

GRAND GALLERY INC.

FORM 10-Q (Quarterly Report)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2025

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 000-55793



COSMOS GROUP HOLDINGS INC.

(Exact Name of Registrant as Specified in Its Charter)

Nevada

(State or Other Jurisdiction of
Incorporation or Organization)

90-1177460

(I.R.S. Employer
Identification No.)

**6/F, Harbour View 2,
16 Science Park East Avenue,
Hong Kong Science Park, N.T.,
Hong Kong**

(Address of Principal Executive Offices and zip code)

Registrant's telephone number, including area code: **+852 2839 8100**

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Common Stock, \$0.001 par value

Title of each class

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol	Name of each exchange on which registered
None.	N/A	N/A

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any

new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of May 8, 2025, the Company had outstanding 4,585,963,082 shares of common stock.

INTRODUCTORY COMMENTS

References in this report to the “Company,” “COSG,” “we,” “us” and “our” refer to Cosmos Group Holdings Inc., a Nevada company (also known as Coinllectibles, Inc.), and all of its subsidiaries on a consolidated basis. Where reference to a specific entity is required, the name of such specific entity will be referenced.

We are a Nevada holding company with operations conducted through our wholly owned subsidiaries based in Hong Kong and Singapore. Our investors hold shares of common stock in Cosmos Group Holdings Inc., the Nevada holding company. This structure presents unique risks as our investors may never directly hold equity interests in our Hong Kong subsidiary and will be dependent upon contributions from our subsidiaries to finance our cash flow needs. Our ability to obtain contributions from our subsidiaries are significantly affected by regulations promulgated by Hong Kong and Singaporean authorities. Any change in the interpretation of existing rules and regulations or the promulgation of new rules and regulations may materially affect our operations and or the value of our securities, including causing the value of our securities to significantly decline or become worthless. For a detailed description of the risks facing the Company associated with our structure, please refer to **“Risk Factors – Risks Relating to Doing Business in Hong Kong.”** set forth in the Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) on April 15, 2025 (the “Form 10-K”).

Cosmos Group Holdings Inc. and our Hong Kong subsidiaries are not required to obtain permission from the Chinese authorities including the China Securities Regulatory Commission, or CSRC, or Cybersecurity Administration Committee, or CAC, to operate or to issue securities to foreign investors. However, in light of the recent statements and regulatory actions by the People’s Republic of China (“the PRC”) government, such as those related to Hong Kong’s national security, the promulgation of regulations prohibiting foreign ownership of Chinese companies operating in certain industries, which are constantly evolving, and anti-monopoly concerns, we may be subject to the risks of uncertainty of any future actions of the PRC government in this regard including the risk that we inadvertently conclude that such approvals are not required, that applicable laws, regulations or interpretations change such that we are required to obtain approvals in the future, or that the PRC government could disallow our holding company structure, which would likely result in a material change in our operations, including our ability to continue our existing holding company structure, carry on our current business, accept foreign investments, and offer or continue to offer securities to our investors. These adverse actions could cause the value of our common stock to significantly decline or become worthless. We may also be subject to penalties and sanctions imposed by the PRC regulatory agencies, including the Chinese Securities Regulatory Commission, if we fail to comply with such rules and regulations, which would likely adversely affect the ability of the Company’s securities to continue to trade on the Over-the-Counter Bulletin Board, which would likely cause the value of our securities to significantly decline or become worthless.

There may be prominent risks associated with our operations being in Hong Kong. For example, as a U.S.-listed Hong Kong public company, we may face heightened scrutiny, criticism and negative publicity, which could result in a material change in our operations and the value of our common stock. It could also significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. Additionally, changes in Chinese internal regulatory mandates, such as the M&A rules, Anti-Monopoly Law, and Data Security Law, may target the Company’s corporate structure and impact our ability to conduct business in Hong Kong, accept foreign investments, or list on an U.S. or other foreign exchange. Recently, the PRC government initiated a series of regulatory actions and statements to regulate business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding the efforts in anti-monopoly enforcement. The business of our subsidiaries are not subject to cybersecurity review with the Cyberspace Administration of China, or CAC, given that: (i) we do not have one million individual online users of our products and services in Hong Kong; (ii) we do not possess a large amount of personal information in our business operations. In addition, we are not subject to merger control review by China’s anti-monopoly enforcement agency due to the level of our revenues which provided from us and audited by our auditor and the fact that we currently do not expect to propose or implement any acquisition of control of, or decisive influence over, any company with revenues within China of more than Renminbi (“RMB”) 400 million. Currently, these statements and regulatory actions have had no impact on our daily business operations, the ability to accept foreign investments and list our securities on an U.S. or other foreign exchange. However, since these statements and regulatory actions are new, it is highly uncertain how soon legislative or administrative regulation making bodies will respond and what existing or new laws or regulations or detailed implementations and interpretations will be modified or promulgated, if any, and the potential impact such modified or new laws and regulations will have on our daily business operation, the ability to accept foreign investments and list our securities on an U.S. or other foreign exchange. For a detailed description of the risks facing the Company and associated with our operations in Hong Kong, please refer to **“Risk Factors – Risk Factors Relating to Doing Business in Hong Kong.”** set forth herein.

The recent joint statement by the SEC and PCAOB, and the Holding Foreign Companies Accountable Act (HFCAA) all call for additional and more stringent criteria to be applied to emerging market companies upon assessing the qualification of their auditors, especially the non-U.S. auditors who are not inspected by the PCAOB. Trading in our securities may be prohibited under the HFCAA if the PCAOB determines that it cannot inspect or investigate completely our auditor, and that as a result, an exchange may determine to delist our securities. On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act which would reduce the number of consecutive non-inspection years required for triggering the prohibitions under the HFCAA from three years to two thus reducing the time before our securities may be prohibited from trading or being delisted. On December 2, 2021, the U.S. Securities and Exchange Commission adopted rules to implement the HFCAA. Pursuant to the HFCAA, the Public Company Accounting Oversight Board (PCAOB) issued its report notifying the Commission that it is unable to inspect or investigate completely accounting firms headquartered in mainland China or Hong Kong due to positions taken by authorities in mainland China and Hong Kong. Our auditor is based in Nigeria and is subject to PCAOB inspection. It is not subject to the determinations announced by the PCAOB on December 16, 2021. However, in the event the Nigerian authorities subsequently take a position disallowing the PCAOB to inspect our auditor, then we would need to change our auditor to avoid having our securities delisted. On August 26, 2022, the China Securities Regulatory Commission, or CSRC, the Ministry of Finance of the PRC, and the PCAOB signed a Statement of Protocol, or the Protocol, governing inspections and investigations of audit firms based in China and Hong Kong. Pursuant to the Protocol, the PCAOB shall have independent discretion to select any issuer audits for inspection or investigation and has the unfettered ability to transfer information to the SEC. On December 15, 2022, the PCAOB determined that the PCAOB was able to secure complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong and voted to vacate its previous determinations to the contrary. However, should PRC authorities obstruct or otherwise fail to facilitate the PCAOB's access in the future, the PCAOB will consider the need to issue a new determination. Notwithstanding the foregoing, in the event it is later determined that the PCAOB is unable to inspect or investigate completely our auditor, then such lack of inspection could cause our securities to be delisted from the stock exchange. On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act and on December 29, 2022, the Consolidated Appropriations Act was signed into law by President Biden, which contained, among other things, an identical provision to Accelerating Holding Foreign Companies Accountable Act and amended the Holding Foreign Companies Accountable Act by requiring the SEC to prohibit an issuer's securities from trading on any U.S. stock exchanges if its auditor is not subject to PCAOB inspections for two consecutive years instead of three, thus reducing the time before our Ordinary Shares may be prohibited from trading or delisted. The delisting of our Ordinary Shares, or the threat of their being delisted, may materially and adversely affect the value of your investment. The SEC is assessing how to implement other requirements of the HFCAA, including the listing and trading prohibition requirements described above. Future developments in respect of increasing U.S. regulatory access to audit information are uncertain, as the legislative developments are subject to the legislative process and the regulatory developments are subject to the rule-making process and other administrative procedures. While we understand that there has been dialogue among the CSRC, the SEC and the PCAOB regarding the inspection of PCAOB-registered accounting firms in Mainland China, there can be no assurance that we will be able to comply with requirements imposed by U.S. regulators if there is significant change to current political arrangements between Mainland China and Hong Kong, or if any component of our auditor's work papers become located in Mainland China in the future. Delisting of our Ordinary Shares likely would force holders of our Ordinary Shares to sell their Ordinary Shares. The market price of our Ordinary Shares could be adversely affected as a result of anticipated negative impacts of these executive or legislative actions upon, regardless of whether these executive or legislative actions are implemented and regardless of our actual operating performance.

Please see **“Risk Factors- The Holding Foreign Companies Accountable Act requires the Public Company Accounting Oversight Board (PCAOB) to be permitted to inspect the issuer’s public accounting firm within three years. This three-year period will be shortened to two years if the Accelerating Holding Foreign Companies Accountable Act is enacted. There are uncertainties under the PRC Securities Law relating to the procedures and requisite timing for the U.S. securities regulatory agencies to conduct investigations and collect evidence within the territory of the PRC. If the U.S. securities regulatory agencies are unable to conduct such investigations, they may suspend or de-register our registration with the SEC and delist our securities from applicable trading market within the U.S.”** set forth in the Form 10-K.

In addition to the foregoing risks, we face various legal and operational risks and uncertainties arising from doing business in Hong Kong as summarized below and in **“Risk Factors — Risks Relating to Doing Business in Hong Kong.”** set forth in the Form 10-K.

Adverse changes in economic and political policies of the PRC government could have a material and adverse effect on overall economic growth in China and Hong Kong, which could materially and adversely affect our business. Please see **“Risk Factors-We face the risk that changes in the policies of the PRC government could have a significant impact upon the business we may be able to conduct in Hong Kong and the profitability of such business.”** and **“Substantial uncertainties and restrictions with respect to the political and economic policies of the PRC government and PRC laws and regulations could have a significant impact upon the business that we may be able to conduct in the PRC and accordingly on the results of our operations and financial condition.”** set forth in the Form 10-K.

We are a holding company with operations conducted through our wholly owned subsidiaries based in Hong Kong and Singapore. This structure presents unique risks as our investors may never directly hold equity interests in our Hong Kong and Singapore subsidiaries and will be dependent upon contributions from our subsidiaries to finance our cash flow needs. Any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct business. We do not anticipate paying dividends in the foreseeable future; you should not buy our stock if you expect dividends. Please see **“Risk Factors- Because our holding company structure creates restrictions on the payment of dividends, our ability to pay dividends is limited.”** set forth in the Form 10-K.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our operating subsidiaries in Hong Kong. Substantial uncertainties exist with respect to the interpretation of the PRC Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations. Please see **“Risk Factors- PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds we receive from offshore financing activities to make loans to or make additional capital contributions to our Hong Kong subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand business.”** set forth in the Form 10-K.

In light of China’s extension of its authority into Hong Kong, the Chinese government can change Hong Kong’s rules and regulations at any time with little or no advance notice, and can intervene and influence our operations and business activities in Hong Kong. We are currently not required to obtain approval from Chinese authorities to list on U.S. exchanges. However, if our subsidiaries or the holding company were required to obtain approval in the future, or we erroneously conclude that approvals were not required, or we were denied permission from Chinese authorities to operate or to list on U.S. exchanges, we will not be able to continue listing on a U.S. exchange and the value of our common stock would likely significantly decline or become worthless, which would materially affect the interest of the investors. There is a risk that the Chinese government may intervene or influence our operations at any time, or may exert more control over offerings conducted overseas and/or foreign investment in Hong Kong-based issuers, which could result in a material change in our operations and/or the value of our securities. Further, any actions by the Chinese government to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers would likely significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. Please see **“Risk Factors-We face the risk that changes in the policies of the PRC government could have a significant impact upon the business we may be able to conduct in the Hong Kong and the profitability of such business.”** and **“Substantial uncertainties and restrictions with respect to the political and economic policies of the PRC government and PRC laws and regulations could have a significant impact upon the business that we may be able to conduct in the PRC and accordingly on the results of our operations and financial condition.”** and **“The Chinese government exerts substantial influence over the manner in which we must conduct our business activities. We are currently not required to obtain approval from Chinese authorities to list on U.S. exchanges. However, to the extent that the Chinese government exerts more control over offerings conducted overseas and/or foreign investment in China-based issuers over time and if our PRC subsidiaries or the holding company were required to obtain approval in the future and were denied permission from Chinese authorities to list on U.S. exchanges, we will not be able to continue listing on U.S. exchange and the value of our common stock may significantly decline or become worthless, which would materially affect the interest of the investors.”** set forth in the Form 10-K.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

We may become subject to a variety of laws and regulations in the PRC regarding privacy, data security, cybersecurity, and data protection. We may be liable for improper use or appropriation of personal information provided by our customers. Please see ***“Risk Factors- The Chinese government exerts substantial influence over the manner in which we must conduct our business activities. We are currently not required to obtain approval from Chinese authorities to list on U.S exchanges. However, to the extent that the Chinese government exerts more control over offerings conducted overseas and/or foreign investment in China-based issuers over time and if our PRC subsidiaries or the holding company were required to obtain approval in the future and were denied permission from Chinese authorities to list on U.S. exchanges, we will not be able to continue listing on U.S. exchange and the value of our common stock may significantly decline or become worthless, which would materially affect the interest of the investors.”*** set forth in the Form 10-K.

Under the Enterprise Income Tax Law of the PRC (“EIT Law”), we may be classified as a “Resident Enterprise” of China. Such classification will likely result in unfavorable tax consequences to us and our non-PRC shareholders. Please see ***“Risk Factors- Our global income may be subject to PRC taxes under the PRC Enterprise Income Tax Law, which could have a material adverse effect on our results of operations.”*** set forth in the Form 10-K.

Failure to comply with PRC regulations relating to the establishment of offshore special purpose companies by PRC residents may subject our PRC resident Shareholders to personal liability, may limit our ability to acquire Hong Kong and PRC companies or to inject capital into our Hong Kong subsidiary, may limit the ability of our Hong Kong subsidiaries to distribute profits to us or may otherwise materially and adversely affect us.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of shares of our common stock. Please see ***“Risk Factors- Dividends payable to our foreign investors and gains on the sale of our shares of common stock by our foreign investors may become subject to tax by the PRC.”*** set forth in the Form 10-K.

We face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies. Please see ***“Risk Factors- We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies.”*** set forth in the Form 10-K.

We are organized under the laws of the State of Nevada as a holding company that conducts its business through a number of subsidiaries organized under the laws of foreign jurisdictions such as Hong Kong, Singapore and the British Virgin Islands. This may have an adverse impact on the ability of U.S. investors to enforce a judgment obtained in U.S. Courts against these entities, bring actions in Hong Kong against us or our management or to effect service of process on the officers and directors managing the foreign subsidiaries. Please see ***“Risk Factors- It may be difficult for stockholders to enforce any judgment obtained in the United States against us, which may limit the remedies otherwise available to our stockholders.”*** set forth in the Form 10-K.

U.S. regulatory bodies may be limited in their ability to conduct investigations or inspections of our operations in China.

There are significant uncertainties under the EIT Law relating to the withholding tax liabilities of our PRC subsidiary, and dividends payable by our PRC subsidiary to our offshore subsidiaries may not qualify to enjoy certain treaty benefits. Please see ***“Risk Factors- Our global income may be subject to PRC taxes under the PRC Enterprise Income Tax Law, which could have a material adverse effect on our results of operations.”*** set forth in the Form 10-K.

References in this registration statement to the “Company,” “COSG,” “we,” “us” and “our” refer to Cosmos Group Holdings Inc., a Nevada company and all of its subsidiaries on a consolidated basis. Where reference to a specific entity is required, the name of such specific entity will be referenced.

Transfers of Cash to and from Our Subsidiaries

Cosmos Group Holdings Inc. is a Nevada holding company with no operations of its own. We conduct our operations in Hong Kong primarily through our subsidiaries in Hong Kong and Singapore. We may rely on dividends or other transfers of cash or assets to be made by our Hong Kong and Singapore subsidiaries to fund our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, to service any debt we may incur and to pay our operating expenses. If our Hong Kong and Singapore subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. To date, our subsidiaries have not made any transfers, dividends or distributions to Cosmos Group Holdings Inc. and Cosmos Group Holdings Inc. has not made any transfers, dividends or distributions of cash flows or other assets to our subsidiaries.

We do not intend to make dividends or distributions to investors of Cosmos Group Holdings Inc. in the foreseeable future.

We currently intend to retain all available funds and future earnings, if any, for the operation and expansion of our business and do not anticipate declaring or paying any dividends in the foreseeable future. Any future determination related to our dividend policy will be made at the discretion of our board of directors after considering our financial condition, results of operations, capital requirements, contractual requirements, business prospects and other factors the board of directors deems relevant, and subject to the restrictions contained in any future financing instruments.

Cosmos Group Holdings Inc. (Nevada corporation)

Subject to the Nevada Revised Statutes and our bylaws, our board of directors may authorize and declare a dividend to shareholders at such time and of such an amount as they think fit if they are satisfied, on reasonable grounds, that immediately following the dividend the value of our assets will exceed our liabilities and we will be able to pay our debts as they become due. There is no further Nevada statutory restriction on the amount of funds which may be distributed by us by dividend. Accordingly, Cosmos Group Holdings Inc. is permitted under the Nevada laws to provide funding to our subsidiaries in Singapore and Hong Kong through loans or capital contributions without restrictions on the amount of the funds, subject to satisfaction of applicable government registration, approval and filing requirements.

Hong Kong Subsidiaries

Our Hong Kong subsidiaries are also permitted under the laws of Hong Kong to provide funding to Cosmos Group Holdings Inc. through dividend distribution without restrictions on the amount of the funds. If our Hong Kong incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us. To date, our subsidiaries have not made any transfers, dividends or distributions to Cosmos Group Holdings Inc. and Cosmos Group Holdings Inc. has not made any transfers, dividends or distributions to our subsidiaries.

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by us. The laws and regulations of the PRC do not currently have any material impact on transfer of cash from Cosmos Group Holdings Inc. to our Hong Kong subsidiaries or from our Hong Kong subsidiaries to Cosmos Group Holdings Inc. There are no restrictions or limitation under the laws of Hong Kong imposed on the conversion of HK dollar into foreign currencies and the remittance of currencies out of Hong Kong or across borders and to U.S investors.

There is a possibility that the PRC could prevent our cash maintained in Hong Kong from leaving or the PRC could restrict the deployment of the cash into our business or for the payment of dividends. Any such controls or restrictions may adversely affect our ability to finance our cash requirements, service debt or make dividend or other distributions to our shareholders. *Please see “Risk Factors - PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds we receive from offshore financing activities to make loans to or make additional capital contributions to our Hong Kong subsidiary, which could materially and adversely affect our liquidity and our ability to fund and expand business.”; “Risk Factors - Because our holding company structure creates restrictions on the payment of dividends or other cash payments, our ability to pay dividends or make other payments is limited.”* set forth in the Form 10-K.

Current PRC regulations permit PRC subsidiaries to pay dividends to Hong Kong subsidiaries only out of their accumulated profits, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our subsidiaries in China is required to set aside at least 10% of its after-tax profits each year, if any, to fund a statutory reserve until such reserve reaches 50% of its registered capital. Each of such entity in China is also required to further set aside a portion of its after-tax profits to fund the employee welfare fund, although the amount to be set aside, if any, is determined at the discretion of its board of directors. Although the statutory reserves can be used, among other ways, to increase the registered capital and eliminate future losses in excess of retained earnings of the respective companies, the reserve funds are not distributable as cash dividends except in the event of liquidation. As of the date of this report, we do not have any PRC subsidiaries.

The PRC government imposes controls on the conversion of RMB into foreign currencies and the remittance of currencies out of the PRC. Therefore, we may experience difficulties in completing the administrative procedures necessary to obtain and remit foreign currency to finance our cash requirements, service debt or make dividend or other distributions to our shareholders. Furthermore, if our subsidiaries in the PRC incur debt on their own in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments. If we or our subsidiaries are unable to receive all of the revenues from our operations, we may be unable to pay dividends on our common stock.

Cash dividends, if any, on our common stock will be paid in U.S. dollars. If we are considered a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax at a rate of up to 10%.

If in the future we have PRC subsidiaries, certain payments from such PRC subsidiaries to Hong Kong subsidiaries will be subject to PRC taxes, including business taxes and VAT. As of the date of this report, we do not have any PRC subsidiaries and our Hong Kong subsidiaries have not made any transfers, dividends or distributions nor do we expect to make such transfers, dividends or distributions in the foreseeable future.

Pursuant to the Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Tax Evasion on Income, or the Double Tax Avoidance Arrangement, the 10% withholding tax rate may be lowered to 5% if a Hong Kong resident enterprise owns no less than 25% of a PRC entity. However, the 5% withholding tax rate does not automatically apply and certain requirements must be satisfied, including, without limitation, that (a) the Hong Kong entity must be the beneficial owner of the relevant dividends; and (b) the Hong Kong entity must directly hold no less than 25% share ownership in the PRC entity during the 12 consecutive months preceding its receipt of the dividends. In current practice, a Hong Kong entity must obtain a tax resident certificate from the Hong Kong tax authority to apply for the 5% lower PRC withholding tax rate. As the Hong Kong tax authority will issue such a tax resident certificate on a case-by-case basis, we cannot assure you that we will be able to obtain the tax resident certificate from the relevant Hong Kong tax authority and enjoy the preferential withholding tax rate of 5% under the Double Taxation Arrangement with respect to dividends to be paid by a PRC subsidiary to its immediate holding company. As of the date of this report, we do not have a PRC subsidiary. In the event that we acquire or form a PRC subsidiary in the future and such PRC subsidiary desires to declare and pay dividends to our Hong Kong subsidiary, our Hong Kong subsidiary will be required to apply for the tax resident certificate from the relevant Hong Kong tax authority. In such event, we plan to inform the investors through SEC filings, such as a current report on Form 8-K, prior to such actions. See **“Risk Factors – Risks Relating to Doing Business in Hong Kong.”** set forth in the Form 10-K.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, that are not historical facts, and involve risks and uncertainties that could cause actual results to differ materially from those expected and projected. All statements, other than statements of historical facts, included in this Form 10-Q including, without limitation, statements in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” regarding the Company’s financial position, business strategy and the plans and objectives of management for future operations, events or developments which the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof); expansion and growth of the Company’s business and operations; and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate under the circumstances. However, whether actual results or developments will conform with the Company’s expectations and predictions is subject to a number of risks and uncertainties, including general economic, market and business conditions; the business opportunities (or lack thereof) that may be presented to and pursued by the Company; changes in laws or regulation and other factors, most of which are beyond the control of the Company.

These forward-looking statements can be identified by the use of predictive, future-tense or forward-looking terminology, such as “believes,” “anticipates,” “expects,” “estimates,” “plans,” “may,” “will,” or similar terms. These statements appear in a number of places in this filing and include statements regarding the intent, belief or current expectations of the Company, and its directors or its officers with respect to, among other things: (i) trends affecting the Company’s financial condition or results of operations for its limited history; (ii) the Company’s business and growth strategies; and, (iii) the Company’s financing plans. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. Such factors that could adversely affect actual results and performance include, but are not limited to, the Company’s limited operating history, potential fluctuations in quarterly operating results and expenses, government regulation, technological change and competition. For information identifying important factors that could cause actual results to differ materially from those anticipated in the forward-looking statements, please refer to our filings with the SEC under the Exchange Act and the Securities Act of 1933, as amended, including our Current Report on Form 10-K filed with the Securities and Exchange Commission on April 15 2025.

Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

TABLE OF CONTENTS.

	<u>Page</u>
<u>PART I FINANCIAL INFORMATION</u>	
ITEM 1 <u>Financial Statements</u>	1
<u>Unaudited Condensed Consolidated Balance Sheets as of March 31, 2025 and December 31, 2024 (Audited)</u>	1
<u>Unaudited Condensed Consolidated Statements of Operations and Comprehensive Loss for the Three Months Ended March 31, 2025 and 2024</u>	2
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2025 and 2024</u>	3
<u>Unaudited Condensed Consolidated Statement of Changes in Stockholders' Deficit for the Three Months Ended March 31, 2025 and 2024</u>	4
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	5
ITEM 2 <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	18
ITEM 3 <u>Quantitative and Qualitative Disclosures about Market Risk</u>	24
ITEM 4 <u>Controls and Procedures</u>	24
<u>PART II OTHER INFORMATION</u>	
ITEM 1 <u>Legal Proceedings</u>	25
ITEM 1A <u>Risk Factors</u>	25
ITEM 2 <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
ITEM 3 <u>Defaults upon Senior Securities</u>	25
ITEM 4 <u>Mine Safety Disclosures</u>	25
ITEM 5 <u>Other Information</u>	25
ITEM 6 <u>Exhibits</u>	26
<u>SIGNATURES</u>	27

PART I FINANCIAL INFORMATION

ITEM 1 Financial Statements

COSMOS GROUP HOLDINGS INC. UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS (Currency expressed in United States Dollars (“US\$”), except for number of shares)

	March 31, 2025	December 31, 2024 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,503	\$ 43,344
Total current assets	23,503	43,344
TOTAL ASSETS	<u>\$ 23,503</u>	<u>\$ 43,344</u>
LIABILITIES AND STOCKHOLDERS’ DEFICIT		
Current liabilities:		
Accounts payable	\$ 66,710	\$ 66,710
Accrued liabilities and other payables	120,140	74,319
Accrued consulting and service fee	159,000	222,000
Amounts due to related parties	1,885,361	1,855,626
Promissory notes payable	39,053,735	39,053,735
Total current liabilities	41,284,946	41,272,390
TOTAL LIABILITIES	<u>41,284,946</u>	<u>41,272,390</u>
Commitments and contingencies	-	-
STOCKHOLDERS’ DEFICIT		
Common stock, \$0.001 par value; 5,000,000,000 shares authorized; 4,585,963,082 issued and outstanding as of March 31, 2025 and December 31, 2024	4,585,963	4,585,963
Additional paid-in capital	154,942,734	154,942,734
Accumulated other comprehensive income (loss)	16,602	(2,149)
Accumulated deficit	(200,806,742)	(200,755,594)
Stockholders’ deficit	(41,261,443)	(41,229,046)
TOTAL LIABILITIES AND STOCKHOLDERS’ DEFICIT	<u>\$ 23,503</u>	<u>\$ 43,344</u>

See accompanying notes to unaudited condensed consolidated financial statements.

COSMOS GROUP HOLDINGS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

	Three months ended March 31,	
	2025	2024
Revenues, net	\$ 19,281	\$ -
Cost of revenue	(11,568)	-
Gross profit	7,713	-
Operating expenses:		
Sales and marketing	-	(200)
Technology and support expenses	(3,081)	-
General and administrative expenses	(55,780)	(143,522)
Total operating expenses	(58,861)	(143,722)
LOSS FROM OPERATION	(51,148)	(143,722)
Other expense:		
Convertible notes interest expense	-	(4,970)
Total other expense, net	-	(4,970)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(51,148)	(148,692)
Income tax expense	-	-
LOSS FROM CONTINUING OPERATIONS	(51,148)	(148,692)
DISCONTINUED OPERATIONS:		
Loss from discontinued operations, net of income taxes	-	(902,346)
NET LOSS	(51,148)	(1,051,038)
Net loss attributable to noncontrolling interest	-	(10,848)
Net loss attributable to common shareholders	(51,148)	(1,040,190)
Other comprehensive income (loss):		
– Foreign currency adjustment income (loss)	18,751	(26,418)
COMPREHENSIVE LOSS	\$ (32,397)	\$ (1,066,608)
Net loss per share – Basic and Diluted	\$ (0.00)	\$ (0.00)
Weighted average common shares outstanding:		
– Basic and Diluted	4,585,963,082	2,230,889,137

#: less than 0.01

See accompanying notes to unaudited condensed consolidated financial statements.

COSMOS GROUP HOLDINGS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Currency expressed in United States Dollars (“US\$”))

	Three months ended March 31,	
	2025	2024
Cash flows from operating activities:		
Net loss	\$ (51,148)	\$ (1,051,038)
Less: net loss from discontinued operations	-	(902,346)
Net loss from continuing operations	(51,148)	(148,692)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation of plant and equipment	-	166
Shares issued for services rendered	-	658,000
Change in operating assets and liabilities:		
Accounts receivable	-	57,468
Prepayments and other receivables	-	25
Accounts payable	-	(7,598)
Accrued liabilities and other payables	45,817	61,226
Accrued consulting and service fee	(63,000)	-
Net cash (used in) provided by operating activities – Continuing operations	(68,331)	620,595
Net cash used in activities – Discontinued operations	-	(665,986)
Net cash used in operating activities	(68,331)	(45,391)
Cash flows from financing activities:		
Advance from related parties	29,739	66,357
Net cash provided by financing activities – Continuing operations	29,739	66,357
Net cash used in financing activities – Discontinued operations	-	(5,251)
Net cash provided by financing activities	29,739	61,106
Foreign currency translation adjustment	18,751	(26,337)
Net change in cash and cash equivalents	(19,841)	(10,622)
BEGINNING OF PERIOD	43,344	39,590
END OF PERIOD	\$ 23,503	\$ 28,968
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for income taxes	\$ -	\$ -
Cash paid for interest	\$ -	\$ -

See accompanying notes to unaudited condensed consolidated financial statements.

COSMOS GROUP HOLDINGS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars ("US\$"), except for number of shares)

	Common stock		Additional paid- in capital	Accumulated other comprehensive income (loss)	Accumulated losses	Non-controlling interest	Total stockholders' deficit
	No. of shares	Amount					
Balance as of January 1, 2025	4,585,963,082	\$ 4,585,963	\$ 154,942,734	\$ (2,149)	\$ (200,755,594)	\$ -	\$ (41,229,046)
Foreign currency translation adjustment	-	-	-	18,751	-	-	18,751
Net loss for the period	-	-	-	-	(51,148)	-	(51,148)
Balance as of March 31, 2025	<u>4,585,963,082</u>	<u>\$ 4,585,963</u>	<u>\$ 154,942,734</u>	<u>\$ 16,602</u>	<u>\$ (200,806,742)</u>	<u>\$ -</u>	<u>\$ (41,261,443)</u>
Balance as of January 1, 2024	1,931,024,294	\$ 1,931,024	\$ 156,736,912	\$ (28,338)	\$ (205,447,983)	\$ 9,905	\$ (46,798,480)
Foreign currency translation adjustment	-	-	-	(26,418)	-	-	(26,418)
Share redemption	1,436,430,269	1,436,430	(1,233,669)	-	-	-	202,761
Share issued for services rendered	1,218,518,519	1,218,519	(560,519)	-	-	-	658,000
Net loss for the period	-	-	-	-	(1,040,190)	(10,848)	(1,051,038)
Balance as of March 31, 2024	<u>4,585,973,082</u>	<u>\$ 4,585,973</u>	<u>\$ 154,942,724</u>	<u>\$ (54,756)</u>	<u>\$ (206,488,173)</u>	<u>\$ (943)</u>	<u>\$ (47,015,175)</u>

See accompanying notes to unaudited condensed consolidated financial statements.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

NOTE 1 - ORGANIZATION AND BUSINESS BACKGROUND

Cosmos Group Holdings Inc. (the “Company” or “COSG”) was incorporated in the state of Nevada on August 14, 1987.

The Company currently operates an online platform for the sale and distribution of arts and collectibles around the world, through the use of blockchain technologies and minting token.

Description of subsidiaries

Company name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of registered/paid up share capital	Effective interest held
Wealth Axis Limited	BVI, limited liability company	Investment holding	1,000 ordinary shares with a par value of US\$1 each	100%
Grand Town Development Limited	Hong Kong, limited liability company	Provision treasury management	2 ordinary shares for HK\$2	100%
Grand Gallery Limited [#]	Hong Kong, limited liability company	Procurement of art and collectibles in Hong Kong	400,000 ordinary shares for HK\$400,000	100%

The Company and its subsidiaries are hereinafter referred to as (the “Company”).

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying unaudited condensed consolidated financial statements reflect the application of certain significant accounting policies as described in this note and elsewhere in the accompanying audited condensed consolidated financial statements and notes.

- **Basis of presentation**

These accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial statements and Article 8 of Regulation S-X. They do not include all of the information and notes required by U.S. GAAP for complete financial statements. The unaudited condensed consolidated financial statements should be read in conjunction with the Company’s financial statements and notes thereto for the year ended December 31, 2024 included in the Company’s Form 10-K filed with the SEC on April 15, 2025. Certain information or footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all the information and footnotes necessary for a complete presentation of financial position, results of operations, or cash flows. In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all adjustments, consisting of a normal recurring nature, which are necessary for a fair presentation of the financial position, operating results and cash flows for the periods presented.

- **Use of estimates and assumptions**

In preparing these unaudited condensed consolidated financial statements, management makes estimates and assumptions that affect the reported amounts of assets and liabilities in the balance sheet and revenues and expenses during the periods reported. Actual results may differ from these estimates. If actual results significantly differ from the Company’s estimates, the Company’s financial condition and results of operations could be materially impacted. Significant estimates in the period include impairment loss on account receivables, useful lives of plant and equipment and deferred tax valuation allowance.

- **Basis of consolidation**

The unaudited condensed consolidated financial statements include the accounts of COSG and its subsidiaries. All significant inter-company balances and transactions within the Company have been eliminated upon consolidation.

- **Discontinued operations**

On December 30, 2024, the Company disposed Massive Treasure Limited and its subsidiaries, their related assets and liabilities have been accounted for as discontinued operations in the Company’s condensed consolidated balance sheets for all periods presented. The operating results related to these lines of business have been included in discontinued operations in the Company’s condensed consolidated statements of operations for all periods presented.

- **Segment reporting**

ASC Topic 280, *Segment Reporting*, establishes standards for reporting information about operating segments on a basis consistent with the Company’s internal organizational structure as well as information about geographical areas, business segments and major customers in financial statements for detailing the Company’s business segments.

The Company’s chief operating decision maker (“CODM”) is the Chief Executive Officer. The CODM reviews the consolidated results when making decisions about allocating resources and accessing performance of the Company as a whole and hence, the Company has only one reportable segment. The Company does not distinguish between markets or segments for the purpose of internal reporting.

Substantially all of the Company’s revenues and expenses are derived from Hong Kong. Therefore, no geographical segments are presented.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

- Cash and cash equivalents

Cash and cash equivalents are carried at cost and represent cash on hand, demand deposits placed with banks or other financial institutions and all highly liquid investments with an original maturity of three months or less as of the purchase date of such investments.

- Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on the straight-line basis over the following expected useful lives from the date on which they become fully operational and after taking into account their estimated residual values:

	Expected useful life
Computer and office equipment	5 years

Expenditure for repairs and maintenance is expensed as incurred. When assets have retired or sold, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the results of operations.

Depreciation expense from continued operations for the three months ended March 31, 2025 and 2024 totaled \$0 and \$166, respectively. No depreciation expense from discontinuing operations incurred for the three months ended March 31, 2025 and 2024.

As of March 31, 2025, there was no plant and equipment in the Company.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

- Revenue recognition

The Company adopted Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606) (“ASU 2014-09”) using the full retrospective transition method. The Company’s adoption of ASU 2014-09 did not have a material impact on the amount and timing of revenue recognized in its consolidated financial statements.

Under ASU 2014-09, the Company recognizes revenue when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services.

The Company applies the following five steps in order to determine the appropriate amount of revenue to be recognized as it fulfills its obligations under each of its agreements:

- identify the contract with a customer;
- identify the performance obligations in the contract;
- determine the transaction price;
- allocate the transaction price to performance obligations in the contract; and
- recognize revenue as the performance obligation is satisfied.

Revenue is recognized when the Company satisfies its performance obligation under the contract by transferring the promised product to its customer that obtains control of the product and collection is reasonably assured. A performance obligation is a promise in a contract to transfer a distinct product or service to a customer. Most of the Company’s contracts have a single performance obligation, as the promise to transfer products or services is not separately identifiable from other promises in the contract and, therefore, not distinct.

The Company currently operates the sale and distribution of arts and collectibles offline and via online platform, with the use of blockchain technologies and minting tokens. The item of arts and collectibles is individually monetized as non-interchangeable unit of data stored on a blockchain, which is a form of digital ledger that can be sold, in the form of a minting token on the online platform.

The Company recognizes revenue derived from the sales of the arts and collectibles when the Company has transferred the risks and rewards to the customers. The minted item of the individual art or collectible is the only performance obligation under the fixed-fee arrangements. The corresponding fees received upon each sale transaction is recognized as revenue when the designated token, minted with the corresponding art and collectibles is delivered to the end user, together with the transfer of both digital and official title, at the point in time.

Expenses associated with operating the Arts and Collectibles Technology Business, such as minting cost and purchase cost of collectibles and artworks are also recorded as cost of revenues.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

- Income taxes

The Company adopted the ASC Topic 740 *Income tax* provisions of paragraph 740-10-25-13, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. Under paragraph 740-10-25-13, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent (50%) likelihood of being realized upon ultimate settlement. Paragraph 740-10-25-13 also provides guidance on de-recognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. The Company had no material adjustments to its liabilities for unrecognized income tax benefits according to the provisions of paragraph 740-10-25-13.

The estimated future tax effects of temporary differences between the tax basis of assets and liabilities are reported in the accompanying balance sheets, as well as tax credit carry-backs and carry-forwards. The Company periodically reviews the recoverability of deferred tax assets recorded on its balance sheets and provides valuation allowances as management deems necessary.

- Uncertain tax positions

The Company did not take any uncertain tax positions and had no adjustments to its income tax liabilities or benefits pursuant to the ASC Topic 740 provisions of Section 740-10-25 for the three months ended March 31, 2025 and 2024.

- Foreign currencies translation

Transactions denominated in currencies other than the functional currency are translated into the functional currency at the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency using the applicable exchange rates at the balance sheet dates. The resulting exchange differences are recorded in the consolidated statement of operations.

The reporting currency of the Company is United States Dollar (“US\$”) and the accompanying consolidated financial statements have been expressed in US\$. In addition, the Company has operations in Hong Kong and maintains the books and record in the local currency, Hong Kong Dollars (“HKD”), which is a functional currency as being the primary currency of the economic environment in which their operations are conducted. In general, for consolidation purposes, assets and liabilities of its subsidiary whose functional currency is not US\$ are translated into US\$, in accordance with ASC Topic 830-30, *Translation of Financial Statement*, using the exchange rate on the balance sheet date. Revenues and expenses are translated at average rates prevailing during the period. The gains and losses resulting from translation of financial statements of foreign subsidiaries are recorded as a separate component of accumulated other comprehensive income within the statements of changes in stockholders’ deficit.

Translation of amounts from HKD and SGD into US\$ has been made at the following exchange rates for the following periods:

	March 31, 2025	March 31, 2024
Period-end HKD:US\$ exchange rate	0.1286	0.1278
Period average HKD:US\$ exchange rate	0.1285	0.1279

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

- Comprehensive income (loss)

ASC Topic 220, *Comprehensive Income*, establishes standards for reporting and display of comprehensive income, its components and accumulated balances. Comprehensive income as defined includes all changes in equity during a period from non-owner sources. Accumulated other comprehensive income (loss), as presented in the accompanying unaudited condensed consolidated statements of changes in stockholders’ deficit, consists of changes in unrealized gains and losses on foreign currency translation. This comprehensive income (loss) is not included in the computation of income tax expense or benefit.

- Net income (loss) per share

The Company calculates net income (loss) per share in accordance with ASC Topic 260, *Earnings per Share*. Basic income (loss) per share is computed by dividing the net income by the weighted-average number of common shares outstanding during the period. Diluted income (loss) per share is computed similar to basic income (loss) per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common stock equivalents had been issued and if the additional common shares were dilutive.

- Related parties

The Company follows the ASC 850-10, *Related Party* for the identification of related parties and disclosure of related party transactions.

Pursuant to section 850-10-20 the related parties include a) affiliates of the Company; b) entities for which investments in their equity securities would be required, absent the election of the fair value option under the Fair Value Option Subsection of section 825–10–15, to be accounted for by the equity method by the investing entity; c) trusts for the benefit of employees, such as pension and Income-sharing trusts that are managed by or under the trusteeship of management; d) principal owners of the Company; e) management of the Company; f) other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests; and g) other parties that can significantly influence the management or operating policies of the transacting parties or that have an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The unaudited condensed consolidated financial statements shall include disclosures of material related party transactions, other than compensation arrangements, expense allowances, and other similar items in the ordinary course of business. However, disclosure of transactions that are eliminated in the preparation of consolidated or combined financial statements is not required in those statements. The disclosures shall include: a) the nature of the relationship(s) involved; b) a description of the transactions, including transactions to which no amounts or nominal amounts were ascribed, for each of the periods for which income statements are presented, and such other information deemed necessary to an understanding of the effects of the transactions on the financial statements; c) the dollar amounts of transactions for each of the periods for which income statements are presented and the effects of any change in the method of establishing the terms from that used in the preceding period; and d) amount due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

- Commitments and contingencies

The Company follows the ASC 450-20, *Commitments* to report accounting for contingencies. Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company but which will only be resolved when one or more future events occur or fail to occur. The Company assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the Company or un-asserted claims that may result in such proceedings, the Company evaluates the perceived merits of any legal proceedings or un-asserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that it is probable that a material loss has been incurred and the amount of the liability can be estimated, then the estimated liability would be accrued in the Company’s consolidated financial statements. If the assessment indicates that a potentially material loss contingency is not probable but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, and an estimate of the range of possible losses, if determinable and material, would be disclosed.

Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case the guarantees would be disclosed. Management does not believe, based upon information available at this time that these matters will have a material adverse effect on the Company’s financial position, results of operations or cash flows. However, there is no assurance that such matters will not materially and adversely affect the Company’s business, financial position, and results of operations or cash flows.

- Fair value of financial instruments

The Company follows paragraph 825-10-50-10 of the FASB Accounting Standards Codification for disclosures about fair value of its financial instruments and has adopted paragraph 820-10-35-37 of the FASB Accounting Standards Codification (“Paragraph 820-10-35-37”) to measure the fair value of its financial instruments. Paragraph 820-10-35-37 of the FASB Accounting Standards Codification establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. To increase consistency and comparability in fair value measurements and related disclosures, paragraph 820-10-35-37 of the FASB Accounting Standards Codification establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three (3) broad levels. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The three (3) levels of fair value hierarchy defined by paragraph 820-10-35-37 of the FASB Accounting Standards Codification are described below:

Level 1 Quoted market prices available in active markets for identical assets or liabilities as of the reporting date.

Level 2 Pricing inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the reporting date.

Level 3 Pricing inputs that are generally observable inputs and not corroborated by market data.

Financial assets are considered Level 3 when their fair values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. If the inputs used to measure the financial assets and liabilities fall within more than one level described above, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

The carrying amounts of the Company’s financial assets and liabilities, such as cash, cash equivalents, accounts payable, accrued liabilities and other payables, accrued consulting and service fee, amounts due to related parties and promissory note payables approximate their fair values because of the short maturity of these instruments.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

- Recent accounting pronouncements

From time to time, new accounting pronouncements are issued by the Financial Accounting Standard Board (“FASB”) or other standard setting bodies and adopted by the Company as of the specified effective date. The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

NOTE 3 - GOING CONCERN UNCERTAINTIES

The accompanying unaudited condensed consolidated financial statements have been prepared using the going concern basis of accounting, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

The Company had an accumulated deficit of \$200,806,742 at March 31, 2025. The continuation of the Company as a going concern in the next twelve months is dependent upon the continued financial support from its stockholders. Management believes the Company is currently pursuing additional financing for its operations. However, there is no assurance that the Company will be successful in securing sufficient funds to sustain the operations.

These and other factors raise substantial doubt about the Company’s ability to continue as a going concern. These unaudited condensed consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and liabilities that may result in the Company not being able to continue as a going concern.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

NOTE 4 - REVENUE FROM CONTRACTS WITH CUSTOMERS

The following is a disaggregation of the Company’s revenue by major source for the respective periods:

	Three months ended March 31,	
	2025	2024
Consultancy services	\$ 19,281	\$ -

NOTE 5 - AMOUNTS DUE TO RELATED PARTIES

The amounts represented temporary advances to the Company, which were unsecured, interest-free and had no fixed terms of repayments. The related party balances were \$1,885,361 and \$1,855,626 as of March 31, 2025 and December 31, 2024, respectively.

During the three months ended March 31, 2025 and 2024, no imputed interest recorded.

NOTE 6 – PROMISSORY NOTE PAYABLES

On July 1, 2023, the Company entered into several promissory notes agreements (“the Notes”) in relation to the settlement of the consideration from the sale of lending business. The Notes become matured by December 31, 2023. The Company will either repay the Notes holder in cash or convert the Notes to common stock of the Company. The Notes are expected to be repaid by the Company’s common stock, upon the effectiveness of the increase of its authorized share.

On March 22, 2024, the board of directors of the Company and certain stockholders holding a majority of the voting rights of its common stock approved by written consent in lieu of a special meeting the taking of all steps necessary to effect the amendment of Articles of Incorporation to increase the Company’s authorized shares from 5,030,000,000 to 505,030,000,000 shares of its common stock, will be effective no earlier than May 4, 2024 (“Corporate Action”). Thereafter, the Company will repay the promissory note payable holders by converting to common stock after the effectiveness of the Corporate Action.

The promissory note payables balances were \$39,053,735 and \$39,053,735 as of March 31, 2025 and December 31, 2024, respectively.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

NOTE 7 - STOCKHOLDERS’ EQUITY

Authorized stock

The Company’s authorized share is 5,000,000,000 common shares with a par value of \$0.001 per share.

Common stock outstanding

As of March 31, 2025 and December 31, 2024, the Company had a total of 4,585,963,082 shares of its common stock issued and outstanding.

NOTE 8 - NET LOSS PER SHARE

The following table sets forth the computation of basic and diluted net income (loss) per share for the respective years:

	Three months ended March 31,	
	2025	2024
Net loss attributable to the Company	\$ (51,148)	\$ (1,040,190)
Weighted average common shares:		
- Basic	4,585,963,082	2,230,889,137
- Diluted	4,585,963,082	2,230,889,137
Net loss per share:		
- Basic	\$ (0.00)	\$ (0.00)
- Diluted	\$ (0.00)	\$ (0.00)

For the three months ended March 31, 2025 and 2024, diluted weighted-average common shares outstanding is equal to basic weighted-average common shares, due to the Company’s net loss position. Hence, no common stock equivalents were included in the computation of diluted net loss per share since such inclusion would have been antidilutive.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
(Currency expressed in United States Dollars (“US\$”), except for number of shares)

NOTE 9 - INCOME TAX

The provision for income taxes consisted of the following:

	Three months ended March 31,	
	2025	2024
Current tax:		
- Local	\$ -	\$ -
- Foreign	-	84
Deferred tax		
- Local	-	-
- Foreign	-	-
	-	84
Income tax expense – discontinued operations	-	(84)
Income tax expense – continuing operations	\$ -	\$ -

The effective tax rate in the periods presented is the result of the mix of income earned in various tax jurisdictions that apply a broad range of income tax rates. The Company mainly operates in Singapore and Hong Kong that is subject to taxes in the jurisdictions in which they operate, as follows:

United States of America

COSG is registered in the State of Nevada and is subject to the tax laws of United States of America. The U.S. Tax Cuts and Jobs Act (the “Tax Reform Act”) was signed into law. The Tax Reform Act significantly revised the U.S. corporate income tax regime by, among other things, lowering the U.S. corporate tax rate from 35% to 21% effective January 1, 2018. The Company’s policy is to recognize accrued interest and penalties related to unrecognized tax benefits in its income tax provision. The Company has not accrued or paid interest or penalties which were not material to its results of operations for the periods presented. Deferred tax asset is not provided for as the tax losses may not be able to carry forward after a change in substantial ownership of the Company.

For the three months ended March 31, 2025 and 2024, there were no operating incomes in US tax regime.

BVI

Under the current BVI law, the Company is not subject to tax on income.

Hong Kong

The Company and subsidiaries operating in Hong Kong is subject to the Hong Kong Profits Tax at the two-tiered profits tax rates from 8.25% to 16.5% on the estimated assessable profits arising in Hong Kong during the current year, after deducting a tax concession for the tax year. The reconciliation of income tax rate to the effective income tax rate for the three months ended March 31, 2025 and 2024 is as follows:

	Three months ended March 31,	
	2025	2024
Income (loss) before income taxes	\$ 94,972	\$ (56,461)
Statutory income tax rate	16.5%	16.5%
Income tax benefit at statutory rate	15,670	(9,316)
Net operating (income) loss	(15,670)	9,400
	-	84
Income tax expense – discontinued operations	-	(84)
Income tax expense – continuing operations	\$ -	\$ -

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The following table sets forth the significant components of the deferred tax assets and liabilities of the Company as of March 31, 2025 and December 31, 2024:

	<u>March 31,</u> <u>2025</u>	<u>December 31,</u> <u>2024</u>
Deferred tax assets:		
Net operating loss carryforward, from		
US tax regime	\$ 21,870	\$ 18,675
Hong Kong tax regime	15,670	9,400
Less: valuation allowance	(37,540)	(28,075)
Deferred tax assets, net	<u>\$ -</u>	<u>\$ -</u>

As of March 31, 2025, the operations in the United States of America incurred \$104,143 of cumulative net operating losses which can be carried forward indefinitely to offset future taxable income. The Company has provided for a full valuation allowance against the deferred tax assets of \$21,870 on the expected future tax benefits from the net operating loss carryforwards as the management believes it is more likely than not that these assets will not be realized in the future.

As of March 31, 2025, the operations in Hong Kong incurred \$94,970 of cumulative net operating losses which can be carried forward indefinitely to offset future taxable income. The Company has provided for a full valuation allowance against the deferred tax assets of \$15,670 on the expected future tax benefits from the net operating loss carryforwards as the management believes it is more likely than not that these assets will not be realized in the future.

The Company filed income tax returns in the United States federal tax jurisdiction and several state tax jurisdictions. Since the Company is in a loss carryforward position, it is generally subject to examination by federal and state tax authorities for all tax years in which a loss carryforward is available.

NOTE 10 - RELATED PARTY TRANSACTIONS

From time to time, the directors of the Company advanced funds to the Company for working capital purpose. Those advances were unsecured, non-interest bearing and had no fixed terms of repayment.

During the three months ended March 31, 2025 and 2024, the Company received the consultancy services income of \$19,281 and \$0 from Marvel Digital Group Limited, a related company of the Company, for the Company’s services to the related company.

During the three months ended March 31, 2025 and 2024, the Company paid the consultancy services fee of \$11,568 and \$0 to Xtreme Business Enterprises Limited, a related company of the Company.

Apart from the transactions and balances detailed elsewhere in these accompanying condensed consolidated financial statements, the Company has no other significant or material related party transactions during the periods presented.

COSMOS GROUP HOLDINGS INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024
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NOTE 11 - CONCENTRATIONS OF RISKS

The Company is exposed to the following concentrations of risks:

(a) Major customers

For the three months ended March 31, 2025, there was a single and major customer.

For the three months ended March 31, 2024, there was no single customer whose revenue exceeded 10% of the total revenue.

(b) Economic and political risk

The Company’s major operations are conducted in Hong Kong. Accordingly, the political, economic, and legal environments in Hong Kong, as well as the general state of Hong Kong’s economy may influence the Company’s business, financial condition, and results of operations.

(c) Exchange rate risk

The Company cannot guarantee that the current exchange rate will remain steady; therefore there is a possibility that the Company could post the same amount of profit for two comparable periods and because of the fluctuating exchange rate actually post higher or lower profit depending on the exchange rate of HKD converted to US\$ on that date. The exchange rate could fluctuate depending on changes in political and economic environments without notice.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

As of March 31, 2025, the Company has no material commitments or contingencies.

NOTE 13 - SUBSEQUENT EVENTS

In accordance with ASC Topic 855, “Subsequent Events”, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before consolidated financial statements are issued, the Company has evaluated all events or transactions that occurred after March 31, 2025, up through the date the Company issued the unaudited condensed consolidated financial statements.

ITEM 2 Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our Company's financial condition and results of operations should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes included elsewhere in the report. This discussion contains forward-looking statements that involve risks and uncertainties. Actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors. See "Cautionary Note Concerning Forward-Looking Statements" on page vii.

Unless otherwise noted, all currency figures quoted as "U.S. dollars", "dollars" or "\$" refer to the legal currency of the United States. Throughout this report, assets and liabilities of the Company's subsidiaries are translated into U.S. dollars using the exchange rate on the balance sheet date. Revenue and expenses are translated at average rates prevailing during the period. The gains and losses resulting from translation of financial statements of foreign subsidiaries are recorded as a separate component of accumulated other comprehensive income within the statement of stockholders' equity.

Overview

We are a Nevada holding company with operations conducted through our subsidiaries based in Hong Kong. The Company, through its subsidiaries, is engaged in one business segment: the physical arts and collectibles business

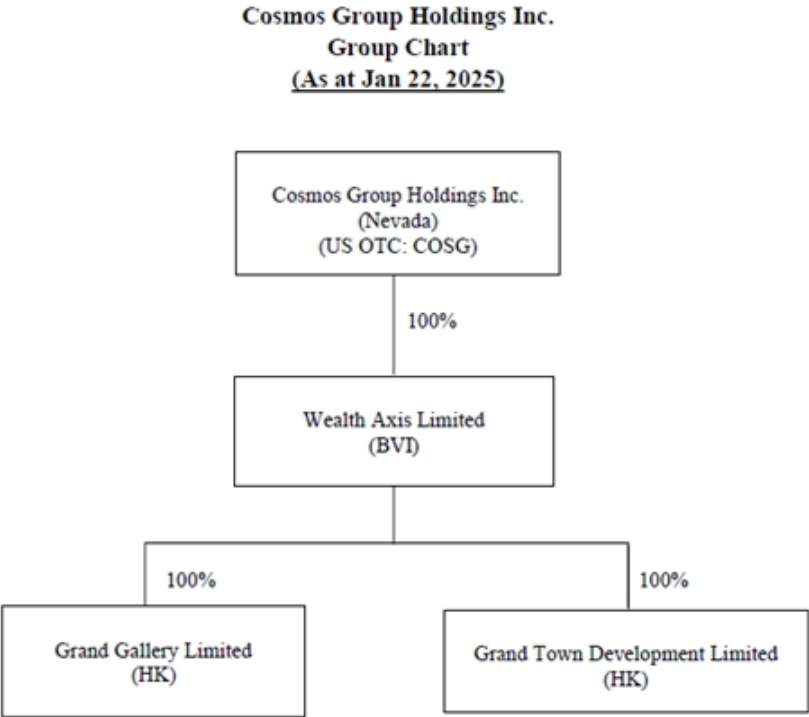
Through our physical arts and collectibles business, we provide authentication, valuation and certification ("AVC") service, sale and purchase, hire purchase, financing, custody, security and exhibition ("CSE") services to art and collectibles buyers through traditional methods as well as through leveraging blockchain technology through the creation of Digital Ownership Tokens ("DOTs").

DOT is an integrated, best in class, smart contract for art and collectible pieces. We use blockchain technology to help resolve the issues of provenance, authenticity and ownership in the arts and collectibles market. For each art or collectible piece, we create an individual DOT that includes an independent appraisal, a 3D rendering of the piece, high-definition photo of the piece, AI recognition file of the piece and a set of legal documents to provide proof of ownership and provenance of the piece to the blockchain. Our DOTs are intended to provide assurance on the authenticity of art or collectible pieces as well as act as a record of ownership transfers using blockchain technology to establish provenance of the piece. As the owner of a DOT, the buyer will be able to take the necessary legal action against those who breach the digital ownership rights. We initially intend to focus on customers located in Hong Kong and expand throughout Asia and the rest of the world.

There may be prominent risks associated with our operations being in Hong Kong. We may be subject to the risks of uncertainty of any future actions of the PRC government including the risk that the PRC government could disallow our holding company structure, which may result in a material change in our operations, including our ability to continue our existing holding company structure, carry on our current business, accept foreign investments, and offer or continue to offer securities to our investors. These adverse actions could change the value of our common stock to significantly decline or become worthless. We may also be subject to penalties and sanctions imposed by the PRC regulatory agencies, including the Chinese Securities Regulatory Commission, if we fail to comply with such rules and regulations, which could adversely affect the ability of the Company’s securities to continue to trade on the Over-the-Counter Bulletin Board, which may cause the value of our securities to significantly decline or become worthless.

As a U.S.-listed company with operations in Hong Kong, we may face heightened scrutiny, criticism and negative publicity, which could result in a material change in our operations and the value of our common stock. It could also significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. Additionally, changes in Chinese internal regulatory mandates, such as the M&A rules, Anti-Monopoly Law, and the soon to be effective Data Security Law, may target the Company’s corporate structure and impact our ability to conduct business in Hong Kong, accept foreign investments, or list on an U.S. or other foreign exchange. For a detailed description of the risks facing the Company and the offering associated with our operations in Hong Kong, please refer to “Risk Factors – Risk Factors Relating to Our Operations in Hong Kong” as disclosed in our set forth in the Company’s Registration Statement on Form 10-K filed with the U.S. Securities and Exchange Commission (the “SEC”) on April 15, 2025 (the “Form 10-K”).

Our corporate chart is below:



Commentary on our Revenue – an overview

In this quarter, we have continued revenue in the arts and collectibles. The total revenue for 2025 Q1 was approximately \$19,281, mainly attributable to the consultancy service income in the sale and distribution of arts and collectibles.

Results of Operations.

As of March 31, 2025, we had a working capital of \$41,261,443 and accumulated deficit of \$200,806,742. As a result, our continuation as a going concern is dependent upon improving our profitability and continued financial support from our stockholders or other capital sources. Management believes that continued financial support from existing shareholders and external financing will provide the additional cash necessary to meet our obligations as they become due. Our financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and liabilities that may result not being able to continue as a going concern.

Comparison of the three months ended March 31, 2025 and 2024

The following table sets forth certain operational data for the three months ended March 31, 2025, compared to the three months ended March 31, 2024:

	Three months ended March 31,	
	2025	2024
Revenue, net	\$ 19,281	\$ -
Cost of revenue	(11,568)	-
Gross profit	7,713	-
Operating expenses:		
Sales and marketing	-	(200)
Technology and development	(3,081)	-
General and administrative	(55,780)	(143,522)
Loss from operations	(51,148)	(143,722)
Total other expense, net	-	(4,970)
Loss before income taxes	(51,148)	(148,692)
Income tax expense	-	-
Loss from continuing operations	(51,148)	(148,692)
Loss from discontinued operations, net of income taxes	-	(902,346)
NET LOSS	\$ (51,148)	\$ (1,051,038)

Revenue and Cost of Revenue

Revenues were approximately \$19,281 and \$0 for the three months ended March 31, 2025 and 2024, respectively, increased by \$19,281, or 100%. No revenue for discontinued operation for the three months ended March 31, 2025 and 2024.

We currently operate the sale and distribution of arts and collectibles offline and online with the use of blockchain technologies and minting tokens. The revenue is related to the consultancy service income from the sale and distribution of arts and collectibles.

Costs of revenue were approximately \$11,568 and \$0 for the three months ended March 31, 2025 and 2024, respectively, increased by \$11,568 or 100%. No cost of revenue from discontinued operation for the three months ended March 31, 2025 and 2024.

Gross Profit

We achieved a gross profit of \$7,713 and \$0 for the three months ended March 31, 2025 and 2024, respectively. No gross profit from discontinued operation for the three months ended March 31, 2025 and 2024.

Sales and Marketing Expenses

Sales and marketing expenses were of \$0 and \$200 for the three months ended March 31, 2025 and 2024, respectively, decreased by \$200, 100.0%. It primarily includes costs related to public relations.

No such expenses from discontinued operation for the three months ended March 31, 2025 and 2024.

Technology And Support Expenses

Technology and support expenses were \$3,081 and \$0 for the three months ended March 31, 2025 and 2024, respectively, including web hosting service. Technology and support expenses from discontinuing operations of \$0 and \$26,540 for the three months ended March 31, 2025 and 2024, respectively.

General and Administrative Expenses (“G&A”)

General and administrative expenses were \$55,780 and \$143,522 for the three months ended March 31, 2025 and 2024, respectively. General and administrative expenses from discontinued operations of \$0 and \$875,722 for the three months ended March 31, 2025 and 2024, respectively. These expenses primarily include professional fees, audit fees, other miscellaneous expenses incurred in connection with general operations and personnel-related expenses incurred to support our business, including legal, finance, executive, and other support operations. G&A expenses from continued operations decreased by approximately \$87,742 in the three months ended March 31, 2025 from \$143,522 for the same period of 2024.

Other expenses

Total other expenses were \$0 and \$(4,970) for the three months ended March 31, 2025 and 2024, respectively. These expenses primary include convertible notes interest expense.

Income Tax Expense

We did not incurred income tax expense during the three months ended March 31, 2025 and 2024, respectively.

Liquidity and Capital Resources

As of March 31, 2025 and December 31, 2024, we had cash and cash equivalents of \$23,503 and \$43,344.

We expect to incur significantly greater expenses in the near future as we develop our arts and collectibles technology business or enter into strategic partnerships. We also expect our general and administrative expenses to increase as we expand our finance and administrative staff, add infrastructure, and incur additional costs related to being reporting act company, including directors’ and officers’ insurance and increased professional fees.

We have never paid dividends on our Common Stock. Our present policy is to apply cash to investments in product development, acquisitions or expansion; consequently, we do not expect to pay dividends on Common Stock in the foreseeable future.

Going Concern Uncertainties

Our continuation as a going concern is dependent upon improving our profitability and the continuing financial support from our stockholders. Our sources of capital in the past have included the sale of equity securities, which include common stock sold in private transactions and public offerings, lease liability and short-term and long-term debts. We believe that our current cash and other sources of liquidity discussed below are adequate to support general operations for at least the next 12 months.

We require additional funding to meet its ongoing obligations and to fund anticipated operating losses. Our auditor has expressed substantial doubt about our ability to continue as a going concern. Our ability to continue as a going concern is dependent on raising capital to fund its initial business plan and ultimately to attain profitable operations. These consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets and liabilities that may result in the Company not being able to continue as a going concern.

We expect to incur marketing and professional and administrative expenses as well expenses associated with maintaining our filings with the Commission. We will require additional funds during this time and will seek to raise the necessary additional capital. If we are unable to obtain additional financing, we may be required to reduce the scope of our business development activities, which could harm our business plans, financial condition and operating results. Additional funding may not be available on favorable terms, if at all. We intend to continue to fund its business by way of equity or debt financing and advances from related parties. Any inability to raise capital as needed would have a material adverse effect on our business, financial condition and results of operations.

If we cannot raise additional funds, we will have to cease business operations. As a result, our common stock investors might lose all of their investment.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

	Three Months Ended	
	March 31,	
	2025	2024
Net cash (used in) provided by operating activities	\$ (68,331)	\$ 620,595
Net cash provided by investing activities	-	-
Net cash provided by financing activities	\$ 29,739	\$ 66,357

Net Cash (Used In) Provided by Operating Activities.

For the three months ended March 31, 2024, net cash used in operating activities from continuing operations was \$68,338 which consisted primarily of a net loss of \$51,148, an increase in accrued liabilities and other payables of \$45,816; offset by a decrease in accrued consulting and service fee of \$63,000.

For the three months ended March 31, 2024, net cash provided by operating activities from continuing operations was \$620,595 which consisted primarily of a net loss of \$148,692, depreciation of \$166, shares issued for services rendered of \$658,000, a decrease in account receivables of \$57,468, a decrease in prepayments and other receivables of \$25 and an increase in accrued liabilities and other payables of \$61,226; offset by a decrease in accounts payables of \$7,598.

We expect to continue to rely on cash generated through financing from our existing shareholders and private placements of our securities, however, to finance our operations and future acquisitions.

Net Cash Provided by Investing Activities.

For the three months ended March 31, 2025 and 2024, no cash was provided by investment activities.

Net Cash Provided By Financing Activities.

For the three months ended March 31, 2025, net cash provided by financing activities was \$29,739 consisting of advance from related parties of \$29,739.

For the three months ended March 31, 2024, net cash provided by financing activities was \$66,357 consisting of advance from related parties of \$66,357.

Material Cash Requirements

We have not achieved profitability since our inception, and we expect to continue to incur net losses for the foreseeable future. We expect net cash expended in 2025 to be significantly higher than 2024. As of March 31, 2025, we had an accumulated deficit of \$200,806,742. Our material cash requirements are highly dependent upon the additional financial support from our major shareholders in the next 12 - 18 months.

We had the following contractual obligations and commercial commitments as of March 31, 2025:

Contractual Obligations	Total	Less than 1 year	1-3 Years	3-5 Years	More than 5 Years
	\$	\$	\$	\$	\$
Amounts due to related parties	1,885,361	1,885,361	-	-	-
Operating lease liabilities	-	-	-	-	-
Other contractual liabilities	159,000	159,000	-	-	-
Promissory notes payable	39,053,735	39,053,735	-	-	-
Commercial commitments	-	-	-	-	-
Total obligations	<u>\$ 41,098,096</u>	<u>41,098,096</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>

Off-Balance Sheet Arrangements

We have no outstanding off-balance sheet guarantees, interest rate swap transactions or foreign currency contracts. We do not engage in trading activities involving non-exchange traded contracts.

Contractual Obligations and Commercial Commitments

We have contractual obligations and commercial commitments as of March 31, 2025.

Critical Accounting Policies and Estimates

For a detailed description of the Critical Accounting Policies and Estimates of the Company, please refer to Part II, ITEM 7 “**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**” in our Annual Report Form 10-K for the year ended December 31, 2024 filed with the SEC on April 15, 2025.

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and do not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

ITEM 3 Quantitative and Qualitative Disclosures about Market Risk

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 4 Controls and Procedure

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (Exchange Act), under the supervision of and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures, subject to limitations as noted below, as of March 31, 2025, and during the period prior to and including the date of this report, were effective to ensure that all information required to be disclosed by us in the reports that we file or submit under the Exchange Act is: (i) recorded, processed, summarized and reported, within the time periods specified in the Commission’s rule and forms; and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Inherent Limitations

Because of its inherent limitations, our disclosure controls and procedures may not prevent or detect misstatements. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Changes in Internal Control over Financial Reporting

Subject to the foregoing disclosure, there were no changes in our internal control over financial reporting that occurred during our fiscal quarter ended March 31, 2025, that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1 Legal Proceedings

We are not a party to any legal or administrative proceedings that we believe, individually or in the aggregate, would be likely to have a material adverse effect on our financial condition or results of operations.

ITEM 1A Risk Factors

We are a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and are not required to provide the information required under this item.

ITEM 2 Unregistered Sales of Equity Securities and Use of Proceeds

None.

ITEM 3 Defaults upon Senior Securities

None.

ITEM 4 Mine Safety Disclosures

Not applicable.

ITEM 5 Other Information

None.

ITEM 6 Exhibits

Exhibit No.	Description
31.1	<u>Certification of Chief Executive Officer and Chief Financial Officer required under Rule 13a-14(a)/15d-14(a) under the Exchange Act.*</u>
32.1	<u>Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*</u>
101.INS	Inline XBRL Instance Document.*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.*
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COSMOS GROUP HOLDINGS INC.

By: /s/ Wong Nga Yin Polin
Wong Nga Yin Polin
Chief Executive Officer,
Chief Financial Officer, Secretary

Date: May 15, 2025

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Wong Nga Yin Polin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Cosmos Group Holdings Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent function):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Dated: May 15, 2025

By: /s/ Wong Nga Yin Polin

Wong Nga Yin Polin
Chief Executive Officer,
Chief Financial Officer, Secretary

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Cosmos Group Holdings Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2025, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), Wong Nga Yin Polin, Chief Executive Officer, Chief Financial Officer and Secretary of the Company, certify, pursuant to 18 U.S.C. section 1350 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2025

By: /s/ Wong Nga Yin Polin
Wong Nga Yin Polin
Chief Executive Officer,
Chief Financial Officer and Secretary

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.