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**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 30 JUNE 2022**

RESULTS

The board (the “Board”) of directors (the “Director(s)”) of DeTai New Energy Group Limited (the “Company”) hereby announce the audited annual results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 30 June 2022, together with comparative figures from the previous corresponding year, summarised as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations			
Revenue	3		
Services income		15,875	18,756
Interest income		2,472	4,943
Trading income		18,898	393
Dividend income		3,807	–
		<hr/>	<hr/>
		41,052	24,092
Cost of sales		<u>(58,115)</u>	<u>(13,174)</u>
Gross (loss)/profit		(17,063)	10,918
Other income and gains	4	3,487	4,551
Selling and distribution expenses		(17)	(121)
General and administrative expenses		(38,685)	(44,137)
Finance costs	6	(1,773)	(2,204)
Share of loss of associates	11	(252)	(5,619)
Impairment loss on interests in associates	11	–	(3,883)
Reversal of impairment loss on trade receivables	12	1,173	374
Net (loss)/gain on fair value change of financial assets at fair value through profit or loss		(70,193)	1,036
(Impairment loss)/reversal of impairment loss of loans receivable	13	(12,933)	8,824
Reversal of impairment loss/(impairment loss) on other receivables and deposits	12	6,624	(1,928)
Impairment loss on property, plant and equipment	10	(8,073)	(15,628)
Net (deficit)/surplus on revaluation of investment properties		<u>(600)</u>	<u>200</u>
Loss before income tax	5	(138,305)	(47,617)
Income tax credit	7	<u>2,467</u>	<u>5,841</u>
Loss after income tax from continuing operations		(135,838)	(41,776)
Discontinued operations			
Profit for the year from discontinued operations		<u>–</u>	<u>4,879</u>
Loss for the year		<u>(135,838)</u>	<u>(36,897)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

For the year ended 30 June 2022

	<i>Notes</i>	2022 HK\$'000	2021 HK\$'000
Other comprehensive income			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Exchange differences arising on translation of foreign operations		(57,498)	749
Release of exchange reserve upon disposal of subsidiaries		—	651
		(57,498)	1,400
Other comprehensive income for the year		(57,498)	1,400
Total comprehensive income for the year		(193,336)	(35,497)
Loss for the year attributable to:			
Owners of the Company		(135,838)	(35,365)
Non-controlling interests		—	(1,532)
		(135,838)	(36,897)
Total comprehensive income for the year attributable to:			
Owners of the Company		(193,336)	(35,014)
Non-controlling interests		—	(483)
		(193,336)	(35,497)
(Loss)/earnings per share attributable to owners of the Company:	9		
From continuing and discontinued operations			
— Basic		HK(0.87) cent	HK(0.23) cent
— Diluted		HK(0.87) cent	HK(0.23) cent
		HK(0.87) cent	HK(0.23) cent
From continuing operations			
— Basic		HK(0.87) cent	HK(0.27) cent
— Diluted		HK(0.87) cent	HK(0.27) cent
		HK(0.87) cent	HK(0.27) cent
From discontinued operations			
— Basic		N/A	HK0.04 cent
— Diluted		N/A	HK0.04 cent
		N/A	HK0.04 cent

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	<i>10</i>	299,001	377,212
Investment properties		19,000	19,600
Interests in associates	<i>11</i>	3,235	3,487
Financial assets at fair value through profit or loss		–	59,805
Loans receivable	<i>13</i>	–	554
		<hr/>	<hr/>
Total non-current assets		321,236	460,658
Current assets			
Inventories		4,172	50,252
Trade receivables, other receivables, deposits and prepayments	<i>12</i>	14,621	80,623
Loans receivable	<i>13</i>	10,305	65,337
Financial assets at fair value through profit or loss	<i>14</i>	281,051	7,500
Deposits in a financial institution		20,599	318,384
Pledged bank balances		690	1,126
Bank balances and cash		66,174	16,574
		<hr/>	<hr/>
Total current assets		397,612	539,796
Current liabilities			
Trade payables, other payables and accruals	<i>15</i>	6,232	7,909
Contract liabilities		2,651	2,658
Borrowings	<i>16</i>	54,550	128,549
Lease liabilities		348	318
Tax payable		2,545	2,845
		<hr/>	<hr/>
Total current liabilities		66,326	142,279
Net current assets		331,286	397,517
		<hr/>	<hr/>
Total assets less current liabilities		652,522	858,175

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**As at 30 June 2022*

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current liabilities			
Deferred tax liabilities		<u>42,949</u>	<u>55,266</u>
Total non-current liabilities		<u>42,949</u>	<u>55,266</u>
Net assets		<u>609,573</u>	<u>802,909</u>
EQUITY			
Equity attributable to owners of the Company			
Share capital	17	784,776	784,776
Reserves		<u>(175,203)</u>	<u>18,133</u>
Total equity		<u>609,573</u>	<u>802,909</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

DeTai New Energy Group Limited (the “Company”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the Company’s registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business was Room 905, 9/F., Wings Building, 110–116 Queen’s Road Central, Hong Kong.

The Company is an investment holding company. The principal activities of the Company’s subsidiaries are principally engaged in the business of (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.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs

In the current year, the Company and its subsidiaries (collectively referred to as the “Group”) has applied for the first time the following new standards, amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants, which are relevant to and effective for the Group’s consolidated financial statements for the annual period beginning on 1 July 2021:

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

The application of these new or amended HKFRSs has no material impact on the Group’s results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that is not yet effective for the current accounting period.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

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

Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
HK Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction ²
Amendments to HKAS 16	Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendments to HKFRS Standards	Annual Improvements to HKFRSs 2018–2020 ¹

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

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

³ The amendments should be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Interpretation 21 Levies, the acquirer applies HK(IFRIC)-Interpretation 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

HK Interpretation 5 (2020), Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

HK Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

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

The amendments to Disclosure of Accounting Policies were issued following feedback that more guidance was needed to help companies to decide what accounting policy information should be disclosed. The amendments to HKAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to HKFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments to HKAS 8 clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. That distinction is important because changes in accounting estimates are applied prospectively only to future transactions and other future events, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(Continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (Continued)

Amendments to HKAS 12 — Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations — transactions for which companies recognise both an asset and a liability.

The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37, Onerous Contracts — Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

Amendments to HKFRS Standards — Annual Improvements to HKFRSs 2018–2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.
- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The Group is in the process of making an assessment of the potential impact of these new pronouncements upon application.

3. REVENUE AND SEGMENT REPORTING

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 from investments in listed securities during the year.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations:		
Service income:		
Hotel hospitality business	15,875	18,756
Interest income:		
Money lending services	2,472	4,943
Trading income:		
Liquor and wine	18,898	393
Dividend income:		
Investments in listed securities	<u>3,807</u>	<u>–</u>
	<u>41,052</u>	<u>24,092</u>

Segment reporting

(a) Reportable segments

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

During the year ended 30 June 2022, the chief operating decision-maker has decided to rename the segment of "investments in funds" to "investments in listed securities and funds" to reflect the current business activities in such segment.

During the year ended 30 June 2021, the Group had completed the disposal of the new energy business. In accordance with HKFRS 5, the segment of new energy business for the year ended 30 June 2021 were presented as discontinued operations in the Group's consolidated financial statements.

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(a) Reportable segments (Continued)

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 year (2021: Nil). Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the chief operating decision-maker 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 year ended 30 June 2022

	Hotel hospitality business <i>HK\$'000</i>	Money lending services <i>HK\$'000</i>	Liquor and wine <i>HK\$'000</i>	Investments in listed securities and funds <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>15,875</u>	<u>2,472</u>	<u>18,898</u>	<u>3,807</u>	<u>41,052</u>
Segment loss	<u>(9,136)</u>	<u>(10,888)</u>	<u>(26,862)</u>	<u>(66,142)</u>	(113,028)
Unallocated corporate income and gains					3,487
Unallocated corporate expenses (<i>Note</i>)					(26,139)
Finance costs					(1,773)
Share of loss of associates					(252)
Net deficit on revaluation of investment properties					<u>(600)</u>
Loss before income tax from continuing operations					<u>(138,305)</u>

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(b) Segment revenue and results (Continued)

For the year ended 30 June 2021

	Hotel hospitality business HK\$'000	Money lending services HK\$'000	Liquor and wine HK\$'000	Investments in funds HK\$'000	Total HK\$'000
Segment revenue	<u>18,756</u>	<u>4,943</u>	<u>393</u>	<u>–</u>	<u>24,092</u>
Segment (loss)/profit	<u>(22,569)</u>	<u>13,338</u>	<u>(807)</u>	<u>408</u>	<u>(9,630)</u>
Unallocated corporate income and gains					3,339
Unallocated corporate expenses (Note)					(29,820)
Finance costs					(2,204)
Share of loss of associates					(5,619)
Impairment loss on interests in associates					(3,883)
Net gain on revaluation of investment properties					<u>200</u>
Loss before income tax from continuing operations					<u>(47,617)</u>

Note: Unallocated corporate expenses mainly included staff salaries, directors' remuneration and consultancy fees for the years ended 30 June 2022 and 2021.

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(c) Segment assets and liabilities

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Segment assets		
Continuing operations		
Hotel hospitality business	303,063	378,820
Money lending services	11,337	66,544
Liquor and wine	19,032	71,817
Investments in listed securities and funds	283,002	122,935
	<hr/>	<hr/>
Total segment assets	616,434	640,116
Interests in associates	3,235	3,487
Investment properties	19,000	19,600
Deposits in a financial institution	20,599	318,384
Unallocated bank balances and cash	55,847	9,485
Unallocated corporate assets (<i>Note</i>)	3,733	9,382
	<hr/>	<hr/>
Consolidated total assets	<u>718,848</u>	<u>1,000,454</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Segment liabilities		
Continuing operations		
Hotel hospitality business	45,379	122,027
Money lending services	149	246
Liquor and wine	2,489	2,468
Investments in listed securities and funds	8	113
	<hr/>	<hr/>
Total segment liabilities	48,025	124,854
Tax payable	2,545	2,845
Deferred tax liabilities	42,949	55,266
Unallocated corporate liabilities	15,756	14,580
	<hr/>	<hr/>
Consolidated total liabilities	<u>109,275</u>	<u>197,545</u>

Note: Unallocated corporate assets mainly comprised of compensation from profit guarantee for the year ended 30 June 2021.

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(d) Other segment information

For the year ended 30 June 2022

	Hotel hospitality business HK\$'000	Money lending services HK\$'000	Liquor and wine HK\$'000	Investments in listed securities and funds HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets	673	-	-	-	63	736
Depreciation of property, plant and equipment	(4,684)	(327)	-	-	(145)	(5,156)
Impairment loss on property, plant and equipment	(7,641)	(432)	-	-	-	(8,073)
Reversal impairment losses on other receivables and deposits	-	-	-	3,580	3,044	6,624
Reversal of impairment losses on trade receivables	-	-	1,173	-	-	1,173
Impairment losses on loans receivable	-	(12,933)	-	-	-	(12,933)
Interest income from banks and a financial institution	-	-	15	-	187	202
Deficit on revaluation of investment properties	-	-	-	-	(600)	(600)
Net loss on fair value of financial assets at fair value through profit or loss	-	-	-	(70,193)	-	(70,193)
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:						
Finance costs	(662)	(31)	-	-	(1,080)	(1,773)

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(d) Other segment information (Continued)

For the year ended 30 June 2021

	Hotel hospitality business HK\$'000	Money lending services HK\$'000	Liquor and wine HK\$'000	Investments in funds HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets	1,330	–	–	–	3,554	4,884
Depreciation of property, plant and equipment	(6,175)	(2,067)	–	(4)	–	(8,246)
Impairment loss on property, plant and equipment	(13,605)	(2,016)	(7)	–	–	(15,628)
Impairment losses on other receivables and deposits	–	–	–	(1,839)	(89)	(1,928)
Reversal of impairment losses on trade receivables	–	–	374	–	–	374
Reversal of impairment losses on loans receivable	–	8,824	–	–	–	8,824
Interest income from banks and a financial institution	–	–	18	–	1,818	1,836
Surplus on revaluation of investment properties	–	–	–	–	200	200
Change in fair value of financial assets at fair value through profit or loss	–	–	–	1,036	–	1,036
Amounts regularly provided to the chief operating decision-maker but not included in the measure of segment profit or loss:						
Finance costs	(1,030)	(10)	–	–	(1,164)	(2,204)

3. REVENUE AND SEGMENT REPORTING (Continued)

Segment reporting (Continued)

(e) Geographic information

The Group's operations are mainly 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 assets) by geographical markets are detailed as below:

	Revenue from external customers (including continuing and discontinued operations)		Non-current assets	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
Hong Kong	6,279	4,943	22,235	24,543
The PRC	18,898	772	–	–
Japan	15,875	18,756	299,001	375,756
	<u>41,052</u>	<u>24,471</u>	<u>321,236</u>	<u>400,299</u>

The geographical location of customers is based on the location at which the goods and services are delivered. The geographical location of other non-current assets is based on the physical location of the assets.

(f) Major customers

For the year ended 30 June 2022, revenue from one customer of wine and liquid segment amounted to HK\$18,814,000 contributed over 10% of total sales of the Group.

There is no significant revenue that is more than 10% of the Group's revenue derived from specific external customers for the year ended 30 June 2021.

4. OTHER INCOME AND GAINS

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Interest income from banks and a financial institution	202	1,836
Additional compensation in relation to profit guarantee	–	170
Government subsidies (<i>note</i>)	1,011	948
Gain on deregistration of subsidiary	550	–
Rental income	510	510
Gain on lease modification	101	22
Other sundry income	1,113	1,065
	<u>3,487</u>	<u>4,551</u>

Note: The government subsidies represented a subsidy under Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region and subsidy received under “Employment Adjustment Subsidy” and “Spread Prevention Co-operation Support Fund” from Japan Government. There are no unfulfilled conditions and other contingencies attached to the receipts of those subsidies.

5. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Continuing operations		
Auditor’s remuneration	1,750	1,900
Depreciation expenses in respect of:		
Owned assets	4,829	7,139
Right-of-use assets	327	1,107
Loss on disposal of property, plant and equipment	268	–
Cost of inventories recognised as expense	58,115	13,174
— Provision for inventories	9,396	–
Impairment loss/(reversal of impairment loss) of loans receivable (<i>note 13</i>)	12,933	(8,824)
(Reversal of impairment loss)/impairment loss on other receivables and deposits	(6,624)	1,928
Impairment loss on property, plant and equipment (<i>note 10</i>)	8,073	15,628
Employee benefit expense (including directors’ remuneration):		
Wages and salaries	5,197	8,834
Contributions to retirement benefit schemes	109	475
Short term lease expenses	303	251
Exchange losses, net	4	646
Reversal of impairment loss on trade receivables (<i>note 12</i>)	(1,173)	(374)
Written off of property, plant and equipment	–	236
Loss on derecognition of associates	–	678
	<u> </u>	<u> </u>

6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Continuing operations		
Interest on bank loans	662	1,030
Interest on other loans	1,080	1,080
Interest on lease liabilities	31	94
	<u>1,773</u>	<u>2,204</u>

7. INCOME TAX CREDIT

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profit arising in Hong Kong for both years ended 30 June 2022 and 2021. 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 years ended 30 June 2022 and 2021. No provision for the PRC EIT has been made for the current and prior periods 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% (2021: Nil) 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 the both years ended 30 June 2022 and 2021 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 the year ended 30 June 2022 and 2021.

	2022		2021	
	Continuing operations <i>HK\$'000</i>	Discontinued operations <i>HK\$'000</i>	Continuing operations <i>HK\$'000</i>	Discontinued operations <i>HK\$'000</i>
Current tax for the year				
— The PRC	190	–	–	–
— Japan	10	–	10	–
Deferred tax	<u>(2,667)</u>	<u>–</u>	<u>(5,851)</u>	<u>–</u>
Total income tax credit	<u>(2,467)</u>	<u>–</u>	<u>(5,841)</u>	<u>–</u>

8. DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 30 June 2022 (2021: Nil).

9. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the year.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit for the year attributable to owners of the Company for the purpose of calculating basic and diluted (loss)/earnings per share:		
Continuing operations	(135,838)	(41,776)
Discontinued operations	–	6,411
	<u>–</u>	<u>6,411</u>
Total loss from continuing operations and discontinued operations	<u>(135,838)</u>	<u>(35,365)</u>
	Number of shares	
	2022	2021
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	<u>15,695,532</u>	<u>15,695,532</u>

Diluted (loss)/earnings per share amount for the year of 2021 were not presented because the impact of exercise of the share option and convertible preference shares was anti-dilutive. Diluted loss per share amount for the year of 2022 were 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 from continuing operations.

10. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment with the brought forward net carrying amount HK\$306,642,000 (2021: HK\$389,361,000) (before the current year impairment loss) is attributable to the cash-generating unit of hotel hospitality (“Hotel Hospitality Business CGU”) with which the goodwill amount is recognised. As at 30 June 2022, the Directors reviewed the recoverable amounts of property, plant and equipment in Hotel Hospitality Business CGU as the business incurred losses. Hotel Hospitality Business CGU continuously faced the low occupancy rate as the result of the continuance effect of COVID-19. This had adverse impact on the estimation of the recoverable amount. As the recoverable amount of the Hotel Hospitality CGU is lower than its carrying amount, the directors of the Company considered that an impairment loss of approximately HK\$7,641,000 (2021: HK\$13,605,000) has been recognised for the year ended 30 June 2022.

The recoverable amount of the Hotel Hospitality Business CGU is determined by the Directors of the Company with reference to a valuation report issued by an independent professional valuer. The recoverable amount of the Hotel Hospitality Business CGU has been determined from fair value less cost of disposal, in which fair value is primarily making reference to the recent sales of similar transactions in the market and cost of disposal is estimated at 3.5% (2021: 3.5%) of assessed fair value. It is Level 3 non-recurring fair value measurement. The key significant unobservable input to determine is the discount on age, location and condition. The higher discount on these factors would result in the lower in the fair value measurement of the fair value less cost of disposal, and vice versa.

As at 30 June 2022, the Directors reviewed the recoverable amounts of property, plant and equipment in the business segment of money lending business as the business incurred losses. Lesser interest income has been recognised for the year since there was no new loan for the year. As such, money lending business incurred losses for the year. As a result of such review, an impairment loss of HK\$432,000 (2021: HK\$2,023,000) was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2022.

The recoverable amount of property, plant and equipment in the business segment of money lending business is based on the fair value less cost of disposal. It is Level 3 non-recurring fair value measurement. The key significant unobservable input to determine is the discount on age and condition. The higher discount on these factors would result in the lower in the fair value measurement of the fair value less cost of disposal, and vice versa.

11. INTERESTS IN ASSOCIATES

	2022	2021
	HK\$'000	HK\$'000
At beginning of the year	3,487	12,989
Share of loss for the year	(252)	(5,619)
Impairment loss recognised for the year	–	(3,883)
	<hr/>	<hr/>
At end of the year	3,235	3,487
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	7,623	1,748
Less: Provision for impairment losses	<u>(126)</u>	<u>(1,296)</u>
Trade receivables, net (<i>note a</i>)	7,497	452
Other receivables (<i>note b</i>)	6,297	74,752
Other deposits and prepayments	<u>827</u>	<u>5,419</u>
	<u><u>14,621</u></u>	<u><u>80,623</u></u>

Notes:

- (a) The Group allows credit period of 0 to 365 days (2021: 0 to 90 days) to its trade receivables.

The ageing analysis of trade receivables, net of provision for impairment losses, based on invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	845	411
31–60 days	79	20
Over 90 days	<u>6,573</u>	<u>21</u>
	<u><u>7,497</u></u>	<u><u>452</u></u>

As at 30 June 2022, trade receivables of HK\$6,559,000 (2021: Nil) has been secured by the collateral.

The movements in the expected credit loss for trade receivables for the years ended 30 June 2022 and 2021 are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 July	1,296	2,058
Reversal of impairment loss for the year	(1,173)	(374)
Disposal of subsidiaries	–	(578)
Exchange realignment	<u>3</u>	<u>190</u>
As at 30 June	<u><u>126</u></u>	<u><u>1,296</u></u>

12. TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(Continued)

- (b) Other receivables mainly represented redemption of investment fund of HK\$61,242,000 as at 30 June 2021, which was fully settled subsequent to 30 June 2021.

The movements in the expected credit loss for the other receivables for the years ended 30 June 2022 and 2021 are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 July	6,847	4,912
(Reversal of expected credit loss)/expected credit loss for the year	(6,624)	1,928
Disposal of subsidiaries	–	(9)
Exchange realignment	(70)	16
	<u>153</u>	<u>6,847</u>
As at 30 June	<u>153</u>	<u>6,847</u>

13. LOANS RECEIVABLE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gross loan and interest receivables	214,338	241,638
Less: impairment losses allowances	(204,033)	(175,747)
	<u>10,305</u>	65,891
Less: Non-current portion	–	(554)
Current portion	<u>10,305</u>	<u>65,337</u>

As at 30 June 2022, the loans receivable with gross principal amount of HK\$162,677,000 (2021: HK\$200,562,000) in aggregate and related gross interest receivables of HK\$51,661,000 (2021: HK\$41,076,000) were due from nine (2021: ten) independent third parties. These loans are interest-bearing at rates ranging from 5.5% to 20% (2021: 5.5% to 20%) per annum. Except for the balances of HK\$554,000 as at 30 June 2021, all the loan receivables were repayable within twelve months from the end of the reporting period and therefore were classified as current assets.

As at 30 June 2022, the Group held collateral over loans receivable with gross principal amount of HK\$57,171,000 (2021: HK\$85,155,000).

Impairment loss of HK\$12,933,000 (2021: Reversal of impairment loss of HK\$8,824,000) has been recognised in the consolidated statement of comprehensive income for the year ended 30 June 2022.

13. LOANS RECEIVABLE (Continued)

The movements in the impairment losses allowances for loans receivable for the year ended 30 June 2022 and 2021 are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 July	175,747	168,401
Provision/(reversal) of impairment loss for the year	12,933	(8,824)
Adjustment on interest receivables arising from the impaired loans	<u>15,353</u>	<u>16,170</u>
At 30 June	<u><u>204,033</u></u>	<u><u>175,747</u></u>

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Compensation from profit guarantee	–	7,500
Unlisted private fund (note (a))	75,791	59,805
Listed securities in Hong Kong at market value (note (b))	<u>205,260</u>	<u>–</u>
	<u><u>281,051</u></u>	<u><u>67,305</u></u>

Notes:

- (a) For the year ended 30 June 2022, the fair value gain of unlisted private fund was HK\$15,987,000 (2021: HK\$1,036,000) which has been dealt with in the consolidated statement of comprehensive income for the year ended 30 June 2022.

The fair value of the unlisted private fund is Level 2 recurring fair value measurement.

- (b) For the year ended 30 June 2022, the fair value loss of listed securities was HK\$86,180,000 (2021: Nil) which has been dealt with in the consolidated financial statements of comprehensive income for the year ended 30 June 2022.

The fair value of the listed securities is Level 1 recurring fair value measurement.

15. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	1,727	2,460
Other payables and accruals (<i>note (b)</i>)	<u>4,505</u>	<u>5,449</u>
	<u><u>6,232</u></u>	<u><u>7,909</u></u>

Notes:

(a) The ageing analysis of trade payables, based on invoice date, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	1,604	2,349
31–60 days	61	75
61–90 days	31	14
Over 90 days	<u>31</u>	<u>22</u>
	<u><u>1,727</u></u>	<u><u>2,460</u></u>

(b) As at 30 June 2022, other payables and accruals consists of accrued audit fee of HK\$1,750,000 (2021: HK\$1,900,000).

16. BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Bank loans, secured	42,550	116,549
Other loan, secured	<u>12,000</u>	<u>12,000</u>
	<u><u>54,550</u></u>	<u><u>128,549</u></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year or on demand	<u><u>54,550</u></u>	<u><u>128,549</u></u>

Bank loans were secured by (i) land and building with the carrying amount of HK\$299,001,000 (2021: HK\$375,756,000) (note 10); (ii) the bank balances of HK\$690,000 (2021: HK\$1,126,000); and (iii) the entire equity interest of certain subsidiary as at 30 June 2022 and 2021.

The abovementioned bank loans are charged at floating rates of 0.75% per annum (2021: 0.75% per annum).

Other loan is secured by a legal charge over investment properties with the carrying amount of HK\$19,000,000 (2021: HK\$19,600,000) and is charged at 9% (2021: 9%) per annum.

17. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.05 each at 30 June 2021 and 2022		
Authorised: At 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	<u>30,000,000</u>	<u>1,500,000</u>
	Number of shares '000	Amount HK\$'000
Issued and fully paid: At 1 July 2020, 30 June 2021, 1 July 2021 and 30 June 2022	<u>15,695,532</u>	<u>784,776</u>

18. EVENT AFTER REPORTING PERIOD

The Company has conducted a series of disposal of listed securities from 11 March 2022 to 7 September 2022. A total of 1,072,600 shares of Hong Kong Aerospace Technology Group Limited (“HKATGL”) were disposed on the open market at an aggregate consideration of approximately HK\$18,170,000. The average selling price of disposal of each HKATGL share is approximately HK\$16.94.

Details of the transaction are set out in the Company’s announcement dated on 7 September 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year, 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 and funds.

As at 30 June 2022, the Group's continuing operations recorded a revenue of approximately HK\$41.1 million (2021: approximately HK\$24.1 million). The net loss for the year ended 30 June 2022 was approximately HK\$135.8 million (2021: approximately HK\$36.9 million) while the loss for the year attributable to owners of the Company was approximately HK\$135.8 million (2021: approximately HK\$35.4 million). Basic loss per share was approximately 0.87 HK cent (2021: approximately 0.23 HK cent). The increase in net loss for the year was mainly attributable to (i) the gross loss and written down of inventories on the liquor and wine business of approximately HK\$27 million due to the bulk sales of the inventories of the liquor for more cash inflow; (ii) a fair value loss of approximately HK\$70 million in respect of the financial assets at fair value through profit or loss; and (iii) the impairment loss on loans receivable of approximately HK\$13 million.

Hotel hospitality business

During the year, the hotel hospitality business recorded a revenue of approximately HK\$15.9 million (2021: approximately HK\$18.8 million) and a segment loss of approximately HK\$9.1 million (2021: approximately HK\$22.6 million). The decrease in segment loss was mainly due to the strictly cost control of the operation.

Hotel hospitality business is the core business of the Group which contributed approximately 39% of the Group's revenue for the year ended 30 June 2022. 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 from world-wide for skiing in the winter time.

In the course of preparing the financial statements, the management had engaged an independent qualified valuer (the “Hotel Valuer”) to determine the recoverable amount of the cash generating unit of the hotel hospitality business (the “Hotel Hospitality Business CGU”). For the sake of prudence, the management had further engaged another independent qualified valuer to conduct an independent review of the valuation report issued by the Hotel Valuer on the valuation methodology and key valuation parameters. Both valuers are members of Royal Institute of Chartered Surveyors and with extensive experience in valuation of properties. In assessing the recoverable amount of the cash generating unit of the hotel hospitality business as at 30 June 2022, the fair value less cost of disposal method was adopted which based on direct comparison approach with reference to the recent sales of similar transactions in the market.

Given the worldwide prevalence of the Novel Coronavirus (the “COVID-19”) pandemic, the Japanese Government adopted the border enforcement measures, including in particular, the denial of permission to entry for foreign nationals and the quarantine measures. As a result, there was a drastic decrease in the number of visitors to Japan in the year under review which affected the global financial markets and the real estate market in Japan. As the recoverable amount of the cash generating unit of the hotel hospitality business as at 30 June 2022 was lower than its carrying amount, impairment loss on freehold land and building was recognised for the year ended 30 June 2022.

As at the end of each financial year, the Company was required to assess any indication that its assets and/or cash generating unit may be impaired (i.e. the carrying amount may be higher than the recoverable amount). Recoverable amount is the higher of the assets’ or the cash generating unit’s value-in-use and fair value less cost of disposal. The value-in-use is developed under the income approach while the fair value less cost of disposal is developed based on direct comparison approach with reference to the recent sales transaction evidences for similar premises in the proximity. Comparable transactions vary along the change in valuation date.

Direct comparison method under market approach is considered to be the most popular and common valuation approach in valuing the property. Moreover, income approach has been indirectly adopted from the business perspective in the calculation of the value-in-use of the Hotel Hospitality Business CGU. Thus, direct comparison method is adopted for valuing the fair value of property.

The Company has consistently applied the same methodology to determine the recoverable amount and the fair value less cost of disposal was adopted for impairment assessment as at 30 June 2022 and 2021.

The value-in-use calculation was the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflected current market assessment of time value of money and the risk specific to the hotel hospitality business. The calculation used in cash flow projections was based on latest financial budgets covering a period of 5 years with compound annual growth rate of revenue of approximately 11.57% (2021: 4.23%). The compound annual growth rate of revenue was determined with reference to historical revenue in the current year and the 5-year forecasted revenue taking into account of the expected number of tourists who would visit Niseko. Due to worldwide prevalence of the COVID-19 pandemic and the travel restrictions imposed by most of the countries, the revenue growth rate in 2022 was lower than that in 2021 by approximately 15.4%. The Company expects the impact of the COVID-19 pandemic would be contained and under control in 2023 and consider the vaccination program launched by the government in different countries, the revenue in 2023 and 2024 would boost by approximately 28% and 40% respectively. After the one-off event of the COVID-19 pandemic, the Directors expect the revenue would return to normal level from the peak level and expected to record a steadily annual growth rate of approximately 5% in the subsequent years. The gross profit ratio of the forecasted period was expected to be approximately 94% (2021: 94%) with reference to the historical record. The pre-tax discount rate of 17% (2021: 18%) was determined with reference to the market conditions, such as company specific risk premium and cost of debt of the hotel hospitality business. The cash flow projections beyond the 5-year period are extrapolated using a perpetual growth rate of 2% (2021: 2%) which was referred to long-term growth rate of tourism in Niseko and the long-term inflation rate in Japan.

The key assumption adopted in the fair value less cost of disposal approach for 30 June 2022 and 2021 was the cost of disposal which was 3.5% of the market value of the property. It included the average market rate of brokerage fee and other miscellaneous administrative and legal costs.

Money lending services

As at 30 June 2022, the Group had loans receivable with gross principal amount of approximately HK\$162.7 million (2021: approximately HK\$200.6 million) with related gross interest receivables of approximately HK\$51.6 million for the year ended 30 June 2022 (2021: approximately HK\$41.1 million).

The loan portfolio comprises loans to independent third party borrowers with term ranging from eight months to forty months and interest rate ranged from 5.5% to 20% (2021: 5.5% to 20%) per annum.

The money lending business recorded a segment loss of approximately HK\$10.9 million (2021: segment profit of approximately HK\$13.3 million). The segment loss was mainly resulted from the impairment loss on loans receivable.

In the course of preparing the financial statements, the management had engaged an independent qualified valuer (the “1st ECL Valuer”) to determine the expected credit losses (the “ECL”) of the Group’s loans receivable. For the sake of prudence, the management had further engaged another independent qualified valuer to conduct an independent review of the valuation report issued by the 1st ECL Valuer on the valuation methodology, the underlying assumptions, the parameters and inputs used in the valuation for accounting purpose. In assessing the ECL of the Group’s loans receivable, a credit rating analysis of the underlying debtors was adopted by reviewing the historical accounting information to estimate the default risk. The Group applied different expected loss rates to different classes of receivables according to their respective risk characteristics. In determining the default risk, factors including but not limited to, the ageing analysis of the receivables, the Group’s internal assessment of the debtors’ credit worthiness, historical and forecast occurrence of event of default, existence and valuation of the collaterals, the relevant regulatory framework and government policies in Hong Kong and global economic outlook in general and the specific economic condition of Hong Kong and the People’s Republic of China (the “PRC”), would be considered. The rate of ECL ranged from 0% to 100% (2021: 0% to 100%) depending on the nature, probability of default and loss given default of the loans receivable.

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 year ended 30 June 2022 of the liquor and wine business was approximately HK\$18.9 million (2021: approximately HK\$0.4 million) and a segment loss of approximately HK\$26.9 million was recorded for the year ended 30 June 2022 (2021: approximately HK\$0.8 million). The bulk sales to the distributor that the Company can liquidate the inventories to be cash for general working capital and other investment opportunity. The Group had continually source the customers to sell the inventories during the year.

Investments in Listed Securities and Funds

As at 30 June 2022, the Group had invested into a fund with a value of approximately HK\$75.8 million (2021: approximately HK\$59.8 million).

(1) TAR High Value Fund SP (the “TAR Fund”)

TAR Fund is a segregated portfolio created by TAR Opportunities Fund SPC (“TAR SPC”) which is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability. TAR SPC is registered as a “segregated portfolio company” with the Registrar of Companies of the Cayman Islands and principally engaged in the investment and fund related services. TAR SPC has appointed TAR Fund Management (Cayman) Limited (“TAR Fund Management”) as its investment manager. TAR Fund Management is an exempted company incorporated in the Cayman Islands with limited liability. The director of TAR Fund Management has over 10 years of experience in manufacturing, management and investment and has been involved in financial industries in the PRC and Hong Kong for many years, and has considerable experience in stock and derivative products. The purpose of TAR Fund is to carry on the business of investing, holding, monitoring and realising investments made with the principal objective of achieving a high rate of return through capital appreciation through investments that operates in or derive significant business opportunities from the financial services, natural resources and/or property investments sectors. Such investment can be in form of equity investments and/or debt instruments including but not limited to convertible or exchangeable bonds, notes and debentures.

The value of the TAR Fund as at 30 June 2022 was approximately HK\$75.8 million, represented approximately 10.5% to the Group’s total assets. The TAR Fund had an average return of approximately 26.73% and 0.95% for the years ended 30 June 2022 and 2021 respectively.

(2) Listed Securities

For the year ended 30 June 2022, the Group managed a portfolio of listed securities. Details of the listed securities investments are as below:

Significant listed securities investments as at 30 June 2022

Name of listed securities	Stock code	Brief description of the business	Number of shares held	As at 30 June 2022		Market value HK\$'000	Approximately percentage to total assets value of the Group
				Proportion of share held <i>(Note a)</i>	Investment cost HK\$'000		
CLP Holdings Limited	2	Generation and supply of electricity	218,000	0.009%	17,023	14,192	1.97%
Shenzhen International Holdings Limited	152	Toll roads and general-environmental protection business; and logistics business	648,000	0.027%	5,020	5,003	0.70%
Hong Kong Exchanges and Clearing Limited	388	Principally engaged in the business of operating the only Stock Exchange in Hong Kong	88,000	0.007%	30,386	33,968	4.73%
Shenzhen Expressway Corporation Limited	548	Construction, operation, management, investment of toll highways and environmental protection in China	640,000	0.086%	5,037	5,216	0.73%
Techtronic Industries Company Limited	669	Power equipment business	10,000	0.001%	927	818	0.11%
Tencent Holdings Limited	700	VAS; Online advertising; FinTech and Business Services	4,800	0.000%	1,653	1,701	0.24%
China Construction Bank Corporation	939	Provision of banking and related financial services	3,000,000	0.001%	16,946	15,810	2.20%
China Mobile Limited	941	Provision of telecommunications and information related services	330,000	0.002%	16,898	16,170	2.25%
AIA Group Limited	1299	Writing of life insurance business, providing life insurance, accident and health insurance and savings plans	32,000	0.000%	2,517	2,722	0.38%
Hong Kong Aerospace Technology Group Limited	1725	Electronics manufacturing services business and aerospace business	3,787,400	1.226%	113,881	67,491	9.39% <i>(Note b)</i>
B & D Strategic Holdings Limited	1780	Civil engineering works and provision of services on alteration and addition works	2,815,000	0.454%	6,957	3,125	0.43%
Diwang Industrial Holdings Limited	1950	Manufacturing and sales of faux leather chemicals	9,216,000	0.768%	2,073	1,677	0.23%
BOC Hong Kong (Holdings) Limited	2388	Provision of banking and related financial services	950,000	0.009%	25,291	29,450	4.10%
Tracker Fund of Hong Kong	2800	Funds management	238,000	0.005%	4,859	5,303	0.74%
Meituan	3690	Food delivery, In-store, hotel & travel, and New initiatives	5,000	0.000%	782	971	0.14%
JD.com, Inc.	9618	Providing products and services to consumers, third-party merchants, suppliers and other business partner	6,500	0.000%	1,334	1,643	0.23%
					251,584	205,260	

Notes:

- (a) The percentage of shareholdings is calculated with reference to the monthly return of equity issuer on movements in securities for the month ended 30 June 2022 of the issuers publicly available on the website of the Stock Exchange.
- (b) The Group will liquidate a portion of the shares with an aim to enhance the liquidity position of the Group.

Significant gain/(losses) for the year ended 30 June 2022

Name of listed securities	Stock code	For the year ended 30 June 2022		Dividend received HK\$'000
		Realised gains/ (losses) HK\$'000	Unrealised gains/ (losses) HK\$'000	
CLP Holdings Limited	2	–	(2,831)	399
Shenzhen International Holdings Limited	152	–	(17)	534
Hong Kong Exchanges and Clearing Limited	388	–	3,582	366
Shenzhen Expressway Corporation Limited	548	–	179	–
Techtronic Industries Company Limited	669	34	(109)	–
Tencent Holdings Limited	700	65	48	7
Zhong Ji Longevity Science Group Limited	767	(36,847)	–	–
China Construction Bank Corporation	939	–	(1,136)	1,259
China Mobile Limited	941	–	(728)	802
AIA Group Limited	1299	–	205	34
Hong Kong Aerospace Technology Group Limited	1725	(1,312)	(46,390)	–
B & D Strategic Holdings Limited	1780	(368)	(3,832)	338
Diwang Industrial Holdings Limited	1950	(1,895)	(396)	–
BOC Hong Kong (Holdings) Limited	2388	–	4,159	–
Tracker Fund of Hong Kong	2800	39	444	19
Meituan	3690	351	189	–
JD.com, Inc.	9618	78	309	49
		<u>(39,855)</u>	<u>(46,324)</u>	<u>3,807</u>

PROSPECTS

The worldwide prevalence of the COVID-19 pandemic has affected every sector across the globe, and the hotel hospitality business is among the hardest hit.

Given the outbreak and widespread of the COVID-19, the Japanese Government adopted the border enforcement measures, including in particular, the denial of permission to entry for foreign nationals and the quarantine measures. As a direct result, there is a drastic decrease in the number of visitors to Japan.

Despite the COVID-19 pandemic, the Group is still optimistic about the prospects of the hotel hospitality business in Japan in the long run with reference to: (i) the Japanese Government will resume visa-free entry for individual travelers on 11 October 2022 with an aim to attract international visitors to Japan; (ii) Niseko (where the Resort Towers is located) as a premium skiing and sightseeing destination; and (iii) the passing of the integrated resort law in Japan in 2018 and the fact that the availability of integrated casino resorts in Japan in future will attract more tourists travelling to Japan.

Although the businesses of the Group had been disrupted by the COVID-19 pandemic, the impact of the pandemic should be temporary. Given that the COVID-19 vaccination programs have been launched by the government in different countries, the Directors are confident in the future prospects of the businesses of the Group, especially the hotel hospitality business.

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.

FINAL DIVIDEND

The Board resolved not to recommend the payment of any dividend for the year ended 30 June 2022 (2021: Nil).

FINANCIAL RESOURCES, LIQUIDITY AND GEARING

As at 30 June 2022, the Group has in aggregate approximately HK\$87.5 million (2021: approximately HK\$336.1 million) in deposits in a financial institution, pledged bank balances, and bank balances and cash. The net current assets value was approximately HK\$331.3 million (2021: approximately HK\$397.5 million).

The Group's gearing ratio as at 30 June 2022 was approximately 0.09 (2021: approximately 0.16), being a ratio of total interest bearing debts, including borrowings of approximately HK\$54.6 million (2021: approximately HK\$128.5 million) to the total equity of approximately HK\$609.6 million (2021: approximately HK\$802.9 million).

USE OF PROCEEDS FROM RIGHTS ISSUE

The Company completed a rights issue on 13 June 2018, pursuant to which the Company 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 its 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 30 June 2022 (the “Utilisation of Net Proceeds”) and the remaining balance of the net proceeds are set out below:

Intended use	Planned Use of Net Proceeds <i>HK\$ million</i>	Revised Use of Net Proceeds <i>HK\$ million</i>	Utilisation of Net Proceeds <i>HK\$ million</i>	Remaining balance <i>HK\$ million</i>
Repayment of outstanding borrowings	193.9	193.9	140.6	53.3 <i>(Note)</i>
Contribution to the facility to be made available to a joint venture company formed with Zhongke International Capital Limited	196.0	–	–	–
Expansion of the Group’s money lending business	100.0	111.3	111.3	–
Future potential investments and/or general working capital	33.7	218.4	218.4	–
Total	<u>523.6</u>	<u>523.6</u>	<u>470.3</u>	<u>53.3</u>

Note:

It is expected that the remaining balance would be utilised on or before 30 December 2022. 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 2022.

The amount was equivalent to JPY0.74 billion with reference to an exchange rate of JPY: 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 banks and a financial institution in Hong Kong.

PLEDGE OF ASSETS

As at 30 June 2022, the Group pledged hotel land and building in Japan with an aggregated carrying value of approximately HK\$299.0 million (2021: approximately HK\$375.8 million), investment property in Hong Kong with an aggregate carrying value of approximately HK\$19.0 million (2021: approximately HK\$19.6 million), bank deposits of approximately HK\$0.7 million (2021: approximately HK\$1.1 million) and the entire equity interest of certain subsidiaries of the Company to secure borrowing facilities of the Group.

CAPITAL STRUCTURE

The Company had no changes in capital structure during the year ended 30 June 2022.

INVESTMENT POSITION AND PLANNING

Financial Assets at Fair Value through Profit or Loss

As at 30 June 2022, the Group had invested in one unlisted private fund with carrying amount of approximately HK\$75.8 million (2021: approximately HK\$59.8 million). The purpose of the fund portfolio is to carry on the business of investing, holding, monitoring and realising the equity investments and/or debt instruments from the financial services, natural resources and/or property investment sectors. The value of fund portfolio was based on fair value.

Starting from August 2021, the Group has diversified its business into securities markets. As at 30 June 2022, the Group managed a portfolio of listed securities with fair value of approximately HK\$205.3 million. The global equity market is unstable throughout the year. Accordingly, the trading securities recorded a trading and revaluation loss of approximately HK\$86.2 million in current year.

EVENT AFTER REPORTING PERIOD

The Company has conducted a series of disposal on listed securities from 11 March 2022 to 7 September 2022. A total of 1,072,600 shares of Hong Kong Aerospace Technology Group Limited (“HKATGL”) were disposed on the open market at an aggregate consideration of approximately HK\$18,170,000. The average selling price of disposal of each HKATGL share is approximately HK\$16.94.

Details of the transaction are set out in the Company’s announcement dated on 7 September 2022.

CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no significant contingent liabilities (2021: Nil).

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had no significant capital commitments (2021: Nil).

FOREIGN CURRENCY RISK

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 exchange risk.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group had approximately 27 (2021: 30) 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 and share option scheme.

CONNECTED TRANSACTIONS

Save as disclosed, the Company did not have any other connected transactions which were subject to the reporting requirements under Chapter 14A of the Listing Rules for the year ended 30 June 2022.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company (the "2022 AGM") is scheduled to be held on Monday, 5 December 2022, at 10:30 a.m. For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Wednesday, 30 November 2022 to Monday, 5 December 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order for a shareholder of the Company to be eligible to attend and vote at 2022 AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 29 November 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities for the year ended 30 June 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 30 June 2022, 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's business 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 (the "Bye-laws"). As such, the Company considers that sufficient measures have been taken to ensure that the Company has good corporate governance practices.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the full set of Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 of the Listing Rules as the code of the conduct for securities transactions by directors. The prohibitions on securities dealing and disclosure requirements in the Model Code apply to specified individuals including the Group’s senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all Directors, the Board confirmed that all Directors had complied with the Model Code regarding directors’ securities transactions during the year and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) currently comprises three independent non-executive Directors, Mr. Chiu Wai On (the chairman of the Audit Committee), Mr. Man Kwok Leung and Mr. Sheung Kwong Cho. The primary duties of the Audit Committee are to (i) review the Group’s financial reporting system, the nature and scope of audit review; (ii) review the effectiveness of the system of internal control procedures and risk management and the Company’s internal audit function; and (iii) review and monitor the external auditor’s independence and objectivity. In addition, the Audit Committee discusses matters raised by the external auditor and regulatory bodies to ensure that appropriate recommendations are implemented. The Audit Committee meets as and when required to perform its responsibilities and at least twice a year.

The Audit Committee has reviewed the Group’s annual results for the year ended 30 June 2022 with the management of the Company and the external auditor, and was of the opinion that the preparation of such results are in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED ON THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 30 June 2022 as set out in this announcement have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by BDO Limited 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 BDO Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.detai-group.com). The annual report will be despatched to the shareholders and will be available on websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 30 September 2022

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. Sheung Kwong Cho.