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 2024

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 2024.

RESULTS AND DIVIDEND

The consolidated profit after income tax of our Group for the year ended 30 June 2024 is HK$171,004,000 comparing to last year 2023: HK$53,040,000. Details are set out in the consolidated statement of profit or loss.

The Directors resolved to recommend the payment of a final dividend of HK4.00 cents (2023: HK3.00 cents) per share payable to those shareholders whose names appeared in the register of members as at the close of business on 28 November 2024, which together with the interim dividend of HK2.25 cents (2023: HK1.75 cents) per share, makes a total distribution of HK6.25 cents (2023: HK4.75 cents) per share this year, which is 32% increase when compare to last year.

After approval by the shareholders at the Annual General Meeting, the final dividend will be paid on 12 December 2024.

REVIEW OF OPERATIONS AND PROSPECTS

Hong Kong Properties

Despite the government removing property tightening measures, the recovery in property prices is still weak. This is due to the high interest rate, insufficient purchasing power, and relatively abundance of unsold inventory.

In contrast, the residential leasing market increased slightly, supported by local demand and from overseas top talents. We expect both the mass residential rents and luxury rents more optimistic.

The U.S. Federal Reserve decreased interest rate by 0.5%, and there is a high chance of another decrease within this year. We hope this will help to stabilize the residential price.

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. 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.

The Certificate of Compliance of the development was issued on 26 January 2024. Some purchasers have completed the sale and purchase in March 2024.

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 60%.

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 61%.

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. We are planning to proceed public tender for sale of both properties.

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.

The occupancy rate of the villas in Phase 1 has reached 40%.

China Properties

In May 2024, China announced a raft of measures to boost the property market, cutting minimum down payment ratios, setting up a re-lending facility for affordable housing and pledging to deliver unfinished homes. Different cities adopted specific measures to address the diverse demands of home buyers.

In the latest move, authorities in Shanghai announced nine specific measures, including easing home-purchase restrictions for non-Shanghai residents and divorced couples, allowing families with two or more children to purchase an additional home, and lowering the minimum down payment ratio for individual commercial housing mortgages. The property market reacted positively to these measures.

Apart from Shanghai, cities including Beijing, Tianjin, Hangzhou, Xi'an and Chengdu have also adjusted their real estate policies, announcing measures such as eased purchase restrictions and the trade-ins of commercial housing.

These national and local measures echoed a Communist Party of China (CPC) Central Committee Political Bureau meeting on April 30, which demanded research on policies to reduce housing inventory and improve the quality of newly added housing.

Shenzhen

Shenzhen is one of the four Tier 1 cities announced measures to ease restrictions on homebuying including lower both the down payment ratio from 50% to 35% and the mortgage interest rates.

Cheuk Nang Garden

Longhwa, Shenzhen

The sale campaign is still continued. Uptill now, a total of 793 units were sold and the sales amount to RMB3,872 million.

Hangzhou

Hangzhou also removed the restrictions on new housing purchases in May, 2024. Under the new policy, qualifications for purchasing new houses within the city will no longer be reviewed, and non-city householders who have purchased houses in Hangzhou can apply for "Hukou", or permanent local residence, which can be used to obtain access to basic welfare and public services in China.

According to the new policy, individuals who do not have a home in the urban area they are buying, or with just one home there that is up for sale, may qualify as first-time homebuyers when applying for a lower mortgage for their new homes.

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 work of the entire project has been substantially completed, and the planning acceptance has been approved. However, the building acceptance and the property certificate for strata ownership have not yet been completed.

Macau Properties

The Macau government advanced the implementation of the "1+4" strategy for appropriate economic diversification, and released the Development Plan for Appropriate Economic Diversification of the Macao Special Administrative Region (2024-2028). The Government continued to enhance people's livelihoods, accelerate urban infrastructure construction, enhance overall quality and standards of governance.

Golden Cotai No. 1

Estrada de Seac Pai Van, Coloane

The Direcção dos Serviços de Solos e Construção Urbana (DSSCU) has issued a proposal at the end of January 2024 consenting to the change of land use as applied by us with the exception of the land marked "A2" and "B2". Objection has been made by our local lawyer to the DSSCU in March 2024 but the Government requested us to re-submit the development proposal.

DSSCU has launched an opinion collection campaign during 14 August to 28 August 2024 to collect opinion from the public regarding the details urban planning of our land in Seac Pai Van. At the present moment, no information was announced yet.

Malaysia Properties

Outweighted by high interest rates, global growth is moderate as it remained supported by resilient labour market.

The unemployment rate remained low at its pre-pandemic level. Labour supply continued to be forthcoming as the labour force participation rate increased further in the working age population in the 2nd quarter of 2024.

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 occupancy of the serviced apartments currently is 60% and upgrading of the property to improve occupancy is still in progress. We will launch a website (www.martego.com.my) to enable travellers to book our serviced apartments in a more convenient way. A new leasing agent was employed to promote the leasing activity.

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.

INVESTMENT IN BONDS, STOCK AND FUND

The investment in Bond market as at 30 June 2024 was HK$49,876,000. During the year, a total of HK$2,290,000 was redeemed and no Bond was purchased and sold.

The market price of our investment in the Hong Kong stocks as at 30 June 2024 was HK$54,263,000. During the year, no stock was purchased and sold.

The investment in Fund as at 30 June 2024 was HK$2,953,000. During the year, a total of HK$3,000,000 was purchased.

OUTLOOK

The Hong Kong economy continued to record moderate growth in the second quarter of 2024.

Looking ahead, the economy should continue to grow in the remainder of the year, but various factors including geopolitical tensions and global economic may pose uncertainties on different fronts.

As regards inbound tourism and private consumption, the Central Government's various measures benefitting Hong Kong. The Government's efforts to boost market sentiment and improving employment earnings would provide support, but the changes in the consumption patterns of visitors and residents and the relatively strong Hong Kong dollar may continue to pose challenges.

DIRECTORS AND STAFF

We are delighted to welcome Mr. Lee Tsung Hei David Chris has joined our company as independent non-executive director on 17 June 2024.

We would like to express our deep gratitude to our directors and employees for their contributions during the year.

By order of the Board
CECIL CHAO
Executive Chairman

Hong Kong, 25 September 2024

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

RESULTS

The Group's audited consolidated statement of profit or loss for the year ended 30 June 2024 is listed as follows:–

Consolidated Statement of Profit or Loss

For the year ended 30 June 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
Revenue	5	**188,042**	45,156
Direct costs		**(81,246)**	(17,404)
Gross profit		**106,796**	27,752
Other income	7	**22,132**	15,949
Changes in fair value of investment properties	6	**(154,070)**	145,091
Changes in fair value of financial assets at fair value through profit or loss ("FVTPL")	6	**6,000**	2,353
Net expected credit loss ("ECL") of financial assets at fair value through other comprehensive income ("FVTOCI")		**(4,975)**	(14,210)
Administrative expenses		**(56,570)**	(69,637)
Finance costs	8	**(53,831)**	(18,105)
(Loss)/Profit before income tax	9	**(134,518)**	89,193
Income tax credit/(expense)	10	**305,522**	(36,153)
Profit for the year		**171,004**	53,040
Profit for the year attributable to:			
Owners of the Company		**171,678**	21,202
Non-controlling interests		**(674)**	31,838
		171,004	53,040
Earnings per share for profit attributable to the owners of the Company during the year			
Basic	12	**HK$0.26**	HK$0.03
Diluted	12	**HK$0.26**	HK$0.03

Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**5,365,067**	6,870,006
Property, plant and equipment		**190,569**	44,240
Other non-current asset		**950**	950
Other financial assets		**49,248**	65,472
Deferred tax assets		**15,001**	17,813
		5,620,835	6,998,481
Current assets			
Properties under development for sale		**1,394,106**	1,540,561
Completed properties for sale		**1,586,016**	359,440
Other financial assets		**628**	3,642
Financial assets at fair value through profit or loss		**57,216**	48,216
Trade and other receivables	13	**21,095**	27,248
Bank balances and cash		**881,792**	323,525
		3,940,853	2,302,632
Current liabilities			
Other payables	14	**146,092**	152,768
Contract liabilities		**12,785**	138,682
Amounts due to non-controlling shareholders	15	**239,990**	239,990
Amount due to a related company	15	**4,645**	1,627
Interest-bearing borrowings		**1,131,508**	233,733
Advance from a director		**211,617**	172,716
Lease liabilities		**1,290**	2,167
Tax payable		**215,495**	20,090
		1,963,422	961,773
Net current assets		**1,977,431**	1,340,859
Total assets less current liabilities		**7,598,266**	8,339,340

	2024	2023
	HK$'000	*HK$'000*
Non-current liabilities		
Interest-bearing borrowings	**–**	630,000
Lease liabilities	**744**	789
Deferred tax liabilities	**704,926**	926,091
	705,670	1,556,880
Net assets	**6,892,596**	6,782,460
EQUITY		
Share capital	**2,468,985**	2,468,985
Reserves	**4,215,383**	4,104,573
Equity attributable to the owners of the Company	**6,684,368**	6,573,558
Non-controlling interests	**208,228**	208,902
Total equity	**6,892,596**	6,782,460

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2024

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 disclosed in the Corporate Information section of the annual report and, its principal place of business is Hong Kong and the People's Republic of China (the "PRC"). 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.

The consolidated financial statements for the year ended 30 June 2024 were approved for issue by the board of directors on 24 September 2024.

2. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the requirements of the Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The material accounting policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new and amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in Note 3.

The consolidated financial statements have been prepared on the historical cost basis, except for:

– investment properties;

– financial assets at fair value through profit or loss ("FVTPL");

– financial assets at fair value through other comprehensive income ("FVTOCI"); and

– land and building classified under property, plant and equipment

which are stated at their fair values.

2. BASIS OF PREPARATION *(Continued)*

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

As at 30 June 2024, the Group's interest-bearing borrowings repayable within twelve months of HK$1,131,508,000 while the Group's bank balances and cash was HK$881,792,000. The directors have evaluated the relevant available information and key assumptions (see Note 4 for more details) used in the cash flow projections for the twelve months since the reporting date and considered utilising remaining banking facilities of approximately HK$465,103,000 available to Group. In addition, although certain existing bank facilities will expire in November 2024, the directors consider that there are good track records and good relationships with banks, and that the Group will be able to renew existing bank facilities upon expiry or to obtain other additional borrowing facilities as necessary. The Group is currently in the progress of renewal of bank loan.

Therefore, the directors are of the opinion that, taking into account the present available borrowing facilities and possibility of successful renewal of banking facilities and internal financial resources of the Group, the Group has sufficient working capital to meet its financial obligation as they fall due for the foreseeable future. The directors consider there are no material uncertainty exist that may cast significant doubt on the Group's ability to continue as a going concern. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the consolidated financial statements to write down the values of the assets to their net realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not been reflected in the consolidated financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

New and amended HKFRSs that are effective for annual periods beginning on 1 July 2023

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are effective for the Group's consolidated financial statements for the annual period beginning on 1 July 2023:

HKFRS 17	Insurance Contracts and related amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
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 12	International Tax Reform – Pillar Two Model Rules

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning on 1 July 2023 *(Continued)*

The adoption of the new and 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.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21 and HKFRS 1	Lack of exchangeability[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[4]
Amendment to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]

[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 for annual periods beginning on or after 1 January 2026
[4] Effective for annual periods beginning on or after 1 January 2027
[5] Effective date not yet determined

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 mended 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.

3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" ("2020 Amendments") and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 "Non-current Liabilities with Covenants" ("2022 Amendments")

The amendments provide further guidance to clarify how to classify debt and other liabilities as current or non-current which are summarised as follows:

- It clarifies that a liability is non-current if an entity has a right (instead of unconditional right as stated before the amendments) to defer settlement of the liability for at least twelve months from the reporting date. This right has to be existed at the reporting date, regardless of whether the lender tests for compliance at the date or at a later date;

- Any expectations about events after the reporting period do not impact the assessment made at the reporting date as to the classification of the liability; and

- "Settlements" are newly defined as a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash, other economic resources (e.g. goods or services), or entity's own equity instruments. Thus, if the counterparty conversion option is classified as liability under HKAS 32 "Financial Instruments: Presentation" ("HKAS 32"), the transfer of equity instruments by exercising the conversion option constitute settlement of liability for the purpose of current or non-current classification of liabilities. One exception to the definition is that if the counterparty conversion option is classified as equity in accordance with HKAS 32, the transfer of equity instruments by exercising the conversion option does not constitute settlement of liability and would be disregarded when determining whether the liability is current or non-current.

2022 Amendments issued in 2022 clarified that only covenants of a liability arising from a loan arrangement, which an entity must comply with on or before the reporting date (even if the covenant is only assessed after the reporting date) affect the classification of that liability as current or non-current. Those covenants to be complied with after the reporting date do not affect such classification at the reporting date.

Besides, the 2022 Amendments required an entity to provide additional disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months.

The 2022 Amendments also deferred the effective date of the 2020 Amendments to the annual reporting periods beginning on or after 1 January 2024, in which both amendments are to be applied as a package and apply retrospectively. Earlier application is permitted.

Based on the assessment completed up to date, the Group has identified the following liabilities which may be affected by the amendments:

3. **ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES** *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

Amendments to HKAS 1 "Classification of Liabilities as Current or Non-current" ("2020 Amendments") and related amendments to Hong Kong Interpretation 5 and Amendments to HKAS 1 "Non-current Liabilities with Covenants" ("2022 Amendments") (Continued)

(a) Bank loan drawn under revolving loan facility

As at 30 June 2024, a bank loan of HK$499,000,000 was drawn under a one year revolving loan facility was classified as a current liability as it would mature in July and November 2024. According to the terms in the revolving loan facility, the Group has the right to roll over the loan for another year subject to the fulfilment of the net assets value and the bank borrowings to net assets ratio at the maturity date. Under the 2020 amendments and 2022 amendments, the loan would be classified as non-current as seen from 30 June 2024, as covenants to be fulfilled after the reporting date would not affect the classification of a liability as current or non-current and hence the Group has the right to roll over the loan and defer settlement of the loan for at least twelve months after the reporting date under the revolving loan facility.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

In July 2024, the HKICPA issued HKFRS 18 "Presentation and Disclosure in Financial Statements", effective for annual reporting periods beginning on or after 1 January 2027. The new accounting standard aims to give users of financial statements more transparent and comparable information about an entity's financial performance. It will replace HKAS 1 "Presentation of Financial Statements" but carries over many requirements from that HKFRS Accounting Standard unchanged. In addition, there are three sets of new requirements relating to the structure of the consolidated statement of profit or loss, management-defined performance measures and the aggregation and disaggregation of financial information.

While HKFRS 18 will not change recognition criteria or measurement basis, it might have a significant impact on presenting information in the financial statements, in particular the consolidated statement of profit or loss. The Group are currently assessing any impacts as well as data readiness before developing a more detailed implementation plan.

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will take effect on 1 May 2025 (the "Transition Date"). The Amendment Ordinance abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset LSP in respect of an employee's service from the Transition Date (the "Abolition"). In addition, the last month's salary immediately preceding the Transition Date is used to calculate the portion of the LSP in respect of the employment period before the Transition Date.

Prior to 1 July 2023, the Group applied practical expedient in paragraph 93(b) of HKAS 19 – Employee benefits ("HKAS 19") (the "Practical Expedient") to account for the offsetable MPF benefits as deemed employee contributions to reduce the current service costs in the period in which the related services were rendered.

3. **ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES** *(Continued)*

Issued but not yet effective HKFRSs *(Continued)*

New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (Continued)

In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" ("the Guidance") that provides guidance for the accounting for the offsetting mechanism and the impact arising from the abolition of the MPF-LSP offsetting mechanism.

To better reflect the substance of the abolition of the offsetting mechanism, the Group has applied the above HKICPA guidance and changed its accounting policy in connection with its LSP liability, which should result in a catch-up profit or loss adjustment in June 2022 for the service cost up to that date and consequential impacts on current service cost, interest expense and remeasurement effects from changes in actuarial assumptions for the rest of the year ended, with the corresponding adjustment to the comparative carrying amount of the LSP liability. However, since the amount of the catch-up profit or loss adjustment was immaterial, the Group did not restate the comparative figure for consolidated financial statements.

The abolition of the offsetting mechanism did not have a material impact on the Group's profit or loss for the year ended 30 June 2023 and the Group's and the Company's financial position as at 30 June 2023. This change in accounting policy did not have any impact on the opening balance of equity at 1 July 2022. It also did not have a material impact on the consolidated statements of financial position and company-level statements of financial position as at 30 June 2023 and 2024.

4. 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.

4.1 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 2024 are approximately HK$5,365,067,000 and HK$186,254,000 respectively (2023: HK$6,870,006,000 and HK$38,866,000 respectively).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Estimation uncertainty *(Continued)*

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 2024 is approximately HK$1,394,106,000 (2023: HK$1,540,561,000). No impairment loss on properties under development for sale have been written down to net realisable value during the year ended 30 June 2024 (2023: 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 2024 is approximately HK$1,586,016,000 (2023: HK$359,440,000). No completed properties for sale have been written down to net realisable value during the year ended 30 June 2024 (2023: Nil).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.2 Critical accounting judgements

Going concern basis for preparation of the consolidated financial statements

The consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis is assessed after taking into consideration of all relevant available information about the future of the Group, including the proposed measures and the cash flow projections for the next twelve months from the date of 30 June 2024. Such projections about the future inherently involve uncertainties in the sale prices of the properties and the renewal of banking facilities. The directors have reviewed the relevant available information and key assumptions used in the cash flow projections for the twelve months after the reporting date, and have concluded that the use of going concern basis for preparation of the consolidated financial statements for the year ended 30 June 2024 remains proper.

Accounting for taxation

The Group is subject to income taxes in Hong Kong, 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.2 Critical accounting judgements *(Continued)*

Accounting for taxation (Continued)

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. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses and tax provision in periods in which such taxes have been finalised with local tax authorities. As at 30 June 2024, deferred tax liabilities in relation to the fair value changes of investment properties of approximately HK$704,926,000 (2023: HK$926,091,000) have been recognised in the Group's consolidated statement of financial position as at 30 June 2024.

In addition, deferred tax assets of approximately HK$42,678,000 (2023: HK$45,349,000) in relation to tax losses have been recognised in the Group's consolidated statement of financial position as at 30 June 2024. 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.

5. 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:

	2024	2023
	HK$'000	*HK$'000*
Property sales	**155,629**	–
Property rentals	**31,794**	40,997
Estate management	**619**	4,159
	188,042	45,156

5. **REVENUE** *(Continued)*

Disaggregation of revenue from contracts with customers

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

	Year ended 30 June 2024			
	Property sales	**Property rentals**	**Estate management**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Segments				
Geographical markets				
PRC	**53,654**	**–**	**–**	**53,654**
Hong Kong	**101,975**	**31,032**	**619**	**133,626**
Malaysia	**–**	**762**	**–**	**762**
	155,629	**31,794**	**619**	**188,042**
Timing of revenue recognition under HKFRS 15 from external customers				
At a point in time	**155,629**	**–**	**–**	**155,629**
Over time	**–**	**–**	**619**	**619**
Revenue not in the scope of HKFRS 15	**–**	**31,794**	**–**	**31,794**
	155,629	**31,794**	**619**	**188,042**

	Year ended 30 June 2023			
	Property sales	Property rentals	Estate management	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segments				
Geographical markets				
PRC	–	3,154	2,836	5,990
Hong Kong	–	37,031	1,323	38,354
Malaysia	–	812	–	812
	–	40,997	4,159	45,156
Timing of revenue recognition under HKFRS 15 from external customers				
Over time	–	–	4,159	4,159
Revenue not in the scope of HKFRS 15	–	40,997	–	40,997
	–	40,997	4,159	45,156

6. 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:

2024

	Property sales *HK$'000*	Property rentals *HK$'000*	Estate management *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue					
From external customers	**155,629**	**31,794**	**619**	**–**	**188,042**
Inter-segment revenue	**–**	**840**	**49,252**	**–**	**50,092**
Reportable segment revenue	**155,629**	**32,634**	**49,871**	**–**	**238,134**
Reportable segment profit/ (loss)	**71,231**	**(156,436)**	**5,747**	**22,589**	**(56,869)**
Other information:					
Depreciation of property, plant and equipment	**27**	**462**	**130**	**–**	**619**
Depreciation of right-of-use assets	**–**	**777**	**2,394**	**–**	**3,171**
Income tax (credit)/expense	**(325,405)**	**20,284**	**–**	**–**	**(305,121)**
Decrease in fair value of investment properties	**–**	**154,070**	**–**	**–**	**154,070**
Increase in fair value of financial assets at FVTPL	**–**	**–**	**–**	**(6,000)**	**(6,000)**
Reportable segment assets	**3,779,612**	**4,584,165**	**3,847**	**57,216**	**8,424,840**
Reportable segment liabilities	**132,033**	**262,555**	**4,801**	**6,157**	**405,546**
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year	**29**	**7,620**	**1,663**	**–**	**9,312**

6. **SEGMENT REPORTING** *(Continued)*

2023

	Property sales *HK$'000*	Property rentals *HK$'000*	Estate management *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue					
From external customers	–	40,997	4,159	–	45,156
Inter-segment revenue	–	840	23,074	–	23,914
Reportable segment revenue	–	41,837	27,233	–	69,070
Reportable segment (loss)/ profit	(9,937)	140,100	194	3,527	133,884
Other information:					
Depreciation of property, plant and equipment	12	491	84	–	587
Depreciation of right-of-use assets	–	737	2,272	–	3,009
Income tax expense	33,662	2,352	–	–	36,014
Increase in fair value of investment properties	–	(145,091)	–	–	(145,091)
Increase in fair value of financial assets at FVTPL	–	–	–	(2,353)	(2,353)
Reportable segment assets	2,700,275	6,094,605	7,749	48,216	8,850,845
Reportable segment liabilities	252,184	272,839	5,089	5,911	536,023
Additions to non-current segment assets (other than financial instruments and deferred tax assets) during the year	124	9,542	272	–	9,938

6. SEGMENT REPORTING *(Continued)*

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:

	2024	2023
	HK$'000	*HK$'000*
Reportable segment revenue	**238,134**	69,070
Elimination of inter segment revenue	**(50,092)**	(23,914)
Revenue of the Group	**188,042**	45,156
Reportable segment profit	**(56,869)**	133,884
Unallocated corporate income	**17,698**	13,022
Unallocated corporate expenses	**(41,516)**	(39,608)
Finance costs	**(53,831)**	(18,105)
(Loss)/Profit before income tax of the Group	**(134,518)**	89,193

	2024	2023
	HK$'000	*HK$'000*
Reportable segment assets	**8,424,840**	8,850,845
Bank balances and cash	**881,792**	323,525
Other corporate assets	**240,055**	108,930
Deferred tax assets	**15,001**	17,813
Total assets of the Group	**9,561,688**	9,301,113
Reportable segment liabilities	**405,546**	536,023
Tax payable	**215,495**	20,090
Interest-bearing borrowings	**1,131,508**	863,733
Other corporate liabilities	**211,617**	172,716
Deferred tax liabilities	**704,926**	926,091
Total liabilities of the Group	**2,669,092**	2,518,653

6. SEGMENT REPORTING *(Continued)*

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	
	2024	2023	**2024**	2023
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (domicile)	**133,626**	38,354	**3,250,960**	3,327,054
PRC	**53,654**	5,990	**453,328**	1,747,187
Macau	**–**	–	**1,448,441**	1,445,126
Malaysia	**762**	812	**403,857**	395,829
	188,042	45,156	**5,556,586**	6,915,196

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 and the PRC.

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

7. OTHER INCOME, NET

	2024	2023
	HK$'000	*HK$'000*
Dividend income from listed equity investments	**4,425**	2,927
Interest income	**15,829**	11,531
Government grants *(note)*	**–**	601
Sundry income	**1,878**	890
	22,132	15,949

Note:

During the year ended 30 June 2023, the Group received funding support amounting to approximately HK$432,000 from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Hong Kong Government. The purpose of the funding was to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the Group was required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

8. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest charges on:		
Bank loans and overdrafts	**38,577**	26,845
Advance from a director	**13,043**	9,985
Bond	**–**	129
Other incidental borrowing costs	**2,163**	2,197
Finance charges on lease liabilities	**48**	44
Total finance costs	**53,831**	39,200
Less: Interest capitalised into		
– Properties under development for sale *(Note)*	**–**	(21,095)
	53,831	18,105

Note: The borrowing costs have been capitalised to properties under development for sale at a rate from 2.021% to 3.948% for the year ended 30 June 2023.

9. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2024	2023
	HK$'000	*HK$'000*
Staff costs (include directors' emoluments)		
Salaries, wages and other benefits	**23,571**	24,385
Contribution to defined contribution plans *(Note (a))*	**713**	776
	24,284	25,161
Auditors' remuneration		
Current year	**838**	722
Cost of stock properties recognised as expenses	**52,532**	–
Depreciation of property, plant and equipment	**619**	587
Depreciation of right-of-use assets	**3,171**	3,009
Direct outgoings in respect of investment properties that generate rental income	**15,431**	14,081
Direct outgoings in respect of investment properties that did not generate rental income	**184**	987
Net exchange loss	**534**	17,747
Lease charges:		
Short-term leases	**143**	185
Loss on redemption of financial assets at FVTOCI	**–**	2,830
Loss on disposal of investment properties	**5,949**	–

Note:

(a) As at 30 June 2024 and 2023, there was a sum of approximately HK$21,000 in the forfeited account of the Group under the MPF Scheme. During the years ended 30 June 2024 and 2023, the Group did not utilise any amount in the forfeited account to reduce the existing level of contributions.

10. INCOME TAX (CREDIT)/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 2024 and 2023 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% (2023: 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.

	2024	2023
	HK$'000	*HK$'000*
Current tax		
PRC EIT		
– Charge for the year	**7,484**	6
– Over-provision in respect of prior years	**(353,163)**	–
	(345,679)	6
PRC LAT	**55,244**	17,890
Withholding tax	**20,436**	–
	(269,999)	17,896
Deferred tax		
Current year	**(35,523)**	18,257
Total income tax (credit)/expense	**(305,522)**	36,153

11. DIVIDENDS

(a) Dividends attributable to the year

	2024	2023
	HK$'000	*HK$'000*
Interim dividend of HK2.25 cents (2023: HK1.75 cents) per ordinary share	**14,685**	11,421
Proposed final dividend of HK4.00 cents (2023: HK3.00 cents) per ordinary share *(Note)*	**26,107**	19,580
	40,792	31,001

Note:

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

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

	2024	2023
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, of HK3.00 cents (2022: HK2.00 cents) per ordinary share	**19,580**	13,054

	2024	2023
	HK$'000	*HK$'000*
Dividends:		
Cash	**19,580**	13,054

12. EARNINGS PER SHARE

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

Earnings

	2024	2023
	HK$'000	*HK$'000*
Profit attributable to the owners of the Company for the purpose of calculating basic and diluted earnings per share	**171,678**	21,202

Number of shares

	2024	2023
Weighted average number of ordinary shares for the purposes of basic earnings per share	**652,676,781**	652,676,781

Dilutive earnings per share for 2024 and 2023 are the same as basic earnings per share as there was no potential ordinary share outstanding as at 30 June 2024 and 2023.

13. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables		
From third parties	**4,197**	2,437
Other receivables		
Prepaid expenses	**6,527**	6,969
Costs for obtaining contracts	**–**	6,773
Utilities deposits	**2,669**	2,440
Other deposits	**1,213**	693
Others	**6,489**	7,936
	16,898	24,811
	21,095	27,248

13. TRADE AND OTHER RECEIVABLES *(Continued)*

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 reporting date 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:

	2024	2023
	HK$'000	*HK$'000*
0-30 days	**826**	1,552
31-60 days	**56**	136
61-90 days	**27**	159
Over 90 days	**3,288**	590
	4,197	2,437

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 represented the incremental costs, primarily sales commission, as a result of obtaining the pre-sale property contracts. The Group had capitalised the amounts and amortised when the related revenue are recognised. HK$6,773,000 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.

14. OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Tenant deposits	**6,227**	8,637
Other payable and accruals	**139,865**	144,131
	146,092	152,768

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 (2023: HK$93,557,000).

As at 30 June 2023, a provision of compensation loss amounted to HK$11,000,000 was recognised in other payable and accruals, the amount was fully settled during the year.

15. AMOUNTS DUE TO RELATED COMPANIES/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.

Two directors of the Company are also the beneficial owners of the related companies.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Financial Highlights

Revenue for the year ended 30 June 2024 (the "Year") amounted to HK$188,042,000 (2023: HK$45,156,000), a 316.4% increase as compared with last year. It was mainly due to increase in properties sold in Shenzhen and Hong Kong amounted to HK$155,629,000 during Year.

For property leasing, the Year recorded a decrease of 22.4% in rental income as compared with the corresponding year in 2023, amounting HK$31,794,000 (2023: HK$40,997,000).

Gross profit for the Year amounted to HK$106,796,000, as compare to a gross profit of HK$27,752,000 with the corresponding year. Other income recorded an increase of 38.8% to HK$22,132,000 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$6,000,000 (2023: HK$2,353,000). Negative change in fair value of investment properties amounted to HK$154,070,000 (2023: Positive change in fair value of HK$145,091,000). Expected credit loss of financial assets at fair value through other comprehensive income amounted to HK$4,975,000 (2023: HK$14,210,000) which related to debentures default in interest payment and downgrading on credit rating. Administrative expenses decreased by 18.8% to HK$56,570,000 as compared with last year. Finance costs increased by 197.3% to HK$53,831,000 as compared with last year. The increase was mainly due to no capitalisation of interest to properties under development for sale during the Year.

Profit attributable to owners of the Company for the Year was HK$171,678,000 (2023: Profit HK$21,202,000). Basic earnings per share was HK$0.26 (2023: HK$0.03) and fully diluted earnings per share was HK$0.26 (2023: HK$0.03).

A final dividend of HK4.0 cents (2023: HK3.0 cents) was proposed together with the interim dividend of HK2.25 cents (2023: HK1.75 cents) a total of HK6.25 cents (2023: HK4.75 cents) for the year ended 30 June 2024.

Total Equity Attributable To The Owners Of The Company

As at 30 June 2024, the Group's total equity attributable to the owners of the Company amounted to approximately HK$6,684,368,000 (2023: HK$6,573,558,000), an increase of HK$110,810,000 or 1.7% when compared with 30 June 2023. With the total number of ordinary shares in issue of 652,676,781 as at 30 June 2024 (2023: 652,676,781 shares), the total equity attributable to the owners of the Company per share was HK$10.24, representing an increase of 1.7% compared to HK$10.07 as at 30 June 2023.

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 2024, the fair value of investment in listed securities, fund and perpetual note and debentures amounted to HK$54,263,000, HK$2,953,000 and HK$49,876,000 respectively were classified as the financial assets at fair value through profit or loss and fair value through other comprehensive income. During the Year, the portfolio on listed securities was increased by gain on fair value of HK$5,953,000 (2023: HK$2,353,000). For investment in fund, a total of HK$3,000,000 (2023:HK$Nil) was purchased during the Year and the loss on fair value was HK$47,000 (2023:HK$Nil). For perpetual note and debenture, a total of HK$2,290,000 (2023: HK$88,583,000) was redeemed and an expected credit loss of HK$4,975,000 (2023: HK$14,210,000) was provided. The investment in financial assets as at 30 June 2024 represented 1.1% (2023: 1.3%) 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 2024 and 30 June 2023 were 652,676,781 and 652,676,781 respectively.

Debts And Gearing

As at 30 June 2024, the Group's bank and other borrowings amounted to HK$1,343,125,000 (2023: HK$1,036,449,000). Cash and bank balances amounted to HK$881,792,000 (2023: HK$323,525,000) and net borrowing of HK$461,333,000 (2023: HK$712,924,000).

Total debts to equity ratio was 20.1% (2023: 15.8%) and net debts to equity ratio was 6.9% (2023: 10.8%). The increase in the total debt to equity ratio was mainly due to increase in bank and other borrowings during the Year and decrease in net debts to equity was mainly due to increase in bank balances during the Year.

As at 30 June 2024, the Group's bank and other borrowings were denominated in Hong Kong dollars. Of the Group's total bank and other borrowings HK$1,343,125,000 (2023: HK$1,036,449,000), 100% repayable within 1 year (2023: 39.2% and 60.8% were repayable within 1 year and 1 to 2 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 2024, the Group's investment properties and land and building with carrying values of approximately HK$2,546,738,000 (2023: HK$2,737,895,000) and HK$186,254,000 (2023: HK$38,866,000) respectively 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. No interest was capitalized for the Year (2023: interest capitalized was HK$21,095,000). Interest expenses for the Year amounted to HK$53,831,000, representing 197.3% increase over the interest expenses of HK$18,105,000 recorded for the last year. The increase in interest expense was mainly due to the combined effect of increase in bank loans interest and other borrowing cost during the Year. The average interest rate over the year under review was 4.5% (2023: 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 2024 and that valuation was used in preparing 2024 financial statements. The Group's investment properties and investment properties under development were valued at HK$3,512,769,000 and HK$1,852,298,000 respectively making the total HK$5,365,067,000 (2023: investment properties and investment properties under development were valued at HK$5,012,375,000 and HK$1,857,631,000 making the total HK$6,870,006,000). The decrease in fair value of approximately HK$154,070,000 (2023: The increase in fair value of approximately HK$145,091,000 was credited to the income statement for the Year) was debited to the income statement for the Year. The Group land and building held for the directors' quarter carried at fair value were valued at HK$186,254,000 (2023: HK$38,866,000). The increase in fair value of HK$593,000 (2023: HK$2,763,000) 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 realizable 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 2024, the Group employed a total of 47 (as at 30 June 2023: 54) 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 Year, we are not aware of any major event affecting our relationships with our employees.

REVIEW OF OPERATIONS

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***

   Residential project developed in two phases.

   The Certificate of Compliance of the development was issued on 26 January 2024. Some purchasers have completed the sale and purchase in March 2024.

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

   The occupancy rate of Phase 2 maintained at 60%.

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

   The occupancy rate of the two blocks has reached 61%.

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

   The renovation of the two villas to enhance the quality is completed. We are planning to proceed public tender for sale of both properties.

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

   A residential project developed into 2 phases.

   The occupancy rate of the villas in Phase 1 has reached 40%.

China Properties

Shenzhen

Cheuk Nang Garden

Longhwa, Shenzhen

The sale campaign is still continued. Uptill now, a total of 793 units were sold and the sales amount to RMB3,872 million.

Hangzhou

Cheuk Nang • Riverside

Yue Hang Qu, Hangzhou

The construction work of the entire project has been substantially completed, and the planning acceptance has been approved. However, the building acceptance and the property certificate for strata ownership have not yet been completed.

Macau Properties

Golden Cotai No. 1

Estrada de Seac Pai Van, Coloane

The Direcção dos Serviços de Solos e Construção Urbana (DSSCU) has issued a proposal at the end of January 2024 consenting to the change of land use as applied by us with the exception of the land marked “A2” and “B2”. Objection has been made by our local lawyer to the DSSCU in March 2024 but the Government requested us to re-submit the development proposal.

DSSCU has launched an opinion collection campaign during 14 August to 28 August 2024 to collect opinion from the public regarding the details urban planning of our land in Seac Pai Van. At the present moment, no information was announced yet.

Malaysia Properties

Phase I “Parkview”

Lot 1359, Section 57, Lorong Perak, Kuala Lumpur

The occupancy of the serviced apartments currently is 60% and upgrading of the property to improve occupancy is still in progress. We will launch a website (www.martego.com.my) to enable travellers to book our serviced apartments in a more convenient way. A new leasing agent was employed to promote the leasing activity.

Phase II “Cecil Central Residence”

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

The main podium is completed up to Level 5.

OUTLOOK

The Hong Kong economy continued to record moderate growth in the second quarter of 2024.

Looking ahead, the economy should continue to grow in the remainder of the year, but various factors including geopolitical tensions and global economic may pose uncertainties on different fronts.

As regards inbound tourism and private consumption, the Central Government’s various measures benefitting Hong Kong. The Government’s efforts to boost market sentiment and improving employment earnings would provide support, but the changes in the consumption patterns of visitors and residents and the relatively strong Hong Kong dollar may continue to pose challenges.

FINAL DIVIDEND

The Directors resolved to recommend the payment of a final dividend of HK4.00 cents (2023: HK3.00 cents) per share payable to those shareholders whose names appeared in the register of members as at the close of business on 28 November 2024, which together with the interim dividend of HK2.25 cents (2023: HK1.75 cents) per share, makes a total distribution of HK6.25 cents (2023: HK4.75 cents) per share this year.

After approval by the shareholders at the Annual General Meeting, the final dividend will be paid on 12 December 2024.

CLOSURE OF REGISTER

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

(i) from Thursday, 14 November 2024 to Wednesday, 20 November 2024 (both days inclusive) during which period no transfers of shares would be effected. In order to qualify to attend and vote at the 2024 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 4:30 p.m. on Wednesday, 13 November 2024.

(ii) From Tuesday, 26 November 2024 to Thursday, 28 November 2024 (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 4:30 p.m. on Monday, 25 November 2024.

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 thanthe required standard set out in the Model Code contained in Appendix C3 of the Listing Rules throughout the year ended 30 June 2024. 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 C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited except 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 2024 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 unmodified opinion.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2024 have been agreed by the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

INFORMATION REQUIRED UNDER SECTION 436 OF THE COMPANIES ORDINANCE

The financial information relating to the Company for the years ended 30 June 2023 and 2024 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 2023 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 2024 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 2024 and 2023. The auditor's reports were unmodified; 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, 25 September 2024

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