



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)



2021  
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

Abraham Shek Lai Him, GBS, JP

## AUDIT COMMITTEE

David Li Ka Fai (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

## NOMINATION COMMITTEE

Lo Yuk Sui (Chairman)

Francis Bong Shu Ying, OBE, JP

Alice Kan Lai Kuen

David Li Ka Fai

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

Deutsche Bank A.G.

The Hongkong and Shanghai Banking Corporation 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

183 Queen's Road East, Wan Chai

Hong Kong

## REGISTERED OFFICE

PO Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

11th Floor, 68 Yee Wo Street

Causeway Bay, Hong Kong

Tel: 2894 7888

Fax: 2890 1697

Website: [www.cosmoholdings.com](http://www.cosmoholdings.com)

**Mr. Lo Yuk Sui**, aged 76; *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 Miss Lo Po Man.

**Mr. Lo Chun To (Alias: Jimmy)**, aged 47; *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 Group in the People’s Republic of China (the “PRC”) 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 Miss Lo Po Man.

**Miss Lo Po Man**, aged 41; *Vice Chairman and Executive Director* — Appointed to the Board as an Executive Director in 2013. Miss 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. Miss Lo graduated from Duke University, North Carolina, the United States, with a Bachelor’s Degree in Psychology. Miss Lo joined the RHIHL Group in 2000 and is an experienced executive in sales and marketing and corporate management. She oversees the sales and marketing function of the RHIHL Group and also undertakes responsibilities in the business development of the Century City Group. Miss 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 55; *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 30 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 49; *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. He has been with the Century City Group since 1997 and 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. He has over 25 years of experience in accounting and corporate finance field.

**Mr. Ng Kwai Kai (Alias: Kenneth)**, aged 66; *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 79; *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 June 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. Mr. Bong is also an independent non-executive director of China Merchants Port Holdings Company Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

**Ms. Kan Lai Kuen, Alice**, aged 66; *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 the managing director of Asia Investment Management Limited. She is a licensed investment adviser 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. She is a fellow member of the Hong Kong Institute of Directors. Ms. Kan is also an independent non-executive director of Jolimark Holdings Limited, Shimao Group Holdings Limited and Shimao Services Holdings Limited, all of which are companies listed on the Stock Exchange.

**Mr. Li Ka Fai, David**, aged 66; *Independent Non-Executive Director* — Invited to the Board as an Independent Non-Executive Director in 2006. Mr. David Li is the senior advisor of SHINEWING (HK) CPA Limited. He 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, a member of the audit committee, the chairman of the remuneration committee and a member of the nomination 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.

**Hon Shek Lai Him, Abraham (Alias: Abraham Razack), GBS, JP**, aged 76; *Independent Non-Executive Director* — Invited to the Board as 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. Mr. Shek is currently a member of the Legislative Council of the Hong Kong Special Administrative Region. He is also a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption of Hong Kong, an honorary member of the Court of The Hong Kong University of Science and Technology, and a member of both of the Court and the Council of The University of Hong Kong. Mr. Shek is an executive director, the vice chairman and a member of the nomination committee of Goldin Financial Holdings Limited, the Honorary Chairman, an independent non-executive director and the chairman of the audit committee of Chuang's China Investments Limited, the 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 Cement Holdings Limited, Chuang's Consortium International Limited, Country Garden Holdings Company Limited, CSI Properties Limited, Everbright Grand China Assets Limited, Far East Consortium International Limited, Hao Tian International Construction Investment Group Limited, Landing International Development Limited, Lifestyle International Holdings Limited and NWS Holdings Limited, and an independent non-executive director of International Alliance Financial Leasing Co., Ltd. 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 pleased to present herewith the 2021 Interim Report of the Company.

## FINANCIAL RESULTS

For the six months ended 30th June, 2021, the Group achieved an unaudited consolidated profit attributable to shareholders of HK\$1.2 million, as compared to the loss of HK\$79.0 million recorded for the same period last year.

As indicated in the profit alert announcement published by the Company on 17th August, 2021, the improved financial results attained by the Group for the period under review was primarily attributable to the gain realised on the disposal of financial assets, details of which were disclosed in the joint announcement published by the Company on 27th April, 2021, as well as the reduction in the finance costs incurred.

## BUSINESS OVERVIEW

Despite the continuing adverse impact on social and economic activities worldwide caused by the COVID-19 pandemic and the growing complexities in the global economy due to the increased international trade disputes and political tensions, China was expected to maintain a year-on-year growth of 12.7% in its Gross Domestic Product in the first six months of 2021, according to preliminary estimates.

As the central government of China continued to implement different administrative and fiscal policies to regulate its real estate market, property prices were generally under pressure during the period under review, particularly in the secondary markets in the first line cities. Although the transacted price as well as the overall transacted value of the land sales in China in the first half of 2021 continued to increase year-on-year, given the determination of the central government to control market expectations and to maintain market stability, the overall property market in China is expected to further consolidate, but this should however be beneficial for its healthy development in the long term.

As disclosed in the joint announcement by the Company dated 27th April, 2021, the Group disposed of all its holdings in the shares of Regal Hotels International Holdings Limited to a wholly owned subsidiary of Paliburg Holdings Limited, the immediate listed parent of the Company and all the units held in Regal Real Estate Investment Trust to a wholly owned subsidiary of Regal, which is a listed fellow subsidiary of the Company. While these transactions could facilitate the rationalisation of the shareholding structure in the listed entities within the Paliburg group, they raised for the Group aggregate cash proceeds of HK\$126.9 million to strengthen its working capital. These transactions also generated for the Group a disposal gain of HK\$49.2 million, which has been accounted for in the Group's results for the period under review.

On 4th August, 2021, the Company entered into a Deed of Variation with the holder of the outstanding convertible bonds issued by the Group, which is a wholly owned subsidiary of P&R Holdings Limited (a 50/50 owned joint venture of Paliburg and Regal). The outstanding convertible bonds with a total principal amount of HK\$500 million were due to mature on 18th August, 2021. Under the Deed of Variation, the parties conditionally agreed, among other things, to amend the terms of the convertible bonds in the principal amount of HK\$300 million to the effect that the maturity date shall be extended to 18th August, 2026 and the existing coupon interest at the rate of 3.5% per annum shall be changed to zero coupon, but with a redemption yield at the same rate of 3.5% per annum (compounded semi-annually). Save for the two amendments mentioned above, all other terms and conditions of the convertible bonds will remain unchanged. The proposed amendments shall only become effective upon fulfillment of the condition, among others, that the Deed of Variation and the transactions contemplated thereunder shall have been approved by the independent shareholders of the Company at a general meeting. Details of the proposal were contained in the circular dispatched to shareholders convening the Extraordinary General Meeting of the Company to be held on 30th August, 2021.

In consideration of the parties having entered into the Deed of Variation, the holder of the convertible bonds undertook to convert the outstanding convertible bonds in the remaining principal amount of HK\$200 million in accordance with the terms of the convertible bonds, which were so converted into 500 million new ordinary shares of the Company on 11th August, 2021.

As was indicated in the Annual Report 2020, nearly all of the 1,555 residential units comprised in the ten residential towers in the third stage of the Group's Regal Cosmopolitan City development in Chengdu, China have been presold, at prices which are significantly higher than those achieved in the first and second stages of the development. The construction works for these ten residential towers are near completion and the residential units are planned to be delivered to the respective unit purchasers in stages beginning from the fourth quarter of this year.

The third stage of the Regal Cosmopolitan City also contains other commercial components, including a 325-room hotel, a commercial complex, five towers of office accommodations as well as shops and car parking spaces. The presale programme for the units in one of the office towers has recently commenced in May 2021.

In the meantime, the construction works of the two office towers and commercial podium in the Group's Regal Renaissance development in Tianjin are progressing as planned and targeted to be completed in the fourth quarter of 2022.

Further detailed information on the two composite development projects in Chengdu and Tianjin as well as the other projects and investments undertaken by the Group is contained in the "Management Discussion and Analysis" section.

## CHAIRMAN'S STATEMENT (Cont'd)

### OUTLOOK

The uncertainties surrounding the global economy are expected to persist, at least in the near term. Moreover, as some parts of China have recently re-imposed lock down measures to combat the resurging number of COVID-19 infected cases in their local communities, this could potentially affect the pace of the economic growth of China in the second half of this year.

The Group has attained apparent improvement in its financial performance in the first half of 2021, reverting from a loss position in 2020 to achieving a profit, although relatively modest, in the period under review. As a major part of the presold residential units in the third stage of the Regal Cosmopolitan City are scheduled to be handed over to the respective unit purchasers before the end of this year, substantial profits from these secured presales are expected to be accounted for in the Group's financial results for the full year of 2021.

The Group remains optimistic of the future prospects of the economy in China and will continue to seek appropriate investment opportunities in the Mainland as part of its business development plan.

### LO YUK SUI

Chairman

Hong Kong  
24th August, 2021

# 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 during the period under review and 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 as 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).

The superstructure and fitting-out works for the third stage of the development, consisting of ten residential towers of total 1,555 units, about 4,100 square metres (44,100 square feet) of commercial accommodations and 1,941 car parking spaces, are in steady progress and targeted to be completed before the end of 2021. Nearly all of the residential units in the third stage have been presold, at prices which are significantly higher than those attained in the first and second stages of the development. Total sales proceeds amount to approximately RMB2,031.3 million (HK\$2,443.0 million), of which approximately RMB1,986.1 million (HK\$2,388.7 million) have been received by the Group as deposits under the presale contracts. The residential units are planned to be delivered to the respective unit purchasers in stages beginning from the fourth quarter of this year.

Presale of the shops in the third stage of about 2,350 square metres (25,300 square feet) has been launched in July 2020. Up to date, a total of 1,853 square meters (19,900 square feet) of shops have been presold under contracts, at aggregate sale considerations of approximately RMB65.0 million (HK\$78.2 million). Presale of 1,389 car parking spaces has also been launched in the third quarter of 2020. Up to date, a total of 277 car parking spaces have been presold under contracts, for aggregate sales proceeds of approximately RMB31.8 million (HK\$38.2 million).

The interior design works with a revised scheme for the 325-room hotel are progressing in full swing. The interior fitting-out works are scheduled to commence in the first quarter of 2022 and the hotel is anticipated to open in phases from the first quarter of 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

The construction works of the remaining commercial components within 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 in steady progress. The substructure and superstructure works are targeted to be completed in the fourth quarter of 2021 and mid-2023, respectively. The market repositioning works of the six-storey shopping mall are 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), has commenced in May 2021. Up to date, a total of 88 units with a total of about 3,837 square meters (41,300 square feet) have been presold under contracts or subscribed by prospective purchasers for an aggregate sale consideration of RMB34.6 million (HK\$41.6 million). The presale of the remaining four office towers consisting of 1,356 units with a total of about 66,000 square metres (710,500 square feet) will follow in phases with reference to the market environment.

### *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).

Nearly all of the residential units have been sold. The sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), is continuing steadily and sale contracts have been secured for some of the shop units. Certain parts of the commercial complex have in the meantime been leased out for rental income.

The superstructure works of the two office towers and their commercial podium are progressing and planned to be completed in the fourth quarter of 2022. Presale of one office tower consisting of 137 units with a total of about 17,530 square metres (188,700 square feet) is planned to be launched in the second half of 2021. The presale of the other office tower, consisting of 247 units with a total of about 39,210 square metres (422,000 square feet), will be launched in phases thereafter. The market positioning works for the commercial podium are in progress.

### *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, land grant listing and tender procedures are completed.

The Group continues to maintain the re-forested area and communicate with the relevant government authority to initiate appropriate measures to settle the disputes over certain portions of the land in the project site that have been illegally occupied. Based on the legal advice obtained, the legitimate interests of the Group in the relevant re-forestation contract remain valid and effective.

### Other Investments

#### *Investment in shares of AMTD International Inc.*

As previously disclosed, the Group, through its wholly owned subsidiary incorporated in the PRC, entered into certain deposit agreements and loan agreements for the possible investment in a logistics services provider in the PRC, pursuant to which the Group has paid deposits and granted loans to the vendor and the target investee group, which amounted to RMB372.1 million (including interest receivable and net of tax provision) in the books of the Group as at 31st December, 2019.

On 31st December, 2019, the Group entered into an agreement with an independent purchaser for the disposal of its entire interests in those companies directly and indirectly owning such deposits and loans for a consideration of HK\$400 million. The transaction was duly completed on 31st March, 2020 and the sale consideration received by the Group was applied to purchase 6,069,000 Class A ordinary shares of AMTD International Inc..

AMTD is a reputable financial services provider in the Asia Pacific, with dual listings on the New York Stock Exchange and the Singapore Stock Exchange. The Group expects to be able to leverage on the strategic co-operative relationship with AMTD to explore and capture new business and investment opportunities through its intensive business network. The AMTD shares are being held by the Group as equity investments at fair value through other comprehensive income.

#### *PRC Real Estate Company*

In July 2019, the Group acquired an 80% equity interest in and also provided pro rata shareholder's loan to an investee company incorporated in the PRC. The investee company has purchased 10% equity interest in another PRC-incorporated real estate company that partners with various reputable real estate developers and undertakes joint developments for both industry specific real estate and residential/commercial real estate in China. The Group anticipates that, through its participation in the investee company, the Group could have access to more business opportunities for property development in the PRC, either to be undertaken on its own or on a joint basis.

### FINANCIAL REVIEW

#### ASSETS VALUE

As at 30th June, 2021, the Group's net assets attributable to equity holders of the parent amounted to HK\$1,479.8 million, representing approximately HK\$0.18 per share (including ordinary share and convertible preference share).

#### CAPITAL RESOURCES AND FUNDING

##### Funding and Treasury Policy

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

The acquisition of the two ongoing development projects in the PRC in 2013 had been financed by the vendors by way of deferred payment of the considerations payable for a period of 3 years, subject to the terms of the relevant sale and purchase agreements. With an objective to align the due dates of the considerations payable with the latest 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.

Construction and related costs for the property projects for the time being are principally financed by internal resources and proceeds from the presale of the units. 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 generated from operating activities during the period under review amounted to HK\$50.5 million (2020 – HK\$164.6 million). Net interest payment for the period amounted to HK\$13.5 million (2020 – HK\$8.8 million).

##### Borrowings and Gearing

As at 30th June, 2021, the Group had cash and bank balances and deposits of HK\$188.7 million (31st December, 2020 – HK\$269.9 million) and the Group's borrowings including convertible bonds, net of cash and bank balances and deposits, amounted to HK\$681.6 million (31st December, 2020 – HK\$771.5 million).

As at 30th June, 2021, the gearing ratio of the Group was 11.7% (31st December, 2020 – 13.4%), representing the Group's borrowings including convertible bonds, net of cash and bank balances and deposits, of HK\$681.6 million (31st December, 2020 – HK\$771.5 million), as compared to the total assets of the Group of HK\$5,802.6 million (31st December, 2020 – HK\$5,769.0 million).

Details of the maturity profile of the borrowings of the Group as of 30th June, 2021 are shown in notes 11, 12 and 13 to the condensed consolidated financial statements.

### Lease Liabilities

As at 30th June, 2021, the Group had lease liabilities of HK\$1.0 million (31st December, 2020 – HK\$1.2 million).

### Pledge of Assets

As at 30th June, 2021, certain of the Group's bank deposits and financial assets at fair value through profit or loss in the amount of HK\$23.4 million (31st December, 2020 – HK\$24.7 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 and the related interest payable in respect of a loan facility from a fellow subsidiary.

### Capital Commitments

Details of the capital commitments of the Group as at 30th June, 2021 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, 2021 are shown in note 18 to the condensed consolidated financial statements.

### Share Capital and Convertible Bonds

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

Subsequent to the reporting period, the convertible bonds in an aggregate principal amount of HK\$200,000,000 were converted into new ordinary shares of the Company at the conversion price of HK\$0.40 per ordinary share on 11th August, 2021, and accordingly, 500,000,000 new ordinary shares were allotted and issued to the holder of the converted bonds on 13th August, 2021.

### DIVIDEND

The Directors have resolved not to declare an interim dividend for the financial year ending 31st December, 2021 (2020 – 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (Cont'd)

### STAFF AND REMUNERATION POLICY

The Group employs approximately 100 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, 2021 (Unaudited)	Six months ended 30th June, 2020 (Unaudited)
	Notes	HK\$ million	HK\$ million
REVENUE	2, 3	61.0	33.1
Cost of sales		<u>(3.4)</u>	<u>(25.3)</u>
Gross profit		57.6	7.8
Other income	3	3.1	8.1
Fair value losses on investment properties, net		(0.7)	(4.3)
Fair value gains/(losses) on financial assets at fair value through profit or loss, net		2.5	(46.3)
Gain on disposal of subsidiaries		–	68.9
Losses on disposal of investment properties		–	(0.7)
Property selling and marketing expenses		(6.2)	(4.0)
Administrative expenses		<u>(26.4)</u>	<u>(39.8)</u>
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION AND AMORTISATION		29.9	(10.3)
Depreciation and amortisation		<u>(1.4)</u>	<u>(1.8)</u>
OPERATING PROFIT/(LOSS)	2, 4	28.5	(12.1)
Finance costs	5	<u>(26.5)</u>	<u>(61.7)</u>
PROFIT/(LOSS) BEFORE TAX		2.0	(73.8)
Income tax	6	<u>(0.8)</u>	<u>(5.2)</u>
PROFIT/(LOSS) FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS		<u>1.2</u>	<u>(79.0)</u>
Attributable to:			
Equity holders of the parent		1.2	(79.0)
Non-controlling interests		–	–
		<u>1.2</u>	<u>(79.0)</u>
EARNINGS/(LOSS) PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		<u>HK0.02 cent</u>	<u>HK(1.16) cents</u>

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30th June, 2021 (Unaudited)	Six months ended 30th June, 2020 (Unaudited)
	HK\$ million	HK\$ million
PROFIT/(LOSS) FOR THE PERIOD BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	1.2	(79.0)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	7.0	(38.9)
Reclassification adjustment on disposal of foreign operations	–	71.1
	7.0	32.2
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	(22.7)	39.4
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(15.7)	71.6
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(14.5)	(7.4)
Attributable to:		
Equity holders of the parent	(14.5)	(7.4)
Non-controlling interests	–	–
	(14.5)	(7.4)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30th June, 2021 (Unaudited)	31st December, 2020 (Audited)
	Notes	HK\$ million	HK\$ million
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		11.2	11.5
Investment properties		94.5	94.5
Right-of-use assets		0.9	1.2
Investment in a joint venture		2.4	2.4
Prepayments	9	122.9	114.3
Equity investments designated at fair value through other comprehensive income		333.6	356.0
Goodwill		235.1	235.1
Intangible asset		–	0.7
<b>Total non-current assets</b>		<b>800.6</b>	<b>815.7</b>
<b>CURRENT ASSETS</b>			
Properties under development		4,033.0	3,854.2
Properties held for sale		536.6	538.4
Deposits, prepayments and other assets	9	214.5	186.6
Financial assets at fair value through profit or loss		29.2	104.2
Restricted cash		85.2	27.3
Pledged bank balances		1.4	1.0
Time deposits		–	149.1
Cash and bank balances		102.1	92.5
<b>Total current assets</b>		<b>5,002.0</b>	<b>4,953.3</b>
<b>CURRENT LIABILITIES</b>			
Creditors and accruals	10	(292.6)	(380.7)
Contract liabilities		(2,689.6)	(2,377.0)
Deposits received		(111.9)	(116.2)
Interest bearing bank borrowing	11	(12.5)	(12.5)
Other borrowings	12	(357.3)	(535.9)
Convertible bonds		(500.5)	(493.0)
Lease liabilities		(0.5)	(0.5)
Tax payable		(5.9)	(6.1)
<b>Total current liabilities</b>		<b>(3,970.8)</b>	<b>(3,921.9)</b>
<b>NET CURRENT ASSETS</b>		<b>1,031.2</b>	<b>1,031.4</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,831.8</b>	<b>1,847.1</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

		30th June, 2021 (Unaudited)	31st December, 2020 (Audited)
	Note	HK\$ million	HK\$ million
NON-CURRENT LIABILITIES			
Creditors and accruals	10	(32.9)	(32.8)
Deposits received		(2.4)	(2.7)
Lease liabilities		(0.5)	(0.7)
Deferred tax liabilities		(316.2)	(316.6)
Total non-current liabilities		<u>(352.0)</u>	<u>(352.8)</u>
Net assets		<u>1,479.8</u>	<u>1,494.3</u>
EQUITY			
<b>Equity attributable to equity holders of the parent</b>			
Issued capital		16.4	16.4
Reserves		1,463.4	1,477.9
		<u>1,479.8</u>	<u>1,494.3</u>
<b>Non-controlling interests</b>		–	–
Total equity		<u>1,479.8</u>	<u>1,494.3</u>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June, 2021

	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 <sup>#</sup> (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, 2021	16.4	2,166.0	0.2	(118.4)	(217.2)	(126.3)	26.8	192.2	(1.1)	(444.3)	1,494.3
Profit for the period	-	-	-	-	-	-	-	-	-	1.2	1.2
Other comprehensive income/(loss) for the period:											
Change in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	(22.7)	-	-	-	-	-	(22.7)
Exchange differences on translation of foreign operations	-	-	-	-	-	7.0	-	-	-	-	7.0
Total comprehensive income/(loss) for the period	-	-	-	-	(22.7)	7.0	-	-	-	1.2	(14.5)
At 30th June, 2021	16.4	2,166.0*	0.2*	(118.4)*	(239.9)*	(119.3)*	26.8*	192.2*	(1.1)*	(443.1)*	1,479.8

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

For the six months ended 30th June, 2021

	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 <sup>#</sup> (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, 2020	13.5	1,479.4	0.2	(118.4)	-	(279.1)	26.8	399.4	(1.1)	(320.8)	1,199.9
Loss for the period	-	-	-	-	-	-	-	-	-	(79.0)	(79.0)
Other comprehensive income/(loss) for the period:											
Change in fair value of equity investments designated at fair value through other comprehensive income	-	-	-	-	39.4	-	-	-	-	-	39.4
Exchange differences on translation of foreign operations	-	-	-	-	-	(38.9)	-	-	-	-	(38.9)
Reclassification adjustment on disposal of foreign operations	-	-	-	-	-	71.1	-	-	-	-	71.1
Total comprehensive income/(loss) for the period	-	-	-	-	39.4	32.2	-	-	-	(79.0)	(7.4)
Conversion of convertible bonds	2.9	686.6	-	-	-	-	-	(207.2)	-	-	482.3
At 30th June, 2020	16.4	2,166.0*	0.2*	(118.4)*	39.4*	(246.9)*	26.8*	192.2*	(1.1)*	(399.8)*	1,674.8

\* These reserve accounts comprise the consolidated reserves of HK\$1,463.4 million (30th June, 2020 – HK\$1,658.4 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 Law of the Cayman Islands, the contributed surplus is distributable under certain specific circumstances.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30th June, 2021 (Unaudited)	Six months ended 30th June, 2020 (Unaudited)
		HK\$ million	HK\$ million
Net cash flows from operating activities		<u>50.5</u>	<u>164.6</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of subsidiaries	14	–	390.0
Proceeds from disposal of investment properties		–	3.3
Purchase of equity investments designated at fair value through other comprehensive income		–	(400.0)
Purchases of items of property, plant and equipment		–	(0.1)
Increase in pledged bank balances		<b>(0.4)</b>	–
Interest received		<b>2.7</b>	6.4
Net cash flows from/(used in) investing activities		<u>2.3</u>	<u>(0.4)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of a bank loan		–	(3.0)
Drawdown of other borrowings		<b>309.8</b>	52.5
Repayment of other borrowings		<b>(488.4)</b>	–
Principal portion of lease payments		<b>(0.2)</b>	(0.3)
Interest paid		<b>(16.2)</b>	(15.2)
Investment deposits received		–	3.4
Net cash flows from/(used in) financing activities		<u><b>(195.0)</b></u>	<u>37.4</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<b>(142.2)</b>	201.6
Cash and cash equivalents at beginning of period		<b>241.6</b>	335.3
Effect of foreign exchange rate changes, net		<b>2.7</b>	(7.2)
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u><b>102.1</b></u>	<u>529.7</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		<b>102.1</b>	323.8
Non-pledged time deposits with original maturity of less than three months when acquired		–	205.9
		<u><b>102.1</b></u>	<u>529.7</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, 2021 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, 2020. 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, 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”), which are effective for the Group’s annual periods beginning on or after 1st January, 2021.

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

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>

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

- (a) Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The Group had an interest-bearing bank borrowing denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate as at 30th June, 2021. Since the interest rates of this borrowing was not replaced by RFRs during the period, the amendment did not have any impact on the financial position and performance of the Group. If the interest rate of this borrowing is replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings provided that the “economically equivalent” criterion is met.

- (b) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30th June, 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The Group has not applied the practical expedient to any rent concessions granted by the lessors as a direct consequence of the COVID-19 pandemic. Accordingly, the adoption of the amendment has had no significant impact on the financial position and performance of the Group.

### 2. Operating Segment Information

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(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,		Six months ended 30th June,		Six months ended 30th June,	
	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)	2021 (Unaudited)	2020 (Unaudited)
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Segment revenue (Note 3):						
Sales to external customers	10.6	30.9	50.4	2.2	61.0	33.1
Segment results before depreciation and amortisation	(13.2)	(23.0)	52.9	(44.1)	39.7	(67.1)
Depreciation and amortisation	(1.4)	(1.7)	-	-	(1.4)	(1.7)
Segment results	(14.6)	(24.7)	52.9	(44.1)	38.3	(68.8)
Unallocated interest income and unallocated non-operating and corporate gains					2.7	75.4
Unallocated non-operating and corporate expenses					(12.5)	(18.7)
Operating profit/(loss)					<b>28.5</b>	<b>(12.1)</b>
Finance costs (other than interest on lease liabilities)	(10.1)	(30.9)	-	-	<b>(10.1)</b>	<b>(30.9)</b>
Unallocated finance costs					<b>(16.4)</b>	<b>(30.8)</b>
Profit/(Loss) before tax					<b>2.0</b>	<b>(73.8)</b>
Income tax					<b>(0.8)</b>	<b>(5.2)</b>
Profit/(Loss) for the period before allocation between equity holders of the parent and non-controlling interests					<b>1.2</b>	<b>(79.0)</b>
Attributable to:						
Equity holders of the parent					<b>1.2</b>	<b>(79.0)</b>
Non-controlling interests					-	-
					<b>1.2</b>	<b>(79.0)</b>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

### 3. Revenue and Other Income

Revenue and other income are analysed as follows:

	<b>Six months ended 30th June, 2021 (Unaudited)</b>	<b>Six months ended 30th June, 2020 (Unaudited)</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	9.5	29.9
<i>Revenue from other sources</i>		
Rental income	1.1	1.0
Net gain from sale of financial assets at fair value through profit or loss	49.2	–
Dividend income from listed investments	1.2	2.2
	<b>61.0</b>	<b>33.1</b>
<u>Other income</u>		
Bank interest income	2.7	6.4
Others	0.4	1.7
	<b>3.1</b>	<b>8.1</b>

#### Disaggregation of revenue from contracts with customers

All of the Group's revenue from contracts with customers for the six months ended 30th June, 2021 represented proceeds from sale of properties to external customers of HK\$9.5 million (2020 – HK\$29.9 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 and amortisation of the Group is as follows:

	Six months ended 30th June, 2021 (Unaudited)	Six months ended 30th June, 2020 (Unaudited)
	HK\$ million	HK\$ million
Profit on disposal of properties	6.2	4.5
Depreciation of property, plant and equipment	0.5	0.6
Depreciation of right-of-use assets	0.2	0.5
Amortisation of an intangible asset	0.7	0.7
	<u>1.4</u>	<u>1.8</u>

### 5. Finance Costs

	Six months ended 30th June, 2021 (Unaudited)	Six months ended 30th June, 2020 (Unaudited)
	HK\$ million	HK\$ million
Interest on a bank loan	0.1	0.2
Interest on convertible bonds	16.3	30.6
Interest on other borrowings	14.2	34.3
Interest expense arising from revenue contracts	56.0	33.2
	<u>86.6</u>	<u>98.3</u>
Less: Finance costs capitalised	<u>(60.1)</u>	<u>(36.6)</u>
	<u>26.5</u>	<u>61.7</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

### 6. Income Tax

	Six months ended 30th June, 2021 (Unaudited)	Six months ended 30th June, 2020 (Unaudited)
	HK\$ million	HK\$ million
Current – the People’s Republic of China (the “PRC”)		
Charge for the period	1.1	5.1
Overprovision in prior years	–	(0.5)
Land appreciation tax	0.2	0.6
Deferred	(0.5)	–
Total tax charge for the period	<u>0.8</u>	<u>5.2</u>

No provision for Hong Kong profits tax has been made as the Group has available tax losses brought forward from prior years to offset the assessable profits generated during the period.

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

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 (2020 – Nil).

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

### 7. Dividend

No dividend was paid or proposed during the six months ended 30th June, 2021, nor has any dividend been proposed since the end of the reporting period (2020 – Nil).

### 8. Earnings/(Loss) Per Share Attributable to Equity Holders of the Parent

#### (a) Basic earnings/(loss) per share

The calculation of basic earnings per share for the period ended 30th June, 2021 is based on the profit for the period attributable to equity holders of the parent of HK\$1.2 million (2020 – loss of HK\$79.0 million) and on the weighted average of 8,188.0 million (2020 – 6,798.7 million) shares of the Company in issue (including ordinary shares and convertible preference shares) during the six months ended 30th June, 2021.

#### (b) Diluted earnings/(loss) per share

No adjustment has been made to the earnings/(loss) per share amount presented for the periods ended 30th June, 2021 and 2020 in respect of a dilution, as the impact of the convertible bonds outstanding during the periods had an anti-dilutive effect on the earnings/(loss) per share amount presented.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

### 9. Deposits, Prepayments and Other Assets

		30th June, 2021 (Unaudited)	31st December, 2020 (Audited)
	Notes	HK\$ million	HK\$ million
<b>Non-current</b>			
Prepayments	(a)	<u>122.9</u>	<u>114.3</u>
<b>Current</b>			
Trade debtors	(b)	1.8	1.8
Contract costs		35.6	24.3
Prepayments		165.8	150.9
Deposits		0.1	0.2
Other receivables		<u>11.2</u>	<u>9.4</u>
		<u>214.5</u>	<u>186.6</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 with reference to 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. In view of the aforementioned and the fact that the Group's trade debtors relate to a large number of diversified customers, there is no significant concentration of credit risk. 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:

	<b>30th June, 2021 (Unaudited)</b>	<b>31st December, 2020 (Audited)</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
Outstanding balances with ages:		
Within 3 months	<b>0.6</b>	0.8
4 to 6 months	–	0.3
7 to 12 months	<b>0.4</b>	0.3
Over 1 year	<b>0.8</b>	0.4
	<hr/> <b>1.8</b>	<hr/> 1.8
	<hr/> <hr/> <b>1.8</b>	<hr/> <hr/> 1.8

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

### 10. Creditors and Accruals

		30th June, 2021 (Unaudited)	31st December, 2020 (Audited)
	Notes	HK\$ million	HK\$ million
<b>Non-current</b>			
Loan from the non-controlling shareholder of a subsidiary		4.0	3.9
Due to a joint venture	(a)	22.7	22.7
Deferred income		6.2	6.2
		<b>32.9</b>	<b>32.8</b>
<b>Current</b>			
Creditors		271.0	365.3
Accruals		8.6	9.5
Due to fellow subsidiaries	(b)	13.0	5.9
		<b>292.6</b>	<b>380.7</b>

Notes:

- (a) The amount due to a joint venture represents outstanding interest payable on advances from the joint venture which 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\$12.8 million (31st December, 2020 – HK\$5.9 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.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

### 11. Interest Bearing Bank Borrowing

	30th June, 2021 (Unaudited)		31st December, 2020 (Audited)	
	Maturity	HK\$ million	Maturity	HK\$ million
<b>Current</b>				
Bank loan – secured	2021	<u>12.5</u>	2021	<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, 2020 – HK\$12.5 million) had been utilised at 30th June, 2021, 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\$23.4 million (31st December, 2020 – HK\$24.7 million) in aggregate. As at 30th June, 2021, the outstanding loan facilities of the Group bore interest at the Hong Kong Interbank Offered Rate plus an interest margin of 1.25% per annum. The interest bearing bank borrowing was denominated in Hong Kong dollars.

### 12. Other Borrowings

	30th June, 2021 (Unaudited)	31st December, 2020 (Audited)
	HK\$ million	HK\$ million
<b>Current</b>		
Other borrowings	<u>357.3</u>	<u>535.9</u>

Other borrowings, comprising a term loan of HK\$357.3 million (31st December, 2020 – HK\$535.9 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, 2021 and was accordingly classified under current other borrowings as at 30th June, 2021.

### 13. Convertible Bonds

As at 30th June, 2021, the Group had a total of two (31st December, 2020 – two) tranches of convertible bonds outstanding, further details of which are set out as follows:

Purpose	To provide additional capital to the Group	
	CB 2021A (note (a))	CB 2021B (note (a))
Convertible bonds:	CB 2021A (note (a))	CB 2021B (note (a))
Issue date:	12th October, 2016	30th December, 2016
Maturity date:	18th August, 2021	18th August, 2021
Principal amount:	HK\$330,000,000	HK\$170,000,000
Coupon interest:	3.5% per annum, payable semi annually	3.5% per annum, payable semi annually
Initial conversion price to ordinary shares of the Company:	HK\$0.40 per share (subject to adjustment)	HK\$0.40 per share (subject to adjustment)
Conversion period:	At any time from 19th October, 2016 to 11th August, 2021	At any time from 6th January, 2017 to 11th August, 2021
Maximum number of shares of the Company to be converted based on initial conversion price:	825,000,000	425,000,000
Status as at 30th June, 2021:	No conversion happened	No conversion happened
Redemption:	If any of the convertible bonds have not been converted, they will be redeemed on the maturity date at 100% of their outstanding principal amounts.	

#### (a) CB 2021A and CB 2021B

On 18th August, 2014, the Company's wholly owned subsidiary, Apex Team Limited, issued convertible bonds with the principal amount of HK\$500.0 million ("CB 2017") with a maturity date on 18th August, 2017. Options were also granted by the Group to the holder to subscribe for other convertible bonds in an additional principal amount of up to HK\$500.0 million ("Optional CB 2017") with an expiry date of 18th August, 2017.

On 4th August, 2016, the Group entered into a deed of variation with the holder to extend the maturity date of CB 2017 from 18th August, 2017 to 18th August, 2021 with no amendments to other terms ("Extended CB 2017"). The above modification (the "Modification") was approved by independent shareholders of the Company on 11th October, 2016.

In connection with the Modification, the options to subscribe for Optional CB 2017 were also replaced by new options to subscribe for other convertible bonds with an extended maturity date from 18th August, 2017 to 18th August, 2021 ("Optional CB 2021"). The options to subscribe for Optional CB 2021 with the principal amounts of HK\$330.0 million ("CB 2021A") and HK\$170.0 million ("CB 2021B") were exercised on 12th October, 2016 and 30th December, 2016, respectively.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Each of CB 2021A and CB 2021B contains two components: equity component and liability component. The fair value of the liability component was estimated at the issuance dates using an equivalent market interest rate for a similar bond without conversion option. The residual amount is assigned as the equity component and is included in reserve. The effective interest rates of the liability components of CB 2021A and CB 2021B are 6.52% and 7.09%, respectively.

### 14. Disposal of Subsidiaries

On 31st December, 2019, the Group entered into a sale and purchase agreement with an independent purchaser in relation to the disposal of the entire equity interest in Cosmopolitan International Development Limited and its subsidiaries ("CIDL Disposal") at a consideration of HK\$400 million. On the same date, the Group entered into a share acquisition agreement ("Share Acquisition Agreement"), the completion of which was conditional upon the completion of CIDL Disposal. The CIDL Disposal was completed on 31st March, 2020 and the proceeds from CIDL Disposal were applied by the Group to purchase 6,069,000 Class A ordinary shares of AMTD International Inc. ("Acquisition") pursuant to the Share Acquisition Agreement on 8th April, 2020. In the opinion of the Directors, the CIDL Disposal and the Acquisition were accounted for as one single transaction with multiple arrangements and the fair value of the equity investment acquired was considered to be the consideration of CIDL Disposal.

	<b>HK\$ million</b>
Net assets disposed of:	
Loans receivable	185.4
Deposits, prepayment and other assets	224.7
Creditors and accruals	(3.5)
Tax payable	(18.8)
	<hr/>
	387.8
Exchange equalisation reserve released	71.1
	<hr/>
	458.9
Gain on disposal of subsidiaries	68.9
	<hr/>
	527.8
	<hr/> <hr/>
	<b>HK\$ million</b>
Satisfied by:	
Equity investments designated at fair value through other comprehensive income	527.8
	<hr/> <hr/>

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	<b>HK\$ million</b>
Cash consideration	400.0
Less: deposits received	(10.0)
	<hr/>
Inflow of cash and cash equivalents included in cash flows from investing activities	390.0
	<hr/> <hr/>

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, 2021 (Unaudited)	Six months ended 30th June, 2020 (Unaudited)
	HK\$ million	HK\$ million
A wholly owned subsidiary of the listed ultimate holding company:		
Management fees	4.9	4.7
Subsidiaries of the listed intermediate holding company:		
Interest expenses on other borrowings	14.2	34.3
Interest expenses on convertible bonds	16.3	30.6
Sale of financial assets at fair value through profit or loss*	<u>126.9</u>	<u>–</u>

- \* As disclosed in the joint announcement of the Company dated 27th April, 2021, the Group disposed of all its holdings in the ordinary shares of Regal Hotels International Holdings Limited ("Regal") to a wholly owned subsidiary of Paliburg Holdings Limited, the immediate listed parent of the Company, and all the units held in Regal Real Estate Investment Trust, which is a listed fellow subsidiary of the Company, to a wholly owned subsidiary of Regal for an aggregate cash proceeds of HK\$126.9 million. A disposal gain of HK\$49.2 million was accounted for in the Group's results for the reporting period.

The nature and terms of other related party transactions above (excluding those disclosed in the joint announcement mentioned above) have not changed and were already disclosed in the Group's audited consolidated financial statements for the year ended 31st December, 2020.

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

	Six months ended 30th June, 2021 (Unaudited)	Six months ended 30th June, 2020 (Unaudited)
	HK\$ million	HK\$ million
Short term employee benefits	2.9	2.7
Staff retirement scheme contributions	<u>0.2</u>	<u>0.2</u>
Total compensation paid to key management personnel	<u>3.1</u>	<u>2.9</u>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

### 16. Commitments

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

	30th June, 2021 (Unaudited)	31st December, 2020 (Audited)
	HK\$ million	HK\$ million
Contracted, but not provided for: Property development projects	<u>941.6</u>	<u>923.7</u>

### 17. Pledge of Assets

As at 30th June, 2021, certain of the Group's bank deposits and financial assets at fair value through profit or loss in the amount of HK\$23.4 million (31st December, 2020 – HK\$24.7 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 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 RMB689.1 million (HK\$827.6 million) (31st December, 2020 – RMB571.5 million (HK\$680.9 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 assets included in deposits, prepayments and other assets, financial liabilities included in creditors and accruals 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 bonds are estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar convertible bond 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 was derived from the recent transaction price.

**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, 2021***

	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	287.9	–	–	287.9
Unlisted equity investment	–	–	45.7	45.7
Financial assets at fair value through profit or loss:				
Listed equity investments	29.2	–	–	29.2
	<b>317.1</b>	<b>–</b>	<b>45.7</b>	<b>362.8</b>

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

Assets measured at fair value as at 31st December, 2020

	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	310.6	–	–	310.6
Unlisted equity investment	–	–	45.4	45.4
Financial assets at fair value through profit or loss:				
Listed equity investments	104.2	–	–	104.2
	<u>414.8</u>	<u>–</u>	<u>45.4</u>	<u>460.2</u>

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

	2021 (Unaudited)	2020 (Audited)
	HK\$ million	HK\$ million
Equity investments designated at fair value through other comprehensive income - unlisted equity investment		
As at 1st January	45.4	–
Purchases	–	45.4
Exchange realignment	0.3	–
As at 30th June/31st December	<u>45.7</u>	<u>45.4</u>

The Group did not have any financial liabilities measured at fair value as at 30th June, 2021 (31st December, 2020 – Nil).

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 (year ended 31st December, 2020 – Nil).

### 20. Event after the Reporting Period

On 4th August, 2021, the Company entered into a Deed of Variation with the holder of the outstanding convertible bonds issued by the Group. The outstanding convertible bonds have a total principal amount of HK\$500 million, which were due to mature on 18th August, 2021. Under the Deed of Variation, the parties conditionally agreed, among other things, to amend the terms of the convertible bonds in the principal amount of HK\$300 million to the effect that the maturity date shall be extended to 18th August, 2026 and the existing coupon interest at the rate of 3.5% per annum shall be changed to zero coupon, but with a redemption yield at the same rate of 3.5% per annum (compounded semi-annually). Save for the two amendments mentioned above, all other terms and conditions of the convertible bonds will remain unchanged. The proposed amendments shall only become effective upon fulfillment of the condition, among others, that the Deed of Variation and the transactions contemplated thereunder shall have been approved by the independent shareholders of the Company at a general meeting. Details of the proposal were contained in the circular dispatched to shareholders convening the Extraordinary General Meeting of the Company to be held on 30th August, 2021.

In consideration of the parties having entered into the Deed of Variation, the holder of the convertible bonds undertook to convert the outstanding convertible bonds in the remaining principal amount of HK\$200 million in accordance with the terms of the convertible bonds, which were so converted into 500 million new ordinary shares of the Company on 11th August, 2021.

### 21. 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 24th August, 2021.

## OTHER INFORMATION

### DIRECTORS' INTERESTS IN SHARE CAPITAL

As at 30th June, 2021, 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 10 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, 2021)
			Personal interests	Corporate interests	Family/Other interests	
1. The Company	Mr. Lo Yuk Sui	Ordinary (i) (issued)	–	4,194,426,144 (Note e)	–	4,194,426,144
		(ii) (unissued)	–	3,545,487,356 (Note f)	–	3,545,487,356
					Total:	7,739,913,500 (131.35%)
		Preference (issued)	–	2,295,487,356 (Note f)	–	2,295,487,356 (99.99%)
	Mr. Jimmy Lo Chun To	Ordinary (issued)	2,269,101	–	–	2,269,101 (0.04%)
	Miss Lo Po Man	Ordinary (issued)	1,380,000	–	–	1,380,000 (0.02%)
2. Century City International Holdings Limited ("CCIHL")	Mr. Lo Yuk Sui	Ordinary (issued)	110,887,396	1,769,164,691 (Note a)	380,683	1,880,432,770 (58.69%)
	Mr. Jimmy Lo Chun To	Ordinary (issued)	251,735	–	–	251,735 (0.008%)
	Miss 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, 2021)
				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%)
		Miss 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%)
		Miss Lo Po Man	Ordinary (issued)	300,000	269,169 (Note d)	–	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 g)	–	2,443,033,102 (74.99%)

## OTHER INFORMATION (Cont'd)

### Notes:

- (a) The interests in 1,769,164,691 issued ordinary shares of CCIHL were held through companies wholly owned by Mr. Lo Yuk Sui ("Mr. Lo").
- (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 58.68% 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 58.68% 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 269,169 issued ordinary shares of RHIHL were held through a company wholly owned by Miss Lo Po Man.
- (e) The interests in 2,595,901,480 issued ordinary shares of the Company were held through wholly owned subsidiaries of P&R Holdings, which is owned as to 50% each by PHL and RHIHL through their respective wholly owned subsidiaries. The interests in the other 1,065,191,332 issued ordinary shares of the Company were held through wholly owned subsidiaries of RHIHL. The interest in the other 533,333,332 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 58.68% shareholding interests in CCIHL.
- (f) The interests in 3,545,487,356 unissued ordinary shares of the Company were held through wholly owned subsidiaries of P&R Holdings, which is owned as to 50% each by PHL and RHIHL through their respective wholly owned subsidiaries. PHL, in which CCIHL held 62.28% shareholding interests, held 69.25% shareholding interests in RHIHL. Mr. Lo held 58.68% shareholding interests in CCIHL.

The interests in 2,295,487,356 unissued ordinary shares of the Company are derivative interests held through interests in 2,295,487,356 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 1,250,000,000 unissued ordinary shares of the Company are derivative interests held through interests in the convertible bonds in a principal amount of HK\$500,000,000 issued by a wholly owned subsidiary of the Company. The convertible bonds are convertible into new ordinary shares of the Company at a conversion price of HK\$0.40 per ordinary share (subject to adjustments in accordance with the terms of the convertible bonds).

- (g) 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 58.68% shareholding interests in CCIHL.

Save as disclosed herein, as at 30th June, 2021, 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, 2021, 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, 2021
YSL International Holdings Limited ("YSL Int'l") (Note i)	4,194,426,144	3,545,487,356	7,739,913,500	131.35%
Grand Modern Investments Limited ("Grand Modern") (Note ii)	4,194,426,144	3,545,487,356	7,739,913,500	131.35%
CCIHL (Note iii)	4,194,426,144	3,545,487,356	7,739,913,500	131.35%
Century City BVI Holdings Limited ("CCBVI") (Note iv)	4,194,426,144	3,545,487,356	7,739,913,500	131.35%
PHL (Note v)	4,194,426,144	3,545,487,356	7,739,913,500	131.35%
Paliburg Development BVI Holdings Limited (Note vi)	4,194,426,144	3,545,487,356	7,739,913,500	131.35%
RHIHL (Note vii)	3,661,092,812	3,545,487,356	7,206,580,168	122.30%
Regal International (BVI) Holdings Limited (Note viii)	3,661,092,812	3,545,487,356	7,206,580,168	122.30%
Capital Merit Investments Limited (Note vi)	3,129,234,812	3,545,487,356	6,674,722,168	113.27%
Regal Hotels Investments Limited (Note viii)	3,129,234,812	3,545,487,356	6,674,722,168	113.27%
P&R Holdings (Note ix)	2,595,901,480	3,545,487,356	6,141,388,836	104.22%
P&R Strategic Limited (Note x)	41,050,777	1,409,367,512	1,450,418,289	24.61%
Interzone Investments Limited (Note x)	1,428,571,428	–	1,428,571,428	24.24%
Alpha Advantage Investments Limited (Note x)	–	1,250,000,000	1,250,000,000	21.21%
Valuegood International Limited (Note x)	635,305,000	129,031,239	764,336,239	12.97%
Lendas Investments Limited (Note x)	74,107,609	647,915,205	722,022,814	12.25%
Tenshine Limited (Note viii)	531,858,000	–	531,858,000	9.03%
AMTD Properties (HK) Limited (Note xi)	368,320,000	–	368,320,000	6.25%

**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 50.89% 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 Holdings is owned as to 50% each by PHL and RHIHL, through their respective wholly owned subsidiaries, and P&R Holdings' 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 Holdings and their interests in the ordinary shares of the Company were included in the interests held by P&R Holdings.
- (xi) AMTD Properties (HK) Limited is a wholly owned subsidiary of AMTD Group Company Limited.

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, 2021, 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 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 Miss Lo Po Man are directors of Grand Modern.
- (3) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Miss 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, Miss Lo Po Man, Mr. Kenneth Wong Po Man, Mr. Kenneth Ng Kwai Kai and Hon Abraham Shek Lai Him are directors of PHL.
- (5) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Miss 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 Holdings and the wholly owned subsidiaries of P&R Holdings which are substantial shareholders as named above.

## OTHER INFORMATION (Cont'd)

- (6) Mr. Lo Yuk Sui, Mr. Jimmy Lo Chun To, Miss Lo Po Man, 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, Miss 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

The 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, 2020 is set out below:

### Name of Director

### Details of changes

#### *Independent Non-Executive Directors:*

- |                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Mr. Li Ka Fai, David              | <ul style="list-style-type: none"><li>He did not offer himself for re-election at the annual general meeting of CR Construction Group Holdings Limited, a company listed on the Stock Exchange, held on 25th June, 2021 and retired as an independent non-executive director with effect from the conclusion of such meeting.</li></ul>                                                                                                             |
| Hon Abraham Shek Lai Him, GBS, JP | <ul style="list-style-type: none"><li>Retired as an independent non-executive director of SJM Holdings Limited, a company listed on the Stock Exchange, with effect from the conclusion of its annual general meeting held on 28th May, 2021.</li><li>Appointed as an independent non-executive director of International Alliance Financial Leasing Co., Ltd., a company listed on the Stock Exchange, with effect from 28th July, 2021.</li></ul> |

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules. The updated biographical details of the Directors of the Company are set out in the preceding section headed "Directors' Profile".

## CORPORATE GOVERNANCE

### Corporate Governance Code

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the six months ended 30th June, 2021, except that:

- (1) The roles of the Chairman and Chief Executive Officer are not separated and performed by two different individuals due to practical necessity to cater to the Group's corporate operating structure.
- (2) The Non-Executive Director and Independent Non-Executive Directors of the Company were not appointed for specific terms, but in accordance with the provisions of the Articles of Association of the Company, all Directors (including the Non-Executive Director and Independent Non-Executive Directors) of the Company are subject to retirement by rotation at least once every three years, and the retiring Directors are eligible for re-election.

### 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, 2021.

### 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, 2021.

### REVIEW OF RESULTS

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

Mr. David Li Ka Fai (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)*

Hon 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, 2021, in conjunction with the external auditor. The review report of the external auditor is set out on page 48 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 of Cosmopolitan International Holdings Limited (the “Company”) and its subsidiaries set out on pages 15 to 39, which comprises the condensed consolidated statement of financial position as at 30th June, 2021 and the related condensed consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of 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

24th August, 2021



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