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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 2014 INTERIM RESULTS

FINANCIAL HIGHLIGHTS

	Six months ended 30th June, 2014	Six months ended 30th September, 2013
	(Unaudited)	(Unaudited and restated)
	HK$'000	HK$'000
Revenue	**(529)**	3,383
Gross profit/(loss)	**(529)**	3,303
Loss for the period attributable to equity holders of the parent	**(78,052)**	(45,336)
Basic loss per ordinary share attributable to equity holders of the parent	**HK(3.55) cents***	HK(3.59) cents*

	As at 30th June, 2014	As at 31st December, 2013
	(Unaudited)	(Unaudited and restated)
Net asset value per ordinary share attributable to equity holders of the parent	**HK$0.51***	HK$0.57*

*Adjusted for the 10-into-1 share consolidation which became effective on 15th July, 2014

FINANCIAL RESULTS

As the Company changed its financial year end date from 31st March to 31st December, beginning from the nine months ended 31st December, 2013, the financial statements of the Company herein presented are for the six months ended 30th June, 2014, with comparatives based on those for the six months ended 30th September, 2013 (as restated).

For the six months ended 30th June, 2014, the Group recorded an unaudited consolidated loss of HK$78.1 million, as compared to the consolidated loss of HK$45.3 million (as restated) for the six months ended 30th September, 2013. The loss incurred for the period under review was largely attributable to the non-capitalised interest accruing on the consideration payable for the development project in Chengdu acquired in September 2013.

BUSINESS OVERVIEW

Since the Company became a listed subsidiary of Paliburg Holdings Limited and, in turn, of Century City International Holdings Limited in September 2013, the business activities of the Group have mainly been focused on property investment and development in the People's Republic of China, investment in financial assets and other investments.

With a view to further strengthening the financial position of the Group, the Company proposed in April 2014, in conjunction with a share consolidation on the basis that every ten then existing ordinary shares would be consolidated into one consolidated ordinary share, an open offer of new consolidated ordinary shares and/or convertible preference shares and the proposed issue of convertible bonds and optional convertible bonds. Details of these proposals were set out in a joint announcement dated 30th April, 2014 and in the circular to shareholders of the Company dated 20th June, 2014. At an extraordinary general meeting of the Company held on 14th July, 2014, the proposal for the share consolidation was approved by the shareholders, and the open offer and the issue of convertible bonds and optional convertible bonds were approved by the independent shareholders of the Company. The share consolidation has also since become effective on 15th July, 2014.

The open offer was proposed on the basis of an assured entitlement of two new consolidated ordinary shares or convertible preference shares for every one consolidated ordinary share held by shareholders of the Company on the record date of 21st July, 2014, other than the excluded overseas shareholders, at a subscription price of HK$0.1 per new consolidated ordinary share or convertible preference share. Under the open offer, an aggregate of approximately 4,397.6 million new consolidated ordinary shares and/or convertible preference shares will be issued, raising for the Company new equity proceeds in a gross amount of approximately HK$439.8 million, which are intended to be used for the subscription of additional capital in two subsidiaries of the Group incorporated in the PRC and for general working capital purposes. The convertible preference shares carry substantially the same rights as those of the ordinary shares of the Company, except that they will not confer to their holders the right to vote at general meetings of the Company, and have been created for election by shareholders in lieu of ordinary shares under the open offer to ensure the maintenance of sufficient public float by the Company.

The open offer has been underwritten by a wholly-owned subsidiary of P&R Holdings Limited, which is the immediate controlling shareholder of the Company and a subsidiary of Paliburg. P&R Holdings has also undertaken to the Company and the underwriter that it will subscribe for its assured entitlement of approximately 2,969.0 million new consolidated ordinary shares and/or convertible preference shares. Under the present timetable, the latest time for acceptance of and payment for the assured entitlement and excess application under the open offer is 4:00 p.m. on 7th August, 2014. Full information about the open offer was contained in the prospectus of the Company dated 24th July, 2014, which has been despatched together with the relevant application forms to all qualifying shareholders of the Company.

On 30th April, 2014, the Company also entered into a Subscription Agreement with P&R Holdings, pursuant to which P&R Holdings will procure its wholly-owned subsidiary to subscribe for convertible bonds of the Company in the principal amount of HK$500 million and P&R Holdings will also be entitled to an option to subscribe for optional convertible bonds of the Company up to an aggregate principal amount of HK$500 million. Completion of this subscription agreement is now only conditional upon the closing of the open offer. The proceeds to be raised from the issue of the convertible bonds, which carry coupon interest at 2.5% per annum, will be applied as to HK$200 million to repay the outstanding amount under a standby facility from Paliburg, which currently bears interest at around 7% per annum and as to HK$300 million to partially pay down the consideration payable to P&R Holdings which accrues interest at 5% per annum. Detailed information on the other terms and conditions of the convertible bonds and optional convertible bonds was contained in the circular of the Company dated 20th June, 2014.

PROPERTIES

All the property projects that the Group is presently undertaking are in Mainland China. These include the two large-scale composite development projects in Chengdu and Tianjin, which were acquired by the Group in September 2013 and are being developed in stages, and a re-forestation and land grant project in Urumqi City, Xinjiang Uygur Autonomous Region that the Group has engaged in since 2008. Moreover, the Group is continuing its negotiations with the relevant parties with regard to the two proposed projects in Wuxi and Tongzhou, as announced earlier. Further detailed information on these projects is contained in the section headed “Management Discussion and Analysis” in this announcement.

FINANCIAL ASSETS AND OTHER INVESTMENTS

The investment in financial assets and other investments will continue to be an integral part of the Group’s principal business activities, though the level of activities and the size of the funds committed in this business sphere have relatively reduced. The Group will review from time to time any appropriate investment opportunities that could serve to complement and widen its income base.

OUTLOOK

The economy in China is continuing to grow, though at a slower pace, and the Group is optimistic that the property market in China in the long term will continue to prosper. The presale of the residential units in the three residential towers included in the first stage of the Chengdu Project is expected to be launched in the fourth quarter of this year and the presale and/or sale of the other components in the Chengdu Project as well as the Tianjin Project are planned for 2015 and onwards. The Directors anticipate that when the projects presently undertaken by the Group are completed and sold, significant revenues and profits will be generated for the Group over the coming years.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in property investment and development, investment in financial assets and other investments.

The performance of the Group's property and other investment businesses during the period under review, 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

This property development project is located in Chengdu City, Sichuan Province, the PRC and is 100% owned by the Group. It is a mixed use development project consisting of hotel, commercial, office, service apartments and residential components, with an overall total gross floor area of approximately 497,000 square metres, and 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 2014.

Tianjin Project

Located in Tianjin, the PRC, this property development project entails a development site with total site area of about 31,700 square metres, which is presently planned to include commercial, office, hotel and residential components with total gross floor area of about 145,000 square metres. The piling works for the project have already been completed and the entire development is anticipated to be completed in stages before the end of 2017.

Xinjiang Project

The Group is engaged in a re-forestation and land grant project for a land parcel with site area of about 7,600 mu in accordance with the relevant laws and policies in Urumqi City, Xinjiang Uygur Autonomous Region, the PRC. 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 reforested 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. The Company has recently applied for an increase of US$10 million in the registered capital of the wholly-owned subsidiary engaged in the Xinjiang Project and requisite approval has been obtained from the relevant government authorities.

Wuxi Project

With a view to expanding the Group’s property portfolio and business coverage in the PRC, 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 a parcel of land of about 937 mu (equivalent to approximately 624,700 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. As at the date of this announcement, the Group has not reached agreement in respect of certain terms with Wuxi Huishan District People's Government and Wuxi Metro Xizhang Area Commission. The Group is continuing its negotiations with the relevant parties on the outstanding terms under the Co-operation Agreement.

Property Investment

Beijing Tongzhou Project

A wholly-owned subsidiary of the Company established in Beijing, the PRC, has entered into an agreement in February 2014 to subscribe for 82.5% equity interest in a company which is involved in a primary development project located in Tongzhou District, Beijing, the PRC. 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, if concluded, 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. The Group has recently applied for an increase of approximately RMB200 million in the registered capital of the Beijing subsidiary, with a view to strengthening the capital base of the Beijing subsidiary for potential investment in other property development and investment projects in the PRC. In the meantime, the Beijing subsidiary is negotiating a supplemental agreement with the relevant party to further agree on the timing and conditions for the Beijing subsidiary to complete the subscription of equity interest in the aforesaid company.

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.

The acquisition of the two ongoing development projects in the PRC has been 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 costs for the property projects are principally financed by internal resources. Project financing may be arranged on appropriate terms and will normally be in the local currency 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 Flow

Net cash flows used in operating activities during the period under review amounted to HK$118.1 million (six months ended 30th September, 2013 – HK$31.0 million). Interest payment for the period amounted to approximately HK$3.0 million (six months ended 30th September, 2013 – HK$0.1 million).

Borrowings and Gearing

As at 30th June, 2014, the Group had cash and bank balances and deposits net of bank and other borrowings of HK$277.7 million (31st December, 2013 – HK$389.1 million).

As at 30th June, 2014, excluding the considerations payable to the vendors for the acquisition of the property projects, the Group had net cash balance of HK$277.7 million and therefore no gearing (31st December, 2013 – no gearing).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2014 are shown in the condensed consolidated interim financial statements ("Interim Financial

Statements”) contained in the interim report for the six months ended 30th June, 2014 of the Company to be published on or before 30th September, 2014.

Pledge of Assets

As at 30th June, 2014, part of the Group’s time deposits, bank balances, financial assets at fair value through profit or loss and held-to-maturity investments in the amount of HK$28.2 million (31st December, 2013 – HK$37.5 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 properties under development were pledged to secure the other payables under non-current liabilities in respect of the acquisition of property development projects in the prior year.

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2014 are shown in the Interim Financial Statements.

Contingent Liabilities

The Group had no contingent liability as at 30th June, 2014.

DIVIDEND

To conserve cash resources for the Group’s business development, the Directors have resolved not to declare an interim dividend for the financial year ending 31st December, 2014 (six months ended 30th September, 2013 – Nil).

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2014	Six months ended 30th September, 2013
	(Unaudited)	**(Unaudited and restated)**
	HK$'000	**HK$'000**
REVENUE (Notes 2 & 3)	**(529)**	3,383
Cost of sales	**–**	(80)
Gross profit/(loss)	**(529)**	3,303
Other income (Note 3)	**1,460**	1,583
Fair value losses on financial assets at fair value through profit or loss, net	**(5,725)**	(2,770)
Fair value gain on derivative financial instruments	**–**	3,218
Administrative expenses	**(37,313)**	(13,723)
OPERATING LOSS BEFORE DEPRECIATION	**(42,107)**	(8,389)
Depreciation	**(511)**	(163)
OPERATING LOSS (Note 2)	**(42,618)**	(8,552)
Finance costs (Note 4)	**(50,195)**	(66,974)
Share of profit of a joint venture	**14,761**	30,190
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(78,052)**	(45,336)
Attributable to:		
Equity holders of the parent	**(78,052)**	(45,336)
Non-controlling interests	**–**	–
	(78,052)	(45,336)
	(Unaudited)	**(Unaudited and restated)**
LOSS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 7)		
Basic and diluted	**HK(3.55) cents**	HK(3.59) cents

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2014	Six months ended 30th September, 2013
	(Unaudited)	(Unaudited and restated)
	HK$'000	HK$'000
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(78,052)**	(45,336)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translating foreign operations	**(54,280)**	(1,403)
Share of other comprehensive loss of a joint venture	**–**	(2,232)
Other comprehensive loss for the period	**(54,280)**	(3,635)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(132,332)**	(48,971)
Attributable to:		
Equity holders of the parent	**(132,332)**	(48,971)
Non-controlling interests	**–**	–
	(132,332)	(48,971)

Condensed Consolidated Statement of Financial Position

	30th June, 2014 (Unaudited) HK$'000	31st December, 2013 (Audited) HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**7,986**	3,555
Properties under development	**1,304,699**	1,308,632
Investment in a joint venture	**590,352**	575,591
Goodwill	**234,522**	228,310
Prepayments (Note 8)	**63,545**	58,115
Total non-current assets	**2,201,104**	2,174,203
CURRENT ASSETS		
Properties under development	**2,284,157**	2,204,292
Debtors, deposits and prepayments (Note 8)	**16,772**	11,366
Held-to-maturity investments	**21,208**	40,925
Financial assets at fair value through profit or loss	**102,665**	116,045
Tax recoverable	**–**	2,208
Pledged time deposits and bank balances	**7,107**	1,721
Time deposits	**–**	141,567
Cash and bank balances	**486,826**	258,007
Total current assets	**2,918,735**	2,776,131
CURRENT LIABILITIES		
Creditors and accruals (Note 9)	**(116,926)**	(93,764)
Deposits received	**(2,536)**	(6,756)
Interest bearing bank borrowings	**(16,212)**	(12,212)
Other borrowings	**(200,000)**	–
Tax payable	**(837)**	(837)
Total current liabilities	**(336,511)**	(113,569)
NET CURRENT ASSETS	**2,582,224**	2,662,562
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,783,328**	4,836,765

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2014	31st December, 2013
	(Unaudited)	(Audited)
	HK$'000	HK$'000
NON-CURRENT LIABILITIES		
Other payables (Note 9)	**(3,308,306)**	(3,229,411)
Deferred tax liabilities	**(362,536)**	(362,536)
Total non-current liabilities	**(3,670,842)**	(3,591,947)
Net assets	**1,112,486**	1,244,818
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**4,398**	4,398
Reserves	**1,108,062**	1,240,394
	1,112,460	1,244,792
Non-controlling interests	**26**	26
Total equity	**1,112,486**	1,244,818

Notes:

1. Accounting Policies

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

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 the six months ended 30th June, 2014. The comparative figures cover a six-month period from 1st April, 2013 to 30th September, 2013, which may not be comparable with the amounts shown for the current period.

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the nine months ended 31st December, 2013, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which are effective for the Group's annual periods beginning on or after 1st January, 2014.

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

Except as described below, the adoption of these new and revised HKFRSs has had no significant financial effect on the Group's results of operation and financial position:

(a) Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The adoption of these amendments has had no effect on the Group as the Company is not an investment entity as defined in HKFRS 10.

(b) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The adoption of these amendments has had no effect on the financial position or performance of the Group.

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, finance costs and corporate gains and expenses are excluded from such measurement.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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

Group

	Property development and investment		**Financial assets investments**		**Consolidated**	
	Six months ended 30th June, 2014	**Six months ended 30th September, 2013**	**Six months ended 30th June, 2014**	**Six months ended 30th September, 2013**	**Six months ended 30th June, 2014**	**Six months ended 30th September, 2013**
	(Unaudited)	**(Unaudited and restated)**	**(Unaudited)**	**(Unaudited and restated)**	**(Unaudited)**	**(Unaudited and restated)**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
Segment revenue:						
Sales to external customers	-	424	(529)	2,959	(529)	3,383
Segment results before depreciation	(19,411)	(6,477)	(5,841)	3,447	(25,252)	(3,030)
Depreciation	(495)	(142)	-	-	(495)	(142)
Segment results	(19,906)	(6,619)	(5,841)	3,447	(25,747)	(3,172)
Unallocated interest income and unallocated non-operating and corporate gains					1,039	1,497
Unallocated non-operating and corporate expenses					(17,910)	(6,877)
Operating loss					(42,618)	(8,552)
Finance costs	(44,859)	(7,413)	-	-	(44,859)	(7,413)
Unallocated finance costs					(5,336)	(59,561)
Share of profit of a joint venture	14,761	30,190	-	-	14,761	30,190
Loss for the period before allocation between equity holders of the parent and non-controlling interests					(78,052)	(45,336)
Attributable to:						
Equity holders of the parent					(78,052)	(45,336)
Non-controlling interests					-	-
					(78,052)	(45,336)

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

	Six months ended 30th June, 2014	**Six months ended 30th September, 2013**
	(Unaudited)	**(Unaudited and restated)**
	HK$'000	**HK$'000**
Revenue		
Rental income from investment properties	–	424
Loss from sale/settlement of financial assets at fair value through profit or loss, net	**(4,970)**	–
Dividend income from listed investments	**1,266**	2,393
Interest income from corporate bonds	**3,175**	566
	(529)	3,383
Other income		
Interest income from:		
Bank balances	**866**	1,317
Held-to-maturity investments	**421**	86
Others	**173**	180
	1,460	1,583

4. Finance costs of the Group are as follows:

	Six months ended 30th June, 2014 (Unaudited) HK$'000	Six months ended 30th September, 2013 (Unaudited and restated) HK$'000
Imputed interest expenses on convertible bonds	**–**	59,481
Interest on bank loans wholly repayable within five years	**254**	80
Interest on other borrowings wholly repayable within five years	**5,082**	–
Interest on other payables wholly repayable within five years	**78,895**	7,413
	84,231	66,974
Less: Finance costs capitalised	**(34,036)**	–
	50,195	66,974

5. 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 six months ended 30th June, 2014 (six months ended 30th September, 2013 – Nil).

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

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the six months ended 30th June, 2014 and 30th September, 2013.

6. Dividend:

No dividend was paid or proposed during the six months ended 30th June, 2014, nor has any dividend been proposed since the end of the reporting period (six months ended 30th September, 2013 – Nil).

7. (a) Basic loss per ordinary share

The calculation of basic loss per ordinary share is based on the loss for the period attributable to equity holders of the parent of HK$78.1 million (six months ended 30th September, 2013 – HK$45.3 million, as restated) and on the weighted average of 2,198,805,000 (six months ended 30th September, 2013 – 1,262,144,000, as restated) ordinary shares of the Company in issue during the six months ended 30th June, 2014, as adjusted to reflect the share consolidation subsequent to the end of the reporting period. The basic loss per share amount for the six months ended 30th September, 2013 has also been adjusted to reflect the share consolidation subsequent to the end of the reporting period.

(b) Diluted loss per ordinary share

No adjustment has been made to the loss per share amount presented for the six months ended 30th June, 2014 as the Company had no potentially dilutive ordinary shares in issue and therefore no diluting events existed throughout the period.

No adjustment had been made to the loss per share amount presented for the six months ended 30th September, 2013 in respect of the convertible bonds that were fully converted during that period as the impact of the convertible bonds had an anti-dilutive effect on the loss per share amount presented.

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

	30th June, 2014 (Unaudited) HK$'000	31st December, 2013 (Audited) HK$'000
Non-current asset		
Prepayments (Note (a))	**63,545**	58,115
Current assets		
Prepayments	**1,910**	443
Deposits	**3,185**	2,078
Other receivables	**11,677**	8,845
	16,772	11,366

None of the above assets is either past due or impaired. The financial assets included in above balances related to deposits and other receivables for which there was no recent history of default.

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 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, and other payables are analysed as follows:

	30th June, 2014	31st December, 2013
	(Unaudited)	(Audited)
	HK$'000	HK$'000
Current liabilities		
Creditors	**74,662**	56,845
Accruals	**5,246**	4,780
Due to fellow subsidiaries	**37,018**	32,139
	116,926	93,764
Non-current liabilities		
Other payables:		
Due to an intermediate holding company	**642,882**	627,551
Due to a fellow subsidiary	**1,427,243**	1,393,207
Due to a joint venture	**1,238,181**	1,208,653
	3,308,306	3,229,411

The balances due to fellow subsidiaries included in current liabilities are unsecured, interest-free and have no fixed terms of repayment.

Other payables under non-current liabilities represented balances due to an 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 13th September, 2013.

10. Prior Period Adjustments

As reported in the consolidated financial statements of the Group for the nine months ended 31st December, 2013, 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 period adjustments have been made and certain comparative amounts for the six months ended 30th September, 2013 have been restated to reflect the full recognition of the embedded conversion rights of CB2010 and CB2013 as financial derivatives.

The effects of these prior period adjustments are summarised below:

Condensed consolidated statement of profit or loss for the six months ended 30th September, 2013

	HK$'000
Increase in finance costs	(44,281)
Decrease in fair value gain on derivative financial instruments	(4,660)
Increase in loss before tax, loss for the period, total comprehensive loss for the period, loss for the period attributable to the equity holders of the parent and total comprehensive loss for the period attributable to the equity holders of the parent	(48,941)
Decrease in basic and diluted earnings per share (as adjusted to reflect the share consolidation subsequent to the end of the reporting period)	HK3.88 cents

11. Comparative Amounts

As explained in Note 10 above, due to the prior period adjustments in relation to embedded conversion rights of CB2010 and CB2013, certain comparative amounts have been restated.

In addition, 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:

Condensed consolidated statement of profit or loss for the six months ended 30th September, 2013

	HK$'000
Increase in cost of sales	(80)
Decrease in administrative expenses	243
Increase in depreciation presented on the face of the condensed consolidated statement of profit or loss	(163)

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2014.

REVIEW OF RESULTS

The Group's condensed consolidated interim financial statements for the six months ended 30th June, 2014 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditors, whose review report is contained in the Company's interim report for the six months ended 30th June, 2014 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated interim financial statements for the six months ended 30th June, 2014, 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 of Hong Kong Limited during the six months ended 30th June, 2014, 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. 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, 4th August, 2014