



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)



2024
INTERIM REPORT

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Lo Yuk Sui

(Chairman and Chief Executive Officer)

Jimmy Lo Chun To

(Vice Chairman and Managing Director)

Lo Po Man (Vice Chairman)

Kenneth Wong Po Man (Chief Operating Officer)

Kelvin Leung So Po (Chief Financial Officer)

Kenneth Ng Kwai Kai

Independent Non-Executive Directors

Francis Bong Shu Ying, OBE, JP

Alice Kan Lai Kuen

David Li Ka Fai, MH

Abraham Shek Lai Him, GBS, JP

AUDIT COMMITTEE

David Li Ka Fai, MH (Chairman)

Francis Bong Shu Ying, OBE, JP

Alice Kan Lai Kuen

Abraham Shek Lai Him, GBS, JP

REMUNERATION COMMITTEE

Alice Kan Lai Kuen (Chairman)

Lo Yuk Sui

Francis Bong Shu Ying, OBE, JP

David Li Ka Fai, MH

NOMINATION COMMITTEE

Lo Yuk Sui (Chairman)

Francis Bong Shu Ying, OBE, JP

Alice Kan Lai Kuen

David Li Ka Fai, MH

Abraham Shek Lai Him, GBS, JP

SECRETARY

Eliza Lam Sau Fun

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited

Bank of Communications (Hong Kong) Limited

The Bank of East Asia, Limited

Industrial and Commercial Bank of China (Asia) Limited

SHARE REGISTRAR IN THE CAYMAN ISLANDS

Maples Fund Services (Cayman) Limited

P.O. Box 1093, Boundary Hall

Cricket Square

Grand Cayman, KY1-1102

Cayman Islands

SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor, Hopewell Centre

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Hong Kong

REGISTERED OFFICE

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Grand Cayman, KY1-1104

Cayman Islands

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Mr. Lo Yuk Sui, aged 79; *Chairman and Chief Executive Officer* — Appointed to the Board as an Executive Director in 2013. Mr. Lo also acts as the Chairman and the Chief Executive Officer of the Company since 2013. He has been the managing director and chairman of the respective predecessor listed companies of Century City International Holdings Limited (“CCIHL”) (the ultimate listed holding company of the Company), Paliburg Holdings Limited (“PHL”) (the immediate listed holding company of the Company) and Regal Hotels International Holdings Limited (“RHIHL”) (a listed subsidiary of CCIHL and PHL and a listed fellow subsidiary of the Company) since 1980s. He is also an executive director, the chairman and the chief executive officer of CCIHL, PHL and RHIHL and a non-executive director and the chairman of Regal Portfolio Management Limited (“RPML”), the manager of Regal Real Estate Investment Trust (the listed subsidiary of RHIHL). Mr. Lo is a qualified architect. In his capacity as the Chief Executive Officer, Mr. Lo oversees the overall policy and decision making of the Group. Mr. Lo is the father of Mr. Jimmy Lo Chun To and Ms. Lo Po Man.

Mr. Lo Chun To (Alias: Jimmy), aged 50; *Vice Chairman and Managing Director* — Appointed to the Board as an Executive Director in 2013. Mr. Jimmy Lo also acts as a Vice Chairman and the Managing Director of the Company since 2013. He is also an executive director and a vice chairman of CCIHL, an executive director, the vice chairman and the managing director of PHL, an executive director of RHIHL and a non-executive director of RPML. Mr. Lo graduated from Cornell University, New York, the United States, with a Degree in Architecture. Mr. Lo joined the Century City Group in 1998. He is primarily involved in overseeing the property projects of the PHL Group and, in addition, undertakes responsibilities in the business development of the Century City Group. Mr. Lo is the son of Mr. Lo Yuk Sui and the brother of Ms. Lo Po Man.

Ms. Lo Po Man, aged 44; *Vice Chairman and Executive Director* — Appointed to the Board as an Executive Director in 2013. Ms. Lo also acts as a Vice Chairman of the Company since 2013. She is also an executive director and a vice chairman of CCIHL, an executive director of PHL, an executive director, a vice chairman and the managing director of RHIHL, and a non-executive director and the vice chairman of RPML. Ms. Lo graduated from Duke University with a Bachelor's Degree in Psychology and The University of Hong Kong with a Master's Degree in Buddhist Studies. Ms. Lo serves as an Adjunct Professor teaching sustainable business management and impact investing at The Hong Kong University of Science and Technology and The University of Hong Kong. Ms. Lo has been officially appointed as Member of the Green Technology and Finance Development Committee, Council Member of Hong Kong University of Science and Technology, and serves on Hong Kong's Chief Executive's Policy Unit Expert Group and the Green Technology and Finance Development Committee. She chairs the UNESCAP ESNB Finance Task Force and the Asia Pacific Green Deal for Business Committee. She primarily oversees the operation of the RHIHL Group's hotel business and, in addition, oversees corporate investments and business development of the Century City Group. Ms. Lo is the daughter of Mr. Lo Yuk Sui and the sister of Mr. Jimmy Lo Chun To.

Mr. Wong Po Man (Alias: Kenneth), aged 58; *Executive Director and Chief Operating Officer* — Appointed to the Board in 2010 as a Non-Executive Director and re-designated as an Executive Director and the Chief Operating Officer in 2013. Mr. Kenneth Wong is also an executive director of PHL. Mr. Wong graduated from The University of Hong Kong with a Bachelor of Arts Degree in Architectural Studies and a Bachelor's Degree of Architecture. He also holds a Master of Science Degree in Real Estates from The University of Hong Kong. He is a qualified architect and has over 32 years of experience in architectural design and project management in respect of property development projects. He is also a Technical Director of an engineering company which is registered under the Buildings Ordinance of Hong Kong.

DIRECTORS' PROFILE (Cont'd)

Mr. Leung So Po (Alias: Kelvin), aged 52; Executive Director and Chief Financial Officer — Appointed to the Board in 2008 as a Non-Executive Director and re-designated as an Executive Director and the Chief Financial Officer in 2013. Mr. Kelvin Leung is also an executive director of CCIHL, PHL and RHIHL. He has been with the Century City Group since 1997, and he is involved in the corporate finance function as well as in the China business division of the Century City Group. Mr. Leung holds a Bachelor's Degree in Business Administration and a Master of Laws Degree in Chinese Business Law both from The Chinese University of Hong Kong. He is a member of the American Institute of Certified Public Accountants. Mr. Leung has over 29 years of experience in accounting and corporate finance field.

Mr. Ng Kwai Kai (Alias: Kenneth), aged 70; Executive Director — Appointed to the Board in 2008 as a Non-Executive Director and re-designated as an Executive Director in 2013. Mr. Kenneth Ng is also an executive director and the chief operating officer of CCIHL, an executive director of PHL and RHIHL, and a non-executive director of RPML. He is in charge of the corporate finance, company secretarial and administrative functions of the Century City Group. Mr. Ng is a Chartered Secretary.

Mr. Bong Shu Ying, Francis, OBE, JP, aged 82; Independent Non-Executive Director — Appointed to the Board in 2006 as a Non-Executive Director and re-designated as an Independent Non-Executive Director in 2021. Mr. Francis Bong was a director of AECOM Technology Corporation, a company incorporated in the United States and listed on the New York Stock Exchange. Mr. Bong holds a Bachelor's Degree of Science in Engineering from The University of Hong Kong and is a former Chairman of the Hong Kong University Engineering Advisory Committee. He is a former president of the Hong Kong Institution of Engineers, a former president of the Hong Kong Academy of Engineering Sciences and a fellow member of The Institution of Structural Engineers in the United Kingdom.

Ms. Kan Lai Kuen, Alice, aged 69; Independent Non-Executive Director — Invited to the Board as an Independent Non-Executive Director in 2013. Ms. Alice Kan is also an independent non-executive director of RHIHL. Ms. Kan is a shareholder and a director of BLS Capital Limited. She is a licensed responsible officer of BLS Capital Limited for asset management under the Securities and Futures Ordinance of Hong Kong. She has over 20 years of experience in corporate finance and is well experienced in both the equity and debt markets. She held various senior positions in international and local banks and financial institutions. Ms. Kan is a fellow member of The Association of Chartered Certified Accountants, a fellow member of the CPA Australia and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms. Kan is also an independent non-executive director of Jolimark Holdings Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Li Ka Fai, David, MH, aged 69; Independent Non-Executive Director — Invited to the Board as an Independent Non-Executive Director in 2006. Mr. David Li is a fellow of The Association of Chartered Certified Accountants, UK. Mr. Li is an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of China-Hongkong Photo Products Holdings Limited and Goldlion Holdings Limited, an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of China Merchants Port Holdings Company Limited, an independent non-executive director and a member of the audit committee and the remuneration committee of Continental Aerospace Technologies Holding Limited, an independent non-executive director and the chairman of the audit committee of Shanghai Industrial Urban Development Group Limited and Wai Yuen Tong Medicine Holdings Limited, all of which companies are listed on the main board of the Stock Exchange.

Mr. Shek Lai Him, Abraham (Alias: Abraham Razack), GBS, JP, aged 79; Independent Non-Executive Director — Invited to the Board as an Independent Non-Executive Director in 2013. Mr. Abraham Shek is also an independent non-executive director of PHL and RPML. Mr. Shek holds a Bachelor's Degree of Arts and a Juris Doctor Degree. Mr. Shek is an honorary member of the Court of The Hong Kong University of Science and Technology, a member of both of the Court and the Council of The University of Hong Kong, a member of the Court of City University of Hong Kong and a member of the Court of Hong Kong Metropolitan University. He was a member of the Legislative Council of the Hong Kong Special Administrative Region. Mr. Shek is the honorary chairman, an independent non-executive director and the chairman of the audit committee of Chuang's China Investments Limited, an independent non-executive director and the chairman of the audit committee of Chuang's Consortium International Limited, the joint vice chairman, an independent non-executive director and a member of the audit committee of ITC Properties Group Limited, an independent non-executive director and a member of the audit committee of China Resources Building Materials Technology Holdings Limited, CSI Properties Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, Shin Hwa World Limited and NWS Holdings Limited, and an independent non-executive director of Alliance International Education Leasing Holdings Limited and Lai Fung Holdings Limited, all of which companies are listed on the Stock Exchange. He is also an independent non-executive director and a member of the audit committee of Eagle Asset Management (CP) Limited, the manager of Champion Real Estate Investment Trust (which is listed on the Stock Exchange).

CHAIRMAN'S STATEMENT

Dear shareholders,

I am presenting herewith the Interim Report of the Company for the six months ended 30th June, 2024.

FINANCIAL RESULTS

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

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

BUSINESS OVERVIEW

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

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

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

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

OUTLOOK

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

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

LO YUK SUI

Chairman

Hong Kong
28th August, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in property development and investment, which are mainly focused in the People's Republic of China (the "PRC"), and other investments including financial assets investments.

The operating performance of the Group's property and other investment businesses for the period and its future prospects are contained in the preceding Chairman's Statement and in this section.

The Group has no immediate plans for material investments or capital assets, other than those disclosed in the section headed "Business Overview" in the preceding Chairman's Statement and in this section.

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

Property Development

Chengdu Project – Regal Cosmopolitan City

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

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

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

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

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

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

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

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

Tianjin Project – Regal Renaissance

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

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

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

Xinjiang Project

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

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

Other Investments

PRC Real Estate Company

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

Investment in Interra Acquisition Corporation

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

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

FINANCIAL REVIEW

ASSETS VALUE

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

CAPITAL RESOURCES AND FUNDING

Funding and Treasury Policy

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

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

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

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

Cash Flows

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

Borrowings and Gearing

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

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

Details of the maturity profile of the borrowings of the Group as of 30th June, 2024 are shown in notes 12, 13 and 14 to the condensed consolidated financial statements.

Lease Liabilities

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

MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

Pledge of Assets

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

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

Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2024 are shown in note 16 to the condensed consolidated financial statements.

Contingent Liabilities

Details of the contingent liabilities of the Group as at 30th June, 2024 are shown in note 18 to the condensed consolidated financial statements.

Share Capital

During the period under review, there was no change in the share capital of the Company.

DIVIDEND

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

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES OR ASSOCIATES

During the period under review, there were no material acquisitions or disposals of subsidiaries or associates of the Company.

STAFF AND REMUNERATION POLICY

The Group employs approximately 80 staff in Hong Kong and the PRC. The Group's management considers the overall level of staffing employed and the remuneration cost incurred in connection with the Group's operations to be compatible with market norm.

Remuneration packages are generally structured by reference to market terms and individual merits. Salaries are normally reviewed on an annual basis based on performance appraisals and other relevant factors. Staff benefits plans maintained by the Group include a mandatory provident fund scheme as well as medical and life insurance for staff in Hong Kong, and the social security fund and the housing provident fund for staff in the PRC.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	Notes	HK\$ million	HK\$ million
REVENUE	2, 3	314.3	23.5
Cost of sales		<u>(312.9)</u>	<u>(17.0)</u>
Gross profit		1.4	6.5
Other income	3	5.9	0.2
Fair value losses on investment properties, net		(1.0)	(1.0)
Fair value losses on financial assets at fair value through profit or loss, net		(11.6)	–
Loss on disposal of investment properties		–	(1.0)
Property selling and marketing expenses		(6.1)	(2.7)
Administrative expenses		<u>(24.0)</u>	<u>(30.4)</u>
OPERATING LOSS BEFORE DEPRECIATION		(35.4)	(28.4)
Depreciation	4	<u>(0.6)</u>	<u>(0.7)</u>
OPERATING LOSS	2, 4	(36.0)	(29.1)
Finance costs	5	<u>(39.3)</u>	<u>(35.4)</u>
LOSS BEFORE TAX		(75.3)	(64.5)
Income tax	6	<u>(93.7)</u>	<u>(33.8)</u>
LOSS FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS		<u>(169.0)</u>	<u>(98.3)</u>
Attributable to:			
Equity holders of the parent		(169.0)	(98.3)
Non-controlling interests		–	–
		<u>(169.0)</u>	<u>(98.3)</u>
LOSS PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	8		(Restated)
Basic and diluted		<u>HK(11.5) cents</u>	<u>HK(8.75) cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	Notes	HK\$ million	HK\$ million
NON-CURRENT ASSETS			
Property, plant and equipment		7.9	8.5
Investment properties		39.9	47.9
Right-of-use assets		–	1.1
Investment in a joint venture		2.4	2.4
Prepayments	9	138.6	140.4
Equity investments designated at fair value through other comprehensive income		6.7	14.2
Total non-current assets		<u>195.5</u>	<u>214.5</u>
CURRENT ASSETS			
Properties under development		1,320.5	1,628.7
Properties held for sale		1,841.6	1,883.5
Loans receivable		1.9	1.9
Deposits, prepayments and other assets	9	29.5	65.7
Financial assets at fair value through profit or loss		118.1	129.7
Restricted cash		43.6	46.1
Pledged bank balances		1.1	1.8
Cash and bank balances		17.4	15.7
Total current assets		<u>3,373.7</u>	<u>3,773.1</u>
CURRENT LIABILITIES			
Creditors and accruals	10	(340.5)	(471.7)
Amount due to a related company	11	(182.6)	(41.5)
Contract liabilities		(19.3)	(304.4)
Deposits received		(102.9)	(105.6)
Interest bearing bank borrowing	12	(12.5)	(12.5)
Other borrowings	13	(857.0)	(847.2)
Lease liabilities		–	(0.4)
Tax payable		(359.3)	(317.5)
Total current liabilities		<u>(1,874.1)</u>	<u>(2,100.8)</u>
NET CURRENT ASSETS		<u>1,499.6</u>	<u>1,672.3</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,695.1</u>	<u>1,886.8</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	Notes	HK\$ million	HK\$ million
NON-CURRENT LIABILITIES			
Creditors and accruals	10	(39.2)	(35.3)
Deposits received		(0.6)	(0.6)
Other borrowings	13	(468.0)	(468.0)
Convertible notes	14	(40.0)	(38.3)
Lease liabilities		–	(0.7)
Deferred tax liabilities		(167.2)	(157.5)
Total non-current liabilities		<u>(715.0)</u>	<u>(700.4)</u>
Net assets		<u>980.1</u>	<u>1,186.4</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		29.4	29.4
Reserves		950.7	1,157.0
		<u>980.1</u>	<u>1,186.4</u>
Non-controlling interests		–	–
Total equity		<u>980.1</u>	<u>1,186.4</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2024

	Attributable to equity holders of the parent										
	Issued capital (Unaudited) HK\$ million	Share premium account (Unaudited) HK\$ million	Capital redemption reserve (Unaudited) HK\$ million	Capital reserve (Unaudited) HK\$ million	Fair value reserve (Unaudited) HK\$ million	Exchange equalisation reserve (Unaudited) HK\$ million	Contributed surplus [#] (Unaudited) HK\$ million	Equity component of convertible notes (Unaudited) HK\$ million	Other reserve (Unaudited) HK\$ million	Accumulated losses (Unaudited) HK\$ million	Total equity (Unaudited) HK\$ million
At 1st January, 2024	29.4	632.3	0.2	(3,753.3)	(552.1)	(263.6)	26.8	5,846.8	(1.1)	(779.0)	1,186.4
Loss for the period	-	-	-	-	-	-	-	-	-	(169.0)	(169.0)
Other comprehensive income/(loss) for the period:											
Change in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	3.6	-	-	-	-	-	3.6
Exchange differences on translation of foreign operations	-	-	-	-	-	(40.9)	-	-	-	-	(40.9)
Total comprehensive income/(loss) for the period	-	-	-	-	3.6	(40.9)	-	-	-	(169.0)	(206.3)
Transfer of fair value reserve upon disposal of equity investments at fair value through other comprehensive income	-	-	-	-	249.8	-	-	-	-	(249.8)	-
At 30th June, 2024	29.4	632.3*	0.2*	(3,753.3)*	(298.7)*	(304.5)*	26.8*	5,846.8*	(1.1)*	(1,197.8)*	980.1

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)

For the six months ended 30th June, 2024

	Attributable to equity holders of the parent										
	Issued capital (Unaudited) HK\$ million	Share premium account (Unaudited) HK\$ million	Capital redemption reserve (Unaudited) HK\$ million	Capital reserve (Unaudited) HK\$ million	Fair value reserve (Unaudited) HK\$ million	Exchange equalisation reserve (Unaudited) HK\$ million	Contributed surplus# (Unaudited) HK\$ million	Equity component of convertible bonds (Unaudited) HK\$ million	Other reserve (Unaudited) HK\$ million	Accumulated losses (Unaudited) HK\$ million	Total equity (Unaudited) HK\$ million
At 1st January, 2023	17.4	2,325.6	0.2	(411.9)	(485.2)	(214.6)	26.8	560.2	(1.1)	(406.7)	1,410.7
Loss for the period	-	-	-	-	-	-	-	-	-	(98.3)	(98.3)
Other comprehensive loss for the period:											
Change in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	(5.0)	-	-	-	-	-	(5.0)
Exchange differences on translation of foreign operations	-	-	-	-	-	(76.8)	-	-	-	-	(76.8)
Total comprehensive loss for the period	-	-	-	-	(5.0)	(76.8)	-	-	-	(98.3)	(180.1)
At 30th June, 2023	17.4	2,325.6*	0.2*	(411.9)*	(490.2)*	(291.4)*	26.8*	560.2*	(1.1)*	(505.0)*	1,230.6

* These reserve accounts comprise the consolidated reserves of HK\$950.7 million (30th June, 2023 – HK\$1,213.2 million) in the condensed consolidated statement of financial position.

The contributed surplus of the Group represents the excess of the nominal value of the subsidiaries' shares acquired over the nominal value of the Company's shares issued in exchange at the time of the Group's reorganisation in 1991, net of subsequent distributions therefrom. Under the Companies Act of the Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$ million	HK\$ million
Net cash flows used in operating activities	<u>(157.7)</u>	<u>(258.8)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in loans receivable	(0.1)	(0.2)
Proceeds from disposal of investment properties	6.1	13.2
Decrease/(Increase) in pledged bank balances	0.7	(0.1)
Additions to investment properties	(0.1)	(0.2)
Acquisition of assets	16.1	–
Interest received	0.1	0.1
Net cash flows from investing activities	<u>22.8</u>	<u>12.8</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of a secured note	–	312.0
Drawdown of other borrowings	16.4	261.9
Repayment of other borrowings	(6.6)	(305.9)
Advance from a related company	141.9	–
Principal portion of lease payments	(0.2)	(0.2)
Interest paid	(12.9)	(6.4)
Net cash flows from financing activities	<u>138.6</u>	<u>261.4</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3.7	15.4
Cash and cash equivalents at beginning of period	15.7	55.5
Effect of foreign exchange rate changes, net	(2.0)	(2.1)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>17.4</u>	<u>68.8</u>
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>17.4</u>	<u>68.8</u>

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting Policies and Basis of Preparation

The condensed consolidated financial statements for the six months ended 30th June, 2024 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31st December, 2023. The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31st December, 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

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

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

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

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

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

2. Operating Segment Information

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

- (a) the property development and investment segment comprises the development and sale of properties and the leasing of properties; and
- (b) the financial assets investments segment engages in trading of financial assets at fair value through profit or loss and other financial assets investments.

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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, 2024		Six months ended 30th June, 2024		Six months ended 30th June, 2023	
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Segment revenue (Note 3):						
Sales to external customers	313.5	23.0	0.8	0.5	314.3	23.5
Segment results before depreciation	(12.1)	(16.4)	(10.9)	0.5	(23.0)	(15.9)
Depreciation	(0.6)	(0.7)	-	-	(0.6)	(0.7)
Segment results	(12.7)	(17.1)	(10.9)	0.5	(23.6)	(16.6)
Unallocated interest income and unallocated non-operating and corporate gains					0.3	0.1
Unallocated non-operating and corporate expenses					(12.7)	(12.6)
Operating loss					(36.0)	(29.1)
Finance costs (other than interest on lease liabilities)	(21.3)	(18.5)	-	-	(21.3)	(18.5)
Unallocated finance costs					(18.0)	(16.9)
Loss before tax					(75.3)	(64.5)
Income tax					(93.7)	(33.8)
Loss for the period before allocation between equity holders of the parent and non-controlling interests					(169.0)	(98.3)
Attributable to:						
Equity holders of the parent					(169.0)	(98.3)
Non-controlling interests					-	-
					(169.0)	(98.3)

3. Revenue and Other Income

Revenue and other income are analysed as follows:

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

Disaggregation of revenue from contracts with customers

All of the Group's revenue from contracts with customers for the six months ended 30th June, 2024 represented proceeds from sale of properties to external customers of HK\$312.8 million (2023 – HK\$22.2 million) in Mainland China included in the "Property development and investment" segment. The proceeds from sale of properties were recognised at a point in time.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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

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

5. Finance Costs

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

6. Income Tax

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$ million	HK\$ million
Current – the People’s Republic of China (the “PRC”)		
Charge for the period	6.4	–
Land appreciation tax	78.6	34.4
Deferred	8.7	(0.6)
Total tax charge for the period	<u>93.7</u>	<u>33.8</u>

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

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

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

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

7. Dividend

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

8. Loss Per Share Attributable to Equity Holders of the Parent

(a) Basic loss per share

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

(b) Diluted loss per share

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

9. Deposits, Prepayments and Other Assets

		30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	Notes	HK\$ million	HK\$ million
Non-current			
Prepayments	(a)	<u>138.6</u>	<u>140.4</u>
Current			
Trade debtors	(b)	0.6	0.6
Contract costs		0.2	2.5
Prepayments		23.5	58.5
Deposits		–	0.1
Other receivables		<u>5.2</u>	<u>4.0</u>
Total		<u>29.5</u>	<u>65.7</u>

Notes:

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

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

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

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

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

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

	30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	HK\$ million	HK\$ million
Outstanding balances with ages:		
Within 3 months	0.1	0.1
Over 1 year	1.0	1.0
	<u>1.1</u>	<u>1.1</u>
Impairment	(0.5)	(0.5)
	<u>0.6</u>	<u>0.6</u>
Total	<u><u>0.6</u></u>	<u><u>0.6</u></u>

10. Creditors and Accruals

		30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	Notes	HK\$ million	HK\$ million
Non-current			
Creditors		13.3	9.3
Due to a joint venture	(a)	22.7	22.7
Deferred income		3.2	3.3
Total		<u>39.2</u>	<u>35.3</u>
Current			
Creditors		301.6	453.7
Accruals		8.5	8.9
Due to fellow subsidiaries	(b)	30.4	9.1
Total		<u>340.5</u>	<u>471.7</u>

Notes:

- (a) The amount due to a joint venture is unsecured, interest-free and not repayable within twelve months from the end of the reporting period.
- (b) Included in the balance is an amount due to a fellow subsidiary of HK\$30.3 million (31st December, 2023 – HK\$9.1 million) representing the accrued interest on the other borrowings which is secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects and repayable within one year. The remaining balance is unsecured, interest-free and repayable on demand.

11. Amount due to a Related Company

The amount due to a related company is unsecured, interest-free and repayable on demand.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

12. Interest Bearing Bank Borrowing

	30th June, 2024 (Unaudited)		31st December, 2023 (Audited)	
	Maturity	HK\$ million	Maturity	HK\$ million
Current				
Bank loan – secured	2024	<u>12.5</u>	2024	<u>12.5</u>
Analysed into:				
Bank loan repayable within one year		<u>12.5</u>		<u>12.5</u>

The Group's facilities amounting to HK\$20.0 million, of which HK\$12.5 million (31st December, 2023 – HK\$12.5 million) had been utilised at 30th June, 2024, were secured by the pledge of certain of the Group's bank balances and financial assets at fair value through profit or loss amounting to HK\$24.4 million (31st December, 2023 – HK\$23.6 million) in aggregate. As at 30th June, 2024, the outstanding loan facilities of the Group bore interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus an interest margin of 1.25% per annum. The interest bearing bank borrowing was denominated in Hong Kong dollars.

13. Other Borrowings

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

- (i) On 19th September, 2022, Cosmopolitan International Finance Limited ("CIFL"), a wholly owned subsidiary of the Company, issued a 3-year unsecured note ("Note A") in an aggregate nominal principal amount of US\$20.0 million at a coupon interest rate of HIBOR plus 0.6% per annum.

On 14th April, 2023, CIFL issued a 3-year secured note ("Note B") in an aggregate nominal principal amount of US\$40.0 million at a coupon interest rate of HIBOR plus 3.11% per annum.

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

- (ii) Other loans, comprising a term loan of HK\$357.0 million and revolving loan of HK\$500.0 million (31st December, 2023 – term loan of HK\$357.0 million and revolving loan of HK\$490.2 million) from a fellow subsidiary, are secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects and bear interest at 5% per annum. The term loan is repayable on 12th October, 2024 and is accordingly classified as current other borrowings as at 30th June, 2024.

14. Convertible Notes

As at 30th June, 2024, the Group has issued one (31st December, 2023 – one) tranche of convertible notes, further details of which are set out as follows:

Purpose:	Bonus issue to the shareholders of the Company
Convertible notes:	CN 2053
Issue date:	4th December, 2023
Maturity date:	4th December, 2053
Principal amount:	HK\$148,222,641
Coupon interest:	2% per annum payable annually
Initial conversion price to ordinary shares of the Company:	HK\$0.10 per share (subject to adjustment)
Conversion period:	At any time from 4th December, 2023 to 4th December, 2053
Maximum number of shares of the Company to be converted based on initial conversion price:	1,482,226,414
Status as at 30th June, 2024:	Principal amount of HK\$12,000,000 was converted into 120,000,000 ordinary shares on 4th December, 2023
Redemption:	If any of the convertible notes have not been converted, they will be redeemed on the maturity date at 100% of their outstanding principal amounts.

On 4th December, 2023, the Company issued convertible notes with principal amount of HK\$148.2 million ("CN 2053") with a maturity date on 4th December, 2053 pursuant to the Bonus Issue. CN 2053 contains two components: equity component and liability component. The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar note without conversion option. The residual amount is assigned as the equity component and is included in reserve. The effective interest rate of the liability component of CN 2053 is 9.05%.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

15. Related Party Transactions

- (a) In addition to the transactions and balances set out elsewhere in the notes to the condensed consolidated financial statements, the Group had the following material related party transactions during the period:

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$ million	HK\$ million
A wholly owned subsidiary of the ultimate listed holding company:		
Management fees	5.0	5.1
Subsidiaries of the intermediate listed holding company:		
Interest expenses on other borrowings	21.3	18.5
Interest expenses on convertible notes/bonds	1.7	8.9
	<u>28.0</u>	<u>27.4</u>

The nature and terms of the above related party transactions have not changed and were already disclosed in the Group's audited consolidated financial statements for the year ended 31st December, 2023.

- (b) Compensation of key management personnel of the Group:

	Six months ended 30th June, 2024 (Unaudited)	Six months ended 30th June, 2023 (Unaudited)
	HK\$ million	HK\$ million
Short term employee benefits	3.1	3.1
Staff retirement scheme contributions	0.2	0.2
Total compensation paid to key management personnel	<u>3.3</u>	<u>3.3</u>

16. Commitments

The Group had the following contractual commitments at the end of the reporting period:

	30th June, 2024 (Unaudited)	31st December, 2023 (Audited)
	HK\$ million	HK\$ million
Property development projects	<u>126.5</u>	<u>165.8</u>

17. Pledge of Assets

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

In addition, the Group's equity interests in the relevant holding companies of the Group's property development projects were pledged to secure certain other borrowings and the related interest payable in respect of a loan facility from a fellow subsidiary.

18. Contingent Liabilities

At the end of the reporting period, the Group had provided guarantees to banks in connection with mortgage facilities granted to certain purchasers of the Group's properties amounting to approximately RMB188.7 million (HK\$201.9 million) (31st December, 2023 – RMB\$341.2 million (HK\$373.9 million)). The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates and the completion of the proper procedures to register the mortgages under the names of the relevant purchasers, which will generally complete within one to two years after the purchasers take possession of the relevant properties.

No provision has been made in the condensed consolidated financial statements for the guarantees in connection with the mortgage facilities as management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of any default in payments.

19. Fair Value and Fair Value Hierarchy of Financial Instruments

At the end of the reporting period, the carrying amounts of the Group's financial assets and financial liabilities approximated to their fair values.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, management analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. Independent professional valuers are engaged for the valuation as appropriate. The valuation is reviewed and approved by management. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of financial liabilities included in creditors and accruals, deposits received and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for the financial liabilities included in creditors and accruals, and other borrowings was assessed to be insignificant. The fair value of the liability portion of the convertible notes are estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible note with consideration of the Group's own non-performance risk.

The fair values of listed equity investments are determined based on quoted market prices. The fair value of the unlisted equity investment are determined based on management's estimation on the future returns from the investment.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value as at 30th June, 2024

	Fair value measurement using			Total (Unaudited) HK\$ million
	Quoted prices in active markets (Level 1) (Unaudited) HK\$ million	Significant observable inputs (Level 2) (Unaudited) HK\$ million	Significant unobservable inputs (Level 3) (Unaudited) HK\$ million	
Equity investments designated at fair value through other comprehensive income:				
Listed equity investment	6.7	–	–	6.7
Unlisted equity investment	–	–	–	–
Financial assets at fair value through profit or loss:				
Listed equity investments	118.1	–	–	118.1
Total	124.8	–	–	124.8

Assets measured at fair value as at 31st December, 2023

	Fair value measurement using			Total (Audited) HK\$ million
	Quoted prices in active markets (Level 1) (Audited) HK\$ million	Significant observable inputs (Level 2) (Audited) HK\$ million	Significant unobservable inputs (Level 3) (Audited) HK\$ million	
Equity investments designated at fair value through other comprehensive income:				
Listed equity investment	14.2	–	–	14.2
Unlisted equity investment	–	–	–	–
Financial assets at fair value through profit or loss:				
Listed equity investments	129.7	–	–	129.7
Total	143.9	–	–	143.9

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

The movements in fair value measurements within Level 3 during the period are as follows:

	2024 (Unaudited)	2023 (Unaudited)
	HK\$ million	HK\$ million
Equity investments designated at fair value through other comprehensive income - unlisted equity investment		
As at 1st January	-	43.0
Exchange realignment	-	(1.9)
As at 30th June	<u>-</u>	<u>41.1</u>

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

During the prior period, the Group transferred the fair value of a listed equity investment at fair value through profit or loss amounting to HK\$122.1 million from Level 1 into Level 2 due to lack of marketability.

Liabilities measured at fair value

The Group did not have any financial liabilities measured at fair value as at 30th June, 2024 (31st December, 2023 – Nil).

20. Approval of the Unaudited Condensed Consolidated Financial Statements

The unaudited condensed consolidated financial statements were approved and authorised for issue by the Board of Directors on 28th August, 2024.

OTHER INFORMATION

DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) of the Company, which (a) are as recorded in the register required to be kept under section 352 of the SFO; or (b) are as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2024)
			Personal interests	Corporate interests	Family/Other interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary (i) (issued)	-	871,504,279 (Note d)	-	871,504,279
		(ii) (unissued)	-	1,591,775,147 (Note e)	-	1,591,775,147
	Total:					2,463,279,426 (198.71%)
		Preference (issued)	-	229,548,733 (Note e)	-	229,548,733 (99.99%)
	Mr. Jimmy Lo Chun To	Ordinary (issued)	680,730	-	-	680,730 (0.05%)
	Ms. Lo Po Man	Ordinary (issued)	414,000	-	-	414,000 (0.03%)
2. Century City International Holdings Limited ("CCIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	111,815,396	2,032,315,326 (Note a)	380,683	2,144,511,405 (69.34%)
	Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	-	-	251,735 (0.008%)
	Ms. Lo Po Man	Ordinary (issued)	112,298	-	-	112,298 (0.004%)
	Mr. Kenneth Wong Po Man	Ordinary (issued)	200	-	-	200 (0.000%)

OTHER INFORMATION (Cont'd)

	The Company/ Name of associated corporation	Name of Director	Class of shares held	Number of shares held			Total (Approximate percentage of the issued shares as at 30th June, 2024)
				Personal interests	Corporate interests	Family/Other interests	
2.	CCIHL	Mr. Kelvin Leung So Po	Ordinary (issued)	4,000	–	–	4,000 (0.000%)
3.	Paliburg Holdings Limited ("PHL")	Mr. Lo Yuk Sui	Ordinary (issued)	90,078,014	740,860,803 (Note b)	15,000	830,953,817 (74.55%)
		Mr. Jimmy Lo Chun To	Ordinary (issued)	2,274,600	–	–	2,274,600 (0.20%)
		Ms. Lo Po Man	Ordinary (issued)	1,116,000	–	–	1,116,000 (0.10%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	6,200	–	–	6,200 (0.001%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	50,185	–	–	50,185 (0.005%)
		Mr. Kenneth Ng Kwai Kai	Ordinary (issued)	176,200	–	–	176,200 (0.02%)
4.	Regal Hotels International Holdings Limited ("RHIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	24,200	622,855,261 (Note c)	260,700	623,140,161 (69.33%)
		Ms. Lo Po Man	Ordinary (issued)	569,169	–	–	569,169 (0.06%)
		Mr. Kenneth Wong Po Man	Ordinary (issued)	200	–	–	200 (0.000%)
		Mr. Kelvin Leung So Po	Ordinary (issued)	200	–	–	200 (0.000%)
5.	Regal Real Estate Investment Trust ("Regal REIT")	Mr. Lo Yuk Sui	Units (issued)	–	2,443,033,102 (Note f)	–	2,443,033,102 (74.99%)

OTHER INFORMATION (Cont'd)

Notes:

- (a) (i) The interests in 1,973,420,928 issued ordinary shares of CCIHL were held through companies wholly owned by Mr. Lo Yuk Sui ("Mr. Lo").
- (ii) The interests in the other 58,894,398 issued ordinary shares of CCIHL were derivative interests held by YSL International Holdings Limited ("YSL Int'l"), a company wholly owned by Mr. Lo, under the right of first refusal to purchase such shares granted by the Dalton Group (comprising Dalton Investments LLC and its two affiliates).

- (b) The interests in 694,124,547 issued ordinary shares of PHL were held through companies wholly owned by CCIHL, in which Mr. Lo held 67.43% shareholding interests.

The interests in 16,271,685 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00

The interests in 30,464,571 issued ordinary shares of PHL were held through corporations controlled by Mr. Lo as detailed below:

Name of corporation	Controlled by	% of control
Wealth Master International Limited	Mr. Lo	90.00
Select Wise Holdings Limited	Wealth Master International Limited	100.00
Splendid All Holdings Limited	Select Wise Holdings Limited	100.00

- (c) The interests in 421,400 issued ordinary shares of RHIHL were held through companies wholly owned by CCIHL, in which Mr. Lo held 67.43% shareholding interests. The interests in 622,433,861 issued ordinary shares of RHIHL were held through companies wholly owned by PHL, in which CCIHL held 62.28% shareholding interests. PHL held 69.25% shareholding interests in RHIHL.
- (d) The interests in 706,851,215 issued ordinary shares of the Company were held through wholly owned subsidiaries of P&R Holdings Limited ("P&R"), which is owned as to 50% each by PHL and RHIHL through their respective wholly owned subsidiaries. The interests in the other 111,319,732 issued ordinary shares of the Company were held through wholly owned subsidiaries of RHIHL. The interests in the other 53,333,332 issued ordinary shares of the Company were held through wholly owned subsidiaries of PHL. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.

- (e) The interests in 1,272,070,219 unissued ordinary shares of the Company were held through wholly owned subsidiaries of P&R, which is owned as to 50% each by PHL and RHIHL through their respective wholly owned subsidiaries. The interests in the other 213,038,264 unissued ordinary shares of the Company were held through wholly owned subsidiaries of RHIHL. The interest in the other 106,666,664 unissued ordinary shares of the Company were held through wholly owned subsidiaries of PHL. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.

The interests in 229,548,733 unissued ordinary shares of the Company are derivative interests held through interests in 229,548,733 convertible preference shares of the Company, convertible into new ordinary shares of the Company on a one to one basis (subject to adjustments in accordance with the terms of the convertible preference shares).

The interests in 1,362,226,414 unissued ordinary shares of the Company are derivative interests held through interests in 2 per cent. convertible notes due 2053 in a principal amount of HK\$136,222,641.4 issued by the Company. The convertible notes are convertible into new ordinary shares of the Company at a conversion price of HK\$0.10 per ordinary share (subject to adjustments in accordance with the terms of the convertible notes).

- (f) The interests in 2,439,613,739 issued units of Regal REIT were held through wholly owned subsidiaries of RHIHL. The interests in 732,363 issued units of Regal REIT were held through wholly owned subsidiaries of PHL. The interests in 2,687,000 issued units of Regal REIT were held through wholly owned subsidiaries of CCIHL. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 67.43% shareholding interests in CCIHL.

Save as disclosed herein, as at 30th June, 2024, none of the Directors and chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) of the Company, which (a) are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (b) are required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

OTHER INFORMATION (Cont'd)

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2024, so far as is known to the Directors and the chief executive of the Company, the following substantial shareholders (not being a Director or chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO:

Name of substantial shareholder	Number of issued ordinary shares held	Number of underlying ordinary shares held (unissued)	Total number of ordinary shares (issued and underlying unissued) held	Approximate percentage of issued ordinary shares as at 30th June, 2024
YSL Int'l (Note i)	871,504,279	1,591,775,147	2,463,279,426	198.71%
Grand Modern Investments Limited ("Grand Modern") (Note ii)	871,504,279	1,591,775,147	2,463,279,426	198.71%
CCIHL (Note iii)	871,504,279	1,591,775,147	2,463,279,426	198.71%
Century City BVI Holdings Limited ("CCBVI") (Note iv)	871,504,279	1,591,775,147	2,463,279,426	198.71%
PHL (Note v)	871,504,279	1,591,775,147	2,463,279,426	198.71%
Paliburg Development BVI Holdings Limited (Note vi)	871,504,279	1,591,775,147	2,463,279,426	198.71%
RHIHL (Note vii)	818,170,947	1,485,108,483	2,303,279,430	185.81%
Regal International (BVI) Holdings Limited (Note viii)	818,170,947	1,485,108,483	2,303,279,430	185.81%
Capital Merit Investments Limited (Note vi)	760,184,547	1,378,736,883	2,138,921,430	172.55%
Regal Hotels Investments Limited (Note viii)	760,184,547	1,378,736,883	2,138,921,430	172.55%
P&R (Note ix)	706,851,215	1,272,070,219	1,978,921,434	159.64%
P&R Strategic Limited (Note x)	18,260,677	442,873,604	461,134,281	37.20%
Interzone Investments Limited (Note x)	142,857,142	285,714,284	428,571,426	34.57%
Alpha Advantage Investments Limited (Note x)	275,000,000	100,000,000	375,000,000	30.25%
Valuegood International Limited (Note x)	100,362,500	239,434,369	339,796,869	27.41%
Lendas Investments Limited (Note x)	127,410,760	89,196,080	216,606,840	17.47%
Tenshine Limited (Note viii)	57,986,400	106,371,600	164,358,000	13.26%

Notes:

- (i) The interests in the ordinary shares of the Company held by YSL Int'l were included in the corporate interests of Mr. Lo Yuk Sui in the ordinary shares of the Company as disclosed under the section headed "Directors' Interests in Share Capital" above.
- (ii) Grand Modern is a wholly owned subsidiary of YSL Int'l and its interests in the ordinary shares of the Company were included in the interests held by YSL Int'l.
- (iii) CCIHL is owned as to 52.72% by Grand Modern and its interests in the ordinary shares of the Company were included in the interests held by Grand Modern.
- (iv) CCBVI is a wholly owned subsidiary of CCIHL and its interests in the ordinary shares of the Company were included in the interests held by CCIHL.
- (v) PHL is a listed subsidiary of CCIHL, which held 62.28% shareholding interests in PHL, and PHL's interests in the ordinary shares of the Company were included in the interests held by CCIHL.
- (vi) These companies are wholly owned subsidiaries of PHL and their interests in the ordinary shares of the Company were included in the interests held by PHL.
- (vii) RHIHL is a listed subsidiary of PHL, which held 69.25% shareholding interests in RHIHL, and RHIHL's interests in the ordinary shares of the Company were included in the interests held by PHL.
- (viii) These companies are wholly owned subsidiaries of RHIHL and their interests in the ordinary shares of the Company were included in the interests held by RHIHL.
- (ix) P&R is owned as to 50% each by PHL and RHIHL, through their respective wholly owned subsidiaries, and P&R's interests in the ordinary shares of the Company were included in the interests held by PHL and RHIHL.
- (x) These companies are wholly owned subsidiaries of P&R and their interests in the ordinary shares of the Company were included in the interests held by P&R.

Save as disclosed herein, the Directors and the chief executive of the Company are not aware that there is any person (not being a Director or chief executive of the Company) who, as at 30th June, 2024, had an interest or short position in the shares and underlying shares of the Company which are recorded in the register required to be kept under section 336 of the SFO or notified to the Company pursuant to the SFO.

Details of directorships of the Company's Directors in each of those companies which has an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30th June, 2024 are set out as follows:

- (1) Mr. Lo Yuk Sui is a director of YSL Int'l.
- (2) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To and Ms. Lo Po Man are directors of Grand Modern.
- (3) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man, Mr. Kelvin Leung So Po and Mr. Kenneth Ng Kwai Kai are directors of CCIHL and CCBVI.
- (4) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man, Mr. Kenneth Wong Po Man, Mr. Kelvin Leung So Po, Mr. Kenneth Ng Kwai Kai and Mr. Abraham Shek Lai Him are directors of PHL.

OTHER INFORMATION (Cont'd)

- (5) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man, Mr. Kenneth Wong Po Man and Mr. Kenneth Ng Kwai Kai are directors of the wholly owned subsidiaries of PHL which are substantial shareholders as named above, P&R and the wholly owned subsidiaries of P&R which are substantial shareholders as named above.
- (6) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man, Mr. Kelvin Leung So Po, Ms. Alice Kan Lai Kuen and Mr. Kenneth Ng Kwai Kai are directors of RHIHL.
- (7) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Ms. Lo Po Man and Mr. Kenneth Ng Kwai Kai are directors of the wholly owned subsidiaries of RHIHL which are substantial shareholders as named above.

CHANGE IN INFORMATION OF DIRECTORS

There was no change in the information of the Directors of the Company, which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, since the publication of the annual report of the Company for the financial year ended 31st December, 2023.

CORPORATE GOVERNANCE

Corporate Governance Code

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix C1 of the Listing Rules during the six months ended 30th June, 2024, except that:

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

Code of Conduct for Securities Transactions by Directors

The Company has adopted the Model Code as the code of conduct governing the securities transactions by the Directors of the Company. Following specific enquiry by the Company, the Directors have confirmed that they have complied with the Model Code during the six months ended 30th June, 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the six months ended 30th June, 2024.

REVIEW OF RESULTS

The Audit Committee of the Company currently comprises the following members:

Mr. David Li Ka Fai, MH (Chairman of the Committee) (*Independent Non-Executive Director*)

Mr. Francis Bong Shu Ying, OBE, JP (*Independent Non-Executive Director*)

Ms. Alice Kan Lai Kuen (*Independent Non-Executive Director*)

Mr. Abraham Shek Lai Him, GBS, JP (*Independent Non-Executive Director*)

The Audit Committee has reviewed and discussed with the Company's management the accounting principles and practices adopted by the Group, auditing, internal control and financial reporting matters including the review of the unaudited condensed consolidated financial statements for the six months ended 30th June, 2024, in conjunction with the external auditor. The review report of the external auditor is set out on page 44 of this report.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**To the Board of Directors of
Cosmopolitan International Holdings Limited**
(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 13 to 35, which comprises the condensed consolidated statement of financial position of Cosmopolitan International Holdings Limited (the “Company”) and its subsidiaries as at 30th June, 2024 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants

27/F, One Taikoo Place
979 King’s Road
Quarry Bay, Hong Kong

28th August, 2024



www.cosmoholdings.com