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 2026 INTERIM RESULTS

FINANCIAL AND BUSINESS HIGHLIGHTS

	Six months ended 30th June, 2026 (Unaudited) HK$'M	Six months ended 30th June, 2025 (Unaudited) HK$'M	% Change
Revenue	**158.8**	16.0	**+892.5%**
Gross profit	**6.6**	2.3	**+187.0%**
Operating loss before depreciation, finance costs and tax⋆	**(191.7)**	(20.9)	**+817.2%**
Loss attributable to equity holders of the parent	**(232.4)**	(56.5)	**+311.3%**
Basic loss per share (including ordinary share and convertible preference share) attributable to equity holders of the parent	**HK(12.43) cents**	HK(3.84) cents	**+223.7%**
	As at 30th June, 2026 (Unaudited)	**As at 31st Dec., 2025 (Unaudited)**	
Net asset value per share (including ordinary share and convertible preference share) attributable to equity holders of the parent			
Basic	**HK$0.12**	HK$0.21	**-42.9%**
Fully diluted⋆⋆	**HK$0.09**	HK$0.14	**-35.7%**

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

- **For the six months ended 30th June, 2026, the Group recorded a consolidated loss attributable to shareholders of HK$232.4 million, as compared to the loss of HK$56.5 million for the comparative six months in the preceding year.**

- **Although the Group completed the sale of the hotel property in its Regal Cosmopolitan City project in Chengdu in June 2026, the progress on the disposals of the remaining commercial components in this project in Chengdu as well as the Group's other development project in Tianjin remained sluggish.**

- **The increased loss sustained in the half year under review was mainly attributable to the impairment of the capitalised prepayment costs of the Group's reforestation and land grant project in Urumqi, due to recent changes in circumstances affecting the project.**

- **The remaining commercial components in the two projects of the Group in Chengdu and Tianjin, both of which have now been fully completed, still command significant value.**

- **The Group will closely monitor the market conditions for the relaunch of the sales programmes for the two projects in Chengdu and Tianjin but, in the meanwhile, will also explore opportunities for the disposal of the remaining components on en bloc basis.**

FINANCIAL RESULTS

For the six months ended 30th June, 2026, the Group recorded a consolidated loss attributable to shareholders of HK$232.4 million, as compared to the loss of HK$56.5 million for the comparative six months in the preceding year.

As explained in the Profit Warning published by the Company on 20th August, 2026, although the Group completed the sale of the hotel property in its Regal Cosmopolitan City project in Chengdu in June 2026, the progress on the disposals of the remaining commercial components in this project in Chengdu as well as the Group's other development project in Tianjin remained sluggish. Consequently, overall profit contribution from the sale of properties during the period was relatively modest. The increased loss sustained in the half year under review was mainly attributable to the impairment of the capitalised prepayment costs of the Group's reforestation and land grant project in Urumqi, due to recent changes in circumstances affecting the project.

BUSINESS OVERVIEW

Despite the Central Government's policy support, the real estate market in China has continued to consolidate. Overall property sales volumes as well as new investments in real estate have both declined.

As mentioned above, the Group has completed the sale of the hotel property in the Group's development project in Chengdu in June 2026 and the sales proceeds used to settle the Group's liabilities and for general working capital. The remaining commercial components in the Chengdu project and in the Group's Regal Renaissance development project in Tianjin, both of which have now been fully completed, still command significant value. However, due to the unfavorable market condition affecting the commercial property segment, sales progress has been very slow.

Shareholders could find detailed information on the development projects in Chengdu and Tianjin as well as an explanation on the recent changes in circumstances affecting the reforestation and land grant project in Urumqi in the "Management Discussion and Analysis" section in this announcement.

OUTLOOK

The Central Government will continue to introduce supportive policies and administrative measures to reduce market imbalances and to restore property buyers' confidence. It can be expected that the overall real estate market in China will stabilise, although the process might be gradual.

The Group will closely monitor the market conditions for the relaunch of the sales programmes for the two projects in Chengdu and Tianjin but, in the meanwhile, will also explore opportunities for the disposal of the remaining components on en bloc basis.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

Property Development

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

All the residential units in the latest phase of the development had been sold in prior years. Total proceeds from the sales of the residential units amounted to approximately RMB2,048.3 million (HK$2,314.0 million).

The sale of the shops with about 4,110 square metres (44,250 square feet) comprised in the latest phase of the residential site in the development project is in progress. Up to date, a total of 4,002 square metres (43,078 square feet) of shops have been sold, for aggregate sale considerations of approximately RMB93.2 million (HK$107.5 million). The sale of the 1,387 car parking spaces is continuing and, up to date, 593 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB58.9 million (HK$67.4 million). Most of these sale transactions have already been completed and the revenues accounted for in prior financial years.

The remaining commercial components of the final stage of the development comprise a commercial complex of about 52,500 square metres (565,100 square feet) and five towers of office accommodations of about 86,000 square metres (925,700 square feet), which have all been completed.

The sale programme for the units in one of the office towers, consisting of 434 units with a total of about 19,400 square metres (208,800 square feet), is on-going. Up to date, 380 office units with a total of about 16,974 square metres (182,708 square feet) have been sold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB145.8 million (HK$164.6 million).

The sale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial portion of the office tower on sale commenced in 2022. Up to date, a total of 5 shop units of about 274 square metres (2,949 square feet) have been sold, for aggregate sale considerations of approximately RMB8.1 million (HK$9.3 million).

The Group entered into an agreement in January 2026 for the sale of the hotel block within the development to a third party purchaser for hotel operations at a gross consideration of RMB143.0 million. This transaction was completed in June 2026 and the net proceeds received were used to settle the Group's liabilities and for its general working capital purpose.

Tianjin Project – Regal Renaissance

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

All residential units in this development had been sold. The programme for the sale of shops with a total area of about 19,000 square metres (205,000 square feet) in the commercial complex is ongoing. Up to date, shops with a total area of 16,050 square metres (172,762 square feet) have been sold for aggregate sale considerations of approximately RMB374.1 million (HK$419.5 million). Certain parts of the commercial complex have been leased out for rental income.

The remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium with total gross floor area of 67,739 square metres (729,143 square feet).

Xinjiang Project

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

Based on the legal advice obtained, the legitimate interests of the Group in the re-forestation contract remained valid and effective. However, as a prerequisite to securing the right for the Group to participate in the land grant and monetary compensation for the re-forestation costs incurred, the re-forested area would require to undergo a satisfactory inspection by the local municipality government.

The Group has conducted communications with the local government authorities in recent months and it has since become apparent that the municipality government is not prepared to process the requisite inspection of the re-forested area in the near future, despite the fact that the Group had re-forested and maintained the project site for more than a decade.

Having regard to other more compelling needs for the use of the Group's available financial resources and the increasing uncertainties encroaching on the Group's ability to secure its contractual rights under the re-forestation and land grant contract, the Group determined to suspend the work for the maintenance of the re-forested area in April 2026, until there is some positive development on the site inspection by the local municipality government.

As the suspension of the maintenance work could potentially cause adverse impact on the Group's contractual rights under the re-forestation and land grant contract, the Group has fully impaired the capitalised prepayment costs associated with this project in the financial results for the half year ended 30th June, 2026 due to the recent changes in the circumstances affecting the project.

The Group will continue its regular contact with the relevant government officials and will consider resuming the re-forestation maintenance work as and when the Group is satisfied that the local government is ready to implement the process for the aforesaid requisite inspection and compensation. In the meantime, the Group is exploring other options to divest the project or to introduce strategic investors to co-develop the project.

Other Investments

Due to the changes in the overall economic environment, the Group no longer holds a significant portfolio of other investments, which were initially planned to complement the Group's property development and investment businesses. The Group may, however, consider reinvesting in this business segment if circumstances are appropriate.

FINANCIAL REVIEW

ASSETS VALUE

As at 30th June, 2026, the Group's net assets attributable to equity holders of the parent amounted to HK$217.6 million, representing approximately HK$0.12 per share (including ordinary share and convertible preference share). Assuming full conversion of the outstanding convertible notes as at 30th June, 2026, the Group's net assets attributable to equity holders of the parent would be approximately HK$0.09 per share (including ordinary share and convertible preference share) on a fully diluted basis.

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

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

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

In September 2021, the Group entered into a supplemental agreement with Regal Hotels International Holdings Limited group for the extension of the repayment date of the revised loan facilities in the aggregate amount of HK$857.0 million from 12th October, 2021 to 12th October, 2024. In September 2024, the Group further entered into a second supplemental agreement with the Regal group, principally with the objective to extending the repayment date of the revised loan facilities from 12th October, 2024 to 12th October, 2027, in order that the Group can further align the timing for the repayment of the revised loan facilities with the latest sale progress and completion schedules of the Group's development projects in Chengdu and Tianjin.

Construction and related costs for the property projects for the time being are principally financed by internal resources, proceeds from the presale of the units and drawdown of loan facilities granted by the Regal group as well as through other borrowings.

Cash Flows

Net cash flows used in operating activities during the period under review amounted to HK$10.9 million (2025 – HK$73.3 million). Net interest payment for the period amounted to HK$11.7 million (2025 – HK$12.4 million).

Borrowings and Gearing

As at 30th June, 2026, the Group had cash and bank balances and deposits of HK$16.8 million (31st December, 2025 – HK$22.0 million) and the Group's borrowings including convertible notes, net of cash and bank balances and deposits, amounted to HK$1,240.4 million (31st December, 2025 – HK$1,241.0 million).

As at 30th June, 2026, the gearing ratio of the Group was 49.1% (31st December, 2025 – 44.3%), representing the Group's borrowings including convertible notes, net of cash and bank balances and deposits, of HK$1,240.4 million (31st December, 2025 – HK$1,241.0 million), as compared to the total assets of the Group of HK$2,527.4 million (31st December, 2025 – HK$2,802.5 million).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2026 are shown in the condensed consolidated financial statements contained in the interim report for the six months ended 30th June, 2026 of the Company ("Interim Financial Statements") to be published on or before 30th September, 2026.

Lease Liabilities

As at 30th June, 2026, the Group did not have any lease liabilities (31st December, 2025 – Nil).

Pledge of Assets

As at 30th June, 2026, the Group's certain properties held for sale of HK$925.9 million (31st December, 2025 – Nil) were pledged to secure the other borrowings of the Group.

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

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2026 are shown in the Interim Financial Statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2026 are shown in the Interim Financial Statements.

DIVIDEND

The Directors have resolved not to declare an interim dividend for the financial year ending 31st December, 2026 (2025 – Nil).

HALF YEAR RESULTS

Condensed Consolidated Statement of Profit or Loss

	Six months ended 30th June, 2026	Six months ended 30th June, 2025
	(Unaudited)	(Unaudited)
	HK$'M	HK$'M
REVENUE (Notes 2 & 3)	**158.8**	16.0
Cost of sales	**(152.2)**	(13.7)
Gross profit	**6.6**	2.3
Other income and gains (Note 3)	**0.1**	1.7
Fair value losses on investment properties, net	**(0.5)**	(0.6)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net	**(0.1)**	0.3
Impairment loss on properties held for sale	**–**	(2.2)
Impairment loss on prepayments	**(163.3)**	–
Property selling and marketing expenses	**(8.0)**	(0.5)
Administrative expenses	**(26.5)**	(21.9)
OPERATING LOSS BEFORE DEPRECIATION	**(191.7)**	(20.9)
Depreciation (Note 4)	**(0.4)**	(0.3)
OPERATING LOSS (Notes 2 & 4)	**(192.1)**	(21.2)
Finance costs (Note 5)	**(30.8)**	(39.0)
LOSS BEFORE TAX	**(222.9)**	(60.2)
Income tax (Note 6)	**(9.5)**	3.7
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(232.4)**	(56.5)

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

	Six months ended 30th June, 2026 (Unaudited) HK$'M	Six months ended 30th June, 2025 (Unaudited) HK$'M
Attributable to:		
Equity holders of the parent	**(232.4)**	(56.5)
Non-controlling interests	**–**	–
	(232.4)	(56.5)
LOSS PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	**HK(12.43) cents**	HK(3.84) cents

Condensed Consolidated Statement of Comprehensive Income

	Six months ended 30th June, 2026 (Unaudited) HK$'M	Six months ended 30th June, 2025 (Unaudited) HK$'M
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	**(232.4)**	(56.5)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**65.9**	51.5
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Change in fair value of equity investments designated at fair value through other comprehensive income	**(0.1)**	(0.8)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**65.8**	50.7
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(166.6)**	(5.8)
Attributable to:		
Equity holders of the parent	**(166.8)**	(5.8)
Non-controlling interests	**0.2**	–
	(166.6)	(5.8)

Condensed Consolidated Statement of Financial Position

	30th June, 2026 (Unaudited) HK$'M	31st December, 2025 (Audited) HK$'M
NON-CURRENT ASSETS		
Property, plant and equipment	**6.7**	6.8
Investment properties	**38.5**	37.6
Investment in a joint venture	**2.4**	2.4
Prepayments (Note 9)	**–**	159.1
Equity investments designated at fair value through other comprehensive income	**3.9**	4.0
Total non-current assets	**51.5**	209.9
CURRENT ASSETS		
Properties held for sale	**2,437.1**	2,537.6
Loans receivable	**1.6**	1.6
Deposits, prepayments and other assets (Note 9)	**19.6**	30.5
Financial assets at fair value through profit or loss	**0.8**	0.9
Restricted cash	**0.4**	0.5
Cash and bank balances	**16.4**	21.5
Total current assets	**2,475.9**	2,592.6

Condensed Consolidated Statement of Financial Position (Cont'd)

	30th June, 2026 (Unaudited) HK$'M	31st December, 2025 (Audited) HK$'M
CURRENT LIABILITIES		
Creditors and accruals	**(180.7)**	(210.3)
Contract liabilities	**(18.3)**	(12.1)
Deposits received	**(54.9)**	(52.9)
Other borrowings (Note 10)	**(210.4)**	(375.0)
Tax payable	**(179.5)**	(312.0)
Total current liabilities	**(643.8)**	(962.3)
NET CURRENT ASSETS	**1,832.1**	1,630.3
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,883.6**	1,840.2
NON-CURRENT LIABILITIES		
Creditors and accruals	**(24.8)**	(25.8)
Amount due to related companies	**(467.5)**	(443.3)
Deposits received	**(0.3)**	(0.9)
Other borrowings (Note 10)	**(1,014.4)**	(857.0)
Convertible notes	**(32.4)**	(31.0)
Deferred tax liabilities	**(122.3)**	(93.7)
Total non-current liabilities	**(1,661.7)**	(1,451.7)
Net assets	**221.9**	388.5
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	**37.4**	37.4
Reserves	**180.2**	347.0
	217.6	384.4
Non-controlling interests	**4.3**	4.1
Total equity	**221.9**	388.5

Notes:

1. Basis of Preparation and Accounting Policies

The condensed consolidated financial statements for the six months ended 30th June, 2026 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 *Interim Financial Reporting* as issued by the Hong Kong Institute of Certified Public Accountants. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31st December, 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial statements.

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The nature and impact of the amended HKFRS Accounting Standards are described below:

(a) Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify that a financial asset is derecognised when the entity's rights to the contractual cash flows expire or are transferred, while a financial liability is derecognised on the settlement date. The amendments introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. Prior to the initial application of the amendments, the Group derecognised payables that were settled by cheques upon the issuance of cheques to creditors. Upon applying the amendments, payables that were settled by cheques are derecognised on the settlement date which is the date when the cheques are cleared by banks. The change in accounting policy did not have a material impact on the Group's interim condensed consolidated financial statements. The change in accounting policy will be reflected in the Group's consolidated financial statements for the year ending 31st December, 2026.

(b) Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. As the Group did not have any contracts that are in the scope of the amendments, the amendments did not have any impact on the interim condensed consolidated financial statements.

(c) *Annual Improvements to HKFRS Accounting Standards* – Volume 11 set out narrow scope amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. The amendments include clarifications, simplifications, corrections or changes to improve consistency in the corresponding HKFRS Accounting Standards. The amendments did not have any impact on the interim condensed consolidated financial statements.

The Group had a net loss attributable to owners of the parent of HK$232.4 million (2025 – HK$56.5 million) for the period ended 30th June, 2026 and net current assets of HK$1,832.1 million (31st December, 2025 – HK$1,630.3 million) and net assets of HK$221.9 million (31st December, 2025 – HK$388.5 million) as at 30th June, 2026.

The condensed consolidated financial statements were prepared based on the assumption that the Group is operating as a going concern, as the Directors are of the view that the

Group will have sufficient working capital to finance its operations in the next twelve months from 30th June, 2026, after taking into consideration the following:

(i) the estimated cash flows of the Group for the next twelve months from the end of the reporting period;

(ii) the plan for the sales of the Group's property assets which are readily available for sale, including the office units and other components of the development projects in Chengdu and Tianjin;

(iii) the available unutilised financial facilities of the Group; and

(iv) the financial support provided by the listed parent company 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, head office and corporate gains and expenses are excluded from such measurement.

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

	Property development and investment		Financial assets investments		Consolidated	
	Six months ended 30th June,		Six months ended 30th June,		Six months ended 30th June,	
	2026	2025	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M	HK$'M
Segment revenue:						
Sales to external customers	158.8	15.0	–	1.0	158.8	16.0
Segment results before depreciation	(176.2)	(11.9)	(0.1)	1.3	(176.3)	(10.6)
Depreciation	(0.4)	(0.3)	–	–	(0.4)	(0.3)
Segment results	(176.6)	(12.2)	(0.1)	1.3	(176.7)	(10.9)
Unallocated interest income and unallocated non-operating and corporate gains					–	1.6
Unallocated non-operating and corporate expenses					(15.4)	(11.9)
Operating loss					(192.1)	(21.2)
Finance costs	(21.5)	(24.5)	–	–	(21.5)	(24.5)
Unallocated finance costs					(9.3)	(14.5)
Loss before tax					(222.9)	(60.2)
Income tax					(9.5)	3.7
Loss for the period before allocation between equity holders of the parent and non-controlling interests					(232.4)	(56.5)
Attributable to:						
Equity holders of the parent					(232.4)	(56.5)
Non-controlling interests					–	–
					(232.4)	(56.5)

3. Revenue, other income and gains are analysed as follows:

	Six months ended 30th June, 2026 (Unaudited) HK$'M	Six months ended 30th June, 2025 (Unaudited) HK$'M
<u>Revenue</u>		
Revenue from contracts with customers		
Proceeds from sale of properties	**158.2**	13.9
Revenue from other sources		
Rental income	**0.6**	1.1
Net gain from sale of financial assets at fair value through profit or loss	–	0.4
Dividend income from listed investments	–	0.6
	158.8	16.0
<u>Other income and gains</u>		
Other interest income	–	1.6
Gain on disposal of items of property, plant and equipment	–	0.1
Others	**0.1**	–
	0.1	1.7

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

	Six months ended 30th June, 2026 (Unaudited) HK$'M	Six months ended 30th June, 2025 (Unaudited) HK$'M
Profit on disposal of properties, net	**6.2**	0.4
Depreciation of property, plant and equipment	**0.4**	0.3

5. Finance costs of the Group are as follows:

	Six months ended 30th June, 2026	**Six months ended 30th June, 2025**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Interest on a bank loan	–	0.2
Interest on convertible notes	**1.4**	1.7
Interest on other borrowings	**29.4**	37.1
Total	**30.8**	39.0

6. The income tax charge/(credit) for the period arose as follows:

	Six months ended 30th June, 2026	**Six months ended 30th June, 2025**
	(Unaudited)	**(Unaudited)**
	HK$'M	**HK$'M**
Current – PRC		
Corporate income tax		
Credit for the period	**(21.6)**	–
Underprovision in prior years	–	0.3
Land appreciation tax	**0.7**	(3.0)
Deferred	**30.4**	(1.0)
Total tax charge/(credit) for the period	**9.5**	(3.7)

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 (2025 – Nil).

Taxes on the profits of subsidiaries operating in the PRC are calculated at the applicable prevailing rates.

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

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the period (2025 – Nil).

7. Dividend

No dividend was paid or proposed during the six months ended 30th June, 2026, nor has any dividend been proposed since the end of the reporting period (2025 – Nil).

8. (a) Basic loss per share

The calculation of basic loss per share for the period ended 30th June, 2026 is based on the loss for the period attributable to equity holders of the parent of HK$232.4 million (2025 – HK$56.5 million) and on the weighted average of 1,869.2 million (2025 – 1,469.2 million) shares of the Company outstanding (including ordinary shares and convertible preference shares) during the six months ended 30th June, 2026.

(b) Diluted loss per share

No adjustment has been made to the loss per share amount presented for the periods ended 30th June, 2026 and 2025 in respect of a dilution, as the impact of the convertible notes outstanding during the periods had an anti-dilutive effect on the loss per share amount presented.

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

	30th June, 2026 (Unaudited) HK$'M	31st December, 2025 (Audited) HK$'M
Non-current		
Prepayments (Note (a))	**165.1**	159.1
Impairment	**(165.1)**	–
Total	–	159.1
Current		
Trade debtors (Note (b))	**0.6**	0.9
Prepayments	**14.5**	25.7
Other receivables	**4.5**	3.9
Total	**19.6**	30.5

Notes:

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

In the prior years, the Group completed the milestones required by the relevant PRC government authorities and obtained affirmations to confirm the fulfilment of the conditions agreed with the relevant policies and regulations. Based on the latest legal opinion obtained, the legitimate interests of the Group in the relevant re-forestation contract remained valid and effective. However, having conducted communications with relevant government authorities in recent months, the Directors of the Company were of the opinion that the relevant government authorities are not prepared to proceed with the requisite inspection or certification process in the near future. Consequently, the Group has suspended its activities in respect of the project pending further positive developments.

Given the uncertainty surrounding the Group's ability to realize its contractual rights due to this recent change in circumstances and the absence of a clear timeline for a positive resolution with the relevant government authorities, a full impairment loss of HK$163.3 million was charged to profit or loss during the six months ended 30th June, 2026.

The Group continues to engage discussions with the relevant authorities and is also exploring alternative strategic options. The Group will reassess the recoverability of any future costs should the situation improve.

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

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

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

	30th June, 2026 (Unaudited) HK$'M	31st December, 2025 (Audited) HK$'M
Outstanding balances with ages:		
Within 3 months	**–**	0.4
Over 1 year	**1.1**	1.0
	1.1	1.4
Impairment	**(0.5)**	(0.5)
Total	**0.6**	0.9

10. Other borrowings are analysed as follows:

	30th June, 2026 (Unaudited) HK$'M	31st December, 2025 (Audited) HK$'M
Secured note (Note (i))	**304.8**	312.0
Other loans (Note (ii))	**920.0**	920.0
Total	**1,224.8**	1,232.0
Analysed into:		
Other borrowings repayable:		
Within one year	**210.4**	375.0
In the second year	**1,014.4**	857.0
Total	**1,224.8**	1,232.0

(i) In April 2023, the Group issued a 3-year secured note in an aggregate nominal principal amount of US$40.0 million bearing interest at a coupon interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 3.11% per annum.

The secured note was re-financed for a two-year term (with certain portion to be due and repayable in April 2027), commencing from April 2026 under which the coupon interest rate was revised to CNH HIBOR plus 2.80% per annum for the first year and CNH HIBOR plus 2.00% per annum for the second year.

The secured note is secured by pledge over the equity interests of certain subsidiaries of the Group and certain of the Group's properties held for sale.

(ii) Other loans comprise the followings:

(a) A term loan of HK$357.0 million (31st December, 2025 – HK$357.0 million) and revolving loan of HK$500.0 million (31st December, 2025 – HK$500.0 million) from a fellow subsidiary, secured by a pledge over the equity interests in the relevant holding companies of the Group's property development projects. The loans mature on 12th October, 2027 and bear interest at HIBOR plus an interest margin of 1.95% per annum. Both the term loan and revolving loan are accordingly classified as non-current other borrowings as at 30th June, 2026.

(b) A revolving loan of HK$63.0 million (31st December, 2025 – HK$63.0 million) drawn from a loan facility of HK$80.0 million, secured by interests in companies holding certain property interests and other assets. The loan effectively bears interest at Hong Kong Dollar Best Lending Rate, as quoted by The Hongkong and Shanghai Banking Corporation Limited, plus an interest margin of 3% per annum. The loan facility which originally matures in January 2027, has been extended to January 2028 with the interest margin revised to 5% per annum, subject to the lender's right of early cancellation of the facility.

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, 2026.

REVIEW OF RESULTS

The Group's condensed consolidated financial statements for the six months ended 30th June, 2026 have not been audited, but have been reviewed by Ernst & Young, the Company's external auditor, whose review report is contained in the Company's interim report for the six months ended 30th June, 2026 to be despatched to shareholders.

The Audit Committee has reviewed the Group's condensed consolidated financial statements for the six months ended 30th June, 2026, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditor.

CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the six months ended 30th June, 2026, except that:

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

BOARD OF DIRECTORS

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

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

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

By Order of the Board
LO YUK SUI
Chairman

Hong Kong, 26th August, 2026