

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHEUK NANG (HOLDINGS) LIMITED

卓能（集團）有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 131)

RESULTS FOR THE YEAR ENDED 30 JUNE 2022

CHAIRMAN'S STATEMENT

I herewith to present to shareholders the report of Cheuk Nang (Holdings) Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 30 June 2022.

RESULTS AND DIVIDEND

The consolidated loss after income tax of our Group for the year ended 30 June 2022 is HK\$149,232,000 comparing to last year 2021: profit HK\$149,516,000. Details are set out in the consolidated statement of profit or loss.

Due to the uncertainty for the coming year, the Directors resolved to recommend the payment of a final dividend of HK2.0 cents (2021: HK3.0 cents) per share payable to those shareholders whose names appeared in the register of members as at the close of business on 1 December 2022, which together with the interim dividend of HK1.5 cents (2021: HK2.0 cents) per share, makes a total distribution of HK3.5 cents (2021: HK5.0 cents) per share this year, which is 30% decrease when compare to last year.

After approval by the shareholders at the Annual General Meeting, the final dividend will be paid on 15 December 2022.

REVIEW OF OPERATIONS AND PROSPECTS

Hong Kong Properties

With the prolonged pandemic and absence of cross-border and overseas visitors has made the request for fully re-open the border and to the world become more and more urgent and necessity.

The disburse of consumption vouchers by the Government in August last year has successfully boosted up the consumption sector, a new phase of consumption vouchers were disbursed in April this year.

The progress of our projects in Hong Kong are as follows:-

1. *One Kowloon Peak at No. 8 Po Fung Terrace, Ting Kau, Tsuen Wan*

Residential project developed in two phases.

Phase 1 comprised of a block of 21-storey building with 49 residential units (including 6 duplex units) and 39 car parking spaces. The net floor area of the units ranged from 1,075 square feet to 2,095 square feet.

One of the buyers of Phase 1 has rescinded the Sale and Purchase Agreement recently, the total no. of units sold now is 10 and the majority of other units are rented.

Phase 2 comprised of clubhouse, 29 car parking spaces and five 3-storey garden villas. The net floor area of the villas ranged from approximately 1,497 square feet to 2,329 square feet. The clubhouse provides recreational facilities and swimming pool.

2. *Villa Cecil Phase II, 192 Victoria Road, Pokfulam*

Residential development comprised of three blocks of 4-storey low density residential building provides 29 residential units. The net floor area of the apartments ranged from approximately 876 square feet to 3,099 square feet.

The occupancy rate of Phase 2 maintained at 55%.

3. *Villa Cecil Phase III, 216 Victoria Road, Pokfulam*

Residential development comprised of two blocks of 4-storey building for rental purpose. The total marketable gross floor area is about 97,000 square feet (net floor area is about 68,973 square feet). Block 1 provides 9 residential units and Block 2 provides 32 units. The gross floor area of the apartments ranged from 760 square feet to 3,800 square feet (net floor area ranged from 586 square feet to 2,555 square feet).

The occupancy rate of the two blocks has reached 70%.

4. *Cheuk Nang Lookout, 30 Severn Road, The Peak*

A residential premises comprised of two deluxe 3-storey residential villas, namely Villa Begonia and Villa Crocus. The renovation of the two villas to enhance the quality is completed.

5. *New Villa Cecil, No. 33 Cheung Chau Sai Tai Road, Cheung Chau*

A residential project developed into 2 phases with total marketable gross floor area approximately 58,000 square feet, the net sales area is approximately 31,266 square feet.

Phase I comprised of 19 blocks of 2-storey residential villas has already received Occupation Permit. The gross floor area of the villas ranged from 1,450 square feet to 2,700 square feet (net floor area ranged from 1,106 square feet to 2,070 square feet). Phase II comprised of 4 blocks of 2-storey residential villas. The gross floor area of the villas ranged from approximately 2,000 square feet to 12,000 square feet (net floor area from 1,564 square feet to 9,260 square feet). Recreational facilities including swimming pool and landscape garden are provided.

Over 60% of the villas in Phase 1 are leased out.

The construction work of the development has been completed and Occupation Permit has been applied.

China Properties

The Annual Report on the Development of China's Real Estate released by the Chinese Academy of Social Sciences recently predicted that the national real estate transactions may gradually recover this year.

Multiple Chinese real estate developers encountered financial difficulties and low levels of liquidity in the latter half of 2021, which largely affected market dynamics. The report noted that current financial issues among developers have been eased on the back of supportive policies, and the capital demands for homebuyers and developers have been slightly rectified.

Shenzhen

The residential property transaction volume and prices continued fell due to ongoing tightening policies implemented by the Shenzhen government since 2021, including but not limited to increasing the residential property transactional levies and lengthening the social insurance payment period even for first-time residential property purchasers, in order to curb speculation and excessive price growth.

Cheuk Nang Garden

Longhwa, Shenzhen

Besides the tightening policies in Shenzhen mentioned above, the fallback in buying sentiments brought by the combined effect of the credit control policies for mortgage lending, the continuing effect of the Covid-19 pandemic and the growing concern over the debt crisis of property developers in China, there is no sale transaction of Cheuk Nang Garden was recorded during the reporting period.

During the year and up to the date of this report, the Group has paid land appreciation tax of RMB1,316 million relating to our development project Cheuk Nang Garden. After payment of the land appreciation tax, the Group will apply through our tax professional firm in Shenzhen to claim some amount of refund of income tax.

Hangzhou

Hangzhou government has issued a new policy in May 2022 on the property market, making adjustments in optimizing the second-hand housing transaction policies and improving tax adjustment. Affected by lower taxes and fees, the Hangzhou's real estate market has begun to show signs to stabilize the market after implementation of the new policies.

Cheuk Nang • Riverside

Yue Hang Qu, Hangzhou

The development comprised land area of 38,983 square metres (approximately 419,613 square feet). The total net floor area is 122,483 square metres (approximately 1,318,407 square feet) with multi-storey buildings provides 849 residential units, 22 deluxe villas by the riverside, 780 car parking spaces, clubhouse, recreational facilities and shopping centre. The size of the residential units and villas ranged from 65 square metres (700 square feet) to 270 square metres (2,906 square feet).

The construction of the development is completed and 規劃驗收 was approved.

Macau Properties

The Macau's gambling industry has been seriously affected by covid-19 over the past three years. Recently, seven companies have bid for six casino licenses. New contracts set to start at the beginning of 2023. The Macau government expected the winners of the casino licenses will bring in creative proposals in conducting the gambling business which will benefit the tourism sector in the long run.

Golden Cotai No. 1

Estrada de Seac Pai Van, Coloane

We have submitted application for renewal of the land lease in April 2021 through our local lawyer. According to the report from the local lawyer, the Public Work Department is handling our case and is waiting for the approval of the final study of the Urban Plan of Seac Pai Van. Since they need the study approval for the renewal of concession of the land, the renewal of the concession and the change of land use are being processed together in due course.

Malaysia Properties

Malaysia's reopening of the international border and its transition to the endemic phase continues to stabilize the economic recovery. Domestic demand is underpinned by the job market conditions and ongoing policy and slightly stable now.

Phase I "Parkview"

Lot 1359, Section 57, Lorong Perak, Kuala Lumpur

The development is a ready built 41-storey residential building providing 417 residential units and 163 car parking spaces. Most units have been sold by our Parkview joint venture partner. The remaining 27 unsold units are operated as serviced apartments. The demand for hotel and short-term accommodation has decreased drastically after the outbreak of covid-19.

Phase II "Cecil Central Residence"

Lot 11385 and 11386, Section 57, Lorong Perak, Kuala Lumpur

The development currently comprised of 4 blocks of residential condominium with total approved gross floor area is 1,708,648 square feet. The main podium is completed upto Level 5.

INVESTMENT IN BONDS AND STOCK

The investment in Bond market as at 30 June 2022 was HK\$155,724,000. During the year, a total of HK\$2,332,000 was redeemed and no bond was purchased.

The market price of our investment in the Hong Kong stocks as at 30 June 2022 was HK\$44,856,000. During the year, a total of HK\$11,939,000 stock were purchased and no stock was sold.

OUTLOOK

President Xi Jinping said that the 20th National Congress of the Communist Party of China should make a macro outlook on the two-step strategic arrangement for building a powerful modern socialist country in an all-round way, and focus on deploying strategic tasks and major measures for the next five years and grasp the problem of solving the problem of unbalanced and insufficient development.

The International Monetary Fund has lowered its forecast for global economic growth this year again, by 0.4% to 3.2% from its April forecast. IMF slashes China's economic growth forecast by 1.1% to 3.3%. Major Central Banks accelerating Monetary Tightening on Sharp Prices Spikes, growing worries about global and domestic economic growth prospects.

It is anticipated that the Hong Kong interest rate will be increased speedily next year. However, the property owners possess comparatively strong financial background and believe the negative equity tide will not appeared. Moreover, with strong demand for real estate in Hong Kong, despite the increase in interest rate will has slight impact on the property price, it will not drop largely.

Hopefully, the resumption of the cross-boundary activities can be achieved before next year and the economies may be improved.

DIRECTORS AND STAFF

We are delighted to welcome Mr. Sun Dai Hoe, Harold, the son of the late Dr. Sun Ping Hsu Samson, has joined our company as director on 29 March 2022.

We would like to express our deep gratitude to our directors and employees for their contributions to holding on their positions during this extremely volatile year.

As at the date of this announcement, the Executive Directors are Dr. Chao Sze Tsung Cecil (Chairman), Ms. Chao Gigi (Vice Chairman), Mr. Yung Philip and Ms. Ho Sau Fun, Connie; the Non-Executive Directors are Mr. Chao Howard and Mr. Lee Ding Yue Joseph; the Independent Non-Executive Directors are Mr. Ting Woo Shou, Kenneth, Mr. Lam Ka Wai, Graham and Mr. Sun Dai Hoe, Harold.

By order of the Board
CECIL CHAO
Executive Chairman

Hong Kong, 27 September 2022

RESULTS

The Group's audited consolidated income statement for the year ended 30 June 2022 is listed as follows:

Consolidated Statement of Profit or Loss

For the year ended 30 June 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	4	56,738	994,589
Direct costs		<u>(47,993)</u>	<u>(263,095)</u>
Gross profit		8,745	731,494
Other income	6	35,888	80,124
Changes in fair value of investment properties		95,036	(99,460)
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")		816	3,174
Net expected credit loss ("ECL") of financial assets at fair value through other comprehensive income ("FVTOCI")		(4,379)	(14,000)
Administrative expenses		(63,107)	(126,910)
Finance costs	7	<u>(15,754)</u>	<u>(21,385)</u>
Profit before income tax	8	57,245	553,037
Income tax expense	9	<u>(206,477)</u>	<u>(403,521)</u>
(Loss)/profit for the year		<u>(149,232)</u>	<u>149,516</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(149,187)	148,700
Non-controlling interests		<u>(45)</u>	<u>816</u>
		<u>(149,232)</u>	<u>149,516</u>
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the year			
Basic	11	<u>HK\$(0.23)</u>	<u>HK\$0.23</u>
Diluted	11	<u>HK\$(0.23)</u>	<u>HK\$0.23</u>

Consolidated Statement of Financial Position

As at 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		6,739,921	6,655,700
Property, plant and equipment		44,537	45,636
Other non-current asset		950	950
Other financial assets		148,408	157,728
Deferred tax assets		17,952	17,614
		<u>6,951,768</u>	<u>6,877,628</u>
Current assets			
Properties under development for sale		1,562,250	1,567,653
Completed properties for sale		389,719	395,988
Other financial assets		7,316	3,483
Financial assets at fair value through profit or loss		44,856	32,101
Trade and other receivables	12	26,346	30,821
Bank balances and cash		367,383	1,988,157
		<u>2,397,870</u>	<u>4,018,203</u>
Current liabilities			
Other payables	13	131,095	132,074
Contract liabilities		155,512	156,181
Amounts due to non-controlling shareholders	14	239,990	239,990
Amount due to a related company	14	1,469	1,489
Interest-bearing borrowings		878,627	865,920
Advance from a director		143,206	–
Lease liabilities		2,219	2,273
Tax payable		18,411	1,388,115
		<u>1,570,529</u>	<u>2,786,042</u>
Net current assets		<u>827,341</u>	<u>1,232,161</u>
Total assets less current liabilities		<u>7,779,109</u>	<u>8,109,789</u>

	2022	2021
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities		
Interest-bearing borrowings	–	10,613
Advance from a director	–	112,632
Lease liabilities	2,956	4,952
Deferred tax liabilities	907,610	930,853
	<u>910,566</u>	<u>1,059,050</u>
Net assets	<u>6,868,543</u>	<u>7,050,739</u>
EQUITY		
Share capital	2,468,985	2,468,985
Reserves	4,222,494	4,404,645
	<u>6,691,479</u>	<u>6,873,630</u>
Equity attributable to the owners of the Company	6,691,479	6,873,630
Non-controlling interests	177,064	177,109
	<u>6,868,543</u>	<u>7,050,739</u>
Total equity	<u>6,868,543</u>	<u>7,050,739</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2022

1. GENERAL INFORMATION

Cheuk Nang (Holdings) Limited (the “Company”) is a limited liability company incorporated and domiciled in Hong Kong. The address of its registered office is Suite 4901, 49/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong and, its principal place of business is Hong Kong. The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

The Company and its subsidiaries (the “Group”) are controlled by Yan Yin Company Limited (“Yan Yin”), a limited liability company incorporated and domiciled in Hong Kong. At the reporting date, the directors consider the ultimate parent company of the Group is also Yan Yin.

The Group is principally engaged in property development and investment and provision of property management and related services.

As at 30 June 2022, the Group’s interest-bearing borrowings and lease liabilities repayable within twelve months totaled HK\$880,846,000 while the Group’s bank balances and cash was HK\$367,383,000. In addition, the Group incurred net loss of HK\$149,232,000 and net cash used in operating activities of HK\$1,613,376,000 during the year ended 30 June 2022. The directors of the Company consider that the Group will be able to meet its financial obligations as they fall due for twelve months from 30 June 2022, on the basis that financial support is obtained from Yan Yin.

Taking into account the above measures and after assessing the Group’s current and future cash flow positions and unutilised banking facilities of approximately HK\$1,368 million available to Group, the directors of the Company are satisfied that the Group will be able to meet their financial obligations when they fall due. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements for the year ended 30 June 2022 were approved for issue by the board of directors on 27 September 2022.

2. ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on 1 July 2021

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group’s operations and effective for the Group’s consolidated financial statements for the annual period beginning on 1 July 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021

The adoption of the amended HKFRSs had no material impact on how the results and financial position of the Group for the current and prior periods have been prepared and presented.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Disclosure of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ¹
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 ¹
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations ⁴

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective date not yet determined

⁴ Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022.

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2 “Disclosure of Accounting Policies”

The amendments to HKAS 1 require entities to disclose material accounting policy information instead of significant accounting policies in its financial statements. The amendments also provide some guidance on how material policy information are being identified and provide some examples of when accounting policy information is likely to be material.

In March 2021, HKICPA issued HKFRS Practice Statement 2 “Making Materiality Judgements” to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. HKFRS Practice Statement 2 was subsequently revised to provide guidance and examples on how to apply the concept of materiality to accounting policy disclosures.

The amendments to HKAS 1 are effective for annual reporting period beginning on or after 1 January 2023 and are applied prospectively. Earlier application is permitted. Except for the disclosures of accounting policies in the consolidated financial statements may need to be revised to cope with the above changes, the directors expect that the amendments have no other material impact on the consolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair value of properties

The best evidence of fair value is current prices in an active market for similar property in similar location and condition and subject to lease and other contracts. In making its judgement, the Group considers information from a variety of sources including:

- (i) the floor areas of the properties with respect to the consideration from the independent and identified buyer;
- (ii) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

- (iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iv) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and using discount rate that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The Group's properties have been valued individually, on market value basis, which conforms to The Hong Kong Institute of Survey Valuation Standards. In estimating the fair value of the properties, the management of the Group has considered the highest and best use of the properties. The carrying amount of the investment properties and land and buildings as at 30 June 2022 are approximately HK\$6,739,921,000 and HK\$36,840,000 respectively (2021: HK\$6,655,700,000 and HK\$36,200,000 respectively).

Allowance for properties under development and completed properties for sale

In determining whether allowances should be made for the Group's properties under development for sale, the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs of selling expenses less estimated costs to completion of the properties). An allowance is made if the estimated market value is less than the carrying amount. If the actual market value on properties under development for sale is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result. The carrying amount of the properties under development for sale as at 30 June 2022 is approximately HK\$1,562,250,000 (2021: HK\$1,567,653,000). No impairment loss on properties under development for sale have been written down to net realisable value during the year ended 30 June 2022 (2021: Nil).

Management exercises its judgement in making allowance for completed properties for sale with reference to the existing market environment and the estimated market value of the properties, i.e. the estimated selling price less estimated costs of selling expenses. A specific allowance for completed properties for sale is made if the estimate market value of the property is lower than its carrying amount. If the actual market values of the completed properties for sale are less than expected, as a result of change in market condition, material provision for impairment losses may result. The carrying amount of the completed properties as at 30 June 2022 is approximately HK\$389,719,000 (2021: HK\$395,988,000). No completed properties for sale have been written down to net realisable value during the year ended 30 June 2022 (2021: Nil).

3.2 Critical Accounting Judgements

Accounting for income tax

The Group is subject to income taxes in Hong Kong, The People's Republic of China ("PRC"), Malaysia and Macau. There are transactions and calculations for which the ultimate tax determination is uncertain. Significant management judgement is required in determining the provision of income taxes. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax assets and liabilities in the period in which such determination is made.

In measuring the Group's deferred tax on investment properties measured at fair value, management of the Group have determined that the presumption that the carrying amounts of these investment properties measured using the fair value model were recovered entirely through sales was not rebutted. Deferred tax has been provided at tax rates that are expected to apply upon sales of the investment properties held by the subsidiaries of the Group in Hong Kong, Macau, Malaysia and the PRC.

For the properties in the PRC, the tax expenses on changes in fair value of investment properties and properties sales are recognised taking into account the Land Appreciation Tax ("LAT") and Enterprise Income Tax ("EIT") payable upon sales of those properties in the PRC. The LAT is determined based on management's best estimates according to the requirements set forth in the relevant PRC tax laws and regulations and provided at ranges of progressive rates of the appreciation value, with certain allowable deductions including land costs, borrowing costs and the relevant property development expenditures. As at 30 June 2022, deferred tax liabilities in relation to the fair value changes of investment properties of approximately HK\$907,610,000 (2021: HK\$930,853,000) have been recognised in the Group's consolidated statement of financial position as at 30 June 2022.

In addition, deferred tax assets of approximately HK\$45,349,000 (2021: HK\$44,975,000) in relation to tax losses have been recognised in the Group's consolidated statement of financial position as at 30 June 2022. The recognition of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

4. REVENUE

The Group's principal activities are disclosed in Note 1 to these consolidated financial statements. Revenue from the Group's principal activities recognised during the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Property sales	–	922,640
Property rentals	51,009	55,179
Estate management	5,729	16,770
	<u>56,738</u>	<u>994,589</u>

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines and geographical market:

	Year ended 30 June 2022			Total <i>HK\$'000</i>
	Property sales <i>HK\$'000</i>	Property rentals <i>HK\$'000</i>	Estate management <i>HK\$'000</i>	
Segments				
Geographical markets				
PRC	–	4,393	4,123	8,516
Hong Kong	–	46,038	1,606	47,644
Malaysia	–	578	–	578
	<u>–</u>	<u>51,009</u>	<u>5,729</u>	<u>56,738</u>
Timing of revenue recognition under HKFRS 15 from external customers				
At a point in time	–	–	5,729	5,729
Revenue not in the scope of HKFRS 15	–	51,009	–	51,009
	<u>–</u>	<u>51,009</u>	<u>5,729</u>	<u>56,738</u>

	Year ended 30 June 2021			Total HK\$'000
	Property sales HK\$'000	Property rentals HK\$'000	Estate management HK\$'000	
Segments				
Geographical markets				
PRC	922,640	5,438	8,434	936,512
Hong Kong	–	49,112	8,336	57,448
Malaysia	–	629	–	629
	<u>922,640</u>	<u>55,179</u>	<u>16,770</u>	<u>994,589</u>
Timing of revenue recognition under HKFRS 15 from external customers				
At a point in time	922,640	–	16,770	939,410
Revenue not in the scope of HKFRS 15	–	55,179	–	55,179
	<u>922,640</u>	<u>55,179</u>	<u>16,770</u>	<u>994,589</u>

5. SEGMENT REPORTING

The executive directors of the Company, being the chief operating decision makers, have identified the Group's reportable segments. These reportable segments are monitored and strategic decisions are made on the basis of adjusted segment operating results:

2022

	Property sales <i>HK\$'000</i>	Property rentals <i>HK\$'000</i>	Estate management <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
From external customers	-	51,009	5,729	-	56,738
Inter-segment revenue	-	840	26,764	-	27,604
Reportable segment revenue	<u>-</u>	<u>51,849</u>	<u>32,493</u>	<u>-</u>	<u>84,342</u>
Reportable segment (loss)/profit	<u>(41,819)</u>	<u>112,247</u>	<u>2,878</u>	<u>925</u>	<u>74,231</u>
Other information:					
Depreciation of property, plant and equipment	22	487	62	-	571
Depreciation of right-of-use assets	-	724	2,198	-	2,922
Income tax expense	205,474	1,003	-	-	206,477
Increase in fair value of investment properties	-	95,036	-	-	95,036
Increase in fair value of financial assets at FVTPL	-	-	-	816	816
Reportable segment assets	<u>2,752,317</u>	<u>5,965,516</u>	<u>8,540</u>	<u>44,856</u>	<u>8,771,229</u>
Reportable segment liabilities	<u>258,490</u>	<u>261,639</u>	<u>7,779</u>	<u>5,333</u>	<u>533,241</u>
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year	<u>246</u>	<u>8,188</u>	<u>296</u>	<u>-</u>	<u>8,730</u>

2021

	Property sales <i>HK\$'000</i>	Property rentals <i>HK\$'000</i>	Estate management <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue					
From external customers	922,640	55,179	16,770	–	994,589
Inter-segment revenue	–	840	26,119	–	26,959
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Reportable segment revenue	<u>922,640</u>	<u>56,019</u>	<u>42,889</u>	<u>–</u>	<u>1,021,548</u>
Reportable segment profit	<u>491,856</u>	<u>32,521</u>	<u>9,460</u>	<u>631</u>	<u>534,468</u>
Other information:					
Depreciation of property, plant and equipment	25	448	95	–	568
Depreciation of right-of-use assets	–	728	2,499	–	3,227
Income tax expense	402,985	536	–	–	403,521
Decrease in fair value of investment properties	–	(99,460)	–	–	(99,460)
Increase in fair value of financial assets at FVTPL	–	–	–	3,174	3,174
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Reportable segment assets	<u>2,757,259</u>	<u>5,891,068</u>	<u>11,070</u>	<u>32,101</u>	<u>8,691,498</u>
Reportable segment liabilities	<u>258,517</u>	<u>263,487</u>	<u>9,658</u>	<u>5,297</u>	<u>536,959</u>
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year	<u>189</u>	<u>14</u>	<u>3,610</u>	<u>–</u>	<u>3,813</u>

The totals presented for the Group's reportable segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment revenue	84,342	1,021,548
Elimination of inter segment revenue	(27,604)	(26,959)
Revenue of the Group	<u>56,738</u>	<u>994,589</u>
Reportable segment profit	74,231	534,468
Unallocated corporate income	34,937	61,109
Unallocated corporate expenses	(36,169)	(21,155)
Finance costs	(15,754)	(21,385)
Profit before income tax of the Group	<u>57,245</u>	<u>553,037</u>
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Reportable segment assets	8,771,229	8,691,498
Bank balances and cash	367,383	1,988,157
Other corporate assets	193,074	198,562
Deferred tax assets	17,952	17,614
Total assets of the Group	<u>9,349,638</u>	<u>10,895,831</u>
Reportable segment liabilities	533,241	536,959
Tax payable	18,411	1,388,115
Interest-bearing borrowings	867,731	865,920
Other corporate liabilities	154,102	123,245
Deferred tax liabilities	907,610	930,853
Total liabilities of the Group	<u>2,481,095</u>	<u>3,845,092</u>

The Group's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong (domicile)	47,644	57,448	3,367,553	3,293,568
PRC	8,516	936,512	1,747,112	1,747,112
Macau	–	–	1,306,364	1,306,312
Malaysia	578	629	364,379	355,294
	<u>56,738</u>	<u>994,589</u>	<u>6,785,408</u>	<u>6,702,286</u>

The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the non-current assets (other than financial instruments and deferred tax assets) is based on the physical location of the assets.

The Company is an investment holding company and the principal place of the Group's operation is Hong Kong. For the purpose of segment information disclosures under HKFRS 8, the Group regards Hong Kong as its place of domicile.

No revenue from transaction with single external customer is amounted to 10% or more for the Group's revenue for the year.

6. OTHER INCOME

	2022 HK\$'000	2021 HK\$'000
Dividend income from listed equity investments	951	2,123
Gain on disposal of financial assets at FVTPL	–	463
Gain on disposal of investment properties	–	16,429
Interest income	34,357	45,208
Net exchange gain	–	12,021
Government grants (Note)	–	749
Sundry income	580	3,131
	<u>35,888</u>	<u>80,124</u>

Note:

During the year ended 30 June 2021, the Group received funding support amounting to approximately HK\$749,000 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest charges on:		
Bank loans and overdrafts	10,817	14,218
Advance from a director	7,511	7,015
Bond	808	787
Other incidental borrowing costs	3,366	7,834
Finance charges on lease liabilities	<u>63</u>	<u>85</u>
 Total finance costs	 22,565	 29,939
Less: Interest capitalised into		
– Properties under development for sale (<i>Note</i>)	<u>(6,811)</u>	<u>(8,554)</u>
	 <u>15,754</u>	 <u>21,385</u>

Note: The borrowing costs have been capitalised to properties under development for sale at a rate from 0.849% to 1.051% (2021: from 1.009% to 1.526%).

8. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging/(crediting) the following:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	25,893	26,253
Contribution to defined contribution plans (<i>Notes (a) & (b)</i>)	<u>791</u>	<u>603</u>
	 <u>26,684</u>	 <u>26,856</u>
 Auditors' remuneration		
Current year	692	736
Depreciation of property, plant and equipment	571	568
Depreciation of right-of-use assets	2,922	3,227
Direct outgoings in respect of investment properties that generate rental income	11,533	14,019
Direct outgoings in respect of investment properties that did not generate rental income	963	2,786
Net exchange loss/(gain)	15,446	(12,021)
Lease charges:		
Short term leases	195	491
Gain on redemption of financial assets at FVTOCI	<u>(245)</u>	<u>(26)</u>

Notes:

- (a) As at 30 June 2022 and 2021, there was a sum of approximately HK\$21,000 in the forfeited account of the Group under the MPF Scheme. During the year ended 30 June 2022 and 2021, the Group did not utilise any amount in the forfeited account to reduce the existing level of contributions.
- (b) Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the PRC government from February 2020 to December 2020 to expedite resumption of economic activities, which resulted in the relief of certain contributions to retirement benefit scheme contributions during the year ended 30 June 2021.

9. INCOME TAX EXPENSE

Hong Kong profits tax has not been provided in the consolidated financial statements as the respective group companies did not have assessable profit in Hong Kong for the years ended 30 June 2022 and 2021 or the assessable profit was set-off against tax loss brought forward from previous years.

Under The New Law and Implementation Regulations, the tax rate of PRC subsidiaries is 25% (2021: 25%).

The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the jurisdictions in which the Group operates.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
PRC EIT	2,769	142,178
PRC LAT	<u>204,046</u>	<u>232,091</u>
	<u>206,815</u>	<u>374,269</u>
Deferred tax		
Current year	<u>(338)</u>	<u>29,252</u>
Total income tax expense	<u><u>206,477</u></u>	<u><u>403,521</u></u>

10. DIVIDENDS

(a) Dividends attributable to the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend of HK1.5 cents (2021: HK2.0 cents) per ordinary share	9,790	13,054
Proposed final dividend of HK2.0 cents (2021: HK3.0 cents) per ordinary share (<i>Note</i>)	<u>13,054</u>	<u>19,580</u>
	<u><u>22,844</u></u>	<u><u>32,634</u></u>

Note:

The final dividend proposed after the reporting date has not been recognised as a liability at the reporting date.

(i) Dividends attributable to the previous financial year, approved and paid during the year

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, of HK3.0 cents (2020: HK5.0 cents) per ordinary share	<u>19,580</u>	<u>31,981</u>

Scrip dividend alternative was offered to shareholders in respect of the final dividend. This alternative was accepted by the shareholders as follows:

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends:		
Cash	19,580	4,547
Share alternative	–	27,434
	<u>19,580</u>	<u>31,981</u>

11. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

(Loss)/Earnings

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/Profit attributable to the owners of the Company for the purpose of calculating basic and diluted (loss)/earnings per share	(149,187)	148,700

Number of shares

	2022	2021
Weighted average number of ordinary shares for the purposes of basic (loss)/earnings per share	652,676,781	646,234,648

Dilutive (loss)/earnings per share for 2022 and 2021 are the same as basic (loss)/earnings per share as there was no potential ordinary share outstanding as at 30 June 2022 and 2021.

12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables		
From third parties	<u>3,080</u>	<u>1,035</u>
Other receivables		
Prepaid expenses	7,302	6,607
Costs for obtaining contracts	6,368	6,223
Utilities deposits	2,501	7,962
Other deposits	693	693
Other receivables	<u>6,402</u>	<u>8,301</u>
	<u>23,266</u>	<u>29,786</u>
	<u><u>26,346</u></u>	<u><u>30,821</u></u>

The trade receivables of the Group represent rental and management fee in arrears. The Group maintains a credit policy to minimise any credit risk associated with trade receivables. As at the end of the reporting period the ageing analysis of the trade receivables (which is included in trade and other receivables), based on the debit note or invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0-30 days	2,052	621
31-60 days	346	113
61-90 days	104	64
Over 90 days	<u>578</u>	<u>237</u>
	<u><u>3,080</u></u>	<u><u>1,035</u></u>

Trade receivables are due upon presentation of invoices.

The Group has no significant concentrations of credit risk, and sufficient rental deposits are held to cover potential exposure to credit risk.

Costs for obtaining contracts mainly represent the incremental costs, primarily sales commission, as a result of obtaining the pre-sale property contracts. The Group has capitalised the amounts and amortised when the related revenue are recognised. Nil (2021: HK\$420,000) has been recognised in profit or loss in current year.

Other receivables included deposits paid to constructors to perform repair and maintenance works for the Group's investment properties and properties under development. The credit risk of deposits paid is considered to be low, therefore the impact on ECL is considered immaterial.

13. OTHER PAYABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Tenant deposits	8,950	9,123
Other payable and accruals	122,145	122,951
	131,095	132,074

The carrying values of other payables are considered to be a reasonable approximation of their fair value.

Other payable and accruals mainly included value-added tax and other tax payable for sales of properties in PRC amounted to HK\$93,557,000 (2021: HK\$93,557,000).

14. AMOUNTS DUE TO A RELATED COMPANY/NON-CONTROLLING SHAREHOLDERS

The amounts due are unsecured, interest-free and repayable on demand. The carrying amounts of the amounts due approximate their fair values.

A director of the Company is also the beneficial owner of the related company.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Highlights

Revenue for the year ended 30 June 2022 (the “Year”) amounted to HK\$56,738,000 (2021: HK\$994,589,000), a 94.3% decrease as compared with last year. It was mainly due to no properties sold in Shenzhen during the Year (2021: HK\$992,640,000).

For property leasing, the Year recorded a decrease of 7.6% in rental income as compared with the corresponding year in 2021, amounting HK\$51,009,000 (2021: HK\$55,179,000).

Gross profit for the Year amounted to HK\$8,745,000, as compare to a gross profit of HK\$731,494,000 with the corresponding year.

Other income recorded a decrease of 55.2% to HK\$35,888,000 when compared with last year. The other income for the Year were mainly attributed to dividend income and interest income. Positive change in fair value of financial assets at fair value through profit or loss amounted to HK\$816,000 (2021: HK\$3,174,000). Positive change in fair value of investment properties amounted to HK\$95,036,000 (2021: negative change in fair value of HK\$99,460,000). Expected credit loss of financial assets at fair value through other comprehensive income amounted to HK\$4,379,000 (2021: HK\$14,000,000) which related to debentures default in interest payment and downgrading on credit rating. Administrative expenses decreased by 50.3% to HK\$63,107,000 as compared with last year. Finance costs decreased by 26.3% to HK\$15,754,000 as compared with last year. The decrease was mainly due to the combined effect of (1) decrease in interest rate; and (2) decrease in borrowing cost during the year. Income tax expenses decreased to HK\$206,477,000 (2021: HK\$403,521,000) which was mainly due to decrease in income tax in China as no sale of properties in Shenzhen during year.

Loss attributable to owners of the Company for the Year was HK\$149,187,000 (2021: profit HK\$148,700,000). Basic loss per share was HK\$0.23 (2021: earnings per share HK\$0.23) and fully diluted loss per share was HK\$0.23 (2021: earnings per share HK\$0.23).

A final dividend of HK2.0 cents (2021: HK3.0 cents) was proposed together with the interim dividend of HK1.5 cents (2021: HK2.0 cents) a total of HK3.5 cents (2021: HK5.0 cents) for the year ended 30 June 2022.

Total Equity Attributable To The Owners Of The Company

As at 30 June 2022, the Group's total equity attributable to the owners of the Company amounted to approximately HK\$6,691,479,000 (2021: HK\$6,873,630,000), a decrease of HK\$182,151,000 or 2.7% when compared with 30 June 2021. With the total number of ordinary shares in issue of 652,676,781 as at 30 June 2022 (2021: 652,676,781 shares), the total equity attributable to the owners of the Company per share was HK\$10.25, representing a decrease of 2.7% compared to HK\$10.53 as at 30 June 2021. The decrease in total equity attributable to owners of the Company per share was mainly attributable to decrease in bank balances resulted from paying land appreciation tax in China during the Year.

Other than the existing projects and those disclosed in the annual report, the Group did not have any confirmed future plans for material investment or acquiring capital assets.

Investment In Financial Assets At Fair Value Through Profit Or Loss And Other Comprehensive Income

As at 30 June 2022, the fair value of investment in listed securities and perpetual note and debentures amounted to HK\$44,856,000 and HK\$155,724,000 respectively were classified as the financial assets at fair value through profit or loss and at fair value through other comprehensive income. During the Year, the portfolio on listed securities was increased by purchase of HK\$11,939,000, gain on fair value of HK\$816,000. For perpetual note and debenture, a total of HK\$2,332,000 was redeemed and an expected credit loss of HK\$4,379,000 was provided. The investment in financial assets as at 30 June 2022 represented 2.1% (2021: 1.8%) of the total assets, which formed part of the Group's cash management activities.

Equity

The number of issued ordinary shares as at 30 June 2022 and 30 June 2021 were 652,676,781 and 652,676,781 respectively.

Debts And Gearing

As at 30 June 2022, the Group's bank and other borrowings amounted to HK\$1,021,833,000 (2021: HK\$989,165,000). Cash and bank balances amounted to HK\$367,383,000 (2021: HK\$1,988,157,000) and net borrowing of HK\$654,450,000 (2021: net cash and bank balances HK\$998,992,000).

Total debts to equity ratio was 15.3% (2021: 14.4%) and net debts to equity ratio was 9.8% (2021: net cash and bank balances to equity 14.5%).

The increase in the total debt to equity ratio and changes from net cash and bank balances to equity ratio to net debts to equity were mainly due to decrease in bank balances during the year and decrease in cash and bank balances resulted from paying land appreciation tax in China during the Year.

As at 30 June 2022, the Group's bank and other borrowings were denominated in Hong Kong dollars. Of the Group's total bank and other borrowings HK\$1,021,833,000, 34.9% and 65.1% were repayable within 1 year and 2 to 5 years respectively by reference to the repayment on demand clause based on scheduled repayments of the loan agreement. The Group's bank and other borrowings carried interest rates by reference to Hong Kong Interbank Offer Rate ("HIBOR").

Pledge Of Assets

As at 30 June 2022, the Group's investment properties, properties held for sales and land and building with carrying value of HK\$3,274,328,000 (2021: HK\$3,179,059,000), HK\$1,539,000 (2021: HK\$1,539,000) and HK\$36,840,000 (2021: HK\$36,200,000) were pledged to secure general banking facilities of the Group.

Finance Costs

Financial costs included interest expenses on bank and other loans, arrangement, facility and commitment fee expenses. Interest capitalized for the Year was HK\$6,811,000 as compared to HK\$8,554,000 for the last year. Interest expenses for the Year amounted to HK\$15,754,000, representing 26.3% decrease over the interest expenses of HK\$21,385,000 recorded for the last year. The decrease in interest expense was mainly due to the combined effect of decrease in bank loans interest and other borrowing cost during the Year. The average interest rate over the year under review was 1.9% (2021: 1.8%) which was expressed as a percentage of total interest expenses over the average total borrowing.

Property Valuation

A property valuation has been carried out by Messrs. Roma Appraisals Limited and K.T. Liu Surveyors Limited in respect of the Group's investment properties and certain property, plant and equipment as at 30 June 2022 and that valuation was used in preparing 2022 financial statements. The Group's investment properties and investment properties under development were valued at HK\$5,052,688,000 and HK\$1,687,233,000 respectively making the total HK\$6,739,921,000 (2021: investment properties and investment properties under development were valued at HK\$4,977,459,000 and HK\$1,678,241,000 making the total HK\$6,655,700,000). The increase in fair value of approximately HK\$95,036,000 was credited to the income statement for the Year. The Group's land and building held for a director's quarter carried at fair value were valued at HK\$36,840,000 (2021: HK\$36,200,000). The increase in fair value of HK\$640,000 for the Year were recorded in property revaluation reserves. Properties under development for sale of the Group were stated at lower of cost or net realisable value in the financial statements.

RISK MANAGEMENT

The Group has established adequate risk management procedures that enable it to identify, measure, monitor and control the various types of risk it faces. This is supplemented by active management involvement and effective internal controls in the best interests of the Group.

REMUNERATION POLICIES AND SHARE OPTION SCHEME

As at 30 June 2022, the Group employed a total of 75 (as at 30 June 2021: 78) staff.

Employees were remunerated on the basis of their performance, experience and prevailing industry practice. Remuneration packages comprised salary, year end double pay and year end discretionary bonus based on market conditions and individual performance. The Executive Directors continued to review employees' contributions and to provide them with necessary incentives and flexibility for their better commitment and performance. No share option scheme was adopted for the Year.

FINANCIAL KEY PERFORMANCE INDICATOR

Profit Attributable To Owners Of The Company and Earnings Per Share

The Company uses the profit attributable to owners of the company and earnings per share as the Group's as the financial key performance indicator. The Company's aim to increase the Group's profit attributable to owners of the company and earnings per share. We compare the profit against the previous period as a measure of the performance. Detail refer to Financial Highlight section.

INTERNAL CONTROL

The Group has appointed external professional firm to perform periodic review on the internal control of the Group. Current year review has completed and some minor weakness have been identified. The Group will carry out necessary procedures to improve these control weaknesses.

ENVIRONMENTAL POLICIES AND COMPLIANCE

Our environmental policy is to meet all the environmental legislations which relate to our operation.

A review on the performance on our environmental policy has been carried out.

KEY RELATIONSHIPS

Relationships with vendors

We have established relationships with numbers of suppliers for the construction and renovation work in Hong Kong, PRC and Malaysia. Other than one supplier relating to our construction work which recently has financial problem, the work originally carried by the contractor has been reassigned to other contractor. Other than this, there is no major events affecting our relationships with our suppliers.

Relationships with customers

Our sale and leasing team maintain good relationship with our customers especially our tenants.

Relationships with employees

During the Period, we are not aware of any major event affecting our relationships with our employees.

BUSINESS REVIEW

Hong Kong Properties

The progress of our projects in Hong Kong are as follows:-

1. *One Kowloon Peak at No. 8 Po Fung Terrace, Ting Kau, Tsuen Wan*

One of the buyers of Phase 1 has rescinded the Sale and Purchase Agreement in September. The total number of units sold now is 10 and the majority of other units are rented.

2. *Villa Cecil Phase II, 192 Victoria Road, Pokfulam*

The occupancy rate maintained at 55%.

3. *Villa Cecil Phase III, 216 Victoria Road, Pokfulam*

The occupancy rate of the two blocks has reached at 70%.

4. *Cheuk Nang Lookout, 30 Severn Road, The Peak*

The renovation of the two villas to enhance the quality is completed.

5. *New Villa Cecil, No. 33 Cheung Chau Sai Tai Road, Cheung Chau*

Over 60% of the villas in Phase 1 are leased out.

The construction work of the development has been completed and Occupation Permit has been applied.

China Properties

Cheuk Nang Garden

Longhwa, Shenzhen

There is no sale transaction of Cheuk Nang Garden was recorded during the reporting period.

During the year and upto the date of this report, the Group has paid land appreciation tax of RMB1,316 million relating to our development project Cheuk Nang Garden. After payment of the land appreciation tax, the Group will apply through our tax professional firm in Shenzhen to claim some amount of refund of enterprise income tax.

Cheuk Nang • Riverside

Yue Hang Qu, Hangzhou

The construction of the development is completed and 規劃驗收 was approved.

Macau Properties

Golden Cotai No. 1

Estrada de Seac Pai Van, Coloane

We have submitted application for renewal of the land lease in April 2021 through our local lawyer. According to the report from the local lawyer, the Public Work Department is handling our case and is waiting for the approval of the final study of the Urban Plan of Seac Pai Van. Since they need the study approval for the renewal of concession of the land, the renewal of the concession and the change of land use are being processed together in due course.

Malaysia Properties

Phase I “Parkview”

Lot 1359, Section 57, Lorong Perak, Kuala Lumpur

The demand for hotel and short-term accommodation has decreased drastically after the outbreak of covid-19.

Phase II “Cecil Central Residence”

Lot 11385 and 11386, Section 57, Lorong Perak, Kuala Lumpur

The development currently comprised of 4 blocks of residential condominium with total approved gross floor area is 1,708,648 square feet. The main podium is completed upto Level 5.

POLICY AND OUTLOOK

President Xi Jinping said that the 20th National Congress of the Communist Party of China should make a macro outlook on the two-step strategic arrangement for building a powerful modern socialist country in an all-round way, and focus on deploying strategic tasks and major measures for the next five years and grasp the problem of solving the problem of unbalanced and insufficient development.

The International Monetary Fund has lowered its forecast for global economic growth this year again, by 0.4% to 3.2% from its April forecast. IMF slashes China's economic growth forecast by 1.1% to 3.3%. Major Central Banks accelerating Monetary Tightening on Sharp Prices Spikes, growing worries about global and domestic economic growth prospects.

It is anticipated that the Hong Kong interest rate will be increased speedily next year. However, the property owners possess comparatively strong financial background and believe the negative equity tide will not appeared. Moreover, with strong demand for real estate in Hong Kong, despite the increase in interest rate which will has slight impact on the property price, it will not drop largely.

Hopefully, the resumption of the entire cross-boundary activities can be achieved before next year and the economies may be improved.

FINAL DIVIDEND

The Directors resolved to recommend the payment of a final dividend of HK2.0 cents (2021: HK3 cents) per share payable to those shareholders whose names appeared in the register of members as at the close of business on 1 December 2022, which together with the interim dividend of HK1.5 cents (2021: HK2.0 cents) per share, makes a total distribution of HK3.5 cents (2021: HK5.0 cents) per share this year.

After approval by the shareholders at the Annual General Meeting, the final dividend will be paid on 15 December 2022.

CLOSURE OF REGISTER

The register of members of the Company will be closed during the following periods:–

- (i) from Thursday, 17 November 2022 to Wednesday, 23 November 2022 (both days inclusive) during which period no transfers of shares would be effected. In order to qualify to attend and vote at the 2022 Annual General Meeting, all transfer of shares together with the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Wednesday, 16 November 2022.
- (ii) From Tuesday, 29 November 2022 to Thursday, 1 December 2022 (both days inclusive) during which period no transfers of shares would be effected. In order to qualify for the final dividend, all transfer of shares together with the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Monday, 28 November 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS (THE “MODEL CODE”)

The Company has adopted codes of conduct regarding securities transactions by Directors (the “Securities Code”) and relevant employees on terms no less exacting than the required standard set out in the Model Code contained in Appendix 10 of the Listing Rules throughout the year ended 30 June 2022. The Company had also made specific enquiries of all Directors and the Company was not aware of any non-compliance with the required standard of dealings set out in the Model Code.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has complied with the provisions of the Corporate Governance Code (“CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except the following:–

- (i) the non-executive directors were not appointed for a specific term. However, they are subject to retirement by rotation and re-election at the annual general meetings of the Company pursuant to the Bye-Laws of the Company. As such, the Company considers that such provisions are sufficient to meet the underlying objectives of the relevant provisions of the CG Code;
- (ii) the role and responsibilities of Chairman and the Chief Executive Officer are not separated as we are still looking for suitable person to act as Chief Executive Officer.

BOARD AUDIT COMMITTEE

The results for the year ended 30 June 2022 have been reviewed by the Audit Committee of the Company. The Group’s consolidated financial statements have been audited by the Company’s auditor, Grant Thornton Hong Kong Limited and they have issued an unqualified opinion.

INFORMATION REQUIRED UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the Company for the years ended 30 June 2022 and 2021 included in the Announcement is derived from, but does not constitute the Company's statutory annual consolidated financial statements for these two years.

The Company has delivered the financial statements for the year ended 30 June 2021 to the Registrar of Companies of Hong Kong as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 30 June 2022 to the Registrar of Companies of Hong Kong within the prescribed time limit.

The Company's auditor has reported on the financial statements of the Group for both the years ended 30 June 2022 and 2021. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

By order of the Board
HO SAU FUN CONNIE
Company Secretary

Hong Kong, 27 September 2022

As at the date of this announcement, the Executive Directors are Dr. Chao Sze Tsung Cecil (Chairman), Ms. Chao Gigi (Vice Chairman), Mr. Yung Philip and Ms. Ho Sau Fun, Connie; the Non-Executive Director are Mr. Chao Howard and Mr. Lee Ding Yue Joseph; the Independent Non-Executive Directors are Mr. Ting Woo Shou, Kenneth, Mr. Lam Ka Wai, Graham and Mr. Sun Dai Hoe Harold.