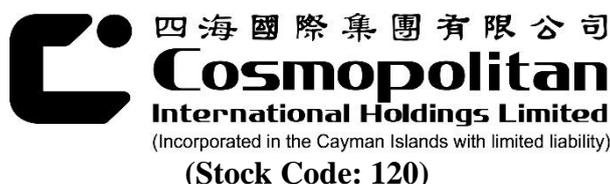


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## ANNOUNCEMENT OF 2023 GROUP FINAL RESULTS

### FINANCIAL AND BUSINESS HIGHLIGHTS

	Year 2023	Year 2022	% Change
	HK\$'M	HK\$'M	
<b>Revenue</b>	<b>77.3</b>	1,015.7	<b>-92.4%</b>
<b>Gross profit</b>	<b>10.9</b>	349.2	<b>-96.9%</b>
<b>Operating profit/(loss) before depreciation, finance costs and tax</b>	<b>(246.6)</b>	203.8	<b>N/A</b>
<b>Profit/(Loss) for the year attributable to equity holders of the parent</b>	<b>(372.3)</b>	4.0	<b>N/A</b>
		<b>(Restated)</b>	
<b>Basic earnings/(loss) per share (including ordinary share and convertible preference share) attributable to equity holders of the parent</b>	<b>HK(32.35) cents</b>	HK0.36 cent <sup>(1)</sup>	<b>N/A</b>
	<b>As at 31st December,</b>		
	<b>2023</b>	<b>2022</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
<b>Net asset value per share (including ordinary share and convertible preference share) attributable to equity holders of the parent</b>			
<b>Basic</b>	<b>HK\$0.81</b>	HK\$1.25 <sup>(1)</sup>	<b>-35.2%</b>
<b>Fully diluted</b>	<b>HK\$0.43<sup>(2)</sup></b>	HK\$0.60 <sup>(3)</sup>	<b>-28.3%</b>

(1) adjusted for the 10-into-1 share consolidation effective on 26th October, 2023 ("Share Consolidation") and the bonus ordinary shares issued pursuant to the bonus share scheme effective on 4th December, 2023 ("Bonus Share Scheme")

(2) assuming full conversion of the convertible notes issued pursuant to the Bonus Share Scheme

(3) adjusted for the Share Consolidation and the bonus ordinary shares as well as assuming full conversion of (a) the convertible notes issued pursuant to the Bonus Share Scheme and (b) the then outstanding convertible bonds

- **Due to the sluggish property market conditions in Mainland China, the profit contribution from property sales in the Group's two composite developments in Chengdu and Tianjin during the year under review was relatively insignificant as compared to the preceding year. Moreover, the Group also provided for impairment losses on some properties held for sale as well as parts of properties under development in those two development projects.**
- **After further accounting for finance costs, administrative expenses and taxation charges, the Company incurred a loss of HK\$372.3 million for the year under review.**
- **The corporate proposals announced by the Company in July 2023 involving, among others, a share consolidation and a bonus issue have been duly implemented in October 2023 and December 2023, respectively.**
- **The outstanding convertible bonds of the Company in the principal amount of HK\$300.0 million have been converted in December 2023 into 225 million new consolidated shares. Henceforth, the Company does not have any further outstanding convertible bonds, which will serve to alleviate the Group's future finance costs.**
- **As affected by the weakness in the property market, the progress achieved so far in the sale of the shop and office units in the Regal Cosmopolitan City development in Chengdu has been relatively slow.**
- **With respect to the Regal Renaissance development in Tianjin, the marketing programme for the sale of the units in the office towers will also be deferred to a later appropriate time.**

- **The Company and Regal Hotels International Holdings Limited, a listed fellow subsidiary of the Company, through their respective subsidiaries, entered into a Memorandum of Understanding with the Ministry of Investment of Saudi Arabia (MISA) in December 2023 to jointly explore a strategic partnership in hotel development and management. The Company will also consider and assess the opportunity to become the listed vehicle for the investment platform, if the transactions contemplated under the memorandum would materialise.**
- **Overall, despite some foreseeable challenges, the Directors remain optimistic that as the property market in China gradually revives, the Group will be able to secure substantial revenues from its two development projects in Chengdu and Tianjin.**

## **FINANCIAL RESULTS**

For the financial year ended 31st December, 2023, the Company incurred a loss attributable to shareholders of HK\$372.3 million, while a profit of HK\$4.0 million was recorded in 2022.

As explained in the profit warning announcement published by the Company on 20th March, 2024, due to the sluggish property market conditions in Mainland China, the profit contribution from property sales in the Group's two composite developments in Chengdu and Tianjin during the year under review was relatively insignificant as compared to the preceding year. Moreover, having regard to the continued downward adjustments in overall property prices, the Group provided for impairment losses on some properties held for sale as well as parts of properties under development in those two development projects in an aggregate amount of approximately HK\$172.2 million. Consequently, after further accounting for finance costs, administrative expenses and taxation charges, the Company incurred for the year under review a loss attributable to shareholders of HK\$372.3 million.

As mentioned in the Chairman's Statement in the 2023 Interim Report, the Company announced in a joint announcement dated 11th July, 2023 a series of corporate proposals involving, among others, a share consolidation and a bonus issue on the basis of two bonus shares for every one consolidated share or consolidated convertible preference share of the

Company, with an option for the holders to elect to receive bonus convertible notes in lieu of the bonus shares.

In a subsequent joint announcement published by the Company on 4th December, 2023, the Company announced that all the conditions precedent to its bonus issue proposal have been satisfied and the bonus issue proposal completed on that same day. Shareholders may also wish to note that, as disclosed in that joint announcement, the holder of the Company's outstanding convertible bonds in the principal amount of HK\$300.0 million, which is a wholly owned subsidiary of P&R Holdings Limited, has exercised the conversion rights on 4th December, 2023 to convert all the outstanding convertible bonds into 225 million new consolidated shares at an adjusted conversion price of HK\$1.333 per consolidated share. Henceforth, the Company does not have any further outstanding convertible bonds, which will serve to alleviate the Group's future finance costs.

## **BUSINESS OVERVIEW**

The Gross Domestic Product of China for the full year of 2023 grew by 5.2%, which was in line with the official growth target. However, the corrections in the real estate market in Mainland China persisted, with the nationwide sale volume and selling prices of commodity properties in the primary market having further declined year-on-year, save for some exceptions in certain first-tier and strong second-tier cities. Since the fourth quarter of 2023, the central government authorities in China have continually implemented a series of supportive policy measures, including the removal of purchase restrictions and the lowering of minimum down payments for home purchases in many cities, with a view to stabilising the overall property market, although it may take some time for these positive measures to generate the intended effects.

After the disposal of the residential units, the remaining components in the Group's Regal Cosmopolitan City development in Chengdu mainly comprise a commercial complex (including a six-storey shopping mall podium), five towers of office accommodation and a hotel building, the development works for which were proceeding as planned. The presale of

some of the office and shop units in one of the office towers was continuing but, due to the weakness in the property market, the progress achieved so far has been relatively slow.

Likewise, almost all of the residential units in the Regal Renaissance development in Tianjin have been sold in the prior years. The remaining components in this development, which have all been completed, mainly consist of a commercial complex and two office towers atop of a four-storey commercial podium. The progress on the sale of the shops in the commercial complex was similarly slow and only generated very modest profit contribution during the year. Having regard to the prevailing unfavourable market environment, the marketing programme for the sale of the units in the office towers will be deferred to a later appropriate time.

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

As disclosed in the joint announcement published by the Company on 21st December, 2023, Regal Hotels International Holdings Limited and the Company announced that they have, through their respective subsidiaries, entered into a Memorandum of Understanding with the Ministry of Investment of Saudi Arabia (MISA) to jointly explore a strategic partnership in hotel development and management.

The potential partnership under the memorandum will aim to leverage the strength of the Regal group in developing and operating hotel brands and the strength of the Group in project management of real estate and hotel development projects, together with MISA's expertise in connecting local financial and strategic investors in the Kingdom of Saudi Arabia. The Company will also consider and assess the opportunity to become the listed vehicle for the investment platform, if the transactions contemplated under the memorandum would materialise. Shareholders will be kept informed of any progress in this respect.

## **OUTLOOK**

With an aim to supporting a stable development of the property market in Mainland China, the central government authorities announced in January this year a plan for the establishment of a financing coordination mechanism for the real estate sector. Under the plan, financing support will be made available by commercial banks to the real estate developers for those of their property development projects that are eligible for financing assistance. This can ensure the smooth delivery of presold commodity properties and, in turn, restore market confidence.

Recently in February 2024, the People's Bank of China announced the lowering of the Loan Prime Rate for tenors of 5 years or more by margins that exceeded market expectations. The lowering of the LPR will reduce the interest burden for long-term loans, particularly residential mortgages, which will help to stimulate demands and stabilise market expectations. Meanwhile, it can also be expected that more policy measures will be introduced by the central government authorities to promote the long-term growth of the real estate sector in China.

Overall, despite some foreseeable challenges, the Directors remain optimistic that as the property market in China gradually revives, the Group will be able to secure substantial revenues from its two development projects in Chengdu and Tianjin.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

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

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

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

A brief review on the property projects currently undertaken by the Group in 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 development works of third stage were already completed. Nearly all of the residential units in the third stage have now already been sold. Total proceeds from the sales of the residential units amounted to approximately RMB2,048.3 million (HK\$2,211.5 million).

The sale of the shops with about 4,110 square metres (44,250 square feet) comprised in the third stage is in progress. Up to date, a total of 4,002 square meters (43,078 square feet) of shops have been sold or contracted to be sold, for aggregate sale considerations of approximately RMB93.2 million (HK\$100.6 million). The sale of the 1,389 car parking spaces is continuing and, up to date, 470 car parking spaces have been sold or contracted to be sold, for aggregate sales proceeds of approximately RMB51.2 million (HK\$55.3 million). The procedures for the hand over of most of the shop units and car parking spaces sold have already been completed and the revenues accounted for in the preceding financial year.

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

The construction works of the remaining commercial components 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

proceeding steadily. All the office towers, the commercial facilities as well as the six-storey shopping mall podium have been topped-off. The market repositioning works of the shopping mall and certain of the office towers are also in progress.

The presale programme for the units in one of the office towers, consisting of 434 units with a total of about 20,000 square metres (215,200 square feet), commenced in 2021. Up to date, 275 office units with a total of about 12,254 square meters (131,902 square feet) have been presold under contracts or subscribed by prospective purchasers, for an aggregate sale consideration of RMB105.8 million (HK\$114.2 million).

The presale of the shops of about 2,650 square metres (28,550 square feet) comprised in the commercial portion of the office tower on sale has also commenced in 2022. Up to date, a total of 5 shop units of about 274 square metres (2,949 square feet) have been presold under contracts, for aggregate sale considerations of approximately RMB8.1 million (HK\$8.7 million).

The timing for the launching of the sale programme for the units in the other four office towers will depend on the property market environment in Chengdu.

#### *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 progress on the sale of the commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), has been relatively slow. Certain parts of the commercial complex have been leased out for rental income.

The remaining components in this development, which have all been completed, mainly consist of two office towers atop of a four-storey podium. The market repositioning works for the commercial podium are in progress. In view of the prevailing unfavourable market environment, the marketing programme for the sale of the units in the office towers will be deferred to a later appropriate time.

### *Xinjiang Project*

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

The Group continues to maintain the overall re-forested area. In the meanwhile, the Group is communicating 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 IDEA Group (formerly known as AMTD International Inc.)*

The Group held 6,069,000 Class A ordinary shares (convertible into 1,011,500 American depositary shares) of AMTD IDEA Group as equity investments at fair value through other comprehensive income as at 31st December, 2023. AMTD is a financial services provider in the Asia Pacific, with dual listings on the New York Stock Exchange and the Singapore Stock Exchange. Subsequent to the year end of 2023, the Group converted 3,000,000 Class A ordinary shares into 500,000 American depositary shares of AMTD IDEA Group, which were then disposed of based on their market traded price at the time of the disposal. The Group presently still holds 3,069,000 Class A ordinary shares (convertible into 511,500 American depositary shares) of AMTD IDEA Group.

#### *PRC Real Estate Company*

As previously disclosed, the Group acquired an 80% equity interest in and provided pro rata shareholder's loan to an investee company incorporated in the PRC in July 2019. The investee company owned 10% equity interest in another PRC-incorporated real estate company that

undertakes joint developments for both industry specific real estate and residential/commercial real estate in China. In December 2021, the Group entered into an agreement with an independent third party purchaser for the disposal of its entire 80% equity interest in and shareholder's loan to the abovementioned investee company at a consideration equal to the original investment cost of the Group, completion of which was scheduled to take place by the end of 2023 (as extended). The purchaser had not yet fully settled the consideration under the agreement as at 31st December 2023. The Group is presently in negotiation with the purchaser to resolve the outstanding matters under the agreement.

#### *Investment in Interra Acquisition Corporation*

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

The Group considered that this investment in Interra could diversify the Group's investment portfolio and enable the Group to capture possible favourable investment returns. Detailed information on the Group's investment in Interra is contained in the joint announcement of the Company published on 9th September, 2022.

## **FINANCIAL REVIEW**

### **ASSETS VALUE**

As at 31st December, 2023, the Group's net assets attributable to equity holders of the parent amounted to HK\$1,186.4 million, representing approximately HK\$0.81 per share (including ordinary share and convertible preference share). Assuming full conversion of the outstanding convertible notes as at 31st December, 2023, the Group's net assets attributable to equity

holders of the parent would be approximately HK\$0.43 per share (including ordinary share and convertible preference share) on a fully diluted basis.

## **CAPITAL RESOURCES AND FUNDING**

### **Funding and Treasury Policy**

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

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

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

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

## **Cash Flows**

Net cash flows used in operating activities during the year under review amounted to HK\$449.9 million (2022 – HK\$443.8 million). Net interest payment for the year amounted to HK\$49.0 million (2022 – HK\$30.3 million).

## **Borrowings and Gearing**

As at 31st December, 2023, the Group had cash and bank balances and deposits of HK\$63.6 million (2022 – HK\$81.6 million) and the Group’s borrowings including convertible bonds/notes, net of cash and bank balances and deposits, amounted to HK\$1,302.4 million (2022 – HK\$1,113.6 million).

As at 31st December, 2023, the gearing ratio of the Group was 32.7% (2022 – 27.8%), representing the Group’s borrowings including convertible bonds/notes, net of cash and bank balances and deposits, of HK\$1,302.4 million (2022 – HK\$1,113.6 million), as compared to the total assets of the Group of HK\$3,987.6 million (2022 – HK\$4,000.5 million).

Details of the maturity profile of the borrowings of the Group as of 31st December, 2023 are shown in the consolidated financial statements (“Financial Statements”) contained in the annual report of the Company for the year ended 31st December, 2023 (the “2023 Annual Report”) to be published on or before 30th April, 2024.

## **Lease Liabilities**

As at 31st December, 2023, the Group had lease liabilities of HK\$1.1 million (2022 – HK\$0.2 million).

## **Pledge of Assets**

As at 31st December, 2023, certain of the Group’s bank deposits and financial assets at fair value through profit or loss in the amount of HK\$23.6 million (2022 – HK\$23.0 million) were pledged to secure general banking facilities granted to the Group.

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

### **Capital Commitments**

Details of the capital commitments of the Group as at 31st December, 2023 are shown in the Financial Statements.

### **Contingent Liabilities**

Details of the contingent liabilities of the Group as at 31st December, 2023 are shown in the Financial Statements.

## **DIVIDEND**

The Directors have resolved not to recommend the payment of a final dividend for the year ended 31st December, 2023 (2022 – Nil). No interim dividend was paid for the year ended 31st December, 2023 (2022 – Nil).

## **ANNUAL GENERAL MEETING**

An Annual General Meeting of the Company will be convened to be held on Thursday, 13th June, 2024. The Notice of the Annual General Meeting will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Company and sent to the shareholders of the Company, together with the Company’s 2023 Annual Report, in due course.

## **CLOSURE OF REGISTER**

For the purpose of ascertaining shareholders' entitlement to attend and vote at the 2024 Annual General Meeting, the Register of Ordinary Shareholders of the Company will be closed from Friday, 7th June, 2024 to Thursday, 13th June, 2024, both days inclusive, during which period no transfers of ordinary shares will be effected. In order to be entitled to attend and vote at the 2024 Annual General Meeting, all transfers of ordinary shares and/or conversions of the convertible securities, duly accompanied by the relevant share certificates and/or the certificates of the convertible securities, together with, where appropriate, the relevant conversion notices, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, no later than 4:30 p.m. on Thursday, 6th June, 2024.

## YEAR END RESULTS

### Consolidated Statement of Profit or Loss

	Year ended 31st December, 2023	Year ended 31st December, 2022
	HK\$'M	HK\$'M
REVENUE (Notes 2 & 3)	77.3	1,015.7
Cost of sales	(66.4)	(666.5)
Gross profit	10.9	349.2
Other income (Note 3)	3.8	3.4
Fair value losses on investment properties	(1.9)	(4.6)
Fair value losses on financial assets at fair value through profit or loss, net	(19.1)	(1.5)
Impairment of goodwill	–	(41.6)
Impairment loss on properties under development	(63.3)	–
Impairment loss on properties held for sale	(108.9)	–
Loss on disposal of investment properties, net	(1.0)	(5.6)
Property selling and marketing expenses	(7.7)	(25.8)
Administrative expenses	(59.4)	(69.7)
OPERATING PROFIT/(LOSS) BEFORE DEPRECIATION	(246.6)	203.8
Depreciation	(1.3)	(1.4)
OPERATING PROFIT/(LOSS) (Note 4)	(247.9)	202.4
Finance costs (Note 5)	(80.3)	(56.4)
PROFIT/(LOSS) BEFORE TAX	(328.2)	146.0
Income tax (Note 6)	(44.1)	(142.0)
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(372.3)	4.0

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

	<b>Year ended 31st December, 2023</b>	<b>Year ended 31st December, 2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Attributable to:		
Equity holders of the parent	(372.3)	4.0
Non-controlling interests	–	–
	<u>(372.3)</u>	<u>4.0</u>
		<b>(Restated)</b>
EARNINGS/(LOSS) PER SHARE (INCLUDING ORDINARY SHARE AND CONVERTIBLE PREFERENCE SHARE) ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT (Note 8)		
Basic and diluted	<u><b>HK(32.35) cents</b></u>	<u>HK0.36 cent</u>

## Consolidated Statement of Comprehensive Income

	Year ended 31st December, 2023	Year ended 31st December, 2022
	HK\$'M	HK\$'M
PROFIT/(LOSS) FOR THE YEAR BEFORE ALLOCATION BETWEEN EQUITY HOLDERS OF THE PARENT AND NON-CONTROLLING INTERESTS	(372.3)	4.0
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(49.0)	(114.3)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Fair value loss on equity investments designated at fair value through other comprehensive income	(66.9)	(107.4)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	(115.9)	(221.7)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(488.2)	(217.7)
Attributable to:		
Equity holders of the parent	(488.2)	(217.7)
Non-controlling interests	–	–
	(488.2)	(217.7)

## Consolidated Statement of Financial Position

	31st December, 2023	31st December, 2022
	HK\$'M	HK\$'M
NON-CURRENT ASSETS		
Property, plant and equipment	8.5	9.5
Investment properties	47.9	65.2
Right-of-use assets	1.1	0.2
Investment in a joint venture	2.4	2.4
Prepayments (Note 9)	140.4	129.7
Equity investments designated at fair value through other comprehensive income	14.2	85.6
Total non-current assets	<u>214.5</u>	<u>292.6</u>
CURRENT ASSETS		
Properties under development	1,628.7	1,592.4
Properties held for sale	1,883.5	1,831.8
Loans receivable	1.9	1.7
Deposits, prepayments and other assets (Note 9)	65.7	51.6
Financial assets at fair value through profit or loss	129.7	148.8
Restricted cash	46.1	24.9
Pledged bank balances	1.8	1.2
Cash and bank balances	15.7	55.5
Total current assets	<u>3,773.1</u>	<u>3,707.9</u>

## Consolidated Statement of Financial Position (Cont'd)

	31st December, 2023	31st December, 2022
	HK\$'M	HK\$'M
<b>CURRENT LIABILITIES</b>		
Creditors and accruals	(471.7)	(355.0)
Amount due to a related company	(41.5)	–
Contract liabilities	(304.4)	(320.4)
Deposits received	(105.6)	(129.0)
Interest bearing bank borrowing	(12.5)	(12.5)
Other borrowings (Note 10)	(847.2)	(382.2)
Lease liabilities	(0.4)	(0.2)
Tax payable	(317.5)	(319.3)
Total current liabilities	<u>(2,100.8)</u>	<u>(1,518.6)</u>
NET CURRENT ASSETS	<u>1,672.3</u>	<u>2,189.3</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,886.8</u>	<u>2,481.9</u>
<b>NON-CURRENT LIABILITIES</b>		
Creditors and accruals	(35.3)	(29.8)
Deposits received	(0.6)	(0.9)
Other borrowings (Note 10)	(468.0)	(513.0)
Convertible bonds/notes	(38.3)	(287.5)
Lease liabilities	(0.7)	–
Deferred tax liabilities	(157.5)	(240.0)
Total non-current liabilities	<u>(700.4)</u>	<u>(1,071.2)</u>
Net assets	<u>1,186.4</u>	<u>1,410.7</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	29.4	17.4
Reserves	1,157.0	1,393.3
	<u>1,186.4</u>	<u>1,410.7</u>
<b>Non-controlling interests</b>	<u>–</u>	<u>–</u>
Total equity	<u>1,186.4</u>	<u>1,410.7</u>

Notes:

1. Basis of Preparation and Accounting Policies

The financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest million except when otherwise indicated.

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

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements

make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.
- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any significant impact on the financial position or performance of the Group upon initial application.
- (d) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments

retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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.

Segment assets exclude loans receivable, restricted cash, pledged bank balances, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude convertible bonds/notes, interest bearing bank borrowing, amount due to a related company, certain other borrowings, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's operating segments for the years ended 31st December, 2023 and 2022:

	Property development and investment		Financial assets investments		Consolidated	
	2023	2022	2023	2022	2023	2022
	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M	HK\$'M
Segment revenue (Note 3):						
Sales to external customers	75.8	1,014.5	1.5	1.2	77.3	1,015.7
Segment results before depreciation	(204.5)	228.6	(17.6)	(0.2)	(222.1)	228.4
Depreciation	(1.3)	(1.4)	–	–	(1.3)	(1.4)
Segment results	(205.8)	227.2	(17.6)	(0.2)	(223.4)	227.0
Unallocated interest income and unallocated non-operating and corporate gains					0.3	0.7
Unallocated non-operating and corporate expenses					(24.8)	(25.3)
Finance costs (other than interest on lease liabilities)	(37.8)	(37.4)	–	–	(37.8)	(37.4)
Unallocated finance costs					(42.5)	(19.0)
Profit/(Loss) before tax					(328.2)	146.0
Income tax					(44.1)	(142.0)
Profit/(Loss) for the year before allocation between equity holders of the parent and non-controlling interests					(372.3)	4.0
Attributable to:						
Equity holders of the parent					(372.3)	4.0
Non-controlling interests					–	–
					(372.3)	4.0

	<b>Property development and investment</b>		<b>Financial assets investments</b>		<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>	<b>HK\$'M</b>	<b>HK\$'M</b>	<b>HK\$'M</b>	<b>HK\$'M</b>
Segment assets	3,774.1	3,721.7	145.1	192.4	3,919.2	3,914.1
Investment in a joint venture	2.4	2.4	–	–	2.4	2.4
Cash and unallocated assets					66.0	84.0
<b>Total assets</b>					<b>3,987.6</b>	<b>4,000.5</b>
Segment liabilities	(1,748.6)	(1,569.6)	–	–	(1,748.6)	(1,569.6)
Unallocated liabilities					(1,052.6)	(1,020.2)
<b>Total liabilities</b>					<b>(2,801.2)</b>	<b>(2,589.8)</b>
Other segment information:						
Capital expenditure	405.1	221.8	–	–		
Fair value losses on financial assets at fair value through profit or loss, net	–	–	19.1	1.5		
Loss on disposal of investment properties, net	1.0	5.6	–	–		
Fair value losses on investment properties	1.9	4.6	–	–		
Impairment of goodwill	–	41.6	–	–		
Impairment loss on other receivable	2.5	–	–	–		
Impairment loss on properties held for sale	108.9	–	–	–		
Impairment loss on properties under development	63.3	–	–	–		

### Geographical information

#### (a) Revenue from external customers

	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Hong Kong	<b>1.5</b>	1.2
Mainland China	<b>75.8</b>	1,014.5
	<hr/>	<hr/>
Total revenue	<b>77.3</b>	1,015.7
	<hr/> <hr/>	<hr/> <hr/>

The revenue information above is based on the locations of the customers.

#### (b) Non-current assets

	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Hong Kong	–	–
Mainland China	<b>200.3</b>	207.0
	<hr/>	<hr/>
Total non-current assets	<b>200.3</b>	207.0
	<hr/> <hr/>	<hr/> <hr/>

The non-current assets information above is based on the locations of assets and excludes financial instruments.

### Information about a major customer

No further information about a major customer is presented as no more than 10% of the Group's revenue was derived from sales to any single customer.

3. Revenue and other income are analysed as follows:

	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
<u>Revenue</u>		
<i>Revenue from contracts with customers</i>		
Proceeds from sale of properties	<b>74.0</b>	1,013.4
<i>Revenue from other sources</i>		
Rental income	<b>1.8</b>	1.1
Dividend income from listed investments	<b>1.5</b>	1.2
Total	<b>77.3</b>	1,015.7
<u>Other income</u>		
Bank interest income	<b>0.2</b>	0.7
Others	<b>3.6</b>	2.7
Total other income	<b>3.8</b>	3.4

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

	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Profit on disposal of properties, net	<b>6.9</b>	343.2
Depreciation of property, plant and equipment	<b>0.8</b>	0.9
Depreciation of right-of-use assets	<b>0.5</b>	0.5
Total	<b>1.3</b>	1.4

5. Finance costs of the Group are as follows:

	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Interest on a bank loan	<b>0.7</b>	0.3
Interest on convertible bonds/notes	<b>17.0</b>	17.1
Interest on other borrowings	<b>62.6</b>	35.6
Interest expenses arising from revenue contracts	<b>2.7</b>	7.0
Subtotal	<b>83.0</b>	60.0
Less: Finance costs capitalised	<b>(2.7)</b>	(3.6)
Total	<b>80.3</b>	56.4

6. The income tax charge for the year arose as follows:

	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Current – PRC		
Corporate income tax	<b>39.3</b>	88.0
Land appreciation tax	<b>87.6</b>	79.8
Deferred	<b>(82.8)</b>	(25.8)
Total	<b>44.1</b>	142.0

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2022 – Nil).

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

The PRC land appreciation tax is levied on the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for

the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for tax was required for the joint venture as no assessable profits were earned by the joint venture during the year (2022 – Nil).

7. Dividend

No dividend was paid or proposed during the year ended 31st December, 2023, nor has any dividend been proposed since the end of the reporting period (2022 – Nil).

8. (a) Basic earnings/(loss) per share

The calculation of the basic loss per share for the year ended 31st December, 2023 is based on the loss for the year attributable to equity holders of the parent of HK\$372.3 million (2022 – profit of HK\$4.0 million) and on the weighted average of 1,150.6 million (2022 – 1,124.2 million (as restated)) shares of the Company in issue (including ordinary shares and convertible preference shares) during the year ended 31st December, 2023, as adjusted to reflect the effect of the consolidation of ordinary shares and convertible preference shares of the Company on the basis that every ten existing issued and unissued ordinary shares and convertible preference shares of HK\$0.002 each were consolidated into one ordinary share and convertible preference share of HK\$0.02 each effective on 26th October, 2023 and the bonus issue completed on 4th December, 2023 on the basis that holders of each consolidated ordinary share and consolidated convertible preference share of the Company would be entitled to two consolidated ordinary shares (“Cosmo Bonus Share”), with an option to elect to receive one unit of convertible notes (“Cosmo Bonus CN”) with a face notional value of HK\$0.10 each in lieu of every Cosmo Bonus Share. Each unit of Cosmo Bonus CN is convertible into one ordinary share of the Company. The basic earnings per share amount for the year ended 31st December, 2022 has also been adjusted to reflect the effect of the above events.

(b) Diluted earnings/(loss) per share

No adjustment has been made to the earnings/(loss) per share amount presented for the years ended 31st December, 2023 and 2022 in respect of a dilution, as the impact of the convertible notes outstanding during the year and the impact of the convertible bonds outstanding during the prior year had an anti-dilutive effect on the earnings/(loss) per share amount presented.

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

	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Non-current		
Prepayments (Note (a))	<b>140.4</b>	129.7
Current		
Trade debtors (Note (b))	<b>0.6</b>	0.7
Contract costs	<b>2.5</b>	2.2
Prepayments	<b>58.5</b>	43.2
Deposits	<b>0.1</b>	0.1
Other receivables	<b>4.0</b>	5.4
Total	<b>65.7</b>	51.6

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.

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

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

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

	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Outstanding balances with ages:		
Within 3 months	<b>0.1</b>	0.1
Over 1 year	<b>1.0</b>	1.2
	<b>1.1</b>	1.3
Impairment	<b>(0.5)</b>	(0.6)
Total	<b>0.6</b>	0.7

10. Other borrowings are analysed as follows:

	<b>2023</b>	<b>2022</b>
	<b>HK\$'M</b>	<b>HK\$'M</b>
Unsecured note (Note (i))	–	156.0
Secured notes (Note (ii))	<b>468.0</b>	–
Other loans (Note (iii))	<b>847.2</b>	739.2
	<hr/>	<hr/>
Total	<b>1,315.2</b>	895.2
	<hr/> <hr/>	<hr/> <hr/>
Analysed into:		
Other borrowings repayable		
Within one year	<b>847.2</b>	382.2
In the second year	<b>156.0</b>	357.0
In the third to fifth years, inclusive	<b>312.0</b>	156.0
	<hr/>	<hr/>
Total	<b>1,315.2</b>	895.2
	<hr/> <hr/>	<hr/> <hr/>

(i) On 19th September, 2022, Cosmopolitan International Finance Limited (“CIFL”), a wholly owned subsidiary of the Company, issued a 3-year unsecured note (“Note A”) in an aggregate nominal principal amount of US\$20 million at a coupon interest rate of Hong Kong Interbank Offered Rate (“HIBOR”) plus 0.6% per annum.

(ii) On 14th April, 2023, CIFL issued a 3-year secured note (“Note B”) in an aggregate nominal principal amount of US\$40 million at a coupon interest rate of HIBOR plus 3.11% per annum.

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

(iii) Other loans, comprising a term loan of HK\$357.0 million and revolving loan of HK\$490.2 million (2022 – term loan of HK\$357.0 million and revolving loan of

HK\$382.2 million) from a fellow subsidiary, are secured by the pledge over the equity interests in the relevant holding companies of the Group's property development projects and bear interest at 5% per annum. The term loan is repayable on 12th October, 2024 and is accordingly classified as a current other borrowings as at 31st December, 2023.

## **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 year ended 31st December, 2023.

## **SCOPE OF WORK OF INDEPENDENT AUDITORS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31st December, 2023 as set out in this preliminary results announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on this preliminary results announcement.

## **REVIEW OF RESULTS**

The Audit Committee has reviewed the Group's draft consolidated financial statements for the year ended 31st December, 2023, including the accounting principles and practices adopted by the Group, in conjunction with the Company's external auditors.

## CORPORATE GOVERNANCE

The Company has complied with the Code Provisions in the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities on Stock Exchange during the year ended 31st December, 2023, except that:

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

## BOARD OF DIRECTORS

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

***Executive Directors:***

Mr. LO Yuk Sui

*(Chairman and Chief Executive Officer)*

Mr. Jimmy LO Chun To

*(Vice Chairman and Managing Director)*

Miss LO Po Man

*(Vice Chairman)*

Mr. Kenneth WONG Po Man

*(Chief Operating Officer)*

Mr. Kelvin LEUNG So Po

*(Chief Financial Officer)*

Mr. Kenneth NG Kwai Kai

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

Mr. Francis BONG Shu Ying

Ms. Alice KAN Lai Kuen

Mr. David LI Ka Fai, MH

Mr. Abraham SHEK Lai Him, GBS, JP

By Order of the Board

**LO YUK SUI**

Chairman

Hong Kong, 27th March, 2024