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 **德泰新能源集團有限公司**
DeTai New Energy Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 559)

2023/2024 INTERIM RESULTS ANNOUNCEMENT

The board (the “Board”) of directors (the “Directors”) of DeTai New Energy Group Limited (the “Company”) hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2023

	Notes	For the six months ended	
		2023	2022
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Revenue	3		
Service income		9,573	11,910
Interest income		–	227
Trading income		35	–
Dividend income		4,240	2,867
		<u>13,848</u>	<u>15,004</u>
Cost of sales		(5,769)	(6,822)
Gross profit		8,079	8,182
Other income and gains or losses	4	(20,874)	1,103
General and administrative expenses		(12,003)	(9,752)
Selling and distribution expenses		–	(158)
Finance costs	5	(562)	(717)
Share of loss of an associate	13	(101)	(144)
Reversal of impairment loss/(impairment loss)			
on loans receivable	16	200	(1,555)
Impairment loss on other receivables and deposits		–	(3,975)
Net loss on fair value change of financial assets			
at fair value through profit or loss	14	(27,927)	(41,017)
Net deficit on revaluation of investment properties		(1,415)	–

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the six months ended 31 December 2023

		For the six months ended 31 December	
	Notes	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss before taxation	6	(54,603)	(48,033)
Income tax credit	7	<u>49</u>	<u>288</u>
Loss for the period attributable to owners of the Company		<u>(54,554)</u>	<u>(47,745)</u>
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		<u>6,661</u>	<u>7,403</u>
Other comprehensive income for the period		<u>6,661</u>	<u>7,403</u>
Total comprehensive income for the period attributable to owners of the Company		<u>(47,893)</u>	<u>(40,342)</u>
Loss per share attributable to owners of the Company:			
— Basic	9	HK(0.35) cent	HK(0.30) cent
— Diluted		<u>HK(0.35) cent</u>	<u>HK(0.30) cent</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

		31 December 2023 <i>HK\$'000</i> (Unaudited)	30 June 2023 <i>HK\$'000</i> (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>11</i>	277,689	270,459
Investment properties	<i>12</i>	–	15,900
Interest in an associate	<i>13</i>	–	1,919
		277,689	288,278
Total non-current assets		277,689	288,278
Current assets			
Inventories		3,943	3,846
Trade receivables, other receivables, deposits and prepayments	<i>15</i>	9,457	84,794
Loans receivable	<i>16</i>	–	1,200
Financial assets at fair value through profit or loss	<i>14</i>	146,787	118,186
Deposits in a financial institution		84,167	67,356
Pledged bank balances	<i>20</i>	664	650
Bank balances and cash		35,676	56,281
		280,694	332,313
Total current assets		280,694	332,313
Current liabilities			
Trade payables, other payables and accruals	<i>17</i>	4,182	5,679
Contract liabilities		3,714	2,378
Borrowings	<i>18</i>	30,990	46,184
Lease liabilities		339	–
Tax payable		2,399	2,399
		41,624	56,640
Total current liabilities		41,624	56,640
Net current assets		239,070	275,673
Total assets less current liabilities		516,759	563,951

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 31 December 2023

		31 December	30 June
		2023	2023
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(Unaudited)	(Audited)
Non-current liabilities			
Lease liabilities		177	–
Deferred tax liabilities		<u>38,327</u>	<u>37,803</u>
Total non-current liabilities		<u>38,504</u>	<u>37,803</u>
Net assets		<u><u>478,255</u></u>	<u><u>526,148</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	784,776	784,776
Reserves		<u>(306,521)</u>	<u>(258,628)</u>
Total equity		<u><u>478,255</u></u>	<u><u>526,148</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2023

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for investment properties and certain financial instruments, which are measured at fair value.

These unaudited condensed consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 30 June 2023. The accounting policies used in the unaudited condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s consolidated financial statements for the year ended 30 June 2023, except for the adoption of the new or amended Hong Kong Financial Reporting Standards (“HKFRSs”), which include individual HKFRSs, HKAS and Interpretations (“Int”). The Group has not early adopted any new HKFRSs that have been issued but are not yet effective.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

2.1 Adoption of new/revised HKFRSs

In the current period, the Group has applied for the first time the following new standards, amendments and interpretations (“the new HKFRSs”) issued by the HKICPA, which are relevant to and effective for the Group’s condensed consolidated financial statements for the annual period beginning on 1 July 2023:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The adoption of the new/revised HKFRSs has no material impact on the Group’s condensed consolidated financial statements.

2.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's condensed consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

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 21	Lack of Exchangeability ²
Hong Kong Interpretation 5 (revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments") ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments") ¹

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective date to be determined

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for goods sold to outside customers, net of returns and discounts and sales related taxes, income from hotel operations, interest income from loans receivable and dividend income on listed securities during the period.

	For the six months ended	
	31 December	2022
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Service income:		
Hotel hospitality business	9,573	11,910
Interest income:		
Money lending services	–	227
Trading income:		
Liquor and wine	35	–
Dividend income:		
Investments in listed securities	4,240	2,867
	<u>13,848</u>	<u>15,004</u>

(a) *Reportable segments*

The Group determines its operating segments based on the reports reviewed by the chief operating decision-makers that are used to make strategic decisions. The chief operating decision-maker has been identified as the Company's executive directors.

The Group currently has four reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies as follows:

- (i) hotel hospitality business;
- (ii) provision of money lending services;
- (iii) trading and distribution of liquor and wine; and
- (iv) investments in listed securities and funds.

There were no inter-segment transactions between different operating segments for the period. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that are used by the chief operating decision-makers for assessment of segment performance.

(b) *Segment revenue and results*

The following is an analysis of the Group's revenue and results by reportable segments:

For the six months ended 31 December 2023

	Hotel hospitality business HK\$'000 (Unaudited)	Money lending services HK\$'000 (Unaudited)	Liquor and wine HK\$'000 (Unaudited)	Investments in listed securities and funds HK\$'000 (Unaudited)	Unallocated HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment revenue	9,573	-	35	4,240	-	13,848
Segment loss	(911)	(263)	(228)	(46,933)	-	(48,335)
Unallocated corporate income and expenses, net						(4,190)
Finance costs						(562)
Share of loss of an associate						(101)
Net deficit on revaluation of investment properties						(1,415)
Loss before taxation						<u>(54,603)</u>
Other segment information:						
Addition to non-current assets	282	-	-	-	-	282
Depreciation of property, plant and equipment	(550)	(170)	-	-	-	(720)
Impairment loss on property, plant and equipment	-	(509)	-	-	-	(509)
Reversal of impairment loss on loans receivable	-	200	-	-	-	200
Net loss on fair value of financial assets at fair value through profit or loss	-	-	-	(27,927)	-	(27,927)

For the six months ended 31 December 2022

	Hotel hospitality business <i>HK\$'000</i> (Unaudited)	Money lending services <i>HK\$'000</i> (Unaudited)	Liquor and wine <i>HK\$'000</i> (Unaudited)	Investments in listed securities and funds <i>HK\$'000</i> (Unaudited)	Unallocated <i>HK\$'000</i> (Unaudited)	Total <i>HK\$'000</i> (Unaudited)
Segment revenue	11,910	227	-	2,867	-	15,004
Segment profit/(loss)	392	(1,508)	(179)	(45,931)	-	(47,226)
Unallocated corporate income and expenses, net						54
Finance costs						(717)
Share of loss of an associate						(144)
Loss before taxation						<u>(48,033)</u>
Other segment information:						
Addition to non-current assets	356	-	-	-	-	356
Depreciation of property, plant and equipment	(623)	(163)	-	-	-	(786)
Impairment loss on loans receivable	-	(1,555)	-	-	-	(1,555)
Impairment loss on other receivables and deposits	-	-	-	(3,975)	-	(3,975)
Net loss on fair value of financial assets at fair value through profit or loss	-	-	-	(41,017)	-	(41,017)

(c) *Segment assets and liabilities*

The following is an analysis of the Group's assets and liabilities by reportable segments:

	31 December	30 June
	2023	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Segment assets		
Hotel hospitality business	284,800	273,631
Money lending services	705	1,418
Liquor and wine	19,143	18,925
Investments in listed securities and funds	146,993	198,117
	<hr/>	<hr/>
Total segment assets	451,641	492,091
Interest in an associate	–	1,919
Investment properties	–	15,900
Deposits in a financial institution	84,167	67,356
Unallocated bank balances and cash	21,504	41,905
Unallocated corporate assets	1,071	1,420
	<hr/>	<hr/>
Consolidated total assets	558,383	620,591
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Hotel hospitality business	35,705	36,597
Money lending services	516	–
Liquor and wine	2,336	2,297
Investments in listed securities and funds	25	25
	<hr/>	<hr/>
Total segment liabilities	38,582	38,919
Tax payable	2,399	2,399
Deferred tax liabilities	38,327	37,803
Unallocated corporate liabilities	820	15,322
	<hr/>	<hr/>
Consolidated total liabilities	80,128	94,443
	<hr/> <hr/>	<hr/> <hr/>

(d) *Geographical segments*

The Group's operations are located in Hong Kong (place of domicile), the People's Republic of China (the "PRC") and Japan. The Group's revenue from external customers and information about its non-current assets (other than financial instruments) by geographical markets are detailed as below:

	Revenue from external customers		Non-current assets	
	For the six months ended		31 December	
	2023	2022	2023	30 June
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Hong Kong	4,240	3,094	–	17,819
PRC	35	–	–	–
Japan	9,573	11,910	277,689	270,459
	<u>13,848</u>	<u>15,004</u>	<u>277,689</u>	<u>288,278</u>

4. OTHER INCOME AND GAINS OR LOSSES

	For the six months ended	
	31 December	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Bank interest income	2,143	423
Rental income	170	255
Government grants (<i>note a</i>)	–	32
Other sundry income	141	173
Gain on disposal of a subsidiary (<i>note 10</i>)	101	–
Gain on disposal of interest in an associate (<i>note 13</i>)	82	–
Loss on derecognition of other receivables (<i>note b</i>)	(23,002)	–
(Impairment loss)/reversal of impairment loss on property, plant and equipment	<u>(509)</u>	<u>220</u>
	<u>(20,874)</u>	<u>1,103</u>

Notes:

- (a) Government grants represented the subsidies received from the local government in support of the business operation. There were no unfulfilled conditions or contingencies relating to these subsidies.
- (b) The balance represented the loss arising from the equity upon settlement of receivable.

5. FINANCE COSTS

	For the six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Interest on bank loans	128	166
Interest on other loan	416	544
Interest on lease liabilities	18	7
	<u>562</u>	<u>717</u>

6. LOSS BEFORE TAXATION

	For the six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Loss before taxation is arrived at after charging:		
Depreciation expenses in respect of:		
Owned assets	550	623
Right-of-use assets	170	163
	<u>720</u>	<u>786</u>

7. INCOME TAX CREDIT

	For the six months ended 31 December	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Current tax for the period — Japan	8	8
— PRC	207	(5)
Deferred tax	<u>(264)</u>	<u>(291)</u>
Total income tax credit	<u>(49)</u>	<u>(288)</u>

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong for both six months ended 31 December 2023 and 2022. No provision for Hong Kong profits tax has been made for the current and prior periods as the Group has no assessable profits arising in Hong Kong.

The subsidiaries established in the PRC are subject to enterprise income tax (“EIT”) at tax rates of 25% for both the six months ended 31 December 2023 and 2022. No provision for PRC EIT has been made for the current period and the prior period as the Group has no assessable profits arising in the PRC.

The Group is also subject to the PRC withholding tax at the rate of 10% (2022: 10%) in respect of dividend income derived from the PRC incorporated companies.

Under the relevant Japan tax regulations, the profits of the business under tokumei kumiai arrangement which is distributed to a tokumei kumiai investor after deducting any accumulated losses in prior years is only subject to 20.42% withholding income tax in Japan. The withholding tax is final Japanese tax on such distributed tokumei kumiai profits and such profits are not subject to any other Japanese taxes. There is no withholding tax paid or payable for both six months ended 31 December 2023 and 2022 as there is no profit distribution.

The subsidiary established in Japan is subject to prefectural and municipal inhabitant taxes on a per capita basis in accordance with the relevant Japan tax regulations for both six months ended 31 December 2023 and 2022.

8. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2023 (six months ended 31 December 2022: Nil).

9. LOSS PER SHARE

The calculation of basic and diluted loss per share amount is based on the loss for the period attributable to owners of the Company and the weighted average number of ordinary shares in issue during the period.

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

	For the six months ended 31 December	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	<u>(54,554)</u>	<u>(47,745)</u>
	Number of shares	
	For the six months ended 31 December	
	2023	2022
	<i>'000</i>	<i>'000</i>
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	<u>15,695,532</u>	<u>15,695,532</u>

Diluted loss per share amount for both six months ended 31 December 2023 and 2022 was not presented because the convertible preference shares was anti-dilutive. Potential ordinary shares are dilutive when and only when their conversion into ordinary shares would increase loss per share attributable to owners of the Company.

10. DISPOSAL OF A SUBSIDIARY

Disposal of Goldkeen Limited (“Goldkeen”)

On 4 December 2023, the Group entered into an agreement with an independent third party to dispose of its entire equity interests of Goldkeen at a consideration of HK\$1.7 million. Gain on disposal amounted to HK\$101,000 for the six months ended 31 December 2023 was analysed as follows:

	For the six months ended 31 December 2023 <i>HK\$'000</i>
Net assets disposed of	
Investment properties	14,485
Deposits and other receivables	131
Other payables	(97)
Borrowings	<u>(12,920)</u>
	1,599
Less: Proceeds from disposal	<u>(1,700)</u>
Gain on disposal	<u>(101)</u>
Net cash inflows arising on disposal	<u><u>1,700</u></u>

Cash consideration of HK\$1,700,000 from the disposal of Goldkeen has been fully received by the Group during the six months ended 31 December 2023.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2023, the Group acquired items of property, plant and equipment with a cost of approximately HK\$282,000 (six months ended 31 December 2022: HK\$356,000). No disposal of property, plant and equipment incurred during the six months ended 31 December 2023 and 2022.

As at 31 December 2023, the Group pledged hotel land and building with an aggregated carrying value of HK\$273,081,000 to secure banking facilities of the Group (30 June 2023: HK\$269,242,000) (note 20).

12. INVESTMENT PROPERTIES

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
At beginning of the period/year	15,900	19,000
Deficit on revaluation of investment properties	(1,415)	(3,100)
Disposal of a subsidiary (note 10)	(14,485)	–
	<hr/>	<hr/>
At end of the period/year	–	15,900
	<hr/> <hr/>	<hr/> <hr/>

The fair values of investment properties as at disposal date and 30 June 2023 have been assessed by an independent qualified valuer. Deficit on revaluation of HK\$1,415,000 has been recognised in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2023 (six months ended 31 December 2022: no fair value change).

As at 30 June 2023, investment properties in Hong Kong with an aggregate carrying value of HK\$15,900,000 has been pledged as the security of other loan (note 20).

13. INTEREST IN AN ASSOCIATE

	31 December 2023	30 June 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
At beginning of the period/year	1,919	3,235
Share of loss for the period/year	(101)	(1,316)
Disposal of interest in an associate	(1,818)	–
	<u>–</u>	<u>–</u>
At end of the period/year	<u>–</u>	<u>1,919</u>

Details of the Group's associate are as follows:

Name of companies	Particulars of issued capital	Place of incorporation	Percentage of interest held	Principal activities
Ming Fong Group Limited ("Ming Fong")	HK\$10,000	Hong Kong	23.11%	Dormant

On 11 December 2023, the Group entered into an agreement with an independent third party to dispose of 23.11% equity interests of Ming Fong at a consideration of HK\$1.9 million. Gain on disposal amounted to HK\$82,000 has been recognised in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2023. Cash consideration of HK\$1,900,000 from the disposal has been fully received by the Group during the six months ended 31 December 2023.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2023	30 June 2023
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Listed securities in Hong Kong at market value (<i>note</i>)	146,787	118,186

Note:

For the six months ended 31 December 2023, the fair value loss of listed securities was HK\$27,927,000 (six months ended 31 December 2022: HK\$44,727,000), which has been dealt with in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2023.

None of the listed securities are pledged as at 31 December 2023 and 30 June 2023.

The fair value of the listed securities is Level 1 recurring fair value measurement as at 31 December 2023 and 2022.

15. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Included in the Group's trade receivables, other receivables, deposits and prepayments were trade receivables of HK\$5,434,000 (30 June 2023: HK\$700,000). The Group allows an average credit period of 0 to 90 days to its trade receivables.

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Trade receivables	5,554	816
Less: Provision for impairment losses	<u>(120)</u>	<u>(116)</u>
Trade receivables, net (<i>note a</i>)	<u>5,434</u>	<u>700</u>
Other receivables	3,400	83,878
Other deposits and prepayments	<u>623</u>	<u>216</u>
	<u>9,457</u>	<u>84,794</u>

Note:

- (a) The ageing analysis of trade receivables, net of allowance for doubtful debts, based on invoice date, is as follows:

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Within 30 days	4,805	666
31–60 days	587	22
Over 90 days	<u>42</u>	<u>12</u>
	<u>5,434</u>	<u>700</u>

The movements in the expected credit loss for trade receivables for the six months ended 31 December 2023 and the year ended 30 June 2023 are as follows:

	31 December 2023	30 June 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
As the beginning of the period/year	116	126
Exchange realignment	4	(10)
	<u>120</u>	<u>116</u>

16. LOANS RECEIVABLE

	31 December 2023	30 June 2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Gross loans and interest receivables	220,972	230,689
Less: Provision for impairment losses	(220,972)	(229,489)
	<u>–</u>	<u>1,200</u>

As at 31 December 2023, the loans receivable with gross principal amount of HK\$146,894,000 (30 June 2023: HK\$161,894,000) in aggregate and related gross interest receivables of HK\$74,078,000 (30 June 2023: HK\$68,795,000) are due from seven (30 June 2023: eight) independent third parties. These seven (30 June 2023: eight) loans are interest-bearing at rates ranging from 8% to 20% (30 June 2023: 5.5% to 20%) per annum. All the loans are repayable within twelve months from the end of the reporting period and therefore are classified as current assets as at 30 June 2023 and 31 December 2023. No impairment loss (six months ended 31 December 2022: HK\$1,555,000) has been recognised in the condensed consolidated statement of comprehensive income for the six months ended 31 December 2023.

As at 31 December 2023, the Group held collateral over loans receivable with gross amount of HK\$45,167,000 (30 June 2023: HK\$61,393,000).

The movements in the impairment losses allowances for loans receivable are as follows:

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
At beginning of the period/year	229,489	204,033
(Reversal of expected credit loss)/provision of expected credit loss for the period/year	(200)	8,693
Written off	(16,515)	–
Adjustment on interest receivables arising from the impaired loans	8,198	16,763
At end of the period/year	<u>220,972</u>	<u>229,489</u>

Reconciliation of gross carrying amount for loans receivable are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Balance at 1 July 2022 (Audited)	–	784	213,554	214,338
Financing originated	–	18	17,135	17,153
Repayment	–	(802)	–	(802)
Balance at 30 June 2023 and 1 July 2023 (Audited)	–	–	230,689	230,689
Financing originated	–	–	8,198	8,198
Repayment	–	–	(1,400)	(1,400)
Written off	–	–	(16,515)	(16,515)
Balance at 31 December 2023 (Unaudited)	<u>–</u>	<u>–</u>	<u>220,972</u>	<u>220,972</u>

Movements in the expected credit loss in respect of loan receivables are as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Total HK\$'000
Balance at 1 July 2022 (Audited)	–	83	203,950	204,033
(Reversal of expected credit loss)/expected credit loss for the year	–	(83)	8,776	8,693
Adjustment on interest receivables	–	–	16,763	16,763
Balance at 30 June 2023 and 1 July 2023 (Audited)	–	–	229,489	229,489
Reversal of expected credit loss for the period	–	–	(200)	(200)
Written off	–	–	(16,515)	(16,515)
Adjustment on interest receivables	–	–	8,198	8,198
Balance at 31 December 2023 (Unaudited)	<u>–</u>	<u>–</u>	<u>220,972</u>	<u>220,972</u>

17. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

Included in the Group's trade payables, other payables and accruals were trade payables of HK\$2,199,000 (30 June 2023: HK\$1,104,000).

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Trade payables (<i>note</i>)	2,199	1,104
Other payables and accruals	<u>1,983</u>	<u>4,575</u>
	<u>4,182</u>	<u>5,679</u>

Note:

The ageing analysis of these trade payables, based on invoice date, is as follows:

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Within 30 days	2,141	1,053
31–60 days	51	33
61–90 days	–	10
Over 90 days	<u>7</u>	<u>8</u>
	<u>2,199</u>	<u>1,104</u>

18. BORROWINGS

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Bank loans, secured	30,990	33,604
Other loan, secured	–	12,000
Other loan, unsecured	<u>–</u>	<u>580</u>
Carrying amount as at the end of period/year	<u>30,990</u>	<u>46,184</u>

Based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause, borrowings are repayable as follows:

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Within one year or on demand	<u>30,990</u>	<u>46,184</u>

Bank loans were secured by; (i) land and building with the carrying amount of HK\$273,081,000 (30 June 2023: HK\$269,242,000) (note 11); (ii) the bank balances of HK\$664,000 (30 June 2023: HK\$650,000); and (iii) the entire equity interest of certain subsidiary.

The abovementioned bank borrowings are charged at floating rates of 0.8% per annum (30 June 2023: 0.94% per annum).

As at 30 June 2023, secured other loan is secured by a legal charge over investment properties with carrying amount of HK\$15,900,000 and is charged at 9% per annum. Unsecured other is charged at 24% per annum as at 30 June 2023.

19. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.05 each at 30 June 2023 and 31 December 2023		
Authorised:		
As at 30 June 2023 and 31 December 2023	<u>30,000,000</u>	<u>1,500,000</u>
Issued and fully paid:		
As at 30 June 2023 and 31 December 2023	<u>15,695,532</u>	<u>784,776</u>

20. PLEDGE OF ASSETS

Save as disclosed elsewhere in these unaudited condensed consolidated financial statements, the Group had pledged the following assets to secure the borrowings of the Group. The carrying amounts of these assets are analysed as follows:

	31 December 2023 HK\$'000 (Unaudited)	30 June 2023 HK\$'000 (Audited)
Property, plant and equipment	273,081	269,242
Investment properties	–	15,900
Bank balances	<u>664</u>	<u>650</u>
	<u>273,745</u>	<u>285,792</u>

21. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in these unaudited condensed consolidated financial statements, the Group had no other material transactions with related parties for both the six months ended 31 December 2023 and 2022.

Compensation of key management

The key management of the Group comprises all directors of the Company. The short-term benefits were HK\$1,004,000 for the six months ended 31 December 2023 (six months ended 31 December 2022: HK\$1,004,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULTS AND BUSINESS REVIEW

During the period under review, the Group was engaged in four business segments, (i) hotel hospitality business; (ii) provision of money lending services; (iii) trading and distribution of liquor and wine; and (iv) investments in listed securities. For the six months ended 31 December 2023, the Group recorded a revenue of approximately HK\$13.8 million (six months ended 31 December 2022: approximately HK\$15 million). Loss for the period attributable to owners of the Company was approximately HK\$54.6 million (six months ended 31 December 2022: approximately HK\$47.7 million). Basic loss per share was approximately 0.35 HK cent (six months ended 31 December 2022: approximately 0.3 HK cent).

Hotel Hospitality Business

The revenue for the six months ended 31 December 2023 of the hotel hospitality business was approximately HK\$9.6 million (six months ended 31 December 2022: approximately HK\$11.9 million) and a segment loss of approximately HK\$0.9 million was recorded for the six months ended 31 December 2023 (six months ended 31 December 2022: segment profit of approximately HK\$0.4 million).

The hotel hospitality business is one of the core businesses of the Group which contributed approximately 69% of the Group's revenue for the six months ended 31 December 2023. The hotel, One Niseko Resort Towers (the "Resort Towers"), is located in the famous Japanese skiing destination of Niseko, Hokkaido, Japan. Niseko is one of the famous ski resort areas in Japan and is well known for its heavy light powder snow and spectacular backcountry. The Resort Towers consists of 110 units of high-end accommodation and has an onsen with an indoor and outdoor bath. It attracts many tourists globally for skiing in the winter time.

The Group's business plan to further develop the hotel hospitality business included (i) the renovation of the Resort Towers (the "Renovation Project"); and (ii) the development of the adjacent land to the Resort Towers to build villas (the "Villa Project", and together with the Renovation Project, the "Business Plan"). However, the decline in the tourism industry in Japan coupled with the restrictive measures then in place during the height of the COVID-19 pandemic had caused significant disruptions to the Group's implementation of the Business Plan.

Despite such disruptions, the Group continued to undertake the following actions as a means to attract visitors to the Resort Towers and provide the visitors with a relaxing stay:

- (i) During the six months ended 31 December 2023, the Group partnered with various online travel agencies and published advertisements on social media to offer discounted rates and/or promotional campaigns to attract tourists and domestic residents to visit the Resort Towers. Such campaigns included, but was not limited to, offering discounts to online travel agencies such as Jalan and Rakuten and publishing advertisements of discounted rates on social media platforms such as Instagram and Facebook (currently known as Meta).

- (ii) Maintenance works at the Resort Towers such as (1) purchasing air purifier units for 92 rooms in the autumn of 2020; (2) purchasing air conditioner units for 21 rooms in the autumn of 2021; (3) purchasing high voltage power switching panels in November 2021; (4) PBX renewal in November 2022; (5) onsen filtering system renewal in April 2023; and (6) emergency facilities renewal in November 2023, were conducted to ensure a pleasant, enjoyable and safe stay for visitors to the Resort Towers.

Whilst the tourism and hotel hospitality industry has seen a revival in 2023 as a result of the lifting of the COVID-19 restrictions and the depreciation of the Japanese Yen, the consequences and difficulties caused by the stringent COVID-19 preventative measures adopted in Japan and Hong Kong which had halted the progress of the Business Plan during the peak of the COVID-19 pandemic are far and wide. As such the management of the Group have decided to take a more prudent and risk-averse approach by suspending the Villa Project for the time being.

Despite the suspension of the Villa Project, the management of the Group is optimistic about the future of its hotel hospitality business and the Group intends to focus on the Renovation Project and implement the business plan as follows:

November 2023–March 2024	Peak season of the hotel hospitality business in Niseko.
April–October 2024	Renovation works will commence on the annex and one of the two towers.
	Off-season refers to the period from April to October of each year when there is less activity for the hotel hospitality business in Niseko.

November 2024–March 2025	<p>Peak season of the hotel hospitality business in Niseko.</p> <p>Renovation work of the annex and the first tower will be substantially completed and several suites will be available for rental, hence, additional revenue will be recognised.</p> <p>All the substantial renovation work will be suspended to provide a silent and relaxing environment to the Group’s guests and customers.</p>
April–October 2025	<p>Renovation work will commence again for another tower during the off-season and it is expected that suites will be available for rental in November 2025.</p>
November 2025–March 2026	<p>Peak season of the hotel hospitality business in Niseko.</p> <p>Renovation work of the second tower will be substantially completed and all suites (120 suites) will be available for rental, hence, additional revenue will be recognized.</p>

In addition to the above, the Group intends to continue (i) partnering with various travel agencies, intermediaries and tour companies to offer discounted rates and/or promotional campaigns; and (ii) the maintenance and upgrading of the facilities, amenities and interior design of the Resort Towers.

Money Lending Services

The Group conducts its money lending business in Hong Kong through its wholly-owned subsidiary, DeTai Finance Limited (“DeTai Finance”) which holds a money lender’s licence under the Money Lenders Ordinance (Chapter 163 of the laws of Hong Kong). The money lending business is mainly financed by the internal resources of DeTai Finance.

As at 31 December 2023, the Group had loans receivable with gross principal amount of approximately HK\$146.9 million (30 June 2023: approximately HK\$161.9 million). The interest income recorded by the Group from loans receivable was nil for the six months ended 31 December 2023 (six months ended 31 December 2022: approximately HK\$0.23 million). The money lending business recorded a segment loss of approximately HK\$0.3 million for the six months ended 31 December 2023 (six months ended 31 December 2022: segment loss of approximately HK\$1.5 million).

The Group has not solicited new clients nor granted new loans as the management of the Company, which were mainly in charge of the money lending business, has changed in the recent few years. As such, the current management and employees of the Group have been focused on examining the existing loan portfolio of the Group and in recovering the outstanding loans, instead of soliciting new clients or granting new loans.

As at 31 December 2023, the Group's loan portfolio consisted of four individual borrowers and three corporate borrowers and the total outstanding principal amount and interest receivables amounted to approximately HK\$220,972,000. Amongst the seven loans in the Group's loan portfolio as at 31 December 2023, (i) one of the loans was secured by collaterals and a personal guarantee and had an interest rate of 10%; (ii) two of the loans were secured by a personal guarantee only and had interest rates of 8% and 20% respectively; and (iii) the remaining four loans were unsecured and had interest rates ranging from 10% to 16%.

The details regarding the recovery status of the remaining seven outstanding loans in the Group's loan portfolio is set out as follows:

Borrower	Outstanding principal amount and interest receivables as at 31 December 2023 HK\$	Interest rate (per annum)	Collateral/ security	Recovery status as at the date of this announcement
A	13,611,558	20%	Personal guarantee	The Group had commenced legal proceedings against borrower A in June 2021 and as at the date of this announcement, such proceedings are still ongoing pending the provision of outstanding original documents as requested by the High Court of Hong Kong.
B	8,914,360	16%	N/A	The Group had commenced legal proceedings against borrower B in November 2019 and judgment has been entered into against borrower B for the outstanding principal amount and interest accrued thereon. However, no enforcement action or proceedings had been commenced as of yet as a judgment handed down by a Hong Kong court cannot be enforced in the PRC.

Borrower	Outstanding principal amount and interest receivables as at 31 December 2023 HK\$	Interest rate (per annum)	Collateral/ security	Recovery status as at the date of this announcement
				As at the date of this announcement, the Group has engaged legal advisers as to PRC laws and has instructed them to commence legal proceedings against borrower B in the PRC.
C	72,528,853	8%	Personal guarantee	<p>The Group will continue the negotiations with borrower C regarding the settlement of the outstanding principal amount and interest receivables.</p> <p>However, as at the date of this announcement, a winding-up petition has been presented against borrower C. Thus the decision of the Group and the negotiations with borrower C will depend on the outcome of the winding-up petition against borrower C.</p>
D	45,166,688	10%	Collaterals and a personal guarantee	<p>The Group had commenced legal proceedings against borrower D, amongst others, in January 2023.</p> <p>However, as at the date of this announcement, the Group had not received any acknowledgements of service of the writ of summons from borrower D nor the other defendants. The Group will continue to discuss with its legal advisers regarding an application for judgment against borrower D and the other defendants.</p>

Borrower	Outstanding principal amount and interest receivables as at 31 December 2023 HK\$	Interest rate (per annum)	Collateral/ security	Recovery status as at the date of this announcement
E	14,022,093	10%	N/A	<p>The Group had commenced legal proceedings against borrower E in November 2020 and as at the date of this announcement, such proceedings are still ongoing pending the provision of outstanding original documents as requested by the High Court of Hong Kong.</p> <p>As at the date of this announcement, the Group has engaged legal advisers as to PRC laws to ascertain whether borrower E has assets in the PRC and the Group will consider commencing legal proceedings against borrower E in the PRC depending on the results of such search.</p>
F	15,548,623	10%	N/A	<p>The Group had commenced legal proceedings against borrower F in November 2020 and an application had been made for service out of the jurisdiction on borrower F. However, the Group was unable to successfully serve the writ of summons on borrower F to the address provided by borrower F.</p> <p>As at the date of this announcement, the Group has engaged legal advisers as to PRC laws to ascertain whether borrower F has assets in the PRC and the Group will consider commencing legal proceedings against borrower F in the PRC depending on the results of such search.</p>

Borrower	Outstanding principal amount and interest receivables as at 31 December 2023 HK\$	Interest rate (per annum)	Collateral/ security	Recovery status as at the date of this announcement
G	51,179,822	12%	N/A	<p>The Group had commenced legal proceedings against borrower G in November 2020 and an application had been made for service out of the jurisdiction on borrower G. However, the Group was unable to successfully serve the writ of summons on borrower G to the address provided by borrower G.</p> <p>As at the date of this announcement, the Group has engaged legal advisers as to PRC laws to ascertain whether borrower G has assets in the PRC and the Group will consider commencing legal proceedings against borrower G in the PRC depending on the results of such search.</p>

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, in respect of the outstanding loan to borrower D which was secured by collaterals and a personal guarantee, the collaterals may have been realised by the joint lender to borrower D. The Group is seeking advice from its legal advisers as to any courses of actions to be taken by the Group to recover the Group's respective share of the amount of the collaterals realised from the joint lender.

As to the two outstanding loans which were secured by personal guarantees, the Group is assessing the conditions of the relevant guarantors and will seek advice from its legal advisers regarding whether to commence legal proceedings against the relevant guarantors.

The Group has adopted a credit policy to manage its money lending business which includes compliance with all applicable laws and regulations, credit assessment on potential borrower and his/its assets, the credibility of the potential borrower, the necessity in obtaining collaterals and determination of suitable interest rate to reflect the risk level of the provision of loan.

The Group has performed credit risk assessment before granting the loans by (a) reviewing the financial information of the potential borrower; and (b) performing an assessment on the financial condition of the potential borrower and its shareholder (for enterprises), such as the type and value of assets owned by the potential borrower.

The Group also assesses and decides the necessity and the value of security/collateral for granting of each loan, whether to an individual or enterprise, on a case by case basis considering factors, including but not limited to, the repayment history, results of public search towards the borrower, the value and location of the assets owned by the borrower and the financial condition of the borrower.

For loan collection/recovery, the Group issues overdue payment reminder to the borrower, instructs its legal advisers to issue demand letter for loans overdue for a longer period of time, negotiates with the borrower for the repayment or settlement of the loan and/or commences legal actions against the borrower.

Liquor and Wine Business

The revenue for the six months ended 31 December 2023 of the liquor and wine business was HK\$35,000 (six months ended 31 December 2022: nil) and a segment loss of approximately HK\$0.2 million was recorded for the six months ended 31 December 2023 (six months ended 31 December 2022: segment loss of approximately HK\$0.2 million).

Investments in Listed Securities

Listed Securities

For the six months ended 31 December 2023, the Group managed a portfolio of listed securities. Details of the listed securities investments are as below:

Listed securities investments as at 31 December 2023

Name of listed securities	Stock code	Brief description of the business	Number of shares held	As at 31 December 2023			Approximately percentage to total assets value of the Group (Note b)
				Proportion of shares held (Note a)	Investment cost HK\$'000	Market value HK\$'000	
CLP Holdings Limited	2	Generation and supply of electricity	218,000	0.009%	17,023	14,050	2.52%
Shenzhen International Holdings Limited	152	Toll roads and general-environmental protection business; and Logistics business	648,000	0.027%	5,020	4,264	0.76%
Hong Kong Exchanges and Clearing Limited	388	Principally engaged in the business of provision of operates the only Stock Exchange in Hong Kong	88,000	0.007%	30,386	23,584	4.22%
Shenzhen Expressway Corporation Limited	548	Construction, operation, management, investment of toll highways and environmental protection in China	640,000	0.086%	5,037	4,038	0.72%
Techtronic Industries Company Limited	669	Power equipment business	10,000	0.001%	927	931	0.17%
Tencent Holdings Limited	700	VAS; online advertising; FinTech and business services	4,800	0.000%	1,653	1,409	0.25%
China Construction Bank Corporation	939	Provision of banking and related financial services	3,000,000	0.001%	16,946	13,950	2.50%

As at 31 December 2023

Name of listed securities	Stock code	Brief description of the business	Number of shares held	Proportion	Investment cost <i>HK\$'000</i>	Market value <i>HK\$'000</i>	Approximately	
				of shares held <i>(Note a)</i>			percentage to total assets value of the Group <i>(Note b)</i>	
China Mobile Limited	941	Provision of telecommunications and information related services	330,000	0.002%	16,898	21,384	3.83%	
AIA Group Limited	1299	Writing of life insurance business, providing life insurance, accident and health insurance	32,000	0.000%	2,517	2,178	0.39%	
USPACE Technology Group Limited	1725	Electronics manufacturing services business and aerospace business	10,850,000	3.440%	56,529	35,588	6.37%	
BOC Hong Kong (Holdings) Limited	2388	Provision of banking and related financial services	950,000	0.009%	25,291	20,140	3.61%	
Tracker Fund of Hong Kong	2800	Funds management	238,000	0.003%	4,859	4,091	0.73%	
Meituan	3690	Food delivery, In-store, hotel & travel and new initiatives	5,480	0.000%	782	449	0.08%	
JD.com, Inc.	9618	Providing products and services to consumers, third-party merchants, suppliers and other business partner	6,500	0.000%	1,334	731	0.13%	
					185,202	146,787		

Note:

- (a) The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 31 December 2023 publicly available on the website of the Stock Exchange.
- (b) The Group has the buy and hold strategies and diversify investment in different industries in the listed securities investments.

Unrealised gains/(losses) and dividend received for the period ended 31 December 2023

Name of listed securities	Stock code	For the six months ended 31 December 2023	
		Unrealised gains/ (losses) HK\$'000	Dividend received HK\$'000
CLP Holdings Limited	2	774	274
Shenzhen International Holdings Limited	152	(207)	–
Hong Kong Exchanges and Clearing Limited	388	(2,394)	394
Shenzhen Expressway Corporation Limited	548	(237)	–
Techtronic Industries Company Limited	669	80	9
Tencent Holdings Limited	700	(183)	–
China Construction Bank Corporation	939	(1,260)	1,261
China Mobile Limited	941	248	799
AIA Group Limited	1299	(353)	14
USPACE Technology Group Limited	1725	(20,940)	–
BOC Hong Kong (Holdings) Limited	2388	(2,613)	1,359
Tracker Fund of Hong Kong	2800	(491)	130
Meituan	3690	(221)	–
JD.com, Inc.	9618	(130)	–
		<u>(27,927)</u>	<u>4,240</u>

PROSPECTS

The outlook for the hotel hospitality businesses remains of concern. We expect to see a continued recovery in the Japan, although there is some uncertainty as to the sustainability of this recovery. Niseko (where the Resort Towers is located) as a premium skiing and sightseeing destination, at winter, skiing is famous in Niseko and the continuing depreciation of the exchange rate of Japanese Yen, we expect foreign tourists will significant increase.

In view of the unsatisfactory performance of the associate company and the decrease trend of the properties' price in Hong Kong, the Directors decided to dispose of the Group's 23.11% of equity interest in the associate company and the entire equity interest of Goldkeen which possessed the investment properties in Hong Kong and reallocate resources to focus on other core business segments of the Group. The disposal took place on 11 December 2023 and 4 December 2023 respectively. In the meanwhile, the Group will grasp investment opportunities to diversify the Group's business and, at the same time, strive to control the costs to maintain stable return to the shareholders of the Company.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 31 December 2023 (six months ended 31 December 2022: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 31 December 2023, the Group has in aggregate approximately HK\$120.5 million in deposits in a financial institution, pledged bank balances, and bank balances and cash (30 June 2023: approximately HK\$124.3 million) and the net current assets value was approximately HK\$239.1 million (30 June 2023: approximately HK\$275.7 million).

The Group's gearing ratio as at 31 December 2023 was approximately 0.06 (30 June 2023: approximately 0.09), being a ratio of total interest bearing debts, including borrowings of approximately HK\$31 million (30 June 2023: approximately HK\$46.2 million) to the total equity of approximately HK\$478.3 million (30 June 2023: approximately HK\$526.1 million).

USE OF PROCEEDS FROM RIGHTS ISSUE

The Company completed a rights issue on 13 June 2018, pursuant to which the Company has issued 10,463,687,800 ordinary shares of the Company of HK\$0.05 each as rights shares at HK\$0.052 per rights share on the basis of two rights shares for every one existing share held on 18 May 2018. The net proceeds from the rights issue (after deducting the expenses) were approximately HK\$523.6 million. The net subscription price per rights share after deducting the related expenses of the rights issue was approximately HK\$0.050.

As set out in the announcements of the Company dated 10 August 2018 and 17 January 2019, the Board resolved to change in use of the net proceeds from the rights issue. The proposed allocation of the net proceeds as stated in the prospectus of the Company dated 21 May 2018 (the “Planned Use of Net Proceeds”), the revised allocation of the net proceeds (the “Revised Use of Net Proceeds”), the utilisation of net proceeds as at 31 December 2023 (the “Utilisation of Net Proceeds”) and the remaining balance of the net proceeds are set out below:

Intended use	Planned Use of Net Proceeds disclosed in the Announcements HK\$ million	Revised Use of Net Proceeds disclosed in the Announcements HK\$ million	Utilisation of Net Proceeds up to 30 June 2023 HK\$ million	Balance of the Net Proceeds unutilised as at 30 June 2023 HK\$ million	Utilisation of Net Proceeds during the Period HK\$ million	Remaining balance of the Net Proceeds as at 31 December 2023 HK\$ million
Repayment of outstanding borrowings	193.9	193.9	149.3	44.6	4.3	40.3 ^(note)
Contribution to the facility to be made available to a joint venture company formed with Zhongke International Capital Limited	196	-	-	-	-	-
Expansion of the Group’s money lending business	100	111.3	111.3	-	-	-
Future potential investments and/or general working capital	33.7	218.4	218.4	-	-	-
Total	523.6	523.6	479.0	44.6	4.3	40.3

Note:

It is expected that the remaining balance would be utilised on or before 30 December 2024. The remaining balance of the net proceeds allocated for repayment of outstanding borrowings would be utilised for repayment of the remaining instalments of the outstanding bank loan with the last instalment of the outstanding bank loan to be repaid in December 2024.

The amount was equivalent to JPY0.56 billion with reference to an exchange rate of JPY1: HK\$0.072, being the exchange rate used in the prospectus of the Company in relation to the rights issue.

The unutilised net proceeds have been placed as the interest bearing deposits with licensed financial institution in Hong Kong.

PLEDGE OF ASSETS

As at 31 December 2023, the Group pledged hotel land and building in Japan with an aggregated carrying value of approximately HK\$273.1 million (30 June 2023: approximately HK\$269.2 million), investment properties in Hong Kong with an aggregate carrying value was nil (30 June 2023: HK\$15.9 million), bank deposit of approximately HK\$0.7 million (30 June 2023: approximately HK\$0.7 million) and the entire equity interest of certain subsidiaries to secure banking facilities of the Group.

CAPITAL STRUCTURE

The Company had no other changes in capital structure during the six months ended 31 December 2023.

INVESTMENT POSITION AND PLANNING

Financial Assets at Fair Value through Profit or Loss

As at 31 December 2023, the Group managed a portfolio of listed securities with fair value of approximately HK\$146.8 million (30 June 2023: approximately HK\$118.2 million). The global equity market is unstable throughout the period. Accordingly, the listed securities recorded a revaluation loss of approximately HK\$27.9 million in current period (31 December 2022: approximately HK\$44.7 million).

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no significant contingent liabilities (30 June 2023: Nil).

CAPITAL COMMITMENTS

As at 31 December 2023, the Group had no significant capital commitments (30 June 2023: Nil).

FOREIGN EXCHANGE EXPOSURE

Most of the Group's assets and liabilities are denominated in Hong Kong dollars, Renminbi and Japanese Yen, which are the functional currencies of respective group companies. The Group has not entered into any instruments on the foreign exchange exposure. The Group will closely monitor exchange rate movement and will take appropriate activities to reduce the foreign exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 23 (30 June 2023: 28) employees in Hong Kong, the PRC and Japan. The Group's remuneration policy is reviewed periodically and determined by reference to market terms, company performance and individual qualifications and performance. Other staff benefits include bonuses awarded on a discretionary basis, medical schemes, mandatory provident fund scheme for Hong Kong employees, and state-sponsored retirement plans for the PRC employees and share option scheme.

CONNECTED TRANSACTIONS

Save as disclosed, the Company did not have any connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules for the six months ended 31 December 2023.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the six months ended 31 December 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 31 December 2023, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules except for the following deviations:

Code Provision A.2.1

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Since the resignation of Mr. Chi Chi Hung, Kenneth in March 2020, the Company does not have any officer with the title of Chief Executive Officer. The overall responsibility of supervising and ensuring that the Group functions in line with the order of the Board in terms of day-to-day operations and execution is vested in the Board itself.

Code provision A.4.1

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. The existing independent non-executive Directors were not appointed for a specific term as required under the code provision A.4.1 but are subject to retirement by rotation and re-election at annual general meeting in accordance with the Bye-laws of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the code of conduct for dealings in the securities of the Company by its Directors (the “Securities Dealings Code”). The Company has made specific enquiries and all the Directors have confirmed that they have complied with the Securities Dealings Code throughout the reporting period.

REVIEW OF INTERIM RESULTS

The audit committee currently comprises Mr. Chiu Wai On, Mr. Man Kwok Leung and Mr. To Chun Wai, all of whom are independent non-executive Directors. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 31 December 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.detai-group.com. The interim report of the Company will be despatched to the shareholders of the Company and made available on the above websites in due course.

By order of the Board
DeTai New Energy Group Limited
Cheng Chi Kin
Chairman and Executive Director

Hong Kong, 29 February 2024

As at the date of this announcement, the executive Directors are Mr. Cheng Chi Kin (Chairman) and Mr. Wong Siu Keung Joe; and the independent non-executive Directors are Mr. Chiu Wai On, Mr. Man Kwok Leung and Mr. To Chun Wai.