, rather than as equity instruments as previously recognised in the Group's prior years' financial statements. Due to the change in the accounting treatment of the convertible bonds, the fluctuation in the appraised fair values of the embedded conversion rights from time to time would have implications on the consolidated statements of profit or loss and the consolidated statements of financial position of the Group, and it has adversely affected the financial results of the Group for 2013 under review. However, as all these convertible bonds have been fully converted by their holders into new ordinary shares of the Company prior to their maturity in September 2013, these adjustments to the Group's consolidated financial statements are purely technical and accounting in nature and did not have any impact on the cash flow, financial status or the operations of the Group. Shareholders could refer to the Company's announcement dated 27th January, 2014 as well as in the notes to the financial statements in this announcement for further detailed information on the prior year adjustments regarding the change in the accounting treatment of the convertible bonds.

With this in the backdrop, the Group recorded for the nine-month period ended 31st December, 2013 a consolidated loss of HK$88.2 million, as compared to the profit of HK$52.8 million (as restated) for the financial year ended 31st March, 2013.

BUSINESS OVERVIEW

During the period under review, the Group undertook some very strategic and important transactions to acquire two large-scale development projects located in Chengdu and Tianjin, both major cities in the People's Republic of China, and has disposed of the investment properties at Rainbow Lodge in Hong Kong.

The Group has in the past been principally engaged in property investment and development, in Hong Kong and the PRC, and financial assets and other investments. With the completion of these two strategic acquisitions, it is intended that a majority proportion of the businesses of the Group will in future be focused on property development and investment in the PRC.

As disclosed in a joint announcement by the Company dated 30th September, 2013, P&R Holdings Limited, a 50/50 joint venture held by Paliburg Holdings Limited and Regal Hotels International Holdings Limited, acquired from Giant Sino Group Limited, the then single largest shareholder of the Company, on 14th September, 2013 ordinary shares of the Company representing approximately 19.4% of the then issued share capital of the Company at a price of HK$0.07 per share. P&R Holdings has further on 16th September, 2013 fully converted their holdings of the then outstanding convertible bonds issued by the Group into new ordinary shares of the Company. As a result, P&R Holdings and its concert parties have come to own, in aggregate, approximately 67.6% of the entire issued share capital of the Company. In accordance with the Codes on Takeovers and Mergers, P&R Holdings extended an unconditional mandatory general cash offer to all the independent shareholders of the Company at the offer price of HK$0.07 per share, as set out in the composite offer document dated 11th November, 2013 despatched to shareholders, which offer has duly closed on 2nd December, 2013.

To align with the management structure of its parent company and to prepare for the increased business activities of the Group, a number of changes to the composition of the Board of Directors and in the roles of key officers were effected on 18th December, 2013 and I was also elected as the new Chairman of the Board of the Company.

PROPERTIES

The property businesses of the Group are now principally focused in the PRC. Over the past few years, the central government of the PRC has been implementing different measures to cool down the real estate sector in Mainland China and these measures have generated positive effects for a gradual consolidation of the property market.

The Group has in the meantime taken the opportunity to acquire, as mentioned above, the two large scale development projects in Chengdu and Tianjin, which are being developed in stages. Moreover, the Group has since 2008 been involved in a re-forestation and land grant project in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC and substantive progress has been achieved during the period under review.

With a view to expanding the Group's property portfolio and business coverage in the PRC, the Group has entered into in October 2013 a Co-operation Agreement for Business and Investment Encouragement for the possible acquisition and development of a large parcel of land in Wuxi City, Jiangsu Province. More lately in February 2014, a Co-operation Agreement has been secured in respect of the investment in an investee company involved in a resettlement housing project in Tongzhou District, Beijing.

Further detailed information on these projects is contained in the section headed "Management Discussion and Analysis" in this announcement.

FINANCIAL ASSETS AND OTHER INVESTMENTS

As the Group is now principally focused on property development and investment in the PRC, business activities in financial assets investments during the period under review have relatively reduced. However, financial assets and other investment businesses will continue to be part of the principal activities of the Group and will be deployed to enhance the yield on the liquid resources of the Group from time to time.

OUTLOOK

After all the then outstanding convertible bonds in an aggregate principal amount of HK$541.5 million were fully converted into new ordinary shares of the Company in September 2013, the capital base of the Company has been substantially enlarged and strengthened.

The Group considers that the gradual consolidation of the real estate sector in the PRC is healthy and beneficial for its stable development. Having regard to the growing affluence and the increasing size of the population, the Group is optimistic that the property market in Mainland China in the long term will remain prosperous and will continue to actively seek any investment opportunities that may become available at reasonable prices.

Both the Chengdu Project and the Tianjin Project are currently free of any external borrowings and it is anticipated that substantial proceeds will be generated from the presale and/or sale of their component parts over the period of the next two years, a majority portion of which may be utilised to pay off the outstanding considerations payable for the acquisition of the two projects. Nevertheless, given the planned continuing expansion of its asset portfolio, the Group will review possible avenues to further expand its capital base at appropriate times.

The Directors anticipate that when all the projects presently undertaken by the Group are gradually developed and completed, significant revenues and profits will be generated for the Group over the coming few years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

As reported in the above section headed "Business Overview", the Group has in the past been principally engaged in property investment and development, in Hong Kong and the PRC, and financial assets and other investments. During the period under review, in September 2013, the Group acquired from P&R Holdings and Regal their respective interest in the two large scale development projects in Chengdu and Tianjin, the PRC, and sold its property investments in Rainbow Lodge in Yuen Long, Hong Kong to P&R Holdings. The Company has become a listed subsidiary of P&R Holdings and, in turn, of Paliburg and Century City, on 16th September, 2013. The principal business activities of the Group since then comprise property development and investment, presently focused in the PRC, and financial assets and other investments.

The performance of the Group's property and other investment businesses during the period under review, the commentary on the property sector and the changes in general market conditions and the potential impact on their operating performance and 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 as disclosed in the above sections headed "Business Overview" and "Outlook" and in this sub-section.

A brief review on the property projects currently undertaken by the Group is set out below.

Property Development

Chengdu Project

The Chengdu Project was previously held as to 70% by P&R Holdings and the remaining 30% by a joint venture 50/50 owned by Regal and the Group. Pursuant to the transactions completed in September 2013, a wholly owned subsidiary of the Company acquired from P&R Holdings and the joint venture their respective interests in the project, with the consideration in each case based on an independent professional valuation of the Chengdu Project of RMB1,540 million as of 31st May, 2013 and with a 5% discount to the valuation, subject to adjustments for other net tangible assets. The Chengdu Project is now 100% owned by the Group.

The project involves a mixed use development project located in Xindu District in Chengdu, Sichuan Province, consisting of hotel, commercial, office, service apartments and residential components with an overall total gross floor area of approximately 497,000 square metres, which is being developed in stages spanning over a period to 2017. The first stage of the development, which includes a hotel with 306 hotel rooms and extensive facilities and three residential towers with about 340 apartment units with car parking spaces and ancillary commercial accommodation, is expected to be completed in 2015. Presale of the residential units in the three residential towers included in the first stage is anticipated to be launched in the fourth quarter of this year.

Tianjin Project

The Tianjin Project was acquired from the Regal group as part of the transactions completed in September 2013, with consideration based on an independent professional valuation of the Tianjin Project of RMB1,250 million as of 31st May, 2013 and with a 10% discount to the valuation, subject to adjustments for other net tangible assets.

The project entails a development site located in a prime district in Tianjin City with a total site area of about 31,700 square metres. The development is presently planned to include commercial, office, hotel and residential components with total gross floor area of about

145,000 square metres. The site formation and foundation works for the project have already commenced and the entire development is anticipated to be completed in stages before end of 2016.

Xinjiang Project

This is a re-forestation and land grant project in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC that has been undertaken by the Group since 2008, which involves a total site area of about 7,600 mu. Up to now, 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 City, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for commercial development after the requisite inspection, land grant listing and tender procedures are completed. The inspection and measurement of the re-forested area by the relevant government authorities are already in progress. It is hoped that the final procedures leading to the land grant listing and tender of the development land would be concluded within 2014.

Should the Group successfully secure the development land and depending on the permitted land use, the Group preliminarily plans to develop in stages on the land a large scale mixed use complex comprising residential, hotel, recreational and commercial properties.

Wuxi Project

As disclosed in the 2013 Interim Report of the Company, the Group entered into in October 2013 a Co-operation Agreement for Business and Investment Encouragement with Wuxi Huishan District People's Government and Wuxi Metro Xizhang Area Commission for the possible acquisition and development of a parcel of land of about 937 mu (equivalent to approximately 624,270 square metres) located in Huishan District, Wuxi City, Jiangsu Province, the PRC. The Co-operation Agreement for the Wuxi Project is subject to certain terms to be agreed by the parties within six months of the date of the agreement, which are still in the course of discussions among the parties. Shareholders will be kept apprised of the development in this regard.

Property Investment

Beijing Tongzhou Project

On 26th February 2014, the Group entered into a Co-operation Agreement with an independent third party in respect of the investment in an investee company involved in a resettlement housing project in Tongzhou District, Beijing, the PRC. Under the Co-operation Agreement for the Tongzhou Project, the investee company will be 82.5% owned by the Group and the remaining 17.5% by that third party and the aggregate capital commitments of the Group will amount to RMB297,000,000. The capital contribution by the Group is subject to certain prescribed conditions being fulfilled under the Co-operation Agreement.

The investee company is a limited liability company incorporated in the PRC for investing in a primary land development project confirmed by the PRC government and entrusted to the investee company through the Beijing Land Reserve Centre. The principal purpose of the project is to develop buildings for the purposes of housing resettlement under PRC government policies. The total site area planned to be developed under the project is approximately 181,000 square metres and the planned above-ground construction area is approximately 412,000 square metres.

The Group's investment in the Tongzhou Project is expected to generate returns on satisfactory terms, which will have support from the PRC government. Moreover, the undertaking of the project is also expected to strengthen the Group's experience in the management of primary land development projects and foster its relationship with the PRC government authorities in furtherance of its future strategic business development in the PRC.

Further detailed information in relation to this Tongzhou Project was contained in the joint announcement of the Company dated 26th February, 2014.

FINANCIAL REVIEW

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.

Acquisition of the two development projects in the PRC are 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. Construction and related cost for the property projects are presently financed by internal resources. Project financing may be arranged on appropriate terms and will normally be in local currency to cover a part of the land cost and/or construction cost, and with the loan maturity tied in to the estimated project completion date.

Cash Flow

Net cash flows used in operating activities during the period under review amounted to HK$72.1 million (year ended 31st March, 2013 – net cash flows generated from operating activities of HK$73.5 million). Interest payment for the nine-month period amounted to approximately HK$121,000 (year ended 31st March, 2013 – HK$557,000).

Borrowings and Gearing

As at 31st December, 2013, the Group had cash and bank balances and deposits net of bank borrowings of HK$389.1 million (31st March, 2013 – bank borrowings and convertible bonds, net of cash and bank balances and deposits of HK$194.1 million, as restated).

As at 31st December, 2013, excluding the considerations payable to the vendors for acquisition of the property projects, the Group had net cash balance of HK$389.1 million and therefore no gearing (31st March, 2013 – gearing of 18.0%, computed on the basis of the Group's bank borrowings and convertible bonds, net of cash and bank balances and deposits of HK$194.1 million (as restated) as compared to the total assets of the Group of HK$1,077.4 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2013 are shown in the consolidated financial statements ("Financial Statements") contained in the annual report of the Company for the nine-month period ended 31st December, 2013 (the "2013 Annual Report"), which will be despatched to shareholders on or before 30th April, 2014.

Pledge of Assets

As at 31st December, 2013, part of the Group's bank deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK$37.5 million (31st March, 2013 – HK$48.8 million) were pledged to secure general banking facilities granted to the Group.

Capital Commitments

Details of the capital commitments of the Group as at 31st December, 2013 are shown in the Financial Statements.

Contingent Liabilities

The Group had no contingent liability as at 31st December, 2013.

DIVIDEND

To conserve cash resources for the business development of the Group, the Directors have resolved not to recommend the payment of a final dividend for the nine-month period ended 31st December, 2013 (year ended 31st March, 2013 - Nil). No interim dividend was paid for the nine-month period ended 31st December, 2013 (year ended 31st March, 2013 - Nil).

ANNUAL GENERAL MEETING

An Annual General Meeting of the Company will be convened to be held on Tuesday, 3rd June, 2014. 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 2013 Annual Report, in due course.

CLOSURE OF REGISTER

For the purpose of ascertaining shareholders' entitlement to attend and vote at the 2014 Annual General Meeting, the Register of Members of the Company will be closed from Thursday, 29th May, 2014 to Tuesday, 3rd June, 2014, 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 2014 Annual General Meeting, all transfers of ordinary shares, duly accompanied by the relevant share certificates, 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, 28th May, 2014.

YEAR END RESULTS

Consolidated Statement of Profit or Loss

	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
REVENUE (Notes 2 & 3)	**12,487**	24,091
Cost of sales	**(80)**	(197)
Gross profit	**12,407**	23,894
Other income (Note 3)	**3,778**	4,053
Fair value gains on investment properties	**–**	8,000
Fair value losses on financial assets at fair value through profit or loss, net	**(2,559)**	(18,958)
Fair value gain/(loss) on derivative financial instruments	**(3,795)**	107,812
Administrative expenses	**(28,808)**	(19,858)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	**(18,977)**	104,943
Depreciation	**(407)**	(128)
OPERATING PROFIT/(LOSS) (Note 2)	**(19,384)**	104,815
Finance costs (Note 4)	**(86,616)**	(75,684)
Share of profit of a joint venture	**17,338**	23,640
PROFIT/(LOSS) BEFORE TAX	**(88,662)**	52,771
Income tax (Note 5)	**451**	–
PROFIT/(LOSS) FOR THE PERIOD/YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(88,211)**	52,771

Consolidated Statement of Profit or Loss (Cont'd)

	Nine-month period ended 31st December, 2013	Year ended 31st March, 2013
	HK$'000	**HK$'000**
		(Restated)
Attributable to:		
Equity holders of the parent	**(88,211)**	52,813
Non-controlling interests	–	(42)
	(88,211)	52,771
		(Restated)
EARNINGS/(LOSS) PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 7)		
Basic	**HK(0.56) cent**	HK0.45 cent
Diluted	**HK(0.56) cent**	HK0.09 cent

Consolidated Statement of Comprehensive Income

	Nine-month period ended 31st December, 2013	Year ended 31st March, 2013
	HK$'000	**HK$'000**
		(Restated)
PROFIT/(LOSS) FOR THE PERIOD/YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(88,211)**	52,771
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	**17,122**	41
Share of other comprehensive income/(loss) of a joint venture	**(2,232)**	908
Other comprehensive income for the period/year	**14,890**	949
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD/YEAR	**(73,321)**	53,720
Attributable to:		
Equity holders of the parent	**(73,321)**	53,762
Non-controlling interests	**–**	(42)
	(73,321)	53,720

Consolidated Statement of Financial Position

	31st December, 2013	31st March, 2013	1st April, 2012
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	**3,555**	1,171	355
Investment properties	–	88,000	80,000
Properties under development	**1,308,632**	–	–
Investment in a joint venture	**575,591**	559,348	628,531
Goodwill	**228,310**	–	–
Prepayments (Note 8)	**58,115**	42,823	–
Total non-current assets	**2,174,203**	691,342	708,886
CURRENT ASSETS			
Properties under development	**2,204,292**	–	–
Debtors, deposits and prepayments (Note 8)	**11,366**	1,927	1,567
Held-to-maturity investments	**40,925**	37,140	49,360
Financial assets at fair value through profit or loss	**116,045**	107,946	233,369
Tax recoverable	**2,208**	2,208	3,709
Pledged time deposits and bank balances	**1,721**	12,967	–
Time deposits	**141,567**	89,943	45,219
Cash and bank balances	**258,007**	133,894	34,823
Total current assets	**2,776,131**	386,025	368,047
CURRENT LIABILITIES			
Creditors and accruals (Note 9)	**(93,764)**	(8,848)	(4,785)
Deposits received	**(6,756)**	(156)	(39)
Interest bearing bank borrowings	**(12,212)**	(12,212)	(36,993)
Derivative financial instruments	–	(21,160)	(128,972)
Convertible bonds	–	(418,647)	(343,520)
Tax payable	**(837)**	(1,288)	(1,288)
Total current liabilities	**(113,569)**	(462,311)	(515,597)
NET CURRENT ASSETS/(LIABILITIES)	**2,662,562**	(76,286)	(147,550)

Consolidated Statement of Financial Position (Cont'd)

	31st December, 2013	31st March, 2013	1st April, 2012
	HK$'000	**HK$'000**	**HK$'000**
		(Restated)	(Restated)
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,836,765**	615,056	561,336
NON-CURRENT LIABILITIES			
Other payables (Note 9)	**(3,229,411)**	–	–
Deferred tax liabilities	**(362,536)**	–	–
Total non-current liabilities	**(3,591,947)**	–	–
Net assets	**1,244,818**	615,056	561,336
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	**4,398**	2,357	2,357
Reserves	**1,240,394**	612,673	559,367
	1,244,792	615,030	561,724
Non-controlling interests	**26**	26	(388)
Total equity	**1,244,818**	615,056	561,336

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, accounting principles generally accepted in Hong Kong 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 derivative financial instruments, which have been measured at fair value. The financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Pursuant to a resolution of the Board of Directors passed on 21st January, 2014, the Company's financial year end date was changed from 31st March to 31st December in order to align with that of the parent companies. Accordingly, the current financial period covers a nine-month period from 1st April, 2013 to 31st December, 2013. The comparative figures cover a twelve-month period from 1st April, 2012 to 31st March, 2013, which may not be comparable with amounts shown for the current period.

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

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*

HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

Other than as further explained below regarding the impact of HKFRS 10, HKFRS 11, HKFRS 12, HKFRS 13, HKAS 19 (2011), amendments to HKFRS 10, HKFRS 11, HKFRS 12, HKAS 1 and HKAS 36, and certain amendments included in *Annual Improvements 2009-2011 Cycle*, the adoption of the new and revised HKFRSs has had no significant financial effect on the financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

As a result of the application of HKFRS 10, the Group has changed the accounting policy with respect to determining which investees are controlled by the Group.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1st April, 2013.

(b) HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. The classification of joint arrangements under HKFRS 11 depends on the parties' rights and obligations arising from the arrangements. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities of the arrangement and is accounted for on a line-by-line basis to the extent of the joint operators' rights and obligations in the joint operation. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement and is required to be accounted for using the equity method in accordance with HKAS 28 (2011).

The application of HKFRS 11 had no impact on the Group's results of operations or financial position.

(c) HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements*, HKAS 31 *Interests in Joint Ventures* and HKAS 28

Investments in Associates. It also introduces a number of new disclosure requirements for these entities.

(d) The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

(e) HKFRS 13 provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The standard does not change the circumstances in which the Group is required to use fair value, but rather provides guidance on how fair value should be applied where its use is already required or permitted under other HKFRSs. HKFRS 13 is applied prospectively and the adoption has had no material impact on the Group's fair value measurements. As a result of the guidance in HKFRS 13, the policies for measuring fair value have been amended. Additional disclosures required by HKFRS 13 for the fair value measurements of financial instruments are included in notes to the financial statements.

(f) The HKAS 1 Amendments change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. In addition, the Group has chosen to use the new title "statement of profit or loss" as introduced by the amendments in the financial statements.

(g) HKAS 19 (2011) includes a number of amendments that range from fundamental changes to simple clarifications and re-wording. The revised standard introduces significant changes in the accounting for defined benefit pension plans including removing the choice to defer the recognition of actuarial gains and losses. Other changes include modifications to the timing of recognition for termination benefits, the classification of short-term employee benefits and disclosures of defined benefit plans. As the Group does not have any defined benefit plan or employee termination plan and the Group does not have any significant employee benefits that are expected to be settled for more than twelve months after the reporting period, the adoption of the revised standard has had no effect on the financial position or performance of the Group.

(h) The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1st January, 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in the financial statements. The amendments have had no impact on the financial position or performance of the Group.

(i) *Annual Improvements 2009-2011 Cycle* issued in June 2012 sets out amendments to a number of standards. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments have had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 1 *Presentation of Financial Statements*: Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. An entity must include comparative information in the related notes to the financial statements when it voluntarily provides comparative information beyond the previous period. The additional comparative information does not need to contain a complete set of financial statements.

In addition, the amendment clarifies that the opening statement of financial position as at the beginning of the preceding period must be presented when an entity changes its accounting policies; makes retrospective restatements or makes reclassifications, and that change has a material effect on the statement of financial position. However, the related notes to the opening statement of financial position as at the beginning of the preceding period are not required to be presented.

- HKAS 32 *Financial Instruments: Presentation*: Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with HKAS 12 *Income Taxes*. The amendment removes existing income tax requirements from HKAS 32 and requires entities to apply the requirements in HKAS 12 to any income tax arising from distributions to equity holders.

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 profit/(loss) before tax except that certain interest income, finance costs and corporate gains and expenses are excluded from such measurement.

Segment assets exclude time deposits, cash and bank balances, tax recoverable and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest bearing bank borrowings, derivative financial instruments, 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 nine-month period ended 31st December, 2013 and for the year ended 31st March, 2013.

Group

	Property development and investment		Financial assets investments		Consolidated	
	Nine-month period ended 31st December, 2013	Year ended 31st March, 2013	Nine-month period ended 31st December, 2013	Year ended 31st March, 2013	Nine-month period ended 31st December, 2013	Year ended 31st March, 2013
	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000 (Restated)
Segment revenue:						
Sales to external customers	424	756	12,063	23,335	12,487	24,091
Segment results before depreciation	(15,062)	2,728	6,668	114,008	(8,394)	116,736
Depreciation	(376)	(92)	-	-	(376)	(92)
Segment results	(15,438)	2,636	6,668	114,008	(8,770)	116,644
Unallocated interest income and unallocated non-operating and corporate gains					2,769	2,160
Unallocated non-operating and corporate expenses					(13,383)	(13,989)
Operating profit/(loss)					(19,384)	104,815
Finance costs	(27,014)	-	-	-	(27,014)	-
Unallocated finance costs					(59,602)	(75,684)
Share of profit of a joint venture	17,338	23,640	-	-	17,338	23,640
Profit/(Loss) before tax					(88,662)	52,771
Income tax					451	-
Profit/(Loss) for the period/year before allocation between equity holders of the parent and non-controlling interests					(88,211)	52,771
Attributable to:						
Equity holders of the parent					(88,211)	52,813
Non-controlling interests					-	(42)
					(88,211)	52,771

Group

	Property development and investment		Financial assets investments		Consolidated	
	31st December, 2013	**31st March, 2013**	**31st December, 2013**	**31st March, 2013**	**31st December, 2013**	**31st March, 2013**
	HK$'000	**HK$'000** (Restated)	**HK$'000**	**HK$'000** (Restated)	**HK$'000**	**HK$'000** (Restated)
Segment assets	3,805,117	132,282	165,194	146,125	3,970,311	278,407
Investment in a joint venture	575,591	559,348	-	-	575,591	559,348
Cash and unallocated assets					404,432	239,612
Total assets					4,950,334	1,077,367
Segment liabilities	(3,328,789)	(5,367)	-	(2,915)	(3,328,789)	(8,282)
Interest bearing bank borrowings and unallocated liabilities					(376,727)	(454,029)
Total liabilities					(3,705,516)	(462,311)
Other segment information:						
Capital expenditure	102,126	43,718	-	-		
Fair value losses on financial assets at fair value through profit or loss, net	-	-	2,559	18,958		
Fair value losses/(gains) on derivative financial instruments	-	-	3,795	(107,812)		
Fair value gains on investment properties	-	(8,000)	-	-		
Interest income	-	-	(1,009)	(1,893)		

Geographical information

(a) Since the Group's revenue is substantially derived from its financial assets at fair value through profit or loss in Hong Kong, no geographical information in respect of revenue from external customers is presumed in accordance with HKFRS 8 *Operating Segment*.

(b) Non-current assets

	31st December, 2013	31st March, 2013
	HK$'000	**HK$'000**
		(Restated)
Hong Kong	**45**	88,072
Mainland China	**2,174,158**	603,270
	2,174,203	691,342

The non-current assets information above is based on the locations of assets.

Information about a major customer

During the nine-month period ended 31st December, 2013 and year ended 31st March, 2013, no single customer has contributed over 10% of the total revenue of the Group.

3. Revenue (which is also the Group's turnover) and other income are analysed as follows:

	Nine-month period ended 31st December, 2013 HK$'000	Year ended 31st March, 2013 HK$'000 (Restated)
Revenue		
Rental income from investment properties	**424**	756
Gain from sale/settlement of financial assets at fair value through profit or loss, net	**6,932**	16,962
Dividend income from listed investments	**3,247**	5,307
Interest income from corporate bonds	**1,884**	1,066
	12,487	24,091
Other income		
Interest income from:		
Bank balances	**2,499**	1,800
Held-to-maturity investments	**1,009**	1,893
Others	**270**	360
	3,778	4,053

4. Finance costs of the Group are as follows:

	Nine-month period ended 31st December, 2013	Year ended 31st March, 2013
	HK$'000	**HK$'000**
		(Restated)
Imputed interest expenses on convertible bonds	**59,481**	75,127
Interest on bank loans wholly repayable within five years	**121**	557
Interest on other payables wholly repayable within five years	**47,511**	–
	107,113	75,684
Less: Finance costs capitalised	**(20,497)**	–
	86,616	75,684

5. The income tax credit for the nine-month period ended 31st December, 2013 arose as follows:

	Nine-month period ended 31st December, 2013	Year ended 31st March, 2013
	HK$'000	**HK$'000**
Group:		
Current – Hong Kong		
Overprovision in prior years	**451**	–
Total tax credit for the period/year	**451**	–

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 (year ended 31st March, 2013 - Nil).

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

The share of tax attributable to a joint venture amounting to approximately HK$20,316,000 (year ended 31st March, 2013 – Nil) is included in “Share of profit of a joint venture” in the consolidated statement of profit or loss.

6. Dividend:

No dividend was paid or proposed during the nine-month period ended 31st December, 2013, nor has any dividend been proposed since the end of the reporting period (year ended 31st March, 2013 – Nil).

7. (a) Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share is based on the loss for the nine-month period ended 31st December, 2013 attributable to equity holders of the parent of HK$88,211,000 (year ended 31st March, 2013 – profit of HK$52,813,000, as restated) and on the weighted average of 15,754,993,000 (year ended 31st March, 2013 – 11,785,131,000) ordinary shares of the Company in issue during the nine-month period ended 31st December, 2013.

(b) Diluted earnings per ordinary share

No adjustment has been made to the loss per share amount presented for the period in respect of the convertible bonds that are fully converted during the period as the impact of the convertible bonds had an anti-dilutive effect on the loss per share amount presented.

The calculation of diluted earnings per ordinary share amount for the prior year is based on the profit attributable to ordinary equity holders of the parent, adjusted to reverse fair value gain on the derivative component of the convertible bonds and imputed interest on the convertible bonds, whereas the weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the prior year, as used in the basic earnings per ordinary share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all outstanding convertible bonds into ordinary shares.

The calculations of diluted earnings per ordinary share for the year ended 31st March, 2013 are based on

	Year ended 31st March, 2013
	HK$'000
Earnings	(Restated)
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per ordinary share calculation:	52,813
Imputed interest on convertible bonds	75,127
Less: Fair value gain on derivative component of the convertible bonds	(107,812)
	20,128

	Number of shares 31st March, 2013
	'000
Shares	
Weighted average number of ordinary shares in issue during the year used in the basic earnings per ordinary share calculation	11,785,131
Effect of dilution – weighted average number of ordinary shares:	
– Convertible bonds	6,869,583
– Option to subscribe for convertible bonds	3,333,333
	21,988,047

8. Debtors, deposits and prepayments are analysed as follows:

	31st December, 2013	31st March, 2013
	HK$'000	HK$'000
Non-current asset		
Prepayments (Note (a))	**58,115**	42,823
Current assets		
Prepayments	**443**	70
Deposits	**2,078**	554
Other receivables	**8,845**	1,303
	11,366	1,927

Note

(a) The amount related to the costs incurred in relation to a re-forestation project in Urumqi, Xinjiang Uygur Autonomous Region, the PRC. In previous years, the Group had entered into contracts with the relevant PRC government authorities that upon the agreed completion (and had been 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 either entitled to the land use right of the 30% of the overall project area of such land for development purpose or reimbursed for all the costs incurred in the re-forestation project, in accordance with applicable rules and regulations.

In the prior year, 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 rules and regulations. As such, based on the legal opinion obtained, 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 applicable rules and regulations.

9. Creditors and accruals are non-interest bearing and are normally settled within 90 days.

Other payables under non-current liabilities represented balances due to the intermediate holding company, a fellow subsidiary and a joint venture, which are secured by the pledge over the equity interests in the relevant holding companies of the Group's properties under development, bear interest at 5% per annum and are repayable within three years from the end of the reporting period.

10. PRIOR YEAR ADJUSTMENTS

During the current period, following a further reassessment of the terms of agreements relating to convertible bonds in the principal amount of HK$205,000,000 ("CB2010") and convertible bonds in the principal amount of HK$200,000,000 ("CB2013"), the Group considers that the embedded conversion rights of CB2010 and CB2013 are more appropriate to be recognised as financial derivatives rather than equity instruments as previously recognised in the prior years' consolidated financial statements.

Accordingly, certain prior year adjustments have been made and certain comparative amounts as at 31st March, 2013 and 1st April, 2012 and for the year ended 31st March, 2013 have been restated to reflect the full recognition of the embedded conversion rights of CB2010 and CB2013 as financial derivatives, and a third consolidated statement of financial position as at 1st April, 2012 has been presented.

The effects of these prior year adjustments are summarised below:

Consolidated statement of profit or loss and other comprehensive income for the year ended 31st March, 2013

	HK$'000
Increase in finance costs	(42,104)
Increase in fair value gain on derivative financial instruments	65,796
Increase in profit before tax, profit for the year, total comprehensive income for the year, profit for the year attributable to the equity holders of the parent and total comprehensive income for the year attributable to the equity holders of the parent	23,692
Increase in basic earnings per share	HK0.20 cent
Decrease in diluted earnings per share	HK0.16 cent

Consolidated statement of financial position

	31st March, 2013	**1st April, 2012**
	HK$'000	**HK$'000**
Increase in derivative financial instruments	(13,282)	(79,078)
Decrease in liability components of convertible bonds	25,619	67,723
Decrease/(Increase) in net current liabilities and increase/(decrease) in total assets less current liabilities	12,337	(11,355)
Increase in share premium	71,048	71,048
Decrease in equity components of convertible bonds	(24,739)	(24,739)
Decrease in retained profits	(33,972)	(57,664)
Increase/(Decrease) in reserves and total equity	12,337	(11,355)

11. COMPARATIVE AMOUNTS

As explained in Note 10 above, due to the prior year adjustments in relation to embedded conversion rights of CB2010 and CB2013, certain comparative amounts have been restated and a third statement of financial position as at 1st April, 2012 has been presented.

As explained in section headed "Financial Results", since Century City has become the ultimate holding company of the Company, certain comparative amounts have been reclassified in order to align with the accounting policies of Century City. The effect of these reclassification adjustments are summarised below:

Consolidated statement of profit or loss for the year ended 31st March, 2013

	HK$'000
Increase in revenue and decrease in fair value losses on financial assets at fair value through profit or loss, net	16,962
Decrease in revenue and increase in other income	1
Increase in cost of sales	(197)
Decrease in administrative expenses	325
Increase in depreciation presented on the face of the consolidated statements of profit or loss	(128)

Consolidated statement of financial position as at 31st March, 2013

	HK$'000
Non-current assets	
Increase in prepayments	42,823
Current assets	
Decrease in debtors, deposits and prepayments	(42,823)
Increase in held-to-maturity investments	37,140
Decrease in pledged time deposits and bank balances	(11,625)
Increase in time deposits	89,943
Decrease in cash and bank balances	(115,458)

Consolidated statement of financial position as at 1st April, 2012

	HK$'000
Increase in debtors, deposits and prepayments	556
Increase in held-to-maturity investments	49,360
Decrease in pledged time deposits and bank balances	(43,190)
Decrease in deposits placed with securities brokers	(1,086)
Increase in time deposits	45,219
Decrease in cash and bank balances	(50,859)

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 nine-month period ended 31st December, 2013.

REVIEW OF RESULTS

The Audit Committee has reviewed the Group's consolidated financial statements for the nine-month period ended 31st December, 2013, 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 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the nine-month period ended 31st December, 2013, except that:

(1) 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.

(2) The Non-Executive Director and Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Articles of Association of the Company, all Directors (including the Non-Executive Director and the Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

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. Daniel BONG Shu Yin
Mr. CHENG Sui Sang
Mr. Kenneth NG Kwai Kai

Non-Executive Director:
Mr. Francis BONG Shu Ying

Independent Non-Executive Directors:
Ms. Judy CHEN Qing
Ms. Alice KAN Lai Kuen
Mr. LEE Choy Sang
Mr. David LI Ka Fai
Hon. Abraham SHEK Lai Him, GBS, JP

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 31st March, 2014